



COMPTROLLER'S INVESTIGATIVE REPORT

Tellico Plains Elementary School PTO

May 12, 2021

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

May 12, 2021

Officers of the Tellico Plains Elementary PTO
Tellico Plains Elementary School
121 Old High School Road
Tellico Plains, TN 37385

PTO Officers:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Tellico Plains 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 10th 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

JEM/MLC

INVESTIGATIVE REPORT

TELLICO PLAINS ELEMENTARY SCHOOL PTO

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Tellico Plains Elementary School Parent Teacher Organization (PTO). This investigation was initiated after PTO officials reported unauthorized purchases and withdrawals from the PTO's bank account and was limited to selected records for the period November 2018 through June 2019. The results of the investigation were communicated with the Office of the District Attorney General of the 10th Judicial District.

BACKGROUND

The PTO was founded in September 2005 and is affiliated with Tellico Plains Elementary School (TPES). TPES is in Tellico Plains and is part of the Monroe County School District. The PTO is a nonprofit corporation and is operated by parent volunteers who serve as officers.

The purposes of the PTO are to support, encourage, and enhance the education of students at TPES and to build a partnership that facilitates open communication and cooperation between staff and parents that will encourage the growth and development of the school's students.



Members of the PTO elect officers in May to serve a one-year term for the upcoming school year. In the 2018-2019 school year, Jennifer Letner was the treasurer for the PTO. She was responsible for maintaining the bank account and keeping a full and accurate account of the collections and disbursements in the books of the PTO.

RESULTS OF INVESTIGATION

- **PTO TREASURER JENNIFER LETNER MISAPPROPRIATED PTO FUNDS TOTALING AT LEAST \$22,932**

In August 2018, Letner received access to the PTO's bank account as PTO treasurer. From November 2018 through June 2019, Letner misappropriated PTO funds totaling at least \$22,932.

During that time, Letner admitted to investigators that she was experiencing financial difficulties and without the knowledge or authority of the other PTO officers used PTO funds to pay personal living expenses. Investigators determined that Letner employed at least five schemes to misappropriate PTO funds as described below:

1. Fraudulent debit card purchases totaling at least \$6,789

Letner used the PTO debit card on at least 48 occasions to make personal purchases totaling at least \$6,789. Her personal purchases included payments for automobile loans, mobile phone service, purchases of birthday party supplies, and other personal items (Refer to Exhibit 1).

Exhibit 1

Checks and Debits		
Date	Description	Amount
4/01	DBT CRD Prime Video 888-802-3080 WA C#4826	3.27
4/08	POS DEB AMAZON PAYM SEATTLE WA C#4826	125.64
4/11	VZW WEBPAY VZ WIRELESS VE 0000751800 04/11/19	271.54
4/22	POS DEB AMAZON.COM* SEATTLE WA C#4826	63.44
4/22	POS DEB AMAZON.COM* SEATTLE WA C#4826	100.96
4/22	DBT CRD Amazon Prim Amzn.com/bill WA C#4826	14.22
4/22	PAYMENT C&F FINANCE COMP [REDACTED] 04/22/19	1,152.52
4/25	DBT CRD AMZNFreeTim 888-802-3080 WA C#4826	7.65

Mobile phone service

Birthday party supplies

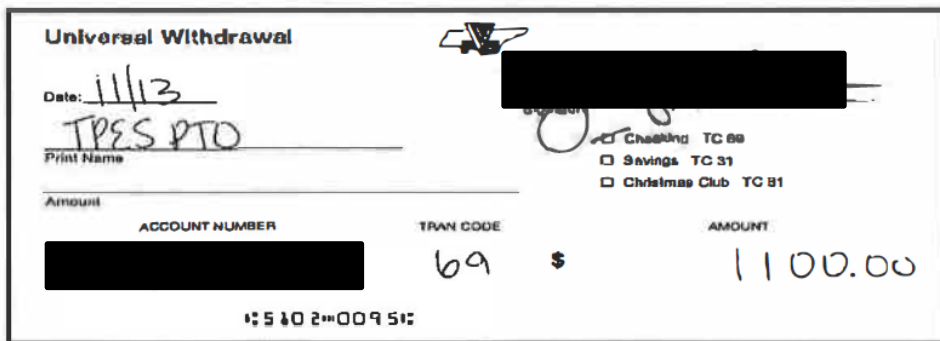
Auto loan payment

Unauthorized personal purchases made by Letner with the PTO debit card

2. Fraudulent over-the-counter cash withdrawals totaling at least \$5,701

Letner misappropriated at least \$5,701 from the PTO account by making 10 unauthorized over-the-counter cash withdrawals. Letner retained these funds for her personal use (Refer to Exhibit 2).

