



COMPTROLLER'S INVESTIGATIVE REPORT

Parsons Elementary School PTO

January 23, 2020

Justin P. Wilson
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JUSTIN P. WILSON
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January 23, 2020

Decatur County Schools
Director Chris Villaflor
59 West Main Street
P.O. Box 369
Decaturville, TN 38329

Mr. Villaflor:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Parsons Elementary School PTO, and the results are presented herein.

Copies of this report are being forwarded to Governor Bill Lee, the State Attorney General, the District Attorney General of the 24th Judicial District, certain state legislators, and various other interested parties. A copy is available for public inspection in our office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

A handwritten signature in black ink that reads "Justin P. Wilson".

Justin P. Wilson
Comptroller of the Treasury

JPW/MLC

INVESTIGATIVE REPORT

Parsons Elementary School PTO

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Parent Teacher Organization (PTO) for Parsons Elementary School. This investigation was limited to select records for the period January 1, 2016, through October 31, 2018. The results of the investigation were communicated with the Office of the District Attorney General of the 24th Judicial District.

BACKGROUND



Parsons Elementary School is part of the Decatur County School System and is in Parsons, Tennessee. The PTO strives to foster positive partnering relationships with students, their families, teachers, administrators, and Decatur County. The PTO funds its activities through fundraiser sales of items such as cookie dough, candles, and doughnuts. The PTO uses these funds for expenditures related to larger fundraising activities such as Winterfest, Trunk or Treat, and Carnival Day. The PTO also funds student movie days and purchases teacher and principal appreciation gifts. The PTO is led by a group of volunteer officers including a president, vice-president, treasurer, and secretary. Mallory Parrish served as President of the PTO from the 2015-2016 school year until her resignation on October 15, 2018. Her duties included fundraising and expenditure oversight for the PTO. The PTO treasurer and Parrish had access to the PTO's checking account. The PTO changed treasurers during the 2017-2018 school year.

RESULTS OF INVESTIGATION

1. PTO PRESIDENT MALLORY PARRISH MISAPPROPRIATED PTO FUNDS TOTALING AT LEAST \$2,193

Our investigation revealed Parrish misappropriated PTO funds totaling at least \$2,193 by making undocumented cash withdrawals, making unauthorized personal purchases using PTO checks, and failing to deposit cash collections from a fundraiser as described below:

- A) Parrish made cash withdrawals from the PTO checking account totaling \$1,000 without supporting documentation.

PTO checking account withdrawal slips reflected Parrish signed for and withdrew cash on three occasions totaling \$1,000. For one of the withdrawals, the withdrawal slip indicated “change for fall festival.” For the remaining two, the withdrawal slips did not indicate a purpose. **(Refer to Exhibit 1)**. When questioned about the withdrawals, Parrish stated she did not have any documentation or receipts to back up how these funds were used.

Exhibit 1

The image shows three overlapping DDA Debit Transaction Forms. Each form has the following fields filled out:

- Form 1 (Top):** ACCOUNT NAME: Parsons Elementary PTO; DATE: 10.14.16; DESCRIPTION: Change for fall festival; AMOUNT: \$ 500.00.
- Form 2 (Middle):** ACCOUNT NAME: Parsons Elementary PTO; DATE: 12.4.17; AMOUNT: \$ 200.00.
- Form 3 (Bottom):** ACCOUNT NAME: Parsons Elementary PTO; DATE: 3.1.18; AMOUNT: \$ 300.00; TNSB CODE: 077.

Withdrawal slips showing the date and cash amounts Parrish withdrew from the PTO checking account

- B) PTO checks were used for unauthorized personal purchases at Walmart totaling \$715.

During our review of the PTO’s checking account, investigators identified instances where Parrish used PTO checks for personal purchases at Walmart totaling \$715. Some of the personal purchases included Lanolin, creams, cordless blinds, PanOxyl Acne Wash, Gerber Grabbers, men’s underwear, bikini underwear, and individual soft drinks. **(Refer to Exhibit 2)**. When investigators questioned her about these purchases, Parrish stated “I really don’t know why I used these funds; it would be safe to say I was intent on borrowing the funds.”

