



SEQUATCHIE COUNTY MIDDLE SCHOOL

Special Investigation
October 13, 2016

Justin P. Wilson, Comptroller





**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY**

JAMES K. POLK STATE OFFICE BUILDING, SUITE 1600

505 DEADERICK STREET

NASHVILLE, TENNESSEE 37243-1402

PHONE (615) 401-7907

FAX (615) 532-4499

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

October 13, 2016

Director of Schools and Members
of the Board of Education
Sequatchie County School System
P. O. Box 488
Dunlap, TN 37327

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury, assisted by the Sequatchie County Sheriff's Office, conducted a special investigation of selected records of the Sequatchie County Middle 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

SPECIAL INVESTIGATION

Sequatchie County Middle School

The Office of the Comptroller of the Treasury, assisted by the Sequatchie County Sheriff's Office, investigated allegations of malfeasance related to the Sequatchie County Middle School.

INVESTIGATIVE RESULTS

- **Former bookkeeper Rebecca Daughtrey misappropriated school funds totaling at least \$14,922**

During the period July 1, 2010, through June 30, 2012, former school bookkeeper Rebecca Daughtrey misappropriated school fundraiser collections and change funds totaling at least \$14,922. Ms. Daughtrey effectively concealed at least part of the misappropriation by substituting unrecorded checks collected from fundraising activities for some of the cash she kept for her personal benefit. During this time, Ms. Daughtrey received and opened all mail and received, recorded, and deposited all school collections, further facilitating her concealment of her misappropriation.

- **Former bookkeeper Rebecca Daughtrey misappropriated additional school collections estimated at over \$3,400**

In addition to misappropriating \$14,922 of school fundraiser collections and change funds, the special investigation revealed that former bookkeeper Rebecca Daughtrey also misappropriated school athletic collections estimated at \$3,400. During the two-year period reviewed, Ms. Daughtrey failed to deposit the proceeds of ticket sales for at least six athletic events, including softball and basketball games. Investigators were unable to determine the exact amount of misappropriated athletic collections because Ms. Daughtrey apparently discarded or destroyed all records for the six events in question.

In April 2016, the Sequatchie County Sheriff's Department served an arrest warrant on former bookkeeper Rebecca Daughtrey. Subsequently, Ms. Daughtrey was charged with one count of Theft over \$10,000.

ADDITIONAL ISSUES

Our investigation revealed significant deficiencies in the school's 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. The former bookkeeper was also the only school official to review the bank statements. The principal failed to review the bank statements, instead relying on monthly account printouts generated by the former bookkeeper.
- The former bookkeeper failed to deposit all collections intact. Collections were not deposited in the form and amount in which they were collected. As noted previously, some cash collections were never deposited into the school bank account.
- Teachers failed to retain their original collection records. Instead, those records were turned over to the former bookkeeper.