



State of Tennessee

Justin P. Wilson, State Comptroller

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Powell-Clinch Utility District Audit Uncovers Pervasive Fraud, Waste and Abuse of Public Funds

The former district president of the Powell-Clinch Utility District used more than \$95,000 in public funds for his personal gain, an investigation by the Comptroller's Division of Municipal Audit has revealed.

Although Del Roberts resigned as president while the audit was being conducted, the utility district has rehired him as a consultant.

The report, which was released today, details how Roberts used the district's credit card to cover expenses related to a personal Carnival Cruise, a Disney World vacation, a medical procedure, numerous personal items and college tuition.

Investigators found Roberts had used the district's credit card for personal purchases dating back to January 2005, using the general category "employee accounts receivable."

Between January 2008 and January 2010, Roberts reimbursed the district for less than \$1,750 for his expenses. The district has paid for nearly all of his credit card expenses, which total \$79,816.

According to the report, Roberts attempted to have the amount of the theft reduced by requesting that district personnel simply write-off or remove more than \$17,000 from its books. Roberts also attempted to sell \$20,000 worth of accumulated sick leave back to the utility district, which would be a violation of district policy.

The report further details Roberts provided misleading information to the district's board of commissioners, causing them to believe \$31,000 of his expenses were the result of his wife accompanying him on utility district business. However, district records revealed that a majority of the personal charges had nothing to do with his wife's travel and the balance of his unauthorized personal charges was actually almost \$70,000 at the time. Based upon the false representations made by Roberts, the board agreed to give Roberts a one-time \$20,000 "bonus" to cover those expenses.

Roberts also took money from the utility district by requesting more than \$4,600 in travel advances and a pay advance of \$1,836. The district was never reimbursed for those payments.

Among its other findings, the report holds the district's commissioners responsible for increasing their own pay in violation of pay limits established by the Tennessee General Assembly.

Auditors also discovered that the former president ordered an undocumented and improperly approved \$6,790 adjustment to one customer's account. Auditors also gave examples of instances where district officials charged a total of \$2,600 for three meals on the district's credit card and handed out at least five travel advances of over \$1,000 each without documentation that the travel funds were used for district purposes.

To view the full report, go to: http://www.comptroller1.state.tn.us/RA_MA/

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