



# UNION COUNTY HIGH SCHOOL

**Special Investigation**  
January 14, 2016

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**Justin P. Wilson, Comptroller**





**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY**

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

January 14, 2016

Director of Schools and Members of the  
Board of Education  
Union County Public Schools  
P. O. Box 10  
Maynardville, TN 37087

Director and Members of the Board:

The Office of the Comptroller of the Treasury conducted a special investigation of selected records of the Union County High School, 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

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# SPECIAL INVESTIGATION

## UNION COUNTY HIGH SCHOOL

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to Union County High School.

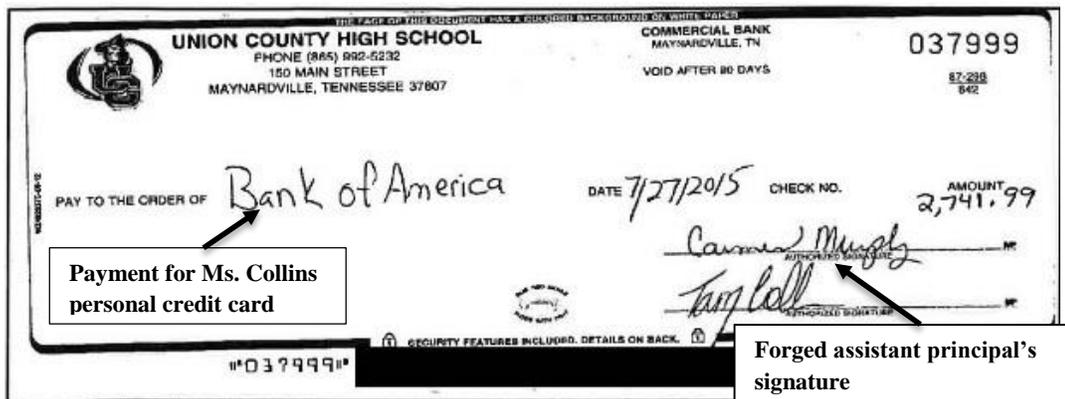
### INVESTIGATIVE RESULT

#### 1. Former bookkeeper misappropriated school funds totaling at least \$30,045

During the period January 2013 through September 2015, former bookkeeper Tammy Collins misappropriated school funds totaling at least \$30,045. Ms. Collins used at least four schemes to perpetrate the misappropriation.

- Ms. Collins made payments from the school bank account to her personal credit card accounts or other personal debts.
- Ms. Collins prepared and transacted unauthorized school checks payable to herself or to a local bank and retained these funds for her personal use.
- Ms. Collins removed cash from school collections for her personal use.
- Ms. Collins made personal purchases on the school's store account at Walmart and paid those charges with school funds.

The investigation also revealed that Ms. Collins fabricated documentation and made false accounting entries effectively concealing several fraudulent transactions. Also, an assistant principal stated that, although her name appeared as a signature on several fraudulent checks, she did not sign them. The assistant principal told investigators that she had never given anyone permission to sign her name on school checks.



Ms. Collins acknowledged to Comptroller investigators that she paid her personal credit cards with school funds and that she had made other unauthorized payments to herself without the knowledge of or authorization from school officials. She also acknowledged using the school’s cash collections for personal purposes.

The table below sets forth the misappropriated amounts:

**Summary of Misappropriation by Former Bookkeeper Tammy Collins**

Method	Amount
Payments to personal credit card accounts or debts	\$19,911
Checks payable to herself or to “cash” for her benefit	5,507
Cash collections taken for personal use	3,225
Personal charges made on school store account	<u>1,402</u>
Total Misappropriation	<u>\$30,045</u>

This matter was referred to the local district attorney general. On November 19, 2015, the Union County Grand Jury indicted the former bookkeeper, Tammy Collins, on one count of Theft over \$10,000.

**ADDITIONAL ISSUES**

Our investigation revealed significant deficiencies in financial processes that contributed to the former bookkeeper’s ability to perpetrate her misappropriation without prompt detection. These financial process deficiencies included:

- The school principal failed to separate financial duties adequately or to provide increased oversight when appropriate. The former bookkeeper received collections, prepared and delivered deposits to the bank, prepared and was one of the signatures on most of the dual signature checks, and reconciled the bank statements.
- The school principal did not require and retain adequate supporting documentation for disbursements.
- The school principal allowed employees to use school collections to cash school and third-party checks. As a result the school bank deposits were not made intact.
- The school principal paid board of education employees directly from internal school funds instead of forwarding the payroll information and compensation to the board of education

offices for processing as required. As a result, payroll taxes were not calculated and paid timely. In addition, the existence of numerous school checks issued to employees for authorized work helped conceal the fraudulent checks the bookkeeper issued to herself.

The officials of the Union County High School have indicated they have corrected or intend to correct these deficiencies.