



COMPTROLLER'S INVESTIGATIVE REPORT

Scotts Hill Elementary School

April 4, 2024

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

April 4, 2024

Henderson County Director of Schools
and Board Members
35 East Wilson Street
Lexington, TN 38351

Henderson County Schools Officials:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Scotts Hill 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 26th 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, appearing to read "Jason E. Mumpower", with a long horizontal flourish extending to the right.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Scotts Hill Elementary School

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to Scotts Hill Elementary School. The investigation was initiated after Henderson County School System officials reported time reporting inconsistencies concerning a Scotts Hill Elementary School teacher. The investigation was limited to selected records for the period July 1, 2020, through June 30, 2023. The results of the investigation were communicated with the Office of the District Attorney General of the 26th Judicial District.

BACKGROUND



Scotts Hill Elementary School (SHES), located in Scotts Hill, Tennessee, serves 426 students in grades pre-k through eighth. SHES operates an after-school program Monday through Friday from 3:00 p.m. to 5:00 p.m. Parents pay a fee of \$15 per student/per week to participate in the after-school program. During the 2021-2022 school year, SHES began operating the All Corps tutoring program (tutoring program) Monday through Friday from 7:00 a.m. to 8:00 a.m. and

from 3:00 p.m. to 5:00 p.m. The tutoring program is free for students. Staff who participate in the after-school or tutoring program(s) are compensated based on which program they work. Staff may perform work for both programs, but not on the same day.

Brian Lane was hired as principal of SHES in July 2014. In addition to his instructional leadership responsibilities, Lane oversees both the after-school and tutoring programs. Lane is responsible for verifying that staff are present, calculating and authorizing hours worked by staff, and submitting staff timesheets for payment.

Tiffany Koelsch began teaching at SHES in 2017. In addition to her position as a teacher, Koelsch worked for the tutoring program from its inception in 2021 through 2023. Koelsch was compensated \$30 per hour when she worked for the tutoring program.

RESULTS OF INVESTIGATION

- 1. SCOTTS HILL ELEMENTARY SCHOOL TEACHER TIFFANY KOELSCH IMPROPERLY RECEIVED \$7,988.50 IN WAGES AND EMPLOYER-PAID BENEFITS**

Between August 17, 2020, and January 30, 2023, Koelsch received \$7,988.50 in improper payroll payments consisting of unearned wages and employer-paid benefits from SHES as follows:

A. Koelsch improperly received unearned wages totaling \$5,370 for time submitted but not worked in the after-school program

As a teacher, Koelsch had the opportunity to work with the after-school and/or tutoring program(s). As both programs operated from 3:00 p.m. to 5:00 p.m., Koelsch could not participate in both programs on the same day.

Investigators analyzed payroll records and corresponding supporting documentation and found that Koelsch received \$5,370 in unearned wages for 358 hours of time not worked in the after-school program. Investigators confirmed that a timesheet was submitted each pay period reflecting that Koelsch worked each day in the after-school program. However, investigators confirmed that Koelsch never performed work for the after-school program.

Investigators found that for 73 days, Koelsch was paid for time worked in both the after-school and tutoring programs during the same hours, a process known as double-dipping. (Refer to Exhibit 1.) Investigators also discovered that for at least nine days, Koelsch was paid for time worked in the after-school program while she was on paid leave.

