



## COMPTROLLER'S INVESTIGATIVE REPORT

### Paris Special School District

*July 14, 2023*

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



**DIVISION OF INVESTIGATIONS**



JASON E. MUMPOWER  
*Comptroller*

July 14, 2023

Paris Special School District  
Director of Schools and Board Members  
1219 Highway 641 South  
Paris, TN 38242

Director of Schools and Board Members:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Paris Special School District, 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 24<sup>th</sup> 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

## Paris Special School District

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Paris Special School District W.G. Rhea Elementary School. The Comptroller's Office initiated the investigation after school officials identified and reported missing parent teacher organization funds. The investigation was limited to selected records for the period from July 1, 2017, through June 15, 2022. The results of the investigation were communicated with the Office of the District Attorney General of the 24<sup>th</sup> Judicial District.

### BACKGROUND



The Paris Special School District (PSSD) is a public school system located in Paris, Tennessee and includes three schools serving daycare age children and students in grades pre-k through eighth grade. W.G. Rhea Elementary School (school) serves daycare age children and students in grades pre-k through second and receives pre-k and family enrichment funds from PSSD. Head Start, a federally funded program focused on supporting young children, provides additional funding for approximately 60 students at the school.

Allyson Palmer became the Early Learning Coordinator (coordinator) for PSSD on July 1, 2017. As coordinator, Palmer was responsible for overseeing a comprehensive family enrichment, pre-k, and daycare program that offers resources and support to families, students, and employees. Palmer's responsibilities also included oversight of PSSD programs including the Backpack Program and Preschool in a Bag. On June 15, 2022, Palmer resigned from PSSD.

### RESULTS OF INVESTIGATION

- 1. FORMER EARLY LEARNING COORDINATOR ALLYSON PALMER MISAPPROPRIATED AT LEAST \$6,226.47 FROM THE PARIS SPECIAL SCHOOL DISTRICT**

Between July 1, 2017, and June 15, 2022, Palmer misappropriated PSSD funds totaling at least \$6,226.47 by using her district issued Walmart credit card to make unauthorized purchases for her personal use and benefit.

As Early Learning Coordinator, Palmer was issued a Walmart credit card with PSSD. Palmer was authorized to purchase items such as instructional materials and supplies for the students and some cleaning supplies. Authorized purchases also included items needed for family enrichment. Investigators analyzed the PSSD Walmart credit card statements and corresponding receipts that Palmer remitted to the PSSD finance director. Investigators discovered that Palmer made personal unauthorized purchases of at least \$6,226.47 on items such as cosmetic products, holiday gift wrap, gift cards, energy drink mixes, and outdoor goods. Additionally, investigators discovered a Walmart receipt detailing purchases made by Palmer that directly correlated with Palmer's son's 4<sup>th</sup> grade school supply list, purchased prior to the start of the school year. **(Refer to Exhibit 1.)**

**Exhibit 1**

Give us feedback @ survey.walmart.com  
Thank you! ID #: 7P97591XF58

**Walmart**  
731-644-0290 Mr. STEPHEN  
1210 MINERAL WELLS AVE  
PARIS TN 38242

ST# 00177 UP# 000839 TE# 08 TR# 00914  
FOOD BAG 007874234966 23.28 0  
6 AT 1 FOR 3.88 4.48 0  
KIX ULT 3PK 003600050239 2.74 0  
CLWTPES35C1 004460001593 2.74 0  
CLWTPES35C1 004460001593 3.18 0  
LG GUEST TCK 002600000562 3.18 0  
LG GUEST TCK 002600000562 4.88 0  
CARBUDS BLK 068113131037 1.34 0  
PH 3CT PMP P 007164186661 3.00 0  
R07 HAND SA 081039803602 3.00 0  
R07 HAND SA 081039803602 3.00 0  
R07 HAND SA 081039803602 3.00 0  
\*\* WIPED ENTRY \*\*  
R07 HAND SA 081039803602 3.00-0  
STB LRG USKP 07441208184 5.96 0  
INDEX CARD 084410603920 0.48 0  
PENCIL 007206713924 3.97 0  
PENCIL 007206713924 3.97 0  
EPRO 2 DRY E 007164186661 3.46 0  
FRASER CAPS 007251227344 2.37 0  
SH PKT HLVL4 007164127165 2.47 0  
BINDER PDUOH 008619617404 2.47 0  
BINDER PDUOH 008619617404 0.57 0  
WIPERS 007166207222 3.97 0  
SCISSOR 002033506815 6.97 0  
SOFT CLR PEN 007166204050 1.88 0  
INDX CRD 5XB 084410602679 3.27 0  
PH HB 24CT 007164117257 3.97 0  
PENCIL 007206713924 3.97 0  
CARBUDS BLK 068113131037 4.88 0  
FILLER PAPER 002622978150 0.82 0  
FILLER PAPER 002622978150 0.82 0  
NOTEBOOK 004310066206 1.84 0  
PKT POLY PR 084410604013 1.50 0  
WHS84-34BL 007891058027 2.96 0  
SUBTOTAL 113.29  
TOTAL 113.29  
WALMART CREDIT TEND 113.29  
ACCOUNT # \*\*\*\* \*12 S  
APPROVAL # 030897  
REF # 021200254760  
TERMINAL # 285128309 11:12:10  
07/30/20 CHANGE DUE 0.00  
# ITEMS SOLD 36  
IC# 1934 1311 2300 6026 3405 1  
07/30/20 11:12:19  
\*\*\*CUSTOMER COPY\*\*\*  
*Rec  
Adrian  
Palmer*

