



SOUTHWEST TENNESSEE COMMUNITY COLLEGE

Comptroller's Investigative Report
November 30, 2017

Justin P. Wilson, Comptroller





**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DIVISION OF INVESTIGATIONS**

Justin P. Wilson
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**

November 30, 2017

Southwest Tennessee Community College
Student Nursing Government Association
737 Union Avenue
Memphis, TN 38203

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury, conducted an investigation of pertinent records of the Southwest Tennessee Community College's Student Nursing Government Association and the results are presented herein. These findings and recommendations have been reviewed with management. Also, these findings and recommendations have been reviewed with the district attorney general for the Thirtieth Judicial District.

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

INVESTIGATIVE REPORT

SOUTHWEST TENNESSEE COMMUNITY COLLEGE

BACKGROUND

Southwest Tennessee Community College is a community college operated by the Tennessee Board of Regents in Memphis, Tennessee, that provides a nursing program for eligible students. One of the on-campus activities includes the Student Nursing Government Association for nursing students. The purpose of the Student Nursing Government Association is to unify the nursing student body by serving as the representative voice of the nursing student body; address nursing student needs, concerns, and opinions; and to encourage and promote nursing student involvement in all nursing student programs and activities. The organization raises funds from student fees and fundraising activities and sponsors activities, which mark milestone achievements during the course of nursing studies.

INVESTIGATIVE FINDINGS AND RECOMMENDATIONS

FINDING 1 A former assistant professor used student association funds for personal purposes resulting in a cash shortage of at least \$10,480.82

A former nursing assistant professor and faculty advisor (the advisor) for the Student Nursing Government Association (the association) admitted to school officials that she used funds from the association for personal purposes. Subsequently, the advisor resigned her position in February 2016.

We performed an investigation of the relevant transactions of the association's accounts and those transactions specifically identified by the advisor. We identified a cash shortage of at least \$10,480.82 resulting from the advisor using the association's funds for personal use. The cash shortage amount could be greater due to the condition of the accounting records and missing receipt books. We noted the use of cash, check card purchases, and ATM withdrawals by the advisor, an unaccounted check drawn on the account, and banking fees. Our investigation revealed the advisor repaid the association \$5,300 resulting in a remaining cash shortage balance owed to the association of \$5,180.82 (\$10,480.82 less \$5,300).

The following table details the cash shortage:

Transaction Type	Amount
ATM Withdrawals	\$ 6,663.00
Cash	3,171.50
Check Card	359.82
Unaccounted Check	268.00
Questionable Banking Fees	<u>18.50</u>
Total Cash Shortage	\$10,480.82
Amount Repaid	<u>(5,300.00)</u>
Remaining Cash Shortage	<u>\$ 5,180.82</u>

On September 9, 2017, we interviewed the former advisor, and she stated that she had taken funds from the account during a period of personal financial hardship and was not able to return all the funds.

On October 9, 2017, the former advisor, Nadia Wilson, was indicted by the Shelby County Grand Jury for Theft of Property over \$10,000.

RECOMMENDATION

Officials should take immediate action to collect the remaining cash shortage of \$5,180.82.

MANAGEMENT’S RESPONSE:

(Refer to Exhibit 1 at end of report.)

FINDING 2 The association had inadequate separation of duties and a lack of internal controls

Our investigation revealed the following operating deficiencies, which can be attributed to a lack of management oversight that directly enabled the actions of the former advisor to remove funds of the Student Nursing Government Association for personal purposes:

- A. During the period of our examination, the former faculty member of the Southwest Tennessee Community College had complete control over the funds of the association including bank deposits and withdrawals. In addition, the statements for bank accounts were mailed to the home address of the former faculty member.
- B. Financial transactions reported to the association were not periodically compared with bank account records and receipt books. All receipt books for the period of our

investigation could not be located. Summaries of financial transactions reported to the association by the former faculty advisor were significantly different from transactions as recorded in the bank account of the association.

RECOMMENDATION

Officials should segregate duties to the extent possible using available resources, compare bank records with accounting records, and have all records on file for audit inspection. Officials should perform an analysis of internal controls to mitigate any weaknesses.

MANAGEMENT'S RESPONSE:

(Refer to Exhibit 1 at end of report.)

Exhibit 1

*Management's response has been paraphrased for clarity.

MANAGEMENT'S RESPONSE – Dr. Tracy D. Hall, President:

In February 2016, the college's human resources department and internal auditor immediately commenced an internal investigation when they became aware of a possible embezzlement of funds from the Student Nursing Government Association (SNGA) by the club's advisor. However, prior to the completion of the investigation and before any disciplinary action could be taken against the club advisor, she resigned. Notwithstanding, the college took immediate and appropriate steps to protect the students and to put internal controls in place to minimize the risk of possible theft in the future.

- The college notified the Tennessee Board of Regents (TBR) of the initial results of its internal investigation and the college encouraged TBR's input and guidance.
- The college president called a mandatory meeting with all club advisors informing them that effective immediately, student organizations and clubs will no longer be allowed to have external banking relationships.
- The college halted all SNGA fundraising activity until firm procedures were established.
- The college paid all past due and outstanding invoices incurred by SNGA.
- The college assumed all expenses for SNGA's annual pinning ceremony, including but not limited to, catering, event rentals, awards, etc.
- The college developed procedures consistent with Section 10 of TBR Policy 3:01:01:00 "Student Organizations."
- The college set up internal accounts for student clubs and organizations. The accounts were established as agency funds; hence, deposits and withdrawals are not reflected on the college's Statement of Revenues and Expenses.
- The college prepared and distributed documents and information to club advisors which provided access to their respective internal accounts.
- The college developed several forms to ensure efficiency and consistency in the club advisor's management of club funds. These include a payment request form; deposit form; petty cash approval form/request for reimbursement of college-related expenditures; and petty cash change fund.

- The college holds student clubs and organizations funds in trust, therefore, the college's policies and procedures are applicable when depositing and disbursing funds. There are required signature approvals dependent upon the dollar amount of the purchase. Purchases exceeding \$1,000 require a purchase order.
- The college held mandatory training sessions with all club advisors regarding access to the club account; how to deposit funds into the club account; petty cash procedures; travel procedures; payment request procedures; and how to view the club's budget.

Since the full implementation of these protocols in August 2016, no other infractions have emerged and more robust checks and balances have been realized.