



STATE OF TENNESSEE
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DEPARTMENT OF AUDIT
DIVISION OF MUNICIPAL AUDIT

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March 23, 2011

Officers and Members of the Board
Mt. Pisgah Middle School
Parent-Teacher Association
1444 Pisgah Road
Cordova, TN 38016-5404

Ladies and Gentlemen:

We have completed our investigative audit of selected records of the Mt. Pisgah Middle School Parent-Teacher Association (PTA). The audit focused on the period July 1, 2010, through September 30, 2010. However, when warranted we expanded the scope. The audit was limited to an examination of withdrawals from the association's bank account.

Our investigative audit revealed that the co-president, Kim Mason, without authority or approval, withdrew \$1,110 in cash from the Mt. Pisgah PTA bank account to use for her own personal benefit. She told state auditors that only \$30 of that was used for PTA purposes. Ms. Mason told state auditors that she would make arrangements to repay to the PTA \$1,080.

Our investigative audit disclosed several deficiencies in the organization's internal controls that allowed the activities noted above to occur:

- Although the PTA policy was to have two authorized signatures on each check, the PTA had not required that restriction at their bank. As a result, the co-president was able to withdraw funds with only her signature as noted in the first paragraph of this letter. To help prevent the misuse of PTA funds, the board should make arrangements with their bank so that checks (or other withdrawals) will not be processed unless they include two of the authorized signatures listed with the bank.

The *Model Financial Policy for School Support Organizations*, required control number 9, sets forth that “[f]or disbursements, prenumbered bank checks should be used that require two signatures.”

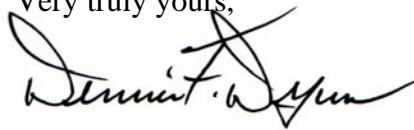
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- State auditors noted that a previous PTA officer had presigned blank organization checks.¹ The *Model Financial Policy for School Support Organizations*, required control number 8 states that "... Presigning blank checks should be prohibited."
- During the course of the audit, the co-president advised state auditors that she intended to use PTA cash to initiate some projects in the school. The *Model Financial Policy for School Support Organizations*, required control number 8 states that "[a]ll bills should be paid by check, never cash...."

This matter was referred to the local district attorney general. In March 2011, the Shelby County Grand Jury indicted Kimvenley [Kim] Mason on one count of Theft over \$1,000.

The officers and board members should take immediate corrective actions to resolve these issues. If you have any questions or need additional information, please contact me.

Very truly yours,



Dennis F. Dycus, CPA, CFE, Director
Division of Municipal Audit

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¹The current administration voided those checks when they took office.