



## COMPTROLLER'S INVESTIGATIVE REPORT

### Oak Grove Elementary School

*April 18, 2023*

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



**DIVISION OF INVESTIGATIONS**



JASON E. MUMPOWER  
*Comptroller*

April 18, 2023

Oak Grove Elementary School  
Dr. Tracy Kilpatrick  
1645 Franklin Pike  
Lewisburg, TN 37091

and

Marshall County Schools Board of Education  
and Director of Schools  
700 Jones Circle  
Lewisburg, TN 37091

Oak Grove Elementary School Officials:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Oak Grove Elementary School, 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 17<sup>th</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", with a long horizontal flourish extending to the right.

Jason E. Mumpower  
Comptroller of the Treasury

JEM/MLC

# INVESTIGATIVE REPORT

## Oak Grove Elementary School

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to Oak Grove Elementary School. The Comptroller's Office initiated the investigation after school officials reported discrepancies with book fair collections. This investigation was limited to selected records for the period from July 1, 2016, through June 30, 2021. The results of the investigation were communicated with the Office of the District Attorney General of the 17<sup>th</sup> Judicial District.

### BACKGROUND



Oak Grove Elementary School is in Lewisburg, Tennessee, and is part of the Marshall County School System. Jennifer Foster (Foster) was employed as the school's bookkeeper from 2016 until her resignation in August 2021. She was responsible for attendance reporting, receipting collections, making bank deposits, preparing and signing checks, recording financial transactions, and reviewing and reconciling bank statements.

### RESULTS OF INVESTIGATION

#### 1. BOOKKEEPER JENNIFER FOSTER MISAPPROPRIATED COLLECTIONS TOTALING \$12,325.46

- A. Foster misappropriated collections totaling \$12,325.46. She perpetrated her crimes by retaining and failing to record some of the cash proceeds from collections for book fairs, chorus clubs, field trips, and Chromebook insurance<sup>1</sup> in the official accounting records, and failing to deposit these cash collections in the bank account when they were received.

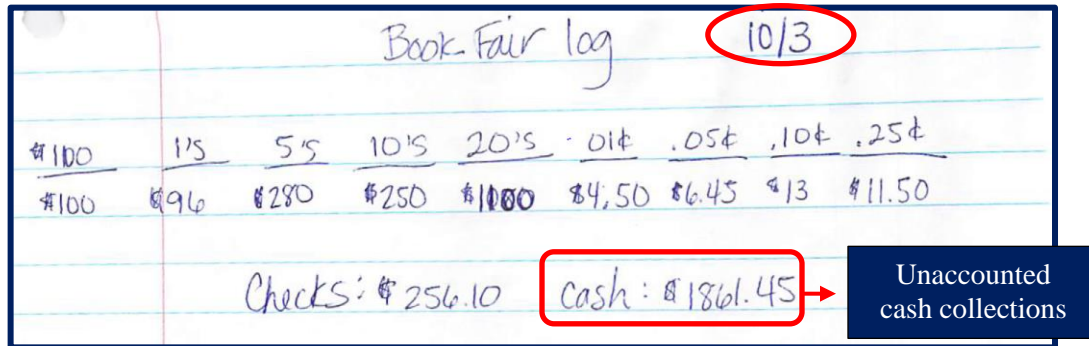
Investigators noted the following common scheme by Foster in book fair collections: For example, the collection log created by the school librarian reflected that the book fair generated \$256.10 in checks and \$1,861.45 in cash on October 3, 2019 (**See Exhibit 1**). The librarian remitted these collections for deposit in the school's bank account and recording in the school's general ledger library account. The receipt generated by Foster reflected that she only received \$256.10 in checks related to the book fair event, which she

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<sup>1</sup> Chromebook Insurance represents insurance collections from students for lost or damaged computers.

dated 27 days later on October 30, 2019 (See Exhibit 2). Investigators found no evidence that Foster received or accounted for the \$1,861.45 cash in the school's accounting records, or that she deposited the funds into the school's bank account. Foster used a similar scheme of removing cash from collections for the chorus club, field trips, and Chromebook insurance.