Exhibit 2

ST# 0684 OP# 00004443 TR# 52 TR# 03850	ST# 0684 OP# 00002595 TR# 09 TR# 02796	ST# 0684 CR# 00004585 TR# 07 TR# 03812
GV OJ 007874235216SF 1.74 B GV OJ 007874235216SF 1.74 B GV OJ 007874235216SF 1.74 B GV OJ 007874235216SF 1.74 B GV OJ 007874235216SF 1.74 B GV OJ 007874235216SF 1.74 B DRAPERY HB 002829527109S 10.84 AD HICUT 088530456248S 9.94 AD MED LANOLIN 002045187122S 7.72 ADH HAIR BRUSH 080771692911S 3.97 AD BREAST CREAM 004457710200S 11.98 ASH VAL FLUSH 004747530821S 4.98 AD TISSUE PAPER 075883482896S 0.97 AD GIFT BAG 0091869315560S 0.97 AD GIFT BAG 0091869309457S 0.97 AD GIFT BAG 001869706252S 0.97 AD JJJQ HP 009229893471S 29.97 AD CHDLS BLIND 079347825848S 4.88 AD CLEAR BAG 072112906114S 0.97 AD CLEAR BAG 072112906114S 0.97 AD CLEAR BAG 072112906114S 0.97 AD CLEAR BAG 072112906114S 0.97 AD CLEAR BAG 072112906114S 0.97 AD CLEAR BAG 072112906114S 0.97 AD CLEAR BAG 072112906114S 0.97 AD BHG42-1200ND 004429421325S 29.87 AD CLEAR BAG 072112906114S 0.97 AD CLEAR BAG 072112906114S 0.97 AD CLEAR BAG 072112906114S 0.97 AD CLEAR BAG 072112906114S 0.97 AD CLEAR BAG 072112906114S 0.97 AD CLEAR BAG 072112906114S 0.97 AD CLEAR BAG 072112906114S 0.97 AD CLEAR BAG 072112906114S 0.97 AD CLEAR BAG 072112906114S 0.97 AD SUBTOTAL 161.35	SC COLA 007874243015SF 77.86 BD 17 AT 1 FOR 4.58 3.48 AD ROLL WRAP 006898194281S 4.48 AD ROLL WRAP 006898164763S 3.92 AD WASHCLOTH 18 003018291829S 2.00 AD RIBBON 002652192439S 2.00 AD RIBBON 002652192439S 2.00 AD RIBBON 002652192439S 2.00 AD WIRE BASKETS 485517610770S 3.00 A KING SIZE 003400000480SF 1.34 AD PAPER SHRED 694312710998S 0.98 AD LOVE SMILEY 062222205433S 6.88 AD 200PC PICKIT 0049223359765S 4.97 AD TROLLI RKT 004142099683SF 5.00 AD GV TRAIL MIX 007874209522SF 3.92 AD GV TRAIL MIX 007874209522SF 3.92 AD GIFT BAG 009186928469S 0.97 AD TISSUE PAPER 075883482896S 0.97 AD PAPER SHRED 694312710998S 0.98 AD JL BEEP STIX 001708288445SF 5.94 BD JL BEEP STIX 001708288445SF 5.94 BD FAMOXYL WASH 007346209855S 9.48 AD COKE 004900000044SF 1.78 BD FRUIT PUREE 007874206693SF 0.82 BD GRABBER 001500004644SF 1.00 BD GRABBER 001500004644SF 1.00 BD GB GRABBERS 001500004640SF 1.00 BD GRABBER 001500004641SF 1.00 BD GRABBER 001500004641SF 1.00 BD FRUIT PUREE 007874206693SF 0.82 BD FC YGRT PCH 007874206697SF 0.82 BD FC YGRT PCH 007874206697SF 0.82 BD GB GRABBERS 001500004640SF 1.00 BD FC SQZ FRT 007874211036SF 0.82 BD FC SQZ FRT 007874211036SF 0.82 BD SUBTOTAL 162.73	POL UW 064600716980S 4.47 AD SW BRAS 004609458760S 11.97 AD POL UW 064600716988S 4.47 AD POL UW 064600730516S 4.47 AD HN GIRLS TEE 061791433569S 6.22 AD GERBER CUP 088513178878S 4.47 AD MENS BRIEF 076615969221S 14.97 AD 10PK LOWCUT 075103882381S 2.00 A 10PK LOWCUT 075103882378S 2.00 A TOOTHBRUSH 006905583834S 4.97 AD DOVEISPOWDER 007940050720S 2.77 AD 20Z MIST 088564502398S 1.97 AD MENS BRIEF 076615969225S 14.97 AD MENS SOCKS 088602809909S 8.47 AD BOXER BRIEF 071414732949S 7.96 AD 3PK CREW 080640955677S 6.99 AD BOY SOCKS 003825720211S 5.97 AD GARAN B 6PK 007153417016S 4.47 AD LADIES SOCKS 088602807323S 10.47 AD MENS SOCKS 088602813578S 9.84 AD 5PK BIKINI 004321383850S 7.44 AD V8 SPL ISLA 005100021697SF 1.98 BD V8 SPL ISLA 005100021697SF 1.98 BD COKE 004900000044SF 1.78 BD COKE 004900000044SF 1.78 BD ** VOIDED ENTRY ** COKE 004900000044SF 1.78-BD SUBTOTAL 147.06 DIG BATT PK 692205295779S 9.96 AD SUBTOTAL 157.02
TN I authorize you to collect my check by EFT/draft, and if returned unpaid, to collect the amount plus the POSTED FEE PRINTING CHECK FACE-3 ECA CHECK TEND 175.52 SALES TAX 1 5.88 SALES TAX 2 6.91 TOTAL 175.52 CHANGE DUE 0.00 RETURN FEE AMOUNT 30.00		
TN I authorize you to collect my check by EFT/draft, and if returned unpaid, to collect the amount plus the POSTED FEE PRINTING CHECK FACE-3 ECA CHECK TEND 172.16 SALES TAX 1 14.75 SALES TAX 2 0.39 TOTAL 172.16 CHANGE DUE 0.00 RETURN FEE AMOUNT 30.00 ***SURVEY OFFERED*** TC# 5906 2557 0773 8240 5239 4 12/04/17 17:23:55		

