



CUMBERLAND ELEMENTARY PTO

Comptroller's Investigative Report November 20, 2018

Justin P. Wilson, Comptroller





JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

November 20, 2018

Carolyn Cobbs, Principal
Cumberland Elementary School
and
Metro Nashville Public Schools
School Audit Department

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Cumberland Elementary PTO 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 that reads "Justin P. Wilson".

Justin P. Wilson
Comptroller of the Treasury

JPW/RAD

INVESTIGATIVE REPORT

Cumberland Elementary PTO

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Cumberland Elementary PTO (PTO). The Comptroller's Office initiated the investigation after officials with Metropolitan Nashville Public Schools (MNPS) School Audit Department reported questionable transactions in the PTO bank records. After the discovery of these transactions, PTO operations were suspended.

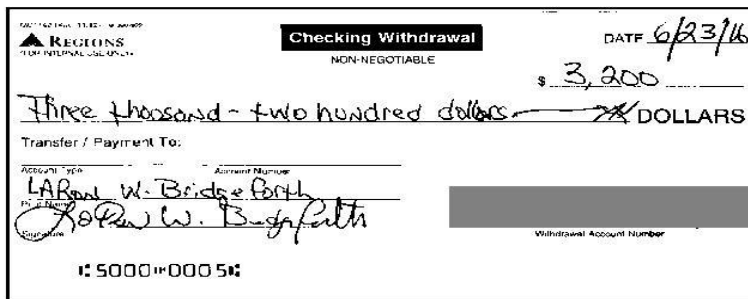
INVESTIGATIVE RESULT

- **PTO president LaRon Bridgeforth misappropriated PTO money totaling at least \$17,724**

The investigation revealed that during the period October 2014 through October 2016, PTO president LaRon Bridgeforth misappropriated PTO funds totaling at least \$17,724.80. Mr. Bridgeforth employed at least two schemes to misappropriate PTO funds for his personal benefit as discussed below.

Fraudulent cash withdrawals

Mr. Bridgeforth obtained cash totaling \$17,025 from the PTO account for his personal benefit by signing and transacting at least 15 over the counter cash withdrawal slips. For instance, Mr.

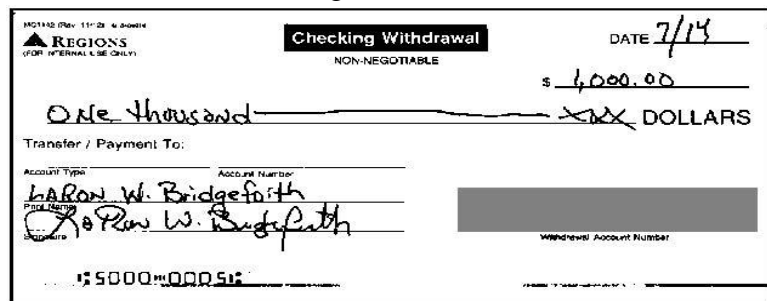


REGIONS
NON-NEGOTIABLE
DATE 6/23/16
\$ 3,200
Three thousand - two hundred dollars ~~XXX~~ DOLLARS
Transfer / Payment To:
Account Type: Account Number:
LaRon W. Bridgeforth
LaRon W. Bridgeforth
Withdrawal Account Number
5000100051

Bridgeforth withdrew cash totaling \$3,200 from the PTO account in June 2016, when there were no known PTO activities or events. (Refer to Exhibit 1.) Mr. Bridgeforth retained these funds for his personal use.

Exhibit 1

Investigators discovered that in another instance, Mr. Bridgeforth withdrew PTO cash totaling \$1,000 from a bank located in Tampa, Florida, while on a family vacation in July 2016. (Refer to Exhibit 2.)



REGIONS
NON-NEGOTIABLE
DATE 7/14
\$ 1,000.00
One thousand ~~XXX~~ DOLLARS
Transfer / Payment To:
Account Type: Account Number:
LaRon W. Bridgeforth
LaRon W. Bridgeforth
Withdrawal Account Number
5000100051

Exhibit 2

Unauthorized gift card purchases

Mr. Bridgeforth used PTO funds totaling \$700 to purchase at least two gift cards in May 2016 and July 2016, respectively, which he used for his personal benefit. Per records obtained from Regions Bank, one of the gift cards was used to make a payment on a personal debt Mr. Bridgeforth owed to a state agency, as well as for other personal purchases. **(Refer to Exhibit 3.)**

