



PERRY COUNTY RESCUE SQUAD

Comptroller's Investigative Report
October 30, 2018

Justin P. Wilson, Comptroller





JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

October 30, 2018

Perry County Rescue Squad
P. O. Box 40
Linden, TN 37096-0040

Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Perry County Rescue Squad, and the results are presented herein. These results have been reviewed with management. These results have also been reviewed with the district attorney general for the 21st Judicial District.

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 that reads "Justin P. Wilson".

Justin P. Wilson
Comptroller of the Treasury

JPW/RAD

INVESTIGATIVE REPORT

PERRY COUNTY RESCUE SQUAD

BACKGROUND

Perry County provides the Perry County Rescue Squad (PCRS), a nonprofit organization, with funds each year. PCRS does not receive these funds directly, instead opting to send vendor invoices directly to the county for payment. PCRS receives additional funding from fundraising activities and donations from towns and municipalities in the county. PCRS expenses exceeding the county's contribution are paid using a PCRS bank account managed by the PCRS captain. Perry County Emergency Medical Services (EMS), a county-managed agency, operates ambulance services for Perry County. The director of EMS also serves as the captain of PCRS. EMS and PCRS vehicles and equipment are stored onsite at the Perry County Emergency Communications Building.

INVESTIGATIVE FINDINGS

FINDING 1: Insufficient records and lack of proper oversight of time charges resulted in questionable expenses to the county totaling \$61,067

Records were insufficient to determine if the EMS director/PCRS captain worked all the hours he reported. Also, the hours reported were not reviewed or approved by the county mayor. In March 2015, the Perry County Commission approved a motion allowing the EMS director/PCRS captain to be paid at the Advanced Emergency Medical Technician (A-EMT) rate for any hours over 40 that he worked on an ambulance truck. However, the minutes failed to clearly define what was meant by "work on an ambulance truck."

As a salaried employee, the director is not required to submit a timesheet, but for hourly pay as an A-EMT, he submits time on a timesheet that is summarized before being forwarded to the county mayor's office for payment. The county mayor stated he does not review the timesheets but knows the director works a lot of hours. From the available A-EMT timesheets, we observed that the director did not always write down beginning and ending work times, he wrote some of his times down with no indication of a.m. or p.m., and there was evidence the director added hours he did not work. We were unable to determine the basis of the times reported due to the limits of the information provided.

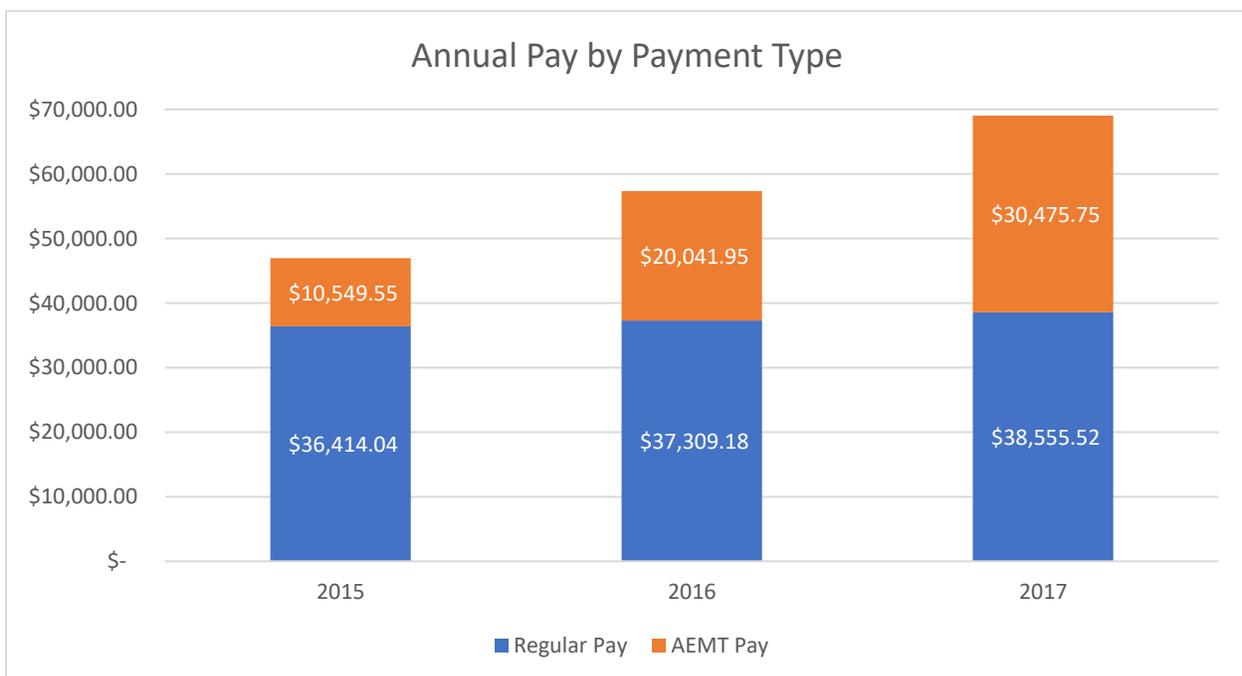
The *Perry County Ambulance Service Employee Handbook* states:

