



# WEST CREEK HIGH SCHOOL COYOTE CHEER BOOSTER CLUB

**Investigative Report**  
January 22, 2015

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**Justin P. Wilson, Comptroller**





**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
FINANCIAL AND COMPLIANCE INVESTIGATIONS**

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January 22, 2015

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Clarksville-Montgomery County School System  
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West Creek High School  
1210 West Creek Coyote Trail  
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Gentlemen:

We performed an investigation of selected records of the Coyote Cheer Booster Club for the period February 1, 2012 through August 30, 2013; however, we expanded our scope to include the close-out of the Coyote Cheer Booster Club's bank account on July 31, 2014. The Coyote Cheer Booster Club (CCBC) was a school support organization at West Creek High School, in the Clarksville-Montgomery County School System, that supported the varsity and junior varsity cheerleading teams. Operations of the CCBC ceased on July 31, 2014. Our investigation revealed the following deficiencies:

- A cash shortage totaling at least \$1,699 existed as of August 30, 2013.
- The Coyote Cheer Booster Club had questionable expenditures totaling \$56,458.
- The Coyote Cheer Booster Club had operating deficiencies.
- West Creek High School did not follow school support organization guidelines.

**Background**

The Coyote Cheer Booster Club (CCBC) was operated by parents with the purpose of helping offset student expenses associated with being on the cheerleading team and was a registered non-profit organization 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 Clarksville-Montgomery County School System has guidelines that school support organizations are required to follow. These guidelines are communicated to school support organizations system-wide on a yearly basis. The CCBC ceased operations on July 31, 2014.

The CCBC held fund raising events, maintained their own bank account, and managed their operations in accordance with adopted by-laws. The CCBC was required to submit bank statements and meeting minutes monthly to the West Creek High School bookkeeper who reviewed and maintained copies of these records on file at the school.

When the CCBC ceased operations on July 31, 2014, their funds totaling \$440.65 were remitted to West Creek High School and deposited into an activity fund account associated with the cheerleading team.

Findings and recommendations, as a result of our investigation, are presented below. These findings and recommendations have been reviewed with Clarksville-Montgomery County School officials and the most recent president of the CCBC to provide an opportunity for their response. Also, these findings and recommendations have been reviewed with the district attorney general for the Nineteenth Judicial District.

## **INVESTIGATIVE FINDINGS AND RECOMMENDATIONS**

### **FINDING 1                    THE COYOTE CHEER BOOSTER CLUB HAD A CASH SHORTAGE OF AT LEAST \$1,699 AT AUGUST 30, 2013**

The Coyote Cheer Booster Club (CCBC) held various fund raisers during the period we examined. CCBC officials did not reconcile the amounts collected from the fund raisers with amounts that should have been collected based on the difference between the cost of the items sold and the sales price of the items. In addition, due to the lack of accounting records maintained by CCBC, we were not able to determine if all collections at these events were deposited into the CCBC bank account. Based on our analysis of the CCBC's accounting records and meeting minutes, we noted the following deficiencies, which comprise a cash shortage totaling at least \$1,699:

- A. During the period examined, we noted an invoice for a doughnut fundraiser reflected a cost of \$1,603.68; however, a check was made out to "cash" totaling \$2,500 to the former treasurer for payment of this invoice. We interviewed the former treasurer about this transaction, and he advised us that he did not know why there was a difference of \$896.32 (\$2,500 minus \$1,603.68), or what may have happened to the difference. We noted that all other payments for the purchase of doughnuts were made with cashier's checks from the CCBC's bank account.
- B. The CCBC sold "spirit" items at various sporting and other events. These items included such things as foam fingers, pom-poms, and mega-phones. We reviewed meeting minutes and beginning and ending inventory records related to the purchase and sale of these items. We determined the CCBC should have collected and deposited \$406 more than was recorded in the accounting records. CCBC officials had no explanation for this difference.

C. Also, the CCBC sold chocolate and held car washes to raise funds. Based on interviews with participants and an examination of bank statements and other records, we determined that \$396.93 was collected, but never deposited into the CCBC's bank account. CCBC officials had no explanation for this difference.