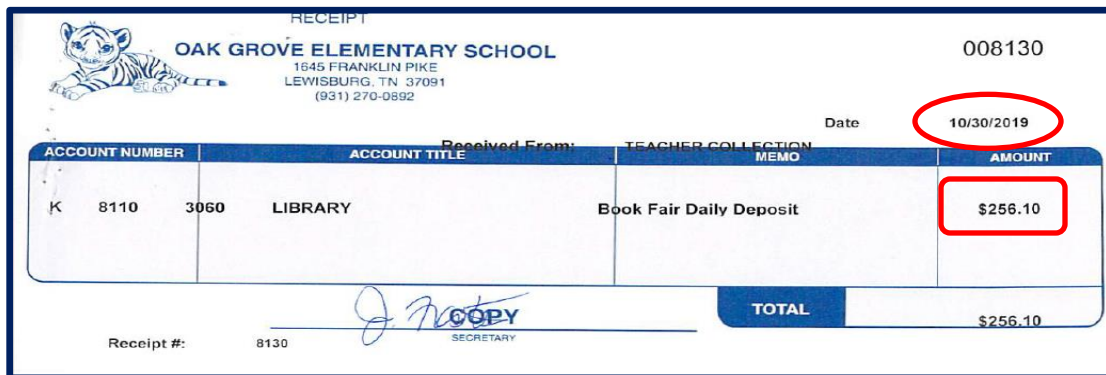
**Exhibit 1**



Book Fair log									
	1'S	5'S	10'S	20'S	.01¢	.05¢	.10¢	.25¢	
\$100									
\$100	\$96	\$280	\$250	\$1000	\$4.50	\$6.45	\$13	\$11.50	
Checks: \$256.10					cash: \$1861.45				

*The collection log prepared by the librarian from the October 3, 2019, book fair event that was remitted for deposit.*

**Exhibit 2**



RECEIPT  
OAK GROVE ELEMENTARY SCHOOL  
1645 FRANKLIN PIKE  
LEWISBURG, TN 37091  
(931) 270-0892

008130

Date: 10/30/2019

ACCOUNT NUMBER	ACCOUNT TITLE	Received From	TEACHER COLLECTION MEMO	AMOUNT
K 8110 3060	LIBRARY		Book Fair Daily Deposit	\$256.10
TOTAL				\$256.10

Receipt #: 8130

*J. Foster*  
SECRETARY

*The receipt prepared by Foster for \$256.10 in checks from the October 3, 2019 book fair event and dated October 30, 2019. The \$1,861.45 in cash was not received or deposited.*

- B. Investigators determined that Foster made unsupported deposits at times not consistent with the time such funds were collected. It was determined that these deposits were repayments by Foster for a portion of the misappropriated funds. These deposits, totaling \$3,429.41, were related to her misappropriations in the book fair, Chromebook insurance, and field trip collections.

During the October 5, 2017 book fair, the school librarian collected and subsequently remitted for deposit \$1,200.40 (See Exhibit 3). After the spring 2018 book fair, \$1,200.40 was deposited in excess of what was collected by the librarian (See Exhibit 4). For a period

of approximately six months, the \$1,200.40 was unaccounted while in Foster’s custody and control.

**Exhibit 3**

10/5/17	\$58	\$120	\$210	\$500	\$1
cash: \$889		checks: \$311.40		\$1200.40	

*The collection log reflected that during the October 5, 2017, book fair, the school librarian collected \$1,200.40. The librarian subsequently remitted the collections for deposit; however, this deposit was not made with the other fall 2017 collections.*

**Exhibit 4**

ACCOUNT NUMBER	ACCOUNT TITLE	Received From:	TEACHER COLLECTION MEMO	Date	AMOUNT
C 8110 3060	LIBRARY		Book Fair Daily Deposit	3/8/2018	\$989.00
K 8110 3060	LIBRARY		Book Fair Daily Deposit		\$211.40
<b>TOTAL</b>					<b>\$1,200.40</b>

Receipt #: 7737      J. FOSTER SECRETARY

*The school’s receipt prepared by Foster reflects \$1,200.40 receipted on March 8, 2018, the same amount of missing money (from fall 2017) approximately six months later. Investigators found no evidence the \$1,200.40 were collections from the Spring 2018 book fair.*

Foster acknowledged to investigators she misappropriated funds for her personal use.

**Summary of Misappropriation by Bookkeeper Jennifer Foster**

Summary of Misappropriation	Amount
<b>A. Total Misappropriation</b>	
Book Fairs	\$9,141.74
Chromebook Insurance	1,890.00
Field Trips	800.00
Chorus Activities	493.72
<b>Total</b>	<b>\$12,325.46</b>
<b>B. Unsupported Deposits that were determined to be repayments by Foster</b>	(\$3,429.41)
<b>Remaining Shortage</b>	<b>\$8,896.05</b>

**2. BOOKKEEPER JENNIFER FOSTER FABRICATED AND FALSIFIED ACCOUNTING RECORDS TO CONCEAL HER MISAPPROPRIATION**

Foster fabricated and falsified various accounting records to conceal missing collections. Investigators noted in the library account (**See Exhibit 5**) that Foster provided fictitious records to the school librarian when she asked about the balance in the library account. An excerpt of a spreadsheet of the general ledger shows the true and actual balance in the library account for the same period (**See Exhibit 6**).