Personal purchases made by check at Walmart using PTO funds

C) Parrish did not deposit \$478 in cash from a fundraising event.

The Parsons Elementary School and Decaturville Elementary School PTOs hosted a basketball game on October 27, 2017. Investigators spoke with the Decaturville Elementary School PTO treasurer who stated she gave Parsons Elementary School PTO's share of gate proceeds to Parrish in the amount of \$478. Upon review of the bank statements, investigators discovered the PTO made three deposits from October 27, 2017, to December 31, 2017. Neither the amounts of the deposits nor the notations for these deposits indicated Parrish deposited the \$478 received from the gate proceeds. When questioned about this deposit, Parrish stated she took this money to the bank; however, she did not have any documentation verifying that she deposited the money.

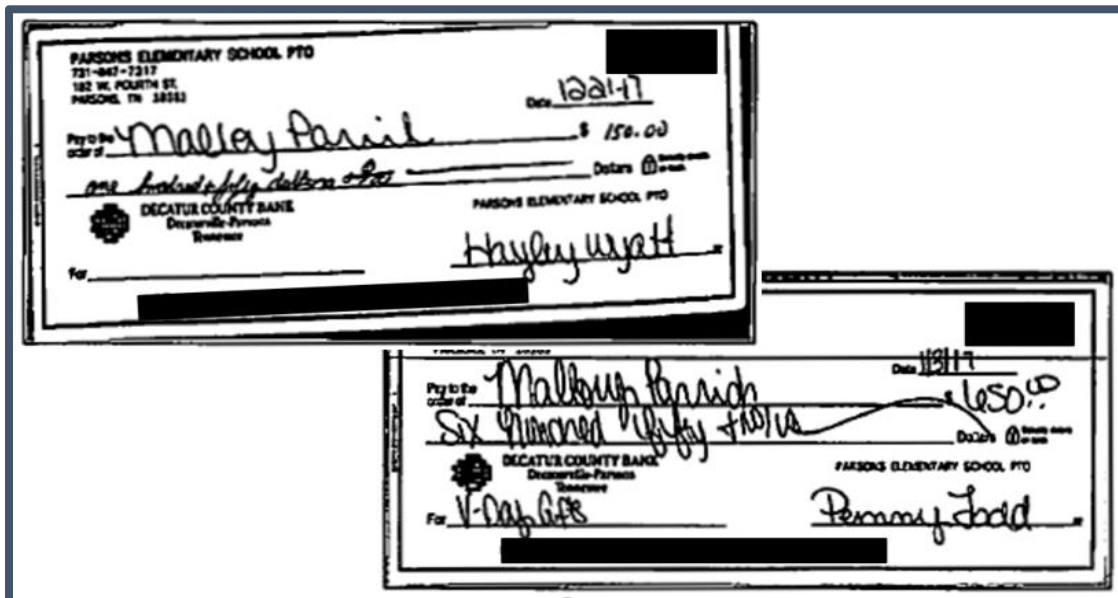
On September 13, 2018, the Parsons Elementary School Principal informed Parrish and other PTO officers they had to produce receipts for items they purchased using PTO funds. On October 1, 2018, Parrish wrote a check to the PTO for \$1,000. When interviewed, Parrish stated to investigators “I paid it back because I didn’t have the receipts and because I had spent some of it on personal items.” The following table summarizes the amounts misappropriated:

Description		Amount
A	Cash Withdrawals	\$1,000
B	Personal Walmart Purchases	715
C	Missing Collections	478
	Total	\$2,193
	Less Amount Paid Back	1,000
	Remaining Amount Still Owed to PTO	\$1,193

2. PTO PRESIDENT MALLORY PARRISH FORGED SIGNATURES ON SIX REIMBURSEMENT CHECKS

As PTO president, Parrish shopped at retail establishments for items needed for PTO fundraisers and events using her personal funds. The PTO would subsequently issue reimbursement checks to Parrish for these purchases. Investigators determined that on six occasions, Parrish issued reimbursement checks to herself totaling \$1,146.69 from the PTO account and signed the treasurer’s name on the checks. When investigators presented these checks to the respective treasurers, both stated Parrish signed their names without permission. (Refer to Exhibit 3). Through interviews with teachers and other investigative processes, investigators determined that items were indeed purchased for PTO purposes; however, there were no invoices to support these reimbursements.

