



## COMPTROLLER'S INVESTIGATIVE REPORT

### University of Tennessee - Knoxville Spirit Team

*November 14, 2019*

**Justin P. Wilson**  
*Comptroller of the Treasury*



**DIVISION OF INVESTIGATIONS**



JUSTIN P. WILSON  
*Comptroller*

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*Deputy Comptroller*

November 14, 2019

University of Tennessee Athletic Department  
Director Phillip Fulmer  
P.O. Box 15016  
Knoxville, TN 37901

Director Fulmer:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the University of Tennessee – Knoxville Spirit Team, 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 6<sup>th</sup> Judicial District, 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", written over a light gray rectangular background.

Justin P. Wilson  
Comptroller of the Treasury

JPW/MLC

# INVESTIGATIVE REPORT

## University of Tennessee - Knoxville Spirit Team

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the University of Tennessee - Knoxville (UTK) Spirit Team. The investigation was limited to selected records for the period January 1, 2017, through August 31, 2018. The results of the investigation were communicated with the Office of the District Attorney General of the 6<sup>th</sup> Judicial District.

### BACKGROUND



The UTK Spirit Team is a part of the university athletic department and represents the university at football games, home basketball and volleyball games, and at other athletic, campus, corporate, and community events. The Spirit Team is comprised of Smokey handlers as well as cheer, dance, and mascot teams and has approximately 60 to 70 UTK student members.

All Spirit Team participants must tryout in person each year. The Spirit Team also hosts two one-day clinics to help candidates prepare for the tryout process. The clinics are open to high school junior and seniors and college students. The Spirit Team charged fees for tryouts, attendance at clinics and public appearances and those fees were collected by Spirit Team personnel. Appearance fees may be waived for a limited number of nonprofit and campus organization events.

Spirit Team personnel consist of a Spirit Team Coordinator, a graduate assistant, a dance coach, a cheer coach, volunteers, and work-study students.

### RESULTS OF INVESTIGATION

#### 1. A CASH SHORTAGE OF AT LEAST \$1,580 EXISTED ON AUGUST 31, 2018

A cash shortage of at least \$1,580 from Spirit Team collections existed on August 31, 2018. During the period January 1, 2017, through August 31, 2018, Spirit Team personnel issued receipts for 2017 clinics and 2018 cheer tryouts totaling \$1,580. However, these collections were not deposited and not posted to the UTK Athletics' Business Office accounting records. Spirit Team personnel advised investigators that receipts were rarely issued, that multiple personnel had access to collections, and that personnel often made disbursements

for the team from cash collections. Furthermore, Spirit Team personnel advised investigators that personnel sometimes stored team collections at their residences. Due to a lack of internal controls over collections, investigators were unable to determine who was responsible for the cash shortage. The table below summarizes receipts issued and amounts collected for the period under review.

Year	Number of Receipts Issued	Amount
2017	2	\$80.00
2018	30	1,500.00
Total	32	\$1,580.00

After investigators interviewed the Spirit Team Coordinator in June 2019, the coordinator claimed that she found at her residence a packet containing cash totaling approximately \$2,047, as well as Spirit Team related documents, which included donated vouchers for smoothies, and receipts totaling \$277 for purchases made with cash. The UTK Athletics' Business Office acknowledged receipt of the \$2,047 on August 6, 2019.

**Conclusion:**

Since Spirit Team financial records were either missing or so materially inadequate, investigators could not determine whether the \$1,580 cash shortage that existed on August 31, 2018, was part of the \$2,047 the Spirit Team coordinator found almost one year later and remitted to the UTK Athletics' Business Office on August 6, 2019.

**INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES**

Our investigation revealed deficiencies in internal controls and compliance, some of which contributed to unaccounted UTK Spirit Team collections. These deficiencies included:

**Deficiency 1: The Spirit Team Had Multiple Deficiencies Related to Collections**

Investigators noted multiple deficiencies related to collecting, depositing, and disbursing collections by the UTK Spirit Team. There was an overall lack of internal controls over UTK Spirit Team collections, including, multiple UTK Spirit Team personnel had access to the collections, disbursements were made from collections, and some collections were kept at Spirit Team personnel's residences. As a result, investigators were unable to determine if UTK Spirit Team personnel used collections for team purposes or for personal purposes. These deficiencies can be attributed to the failure of UTK Spirit Team management to adequately monitor operations. Based on interviews, an examination of UTK Spirit Team and UTK Athletics' Business Office accounting records, and our review of various university policies and procedures, we identified the following deficiencies related to Spirit Team collections:

- A. Spirit Team personnel did not always issue receipts when they received collections. Investigators were only provided with a few receipts that were issued for 2017 clinics and

the 2018 spring cheer tryouts, and receipts were not issued for collections from multiple other events and activities of the Spirit Team. Due to the lack of records and official receipts, investigators were unable to determine if the clinic and tryout fees were paid by all participants or collected and accounted for by UTK Spirit Team personnel. The University of Tennessee's system-wide policy for receiving and depositing money requires all money received as payments to the university be recorded in an official university receipt book and promptly forwarded to the campus central cashier or to a bank designated as a university depository. This same university policy states that departments unable to issue an acceptable university receipt should not accept currency payments.

