



## COMPTROLLER'S INVESTIGATIVE REPORT

### Carter County Solid Waste Department

*November 28, 2023*

**Jason E. Mumpower**  
*Comptroller of the Treasury*



**DIVISION OF INVESTIGATIONS**



JASON E. MUMPOWER  
*Comptroller*

November 28, 2023

Carter County Mayor  
and Board of County Commissioners  
801 East Elk Avenue, #201  
Elizabethton, TN, 37643

Carter County Officials:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Carter County Solid Waste Department, and the results are presented herein.

Copies of this report are being forwarded to Governor Bill Lee, the State Attorney General, the District Attorney General of the 1<sup>st</sup> Judicial District, certain state legislators, and various other interested parties. A copy of the report is available for public inspection in our Office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jason E. Mumpower", is written over a light blue circular stamp.

Jason E. Mumpower  
Comptroller of the Treasury

JEM/MLC

# INVESTIGATIVE REPORT

## Carter County Solid Waste Department

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Carter County Solid Waste Department. The investigation was initiated after a county official noted a questionable business relationship and questionable business practices at the landfill. The investigation was limited to selected records for the period January 2022 through February 2023. The results of the investigation were communicated with the Office of the District Attorney General of the 1<sup>st</sup> Judicial District.

### BACKGROUND



The Carter County Solid Waste Department (CCSW) is a Carter County government department based in Elizabethton, Tennessee. CCSW serves Carter County residents and businesses by operating a landfill, three trash convenience centers, and one recycling center. CCSW accepts brush, household trash, demolition materials, furniture, mattresses, box springs, televisions, and other items for a fee, and rents 15-yard, 30-yard, and 45-yard containers for off-site trash and demolition debris collection. CCSW allows frequent customers to charge landfill fees on customer charge

accounts and bill them monthly.

An eight-member committee consisting of Carter County commissioners appoints a CCSW director who oversees a team of CCSW employees and manages day-to-day CCSW operations. In July 2023, the former CCSW director resigned after county officials questioned his management practices.

### INTERNAL CONTROL DEFICIENCIES

Our investigation revealed the following internal control deficiencies:

#### **Deficiency 1: The former CCSW director had a questionable business relationship**

The former CCSW director owned and operated a junk removal business that maintained a customer charge account at the county landfill. Due to accounting system inaccuracies and insufficient supporting documentation for customer account transactions and balances, investigators were unable to verify the accuracy of transactions on the business account or

determine if the former director personally benefitted from conducting private business at the county landfill he managed. Pursuant to Tenn. Code Ann. § 12-4-101, it is unlawful for any officer, director, or other person whose duty it is to vote for, let out, overlook, or in any manner to superintend any work or any contract in which any county shall or may be interested, to be directly or indirectly interested in any such contract. County officials should closely monitor and account for employee-owned businesses that contract or conduct business with the county to reduce risks of potential conflicts of interest, undue influence over transactions, or misappropriations going undetected.

**Deficiency 2: CCSW maintained insufficient financial policies**

CCSW maintained financial policies for collections and billings; however, investigators determined the policies were insufficient, causing numerous accounting inaccuracies involving collections, deposits, and customer charge accounts. Pursuant to the Solid Waste Management Act of 1991, Tenn. Code Ann. § 68-211-874, each county, solid waste authority, and municipality shall account for financial activities related to the management of solid waste in accordance with generally accepted accounting principles (GAAP) that provide sufficient detail to identify all applicable revenues and expenditures related to the management of solid waste. CCSW should approve and maintain clear and complete financial policies and procedures to ensure an accurate accounting of all financial transactions and to reduce the risk of errors and misappropriations without prompt detection.

**Deficiency 3: CCSW maintained insufficient supporting documentation for customer charge accounts**

CCSW utilized a computer system to account for landfill fees; however, the former CCSW director provided insufficient supporting documentation to investigators for monthly customer charge accounts. Due to insufficient supporting documentation on customer charge accounts, investigators were unable to verify the accuracy of transactions and collections on the accounts. CCSW should account for and maintain supporting documentation for all customer charge account transactions to ensure the accuracy and completeness of transactions and to reduce the risk of misappropriations without prompt detection.

Carter County officials indicated that they have corrected or intend to correct these deficiencies.

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