



BLACKMAN HIGH SCHOOL FOOTBALL BOOSTERS

Investigative Report
April 7, 2016

Justin P. Wilson, Comptroller





STATE OF TENNESSEE

Justin P. Wilson

COMPTROLLER OF THE TREASURY

Comptroller

STATE CAPITOL

NASHVILLE, TENNESSEE 37243-0260

PHONE (615) 741-2501

April 7, 2016

Dr. Leisa Justus, Principal
Blackman High School
3956 Blaze Drive
Murfreesboro, Tennessee 37218

Dr. Justus:

We performed an investigation of selected records of Blackman High School (BHS) and the Blackman High School Football Boosters Organization (football boosters) for the period May 11, 2009, through March 27, 2015. The football boosters are a school support organization at BHS that supports the high school football team.

Our investigation revealed the following deficiencies:

- The football boosters disbursed \$96,415.69 for unauthorized coaches' supplements and other questionable transactions.
- BHS made questionable fuel purchases totaling \$69,649.42.
- The construction of the football fieldhouse project had numerous deficiencies in procurement and financing.
- The football boosters had multiple operating deficiencies.



Background

BHS is located in Murfreesboro, Tennessee, and operates under the authority of the Rutherford County School Department (the School Department). As a public school in the State of Tennessee, BHS is required to follow applicable state statutes and the *Tennessee Internal School Uniform Accounting Policy Manual* prescribed by the Tennessee Department of Education. This accounting policy manual provides

minimum internal controls to assist in improving accountability over internal school funds. In addition, the School Department has guidelines that schools are required to follow. BHS maintains funds distributed by the School Department from donations and fundraisers for various school activities. On March 27, 2015, the head football coach at BHS resigned. He was the head football coach at BHS the entire period of our investigation.

Blackman High School Football Boosters Organization

The football boosters are a nonprofit organization operated by parents and community members with the purpose of helping offset student expenses associated with being on the high school football team. As a school support organization, the football boosters are required to follow the *Model Financial Policy for School Support Organizations* prescribed by the Tennessee Comptroller of the Treasury. This model policy provides minimum internal controls to assist members and officers in improving accountability over school support organization funds. In addition, the School Department has guidelines that school support organizations are required to follow. These guidelines are communicated to school support organizations system-wide on an annual basis. The football boosters hold fundraising events, maintain their own bank accounts, and manage their operations in accordance with adopted bylaws. Officers are elected annually and consist of a president, vice-president, secretary, and treasurer. Unless otherwise noted, the officers mentioned in this report were active as of March 27, 2015, the date the head football coach resigned.

According to Article I, Section 9(G), of the *Tennessee Secondary School Athletic Association Bylaws*, “coaches must be paid entirely from funds approved by either the board of education, governing board of the school, director of schools, or the principal of the school.” On June 16, 2011, the School Department approved a policy requiring all salaries and supplements to school personnel, including amounts paid from school support organizations, be paid through the School Department’s payroll system. According to the School Department’s administration, this policy also requires supplements to volunteer coaches be paid through the School Department’s payroll system. On August 18, 2011, the School Department approved a policy requiring prior School Department approval for all supplements paid from school support organizations to school personnel or volunteers. For the period examined, the School Department properly approved and paid supplements to the head football coach and assistant football coaches totaling \$22,790 and \$14,250, respectively. The booster club’s main bank account was closed in March 2015, and the fieldhouse bank account was closed in February 2015. Funds from these two bank accounts were deposited by BHS.

Findings and recommendations, as a result of our investigation, are presented below. These findings and recommendations have been reviewed with School Department officials, the current president of the football boosters, and the former treasurer of the football boosters to provide an opportunity for their response. The written responses of the former head football coach, the director of schools, booster president, and the booster treasurer are paraphrased in this report. Also, these findings and recommendations have been reviewed with the district attorney general for the Sixteenth Judicial District.

