

**INVESTIGATIVE AUDIT OF THE RECORDS OF
PENNINGTON ELEMENTARY SCHOOL
METROPOLITAN NASHVILLE-DAVIDSON COUNTY SCHOOL SYSTEM
FOR THE PERIOD JULY 1, 2002, THROUGH JUNE 30, 2003**

Pursuant to a request from Chris Henson, Assistant Superintendent for Business and Facility Services for Metropolitan Nashville Public Schools, our office has completed an investigative audit of certain records of Pennington Elementary School. This examination focused on the period July 1, 2002, through June 30, 2003. However, when the examination warranted, this scope was expanded.

LEGAL ISSUES

1. **ISSUE: Fraudulent and unauthorized checks**

The former school bookkeeper apparently prepared school checks totaling \$9,231.60 for purposes that were not approved or authorized by management and for which the school received no benefit. The school's financial records included false entries, apparently to conceal the true nature of these disbursements. The school principal cosigned school checks. However, on at least five checks, the principal stated that the signature was not her authentic signature, and had been used without her consent or authority. In addition, in some cases, the fraudulent checks had been removed from the school's records.

2. **ISSUE: School procurement card used for personal benefit**

The former school bookkeeper apparently used the school's VISA procurement card for personal use. Charges totaling \$2,094.92 either appeared to be for nonschool purposes or had no supporting documentation. In all of these cases, the former bookkeeper approved the charges.

3. **ISSUE: Unaccounted for proceeds from fundraisers**

The former school bookkeeper was solely responsible for the collection, accounting, and deposit of the proceeds of at least three fundraisers during the school year. However, although school officials observed the former bookkeeper collecting and counting proceeds from these fundraisers, no collections were ever receipted or deposited. The cost of these fundraisers, assuming no profit, was \$887.02.

4. **ISSUE: Unauthorized school charge account used for personal benefit**

The former school bookkeeper apparently opened an account in the school's name with Office Depot without the authorization or knowledge of management. The former bookkeeper made purchases totaling \$3,488.14, which included two personal computers, a photo printer, and a leather chair. However, she did not deliver the items to the school but apparently kept them for her personal benefit. The Office Depot account has not been paid.

SUMMARY

Category	Amount
Fraudulent Checks	\$ 9,231.60
Procurement Card	2,094.92
Fundraisers	<u>887.02</u>
Total	<u>\$12,213.54</u>

This matter was referred to the local district attorney general. In December 2003, Ms. Scarlett D. Ashley, former school bookkeeper, was indicted on one count of theft over \$10,000.

GLOSSARY OF STATE STATUTES

Section 39-14-103, *Tennessee Code Annotated*

Theft of property.

A person commits theft of property if, with intent to deprive the owner of property, the person knowingly obtains or exercises control over the property without the owner's effective consent.

Section 39-14-105, *Tennessee Code Annotated*

Grading of theft.

Theft of property or services is . . .

(3) A Class D felony if the value of the property or services obtained is one thousand dollars (\$1,000) or more but less than ten thousand dollars (\$10,000);

(4) A Class C felony if the value of the property or services obtained is ten thousand dollars (\$10,000) or more but less than sixty thousand dollars (\$60,000). . . .