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DIVISION OF MUNICIPAL AUDIT**

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August 18, 2008

Director of Schools and Members of
the Board of Commissioners
Memphis City Schools
2597 Avery Avenue, Room 218
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Ladies and Gentlemen:

We have completed our investigative audit of selected records of the Kingsbury High School – Memphis City Schools. The audit focused on collections made on behalf of the senior class during the period July 1, 2005, through June 30, 2006. However, when warranted, the scope was expanded.

We identified a total of \$3,375 in collections made on behalf of the senior class of 2006 by a former teacher, Carolyn Green, which had not been remitted to the bookkeeper for deposit into a school bank account. Those collections were made from participants in a senior trip, from various fundraisers to defray the cost of the senior trip, and from students who paid for prom tickets but did not receive a receipt. We found no evidence that these funds were used for senior activities. The shortage consisted of the following:

- \$930 in receipted collections for the senior trip, turned over to Carolyn Green, which were not deposited into a school bank account.
- \$1,600 in cash collections from at least 8 car wash fundraisers.¹ The money was turned over to Carolyn Green to defray the cost of the senior trip. According to the school's financial records, none of this money was remitted to the bookkeeper for deposit into a school bank account.
- \$845 in collections for prom tickets received by Carolyn Green for which she did not issue receipts. These funds were not remitted to the bookkeeper for deposit into a school bank account.

We noted that an audit previously performed by the Memphis Board of Education, Division of Internal Audits (Internal Audit) documented a \$10,538 shortage between the funds

¹ The lowest estimated collection for each car wash was \$200. Therefore, to be conservative, our calculation used this "lowest" figure.

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collected and deposited into the school's senior account and the funds needed to pay expenses for school activities. At the time, Ms. Green had been designated as the senior sponsor responsible for organizing, planning, and collecting sufficient funds for senior activities.

When asked to explain the apparent shortage in the senior account and the past due bill from a bus company, Ms. Green apparently stated she had received a large corporate donation to help pay for the cost of the senior trip. She then stated that she deposited the donation into her personal bank account and wrote a personal check to the vendor. However, her personal check was returned for insufficient funds.

Ms. Green provided multiple documents purported to be from the corporate donor to document the donation; she also provided multiple documents purported to be from her credit union concerning the deposit of the check from the corporate donor into her checking account. In addition, Ms. Green provided a document purported to represent an invoice from the vendor, stating that the vendor has been paid in full. However, further investigation by Internal Audit revealed all of those documents to be fabricated.

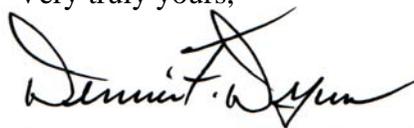
We noted that Ms. Green did not issue receipts for all collections, as required by school policy, and did not maintain intact receipt books. We also noted that Ms. Green received numerous letters of reprimand for failing to remit collections to the bookkeeper for deposit in a timely manner.

The *Internal School Uniform Accounting Policy Manual*, Administration of Internal School Funds, Section 4, Title 6, Retention of Records, page 4-21, states that prenumbered cash receipts and other original records should be retained for a minimum of five years or until all applicable audit exceptions are resolved, whichever is later.

The *Internal School Uniform Accounting Policy Manual*, Operating Procedures, Section 5, Collection of Money by Teachers/Others, page 53, Records, states, "All collections by teachers/others should be remitted to the cashier daily or more frequently, if necessary."

These matters were referred to the local district attorney general. On June 5, 2008, the Shelby County Grand Jury returned an indictment against former teacher, Carolyn Green, on one count of Theft over \$1,000 and two counts of Forgery over \$1,000.

Very truly yours,



Dennis F. Dycus, CPA, CFE, Director
Division of Municipal Audit