Pending Transactions				
Date	Merchant Description	Debit (-)	Credit (+)	Projected Balance
Transaction History				
Date	Merchant Description	Debit (-)	Credit (+)	Ledger Balance
10/8/2016	AUTO AIR & VACUUM SERVICE Clearing/Completion	-1.50		\$0.20
6/3/2016	DOLLAR-GENERAL #9232 Clearing/Completion	-11.85		\$1.70
6/3/2016	WM SUPERC Wal-Mart Sup Financial	-20.00		\$13.55
6/3/2016	Wal-Mart Super Center Financial	-16.45		\$33.55
6/3/2016	DICKERSON ROAD C Financial	-10.00		\$50.00
5/28/2016	L2G*TN SAFETY ESRVS 90 Clearing/Completion	-140.00		\$60.00
5/25/2016	Regions Gift Card - Consu Card load		200.00	\$200.00

Exhibit 3

Payment to state agency on debt owed by Mr. Bridgeforth.

Investigators also discovered that the second gift card was used to make personal purchases in July 2016 that coincided with places visited during the previously mentioned family vacation. **(Refer to Exhibit 4.)**

Transaction History				
Date	Merchant Description	Debit (-)	Credit (+)	Ledger Balance
8/8/2016	TACO BELL #029582 Clearing/Completion	-6.09		\$0.00
8/8/2016	MCDONALD'S F10187 Clearing/Completion	-0.91		\$6.09
7/24/2016	SPP PARKING LLC Clearing/Completion	-5.00		\$7.00
7/13/2016	FRENCHYS SALTWATER GRILL Clearing/Completion	-60.00		\$12.00
7/13/2016	FLORIDA AQUARIUM Clearing/Completion	-11.73		\$72.00
7/13/2016	WALGREENS #15435 Clearing/Completion	-1.03		\$83.73
7/12/2016	TEXACO 0376941 Clearing/Completion	-20.00		\$84.76
7/12/2016	MOSI ADMISSIONS Clearing/Completion	-376.00		\$104.76
7/12/2016	SSA - MUSEUM OF SCIENCE & Clearing/Completion	-19.24		\$480.76
7/8/2016	Regions Gift Card - Consu Card load		500.00	\$500.00

Exhibit 4

These vendors were located in or near Tampa, Florida.

Misappropriation by Scheme

Method	Amount
15 cash withdrawals for personal benefit	\$17,025.00
2 gift card purchases for personal benefit ¹	699.80
Total	<u>\$17,724.80</u>

This matter was referred to the local district attorney general. In August 2018, the Davidson County Grand Jury indicted former PTO president LaRon Bridgeforth on one count of Theft over \$10,000.

ADDITIONAL ISSUES

The School Support Organization Financial Accountability Act (Act), sets forth in Section 49-2-604(e), *Tennessee Code Annotated*, that a school support organization’s officers shall ensure that funds are safeguarded and are spent only for purposes related to the goals and objectives of the organization. This section also requires the officers to adopt and maintain a written policy specifying reasonable procedures for accounting, controlling, and safeguarding school support organization money and other property. The Act further authorizes the Tennessee Comptroller of the Treasury to prepare 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 was intended to provide minimum controls to assist in improving accountability over school support organization funds.

The Cumberland Elementary PTO failed to establish and implement reasonable procedures for accounting, controlling, and safeguarding PTO funds. Our investigation revealed numerous deficiencies in PTO financial processes that contributed to the president’s ability to perpetrate his misappropriation without prompt detection. These financial process deficiencies included:

- ▶ PTO officials failed to separate incompatible financial duties or to provide increased oversight when appropriate. The president transacted cash withdrawals from the financial institution without the approval or knowledge of others and was able to transact checks for the PTO with only his signature.
- ▶ PTO officials did not retain adequate supporting documentation for some disbursements and other withdrawals.
- ▶ PTO officials did not adequately oversee, document, or account for all fundraising and other collection activities.

¹ One of the gift cards used by Mr. Bridgeforth for his personal benefit had a \$.20 remaining balance.

- ▶ PTO officials deposited in the PTO bank account funds collected, managed, and accounted for by a school employee during a school fundraiser. Section 49-2-606(a), *Tennessee Code Annotated*, requires any individual who collects school money to turn the money over to the properly designated school official or employee, and further states, “That a member of a school support organization or a person claiming to be a member of a school support organization collected the money is immaterial to the determination as to its status as student activity or other internal school funds.”