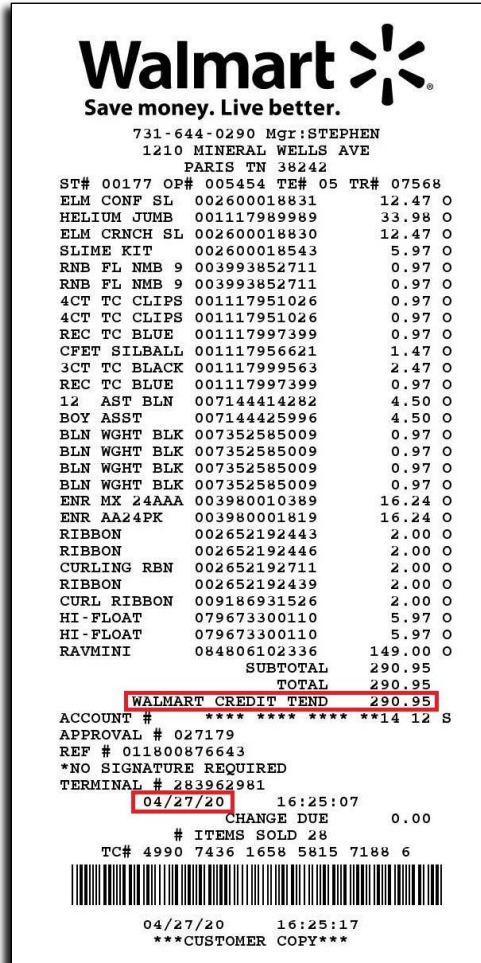
**4TH GRADE**  
3 - 24 count packages #2 pencils (flicorderoga preferred/mechanical allowed)  
1 spiral notebooks  
2 packages wide-ruled notebook paper  
1 pocket folders with brads  
1 pair pointed scissors  
4 large glue sticks  
1 box of colored pencils (markers optional) \*no Sharpies  
2 highlighters  
1 package of fine point dry erase markers  
1.5 inch binder  
1 zipper pencil pouch  
2 pair earbuds  
2 boxes tissue  
1 Clorox/cleaning wipes  
Hand Sanitizer  
White T-shirt in child's size labeled with name  
Girls - Gallon Ziploc's & 3x5 lined notecards  
Boys - Quart Ziploc's & 4x6 lined notecards

**Walmart receipt depicting items from Palmer's son's 4<sup>th</sup> grade school supply list**

Investigators also discovered a receipt totaling \$290.95 for party supplies purchased on April 27, 2020, 45 days after PSSD schools were closed due to COVID-19 regulations. Investigators also noted this as one of 41 receipts not remitted to the PSSD finance director by Palmer. Per the PSSD's Administrative Procedures Credit Card Usage and Procedures policy, credit cards may only be used to charge business-related expenses, and personal

purchases of any type are strictly prohibited. The employee is responsible for all charges made to the credit card, and the employee will be held liable for any unauthorized items appearing on the credit card statement. (Refer to Exhibit 2.)

Exhibit 2



*Walmart receipt depicting party supplies, batteries, and a speaker*

**2. FORMER EARLY LEARNING COORDINATOR ALLYSON PALMER MISAPPROPRIATED AT LEAST \$1,157 FROM W. G. RHEA ELEMENTARY SCHOOL PARENT TEACHER ORGANIZATION FUNDS**

On May 3, 2022, Rhea Elementary School parent teacher organization (PTO) officials discovered funds missing during a cash count of proceeds from PTO lunch tickets for the annual Paris Fish Fry parade and cookout, which was held on April 27, 2022. Investigators analyzed the PTO's collection and deposit records from the parade lunches. The PTO sold 525 lunches at \$5 each for a total of \$2,625. In addition to PTO parade lunch sales, Palmer sold and paid for 112 lunches at \$5 each totaling \$560. In total, the fundraiser generated \$3,185 in proceeds. Palmer paid \$560 with a check from Head Start for her sales. A total of \$1,157 in cash proceeds was missing from PTO collections.



PTO officials counted the collections from the fundraising event and secured the funds in a locked filing cabinet in the school secretary’s office. Video footage from school security cameras showed Palmer entering the school secretary’s office on May 2, 2022, at approximately 5:59 p.m., retrieving a key, unlocking the drawer containing the PTO collection envelopes, and taking the envelopes out of the office. Palmer was also seen pulling cash out of a drawer that contained a money bag with Coke money from the teacher’s Coke machine. Approximately 14 minutes later, school security video footage showed Palmer returning the envelopes to the school secretary’s office. The missing money was reported to school officials and local law enforcement. School security video footage confirmed that Palmer was the only person to access the money. Investigators confirmed that there was no reason for Palmer to access these funds.

