



**Jason E. Mumpower, Comptroller of the Treasury**

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## **Interim Forensic Audit Identifies Widespread Operational Failures within Memphis-Shelby County Schools**

The Tennessee Comptroller's Office has received an interim forensic audit report from CliftonLarsonAllen LLP (CLA) regarding Memphis-Shelby County Schools (MSCS) documenting systemic problems that raise serious concerns.

The various sections of the report contain nearly 175 deficiencies and observations.

The interim report identifies \$1,145,909.97 in disbursements consistent with waste or abuse, including approximately \$1,112,750 in contract-related spending and \$33,159.97 in payroll-related transactions. CLA has only completed 25% of its review of MSCS contracts.

In addition, the report identifies \$1,729,522.81 in transactions that did not rise to the level of waste or abuse but were not in compliance with district policies and procedures.

According to the report, auditors found significant and recurring weaknesses in internal controls, documentation, procurement practices, and records management that impaired the district's ability to demonstrate compliance and stewardship of public funds.

"There is clear evidence of management failures throughout this audit report," said Comptroller Jason Mumpower. "The report raises serious questions about whether the current leadership structure is capable of ensuring accountability."

The report also highlights specific operational concerns. During testing, auditors found the district was unable to locate 100 of 250 employee Form I-9 records requested for review. Auditors also noted employee records were stored and maintained in a room without a door.

"These audit results are staggering, and some of the worst I've seen in my 45-year career," said Director of Local Government Audit Bryan Burklin. "There are breakdowns at nearly every level in the business and operational management of MSCS."

The interim report notes that some conclusions may be revised or supplemented as additional documentation is reviewed.

The forensic audit was requested and funded by the Tennessee General Assembly and covers fiscal years 2022 through 2024. A final MSCS forensic audit report is expected later this year.

The full interim report can be found on the Comptroller's website at [tncot.cc/mscs](https://tncot.cc/mscs)

