



State of Tennessee

Justin P. Wilson, State Comptroller

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Unicoi County School Department Adopts New Accounting Policies and Procedures in Response to Comptroller's Investigation

Officials at the Unicoi County School Department have agreed to make several significant changes in their accounting and bookkeeping practices following an investigation by the state Comptroller's Division of County Audit.

A special report released today by the Comptroller's office describes deficiencies found during a review of the school department's financial records that covered the time period from July 1, 2009 to May 25, 2010.

Those deficiencies contributed to the misappropriation of more than \$20,000 of school funds for personal use by Angie Williams, the school department's former director of finance.

Williams was suspended and later resigned from her post after auditors raised questions about inadequate documentation and other irregularities with the department's financial records. Erwin police arrested her last week on embezzlement charges.

Auditors concluded that the department did not have adequate safeguards in place and the lack of internal controls increased the risk of unauthorized transactions. Specifically, auditors noted that officials and employees responsible for maintaining accounting records were also involved in receipting, depositing and distributing funds. The report recommended dividing those responsibilities among different employees.

The auditors' report also noted that the school system's vocational department lacked centralized receipting for funds it received and that a school department credit card was used for unauthorized expenditures on behalf of the Unicoi County High School Band Boosters.

In response to the auditors' findings, school officials plan to require all money accepted from the schools to be brought into the department's central office by a principal or bookkeeper only. Designated central office personnel will maintain a log sheet of receipts for those transactions.

Billing and invoicing for the vocational department will also be handled through the central office. The finance director will issue checks to pay vendors, while the department's payroll officer will print the checks and a designated third person will match invoices with checks for payment.

“It is certainly unfortunate that Ms. Williams chose to abuse her position of trust within the school department,” Comptroller Justin P. Wilson said. “If there is a silver lining here, it is that our auditors have identified and school officials seem committed to correcting a number of problems that would reduce the likelihood of something like this happening again.”

“Our audit staff did an excellent job in discovering the misappropriation of funds in the Unicoi County School Department,” added Jim Arnette, director of the Comptroller’s Division of County Audit. “This should be a reminder to those who work in positions of public trust that the Comptroller’s office is committed to finding and eliminating fraud, waste and abuse in local governments.”

To view the full report online, go to:

<http://www.comptroller1.state.tn.us/repository/CA/2010/Unicoi%20SD%20Special%20Report.pdf>

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