Certain employees may be on call to provide services when needed on special occasions, or when the need arises. Employees who take call [*sic*] are not required to remain on EMS premises, but will be required to carry a pager/phone. Employees taking call [*sic*] will be paid additional compensation.

From our review of records and discussions with the director and county mayor, this policy was not applied to the director’s A-EMT hours and the director’s A-EMT hours reported may have included times when he was at home and on call but did not receive a call. According to the employee handbook, the director should have only been paid when responding to a call.

We reviewed the number of hours the director claimed as working as an A-EMT from March 2015 through October 2017. In addition to his 40 hours per week regular salary, the director reported on average an additional 26.1 A-EMT hours per week in 2015 for total payments of \$10,548.55. In 2016, the director reported on average 36.1 A-EMT hours per week for a total of \$20,041.95. Between January and October 2017, the director reported on average 53.2 hours per week of A-EMT time for a total of \$30,475.75. In 2017, the 40 hours per week reported for the salaried position and the average of 53.2 A-EMT hours per week equaled more than two full-time jobs (93.2 hours). Between April and October 2017, the director reported he worked 24 hours straight at least 22 times.

The chart below shows the director’s regular salary amounts in blue and his A-EMT payments in orange. The A-EMT payment amounts more than tripled in three years.



Without a clear definition of what time is considered “on the ambulance truck” and proper oversight of this time, charges could be overstated and abused. Due to the lack of proper oversight and controls over the director’s reports of A-EMT hours, we question all hours paid at the A-EMT rate.

RECOMMENDATION:

Additional compensation for a salaried employee should be clearly defined. The director’s A-EMT timesheets should be reviewed and approved by the county mayor prior to payment. Perry County officials should review the A-EMT charges noted above and determine the validity of these amounts.

FINDING 2: The Perry County Rescue Squad failed to document a vehicle sale to the rescue squad captain

Due to a lack of documentation, we were unable to determine if the PCRS captain paid for a truck purportedly purchased by him from the PCRS in 2015 for \$850. In July 2011, the PCRS purchased a 2004 Chevy Pickup Truck with 239,978 miles on it at a state surplus property sale. This vehicle was subsequently registered to PCRS. In October 2015, an application for a tag was made in the Perry County Clerk’s Office transferring ownership of the truck from the PCRS to the rescue squad captain. Documentation in the county clerk’s office revealed the truck was purchased by the PCRS captain on June 30, 2015, for \$850. When the truck was registered in October 2015, sales taxes totaling \$80.75 were collected by the county clerk’s office.

The PCRS was unable to provide records for the June 30, 2015, truck sale. The captain stated his \$850 payments were made a little at a time and by purchasing items for PCRS. Without detailed records of the transaction, we cannot determine if the truck was in fact paid for by the captain.

RECOMMENDATION:

All financial transactions of the Perry County Rescue Squad, including the sale of assets, should be adequately documented. Rescue squad assets should be disposed of in a public competitive sale to ensure the best price is obtained.

FINDING 3: Some Perry County Rescue Squad and county assets are not properly identified

We observed at least two vehicles identified as being used by the PCRS that did not identify ownership by the rescue squad. We also observed unmarked county and personal equipment housed in the Perry County Emergency Communications Building. **[Refer to Exhibit 1.]**

Exhibit 1



Rescue Squad Vehicles

Tennessee Code Annotated, Section 55-4-127(b), provides that rescue squad vehicles:

... must be painted a distinguishing color and conspicuously display in letters and figures, not less than three inches (3") in height, the identity of the volunteer lifesaving or first-aid crew or rescue squad having control of its operation; provided, that the equipment be used exclusively for lifesaving, first-aid, or rescue activities.

