



RICHLAND ELEMENTARY PTO

Comptroller's Investigative Report
May 5, 2017

Justin P. Wilson, Comptroller





**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DIVISION OF INVESTIGATIONS**

Justin P. Wilson
Comptroller of the Treasury

**JAMES K. POLK STATE OFFICE BUILDING, SUITE 1600
505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7907
FAX (615) 532-4499**

May 5, 2017

Officers of the Richland Elementary PTO
270 Richard Drive
Pulaski, TN 28478

Ladies:

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

Copies of this report are being forwarded to Governor Bill Haslam, the State Attorney General, the District Attorney General, 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, appearing to read "Justin P. Wilson".

Comptroller of the Treasury

JPW/RAD

INVESTIGATIVE REPORT

Richland Elementary PTO

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to Richland Elementary PTO.

INVESTIGATIVE RESULT

- **Former treasurer Amanda McMilin misappropriated PTO funds totaling at least \$5,649**

The investigation revealed that during the period September 2014 through January 2016, former treasurer Amanda McMilin misappropriated PTO funds totaling at least \$5,649. Ms. McMilin perpetrated her misappropriation by withholding fundraiser cash collections from deposits into the PTO bank account and retaining these funds for her personal benefit.

Ms. McMilin submitted treasurer's reports to the PTO showing that in the fall of 2015, the PTO collected more than \$16,000 during multiple fundraising activities. These activities included a fall festival; t-shirt, sweatshirt, and candy-gram sales; a bake sale; and concession operations. The investigation revealed that Ms. McMilin withheld the cash collected for many of these activities from deposit into the PTO bank account. In fact, investigators discovered that Ms. McMilin did not deposit any cash into the PTO account from July 2015 through November 2015. PTO officers stated that collections for concession operations and candy-gram sales would have consisted almost exclusively of cash and that large amounts of cash were collected during all the other fundraisers as well. This missing cash makes up a significant portion of her misappropriation. **(See example portion of treasurer's report below.)**

TREASURER'S REPORT RICHLAND ELEMENTARY PTO November 9, 2015			
BALANCE ON HAND 05/11/15			\$12875.35
INCOME			
10/12/15	Deposit	Tractor Pull	\$ 534.50
10/23/15	Deposit	Fall Festival Dinner	\$ 328.00
10/26/15	Deposit	Boo Grams – Monday	\$ 62.75
10/27/15	Deposit	Boo Grams – Tuesday	\$ 124.00
10/28/15	Deposit	Boo Grams – Wednesday	\$ 195.00
10/29/15	Deposit	Boo Grams – Thursday	\$ 223.65
10/30/15	Deposit	Boo Grams – Friday	\$ 130.65
10/30/15	Deposit	Fall Festival Dinner	\$ 576.00
10/30/15	Deposit	Returned Check Fee	\$ 30.00
11/05/15	Deposit	Fall Festival Dinner	\$ 304.00
TOTAL INCOME:			\$ 2508.55

Cash portion of these collections not deposited into PTO bank account.

Ms. McMilin admitted to investigators that she took money from the PTO and used it to pay personal expenses. After PTO and school officials confronted her about the missing funds, Ms. McMilin resigned from her position as treasurer in January 2016.

This matter was referred to the local district attorney general. In April 2017, the Giles County Grand Jury indicted Amanda McMilin on one count of Theft over \$2,500.

ADDITIONAL ISSUES

Section 49-2-604(e), *Tennessee Code Annotated*, requires that a school support organization's officers ensure that funds are safeguarded and that they adopt and maintain a written policy specifying reasonable procedures for accounting, controlling, and safeguarding school support organization money and other property. The statute further authorizes the Tennessee Comptroller of the Treasury to prepare such a model financial policy for the school support organizations. In June 2008, the Comptroller's Office published the "Model Financial Policy for School Support Organizations," (model financial policy) which provides minimum controls to improve accountability over school support organization funds.

Our investigation revealed that the PTO's failure to comply with the model financial policy resulted in deficiencies in financial processes that contributed to the former treasurer's ability to perpetrate her misappropriation without prompt detection. The more significant of these financial process deficiencies included:

- PTO officials failed to separate incompatible financial duties and to provide increased oversight when appropriate. The former treasurer received and counted collections, made disbursements, prepared and delivered deposits to the bank, and received and was responsible for reconciling the PTO bank statements. Investigators noted that she was the sole reviewer of the bank statements, which allowed her scheme to remain undetected for more than a year.
- PTO officials did not oversee, document, or account adequately for fundraising and other collection activities. In addition, officials failed to account for the cash obtained for change for these activities.

The officers of the Richland Elementary PTO indicated that they have corrected these deficiencies.