Exhibit 2



Universal Withdrawal

Date: 11/13

Print Name: JPES PTO

Amount: 1100.00

ACCOUNT NUMBER: [REDACTED]

TRAN CODE: 69

AMOUNT: 1100.00

⑆ 5 40 2000 9 51 ⑆

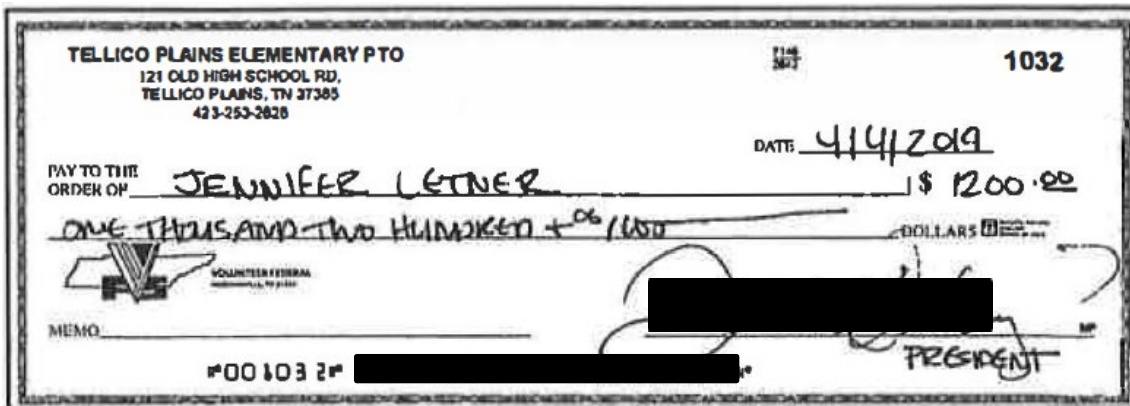
Options:
 Checking TC 88
 Savings TC 31
 Christmas Club TC 81

Unauthorized over-the-counter cash withdrawal made by Letner

3. Fraudulent checks payable to Letner or her husband totaling at least \$4,655

Letner misappropriated at least \$4,655 from the PTO account by writing and cashing nine checks payable to her husband or herself. Letner retained these funds for her personal use (**Refer to Exhibit 3**). To conceal these misappropriations, Letner signed the PTO president’s name on at least eight of the unauthorized checks without the PTO president’s knowledge or permission.

Exhibit 3



TELICO PLAINS ELEMENTARY PTO
 121 OLD HIGH SCHOOL RD.
 TELlico PLAINS, TN 37385
 423-253-2828

DATE: 4/4/2019

PAY TO THE ORDER OF: JENNIFER LETNER

AMOUNT: \$ 1200.00

ONE THOUSAND TWO HUNDRED + 00/100 DOLLARS

MEMO: [REDACTED]

Signed: [REDACTED] PRESIDENT

⑆ 00 103 2 ⑆ [REDACTED]

Unauthorized check to Letner

4. Fraudulent electronic ATM cash withdrawals totaling at least \$3,508

Letner used a PTO debit card to make 23 cash withdrawals using an ATM totaling at least \$3,508 for her personal benefit (**Refer to Exhibit 4**).

Exhibit 4

BUSINESS CHECKING		Ending 2203 (Continued)	
Checks and Debits			
Date	Description		Amount
5/17	SVC CHG 15:45 05/16/19 0005799 4525 HWY 411 MADISONVILLE TN		1.00
5/17	SVC CHG 15:46 05/16/19 0005800 4525 HWY 411 MADISONVILLE TN		1.00
5/17	SVC CHG 15:47 05/16/19 0005802 4525 HWY 411 MADISONVILLE TN		1.00
5/17	ATM W/D Walmart Sup MADISONVILLE TN C#4826		82.50
5/17	ATM W/D Walmart Sup MADISONVILLE TN C#4826		202.50
5/17	ATM W/D Walmart Sup MADISONVILLE TN C#4826		202.50

