



LEWIS COUNTY SOLID WASTE & TRANSFER STATION

Investigative Report
June 7, 2016

Justin P. Wilson, Comptroller





STATE OF TENNESSEE

Justin P. Wilson

COMPTROLLER OF THE TREASURY

Comptroller

STATE CAPITOL

NASHVILLE, TENNESSEE 37243-0260

PHONE (615) 741-2501

June 7, 2016

Bill Webb, Lewis County Mayor
110 North Park Avenue
Hohenwald, Tennessee 38462

Mayor Webb:

We performed an investigation of selected records related to the Lewis County Solid Waste Department for the period June 5, 2014, through September 29, 2015. Our investigation revealed the following deficiencies:

- Employees of the Solid Waste Department removed and sold scrap metal for personal gain resulting in a loss of county revenue and a cash shortage of at least \$6,607.65.
- The Solid Waste Department does not have written policies concerning the collection and authorized sale of recyclable materials.

The findings, recommendations, and management response, as a result of our investigation, are presented in this report. Also, these findings and recommendations have been reviewed with the district attorney general for the Twenty-First Judicial District.

BACKGROUND

Due to a mandate from the Tennessee State Legislature, Lewis County assumed responsibility for solid waste disposal from the City of Hohenwald on October 17, 1994.

The Solid Waste Department manages three different areas of disposal: a transfer station, a convenience center, and a class III landfill. The transfer station is used for the disposal of household garbage. This refuse is loaded on a trailer, compacted, and transported to a class I landfill located in Decatur County. A convenience center collects materials such as cardboard, paper, scrap metal, aluminum, electronics (currently computers and computer monitors), used batteries, oil, and tires, which are separated for recycling. These items are picked up by vendors who pay Lewis County for the materials thereby generating revenue for Lewis County. This revenue supplements the fees paid by county residents and businesses to help keep those fees at the current rate – a rate that hasn't increased since 1994. At the class III landfill, brush, trees, and construction materials such as scrap

lumber, shingles, and sheetrock are accepted. Materials that are considered to be hazardous by state standards are not accepted. The convenience center, transfer station, and class III landfill are all inspected by the Tennessee Department of Environment and Conservation on a regular basis.

INVESTIGATIVE FINDING AND RECOMMENDATION

FINDING 1 **EMPLOYEES OF THE SOLID WASTE DEPARTMENT REMOVED AND SOLD SCRAP METAL FOR PERSONAL GAIN RESULTING IN A LOSS OF COUNTY REVENUE AND A CASH SHORTAGE OF AT LEAST \$6,607.65**

Based on our examination of records and interviews, employees of the Solid Waste Department admitted that they removed and sold scrap metal to local recycling companies totaling at least \$6,607.65 for personal gain. We were advised that at various times the former county mayor, as well as the current mayor, told employees that they could no longer take scrap. However, employees advised that the solid waste director and the former county mayor would again permit employees to remove scrap for personal gain.

We noted the following deficiencies:

- A. The former county mayor, who was also the former solid waste director, acknowledged that while he was solid waste director, some employees got a few aluminum cans and maybe some wire, and sold these items for personal gain. He also advised that when the Solid Waste Department began the recycling program, no employee was permitted to take scrap metal to sell. Furthermore, he advised that while he was county mayor, he did not permit employees to remove items to sell for personal gain; however, he would allow employees and citizens to take small items for their personal use.
- B. The current county mayor advised that he told the solid waste employees that they could scavenge a few aluminum cans. The county mayor stated that he was not aware of any written policy preventing the removal of the scrap from the county convenience center or landfill for personal gain. However, he did state that he told the employees to stop removing items after hearing complaints that scrap batteries were being sold.
- C. During the period examined, we determined that solid waste employees sold scrap removed from the Solid Waste Department totaling at least \$6,607.65. We were advised that the current solid waste director allowed employees to remove items to sell for personal gain. Employees advised that they received permission from the former county mayor (who was also the former solid waste director) and the current solid waste director to remove items from the convenience centers and landfill and sell for personal gain. At least one employee stated that employees were told to split the proceeds from the sale of the items with the current solid waste director. However, the solid waste director denied receiving any of the sale proceeds from employees.

This unauthorized removal and sale of scrap metal by five employees resulted in a loss of revenue for the county as detailed in the table below:

Employee	Amount
Current Landfill Director	\$ 12.92
Employee A	2,509.28
Employee B	451.56
Employee C	1,623.56
Employee D	2,010.33
Total	<u>\$ 6,607.65</u>

RECOMMENDATION

County officials should seek to recover any funds determined to have been generated from the unauthorized removal and sale of scrap metal. Employees should not remove and sell scrap items for personal gain. The Solid Waste Department should maintain lists detailing the authorized sale by the department of items sold as scrap and reconcile the sale proceeds from the recyclers with amounts deposited with the county trustee.

INTERNAL CONTROL DEFICIENCY

FINDING 2 **THE SOLID WASTE DEPARTMENT DOES NOT HAVE WRITTEN POLICIES CONCERNING THE COLLECTION AND AUTHORIZED SALE OF RECYCLABLE MATERIALS**

The Solid Waste Department does not have written policies concerning the collection and authorized sale of recyclable materials. Sound business practices dictate that written policies concerning the collection and sale of recyclable materials should be adopted. These policies should address the procedures for the department to sell recyclables and the prohibition of employees taking and selling scrap for personal gain. Without formal policies, employees have no guidance.

RECOMMENDATION

The Solid Waste Department should develop written policies concerning the collection and sale of recyclable materials and present these policies to the Lewis County Commission for its approval. Employees should be furnished copies of these written policies.

MANAGEMENT'S RESPONSE – BILL WEBB, COUNTY MAYOR

We are in the process now of updating our policies concerning receiving and selling of recyclable material to better maintain this in the future.

If you have any questions concerning the above, please contact this office.

Sincerely,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke at the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/kbh

CC: Members of the Lewis County Commission