



State of Tennessee

Justin P. Wilson, State Comptroller

For Immediate Release: Sept. 10, 2012

Former School Bookkeeper in Sumner County Steals Nearly \$20,000

The former school bookkeeper of Beech Elementary School stole more than \$17,000 from the school and nearly \$2,000 from the school's picture vendor, an investigative audit performed by the Comptroller's Division of Investigations in coordination with the Sumner County Sheriff's Department has revealed. Investigators found that between July 1, 2008, and September 15, 2010, the former bookkeeper, Penny Knight, used different schemes to perpetrate her thefts.

Ms. Knight used more than \$13,000 in school funds to pay her personal bills and loans as well as to pay for personal purchases of electronics, groceries and other items. She concealed this activity by creating false invoices and other documents, while altering others. Ms. Knight also forged the signatures of school personnel on the invoices, receipts and checks.

Ms. Knight invented abbreviations for some check recipients that would coincide with the vendors to whom she was sending them, albeit to pay her own obligations and not those of the school. For instance, one \$852 check was made out to "WDS," which in school records was fictitiously created by Ms. Knight to reflect that it was supposed to pay "Walt Disney Supplier" for framed art for the library. However, investigators were able to trace the check to its recipient and discovered that it actually paid for a vehicle loan in the name of Ms. Knight's husband at "Wachovia Dealer Services."

Ms. Knight also stole more than \$4,000 in cash collections from the school and intercepted \$1,713 in payments intended for the school's picture vendor, Lifetouch National School Studios, Inc. According to investigators, because Ms. Knight had total control over school collections once they arrived at the school office, she was able to manipulate the school's computerized accounting records. This control allowed her to conceal these misappropriations from other school employees for an extended period of time.

In April, Ms. Knight was indicted by the Sumner County Grand Jury on two counts of theft, one count of money laundering and nineteen counts of forgery.

In addition to documenting Ms. Knight's misdeeds, investigators noted the principal's failure to review supporting documentation prior to signing checks and failure to review school bank statements and related imaged checks and deposit slips, which allowed Knight to engage in her schemes undetected for so long. Deficient safeguards in teacher collection procedures, fundraiser documentation and even Ms. Knight's own inadequate accounting records and bookkeeping procedures all contributed to her ability to carry out and conceal her theft of school funds.

"Auditors refer to bookkeeping and accounting safeguards as internal controls – and those controls were certainly lacking in this case," Comptroller Justin P. Wilson said. "It is deplorable whenever officials in positions of public trust abuse those positions, particularly in cases in which money intended to be spent on children is involved. I commend our investigators and the Sumner County Sheriff's Department for their work in bringing the issues raised in this audit to light."

To view the report online, go to:

<http://www.comptroller.tn.gov/repository/ia/20120910BeechElementaryReport.pdf>

-30-

Media contact: Blake Fontenay, Communications Director, (615) 253-2668 or blake.fontenay@tn.gov

[Tennessee Comptroller of the Treasury](#)
State Capitol Nashville, TN 37243
Phone: (615) 741-2501
Email: comptroller.web@cot.tn.gov