



**BALMORAL RIDGEWAY ELEMENTARY SCHOOL
PARENT-TEACHER ORGANIZATION**

Comptroller's Investigative Report
June 11, 2018

Justin P. Wilson, Comptroller





JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

June 11, 2018

Director of Schools and Members of the
Board of Education
Shelby County Schools
160 South Hollywood Street
Memphis, TN 38812

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of pertinent records of the Balmoral Ridgeway Elementary School Parent-Teacher Organization (PTO), and the results are presented herein. These results have been reviewed with the district attorney general for the Thirtieth Judicial District. The president of the PTO left office on May 27, 2017, the last day of school.

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 that reads "Justin P. Wilson".

Justin P. Wilson
Comptroller of the Treasury

JPW/RAD

INVESTIGATIVE REPORT

BALMORAL RIDGEWAY ELEMENTARY SCHOOL PARENT-TEACHER ORGANIZATION

INVESTIGATIVE FINDINGS AND RECOMMENDATIONS

FINDING 1: The president of the parent-teacher organization (PTO) used funds totaling at least \$2,486.94 for personal use

Our examination of the Balmoral Ridgeway Elementary School PTO records for the period August 1, 2016, through December 31, 2017, revealed the PTO president improperly used organization funds for personal use. Through interviews with PTO board members, school personnel, and a review of PTO financial records that included monthly bank statements, investigators determined the president used at least \$2,486.94 of PTO funds for personal use. Further examination of PTO financial records revealed the president had repaid a total of \$203.22, leaving an unpaid balance due of \$2,283.72 (\$2,486.94 minus \$203.22). During our interview with the PTO president on January 29, 2018, she admitted to using PTO funds for personal use and stated she is willing to repay these funds to the school's PTO account.

- The PTO president used the PTO's bank debit card to make unauthorized purchases for personal use to businesses including the Memphis Zoo and Walmart. She also made a \$450 ATM withdrawal. [Refer to exhibit below.]

CHECKING ACCOUNT TRANSACTIONS FOR THE PERIOD FROM 06/01/17 THROUGH 06/30/17

ACCOUNT HISTORY			
DATE	AMOUNT	DESCRIPTION	CARD #
06/01	\$152.81	POS DB WAL-MART S 9100 06/01 1248 WAL-SAMS 1248 WAL-SAMS MEMPHIS SE TN	5083
06/01	\$152.81	POS DB WM SUPERCE 9100 06/01 WAL-MART SUPER WAL-MART SUPER CEN MEMPHIS SE TN	5083
06/01	\$153.90	POS DB WAL-MART S 9100 06/01 1248 WAL-SAMS 1248 WAL-SAMS MEMPHIS SE TN	5083
06/01	\$5.00	PREVIOUS MONTHS SERVICE CHARGE	0000
06/05	\$184.34	PURCHASE - RED LOBSTER 63 MEMPHIS TN DATE 06/01 REF # 24431064T02Y5L31D	5083
06/05	\$23.57	PURCHASE - RED LOBSTER 63 MEMPHIS TN DATE 06/01 REF # 24431064T02Y5LQHX	5083
06/13	\$110.84	POS DB KROGER 9100 06/13 7735 FARMINGTON 7735 FARMINGTON BL GERMANTOWN TN	5083
06/16	\$119.00	PURCHASE - THE MEMPHIS ZOO 001 222 5500 TN DATE 06/14 REF # 2426979562XE61W4H	5083
06/19	\$104.76	POS DB WAL-MART S 9100 06/18 1248 WAL-SAMS 1248 WAL-SAMS MEMPHIS SE TN	5083
06/23	\$450.00	WITHDRAWAL FROM ATM 0525 06/23 1312 UNION AVE 1312 UNION AVE MEMPHIS TN 3	5083
06/26	\$142.21	POS DB WAL-MART S 9100 06/24 1248 WAL-SAMS 1248 WAL-SAMS MEMPHIS SE TN	5083
06/26	\$49.86	POS DB WM SUPERCE 9100 06/25 WAL-MART SUPER WAL-MART SUPER CEN MEMPHIS SE TN	5083
06/30	\$5.00	PAPER STATEMENT FEE	0000

Unauthorized charges for Wal-Mart

Unauthorized charge for the Memphis Zoo

Unauthorized ATM withdrawal

RECOMMENDATION:

School officials should take immediate steps to recover the unpaid balance of \$2,283.72 from the former PTO president.

This matter was referred to the local district attorney general. On June 5, 2018, the Shelby County Grand Jury indicted Tameka Harrison on one count of theft of property over \$1,000.

INTERNAL CONTROL DEFICIENCIES

FINDING 2: The parent-teacher organization did not have sufficient operational controls in place to promote accountability of funds

Section 49-2-604(e), *Tennessee Code Annotated*, requires that a school support organization's officers ensure that funds are safeguarded and only spent for purposes related to the goals and objectives of the organization. It also requires the organization adopt and maintain a written policy specifying reasonable procedures for accounting, controlling, and safeguarding school support organization money and other property. Section 49-2-610, *Tennessee Code Annotated*, authorizes the Tennessee Comptroller of the Treasury to prepare such a model financial policy for school support organizations. In June 2008, the Comptroller's Office published the *Model Financial Policy for School Support Organizations*, which provides minimum controls to assist in improving accountability over school support organization funds.

Our investigation revealed that the PTO's failure to fully implement the model financial policy resulted in deficiencies in the organization's financial processes. These deficiencies contributed to the former PTO president's ability to perpetrate her misappropriation without prompt detection. These financial process deficiencies included:

- A. The PTO did not develop written policies and procedures to assist the organization in ensuring funds were properly accounted for and safeguarded.
- B. The PTO did not write receipts for collections related to PTO fundraisers. As a result, we were unable to determine if all collections were accounted for during the period examined. Also, the PTO did not maintain bank deposit slips to account for deposits.
- C. The former PTO president used the organization's debit card for all disbursement transactions from the PTO bank account in lieu of checks with two authorizing signatures as recommended by the *Model Financial Policy for School Support Organizations*. Furthermore, we were unable to locate the purchase receipts to support these debit card transactions.

- D. The PTO did not perform monthly reconciliations on its bank account during the period examined.
- E. The former PTO president collected and deposited PTO funds into the bank account, which weakened the segregation of duties for the organization.

RECOMMENDATION:

- A. The Balmoral Ridgeway Elementary School PTO should use the *Model Financial Policy for School Support Organizations* as a guide and develop and maintain written policies and procedures for accounting, controlling, and safeguarding money and property collected and disbursed by it.
 - B. The PTO should issue prenumbered receipts for all collections and should maintain bank deposit slips for audit inspection.
 - C. Purchases should be made by check with two authorized signatures and be supported with original invoices.
 - D. The PTO should perform monthly reconciliations on the organization's bank account.
 - E. PTO Officials should segregate duties to the extent possible using available resources.
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