



## COMPTROLLER'S INVESTIGATIVE REPORT

### Midtown Elementary School

*August 21, 2023*

**Jason E. Mumpower**  
*Comptroller of the Treasury*



**DIVISION OF INVESTIGATIONS**



JASON E. MUMPOWER  
*Comptroller*

August 21, 2023

Roane County Schools  
Director Russell K. Jenkins, Ed.S.  
105 Bluff Road  
Kingston, TN 37763

Roane County Schools Management:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Midtown Elementary School, and the results are presented herein.

Copies of this report are being forwarded to Governor Bill Lee, the State Attorney General, the District Attorney General of the 9<sup>th</sup> Judicial District, certain state legislators, and various other interested parties. A copy of the report is available for public inspection in our Office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

A blue ink signature of Jason E. Mumpower's name, which includes a stylized 'J' and 'E'.

Jason E. Mumpower  
Comptroller of the Treasury

JEM/MLC

# INVESTIGATIVE REPORT

## Midtown Elementary School

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Midtown Elementary School. The investigation was limited to selected records for the period from July 1, 2019, through June 30, 2020. The results of the investigation were communicated with the Office of the District Attorney General of the 9<sup>th</sup> Judicial District.

### BACKGROUND



Midtown Elementary School (MES) is in Harriman, Tennessee and serves kindergarten through fifth grade students. MES is part of the Roane County School District.

The MES bookkeeper is responsible for purchasing and collections, which includes preparing purchase orders, issuing checks, receipting, reconciling, and depositing funds in MES's bank account. During the collection process, funds are collected by teachers and documented on a teacher's collection log. Occasionally, funds are also collected by the bookkeeper and other support staff in

the front office. The funds and collection logs from teachers and front office staff are then given to the bookkeeper, who prepares the corresponding bank deposit using MES's bookkeeping software system. Once the deposit is compiled, the bookkeeper takes the deposit to the bank.

The former MES bookkeeper resigned from her position on March 11, 2022.

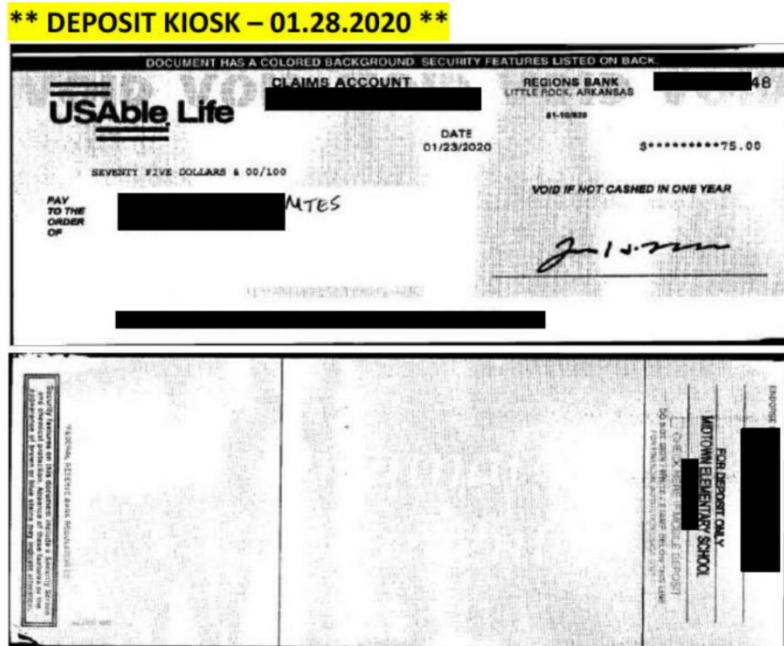
### RESULTS OF INVESTIGATION

#### 1. THE FORMER MES BOOKKEEPER ABUSED HER POSITION BY USING SCHOOL FUNDS TO CASH PERSONAL CHECKS

The former MES bookkeeper abused her position by using MES funds to cash two personal checks written to her (**Refer to Exhibits 1 & 2**). The amount of the two checks was \$75 each for a total of \$150. The former MES bookkeeper altered a teacher's collection log to include ten yearbooks purchased by herself for \$150 total. She receipted the purchase in MES's bookkeeping software system under the name "Jim." Both personal checks were deposited in

