



State of Tennessee

Justin P. Wilson, State Comptroller

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Comptroller Investigation Reveals More Than \$1.2 Million Missing or Misspent by Medical Technology Nonprofit

Community Health Network, Inc., a nonprofit with a stated mission of providing medical technology to rural communities, lost or misspent at least \$1,266,395 over a three-year period, including more than \$700,000 from state grant funds.

The missing funds include more than \$90,000 in unauthorized salary and benefits paid to Keith Williams, the organization's former chief executive officer, and Paul Monroe, the organization's former assistant director.

Auditors also discovered that Williams and Monroe falsified grant invoices and grant reports and misused proceeds from a state grant to purchase unauthorized software at a cost of \$597,458.

Community Health Network has managed a network of computer and video equipment that allowed doctors and nurses in remote health care facilities to transmit scans, images and test results to medical specialists in major medical centers hundreds of miles away. In 2009, Community Health Network had 17 member hospitals, clinics and other health care organizations that provided assistance to more than 100 clinics.

The Comptroller's Division of Municipal Audit conducted an investigative audit of Community Health Network's operations covering the 2007-2009 calendar years, with technical assistance from the Comptroller's Division of State Audit's Information Systems Audit Section.

Community Health Network overbilled the state for another software purchase at a cost of \$131,163. And Community Health Network was unable to account for \$446,712 worth of grant funds provided by the Tennessee Health Foundation.

In addition to those wasted or misspent funds, Community Health Network spent \$1.47 million on a computer system that was never utilized and failed to properly process at least \$749,000 worth of grant applications requested by health care providers.

While working for Community Health Network, Williams also received compensation from a vendor that provided software to the organization. After his resignation from Community Health Network, Williams went to work for the vendor as a paid consultant.

The review also uncovered other accounting and internal control issues, including failure to keep

accurate records and failure to budget for recurring expenses such as software maintenance and telecommunication line fees.

“It is very unfortunate that public money intended to assist in providing health care to people in remote rural areas was wasted and abused in this fashion,” Comptroller Justin P. Wilson said. “The findings of our review are being forwarded to the State Attorney General’s office and the District Attorney General’s office.”

The full report can be viewed online at: <http://www.comptroller1.state.tn.us/ma/>

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