



## State of Tennessee

Justin P. Wilson, State Comptroller

For Immediate Release: July 14, 2010

### **Former Gateway Elementary School PTA Officer Responsible for Missing Funds**

A former officer in Gateway Elementary School's Parent Teacher Association is responsible for using nearly \$7,000 of PTA funds for her own personal benefit, according to report released today by the Comptroller's Division of Municipal Audit.

The auditor's report noted that between July 1, 2006 and November 26, 2007, the former officer wrote eight checks to herself totaling \$6,693, which she claimed was reimbursement for personal out-of-pocket expenses she paid on behalf of the PTA. However, at least four of the checks included fictitious transactions or transactions in which the money was initially paid directly by the PTA and not by the former officer.

As a matter of practice, the Comptroller's office does not identify individuals cited in audit reports unless criminal charges are filed. The auditors' information has been forwarded to the local district attorney general's office for review.

The former officer – who at various times served as the organization's chapter president, treasurer and fundraising coordinator - admitted to auditors that she had paid herself at least \$2,167 from the PTA's checking account that she was not due. She also concealed \$3,485 in reimbursement checks were "probably not [completely] right," according to the report. Auditors also discovered that on February 1, 2007, she tendered a check to the PTA for which she intended to repay a portion of the money she had illicitly taken, but the check was returned unpaid.

The report further indicates that fundraiser proceeds are missing from cookie dough and holiday gift sales. According to vendors for the fundraisers, the money was collected and turned in when orders were placed, not when they were delivered. A review of the PTA's bank deposits and other fundraiser documentation indicates that those fundraisers alone were missing \$673 in proceeds.

Gateway Elementary School PTA also failed to maintain any of the collection records required for fundraisers, school carnivals, membership dues and money received for any other reason from any source, as required by the *School Support Organization Financial Accountability Act*

and the Comptroller's *Model Financial Policy for School Support Organizations*.

The report also indicates that there were serious problems with the PTA's disbursements - noting that most checks issued by Gateway PTA had no supporting documentation in the organization's records and were issued with only one signature, a practice that is not condoned by the *Model Financial Policy*. The report suggests that the PTA should not issue any checks without adequate supporting documentation that should be retained and safeguarded by the PTA treasurer. Also, the report recommends that all checks require a second signature from an officer who has been informed of the reason for the disbursement and reviewed the supporting documentation.

"This is another sad case in which a group of well-meaning people apparently did not build sufficient safeguards into their organization's money-handling procedures," Comptroller Justin P. Wilson said. "It is very important for organizations, large and small, to create a system of checks and balances which prevents one person from having too much control over expenditures. When one person is in a position to control an organization's finances with little or no oversight, it creates the potential for fraud, waste or abuse."

"To know that this person perpetrated such a deliberate and calculated scheme in order to steal fundraiser money and membership dues from an elementary PTA is disheartening," said Dennis Dycus, director of the Division of Municipal Audit. "I only hope that the results of this audit demonstrate to PTAs and booster clubs throughout this state how vulnerable you truly are to fraud from within."

The full report is available online at:

<http://www.comptroller1.state.tn.us/repository/MA/Investigative/gatewayelementarypta.pdf>

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

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