- B. During our investigation, Spirit Team personnel found an envelope in an unsecured desk drawer located in the Spirit Team office that contained cash totaling \$275.50. Spirit Team personnel told investigators this cash was likely for uniforms and they subsequently receipted and deposited the cash with the UTK Athletics' Business Office. In September 2019, and subsequent to our review period, Spirit Team personnel also found \$30 cash in a binder located in the Spirit Team office.
- C. Spirit Team personnel could not find appearance records for the mascot or members of the cheer and dance teams. Spirit Team personnel advised that appearance forms were rarely used to document appearance requests. Members of the cheer and dance teams and/or the mascot made special appearances at events upon request. The fee for a 30-minute appearance was \$500 which could be waived in a limited number of circumstances. Due to missing records and the absence of official receipts, investigators were unable to determine if appearance fees were paid by all organizations to the Spirit Team, if any fees were expended by Spirit Team personnel, or if fees were waived.
- D. Spirit Team personnel failed to maintain adequate records related to collections from tryouts held in the Spring of 2017 and the Spring of 2018. According to Spirit Team personnel, they charged participants a \$40 fee for 2017 tryouts and a \$50 fee for 2018 tryouts, to be paid the day of the event. Spirit Team personnel stated payments were normally made in cash. Returning team members were not required to pay tryout fees. In one instance, a Spirit Team coach stated she stored cash from the 2018 dance tryouts at her home for the weekend until she delivered the items to the Spirit Team Coordinator's home the following Monday. Due to the lack of records and official receipts and since Spirit Team personnel stored some collections off-campus, investigators were unable to determine if tryout fees were paid by all participants, if any fees were expended by Spirit Team personnel, or if fees were deposited.
- E. Spirit Team personnel failed to maintain adequate documentation of collections from one-day clinics hosted by the team to help prepare participants for the Spirit Team tryout process. According to Spirit Team personnel, the Spirit Team hosted one-day clinics in the Spring and Fall of 2017, and they charged participants a \$40 fee for early registration and a \$50 fee for day of the event registration. Due to the absence of records and official receipts, investigators were unable to determine if clinic fees were paid by all participants, if any fees were expended by Spirit Team personnel, or if fees were deposited. In the Spring of 2018, an external vendor administered the clinic.

**Summary of Unaccounted Collections**

Event	Month	Amount Posted to Spirit Team Ledgers/Business Office
Spring Clinic	March 2017	\$0
Cheer and Dance Tryouts	April 2017	0
Fall Clinic	December 2017	0
Dance Tryouts	April 2018	0

- F. Spirit Team personnel made disbursements from cash collections instead of depositing the cash and issuing official checks for disbursements. For example, Spirit Team personnel used cash to pay invoices from a uniform vendor instead of issuing a check for the uniforms. The University of Tennessee’s system-wide policy for receiving and depositing money requires all money received as payments to the university be recorded in an official university receipt book and promptly forwarded to the campus central cashier or to a bank designated as a university depository. The policy also prohibits expenditures being made from cash received, and that cash may not be retained in a department for its use. Due to the lack of supporting documentation, investigators could not determine if the use of some of the cash collections was for legitimate Spirit Team purposes.
  
- G. Spirit Team personnel did not maintain or properly account for donated gift cards and vouchers. In one instance, Spirit Team personnel received at least \$1,200 (four - \$300 gift cards) supermarket gift cards for the purchase of food for the Spirit Team during the football season. The Spirit Team could not provide investigators with documentation showing how approximately \$786 of the \$1,200 was spent. Since Spirit Team personnel could not provide receipts or supporting documentation, investigators were unable to determine whether they used the donations for Spirit Team business or for personal use.
  
- H. The Spirit Team did not have a formal written agreement with a vendor to administer some Spirit Team events held on campus. Without a formal written agreement, the Spirit Team and the vendor have no guidance of their responsibilities and expectations.

UTK officials indicated that they have corrected these deficiencies.