Palmer admitted to school officials that she went into the school secretary’s office and retrieved the PTO envelopes containing the fundraiser collections. Palmer claimed that she needed to make copies of receipts for the \$560 Head Start check. However, investigators confirmed that the last time a copy had been made was approximately two and a half hours before Palmer was seen on video in the office. Investigators also confirmed with Head Start officials that the \$560 check had been approved on April 27, 2022, and that therefore, the copies would not have been necessary on May 2, 2022.

School officials did not maintain collection records for the Coke money from the teacher’s Coke machine; therefore, investigators could not substantiate the amount of Coke money misappropriated.

<b>Summary of Misappropriations</b>	
<b>Description</b>	<b>Amount</b>
Finding 1: Walmart Credit Card Purchases	\$6,226.47
Finding 2: PTO Funds	1,157.00
<b>Palmer’s Total Misappropriation</b>	<b>\$7,383.47</b>

### **3. INVESTIGATORS IDENTIFIED AT LEAST \$404.71 IN QUESTIONABLE CREDIT CARD PURCHASES**

Investigators identified \$404.71 in questionable credit card purchases made by Palmer. These purchases consisted of items such as toys, coffee products, party supplies, decorations, and an excessive number of batteries purchased by Palmer. These questionable credit card purchases either did not have accompanying receipts to support the purchases, or they were not identified as appropriate instructional material for the students. Therefore, investigators could not determine whether these purchases were exclusively for the benefit of PSSD.

On July 5, 2023, the Henry County Grand Jury indicted Allyson Palmer for one count of Theft of Property over \$2,500, one count of Fraudulent Use of a Credit Card over \$2,500, and one count of Official Misconduct.

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.

[Paris Special School District Investigative Exhibit](#)

## INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed the following deficiencies in internal control and compliance, some of which contributed to the former Early Learning Coordinator's ability to perpetrate her misappropriations without prompt detection.

### **Deficiency 1: District officials did not provide adequate oversight over the use of the district's credit card and purchasing procedures**

- Purchase requisitions and purchase orders were not consistently utilized. Purchase requisitions and purchase orders are necessary to control who has purchasing authority and to document purchasing commitments. The failure to utilize purchase requisitions and issue purchase orders increases the risks of unauthorized purchases.
- In some instances, invoices were not on file to support purchases. To strengthen internal controls over purchasing procedures and to document purchasing commitments, the district should issue purchase orders for all applicable purchases including the date of issuance and the dollar amounts of items purchased. Invoices should be maintained on file to support all purchases.
- Credit card purchases should be reconciled with monthly statements and reviewed by supervisory personnel. There were inadequate controls over the use of credit cards. Employees who use the cards usually turned in receipts for most purchases; however, investigators noted that administrative staff did not match or compare these receipts to the monthly credit card statements or review the charges for appropriateness before paying the bill. This greatly increases the risk that unauthorized or personal purchases can be made on a credit card without detection.

### **Deficiency 2: PTO officials did not ensure that funds were deposited within three days of collection**

- Officers of parent teacher organizations, like officers of all other school support organizations (SSO), are required to ensure funds and property of their organizations are safeguarded and used only for purposes related to the goals and objectives of their organizations. To assist such officers in discharging their duties, the state Comptroller's Office, pursuant to Tenn. Code Ann. § 49-2-610, published the *Model Financial Policy for School Support Organizations (Model Financial Policy)* in 2008 and revised in 2020, which prescribes minimum financial accountability controls that officers must follow. PTO officials did not comply with the requirements to account adequately for the proceeds of fundraising activities. The *Model Financial Policy* sets forth required collection procedures to account for proceeds from fundraisers and other collections. PTO officials also did not comply with the three-day deposit requirement as required by the *Model Financial Policy*. The delay in depositing funds weakens internal controls over collections and increases the risk of fraud and misappropriation.

**Deficiency 3: School officials did not ensure funds were properly received and deposited within three days of collection**

- School officials did not receipt money collected from a Coke machine purchased by the PTO. Additionally, no collection log was maintained, and money was not timely deposited. Pursuant to Tenn. Code Ann. § 49-2-110, local school systems are required to adopt the *Tennessee Internal School Uniform Accounting Policy Manual (Policy Manual)*, which provides that all funds must be deposited in a bank account within three days of collection. The delay in depositing funds weakens internal controls over collections and increases the risks of fraud and misappropriation. Since there was no log of the Coke money collected, investigators could not substantiate the amount of money misappropriated by the former Early Learning Coordinator. A minimum recommended internal control as required by the *Policy Manual* provides that at the time of collection, individuals collecting money should prepare prenumbered receipts, collection logs, or other appropriate documentation.

PSSD officials indicated that they have corrected or intend to correct these deficiencies.