



## **POWELL VALLEY ELEMENTARY SCHOOL**

### **Comptroller's Investigative Report** April 19, 2017

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**Justin P. Wilson, Comptroller**





STATE OF TENNESSEE

COMPTROLLER OF THE TREASURY

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Comptroller

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April 19, 2017

Director of Schools and Members  
of the School Board  
Claiborne County Department of Education  
P. O. Box 179  
Tazewell, TN 37879

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Powell Valley Elementary 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 cursive script, appearing to read "Justin P. Wilson".

Justin P. Wilson  
Comptroller of the Treasury

JPW/RAD

# INVESTIGATIVE REPORT

## Powell Valley Elementary School

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to Powell Valley Elementary School (school). The K-8 school operates in two separate buildings but shares administrative staff.

### INVESTIGATIVE RESULTS

- **Former bookkeeper Teresa Poston misappropriated school funds totaling at least \$6,694**

During the period January 2015 through January 2017, former school bookkeeper Teresa Poston misappropriated school collections totaling at least \$6,694. Ms. Poston employed three schemes to perpetrate her misappropriation.

1. Ms. Poston falsely recorded collections from current team members as collections from prior team members, concealing her misappropriation of cheerleading and dance team collections totaling at least \$4,246, which she retained for her personal benefit. **[Refer to exhibit at end of report.]**
2. Ms. Poston did not deposit into the school's bank account at least \$1,982 she had collected for a school-wide fundraiser but retained these funds for her personal use. Although she told investigators that the students had not turned in the fundraiser collections, records she prepared indicated that she had in fact collected the money but had not deposited it.
3. Ms. Poston intercepted and exchanged certain checks payable to the school totaling at least \$466 for school cash collections, removing and retaining the cash for her personal benefit. She did not receipt or record these checks in the school's accounting records.

During this time, Ms. Poston received and opened all mail and had total control of school collections, further facilitating the concealment of her misappropriation.

Ms. Poston admitted to Comptroller investigators that she took cash from school collections for her personal benefit. She resigned from her position as bookkeeper on January 13, 2017, the day after she spoke with Comptroller investigators.

- **Former bookkeeper Teresa Poston created unverified collection records and signed teachers' names on those records**

Ms. Poston acknowledged to Comptroller investigators that she completed athletic event collection records and then fabricated teachers' signatures on these records. Teachers

confirmed that they had neither counted the money collected nor signed the collection records after they worked the events. Ms. Poston counted, receipted, and deposited these funds without anyone else verifying the accuracy or completeness. As a result, there is an extraordinarily high probability that additional school funds were misappropriated or misused by Ms. Poston. Due to the lack of reliable documentation, investigators were unable to quantify the potential additional loss.

- **Some collection records missing**

Investigators noted that numerous receipts had been removed from an unauthorized receipt book used by Ms. Poston. Ms. Poston acknowledged issuing prenumbered receipts to parents from this receipt book when they paid fees directly to her. The receipt book had been obtained personally by Ms. Poston, and was not authorized by the school system.

**Summary of Misappropriation by Former Bookkeeper Teresa Poston**

Method	Amount
Misappropriated cheerleader and dance team collections	\$4,246
Misappropriated fundraiser collections	1,982
Checks exchanged for cash	466
<b>Total</b>	<b><u>\$6,694</u></b>

These matters were referred to the local district attorney general. In April 2017, the Claiborne County Grand Jury indicted Teresa Poston on one count of Theft of Property over \$2,500.

**ADDITIONAL ISSUES**

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

- School officials failed to separate incompatible financial duties or to provide increased oversight when appropriate. The former bookkeeper received and opened all mail, and received, recorded, and deposited all school collections.
- School officials failed to ensure that the former bookkeeper deposited all collections promptly. In some instances, collections were deposited as much as nine months after collection.
- School officials failed to ensure that teacher collections were properly handled. The former bookkeeper failed to issue receipts to teachers when receiving collections. In addition, teachers failed to retain their copies of collection records they prepared to document their receipt of

funds. In some instances, teachers failed to prepare any type of collection record before turning money over to the bookkeeper for deposit.

- School officials failed to ensure adequate controls over athletic event collections. The former bookkeeper used cash collections from other sources for the opening change fund. After the event, no other school official counted and verified that all event collections were reconciled prior to the bookkeeper depositing the funds.
- School officials failed to ensure all collections were remitted to the bookkeeper for deposit. Occasionally, teachers who collected cash from students for field trips or class parties used the cash collections to pay for expenses, such as field trip admission fees. Those collections were never properly recorded in the schools' books and records.
- School officials failed to ensure that all student activity funds were receipted and deposited into the school bank account. At least two athletic sponsors maintained the funds for their respective sports in a separate non-school bank account which they controlled. These activity funds were administered by the sponsors rather than by the school.

School officials have indicated that they have corrected or will correct these deficiencies.

Exhibit

This falsified teacher collection log indicates collections were for cheer team uniforms from the 2015-16 cheer squad. The related deposit slip shown below indicates the collections were actually from the 2016-17 cheer squad.

### TEACHER COLLECTION LOG

Powell Valley SCHOOL

Teacher Codi Gray Clanton Date 5-6-16 Collected For Cheer Team Uniforms

Name	Date		Amount	CK #	Amount	CK #	Amount	CK #
Bean	\$250.00	ck	\$		\$		\$	
Clawson	125.00	ck						
Toth	125.00	ck						
Osborne	350.00	ck						
Miracle	125.00	ck						
Medley	125.00	ck						
Davis	125.00	ck						
Raugoza	125.00	ck						
<b>TOTAL</b>	<b>\$1350.00</b>		<b>\$</b>		<b>\$</b>		<b>\$</b>	

**To be completed by cashier**

Date 5/6/16

Cash Collections \$ 0

Check Collections \$ 1350.00

Total Amount Counted \$ 1350.00

Receipt Number 4676

Cashier's Initials CD

### DEPOSIT TICKET

DATE 5-6-16

RT. 1 BOX 275 869-4659  
SPEEDWELL, TN 37870

CURRENCY	DOLLARS
CHECKS LIST EACH SEPARATELY	
1 Volandingham	250.00
2 Capps	125.00
3 Hatfield	125.00
4 Osborne	125.00
5 Millins	125.00
6 Bean	125.00
7 Clawson	125.00
8 Sibcy	350.00
9	
10	
11	
12	

### DEPOSIT TICKET

DATE 5-6-16

RT. 1 BOX 275 869-4659  
SPEEDWELL, TN 37870

CURRENCY	DOLLARS	CENTS
CHECKS LIST EACH SEPARATELY		
1 Volandingham	250.00	
2 Capps	125.00	
3 Hatfield	125.00	
4 Osborne	125.00	
5 Millins	125.00	
6 Bean	125.00	
7 Clawson	125.00	
8 Sibcy	350.00	
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24		
25		
26		
27		
28		
TOTAL	1350.00	

TOTAL ITEMS

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT. DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL.

TOTAL \$ 1350.00