We observed various equipment and other assets housed in the Perry County Emergency Communications Building. Equipment observed included county-owned equipment (including ATVs), and a personal ATV and a zero-turn radius mower belonging to the EMS director/PCRS captain. This equipment was not clearly marked to indicate ownership. **[Refer to Exhibit 2.]**

Exhibit 2



Personal ATV of EMS director/PCRS captain



Unmarked county owned ATV

Without proper markings, the personal use of county and rescue squad owned vehicles could go undetected.

RECOMMENDATION:

Vehicles and equipment owned by county agencies or the rescue squad should be clearly marked to reflect ownership. Personal vehicles and equipment should not be stored on county property.

FINDING 4: The director failed to properly account for leave accrued

During our review of the director’s A-EMT work, we requested information regarding his accrued sick and vacation leave balances. The director provided several binder pages showing accrued sick and vacation leave between 2015 and 2017. However, we noted these pages all appeared to have been prepared at the same time. The total hours accrued and carried forward from year-to-year did not reflect county policy of carrying forward 20 days of vacation and converting any excess over to sick leave. We also noted the director has never provided these accruals when requested by county officials in the past. Without proper oversight of the accrual and use of leave, the county’s payroll records will not properly reflect accumulated leave balances.

RECOMMENDATION:

County officials should maintain accurate leave records for all employees.

FINDING 5: Emergency medical services had questionable fuel purchases totaling \$966.58

Emergency Medical Services (EMS) does not apply proper controls regarding fuel card use. EMS ambulances use diesel fuel and each ambulance is assigned its own fuel card; however, we found purchases totaling \$966.58 for ethanol, specialty, and unleaded fuels.

Questionable Fuel Purchases December 2016 through October 2017				
Ambulance	Ethanol	Specialty	Unleaded	Total by Vehicle
841	\$335.61	\$ 43.30	\$50.33	\$429.24
842	200.74	0.00	0.00	200.74
843	43.83	0.00	0.00	43.83
844	38.09	0.00	0.00	38.09
847	0.00	0.00	0.00	0.00
849	190.36	64.32	0.00	254.68
Total	<u>\$808.63</u>	<u>\$107.62</u>	<u>\$50.33</u>	<u>\$966.58</u>

The PCRS captain/EMS director told us each ambulance has its own fuel card, but if an ambulance is out of service, that card may be moved to another ambulance. EMS does not consistently enter mileage into the computer system to track mileage and reduce the risk of improper use of the fuel

card. The EMS director is responsible for reviewing and approving these bills for payment by the county. Without proper controls, the risk of fuel card misuse for personal benefit is higher.

RECOMMENDATION:

Proper controls should be in place to ensure only diesel fuel is purchased on the ambulance fuel cards. Duties regarding review and approval of billing should be segregated.

FINDING 6: The Perry County Rescue Squad did not maintain adequate controls over its financial transactions

The Perry County Rescue Squad maintains a bank account for proceeds from fundraisers and donations from local governments (other than Perry County); however, duties regarding this account were not segregated adequately. The PCRS captain was responsible for all aspects of the accounting, including receipt of the monthly statements, deposits, and transactions. In addition, the captain had custody of a credit card in the name of the rescue squad. Best practices suggest financial responsibilities be segregated whenever possible. In addition to the lack of segregation of duties, we noted the following weaknesses:

- The PCRS captain/EMS director used the rescue squad bank account and credit card to make EMS purchases totaling more than \$25,000 between 2015 and 2017. These expenses were reimbursed by the county to the rescue squad; however, using the rescue squad accounts allowed the PCRS captain/EMS director to circumvent county purchasing policies and procedures applicable to EMS.
- At least one check written to the rescue squad by the county totaling \$70.46 was cashed and not deposited into the rescue squad's bank account.
- Original documentation for a Federal Express transaction totaling \$24.79 made by the rescue squad on behalf of EMS was not provided. The form provided appears to be a generic invoice template from Microsoft Excel.
- We noted the PCRS has two fuel charge accounts, one paid by the county to the fuel company and another that is paid by PCRS to the fuel company. The PCRS captain/EMS director explained the need for two fuel charge accounts as an attempt to keep PCRS from going over budget when the county pays expenses.

Allowing one person to have complete control of an organization's finances increases the risk of fraud, waste, and abuse. Periodic reviews of bank statements and other documentation by other officers or members helps detect errors and enhances the integrity of financial information.

RECOMMENDATION:

Appropriate controls over rescue squad finances should be put in place. The rescue squad's credit card should not be used to bypass county purchasing policies and procedures for EMS. Checks written to the rescue squad should be deposited in its bank account. Original documentation should be on file for all disbursements. Fuel charges should be accurately allocated to the proper accounts.

These findings and recommendations were reviewed with the district attorney general for the 21st Judicial District.