
STATE OF TENNESSEE

**SPECIAL REPORT ON THE
TIPTON COUNTY SCHOOL DEPARTMENT
FOR THE PERIOD SEPTEMBER 13, 2002
THROUGH AUGUST 13, 2010**



Division of County Audit



**SPECIAL REPORT ON THE
TIPTON COUNTY SCHOOL DEPARTMENT
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**STATE OF TENNESSEE
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DIVISION OF COUNTY AUDIT
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September 22, 2010

To the Tipton County Mayor,
Board of County Commissioners,
Director of Schools, and Board of Education
Tipton County, Tennessee

On August 6, 2010, the Tipton County director of schools informed us the School Department had conducted an internal investigation of the School-Age Child Care Program (SACCP). Their investigation was initiated from allegations a part-time student employee who worked in the SACCP had been paid for work the student had not performed. Our investigation for the period September 13, 2002, through August 13, 2010, confirmed the county-wide supervisor for the SACCP falsified payroll records on numerous occasions and made improper payments to a student employee and one other individual totaling \$27,357.19 for work not performed.

We reviewed the finding resulting from our investigation with the county mayor, the director of schools, the individuals involved, and the district attorney general. This finding, together with our recommendation, is presented in this report.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Arnette".

Jim Arnette, Director
Division of County Audit

cc: Honorable Mike Dunavant, District Attorney General
Norm Norment, West Tennessee Audit Manager

SPECIAL REPORT ON THE TIPTON COUNTY SCHOOL DEPARTMENT

For the Period September 13, 2002, through August 13, 2010

A finding and recommendation, as a result of the School Department's internal investigation and our investigation, are presented below. We reviewed this finding and recommendation with the county mayor, the director of schools, and the three individuals involved to provide an opportunity for their response; however, neither management nor the individuals provided responses for inclusion in this report. We also reviewed this finding and recommendation with the district attorney general.

**FINDING 10.01 A CASH SHORTAGE TOTALING \$27,357.19 EXISTED IN THE
SCHOOL-AGE CHILD CARE PROGRAM AT AUGUST 13, 2010**
(Material Noncompliance Under Government Auditing Standards)

On August 6, 2010, the Tipton County director of schools informed us the School Department had conducted an internal investigation of the School-Age Child Care Program (SACCP). Their investigation was initiated from allegations a part-time student employee who worked at Crestview Elementary School had been paid for work the student had not performed. Their internal investigation confirmed this student had been paid for work during the same time period the student participated in an after-school sports activity during the months of August, September, and October 2009. The School Department's investigation noted the student had been paid approximately \$825 for work not performed during this period; however, our investigation determined the amount to be \$884.50. The county-wide supervisor for the SACCP admitted to falsifying the payroll records from Crestview Elementary School five times to indicate the student had performed work while the student was participating in an after-school sports activity.

Our investigation also discovered the student received payments for work not performed in the SACCP at Brighton Elementary School. These payments totaled \$4,857.50, which covered 24 pay periods from May 15, 2008, through May 15, 2009. The SACCP supervisor and the student both admitted to us in written statements that the student never worked at Brighton Elementary School. The SACCP supervisor admitted to falsifying the payroll records sent to the business office.

Our examination of payroll records disclosed the student had been improperly paid \$5,742.00 for 29 payroll payments, 24 payments from Brighton Elementary School totaling \$4,857.50 and five payments from Crestview Elementary School totaling \$884.50. It should be noted the School Department's business office withheld the student's final two paychecks totaling \$663.56 for the periods ending July 31, 2010, and August 13, 2010, after learning of the prior payroll irregularities. This left a cash shortage balance of \$5,078.44 (\$5,742.00 less \$663.56).

Our investigation also discovered the SACCP supervisor had hired an individual on August 19, 2002, for employment in the SACCP at Munford Elementary School. We interviewed the site supervisor and other employees who were at this location during the time this individual was purportedly to have been employed. These employees stated the

individual worked there part-time for a few weeks in the beginning; however, they also stated the individual was rarely there during most of this time period, and when she was there she came in late and left early. The SACCP supervisor admitted to us she had falsely reported the individual's work time to the business office. The SACCP supervisor stated the individual may have worked there approximately two months in the beginning; however, we could not determine the reliability of the payroll records. Payroll records in the business office disclosed the individual had received 80 payroll checks from September 13, 2002, through January 31, 2006, totaling \$22,278.75. The individual admitted to us in a written statement these were improper payments, which had been submitted by the SACCP supervisor to the business office. Due to the written admissions of both the SACCP supervisor and the individual and the lack of reliable documentation, the entire payroll of \$22,278.75 is questioned.

In summary the cash shortage consists of the following:

Brighton Elementary School - 24 payments	\$ 4,857.50
Crestview Elementary School - 5 payments	884.50
Less: credit for 2 payroll checks withheld	(663.56)
Munford Elementary School - 80 payments	<u>22,278.75</u>
Total Cash Shortage	<u><u>\$ 27,357.19</u></u>

The SACCP supervisor retired from the school system on June 30, 2010.

RECOMMENDATION

Officials should take immediate steps to collect the \$27,357.19 cash shortage and should review the internal controls of the payroll system.