



Jason E. Mumpower, Comptroller of the Treasury

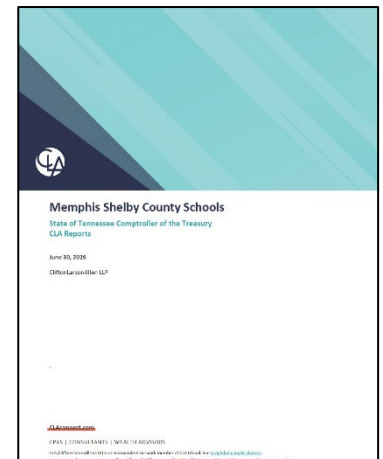
July 8, 2026

Comptroller Releases Independent Forensic Audit of Memphis Shelby County Schools

Tennessee Comptroller of the Treasury Jason Mumpower has released the results of an independent evaluation of Memphis Shelby County Schools (MSCS) that identified widespread failures in governance, internal controls, procurement, financial oversight, and accountability that developed over multiple years and exposed taxpayers to unnecessary risks.

The evaluation consists of four volumes prepared by CliftonLarsonAllen LLP (CLA): an Internal Controls Assessment and IT Cybersecurity Risk Assessment, a Forensic Audit, a Whitehaven High School Herbert STEM Center Investigation, and a TennCare Evaluation.

"The failures identified in these reports are unacceptable," said Comptroller Jason Mumpower. "This review documents years of poor management, weak internal controls, inadequate oversight, and a culture where policies were too often ignored instead of followed. Public education depends on public trust, and that trust has been damaged."



The forensic audit examined district operations during fiscal years 2022 through 2024. The forensic auditors identified approximately \$54.2 million in transactions they determined were consistent with evidence of potential fraud, waste, or abuse. They also identified approximately \$65.1 million in transactions where evidence exists suggesting noncompliance with district policies and procedures, as well as approximately \$291,000 involving potential noncompliance with federal grant requirements. The forensic audit includes 185 observations resulting in 133 recommendations designed to strengthen district operations.

The largest area of concern involved procurement and contracting.

Among the most significant findings:

- Forensic auditors identified approximately \$48.4 million in payments under a custodial services contract that was awarded to a single vendor despite the evaluation committee recommending multiple vendors and without documented justification for the change. The report states that documentation indicated the former Chief of Business Operations influenced the award outside the established procurement process. The contract was later terminated because of poor performance. Following the termination, the district referred separate whistleblower allegations concerning the procurement process to the Federal Bureau of Investigation. CLA stated it was unable to independently verify the specific allegations or determine the outcome of that referral.
- Forensic auditors identified numerous concerns involving project management contracts with Allworld Project Management (Allworld), including contract awards, vendor involvement in future procurement documents, and Allworld employees participating in MSCS employment interviews for

positions whose responsibilities could directly influence procurement outcomes and contracts. The report also notes that Allworld declined to participate in a scheduled interview with CLA after retaining legal counsel.

- Forensic auditors identified approximately \$3.1 million in payments to Mid-South Renovations where evidence indicated a conflict of interest between the vendor and the district's former Director of Facilities and Maintenance. The report also identified \$400,000 in work the district determined was performed negligently and \$250,000 paid for work the district determined was never completed. Portions of those expenditures involved federal grant funds.

Beyond procurement, the evaluation identified widespread weaknesses in governance and internal controls.

The Internal Controls Assessment identified 98 observations related to governance, financial management, procurement, internal audit, compliance, and operational controls, along with 51 observations related to information technology and cybersecurity. Detailed cybersecurity findings are not publicly released because of their sensitive nature and are considered confidential under Section 10-7-504(i), Tennessee Code Annotated.

The forensic audit also identified potential Open Meetings Act concerns involving email communications among Board members and legal counsel outside publicly noticed meetings on matters including superintendent searches, contract negotiations, compensation decisions, and consulting engagements.

The Whitehaven High School Herbert STEM Center investigation concluded that project expenditures were generally appropriate and supported. However, forensic auditors found weaknesses involving governance, communication, and project oversight. The report identified approximately \$880,000 in remaining project funds held by SchoolSeed and noted that SchoolSeed declined to provide requested bank statements. The report also found the project lacked a formal written agreement between the district and its nonprofit partner.

"This is not a report about isolated mistakes. It documents systemic failures throughout the organization's governance, procurement, contracting, financial management, and recordkeeping," said Mumpower. "While many dedicated teachers and employees serve students every day, the administrative failures identified in these reports demanded an independent review and now require sustained corrective action."

The report provides valuable guidance to the newly created Educational Oversight Board of Memphis Shelby County Schools, which has many responsibilities including developing and monitoring a transformational plan for the district.

The full and comprehensive report can be viewed at tncot.cc/mscsfinal

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