



# **GRAINGER COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**Comptroller's Investigative Report**  
August 17, 2017

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**Justin P. Wilson, Comptroller**





**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
DIVISION OF INVESTIGATIONS**

**Justin P. Wilson**  
Comptroller of the Treasury

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August 17, 2017

Members of the Board of Directors  
Grainger County Emergency Communications District  
P. O. Box 560  
Rutledge, TN 37861

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Grainger County Emergency Communications District, and the results are presented herein.

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 black ink, appearing to read "Justin P. Wilson".

Comptroller of the Treasury

JPW/RAD

# INVESTIGATIVE REPORT

## Grainger County Emergency Communications District

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Grainger County Emergency Communications District (district).

### INVESTIGATIVE RESULTS

Our investigation revealed significant deficiencies in the district's processes and transactions related to payroll and invoice deductions for personal cell phones and other devices and services. These deficiencies included:

- Without board knowledge or approval, the executive director allowed district employees to purchase personal cell phones and to incur related monthly service charges through the district's discounted Verizon account. The district paid the Verizon account statement balances, which included the employees' personal cell phones and related service charges. The employees reimbursed the district for the phones and for the monthly service charges via payroll deductions. In some instances, the executive director allowed employees to arrange payment plans to reimburse the district for the purchase cost of the phones over the span of several pay periods. Investigators noted errors in the amounts paid by the district for the personal phone service charges and in the amounts deducted from employees' pay to reimburse the district. In addition, the executive director allowed at least one employee to remain on the district's Verizon plan after the employee transitioned from a full-time position to a part-time, as-needed position. During this period, the employee's compensation from the district was not sufficient to reimburse fully the monthly service charges. The employee began making monthly payments and eventually reimbursed the district the entire amount owed.
- Without board knowledge or approval, the executive director purchased personal cell phones and incurred related monthly service charges for two family members through the district's discounted Verizon account. The district paid the Verizon account statement balances, which included these cell phones and related service charges. The executive director reimbursed the district for the cost of the phones and for the monthly charges via payroll deductions.
- Without board knowledge or approval, the executive director allowed a vendor to purchase four mobile Wi-Fi routers (hotspots) through the district's Verizon account for the vendor's use. The district paid the Verizon account statement balances, which included the service charges for the four hotspots. The vendor reimbursed the district for the cost of the hotspots.

and the monthly charges by reducing amounts invoiced to the district for services rendered. Investigators noted errors in the discount amounts provided by the vendor to reimburse the district for the hotspots.

- A review of the district's Verizon account revealed that the district's government tax exemption was improperly extended to charges incurred for the personal phones, vendor hotspots, and related monthly service charges billed through the district's account. As a result, employees and the vendor were not charged applicable taxes, governmental surcharges and fees, including the 911 surcharge fee used to fund emergency communications districts.

District board members have indicated they have corrected or intend to correct these deficiencies.