Exhibit 1

SCOTT'S HILL ELEMENTARY
AFTER SCHOOL PROGRAM

EMPLOYEE NAME	HOURS PER DAY										
	11/1/2021	11/2/2021	11/3/2021	11/4/2021	11/5/2021	11/8/2021	11/9/2021	11/10/2021	11/11/2021	11/12/2021	11/15/2021
KOELSCH, TIFFANY	2	2	2	2	2	2	2	2	2	2	

PRINCIPAL SIGNATURE: *Brand Lane* BOOKKEEPER SIGNATURE: [Redacted]

SCOTT'S HILL ELEMENTARY
AFTER SCHOOL PROGRAM

EMPLOYEE NAME	HOURS PER DAY										
	11/16/2021	11/17/2021	11/18/2021	11/19/2021	11/22/2021	11/23/2021	11/29/2021	11/30/2021			
KOELSCH, TIFFANY	2	2	2	2	2	2	2				

PRINCIPAL SIGNATURE: *Brand Lane* BOOKKEEPER SIGNATURE: [Redacted]

Henderson County Tutoring Program
Hourly Log
2021-2022

Total 26 hours

Teacher: *Tiffany Koelsch* Grade Level: *3*
School: *SHES* Subject: *EVA*

Date	Description of Activity or Standard(s) Reviewed	Time	Cumulative Time Time should be in ¼ increments
11/2/21	<i>Lexia</i>	3:00-5	2
11/10/21	<i>Lexia</i>	3:00-5	2
11/11/21	<i>Lexia</i>	3:00-5	2
11/13/21	<i>AR Lexia</i>	3:00-5	2
11/17/21	<i>Lexia small group</i>	3:00-5	2
11/18/21	<i>Lexia</i>	3:00-5	2
11/19/21	<i>Lexia</i>	3:00-5	2
11/23/21	<i>Lexia</i>	3:00-5	2

Teacher's Signature: *Tiffany Koelsch* Date: *11/21/21* Total Hours: *16*
Principal's Signature: *Brand Lane* Date: *11/29/21* *26 hours*

Koelsch's after-school program timesheets (left) and tutoring program timesheet (right) show the same hours worked on the same days, authorized by Lane.

Koelsch admitted to investigators that she never worked in the after-school program and should not have been paid for the time she reported working in the after-school program. Koelsch also admitted that on the days she took paid leave, she did not return to SHES to perform any work after hours. Koelsch asserted that when she was not tutoring, she performed other jobs at SHES.

Investigators could not substantiate that Koelsch performed any work after hours outside of the tutoring program.

Summary of Unearned Wages Koelsch Received for Time Not Worked in the After-School Program by School Year

School Year	Hours Reported	Amount Paid
2020-2021	50	\$750
2021-2022	190	2,850
2022-2023	<u>118</u>	<u>1,770</u>
Total	358	\$5,370

B. Koelsch improperly received unearned wages totaling \$1,500 for time not worked in the tutoring program

Although the tutoring program operated Monday through Friday between the hours of 3:00 p.m. to 5:00 p.m., investigators were advised by other tutoring program staff that Koelsch only tutored students from 3:00 p.m. to 4:00 p.m. each day she worked.

Investigators analyzed payroll records and corresponding supporting documentation and determined that Koelsch received \$1,500 in unearned wages for 50 hours of time not worked in the tutoring program. Investigators found 49 days that contained time reporting discrepancies. Koelsch reported that she worked 45 days for the tutoring program from 3:00 p.m. to 5:00 p.m., while only working from 3:00 p.m. to 4:00 p.m. Investigators identified four additional days that Koelsch reported working in the tutoring program when she was on paid leave.

Koelsch admitted to investigators that she only performed work for the tutoring program from 3:00 p.m. to 4:00 p.m. each day she worked. Koelsch also admitted that on the days she took paid leave, she did not return to SHES to perform work after hours.

Summary of Unearned Wages Koelsch Received for Time Not Worked in the Tutoring Program by School Year

School Year	Hours Reported	Amount Paid
2021-2022	39	\$1,170
2022-2023	<u>11</u>	<u>330</u>
Total	50	\$1,500

C. Koelsch received unearned payroll benefits totaling \$1,118.50 from Scotts Hill Elementary School for hours submitted but not worked

Koelsch received unearned payroll benefits totaling \$1,118.50 for 358 after-school program hours and 50 tutoring program hours she did not work. This amount represents matching benefits and payments for Social Security, Medicare, and TCRS contribution costs that SHES incurred.