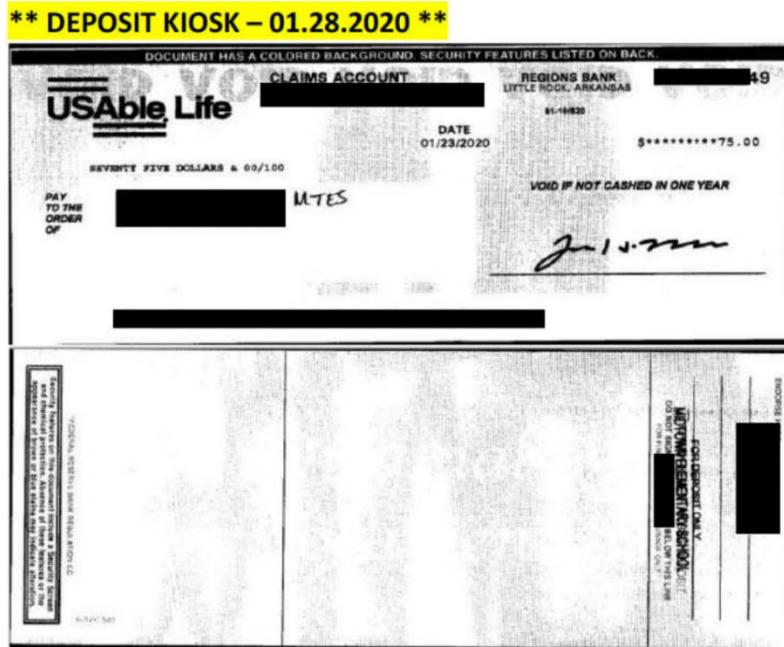
MES's account on January 28, 2020. The former MES bookkeeper stated to investigators she should not have done this.

### Exhibit 1



*The first of two personal checks the former MES bookkeeper cashed using school funds.*

