



COMPTROLLER'S INVESTIGATIVE REPORT

West Greene High School

July 21, 2021

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

July 21, 2021

Greene County Schools
Director of Schools David McLain
910 Summer Street
Greeneville, TN 37743

and

Greene County Board of Education
Board Members
910 Summer Street
Greeneville, TN 37743

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the West Greene High 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 3rd 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 handwritten signature in blue ink that reads "Jason E. Mumpower".

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

West Greene High School

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to West Greene High School. The investigation was initiated after school officials identified and reported questionable transactions related to collections and bank deposits. The investigation was limited to selected records for the period August 1, 2018, through August 31, 2019. The results of the investigation were communicated with the Office of the District Attorney General of the 3rd Judicial District.

BACKGROUND



West Greene High School (WGHS) is in Greene County with an enrollment of approximately 644 students. WGHS offers school activities such as baseball, basketball, cross country, football, soccer, softball, tennis, track and field, volleyball, band, etc. Shenna Waddell served as the school's bookkeeper from July 2016 to July 2019. Her responsibilities included receipting and recording all school collections into the school accounting records, depositing funds into the school's bank account, preparing and signing checks, recording disbursements in the accounting system, and reconciling the bank account.

RESULTS OF INVESTIGATION

- **WGHS BOOKKEEPER SHENNA WADDELL MISAPPROPRIATED COLLECTIONS TOTALING AT LEAST \$7,571**

During the period reviewed, WGHS bookkeeper Shenna Waddell misappropriated at least \$7,571 from WGHS for her personal use by failing to deposit collections into the high school bank account.

Waddell concealed her activity in part by altering transactions in the computer accounting records. Waddell edited receipts so they were dated months after they were collected, delaying the discovery of her scheme. For example, **Exhibit 1** below illustrates how Waddell improperly changed a February 2019 collection as having been received in July 2019. This collection was not deposited until July 2019.

Exhibit 1

EXHIBIT A
(Deposit of Funds)

This form is required to accompany all money turned into the OFFICE.

PERSON/BUSINESS Stephanie [redacted] DATE 2-5-19

ACCOUNT Name and/or NUMBER Cheer - 312

TYPE OF COLLECTION Cheer Competition T-Shirts

26442	07/01/2019	STEPHANIE [redacted]			
TSHIRT COMPETITION	C	STEPHANIE [redacted]	312	Cheerleaders	\$240.00
TSHIRT COMPETITION	K	STEPHANIE [redacted]	312	Cheerleaders	\$12.00
Total for Receipt Number: 26442					\$252.00

RECEIPT # 0006 through 0501 Line through

Bills		Coins	
100s			
50s		\$1 coin(s)	
20s	120.00	50c	
10s	70.00	25c	1.00
5s	85.00	10c	
2s		5c	
1s	24.00	1c	
Total Bills →	239.00	Total Coins →	1.00
TOTAL Bills and Coins →		\$ 240.00	

Ck. #	Name	Amount
1	3578 Cynthia [redacted]	\$12.00
2		
3		
4		
5		
6		
7		
8		
9		
10		
Checks 1-10 — subtotal		\$12.00
Checks 11-50 from REVERSE side — subtotal		
TOTAL of ALL Checks →		\$12.00

Now TOTAL all Monies	
Total Bills & Coins	\$240.00
Total Checks	\$12.00
TOTAL of ALL Monies to be turned in on this form.	\$252.00

Office Use ONLY: AMOUNT CORRECT: Yes No

Short by: \$ _____ Over by: \$ _____ Teacher/Employee Notified: Yes No

Signed by Teacher/Employee: _____

COUNTED BY: _____

Office Receipt #

26442

Computer receipt for February 2019 collection altered to July 2019

The Greene County School System terminated Waddell's employment on July 25, 2019.

On July 19, 2021, the Greene County Grand Jury indicted Shenna Waddell on one count of Theft over \$2,500.

The charges and allegations contained in the indictment are merely accusations of criminal conduct, and not evidence. The defendant is presumed innocent unless and until proven guilty beyond a reasonable doubt and convicted through due process of law.

[West Greene High School Investigation Exhibit](#)

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Tennessee Code Annotated, Section 49-2-110, provides for internal school funds and establishes responsibility for those funds. This section requires local school systems to adopt the *Tennessee Internal School Uniform Accounting Policy Manual (manual)* and to maintain all internal school funds and records in accordance with the requirements noted in the manual. Our investigation revealed that school personnel failed to comply with some of the requirements set forth in the manual, including the following deficiencies, some of which contributed to the bookkeeper's ability to perpetrate her misappropriation without prompt detection. These deficiencies included:

Deficiency: School officials did not institute adequate controls over cash receipts and disbursements

Investigators identified the following deficiencies in over cash receipts and disbursements:

- A. School officials failed to implement adequate controls over the collection of funds. In many instances, the bookkeeper failed to issue receipts for collections or provide receipt copies to employees when receiving collections. Additionally, documentation to support some receipts or receipt edits after recording in the accounting records was missing or incomplete. Due to the lack of records and controls over collections received, investigators were unable to determine whether additional proceeds from school activities and collection of fees were misappropriated, misapplied or misused.
- B. Collections were not always deposited within three days. The manual requires all funds to be deposited in a bank account within three days of collection. Some checks were held for approximately ten months before being deposited. The delay in depositing funds weakens internal controls over collections and increases the risks of fraud and misappropriation.
- C. School officials failed to separate financial responsibilities adequately. The bookkeeper received and counted collections, prepared and delivered deposits to the bank, reconciled recorded collections with bank statements, and maintained the accounting records.

Management is responsible for designing internal controls to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations.

- D. School officials failed to establish user controls relating to the accounting software. The bookkeeper had administrative rights in the accounting software allowing her to manipulate transactions after they had been recorded.
- E. School officials did not adequately secure collections. Several employees stated they placed collections on the counter in an unlocked vault [Refer to Exhibit 2] during the day. To ensure accountability and reduce the risk of loss, school officials should secure collections during the workday, and officials should restrict access to the vault which should be locked when not in use.

Exhibit 2



WGHS Office Vault

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