



KNOX COUNTY SCHOOLS

Special Investigation
August 19, 2015

Justin P. Wilson, Comptroller





**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY**

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**Justin P. Wilson
Comptroller of the Treasury**

August 19, 2015

Members of the Board of Education
Knox County Schools
P. O. Box 2188
Knoxville, TN 37901

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury, in conjunction with the Knox County Sheriff's Department, conducted a special investigation of selected records of Knox County Schools, and the results are presented herein.

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, appearing to read "Justin P. Wilson".

Comptroller of the Treasury

JPW/RAD

SPECIAL INVESTIGATION

Knox County Schools

The Office of the Comptroller of the Treasury, in conjunction with the Knox County Sheriff's Department, investigated allegations of malfeasance related to Knox County Schools.

INVESTIGATIVE RESULTS

- **Former accounts payable supervisor misappropriated at least \$11,989**

During the period June 2014 through October 2014, the former accounts payable supervisor, Roger Underwood, misappropriated Knox County Schools' funds totaling at least \$11,989. As noted below, Mr. Underwood used at least two schemes to perpetrate the misappropriation.

1. Mr. Underwood made personal charges totaling at least \$10,445 to a Knox County Schools credit card. Although the credit card statements indicated certain unidentified vendors, such as "Dress," Mr. Underwood disclosed the charges were for online gambling. The credit card records revealed Mr. Underwood made multiple apparent gambling charges over the period ranging from \$99 to \$299 each. This included up to 14 separate charges totaling almost \$1,800 in a single day. (Refer to Exhibit 1 for examples.)

Exhibit 1

TRANSACTIONS						
Trans Date	Post Date	Reference Number	Merchant Name or Transaction Description	Amount		
				Credit	Charge	
09-16	09-17	0543684LLEHPRXX96	BARNES&NOBLE #2292	MURFREESBORO TN		80.01
09-17	09-17	7550465LLOBQATG86	DRESS 1855-784-2647	1855-784-2647AJ		99.99
09-17	09-17	7550465LLOBQATLV4	DRESS 1855-784-2647	1855-784-2647AJ		99.94
09-17	09-17	7550465LLOBQATRX3	DRESS 1855-784-2647	1855-784-2647AJ		99.98
09-17	09-17	7550465LLOBQATV26	DRESS 1855-784-2647	1855-784-2647AJ		99.99
09-17	09-17	7550465LLOBQAWG0J	DRESS 1855-784-2647	1855-784-2647AJ		99.93
09-17	09-17	7550465LLOBQAW6Z9	DRESS 1855-784-2647	1855-784-2647AJ		99.93
09-17	09-17	7550465LLOBQB6GET	DRESS 1855-784-2647	1855-784-2647AJ		99.99
09-17	09-17	7550465LLOBQQLZDZ	DRESS 1855-784-2647	1855-784-2647AJ		99.95
09-17	09-18	7550465LLOBQEKKD6	DRESS 1855-784-2647	1855-784-2647AJ		199.98
09-18	09-18	7550465LM0BQLNLVZ	DRESS 1855-784-2647	1855-784-2647AJ		99.92
09-18	09-18	7550465LM0BQL0JDP	DRESS 1855-784-2647	1855-784-2647AJ		199.99
09-18	09-18	7550465LM0BQL4FMD	DRESS 1855-784-2647	1855-784-2647AJ		199.96
09-18	09-18	7550465LM0BQM6EQ7	DRESS 1855-784-2647	1855-784-2647AJ		99.98
09-18	09-18	7550465LM0BQP23JK	DRESS 1855-784-2647	1855-784-2647AJ		99.95

2. Mr. Underwood received reimbursement totaling \$1,544 for expenses he never incurred while on at least three school system related trips. School system credit card records revealed that Mr. Underwood charged lodging and meal expenses to a Knox County Schools' credit card for a trip to Biloxi, Mississippi, during July and August 2014. Although Knox County Schools paid these credit card charges, investigators discovered that Mr. Underwood also requested and received travel reimbursement from the school system for the lodging and meals. In a similar manner, Mr. Underwood filed for and received excess reimbursement for at least two other school trips for which the system had already paid. As a result, Mr. Underwood received excess reimbursement totaling at least \$1,544.

**Summary of Misappropriation by Former
Accounts Payable Supervisor Roger Underwood**

Method	Amount
Misappropriated Amounts	
Personal charges on school system credit card	\$10,445
Duplicate travel reimbursement	<u>1,544</u>
Total	<u><u>\$11,989</u></u>

These matters were referred to the local district attorney general. In August 2015, the Knox County Grand Jury indicted former accounts payable supervisor Roger Underwood on one count of Theft over \$10,000.

- **Former accounts payable supervisor made questionable charges on school system credit card**

While on the aforementioned trip in Biloxi, Mississippi, Mr. Underwood charged \$731 to his Knox County Schools' credit card for a retirement reception that included hors d'oeuvres, wine, and beer. (Refer to Exhibit 2.) This retirement reception was not for a Knox County Schools' employee. These charges were not allowable under the school system's policy and had not been approved by Mr. Underwood's superiors.

7/31/2014 19:10		Exhibit 3
Coast		
Beau Rivage Resort & Casino 875 Beach Boulevard Biloxi, MS 39530 (228)386-7111		
=====		
CHECK:	733055	TABLE:72
TERMINAL:	72	GUESTS:4
SERVER:	ASHLEY Z.	
=====		
Regular Check		
2 Peach Schnapps	11.00	
@ 5.50		
3 MARTINI	36.00	
@ 12.00		
2 Beer Btr Mushrms	20.00	
@ 10.00		
1 Classic Burger	15.00	
1 Steak Fajita	18.00	
Subtotal	100.00	
Tax	7.00	
Tip	10.00	
Total	117.00	
BR Room Charge	117.00	
26041 Underwood, Roger		
GRAND TOTAL	117.00	
=====		
T72 C137753 7/31/2014 20:48		
=====		
Food	53.00	
Liquor	47.00	
=====		
DUPLICATE RECEIPT		
=====		

8/3/2014 23:43		Exhibit 2
Banquets		
Beau Rivage Resort and Casino 875 Beach Boulevard Biloxi, MS 39530 (228)386-7111		
=====		
CHECK:	2769986	
SERVER:	Jacqueline Wait	
TERMINAL:	276	
GUESTS:	20	
=====		
Event #:	119727	
Event Name:		RETIREME
Account #:	ROOM CHARGE	
Room Name:	26041	
Date:	08-01-14	
Type:	RECEPTION	
=====		
Banquet 20%		
10 Cheese Tray	70.00	
@ 7.00		
50 Hot Horsd'oeuvres	200.00	
@ 4.00		
40 Hot Horsd'oeuvres	120.00	
@ 3.00		
3 HOST MISC WINE	81.00	
@ 27.00		
10 HOST DOMESTIC BE	45.00	
@ 4.50		
12 HOST IMPORT BEER	60.00	
@ 5.00		
Subtotal	576.00	
Gratuity	115.20	
Tax	40.32	
Total	731.52	
BR Room Charge	731.52	
26041 Underwood, Roger		
GRAND TOTAL	731.52	
=====		
T276 C76404 8/3/2014 23:59		

Additionally, investigators noted that several of the meals Mr. Underwood charged to the school system credit card, and for which he was also reimbursed, appeared excessive. Some of these meals also included inappropriate charges for alcoholic beverages. (Refer to Exhibit 3.)

Because Mr. Underwood was responsible for reviewing school credit card charges, including his own, officials were unaware of these inappropriate charges.