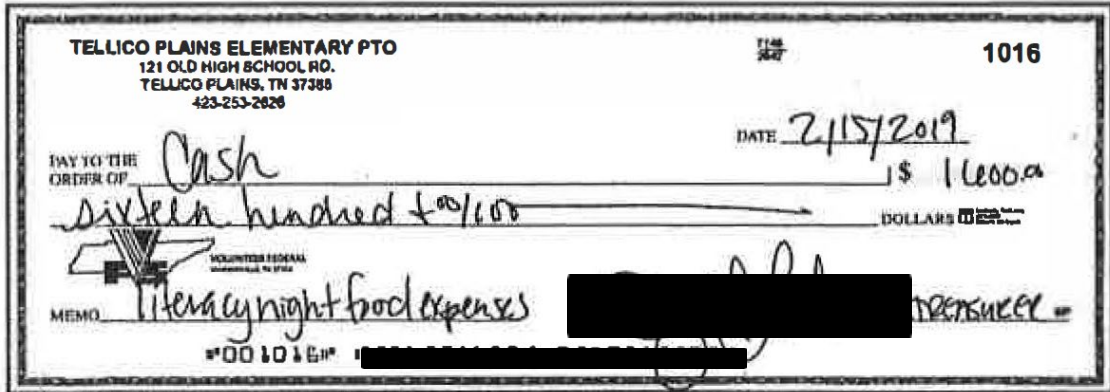
ATM Cash Withdrawals

Unauthorized ATM withdrawals made by Letner

5. Fraudulent checks payable to cash totaling at least \$2,279

Letner misappropriated at least \$2,279 from the PTO account by writing and cashing three checks payable to cash. Letner retained these funds for her personal use (Refer to Exhibit 5).

Exhibit 5



Unauthorized check payable to cash

Summary of Misappropriations by Treasurer Jennifer Letner

Method of Misappropriation	Amount
Debit card purchases	\$ 6,789
Over-the-counter cash withdrawals	5,701
Checks to her husband or herself	4,655
Electronic cash withdrawals	3,508
Checks payable to cash	<u>2,279</u>
Total	<u>\$22,932</u>

- **THE PTO HAD UNSUPPORTED AND QUESTIONABLE DISBURSEMENTS TOTALING AT LEAST \$661**

Investigators identified at least \$661 in unsupported and questionable disbursements from the PTO bank account for the period examined. Letner did not adequately document certain purchases with itemized receipts or invoices. Investigators could not conclusively determine whether these purchases were exclusively for the benefit of the PTO.

On May 5, 2021, the Monroe County Grand Jury indicted Jennifer Letner on one count of Theft over \$10,000.

[Tellico Plains Elementary School PTO Investigation Exhibit](#)

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Officers of the PTO, like officers of all other school support organizations, are required to ensure the funds and property of their organization are safeguarded and used only for purposes related to the goals and objectives of the organization. Pursuant to *Tennessee Code Annotated*, Section § 49-2-610, the Comptroller published the *Model Financial Policy for School Support Organizations - Procedures Manual* (Model Policy) in 2008 to assist PTO officers in discharging their obligation to safeguard the funds and property of their respective organizations. To that end, the Model Policy prescribes the minimum financial accountability controls that PTO officers must follow.

The Tellico Plains Elementary School PTO failed to establish and implement reasonable procedures for accounting, controlling, and safeguarding PTO funds. Our investigation found that the PTO failed to adopt or comply with financial controls prescribed by the Model Policy, which enabled the treasurer to perpetrate her misappropriation and avoid prompt detection. The following deficiencies can be attributed to a lack of oversight by PTO officers:

Deficiency 1: PTO officers failed to separate financial responsibilities adequately and to provide increased oversight when appropriate

PTO officers failed to separate incompatible financial duties, failed to provide increased oversight when appropriate, and failed to establish internal controls to ensure accountability of PTO funds. PTO officers are responsible for designing internal controls to give reasonable assurance of the reliability of financial reporting and the effectiveness and efficiency of operations. The treasurer made unauthorized cash withdrawals and other disbursements from the PTO accounts on her signature alone. Officers did not discover the scheme for nearly six months because the treasurer was the only one who had access to the PTO bank account statements. Separating financial responsibilities, providing adequate oversight, and establishing internal controls reduces the risks that errors or intentional misappropriations will continue without detection.

Deficiency 2: PTO officers failed to require two signatures on checks

PTO officers did not require two signatures on checks. The Model Policy requires school support organizations to use two signatures on checks for all disbursements. Having two signatures provides a degree of control for disbursements by indicating both signers agree that the payment is proper and reasonable.

Deficiency 3: PTO officers failed to require adequate supporting documentation for disbursements and other withdrawals

PTO officers did not require adequate supporting documentation for disbursements and other withdrawals of funds to document that the funds were used appropriately. The Model Policy requires school support organizations to obtain and file invoices for all disbursements to show funds were appropriately used. Requiring documentation, such as invoices or receipts, allows officers to verify that the payment is proper and reasonable. Without adequate supporting documentation, investigators were unable to determine whether certain PTO disbursements were for legitimate expenses.

PTO officers indicated that they have corrected or intend to correct these deficiencies.