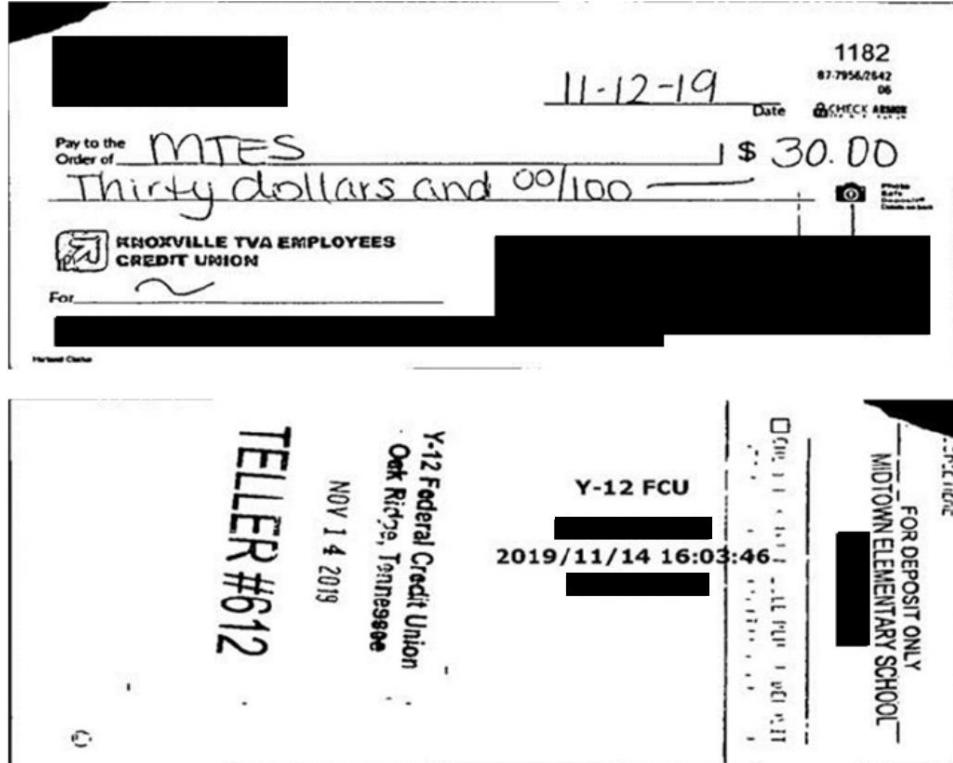
### Exhibit 2



*The second of two personal checks the former MES bookkeeper cashed using school funds.*

The former MES bookkeeper also abused her position by using MES funds to cash at least one personal check written by another school faculty member (**Refer to Exhibit 3**). The amount of the check was \$30. The funds were documented as cash on a teacher's collection log; however, the check was included in a MES bank deposit on November 14, 2019, instead.

### Exhibit 3



*The personal check of a faculty member the former MES bookkeeper cashed using school funds.*

## INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed deficiencies in internal controls and compliance, some of which contributed to the former MES bookkeeper's ability to abuse her position. These deficiencies included:

**Deficiency 1: School officials failed to provide adequate oversight or separate financial duties for collections**

MES officials did not provide adequate oversight or separate financial duties for collections. Tenn. Code Ann. § 49-2-110 requires local school systems to adopt the *Tennessee Internal School Uniform Accounting Policy Manual* (Manual), which charges school officials with “Implementing

and complying with the regulations, standards, and procedures contained in the Manual...” The Manual outlines a system of internal controls for collections which MES officials failed to properly implement and comply. Furthermore, MES officials allowed the same individual – the former MES bookkeeper – to receive collections, make bank deposits, maintain the accounting records, and perform reconciliations without proper oversight. Providing increased oversight and separating financial duties reduces the risk that error, fraud, waste, or abuse will occur and remain undetected.

**Deficiency 2: Teachers’ collection logs were often missing, incomplete, inaccurate, or clearly altered**

Teachers’ collection logs were often missing, incomplete, inaccurate, or clearly altered. The *Tennessee Internal School Uniform Accounting Policy Manual* requires using a collection log or issuing prenumbered receipts for all collections. MES complied by adopting the collection log process, but MES officials and the former MES bookkeeper failed to follow and enforce the MES policy. In at least 46 instances, cash or check collections were not documented on a collection log. Collections received by the front office staff, not by a teacher in a classroom, did not appear to be consistently documented on a collection log or receipt. Rather, front office collections appeared to be receipted directly into the bookkeeping software system. In at least 40 instances, information contained in a collection log did not accurately reconcile with the corresponding pre-deposit listing generated from the bookkeeping software system. Adequate documentation of collections increases accountability and reduces the risk of error, fraud, waste, or abuse.

**Deficiency 3: School officials failed to ensure collections were deposited within three business days**

School officials failed to ensure collections were deposited within three business days. The *Tennessee Internal School Uniform Accounting Policy Manual* requires all funds to be deposited in a bank account within three days of collection. The former MES bookkeeper failed to deposit at least 152 collections within three business days. The delay in depositing funds weakens internal controls over collections and increases the risk of error, fraud, waste, or abuse.

**Deficiency 4: School officials failed to ensure collections were deposited intact**

School officials failed to ensure collections were deposited intact. The *Tennessee Internal School Uniform Accounting Policy Manual* requires funds to be deposited intact. The former MES bookkeeper failed to deposit 11 of the 16 total deposits for the period reviewed in the same form in which they were collected. In at least 26 instances, cash or check collections detailed on the pre-deposit listing from the bookkeeping software system did not match the corresponding bank deposit detail in amount or composition. Often, portions of collections were made via Kiosk, and as a result, broke up the deposit amount. Ensuring collections are made intact and consistent with the cash and check makeup of the funds remitted by teachers or other office staff reduces the risk of error, fraud, waste, or abuse.

MES officials indicated that they have corrected or intend to correct these deficiencies.