INVESTIGATIVE FINDINGS AND RECOMMENDATIONS

FINDING 1 THE FOOTBALL BOOSTERS DISBURSED \$96,415.69 FOR UNAUTHORIZED COACHES’ SUPPLEMENTS AND OTHER QUESTIONABLE TRANSACTIONS

The football boosters disbursed \$96,415.69 for unauthorized coaches’ supplements and other questionable transactions during the period June 16, 2011, through March 27, 2015. Each of the questionable transactions was disbursed from either the football boosters’ main checking account or the fieldhouse checking account. The fieldhouse account was opened on June 24, 2011, eight days after the School Department approved coaches’ supplement policy changes on June 16, 2011. We reviewed text messages between the head football coach and the treasurer that appeared to show suspicious activity in the fieldhouse account.

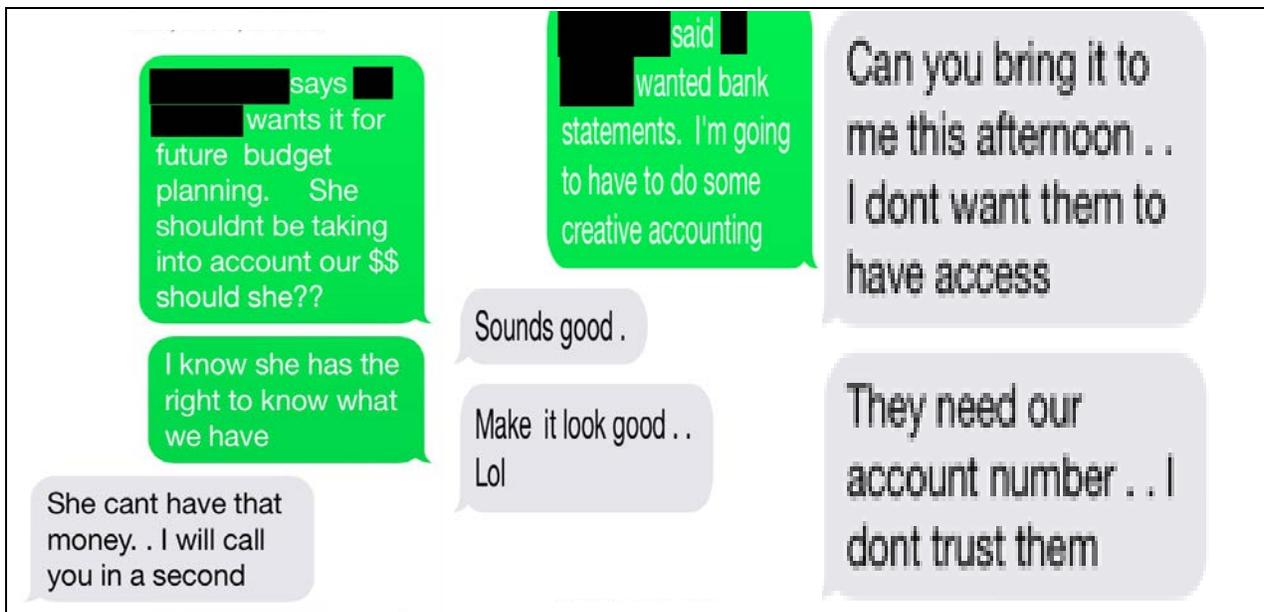


Exhibit – Selected text messages between the treasurer (green) and head coach (gray).

This suspicious activity appeared to circumvent the School Department’s policy changes made on June 16, 2011, which required supplemental payments to coaches to be paid through the School Department’s payroll system. The purpose and use of numerous cash transactions and gift card purchases could not be determined from our review of this account. For certain transactions, football booster officers stated they were directed by the head football coach to provide cash as a coaching supplement or purchase gift cards for the head football coach, assistant coaches, and others. The head football coach denied receiving any cash from the football boosters other than reimbursements. However, he acknowledged that he, assistant coaches, and others occasionally received gift cards. The officers interviewed stated they did not use any cash or gift cards for their personal use.

