

**State of Delaware  
Office of Auditor of Accounts**

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**Christina School District**

**Jennie E. Smith Elementary School  
Theft of Parent Teacher Association  
Funds**

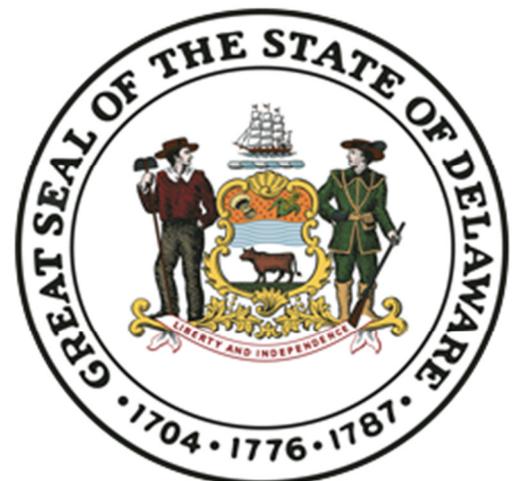
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**Special Investigation**

**Fieldwork End Date: May 31, 2011**

**Issuance Date: June 13, 2011**

R. Thomas Wagner, Jr., CFE, CGFM, CICA  
Auditor of Accounts





State of Delaware  
Office of Auditor of Accounts  
R. Thomas Wagner, Jr., CFE, CGFM, CICA  
**At a Glance**

*Working Hard to Protect YOUR Tax Dollars*

*The Office of Auditor of Accounts referred this case to the Special Investigation Section of the Office of the Attorney General on July 23, 2008. Publication of this report was delayed to ensure that legal proceedings would not be negatively affected.*

**WHY WE DID THIS REVIEW**

The Office of Auditor of Accounts (AOA) received the following allegation: The Jennie E. Smith PTA is missing between \$3,000 to \$5,000 for the 2006-2007 school year. The PTA president has deposited money into her personal account to pay PTA bills, but the bills have not been paid.

**BACKGROUND**

The Jennie E. Smith Elementary School PTA is a local PTA organized under the authority of the Delaware Congress of Parents and Teachers, a branch of the National Congress of Parents and Teachers. The Jennie E. Smith Elementary School resides within the Christina School District.

**For further information on this release, please contact:**

**Kathleen O'Donnell**  
**(302) 857-3919**

**Jennie E. Smith Elementary School  
Theft of Parent Teacher Association (PTA) Funds**

AOA reviewed the PTA's ledger books, receipts, and bank statements from the 2006-2007 school year and through December 2007. AOA found the following: five counter checks, totaling \$6,216.40, made out to cash and signed by the former PTA President; four checks, totaling \$675.29, made payable to the former PTA President without receipts to support the reimbursements; and three checks, totaling \$232.80, made payable to a retail store and signed by the former PTA President without adequate support.

Because of the criminal nature, the case was referred to the Special Investigation Section of the Office of the Attorney General on July 23, 2008. On July 12, 2010, the former PTA President pled guilty to one count of theft and was ordered to pay restitution of \$6,216.40 and sentenced to one year of probation.

In conclusion, the PTA should immediately implement sound internal controls over PTA funds and have an annual audit of all PTA transactions to ensure internal controls are functioning properly and all transactions are accurate.

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## ***Background, Allegation, and Conclusion***

*The Office of Auditor of Accounts referred this case to the Special Investigation Section of the Office of the Attorney General on July 23, 2008. Publication of this report was delayed to ensure that legal proceedings would not be negatively affected.*

### **Background**

The Jennie E. Smith Elementary School (the School), located in Newark, Delaware, resides within the Christina School District and serves over 500 students from Kindergarten through Fifth grade. The Jennie E. Smith Elementary School Parent Teacher Association (PTA) is a local PTA organized under the authority of the Delaware Congress of Parents and Teachers (DPTA), a branch of the National Congress of Parents and Teachers (the National PTA). The PTA encourages parent involvement to bring parents and teachers closer together and acts as a child advocate for improved laws and regulations concerning child health, education, and welfare. The PTA's funds are derived from annual membership dues, fundraising efforts, and donations.