The following schedule summarizes the cash shortage:

Fund Raisers	Cash Shortage
Doughnut sales	\$ 896.32
Spirit item sales	406.00
Chocolate sale and car washes	396.93
<b>Total Cash shortage, 8-30-13</b>	<b>\$ 1,699.25</b>

**RECOMMENDATION**

Clarksville-Montgomery County School System officials should follow-up with the appropriate officials to resolve the cash shortage.

**MANAGEMENT'S RESPONSE**

Clarksville-Montgomery County School System officials contacted the appropriate individuals at the State Comptroller's Office within the required timeframe of becoming aware of any concern with the organization.

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**FINDING 2                    THE COYOTE CHEER BOOSTER CLUB HAD QUESTIONABLE EXPENDITURES TOTALING \$56,458**

The Coyote Cheer Booster Club (CCBC) had questionable expenditures totaling \$56,458 as a result of not following their bylaws. This deficiency was a result of a lack of management oversight as various individuals were acting in the capacity of treasurer at different times. CCBC bylaws required the executive committee, which was comprised of the president, vice-president, and secretary/treasurer, to keep accurate records of all club meetings, review bills, approve disbursements, and ensure that collections were appropriately documented in the accounting records. Any checks written by CCBC in excess of \$250 required prior approval of the general membership and had to be documented in the meeting minutes.

There were 44 checks disbursed during the period examined for uniforms, banquets, and other expenses. We noted the following deficiencies with 36 of the checks:

- A. There were 20 checks totaling \$43,004.19 issued without the approval of the membership and with no documentation of the expenditures noted in the meeting minutes. Due to the lack documentation to support the full amounts of these checks, we were unable to determine if all of the funds were spent on the CCBC.
- B. There were 16 checks totaling \$13,453.74 with no supporting documentation to support the amounts spent.

**RECOMMENDATION**

Clarksville-Montgomery County School System officials should review the 36 checks noted above to determine if the checks were indeed issued for the benefit of the cheerleading program.

**MANAGEMENT'S RESPONSE**

Clarksville-Montgomery County School System requires school support organizations to submit their bank statements to the school and we also make periodic reviews of supporting documentation for collections and purchases. We will emphasize monitoring of the bank statements and will instruct school administration to prohibit fundraising activities if the school support organization does not have proper documentation.

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**INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES**

**FINDING 3            **THE COYOTE CHEER BOOSTER CLUB HAD OPERATING DEFICIENCIES****

We noted the following deficiencies in the operations of the Coyote Cheer Booster Club (CCBC):

- A. The CCBC failed to issue receipts for collections as required by the *Model Financial Policy for School Support Organizations*. The lack of receipts exposes the organization to risks that collections may not be accounted for properly.
- B. The CCBC failed to count and record total collections received at fund raising events as required by the *Model Financial Policy for School Support Organizations*. For certain events or mass collections (e.g., concessions, parking, car washes, candy sales), a record of the total collections each day must be created. 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 then immediately issue a receipt to the individuals. The count sheet should be retained and filed by the treasurer. The lack of receipts exposes the organization to risks that collections may not be accounted for properly or funds misappropriated.

- C. Collections were not always deposited to the official bank account timely. Some funds were held as long as four weeks before being deposited. When deposits were made, the items were not itemized on the deposit slip so payments could be traced. The *Model Financial Policy for School Support Organizations* provides for collections to be deposited in the bank timely. Deposit slips should include an itemized listing of checks. The delay in depositing funds increases the risks of fraud and misappropriation.
- D. Collections were not counted to verify the amount received or counted to verify the same amount was provided to the treasurer as required by the *Model Financial Policy for School Support Organizations*. Funds were periodically collected by the cheerleading coach and not receipted. The cheerleading coach then gave the collections to the treasurer, sometimes days or weeks later, and neither the coach nor the treasurer counted the funds to verify the amount, which changed hands. Failure to count the funds increases the risks of fraud and misappropriation.
- E. Checks written on the CCBC bank account did not require two signatures. The *Model Financial Policy for School Support Organizations* requires prenumbered checks should be used, and checks should require two signatures. This failure increases the risks of fraud and misappropriation.
- F. The CCBC paid sales tax. The CCBC was a tax exempt nonprofit that should not have paid state sales tax.
- G. The CCBC reimbursed an individual for a pool facilities rental, yet the receipt was for a lesser amount. Due to the condition of the accounting records, we could not determine why this individual was overpaid. CCBC officials had no explanation for this overpayment.