We noted the following unauthorized coaches’ supplements and other questionable transactions:

- A. Checks written to "Cash" totaled \$26,550, and we found no supporting documentation for these checks. Due to the lack of supporting documentation, the use of the cash could not be determined. A few of these checks contained descriptions on the memo line such as: "coaches supplement," "summer \$\$ #2," "summer \$ - final," "gift cards," "g card reimb," and "g card."
- B. Checks written by the treasurer to herself totaled \$7,327.96, and we found no supporting documentation for the checks. Due to the lack of supporting documentation, the use of funds could not be determined. A few of these checks contained descriptions on the memo line such as: "gift cards," "cards," and "N of C." The treasurer stated these checks were for reimbursement of out-of-pocket expenses, cash given to the head football coach as supplements, and the purchase of gift cards given to the head football coach, assistant coaches, and others. The treasurer stated she did not use any football booster funds for her personal use but was directed by the head football coach to get cash in this fashion for cash payments. The head football coach denied this allegation.
- C. Checks totaling \$4,364.66 were written to a vendor for the purchase of 39 gift cards in denominations between \$50 and \$200. We could not determine the purpose of, use of, or individuals who received the gift cards.
- D. On November 21, 2014, football concessions sales totaling \$2,519.75 were withheld from the bank deposit and used to purchase five gift cards. The football boosters ran football game concessions the entire period of our investigation. The remaining concessions collections totaling \$2,036.40 were deposited into the BHS main bank account on February 6, 2015, 77 days after being collected.
- E. Two checks totaling \$4,500 were written directly to coaches as supplements after the June 16, 2011, School Department policy change. On June 20, 2011, the football boosters wrote a supplement check totaling \$2,500 to the head football coach. The head football coach stated this was a supplement due for summer work. On January 3, 2013, the football boosters wrote a check totaling \$2,000 to a volunteer coach. The volunteer coach stated he did not remember receiving this check specifically; however, he stated he received periodic supplements and believed all supplements were properly authorized.
- F. We examined nine checks written to football coaches that totaled \$1,176.45; however, we found no supporting documentation for these checks. Due to the lack of supporting documentation, the purpose for the checks could not be determined. Eight of the nine checks totaling \$1,154.51 were written to the head football coach. Descriptions on the check's memo line for eight of the checks implied the checks were reimbursements for out-of-pocket expenses. One check in the amount of \$450 was written to the head football coach on February 7, 2013, and the description on the check memo line was blank.

G. The football boosters wrote an additional 63 checks to vendors and other individuals totaling \$49,976.87. We found no supporting documentation for these checks; therefore, we could not determine the purpose of the checks.

The following table summarizes the unauthorized supplements and other questionable transactions noted above:

Description	Amount
A. Checks for Cash	\$ 26,550.00
B. Checks to the Treasurer	7,327.96
C. Checks for Gift Cards	4,364.66
D. Concession Sales Used for Gift Cards	2,519.75
E. Checks for Coaches Supplements	4,500.00
F. Checks for Coaches as Reimbursements	1,176.45
G. Checks to Vendors and Others	49,976.87
Total	<u>\$ 96,415.69</u>

RECOMMENDATION

Coaches should be paid entirely from funds approved by the School Department. All coaches’ salaries and supplements should be paid through the School Department’s payroll system in compliance with School Department policy. Funds should not be disbursed in cash. Supporting documentation should be on file for all checks issued and should be retained for at least four years. Collections should be deposited intact and in a timely manner.

MANAGEMENT’S RESPONSE - FORMER HEAD FOOTBALL COACH

The Blackman Football Booster Club was very supportive of our program. Over the years that I was the football coach, our program and team grew tremendously. The Booster Club supported the team, which was reflected in our successes.

I did not make decisions for the Booster Club, and I was not an officer or director of the Booster Club. I did not have check writing authority for the Booster Club. I was not responsible for the Booster Club account or reconciliation of its expenses and income. I supported all of the Booster Club fundraisers, and the Booster Club paid expenses so that the football team could be better prepared to compete on the field. The Booster Club paid for team trips and meals and supported the team financially in many respects. While I made requests to the Booster Club, I never made any decisions for the Booster Club.

The Booster Club was very generous to the coaches and gave us gift cards for Christmas. At one point, the Booster Club offered to pay me a “bonus” after a successful season, but I rejected it because I believed the funds would be better used supporting the team and

paying team expenses. All payments for expenses for the football team by the Booster Club were approved by the Booster Club. I did not make decisions for the Booster Club. The decision to give gift cards at Christmas and at other times during the year were made by the Booster Club. I did accept gift cards, as did my other coaches, from the Booster Club. If the giving of gift cards by the Booster Club was a violation of some policy, I was not aware of it. I was never advised that the receipt of a gift card was a violation. If the Booster Club violated Rutherford County policies, I did not know it. Again, I was not involved in the Booster Club as an officer or director. I did not receive any cash from any Booster Club fundraisers or from the concessions. The Booster Club did reimburse me with cash from time to time after I turned in receipts to the Booster Club for legitimate football expenses.

