



COMPTROLLER'S INVESTIGATIVE REPORT

Elma Ross Public Library

December 17, 2021

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

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Elma Ross Public Library
1011 East Main Street
Brownsville, TN 38012

Elma Ross Public Library Management:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Elma Ross Public Library, 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 28th 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

ELMA ROSS PUBLIC LIBRARY

The Office of the Comptroller of the Treasury, in conjunction with the Brownsville Police Department and the Tennessee Bureau of Investigation (TBI), investigated allegations of malfeasance related to the Elma Ross Public Library (library). The investigation was initiated after library officials identified and reported fraudulent checks that had been drawn on their bank account. The investigation was limited to selected records for the period from July 1, 2018, through October 31, 2020. The results of the investigation were communicated with the Office of the District Attorney General of the 28th Judicial District.

BACKGROUND



The Elma Ross Public Library was established in 1992 with the objective of providing library services to the citizens of Haywood County. It is jointly funded by the City of Brownsville and Haywood County and governed by a five-member board.

The library generates revenue by issuing replacement library cards; and collecting late fees, printer and copier usage fees, and meeting room usage. The library is also funded by Friends of the Elma Ross Public Library, which is a non-profit 501(c)3 organization that helps support outreach programs. The library currently has six employees: the director, assistant director, three part-time clerks, and a janitor.

RESULTS OF INVESTIGATION

1. SHEKINAH EDWARDS STOLE \$32,366.89 OF LIBRARY FUNDS BY CREATING FRAUDULENT CHECKS DRAWN ON THE LIBRARY'S ACCOUNT AND DEPOSITING THEM INTO HER PERSONAL BANK ACCOUNTS

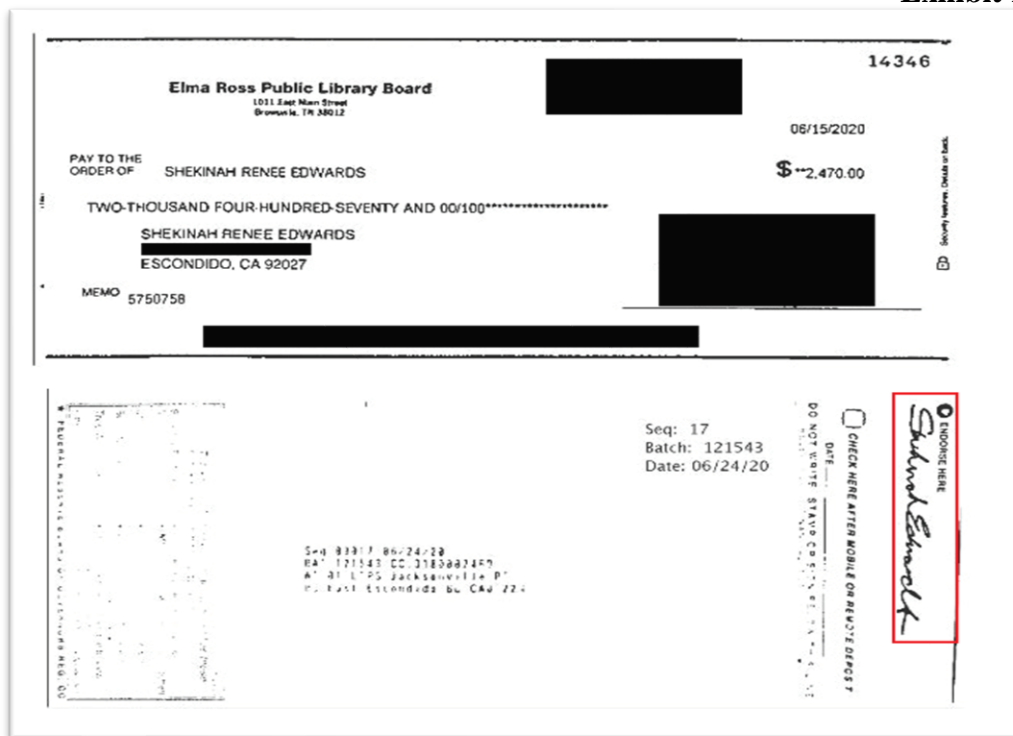
In July 2020, the library director was reconciling the library's bank account and discovered that 14 fraudulent checks had been drawn on the library's checking account during the period from May 2020, through July 2020. The director informed investigators the checks were not issued by the library because the font and formatting of the headings on the fraudulent checks differed from the font and headings on checks that were routinely issued by the library. Additionally, investigators confirmed the fraudulent checks had higher sequence numbers than the library's

prenumbered checks, bore the forged signatures of two library officials, were issued to Shekinah Edwards, and listed the address as a residence in Escondido, California.

- Investigators worked with the Brownsville Police Department to issue subpoenas for the Bank of America account that the checks were deposited into, as well as video surveillance footage of the fraudulent checks being deposited at the bank's counter.
- Investigators worked with TBI agents to verify Edwards' identity and location. Based on surveillance footage, investigators were able to verify that Edwards deposited the checks into her personal checking and savings accounts at the bank's counter in California on six separate occasions.