### **Allegation**

In the fall of 2007, the school principal began receiving delinquent payment calls from the PTA's vendors. The DPTA conducted an audit of the 2006-2007 school year records and found several discrepancies, including checks made payable to the PTA President. The PTA account was estimated to be missing between \$3,000 to \$5,000 for the 2006-2007 school year. The PTA President was suspected of depositing PTA money into her personal account to pay PTA bills but failed to subsequently pay the bills.

### **Conclusion**

Substantiated.

The Office of Auditor of Accounts (AOA) reviewed the PTA's ledger books, receipts, and bank statements from the 2006-2007 school year and through December 2007. From these records, we identified questionable transactions totaling \$8,697.49 as detailed below:

- The PTA President cashed five bank counter checks, totaling \$6,216.40, which were not properly authorized. We found no evidence to support that PTA funds were deposited into the former PTA President's personal account; however, no evidence was provided to demonstrate that payments were made to the PTA's vendors.
- Adequate documentation was not maintained to support the propriety of four checks, totaling \$675.29, made payable to the PTA President and three checks, totaling \$232.80, made payable to a retail vendor. These seven checks were signed by the PTA President.
- Two deposits, totaling \$1,573.00, were recorded in the checkbook register but were not deposited into the PTA's bank account. In addition, monthly bank reconciliations were not performed.

The President of the Jennie E. Smith Elementary School PTA during the 2006-2007 school year pled guilty to one count of theft on July 12, 2010. She was ordered to pay full restitution in the amount of \$6,216.40 and was sentenced to one year of probation.

We recommend that the PTA immediately implement sound internal controls over PTA funds and establish written policies that require appropriate segregation of duties and the performance of monthly bank reconciliations within 30 days of receipt of the bank statement. All transactions should be adequately supported with detailed documentation before any reimbursement occurs and counter checks should never be permitted. An annual audit should also be performed to ensure internal controls are functioning properly and all transactions are accurate.

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The conclusion of the allegation is defined as follows:

Substantiated:	The allegation has been verified by competent evidence.
Partially Substantiated:	A portion of the allegation has been verified by competent evidence; however, competent evidence to verify the entire allegation could not be provided by the agency or obtained by AOA.
Unsubstantiated:	Competent evidence was found to dispute the allegation.
Unable to Conclude:	Competent evidence to verify the allegation could not be provided by the agency or obtained by AOA

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***Jennie E. Smith Elementary School PTA Response to  
Recommendations***

Jennie Smith PTA has been proactively finding solutions to resolve these issues from occurring, such as Case ID SI2008-157 involving a former PTA President who pled guilty to theft of the organizations funds. As a PTA, we have already separated the Board Position of Treasurer to an Accounts Receivable (Financial Secretary) and Payable (Treasurer) stated in our Bi-Laws, which the Delaware PTA has approved. Also, we have already proactively put together a form for incoming funds (deposits) which needs two signatures to verify the receipt of the funds (primary use is during fundraisers). In addition, the Treasurer this year has given, during monthly board meetings, an overview and description of all activity that happens monthly, such as deposits and checks written. All checks that are written currently need two signatures to be valid. Each year we have an audit which a hired agency completes are taxes and files a copy of the findings with the Delaware State PTA.

## ***Distribution of Report***

Copies of this report have been distributed to the following public officials:

The Honorable Jack A. Markell, Governor, State of Delaware  
The Honorable Russell T. Larson, Controller General, Office of the Controller General  
The Honorable Joseph R. Biden, III, Attorney General, Office of the Attorney General  
The Honorable Thomas J. Cook, Secretary, Department of Finance  
The Honorable Ann S. Visalli, Director, Office of Management and Budget  
The Honorable Lillian M. Lowery, Ed.D., Secretary of Education, Department of Education  
Mr. Kristopher Knight, Director, Division of Accounting, Department of Finance

### Officials of Investigative Entity

Mr. John M. Young, President, Christina School District Board of Education  
Dr. Daniel Shelton, Principal, Jennie E. Smith Elementary School  
Mr. David Eppler, President, Jennie E. Smith Elementary School Parent Teacher Association  
Mr. Bud Mullin, President, Delaware Congress of Parents and Teachers

This report can be accessed online through the Auditor of Accounts (AOA) website at <http://auditor.delaware.gov>.