As head football coach in Rutherford County for over 21 years, I did not violate any policies or procedures as they were explained to me. I was never advised that there were any allegations or problems associated with the football account or the Booster Club at any high school I have coached. I enjoyed coaching the young men at Blackman High School and helping Blackman build a successful football program over the years. I am certainly happy to answer any other questions you may have.

MANAGEMENT'S RESPONSE - DIRECTOR OF SCHOOLS

On June 16, 2011, the Rutherford County Board of Education approved a policy requiring all salaries and supplements to school personnel, including amounts paid from school support organizations, be paid through the district's payroll department. The policy also requires supplements to volunteer coaches be paid through the district's payroll department. On August 18, 2011, the Board approved a policy requiring prior approval for all supplements paid from school support organizations to school personnel or volunteers.

The school principal requested financial records from the football booster club during the 2014-2015 school year when she noted several expenditures from school accounts that should have been from booster accounts. Shortly after this request, the district began an investigation into booster club funds. As soon as deficiencies were confirmed, the school principal required the football booster club funds to be deposited with the school account.

MANAGEMENT'S RESPONSE - BOOSTER PRESIDENT

A. Chronology / Overview:

Elected in early 2013, I was Blackman High football booster club president for the previous head coach's last two years of his six-year tenure at Blackman. I also remained for a third year to preside during the new head coach's first year, 2015, at the request of the new head coach and the Blackman High principal. Transition meetings and conversations in early 2013 between outgoing and incoming officers didn't indicate to me that anything inappropriate had happened or had been established as a routine in procedures for processing money or keeping records. I understood my role to be mainly one of organizing parents for hands-on help, to be the primary communication between the head football coach and the booster club, and to inform pertinent officers of the needs of the football program according to the head coach. Regarding findings of this report, there were no events in my first year, 2013, to indicate that anything was out of line. In 2014, there were two situations I was involved in that I discovered in the process of this

investigation to have been outside the guidelines of acceptable procedures for the booster club. One was regarding the Lift-a-thon fundraiser in the spring, and the other was concession stand arrangements for varsity home games during the fall season. In each situation, I asked school employees about proper arrangements and procedures and was assured that approval had been granted for the way in which we as the booster club operated. Another report item regarded gift cards given assistant coaches. I was told "it's the same thing we've always done for the coaches, it's allowed," etc. This is the manner in which I was approached concerning these cards, and it was confirmed in conversations with others involved in previous years, so I didn't approach BHS administration to check further. According to outgoing officers in early 2013, the Blackman High football booster club was held in high regard at the county level as being compliant in our operations. So when these situations arose, I extended the benefit of the doubt to those I questioned.

B. The head football coach and the booster club:

The head football coach directed the booster club. I had no desire to use the booster club to check the head football coach on how he ran the football program. We were there to support him in what he said the program's needs were.

C. Fundraisers:

Fundraisers were handled by the head football coach, not the booster club. Our primary role was to deposit money collected by the head football coach. He would typically text our treasurer to pick up money for deposit, that's all. That's my knowledge. Occasionally we would help transport materials needed for an event, or man a table or booth for various reasons, but never to track player participation or monies collected.

D. Culture / Oversight:

There was no helpful oversight by the school or county administrators, with only two exceptions that I recall in all of 2013 and 2014. One exception was a request of an annual statement, I think for the 2013 year by the school or county. The other event was an annual "training" at Rutherford County central office in late summer 2014 that I attended but was not required to attend. It consisted of a power point presentation to a hundred or so parents from across the county. Aside from these two requests, I recall nothing from Blackman High or the Rutherford County school system that required any accountability from us as a booster club. There was no meeting ever between the school administration, coach, and booster club. There was never a school official, such as an assistant principal, to participate in any handling of paperwork or money to aid us at any event.

E. Corrective action:

Blackman High football boosters no longer has a bank account and no longer has an officer position of treasurer. This change at Blackman High has remedied the role of the football booster club in any type of situation outlined in the findings of this report. All transactions for the football program are now handled by the school bookkeeper with the approval of the head coach.