During the period from May 22, 2020, through July 10, 2020, Edwards employed a common scheme and plan to steal a total of \$32,366.89 through check forgery of the library's banking account information that improperly allowed her to create and deposit 14 fraudulent checks into her personal checking and savings accounts. Investigators reviewed records obtained from Bank of America and confirmed the account belonged to Edwards. Investigators confirmed Edwards' identity based on bank records and surveillance footage. **(Refer to Exhibit 1.)**

Exhibit 1



Fraudulent check endorsed by Shekinah Edwards.

Summary of Fraudulent Checks by Shekinah Edwards

Bank Transaction Date	Check Number	Check Amount
5/22/2020	14249	\$1,902.41
6/9/2020	14309	1,996.32
6/9/2020	14310	1,982.20
6/10/2020	14311	1,963.43
6/10/2020	14312	1,922.40
6/25/2020	14345	2,451.62
6/25/2020	14346	2,470.00
6/22/2020	14347	2,493.11
6/22/2020	14348	2,408.30
6/25/2020	14349	3,000.00
7/10/2020	14387	2,441.30
7/8/2020	14388	2,435.20
7/10/2020	14389	2,407.35
7/8/2020	14390	2,493.25
Total		<u>\$32,366.89</u>

Investigators interviewed library employees and members of the board of directors but were unable to determine how Edwards gained access to the library’s bank account and check information since she has never been employed by the library and has no apparent connection to any employees.

2. THE LIBRARY DIRECTOR FAILED TO FULFILL HER DUTIES RESULTING IN THE LIBRARY RECOVERING ONLY \$9,751.06 OF THE STOLEN FUNDS

The library director was appointed to her position by the library board in 2004. As director, she was responsible for overseeing day-to-day operations, ordering and processing materials, and various accounting functions such as accounts payable, payroll, reconciling the bank account, and presenting financials to the library board.

During the investigation, investigators reviewed accounting records and discovered the library’s bank account had only been reconciled twice in 2020 (March and April). The director discovered the fraud, which began in May 2020, while she was preparing financials to present to the library board in July 2020. The lack of bank reconciliations resulted in the fraud being discovered over a month after it began. Investigators questioned her about her failure to perform monthly bank reconciliations. She admitted to investigators that she was off work multiple times during the year 2020 with sick family members and only delegated the ordering and processing of materials to another employee but did not delegate any accounting responsibilities.

After discovering the fraudulent checks in July 2020, the director notified the bank and members of the library board. Investigators spoke with officials from the library’s bank and discovered that if the theft had been reported in a timely manner within 30 days, the likelihood of recovering all funds would have been greater. After being notified of the fraudulent checks, the library board instructed her to contact the police and report the theft; however, she did not contact the police

until September 2020. When asked why she waited approximately two months to report the incident to police, the director stated she was waiting on a report from the bank. However, she admitted to investigators that she had not spoken to the bank about the fraudulent checks since initially reporting it in July 2020. The director stated that she “dropped the ball” on the situation.

The director’s failure to carry out her duties as director resulted in significant deficiencies, which directly resulted in the library recovering only \$9,751.06 of the stolen funds.

On November 15, 2021, the Haywood County Grand Jury indicted Shekinah Edwards on one count of Theft over \$10,000.

The charges and allegations contained in the indictment are merely accusations of criminal conduct, and not evidence. The defendant is presumed innocent unless and until proven guilty beyond a reasonable doubt and convicted through due process of law.

[Elma Ross Public Library Investigation Exhibit](#)

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed the following deficiencies in internal control and compliance, some of which contributed to theft of library funds without prompt detection. These deficiencies included:

Deficiency 1: The library board failed to adequately separate financial duties and provide adequate financial oversight

The library board did not provide adequate oversight or provide adequate financial oversight to promote accountability for the use of funds. Management is responsible for designing internal controls to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. The library board did not establish internal controls to ensure accountability of library funds. The lack of oversight by the library board contributed to the failure in the following areas:

- The library board did not ensure the director reconciled the bank statements with financial reports monthly.
- The library board did not ensure proper action was taken when the fraudulent checks were first discovered. The library board instructed the director to act, which she failed to do, resulting in the library recovering only a portion of the funds that were stolen.

- The library board did not separate financial responsibilities adequately over library funds. The director was responsible for all accounting functions, including writing checks and reconciling bank statements.

Deficiency 2: The library board failed to ensure audits were performed on library funds for the fiscal years 2016 through 2019

The library board did not ensure a timely audit of its financial statements was completed for fiscal years 2016 through 2019. Section 10-3-106(b), *Tennessee Code Annotated*, states, “All library accounts of every character shall be audited annually by or under the county legislative body or city governing body.” Independent auditor’s reports for fiscal years 2016 through 2019 were not prepared until February 2021. The library should undergo a timely annual audit to establish confidence with outside parties that the library has complied with generally accepted accounting standards and used public funds appropriately.

Deficiency 3: The library director did not secure the library’s checks

While performing procedures at the library, investigators noticed the director did not secure the library’s checks. Checks were stored in the director’s office unsecured. Additionally, investigators noted the office door was left unlocked and open; therefore, multiple employees had access to the office. The failure to secure financial instruments, such as checks, increases the risk of theft.

Library officials indicated that they have corrected or will correct these deficiencies.
