



**GREENE COUNTY'S
CHUCKEY-DOAK HIGH SCHOOL
BAND BOOSTER CLUB**

Comptroller's Investigative Report
February 6, 2019

Justin P. Wilson, Comptroller





JUSTIN P. WILSON
Comptroller

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Chief of Staff

February 6, 2019

Greene County Schools Board Members
Chucky-Doak Band Booster Club
c/o Chuckey-Doak High School
365 Ripley Island Road
Afton, Tennessee 37616

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of Greene County's Chuckey-Doak High School Band Booster Club, 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 3rd 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 that reads "Justin P. Wilson".

Justin P. Wilson
Comptroller of the Treasury

JPW/MLC

INVESTIGATIVE REPORT

GREENE COUNTY'S CHUCKEY-DOAK HIGH SCHOOL BAND BOOSTER CLUB

The Comptroller's Office was notified of alleged irregularities in the finances of Greene County's Chuckey-Doak High School Band Booster Club. As a result of these allegations, we performed a limited review of the Chuckey-Doak Band Booster Club (CDBBC) for the period June 1, 2016 through December 31, 2017, to determine whether funds were collected and expended appropriately. The CDBBC receives funds from donations and fundraisers. A finding, as a result of our limited review, is presented below. We reviewed this finding with management, and with the district attorney general for the Third Judicial District.

BACKGROUND

The CDBBC is operated for the purpose of helping offset student expenses associated with being in the high school band. As a school support organization, the CDBCC is required at a minimum 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. The CDBBC holds fundraising events, maintains a bank account, and manages its operations in accordance with adopted by-laws.

INVESTIGATIVE RESULTS

FINDING 1: The Chucky-Doak Band Booster Club Had Operating Deficiencies

We reviewed the CDBBC accounting records, bank statements, and supporting documentation for the period June 1, 2016 through December 31, 2017. We noted the following operating deficiencies, which can be attributed to a lack of management oversight.

- A. CDBBC officials did not require or retain adequate supporting documentation for some disbursements. Documentation was either inadequate or unavailable to determine whether several CDBBC disbursements for band travel, band member refunds, camp/instrument instruction, and supplies totaling at least \$12,776, were for legitimate CDBBC expenses. 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."

- B. The CDBBC did not issue receipts for some collections. As a result, the accuracy of the amounts recorded as collected could not be determined. In many instances, the payment type was not noted on the receipt. The *Model Financial Policy for School Support Organizations* requires a receipt to be issued any time, and at the time, cash is turned over to or collected by the treasurer acting in his/her official capacity as treasurer of the school support organization. In addition, the CDBBC was unable to present any collection receipts from May 2017 through December 2017.
- C. The CDBBC did not consistently deposit collections in a timely manner. The *Model Financial Policy for School Support Organizations* require collections to be deposited in the bank in a timely manner. In many instances, the former treasurer held collections up to three weeks before depositing them with the bank. The delay in depositing funds increases the risks of fraud and misappropriation.
- D. CDBBC officials failed to review bank statements, to monitor bank balances, or to ensure a copy of relevant bank statements and image checks were included in board meeting minutes. The *Model Financial Policy for School Support Organizations* requires the treasurer to provide a signed summary of collections and disbursements to organization officers monthly. The CDBBC had official board meetings; however, the CDBBC was unable to present meeting minutes to investigators. Additionally, CDBBC officials did not adequately oversee, document, or account for all fundraising and other collection activities. In some instances, officials failed to prepare and maintain signed cash counts and to monitor expected collections. In November 2017, the CDBBC incurred \$105 in bank charges due to insufficient funds.
- E. CDBBC officials failed to separate financial duties adequately or to provide increased oversight when appropriate. The former CDBBC treasurer received collections, issued receipts, disbursed funds, and delivered deposits to the bank. 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. Periodic review of bank statements and other documentation by other officers or members helps detect errors and enhances the integrity of financial information.
- F. In some instances, CDBBC checks were only signed by the former treasurer. For disbursements, the *Model Financial Policy for School Support Organizations* requires prenumbered bank checks be used and requires two signatures. In addition, the former CDBBC president stated she occasionally presigned CDBBC checks for the former treasurer. The *Model Financial Policy for School Support Organizations* states presigning checks should be prohibited. While on vacation, the former president allowed her daughter to sign her name on two CDBBC checks. The former CDBBC president believed her signature was forged on some CDBBC disbursed checks; however, we could not determine the validity of her claim since the former president allowed others to sign her name.

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