MANAGEMENT'S RESPONSE - BOOSTER TREASURER

As one of the former treasurers of the booster club (2010, 2012, and 2014), I know the coach directed and instructed what the boosters did and how the money was spent. Below are some, but not all, of the examples of his direction:

- a) not letting us purchase junior letterman jackets because he didn't want us spending the money on them (the boosters had purchased jackets for juniors from the time Blackman opened in 2000)
- b) what money we could spend on pregame meals - because he didn't want to spend much money on them
- c) deciding that he wanted to do the booster club differently and only have four to five do everything, so we stopped having monthly meetings in 2014.

Investigators were given proof of communications between boosters and the coach regarding payments of cash supplements and gift cards that were due and given to the coach. One of the usual amounts given was \$2,500 that the boosters gave him at several different times during each year in question either by cash or by gift cards. Two of the customary times were before the summer dead period and before Thanksgiving.

In 2014, he stated that the president of the boosters had agreed to increase his supplement money back in 2013. He always wanted people to know that he could go somewhere else and make more money. Of course we would do what we could to try to keep him because he had made our program successful. Investigators were given proof of communications between boosters and the coach regarding payments of cash supplements and gift cards that were due and given to the coach. The boosters or football program never made any money off the summer Jr. Blaze camp. Cash was obtained for the amount of checks collected and was given to the coach. The boosters were there for whatever he wanted/needed. If he said he needed something, we took care of it. All he had to do was say he or the program needed or wanted something, and the boosters made sure it happened. The coach collected all fundraising monies from the players. He would call or text for treasurers to come by and pick up some of it. He would normally have it in his desk drawer. He never gave all of it at once. He would then direct how he wanted it deposited. Also, he would request we make payments to vendors for equipment and merchandise without providing actual invoices. We did receive some statements with just a total owed, and we paid them without invoices or back-up. Checks written to cash and to the treasurers were written to cover football expenses and reimbursements, supplements to the coach (he was given the cash or the cash was used to buy gift cards), or for startup change for the concessions and merchandise barn (this money was put back in the bank). No one from the boosters profited off the booster club.

Bank statements and receipts were given to the school bookkeeper every month through 2012. Startup concession money was counted by two non-board members before concessions opened. Board members left during the game leaving someone else in charge of the money and then came back after the game to help with money and clean-up. Then two different people other than the treasurer counted and signed off on the money to be deposited. We did not realize some of the things we were doing weren't allowed, and we weren't doing some of the things that were required. Seems like more than a two-hour training session

needs to be required for volunteers. Also, it is very understandable why people don't want to volunteer and help. All we were doing was trying to help the football program.

FINDING 2 BLACKMAN HIGH SCHOOL MADE QUESTIONABLE FUEL PURCHASES TOTALING \$69,649.42

For the period examined, BHS made fuel payments to a local gas station totaling \$69,649.42. Of this amount, \$9,930.98 was used for fuel purchased by the head football coach or members of his family. The gas station invoiced BHS monthly for fuel purchases made by coaches, faculty, and others for school-related activities. For each fuel purchase, an employee of the gas station wrote a prenumbered receipt that included the date, the customer's driver's license number, and the customer's signature. These receipts were used to prepare monthly invoices, and copies of the receipts were sent to BHS with each invoice. Due to the volume of fuel purchases during our period, we narrowed our review to receipts for purchases made by the head football coach and members of his family. We noted the head football coach's signature was on 295 receipts, his wife's signature was on five receipts, and his daughter's signature was on one receipt. The head football coach stated all fuel purchases were used for football, track, and wrestling related activities, all of which he coached at various times. The coach stated he often worked every day mowing fields and doing other authorized activities that required fuel. He stated neither he nor any of his family members ever used fuel purchased by BHS for personal use.

Since there was no evidence of advance authorization or other documentation for each purchase, we could not determine whether fuel purchases made by the head football coach and members of his family were for school-related or personal use. These questionable fuel purchases resulted from a lack of oversight and a lack of School Department policy compliance by the BHS administration.

Our discussions with BHS personnel revealed that in addition to the head football coach, other faculty members were allowed to purchase fuel at this gas station and charge their purchases to the school's account. According to the School Department administration, the practice of BHS purchasing fuel for coaches and faculty in this manner violates the School Department's expense and reimbursement policy, which states:

School personnel who incur expenses in carrying out their authorized duties will be reimbursed upon submission of an approved purchase order and supporting receipts. Expenses for travel will be reimbursed when the travel has the advance authorization of the director of schools.