Summary of Koelsch’s Misappropriation	
Description	Amount
A. Unearned Wages for the After-School Program	\$5,370.00
B. Unearned Wages for the Tutoring Program	1,500.00
C. Unearned Payroll Benefits received from SHES	1,118.50
Total Misappropriation	\$7,988.50

2. SCOTTS HILL ELEMENTARY SCHOOL PRINCIPAL BRIAN LANE AUTHORIZED AND SUBMITTED FALSIFIED TIMESHEETS FOR KOELSCH TO IMPROPERLY RECEIVE WAGES

Pursuant to Tenn. Code Ann. §§ 49-2-303(b)(1), and (7)(A), it is the duty of the principal to supervise the operation and management of the personnel and facilities of the school of which the principal is principal, and to... assign educational assistants to noninstructional supervision of students, which may include, but is not limited to lunchroom duty; bus duty; recess or playground duty; before or after school duty; or other related duties. As principal, Lane was responsible for the oversight of the after-school program, where he was the supervising authority responsible for the authentication and approval of the hours worked by staff before submitting timesheets for payment.

A SHES staff member maintained a Google calendar to track the teachers scheduled to work in the after-school program. Each day the Google calendar would reflect the names of the teachers scheduled to work. Lane was responsible for verifying that the teachers scheduled were present and working in the after-school program. After verification, Lane created a timesheet to be submitted to the finance office, which listed the teachers’ names and hours worked for payment. Calendars for the 2022-2023 school year did not reflect Koelsch as working in the after-school program.

Tenn. Code Ann. §§ 39-16-504(a)(1), and (2) make it unlawful for any person to “knowingly make a false entry in, or false alteration of, a governmental record,” or to “make, present, or use any record, document or thing with knowledge of its falsity and with intent that it will be taken as a genuine government record.”

Investigators analyzed the Google calendars, timesheets, and payroll records and determined that Lane knowingly authorized and submitted 37 timesheets between August 2020 and February 2023, falsely indicating Koelsch performed work in the after-school program. These falsified timesheets resulted in Koelsch improperly receiving \$5,370 in unearned wages and \$892.33 in unearned benefits from the Henderson County School System for work not performed in the after-school program.

Lane admitted to investigators that the after-school program timesheets were not accurate when they reflected that Koelsch worked for the after-school program.

3. LANE ALTERED OFFICIAL SCOTTS HILL ELEMENTARY SCHOOL DOCUMENTS AFTER THE INITIATION OF OUR INVESTIGATION

In March 2023, SHES staff members provided investigators with Google calendars for the 2022-2023 school year. In October and November 2023, investigators also requested Google calendars from prior years that were associated with the after-school program. When investigators received the requested Google calendars, they noted that Koelsch’s name appeared on the schedule for the 2020-2021 and 2021-2022 school years. Investigators confirmed with SHES staff members that they had never seen Koelsch’s name listed on the Google calendars because she never performed work in the after-school program.

Investigators analyzed an audit log of the Google calendar in question, which revealed that on October 16, 2023, Lane made 227 changes. These changes consisted of creating, modifying, or deleting calendar information. Investigators found 216 changes linked to Koelsch. (Refer to Exhibit 2.)

