



COMPTROLLER'S INVESTIGATIVE REPORT

William Blount High School Wrestling Program

June 18, 2020

Justin P. Wilson
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

June 18, 2020

Blount County School Officials
and School Board Members
831 Grandview Drive
Maryville, TN 37803

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the William Blount High School Wrestling Program, 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 5th 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 black ink that reads "Justin P. Wilson".

Justin P. Wilson
Comptroller of the Treasury

JPW/MLC

INVESTIGATIVE REPORT

WILLIAM BLOUNT HIGH SCHOOL WRESTLING PROGRAM

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the William Blount High School wrestling program. The investigation was initiated after school officials reported questionable practices by the wrestling coach and was limited to selected records for the period August 2016 through June 2019. The results of the investigation were communicated with the Office of the District Attorney General of the 5th Judicial District.

BACKGROUND



William Blount High School, located in Maryville, Tennessee, is operated by the Blount County Board of Education. The school serves ninth through twelfth grade students and has a student population of approximately 1,800. The wrestling team is among the extra-curricular athletic opportunities offered by the school. On October 20, 2018, the school wrestling coach resigned and was replaced with a non-faculty wrestling coach for the 2018-2019 school year.

The wrestling team participated in fundraising activities, such as concession sales at home wrestling matches and at other athletic events held at the school. The wrestling team did not have a support organization or booster club; however, parents operated the concession sales, which involved purchasing supplies, selling concessions, and collecting cash.

Tennessee Code Annotated, Section 49-2-110, provides for student activity funds and establishes responsibility for those funds. This section requires local school systems to adopt the *Tennessee Internal School Uniform Accounting Policy Manual* (manual) and to maintain all activity funds and records in accordance with the requirements noted in the manual. Maintenance and use of activity funds are also governed by the Blount County Board of Education Policy, Section 2.900, *Student Activity Funds Management*, which requires student activity funds to be deposited in respective school activity accounts and proper records of receipts and disbursements to be maintained.

RESULTS OF INVESTIGATION

• FUNDRAISING ACTIVITIES HAD OPERATING DEFICIENCIES

Investigators reviewed accounting records, bank statements, and supporting documentation for the period August 2016 through June 2019, and noted deficiencies related to collecting, depositing, and disbursing collections from fundraising activities by the current and former wrestling coaches. These deficiencies are noted below.

- A. The former and current wrestling coaches failed to maintain adequate documentation of cash collections from fundraising activities such as concession sales at home wrestling matches and other athletic events held at the school. As stated above, the manual and board policy require all collections to be accounted for and remitted for deposit into a school activity account. Due to the lack of records and controls over beginning and outstanding inventory, as well as over funds received, investigators were unable to determine whether all collections went to the benefit of the wrestling team. Failure to produce and retain adequate documentation increases the risk that errors or misappropriations will occur without prompt detection.
- B. The former and current wrestling coaches did not remit cash collections to the school bookkeeper for deposit into a school activity account. Investigators noted that cash from collections was used to purchase equipment and supplies for future concessions sales. The *Tennessee Internal School Uniform Accounting Policy Manual*, Section 5, Title 2, states, "Using daily collections for cashing checks or making purchases is prohibited." During the 2017-2018 school year, the former wrestling coach gave a parent complete control of collections. This parent retained the cash collected and used the cash to purchase equipment, concessions supplies, food for the wrestlers, and to reimburse herself for similar purchases she made with her personal funds. This parent advised investigators that she turned over approximately \$600 in cash and all receipts and invoices related to concession operations to the coach at the end of the year. The coach claimed he used the cash for the end of season banquet. However, investigators determined a parent, not the coach, paid for the banquet expenses and were unable to determine whether all collections were used to benefit the wrestling program.

In the 2018-2019 school year, the current wrestling coach deposited fundraising collections into his personal bank account. Disbursements of fundraising collections were made by the coach from his personal bank account rather than through the approved school purchasing procedure, which requires approval and a receipt or invoice prior to payment with an official school check. Investigators reviewed supporting documentation and determined the coach used collections to purchase equipment, concessions supplies, food for the wrestlers, and to reimburse himself for similar purchases he made with personal funds. Investigators determined the coach deposited \$700 from fundraising collections in his personal account; and, it appeared he spent at least \$330 more of his personal funds for the wrestling program than what was collected.

As stated above, the manual requires all collections to be accounted for and remitted for deposit. Due to the lack of records and controls over beginning and outstanding inventory as well as over collections, investigators were unable to determine whether all collections went

to the benefit of the wrestling team. Failure to produce reports, retain adequate documentation, and comply with the manual increases the risk that errors or misappropriations will occur without prompt detection.

- C. School personnel failed to require the former and current wrestling coaches to prepare fundraiser summary reports to show that they used the proceeds for the intended purpose of the fundraisers. According to the *Tennessee Internal School Uniform Accounting Policy Manual*, Section 4, Title 8, fundraising activities conducted for designated purposes require a summary report to be prepared and filed in the school office as close as possible to the time that the money is expended and should include a summary of expenditures showing how the profit was used. The manual also requires that accurate and systematic records of all cash collected should be maintained, that fundraiser sales be reconciled with inventory, and that school officials prepare a fundraiser summary report to ensure that profits from school-sponsored fundraising activities were expended for the purposes for which they were raised. Fundraiser profit analyses and summary reports help ensure that errors or misappropriations will be promptly detected.
- D. The former and current wrestling coaches failed to adequately secure concession inventory. *Tennessee Internal School Uniform Accounting Policy Manual*, Section 4, Title 2, sets forth required procedures for safeguarding inventories from loss, theft, physical deterioration, or misuse. The manual requires that inventories be stored in locked enclosures with access granted only to authorized personnel. Failure to secure inventory increases the risk that errors or misappropriations will occur without prompt detection.

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