Therefore, based on the questionable practices noted above, we question the entire fuel purchase amount of \$69,649.42.

RECOMMENDATION

Employee expenses for travel in carrying out their authorized duties should be reimbursed in compliance with School Department policy.

MANAGEMENT'S RESPONSE - FORMER HEAD FOOTBALL COACH

While coaching football at Blackman High School, I was given instructions by the Blackman High administration as to how to purchase gas for vehicles, mowers, etc., for myself and others when on football business. We purchased gas for the mowers to cut the football fields. I always followed the policy as given to me by the Blackman High administration. Throughout my tenure as the Blackman football coach, I was never told to do anything different regarding the purchase of gas at the designated gas station - Tiger Mart. All of the fuel purchased at Tiger Mart was for football purposes. I did not violate any policy or procedure as it was explained to me by the Blackman High administration. I was never advised to change the way the football staff purchased gas at Tiger Mart. I completed all forms provided to me or required by me to Blackman High administration. I did not misuse the gas account, nor to my knowledge did any of my assistant coaches, and we always followed the procedure as outlined by the administration. It is my understanding that all payments on the gas account were approved before they were paid. There were never any allegations of misuse of the gas account by me or the other football coaches.

MANAGEMENT'S RESPONSE - DIRECTOR OF SCHOOLS

Blackman High School submitted a purchase order to the applicable vendor. The school required employees to submit receipts at the time of the purchase and reconciled those receipts with the monthly invoice provided by the vendor. Appropriate purchases for this purchase order would have included diesel fuel for school buses and gas for lawn care equipment used for field maintenance. The school administration's diligence in requiring receipts and reconciling the invoice is what triggered the system investigation in this matter.

It should be noted that Board policy contains a procedure for reimbursement for travel required during the course of employment when private vehicles are used. The employee is required to submit a travel reimbursement form (mileage form) along with any supporting documentation required. The employee is then reimbursed for the travel expense by the district's payroll department.

FINDING 3 THE CONSTRUCTION OF THE FOOTBALL FIELDHOUSE HAD NUMEROUS DEFICIENCIES IN PROCUREMENT AND FINANCING

BHS and the football boosters constructed a football fieldhouse on school property instead of the School Department building the facility through the department's normal purchasing process. For the period March 10, 2010, through December 17, 2010, we were able to locate construction disbursements totaling \$200,472.51 written from multiple bank accounts in the name of both BHS and the football boosters. However, due to a lack of supporting documentation and complete accounting records, total construction costs could be higher. The following deficiencies noted in the procurement and financing for construction of the fieldhouse resulted from a lack of oversight by BHS and School Department administrators:

- A. We were not provided with supporting documentation for construction disbursements totaling \$102,690.09. Therefore, the purpose and use of these disbursements could not be determined.
- B. On March 4, 2010, the School Department approved the construction of the football fieldhouse and a football boosters loan of \$60,000 for a portion of construction costs. On June 11, 2010, the football boosters obtained the \$60,000 loan, and the proceeds were used in addition to other funds from football boosters and BHS athletic accounts. Although the School Department authorized the loan agreement for the fieldhouse, we could not determine if all state statutes governing the issuance of debt were followed.
- C. The School Department did not formally bid the fieldhouse construction as required by their bid policy and *Tennessee Code Annotated*, Section 49-2-203(a)(3)(C)(i). Therefore, we could not determine if construction was performed at the lowest available price.
- D. We could not determine whether the School Department properly hired an architect or engineer for the construction project. *Tennessee Code Annotated*, Section 62-2-107, requires an architect or engineer for construction projects over \$50,000.

RECOMMENDATION

The School Department should refrain from allowing other entities to construct facilities on school property but could accept donations from these entities to go toward School Department constructed facilities. All disbursements should be supported by adequate documentation. If debt instruments are considered, the state statutes governing the issuance of debt should be followed. The School Department should follow both applicable policy and state statutes regarding authorization, formal bids, and the hiring of architects and engineers for all school construction projects.

