



WEST CHEATHAM ELEMENTARY PTO

Special Investigation
February 17, 2016

Justin P. Wilson, Comptroller





**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY**

JAMES K. POLK STATE OFFICE BUILDING, SUITE 1600

505 DEADERICK STREET

NASHVILLE, TENNESSEE 37243-1402

PHONE (615) 401-7907

FAX (615) 532-4499

Justin P. Wilson

Comptroller of the Treasury

February 17, 2016

Officers of the West Cheatham Elementary PTO
3120 Highway 12 North
Chapmansboro, TN 37035

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted a special investigation of selected records of the West Cheatham Elementary PTO, 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

THIS PAGE LEFT BLANK INTENTIONALLY.

SPECIAL INVESTIGATION

WEST CHEATHAM ELEMENTARY PTO

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to West Cheatham Elementary PTO.

INVESTIGATIVE RESULT

1. **Former treasurer misappropriated PTO funds totaling at least \$7,450**

The investigation revealed that during the period December 2012 through May 2014, former treasurer Beth Christie misappropriated PTO funds totaling at least \$7,450. Ms. Christie perpetrated the misappropriation by withholding cash fundraiser collections from deposit into the PTO bank account. She also withheld cash obtained via ATM withdrawals purportedly for change. She retained these misappropriated funds for her personal benefit. After leaving the office of PTO treasurer, Ms. Christie turned over a \$500 Walmart gift card and, subsequently, turned in \$323.75 in cash.

Ms. Christie admitted to investigators that she withheld cash from fundraiser collections and ATM withdrawals and that she used this cash for personal expenses. The table below sets forth the misappropriated amounts:

Summary of Misappropriation by Former Treasurer Beth Christie

Method	Amount
2012 Penguin Patch collections retained for personal benefit	\$1,824.88
2013 Fall Festival collections retained for personal benefit	3,358.05
2013 Penguin Patch collections retained for personal benefit	2,291.38
ATM cash withdrawals	800.00
Less: Walmart gift card remitted to PTO by Ms. Christie	(500.00)
Less: Cash remitted to PTO by Ms. Christie	<u>(323.75)</u>
Total Misappropriation	<u>\$7,450.56</u>

In addition to the misappropriated amounts discussed above, our investigation revealed a possible misappropriation of approximately \$700 from 2013 Field Day concessions collections. This amount is based on PTO officers' estimates of the related collections. No related field day collection documentation was available for review.

On December 7, 2015, the Cheatham County Grand Jury indicted the former PTO treasurer, Beth Christie, on one count of Theft over \$1,000.

ADDITIONAL ISSUES

Section 49-2-604(e), *Tennessee Code Annotated*, requires that a school support organization's officers ensure that funds are safeguarded and that they adopt and maintain a written policy specifying reasonable procedures for accounting, controlling, and safeguarding school support organization money and other property. The statute further authorizes the Tennessee Comptroller of the Treasury to prepare such a model financial policy for the school support organizations. In June 2008, the Comptroller's Office published the "Model Financial Policy for School Support Organizations," which provides minimum controls to improve accountability over school support organization funds.

Our investigation revealed that the PTO's failure to comply with the model financial policy resulted in numerous deficiencies in financial processes that contributed to the former treasurer's ability to perpetrate her misappropriation without prompt detection. The more significant of these financial process deficiencies included:

- PTO officials failed to separate financial duties adequately or to provide increased oversight when appropriate. The former treasurer received collections, prepared and delivered deposits to the bank, had possession of the ATM/debit card, and was the only official who reviewed bank statements.
- PTO officials did not adequately oversee, document, or account for fundraising and other collection activities.

The officers of the West Cheatham Elementary PTO have indicated that they have corrected or intend to correct these deficiencies.