



STATE OF VERMONT
OFFICE OF THE STATE AUDITOR

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802-828-2281

Contact: Tom Salmon, CPA, CFE
Vermont State Auditor

**State auditor's report details more than \$400,000 stolen
from Vermont school system**

MONTPELIER – State Auditor Thomas M. Salmon, CPA, CFE, released today a situation report indicating that since 2000 approximately \$415,000 has been reported missing from 16 supervisory unions or school districts. The report is the result of an investigation triggered by an incident of wire transfer fraud at the Washington South Supervisory Union last fall.

The event prompted the auditor to question the fraud reporting requirements and the financial controls in the state's education system. In December, Salmon sent each superintendent and business manager a letter requesting information on any and all thefts, embezzlements and/or fraud that had taken place in the past 11 years.

The results were as follows:

- 16 entities had experienced an incident of theft, embezzlement, or wire fraud.
- 25 total incidents were reported.
- 4 entities had more than one such incident.
- 8 entities had incidents involving more than \$10,000, of these:
 - 4 entities had incidents exceeding \$40,000.
 - 2 entities had events exceeding \$100,000.
- 4 entities had incidents involving food service or student activity accounts.
- 16 events were reported to law enforcement.
- 7 events resulted in criminal cases.

Salmon said Vermonters' tax dollars are at unnecessary risk in many places.

“For a small state, the frequency of incidents involving fraud, embezzlement or theft in our schools is alarming. While it is a credit to many of our school systems that they have reported no known instances of theft, it is clear that glaring weaknesses in controls over cash, accountability and security continue in many others,” he said.

While the above incidents are regrettable, to say the least, there is equal concern that the Vermont Department of Education has no policy for schools to report such incidents.

The State Auditor's Office has encouraged the Legislature to require reporting of confirmed cases of theft from any entity receiving state funds on a one-page Form E that Salmon has created.

The Situation Report: *VERMONT SUPERVISORY UNIONS AND SCHOOL DISTRICTS – Fraud, Theft & Embezzlement* can be found on the State Auditor's website at:
<http://auditor.vermont.gov/sites/auditor/files/SU%20situation%20report%202012%20final.pdf>