MANAGEMENT'S RESPONSE - DIRECTOR OF SCHOOLS

The district must approve all projects for construction on school property. The school is required to submit construction and financing plans to the district's engineer for review. The district's engineer consults with the Legal Department and Accounting Department as necessary to review Title IX issues and financing issues. Once the review is completed, the project is placed on the Board's agenda for final approval. There has been no statutory or regulatory authority presented, which prohibits school support organizations from handling projects in this manner.

INVESTIGATOR'S COMMENT

Sound business practices dictate that the School Department, who is the owner of the property and assumes liability for the facility, has complete control and oversight over any construction. The School Department could accept donations from outside entities to go toward constructed facilities; however, the construction process would flow through the department's normal processes.

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

FINDING 4 THE FOOTBALL BOOSTERS HAD MULTIPLE OPERATING DEFICIENCIES

The football boosters had multiple operating deficiencies that exposed the organization to risks of collections not being recorded, disbursements not being authorized, and funds being misappropriated. We noted the following deficiencies resulting from a lack of oversight by the football boosters, BHS, and the School Department:

- A. The football boosters failed to issue prenumbered receipts for collections as required by the *Model Financial Policy for School Support Organizations*. Therefore, we were unable to verify the amount of collections and whether all collections were properly deposited in the bank.

- B. The football boosters failed to count and record total collections received at all fundraising events as required by the *Model Financial Policy for School Support Organizations*. Policy requirements for collections from certain events or mass collections (e.g., concessions, parking, car washes, and candy sales) are as follows:
 - A record of the total collections must be created each day.
 - Two individuals should count the collections and prepare a count sheet signed by both individuals.
 - When the collections are remitted to the treasurer, the treasurer and the two individuals should recount the collections, and the treasurer should issue a receipt to the individuals.
 - The count sheet should be retained and filed by the treasurer.

For the period examined, the officers did not issue any receipts for mass collections. Numerous count sheets for football concessions were missing, and investigators found only one count sheet for both the 2013 and 2014 football seasons. In addition, approval for certain fundraisers held on BHS property, including summer camps held by coaches, could not be located. School Department policy requires approval by the director of schools or the director's designee for any fundraising activity that utilizes any property or facilities owned or operated by the School Department. Due to the lack of supporting documentation for mass collections, we could not determine whether all mass collections were properly deposited.

- C. Collections were not always deposited in the official bank account on a timely basis. According to a January 8, 2014, deposit slip, a deposit was made in the football boosters' main checking account totaling \$5,501.50 for September 20, 2013 concessions. This resulted in the deposit being made 110 days after the collections were received. We noted other collections not deposited in the bank on

a timely basis. We could not determine if these collections were properly secured before the deposits were made. The *Model Financial Policy for School Support Organizations* requires collections to be deposited in the bank timely. Also, collections should be properly secured and deposited intact.

- D. The football boosters sold school-related merchandise at football games at a location known as the “Barn.” No inventory records for this merchandise or collection records of merchandise sales could be located. The *Model Financial Policy for School Support Organizations* states, “Materials, supplies, and fundraising product inventory should be stored at a location and in a manner to prevent spoilage or pilfering. An effort should be made to account for supply and inventory items.”
- E. The football boosters made certain disbursements with cash withheld from fundraiser collections, from checks written to cash, and from checks written to the treasurer. In addition, certain officers stated they pre-signed checks. A former secretary left the football boosters after her son graduated in 2013; however, pre-signed checks containing her signature were used for disbursements through November 20, 2014. The former secretary stated she was not aware the pre-signed checks continued to be used after her departure or that she was still an authorized signer on the bank account after her departure. Furthermore, it was determined the football boosters used a credit card and line-of-credit for purchases with a vendor; however, records for these credit purchases could not be obtained. The *Model Financial Policy for School Support Organizations* states, “All bills should be paid by check, never cash. Pre-signing blank checks should be prohibited.”

