

INVESTIGATIVE AUDIT REPORT

**CROCKETT COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

JULY 1, 2009, THROUGH SEPTEMBER 30, 2013



State of Tennessee

**Comptroller of the Treasury
Department of Audit
Division of Investigations
Special Investigations Unit**



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DIVISION OF INVESTIGATIONS
SPECIAL INVESTIGATIONS UNIT**
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Justin P. Wilson
Comptroller of the Treasury

December 19, 2013

Mr. Brian Black, Director
and Members of the Board of Directors
Crockett County Emergency Communications District
22 South Court Street
Alamo, TN 37001

Dear Mr. Black and Board Members:

The Division of Investigations conducted an investigative audit of selected records of the Crockett County Emergency Communications District which focused on the period July 1, 2009, through September 30, 2013. However, when warranted, this scope was expanded.

Presented in this report are the findings resulting from the investigative audit. Copies of this report are being forwarded to Governor Bill Haslam, the State Attorney General, the District Attorney General, certain state legislators, and various other interested parties. A copy is available for public inspection in our office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

A handwritten signature in cursive script that reads "L. Rene Brison".

L. Rene Brison, CPA, CFE, Assistant Director
Division of Investigations
Special Investigations Unit

LRB/RAD

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**INVESTIGATIVE AUDIT OF SELECTED RECORDS OF
CROCKETT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
FOR THE PERIOD JULY 1, 2009, THROUGH SEPTEMBER 30, 2013**

CASE SUMMARY

The Comptroller of the Treasury, Division of Investigations, performed an investigative audit of selected records of the Crockett County Emergency Communications District. The audit focused primarily on the period July 1, 2009, through September 30, 2013; however, when necessary, this scope was expanded. The investigative audit revealed the following:

- The former assistant director, Michelle Smallwood, misappropriated district funds totaling at least \$88,764, by issuing unauthorized payroll checks and retaining the proceeds for her personal benefit.
- The former assistant director, Michelle Smallwood, forged the director’s signature on unauthorized payroll checks she issued without his consent or knowledge. She also forged the director’s signature on the back of the unauthorized checks she issued in his name, allowing her to cash the checks at a local bank.

INVESTIGATIVE FINDINGS

A schedule summarizing the misappropriation by the former assistant director, and the investigative findings resulting from this audit, are shown below. These matters were referred to the local district attorney general. On December 16, 2013, the Crockett County Grand Jury indicted the former assistant director, Michelle Smallwood, on one count of theft over \$60,000, one count of forgery, and one count of official misconduct.

Summary Schedule of Amounts Misappropriated by Former Assistant Director

Method	Amount
Unauthorized payroll checks issued to Michelle Smallwood	\$43,363
Unauthorized payroll checks issued in the name of the director, but transacted by Michelle Smallwood	<u>45,401</u>
Total	<u>\$88,764</u>

1. **FINDING: Former assistant director misappropriated at least \$88,764 by issuing unauthorized payroll checks**

Our investigative audit revealed that the former assistant director, Michelle Smallwood, misappropriated Crockett County Emergency Communications District funds totaling at least \$88,764. Beginning in September 2009 and continuing until September 2013, Ms. Smallwood issued unauthorized payroll checks to herself totaling \$43,363. She cashed some of these checks at a local bank and deposited the others into her personal bank account. Also, beginning in September 2010 and continuing until September 2013, Ms. Smallwood issued unauthorized payroll checks in the name of the director totaling \$45,401. She did not provide these checks to the director. Instead, she forged the director's signature on the back of the checks and cashed them at a local bank. Ms. Smallwood told Comptroller investigators that she issued and transacted these payroll checks without the authority or knowledge of the director or of the board.

2. **FINDING: Former assistant director forged the director's name on district checks**

Ms. Smallwood forged the director's name on the face of more than 100 unauthorized district payroll checks. Ms. Smallwood told Comptroller investigators that she did not have the director's permission to sign his name on the checks.