Exhibit 2

Lane’s Official SHES Email Address

Date	Event title	Event	Description
2023-10-16T14:40:47-06:00	Koelsch, Tiffany	Event created	lane.brian@hcschoolstn.org created a new event Koelsch, Tiffany
2023-10-16T14:41:15-06:00	Koelsch, Tiffany	Event created	lane.brian@hcschoolstn.org created a new event Koelsch, Tiffany
2023-10-16T14:41:25-06:00	Koelsch, Tiffany	Event created	lane.brian@hcschoolstn.org created a new event Koelsch, Tiffany
2023-10-16T14:41:54-06:00	Koelsch, Tiffany	Event created	lane.brian@hcschoolstn.org created a new event Koelsch, Tiffany
2023-10-16T14:42:03-06:00	Koelsch, Tiffany	Event created	lane.brian@hcschoolstn.org created a new event Koelsch, Tiffany
2023-10-16T14:42:12-06:00	Koelsch, Tiffany	Event created	lane.brian@hcschoolstn.org created a new event Koelsch, Tiffany
2023-10-16T14:42:29-06:00	Koelsch, Tiffany	Event created	lane.brian@hcschoolstn.org created a new event Koelsch, Tiffany
2023-10-16T14:45:13-06:00	Koelsch, Tiffany	Event created	lane.brian@hcschoolstn.org created a new event Koelsch, Tiffany
2023-10-16T14:45:49-06:00	Koelsch, Tiffany	Event created	lane.brian@hcschoolstn.org created a new event Koelsch, Tiffany
2023-10-16T14:46:41-06:00	Koelsch, Tiffany	Event created	lane.brian@hcschoolstn.org created a new event Koelsch, Tiffany
2023-10-16T14:47:07-06:00	Koelsch, Tiffany	Event created	lane.brian@hcschoolstn.org created a new event Koelsch, Tiffany
2023-10-16T14:47:20-06:00	Koelsch, Tiffany	Event created	lane.brian@hcschoolstn.org created a new event Koelsch, Tiffany
2023-10-16T14:47:39-06:00	Koelsch, Tiffany	Event created	lane.brian@hcschoolstn.org created a new event Koelsch, Tiffany

Google calendar audit log showing changes made by Lane pertaining to Koelsch on October 16, 2023.

It is unlawful for any person, knowing that an investigation or official proceeding is pending or in progress, to alter, destroy, or conceal any record, document, or thing with intent to impair

its verity, legibility, or availability as evidence in the investigation or official proceeding; or make, present, or use any record, document or thing with knowledge of its falsity and with intent to affect the course or outcome of the investigation or official proceeding. Tenn. Code Ann. § 39-16-503(a)(1)(2).

Lane admitted that he made changes to the Google calendar after he knew that the Comptroller's Office was investigating the matter. Lane stated that he made the changes on October 16, 2023, because he was nervous.

On April 1, 2024, the Henderson County Grand Jury indicted Tiffany Koelsch on one count of Theft of Property over \$2,500, one count of Destruction of and Tampering with Governmental Records, and one count of Official Misconduct.

On April 1, 2024, the Henderson County Grand Jury indicted Brian Lane on one count of Theft of Property over \$2,500, one count of Computer Crimes, one count of Tampering with or Fabricating Evidence, one count of Destruction of and Tampering with Governmental Records, and one count of Official Misconduct.

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

[Scotts Hill Elementary School Investigation Exhibit](#)

INTERNAL CONTROL DEFICIENCIES

Our investigation revealed deficiencies in internal control, some of which contributed to Lane's ability to submit falsified timesheets and Koelsch's ability to receive unearned compensation without prompt detection. These deficiencies included:

Deficiency 1: School officials failed to provide adequate oversight regarding actual hours worked and hours reported

School officials did not require timesheets to be signed and submitted by staff prior to processing payroll. Timesheets should be completed by the employee, reflect actual hours worked, and should be signed by the employee and their supervisor to certify that the information is accurate. Timesheets provide supporting documentation for hours worked so payroll can be calculated accurately. Routinely reviewing and confirming employees' reported time reduces the risk that improper payroll payments will be made. Implementing this process is essential for effective internal controls, and reduces the risk of fraud, waste, or abuse.

Deficiency 2: Lane failed to provide control and oversight of his signature stamp

Lane did not retain custody of his personal signature stamp. SHES should adopt a policy for the use and control of signature stamps. Additionally, signature stamps should be kept in a secure location to reduce the risk that signature stamps are used by unauthorized personnel.

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