We noted the following purchases made with cash:

- The former BHS culinary arts teacher stated he was paid between \$1,800 and \$2,300 in cash withheld from concessions collections for running the concessions stand during the 2014 football season. This amount was estimated by the former teacher, and he had no supporting documentation on file for our review. According to the former teacher, he and the head football coach reached an agreement to run concessions for the 2014 football season. In exchange, the former teacher received ten percent of collections, the football boosters wrote a check to the culinary arts department for a percentage of collections, and the remaining funds were deposited by the booster club. The head football coach and certain officers confirmed this agreement. The football boosters wrote two checks to the culinary arts department during the period totaling \$1,888. The former teacher stated he did not know school support organizations were prohibited from making cash payments in this manner, and he was paid for work he performed. The former teacher stated he did not handle concessions collections, and officers always paid him after they counted the cash collections.

- Some checks were written to cash or to the treasurer. We could not determine the purpose of these disbursements.
 - Gift cards totaling \$2,519.75 were purchased with cash withheld from concessions collections on November 21, 2014.
- F. Our review of disbursements noted 15 checks were issued with only one authorizing signature. The *Model Financial Policy for School Support Organizations* states, “For disbursements, prenumbered bank checks should be used that require two signatures.”
- G. Supporting documentation for check disbursements was not properly maintained and filed. The *Model Financial Policy for School Support Organizations* states, “Each check written should have a receipt or invoice filed by check number. The treasurer should write the check number and date paid on the invoice or receipt. When a receipt or invoice is not available, a written document, signed by the treasurer, describing the expenditure and explaining why no other documentation is provided, should be created and filed.”
- H. Other records, including bank statements, bank reconciliations, monthly treasurer reports, and minutes could not be located. Certain bank statements for the period examined had to be obtained from banks. As a result of not performing bank reconciliations and monitoring accounts, the football boosters were assessed \$63.90 in overdraft fees and \$44.08 in late payment fees on the fieldhouse loan. The *Model Financial Policy for School Support Organizations* states, “Bank accounts should be reconciled promptly. A copy of the bank statement and imaged checks should be included in the minutes.” It further states, “Records should be maintained for at least four years.”
- I. Duties were not segregated adequately among officers and members. The treasurer signed checks, prepared accounting records, handled collections, and made deposits. The *Model Financial Policy for School Support Organizations* states, “Financial responsibilities should be separated whenever possible. One person should not have complete control of the organization’s finances. Officers or members periodically reviewing bank statements and other documentation helps detect errors and enhances the integrity of financial information.”
- J. The football boosters have not adopted a written policy, which specifies reasonable procedures for accounting, controlling, and safeguarding money, materials, or property collected or disbursed as required by the *Model Financial Policy for School Support Organizations*. The lack of a written policy exposes the organization to risks that collections may not be accounted for properly or funds may be misappropriated.

RECOMMENDATION

Financial agreements between the football boosters and service providers should be evidenced in writing. All disbursements should be made by prenumbered checks, and documentation should be on file to support the disbursements. Checks should be signed by two authorized individuals. Financial records should be currently maintained and retained on file for review. Duties should be segregated adequately. The football boosters should adopt a written policy, which specifies reasonable procedures for accounting, controlling, and safeguarding any money, materials, or property collected or disbursed as required by the *Model Financial Policy for School Support Organizations*.

MANAGEMENT'S RESPONSE - DIRECTOR OF SCHOOLS

The operating deficiencies noted in the report were concerns of the school principal from the beginning of her tenure, which is what led her to begin inquiries into the accounting records for the football booster club. Once the deficiencies were confirmed, the booster club accounts were immediately closed, and the remaining funds were deposited with the school account.

The assistant superintendent for budget and finance requires Booster Club officers to attend a meeting annually to discuss the requirements in the *Model Financial Policy for School Support Organizations* and Board policies and procedures.

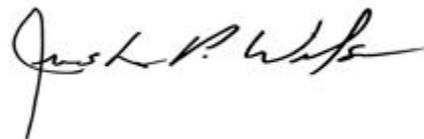
In summary, the district had appropriate policies and procedures in place regarding all of the issues noted in the findings. Based upon testimony and physical evidence, the district investigation revealed the head football coach, during the applicable time period, did not follow existing Board policies and procedures.

INVESTIGATOR'S COMMENT

Appropriate policies and procedures were not in place; therefore, the above-noted deficiencies are detailed in items A through J.

If you have any questions concerning the above, please contact this office.

Sincerely,



Justin P. Wilson
Comptroller of the Treasury

JPW/kbh

CC: Don Odom, Rutherford County Director of Schools
Members of the Rutherford County Board of Education