



**STATE OF TENNESSEE
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DEPARTMENT OF AUDIT
DIVISION OF MUNICIPAL AUDIT**

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June 27, 2012

Director of Schools and Members of the
Board of Education
Rutherford County Schools
2240 Southpark Boulevard
Murfreesboro, TN 37128

Gentlemen:

We have completed our investigative audit of selected books and records of Smyrna Elementary School, Rutherford County School System. The audit focused on the period July 1, 2011, through September 30, 2011. However, when warranted, we expanded the scope.

Summary

Our investigation revealed the following:

- The former principal of Smyrna Elementary, Regina Joiner, admitted misappropriating at least \$1,014 of school money by using school credit cards to purchase clothing, groceries, and other items for her personal benefit.
- Ms. Joiner failed to follow required procedures to ensure the safekeeping and proper handling of school money, for which she was responsible per state law.

Investigative Finding

1. **Finding:** **Former school principal used school credit cards to purchase items costing \$1,014 for her personal use**

On five separate dates in August and September 2011, the former principal of Smyrna Elementary School, Regina Joiner, used credit cards issued in the school's name to make personal purchases of clothing, groceries, snack foods, iTunes gift cards and other items, totaling \$1,014, including discounts and unpaid sales taxes. When she purchased these items for her personal benefit, Ms. Joiner received discounts to which she was not entitled and avoided the payment of required sales taxes.

In a meeting with school system officials, Ms. Joiner admitted personal use of school credit cards. She subsequently reimbursed the school for the amounts charged by the vendors.

This matter was referred to the local district attorney general. On May 8, 2012, a Rutherford County Grand Jury indicted Regina Faye Joiner on one count of Theft over \$1,000, and on seven counts of Illegal Possession or Fraudulent Use of a Credit Card.

Internal Control and Compliance Findings

1. **Finding:** **Former principal failed to provide supporting documents for some purchases**

On multiple occasions, the former principal did not provide adequate supporting documentation for purchases she made with school credit cards, including those made for her personal benefit described in the Investigative Finding. The school bookkeeper stated that although she asked the former principal to provide cash register receipts for several credit card purchases, the principal never provided them. At least one of the original receipts was never located. Another was found in the former principal's desk after she removed her personal belongings. The former principal submitted the remaining register receipts only after system-level administrators, including the director of schools, contacted her. One vendor assessed a late fee due to the delay in payment caused by lack of supporting documentation.

Section 49-2-110, *Tennessee Code Annotated*, provides:

The principal shall be liable to account for the safekeeping and handling of all funds of every character raised by student activities, school services and school events, regardless of the sources of the funds or the purpose for which they were raised.

Page 5-12 of the *Tennessee Internal School Uniform Accounting Policy Manual (School Manual)* states:

Documents such as invoices, receiving reports, and/or delivery receipts, together with other related support provide the bookkeeper with adequate supporting documentation to make payment. An invoice is an itemized document from a third party that describes in detail the type, quantity, and charges for goods and services purchased....

The bookkeeper should require and obtain adequate supporting documentation before disbursing any school money. Periodic statements from vendors and copies of invoices are not adequate documentation to support disbursements.

2. **Finding: The former principal failed to document that she had possession of school credit cards**

The former school principal failed to follow established procedures for checking out school credit cards. The Smyrna Elementary School's bookkeeper was responsible for the safekeeping of the school's credit cards. On at least two occasions, the bookkeeper was unaware that the former principal had obtained and used a school credit card until several weeks after the transaction dates.

According to the *School Manual*, page 4-13:

i. When multiple employees use one credit card, a separate log should be maintained for each credit card. This log should include columns for (1) printed name of user, (2) signature of user, (3) date checked out, and (4) date returned. The bookkeeper should initial the entry twice: at the time the card is checked out and again when the card is turned in.

3. **Finding:** **On multiple occasions, the former principal failed to complete purchase requisitions/authorizations**

For each unauthorized, personal purchase described in the Investigative Finding, the former principal failed to complete a purchase requisition/authorization. The *School Manual*, page 5-11, states:

To initiate a purchase which does not require advertised bids, including purchases from other school accounts, a prenumbered purchase requisition should be completed. The purchase requisition should include the date of request, the name of the individual requesting the purchase, the fund/account to be charged, the items/services to be purchased, and the amount of each item/service. Any documented quotes required by the school system's purchasing policy should be attached to the purchase requisition.... When the bookkeeper receives or originates a purchase requisition, the bookkeeper should review the account balance to be charged to determine if sufficient money is available.

Section 49-2-110, *Tennessee Code Annotated*, provides:

(d) The principal of each school shall have the duty of instituting and following the reasonable regulations, standards, procedures and the accounting manual adopted by the board of education having jurisdiction over the school.

Recommendations

School officials should continue to require each school employee, including principals, to comply with the purchasing requirements of the *School Manual* and with any relevant policies set by the board of education. This includes controlling access to credit cards, recording use of credit cards, requiring each applicable employee to obtain approval before making any purchase for the school, and requiring adequate supporting documentation for each purchase.

The school board should adopt policies that explicitly prohibit any district employee from making personal purchases using a school's credit card, debit card, checks, petty cash, or cash collections, as well as any other asset or purchasing method not specifically listed, even if the employee intends to reimburse the school. The board should also adopt a policy that prohibits school employees from using a school's tax exempt status for personal purchases.

Director of Schools and Members of the
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Rutherford County Schools
June 27, 2011
Page 5

We have provided a copy of this letter to the Rutherford County District Attorney General. If you have any questions concerning the above, please contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Dennis F. Dycus". The signature is stylized with a large, sweeping initial "D" and a long horizontal stroke extending to the right.

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

DFD/RAD

xc: Honorable William Whitesell
District Attorney General
16th Judicial District
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