



COMPTROLLER'S INVESTIGATIVE REPORT

Unicoi County School Department

May 25, 2023

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

May 25, 2023

Unicoi County Schools
100 Nolichucky Avenue
Erwin, TN 37650

Unicoi County School Officials:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Unicoi County School 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 1st 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 faint, larger version of the signature.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Unicoi County School Department

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Unicoi County School Department. This investigation was limited to selected records for the period October 1, 2020, through October 31, 2022. The results of the investigation were communicated with the Office of the District Attorney General of the 1st Judicial District.

BACKGROUND



Unicoi County is located in Northeast Tennessee and has approximately 18,313 residents. The Unicoi County School Department (department) is located in the county seat of Erwin; is governed by a six-member school board; and operates one high school, one middle school, four elementary schools, one community learning center, and one career and technical education center.

The department issues fuel cards to bus drivers and other designated employees to purchase fuel for department vehicles at local gas stations. Each employee receives a unique fuel card and personal identification number (PIN). The Comptroller's Office released a public report on July 12, 2021, detailing a middle school teacher's unlawful personal use of a department fuel card.

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed deficiencies in internal control and compliance related to department employee fuel use and parts inventory. These deficiencies included:

Deficiency 1: The department did not maintain adequate controls over fuel

Beginning November 18, 2020, the department changed its internal controls over fuel as a result of a Comptroller's Office investigative report publicly released July 12, 2021, detailing a middle school teacher's unlawful personal use of a department fuel card. While it appears that department management reviewed fuel transactions more regularly during the period covered by this report, investigators again noted questionable fuel transactions due to inadequate internal controls over fuel and a lack of management oversight. Primarily, management assigned fuel cards by individual employee instead of by specific department vehicle; therefore, management did not calculate miles

per gallon from employee inputted odometer readings after each vehicle fuel purchase, which should be calculated to determine appropriate fuel use. Management did not find or document the reasons for the questionable transactions; therefore, investigators could not determine if these fuel purchases were for appropriate department use. Investigators noted the following questionable fuel transactions:

- A. On numerous occasions, department employees purchased a fuel type different than what was designated for or used in their assigned vehicle (**Refer to Exhibit 1**). Investigators found no documented explanation for these questionable purchases.

Exhibit 1

DATE	TIME	SITE	DRIVER	ODOMETER	MPG	FUEL TYPE	QTY	NET PRICE	TAXES	TOTAL AMT	EXCEPT CODE**
04/04	12:11	595785		157892	45.5	UDSL*	30.006	4.60310	0.00310	\$138.21	
04/07	06:47	544052		156782	0.0	UE10	25.885	4.50300	0.00310	\$116.64	3
04/08	14:06	316948		156789	0.2	UDSL*	31.330	4.60290	0.00310	\$144.31	

The April 2022 fuel invoice indicates this driver purchased 25.885 gallons of gasoline (UE10) instead of diesel (UDSL), which was used in their assigned vehicle, and investigators found no documented explanation for the gasoline purchase.

- B. On numerous occasions, drivers purchased fuel twice on the same day for a quantity less than eight gallons (**Refer to Exhibit 2**). Employees told investigators they rarely purchase fuel more than once on the same day. Also, employees stated fuel purchases of less than eight gallons are rare since buses and other department vehicles generally have much larger fuel tanks.

Exhibit 2

DATE	TIME	SITE	DRIVER	ODOMETER	MPG	FUEL TYPE	QTY	NET PRICE	TAXES	TOTAL AMT	EXCEPT CODE**
08/09	11:06	936907		5	0.0	UNL	10.130	2.57450	0.00310	\$26.11	
08/09	12:59	936907		5	0.0	UDSL*	5.400	2.70190	0.00310	\$14.61	6
08/09	13:01	936907		5	0.0	UNL	4.780	2.57530	0.00310	\$12.32	

The August 2021 fuel invoice indicates this driver purchased both gasoline and diesel three times in one day, including two occasions for amounts less than eight gallons.

- C. On numerous occasions, department employees inputted incorrect odometer readings or no readings at all (**Refer to Exhibit 3**). Employees stated they often entered random or rounded odometer readings during fuel purchases. Because fuel cards are assigned to individual employees, and employees occasionally drive different department vehicles, management could not reliably use miles per gallon calculations from odometer readings to determine appropriate fuel use.

Exhibit 3

DATE	TIME	SITE	DRIVER	ODOMETER	MPG	FUEL TYPE	QTY	NET PRICE	TAXES	TOTAL AMT	EXCEPT CODE**
02/22	21:40	520489	[REDACTED]	13891	9.2	UDSL*	33.880	3.32290	0.00310	\$112.68	
02/25	09:54	936907	[REDACTED]	57689	0.0	UDSL*	21.750	3.60280	0.00310	\$78.43	
02/25	20:39	595785	[REDACTED]	14131	0.0	UDSL*	27.904	3.40310	0.00310	\$95.05	11

The February 2022 fuel invoice indicates this driver entered inconsistent odometer readings causing an error for the miles per gallon (MPG) invoice calculation.

Department management should assign fuel cards by specific department vehicle, ensure employees enter accurate odometer readings at each fuel purchase, ensure employees enter their PIN, and reconcile fuel purchases monthly using miles per gallon calculations to mitigate the risk of fuel being misused or misappropriated.

Deficiency 2: The department did not have a written policy and did not adequately account for consumable assets

The department did not have a written policy and did not adequately account for consumable assets, including tires, oil, or other supplies, purchased for use at the department garage. Management should periodically perform and document an inventory of consumable assets purchased and used at the garage. Due to the lack of a written inventory policy and a periodic documented performance of inventory by management for consumable assets, investigators could not determine whether consumable assets were only used for authorized purposes.

Department officials indicated they intend to correct these deficiencies.