



COMPTROLLER'S INVESTIGATIVE REPORT

Carter County Head Start

July 19, 2021

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

July 19, 2021

Carter County Board of Education
Board Members
1339 Stateline Road
Elizabethton, TN 37643

and

Carter County Schools
Director of Schools, Dr. Tracy McAbee
305 Academy Street
Elizabethton, TN 37643

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Carter County Head Start, 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 1st Judicial District, certain state legislators, and various other interested parties. A copy of the report is available for public inspection in our Office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jason E. Mumpower", with a long horizontal flourish extending to the right.

Jason E. Mumpower
Comptroller of the Treasury

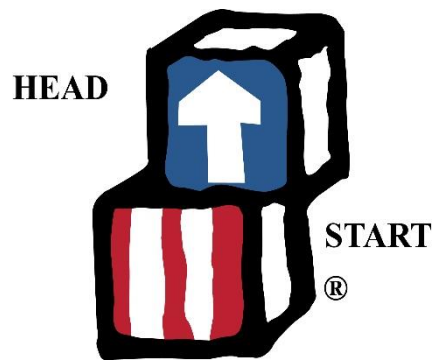
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INVESTIGATIVE REPORT

CARTER COUNTY HEAD START

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to Carter County Head Start. The investigation was initiated after Carter County Head Start officials identified and reported questionable purchases. The investigation was limited to selected records for the period July 1, 2017 through January 31, 2020. The results of the investigation were communicated with the Office of the District Attorney General of the 1st Judicial District.

BACKGROUND



Carter County Head Start (Head Start) is a federally funded comprehensive early childhood program for low-income children and their families administered through the Upper East Tennessee Human Development Agency (UETHDA). The program provides children with a learning environment which will help them develop socially, intellectually, physically, and emotionally in an age-appropriate manner. The Carter County Board of Education serves as a subrecipient to UETHDA and assists in fulfilling program and administrative services required by the Federal Head Start Program Grant.

RESULTS OF INVESTIGATION

1. FORMER HEAD START ADMINISTRATIVE ASSISTANT JOYCE PARSONS MISAPPROPRIATED CARTER COUNTY HEAD START FUNDS TOTALING AT LEAST \$8,657

Head Start administrative assistant Joyce Parsons used Head Start credit cards to make at least \$8,657 in unauthorized personal purchases that included clothing, groceries, cosmetics, household goods, and personal hygiene products (**Refer to Exhibit 1**). Head Start employees who used the program's credit cards were required to sign purchase receipts prior to turning them in to the Head Start office. Several employees whose names appeared on receipts informed investigators that they did not sign them and did not make the purchases. Head Start's purchasing card policy prohibits charging personal items using business credit cards. In April 2021, Parsons told investigators that she used Head Start credit cards for her personal benefit due to financial problems, and she signed other employee's names to her receipts to conceal her personal purchases.

Exhibit 1

120177711	BNLS PORK BUTT	9.320	EA	2.5697	23.95
123636946	DICKIES COOLING TEE	1.000	EA	11.9400	11.94
124769311	TT SS V NECK TEE	1.000	EA	5.0000	5.00
129480954	DARK DENIM WASH CAP	1.000	EA	2.9700	2.97
129873554	OPP MESH BEACH TOTE	1.000	EA	6.7300	6.73
132251313	GV .5L WATER	1.000	EA	3.9800	3.98
133226378	TT SS V NECK TEE	1.000	EA	5.0000	5.00

Examples of Parsons' personal purchases using Head Start funds

Head Start officials suspended Parsons without pay on January 22, 2020 and terminated her employment effective April 13, 2020.

2. INVESTIGATORS IDENTIFIED QUESTIONABLE DISBURSEMENTS TOTALING AT LEAST \$6,276

Investigators identified at least \$6,276 in questionable disbursements of Head Start funds. In some instances, purchases for food, travel, car rentals, and supplies were not supported with itemized receipts or other supporting documentation. Therefore, investigators could not determine whether the purchases were used exclusively for the Head Start program. Disbursements should be made only for authorized expenditures, and adequate documentation should be maintained to support all disbursements.

On July 12, 2021, the Carter County Grand Jury indicted Joyce Parsons on one count of Theft over \$2,500.

The charges and allegations contained in the indictment are merely accusations of criminal conduct, and not evidence. The defendant is presumed innocent unless and until proven guilty beyond a reasonable doubt and convicted through due process of law.

[Carter County Head Start Investigation Exhibit](#)

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed the following deficiencies in internal control and compliance, some of

which contributed to Parsons' ability to perpetrate her misappropriation without prompt detection. These deficiencies included:

Deficiency 1: Head Start management did not provide adequate oversight of operations and did not establish internal controls

Head Start management did not provide adequate oversight and did not establish internal controls to ensure accountability of Head Start funds. Management is responsible for designing internal controls to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. The lack of oversight by management contributed to their failure to promptly identify the improper transactions.

Deficiency 2: Head Start had purchasing deficiencies

Investigators noted the following deficiencies related to purchasing:

- Those with purchasing authority did not always issue purchase orders or issue them properly. Purchase orders are required by Head Start policies and are necessary to control who has purchasing authority for the program and to document purchasing commitments. In some instances, actual expenditures exceeded the purchase order amount. The failure to properly issue purchase orders increases the risk of unauthorized purchases.
- Head Start officials failed to ensure that the program promptly and fully paid all of its accounts, incurring finance charges and late fees totaling at least \$535. Management should ensure all credit and charge card balances are paid timely to avoid unnecessary finance charges and late fees.
- Head Start officials did not require or retain adequate supporting documentation for some disbursements. As noted previously, investigators could not determine whether these disbursements were for the benefit of Head Start. Requiring adequate documentation, such as invoices or receipts, allows management to verify that the payment is proper and reasonable.

Deficiency 3: The Head Start director did not document a review and approval of travel expense claims

In some instances, travel expense claims were not signed by the Head Start director as evidence of review and approval. The Head Start Travel Policy requires that travel claims must be completed for all travel expenses and should be approved by a supervisor before being submitted for reimbursement. To provide adequate oversight, management should review and approve all travel expense claims. Failing to review and approve travel expense claims increases the risk of improper payments.

Head Start officials indicated that they have corrected these deficiencies.