**Exhibit 5**

11/5/2019			\$9.00	8134	Tello Garcia			\$6,115.09
11/14/2019			\$15.80	8139	Damaged Book Fee			\$6,128.89
10/24/2019					Junior Library Guild ✓	\$1,234.00	4333	\$4,894.89
10/7/2019					Broad Reach ✓	\$1,185.48	4334	\$3,709.41
10/18/2019					Crane Book Fair ✓	\$2,663.24	4335	\$1,046.17
10/26/2019					Walmart ✓	\$174.97	4325	\$871.20
12/4/2019					Michelle King (Book)	\$16.99	4346	\$854.21
12/6/2019			\$20.00		Lost Book-Kenadi Polly			\$874.21
12/9/2019		\$20.00			Memorial Donation			\$894.21
12/19/2019					Ebsco	\$111.80	4313	\$782.41
12/17/2019			\$9.41		Lost Book-Aria Gorney			\$791.82

*The fabricated spreadsheet of the library account prepared by Foster. This document reflects that on December 17, 2019, there was a balance of \$791.82, when in fact, on or about the same time, there was a negative balance of \$6,178.89 (Refer to Exhibit 6).*

**Exhibit 6**

Acct.	Account Name	Beg Bal.	Recpt/Jv	Disb/JV	Transfer	End Bal.	YTD Payable	Work Bal.
8110	Library	\$ (933.60)	\$ 29.41	\$ (5,274.70)	\$ -	\$ (6,178.89)	\$	\$ (6,178.89)

*The excerpt of the general ledger showing the true balance in the library account on or about December 17, 2019.*

As noted in the ending balances for both Exhibits 5 and 6, on December 17, 2019, there was an approximate difference of \$7,000 between the two sets of records (\$791.82 shown in the fabricated spreadsheet and the negative \$6,178.89 shown in the general ledger).

The fabricated and falsified accounting records allowed Foster to mislead the school librarian and other school personnel regarding the actual balances in school accounts. The two sets of accounting records allowed the misappropriation to be concealed for this period.

On March 22, 2023, the Marshall County Grand Jury indicted Jennifer Foster for one count of Theft of Property over \$10,000, one count of Forgery, and one count of Official Misconduct.

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.

[Oak Grove Elementary School Exhibit](#)

## INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed the following deficiencies in internal controls and compliance, some of which contributed to Foster's ability to misappropriate funds without prompt detection:

### **Deficiency 1: School officials failed to separate financial duties adequately and provide adequate oversight**

School officials failed to separate incompatible financial duties adequately and provide adequate oversight over the bookkeeper. The bookkeeper was responsible for receipting collections, preparing bank deposits, and reconciling receipts with bank deposits. Separating financial duties adequately and providing increased oversight reduces the risk errors or misappropriations will remain undetected.

### **Deficiency 2: School officials failed to ensure collections were deposited intact**

School officials failed to ensure collections were deposited intact. The bookkeeper did not deposit some collections in the amounts in which they were collected. Through her manipulation of collections and records, the amount of cash she deposited frequently did not agree with the amount of cash staff remitted to her for deposit. Ensuring collections are deposited intact and agreeing with the cash and check makeup of the money remitted for deposit reduces the risk that errors or misappropriations will remain undetected.

**Deficiency 3: Some school collections were not deposited within three days of collections**

Investigators noted that some collections were not deposited within three days of collection. Tenn. Code Ann. § 49-2-110, requires local school systems to adopt the *Tennessee Internal School Uniform Accounting Policy Manual*, which requires all funds be deposited in a bank account within three days of collection. The delay in depositing funds weakens internal controls over collections and increases the risks of fraud and misappropriation.

**Deficiency 4: School officials failed to ensure collections were documented timely in the school's accounting records**

The bookkeeper failed to document timely the receipt of funds from other school personnel. The accounting records prepared by the bookkeeper show significant delays between when she receipted the money and when the money was remitted by school personnel. Promptly receipting the money when it is collected and properly recording the money in the school accounting records provides stronger accountability of the school's revenue.

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

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