### **RECOMMENDATION**

The CCBC ceased operations on July 31, 2014. All disbursements should have had proper documentation and approval, in accordance with the by-laws of the CCBC. The CCBC should have followed their by-laws and the *Model Financial Policy for School Support Organizations*, as prescribed by the Tennessee Comptroller of the Treasury. Sales tax should not have been paid for any purchases made by the CCBC. Documentation should have been in place to support all reimbursements.

### **MANAGEMENT'S RESPONSE**

Clarksville-Montgomery County School System has procedures for school support organizations to follow and we require the School Support Organization president and treasurer attend annual training where proper cash collection and disbursement procedures are discussed. These training meetings are now held several times a year to ensure that all organizations receive this training. In addition, we provide them a copy of the administrative policy which references the State Financial Accountability Act and the Clarksville-Montgomery County School System procedures.

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**FINDING 4**

**WEST CREEK HIGH SCHOOL DID NOT FOLLOW SCHOOL SUPPORT ORGANIZATION GUIDELINES**

The Clarksville-Montgomery County School System has guidelines that school support organizations are required to follow. These guidelines are communicated to school support organizations system-wide on a yearly basis. We noted the following deficiencies:

- A. The Coyote Cheer Booster Club (CCBC) failed to submit copies of its monthly bank statements and quarterly reports to the West Creek High School as required by guidelines of the Clarksville-Montgomery County School system. West Creek High School allowed the CCBC to continue fundraising and other events even though CCBC was not following system guidelines.
- B. The cheerleading coaches, who were teachers at West Creek High School, periodically collected money from parents and students on behalf of the CCBC. At times, the coaches would document the payment detail. Other times, the coaches collected the money and later turned it over to the CCBC treasurer without any documentation noting the details of the collection. One former coach acknowledged she failed to count the money upon collection, and kept the money in her desk drawer at the school. The desk drawer was not always secured. In addition, there was also a failure to count the money when it was provided to the CCBC treasurer for deposit.
- C. We noted an instance when the CCBC provided a gift to a cheerleading coach without proper approval from the school's administration.
- D. A cheerleading coach requested a reimbursement from the CCBC for gloves and headbands without prior approval or the submission of supporting documentation. The coach had previously collected money from cheerleaders for some of these items, and had returned others for a refund. It appears the cheerleading coach was reimbursed by the CCBC for more than the amount she was owed; however, based on the condition of the accounting records of the CCBC, we could not determine the exact amount of any overpayment.

**RECOMMENDATION**

The Clarksville-Montgomery County School system should prohibit organizations that are not in compliance with system policies from holding fundraisers and other events. Employees should follow the policies of the Board of Education and should not assist in collecting student support organization funds. The Coyote Cheer Booster Club should have obtained proper approval before giving gifts to a coach.

**MANAGEMENT'S RESPONSE**

The Clarksville-Montgomery County School System has documented policies and procedures that we provide to the School Support Organizations and we require the

president and treasurer attend an annual training each year. We do require the organizations to submit bank statements and we perform more detailed reviews on a sample basis. As School Support Organizations are an outside organization separate from the school system, we have limited control over these organizations but we will emphasize through communication and training to principals and accounting technicians that we do have the authority to prohibit fundraising and other activity associated with the school if they are not in compliance with our guidelines.

At the beginning of this school year, we have included cash collection procedures in the annual training for employees. We will emphasize to employees that employees may not collect for school support organizations. We will include in our training to the school support organizations that they must receive approval from the school administration prior to giving gifts or awards to school system personnel.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long, sweeping underline that extends to the left.

Justin P. Wilson  
Comptroller of the Treasury

JPW/kbh

CC: Members of the Clarksville-Montgomery County Board of Education