



State of Tennessee

Justin P. Wilson, State Comptroller

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Human Resource Agency Squanders Taxpayer Funds on Entertainment, Travel and Subsidies

Taxpayer money has been used to cover \$2 million for travel expenses, meals and entertainment, mobile communications devices and subsidies for a training complex and resort property used by the Upper Cumberland Human Resource Agency, an investigation by the Comptroller's Division of Investigations has revealed.

Among other issues, investigators found that agency officials spent nearly \$60,000 on an annual trip to Washington, D.C., more than \$1.6 million to subsidize its training complex and resort property, \$123,000 for gift certificates for training events, more than \$100,000 annually on 160 mobile communication devices for employees, and thousands of dollars for extravagant meals and entertainment.

The Upper Cumberland Human Resource Agency serves 14 counties in the Cumberland Plateau region with a 63-member board comprised of various county and city mayors and derives the vast majority of its funding from state and federal governments.

The Comptroller's investigative report, which was released today, details how agency officials made tens of thousands of dollars in disbursements for non-public purposes in 2011 alone.

Investigators found numerous receipts from a March 2011 trip to Washington, D.C., apparently for 30 agency officials, employees and guests to meet with their members of Congress. On several occasions during the trip, officials charged more than \$3,000 per meal for lavish dinners including alcohol. On a single meal at Washington's Oceanaire Seafood Room, 34 agency guests consumed nearly \$5,000 in food, including over 30 alcoholic beverages. The costs of such extravagant meals were typically split between two agency credit cards, ostensibly to conceal the high costs.

During the same Washington trip, the agency spent \$1,255 for officials, employees and guests to attend a performance at Ford's Theatre, \$289 for a visit to Madame Tussauds wax museum and \$284 for a trip to Mount Vernon.

In addition to expensive annual trips to Washington, agency officials made frequent trips to Nashville each year, charging expensive meals and alcoholic beverages on agency credit cards for purposes of entertaining agency board members and legislators. In February 2010, for example, the agency spent \$2,361 for 25 guests at Morton's Steakhouse, dividing the dinner check among three agency credit cards. In August 2010, seven guests were treated to \$85 in pre-dinner cocktails before an \$807 dinner at Morton's at the agency's expense. In October 2010, the agency spent nearly \$10,000 to have its annual meeting in October 2010 catered and more than \$8,500 for a staff holiday party in December 2010.

The human resource agency provided its training and resort property, Lakeside Resort and Educational Training Complex, at least \$1,696,928 in subsidies since 1995, according to the Comptroller's report. Even though there appeared to be no effort to recover this financial support, the agency recorded this receivable as an asset on the financial records, yet wrote off the entire debt in 2010 as uncollectable.

"Whether money comes from federal, state or local government, it is all public money that should be spent for proper public purposes," Comptroller Justin P. Wilson said. "When taxpayers see their money being spent for the purposes outlined in this audit, it erodes their faith in government. I encourage leaders of the Upper Cumberland Human Resource Agency to take steps to ensure these types of expenses don't occur in the future."

The Comptroller's office continues its review of the Upper Cumberland Development District and a separate report will be issued on that matter at a later date.

To view the report online, go to: <http://www.comptroller.tn.gov/ia/>

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