Exhibit 3



Example of checks issued to Parrish where she signed the treasurer’s name without their permission.

Parrish told investigators that there was a reciprocal agreement with herself and the previous treasurer that allowed either individual to sign the other individual's name. Parrish further stated she assumed the agreement would be the same with the current treasurer. When investigators followed up with both treasurers, each stated such an agreement was never in place.

3. PTO PRESIDENT MALLORY PARRISH USED PTO FUNDS FOR QUESTIONABLE PURCHASES TOTALING \$1,097.88

Our investigation revealed Parrish used \$1,097.88 in PTO funds for questionable purchases as follows:

A) Parrish received four reimbursement checks without documentation of the PTO expense.

In addition to the six checks mentioned in Finding 2 above, Parrish received four other reimbursement checks totaling \$878.50, which did not have supporting documentation. Furthermore, Parrish's personal bank account did not document a corresponding charge, which would necessitate a reimbursement. Through interviews with teachers and other investigative processes, investigators determined that items were indeed purchased for the PTO purposes; however, there were no invoices to support these reimbursements.

B) Parrish purchased questionable items at Walmart using PTO checks.

Investigators identified \$219.38 in items purchased from Walmart where PTO or personal use could not be determined. When questioned about these purchases, Parrish was unable to either identify or state a legitimate PTO purpose for these items.

On January 21, 2020, the Decatur County Grand Jury indicted Mallory Parrish on one count of Theft over \$1,000 and two counts of Forgery.

[Parsons Elementary School PTO Investigation Exhibit](#)

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

The Comptroller's investigation revealed the following deficiencies in internal controls and compliance:

Deficiency 1: The Decatur County Board of Education did not provide adequate oversight of the school support organization

Decatur County Board of Education officials failed to provide adequate oversight of the school support organization. Decatur County Board of Education Policy 2.404: School Support Organizations requires “the director to create procedures to oversee the relationship between the Board and any school support organization.” Adequate oversight of Decatur County school support organizations ensures funds are spent only on authorized purposes to benefit students, parents, and teachers

Deficiency 2: PTO officials did not routinely review and reconcile bank statements

PTO officials failed to routinely review and reconcile bank statements. To ensure deposits and disbursements are accurately recorded and appropriately used, the *Model Financial Policy for School Support Organizations (Model Policy)* requires that bank statements be reconciled promptly and that a copy of the bank statements and imaged checks be included in the minutes of PTO meetings. PTO officials did not comply with the *Model Policy* and thus failed to promptly identify or resolve several personal and questionable disbursements that were made using PTO checks. Parrish told investigators that PTO officials didn’t balance the checkbook with the PTO bank statements. The current PTO treasurer began reconciling bank statements in March 2018, beginning with statements from August 2017.

Deficiency 3: PTO officials failed to retain adequate supporting documentation for some disbursements

The PTO did not acquire or retain invoices, vendor receipts, or other adequate supporting documentation for some disbursements. *Tennessee Code Annotated*, Section 49-2-604(c), requires that a school support organization maintain, at a minimum, detailed statements of receipts and disbursements. The *Model Policy* requires school support organizations to obtain and file invoices for all disbursements to show that funds were appropriately used. We reviewed \$91,809 in PTO expenditures during our review period, and PTO officials only provided vendor receipts for expenditures totaling \$9,585.

Deficiency 4: PTO officials did not adequately account for collections

PTO officials did not comply with the requirements to oversee, document, or account adequately for the proceeds of fundraising activities, which included fall festivals, cookie dough and popcorn sales, among others. As a result, investigators could not verify the accuracy and completeness of the amounts recorded as collected. The *Model Policy* sets forth required collection procedures to account for proceeds from fundraisers and other collections. Officials failed to:

- Issue receipts for applicable collections or prepare count sheets signed by two responsible individuals.
- Review bank statements timely to ensure all expected deposits were made promptly and intact.
- Require, prepare, or review profit analyses for applicable activities to ensure expected collections were generated.

- Account for adequately or redeposit separately the cash withdrawn for beginning change for fundraisers.

Deficiency 5: PTO officials did not require two signatures on checks

From January 2016 through September 2018, PTO officials included two signatures on only one of the 138 checks written on the PTO's checking account. PTO officials began including two signatures on checks from October 1, 2018 until the end of our review period. The *Model Policy* requires school support organizations to use two signatures on prenumbered checks for disbursements. Having two signatures provides a degree of control for disbursements by indicating that both signers agree that the payment is proper and reasonable.

School officials indicated that they have corrected or will correct these deficiencies.
