



COMPTROLLER'S INVESTIGATIVE REPORT

Columbia Central High School Cheer Program

March 23, 2021

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

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Maury County Public Schools
Superintendent of Schools Michael Hickman
and Members of the Maury County Board of Education
501 West 8th Street
Columbia, TN 38401

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Columbia Central High School Cheer 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 22nd 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 blue ink, appearing to read "Jason E. Mumpower", with a long horizontal line extending to the right.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Columbia Central High School Cheer Program

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the cheer program at Columbia Central High School. The Comptroller's Office initiated the investigation after questions were raised concerning cheer finances. The results of the investigation were communicated with the Office of the District Attorney General of the 22nd Judicial District.

BACKGROUND



Columbia Central High School (CCHS) is a secondary school in Columbia, Tennessee, and is a member of Maury County Public Schools. The school serves approximately 1,300 students in grades nine through 12. CCHS offers over a dozen athletic programs to its students, including cheer teams. In the 2019-2020 academic year, there were three separate cheer teams at the school: football, basketball, and competition. The football and basketball cheer teams' seasons mirrored those of the respective sports. Competition cheer overlapped with the other seasons, and it culminated in February 2020 with a trip to Orlando, Florida for a tournament.

All cheer teams in 2019-2020 were coached by Melissa Todd. Todd was solely responsible for the operational and administrative functions of the three cheer teams, including the teams' finances. Todd decided that the primary fundraiser for all teams in the 2019-2020 year was to participate in concession sales at concerts and professional sporting events in Nashville, Tennessee. A few smaller activities also helped raise funds for the teams. If students or parents decided not to participate in fundraising activities, they had the option to privately pay CCHS directly for their cheer-related expenses.

The primary expenses of all cheer teams were uniforms, supplies, and equipment, which came from one main vendor, Varsity Spirit. Additionally, the competition team trip to Orlando, Florida required air travel, lodging, ground transportation, entry fees, theme park tickets, meal per diem payments, and other ancillary expenses.

RESULTS OF INVESTIGATION

1. MELISSA TODD DIRECTED SCHOOL FUNDS TO BE PAID FOR HER ADULT FAMILY MEMBER TO FLY TO AND ATTEND A CHEER COMPETITION

Todd spent \$905.03 of the school's funds for her adult family member to attend the cheer team's trip to Orlando as noted in the following table.

| Family Member Item Purchased | Cost to CCHS |
|---|------------------------|
| Tournament ticket | \$410.00 |
| Flight | 261.88 |
| Shuttle bus | 183.15 |
| Flight deposit | 50.00 |
| Total Trip Cost for Todd's Family Member | <u>\$905.03</u> |

School officials had no knowledge or record of Todd's family member being an approved assistant coach or volunteer at CCHS. Since the family member was not an approved assistant or volunteer affiliate of the cheer program, the family member's trip was not eligible to be paid from school funds.

Todd stated the funds spent for her family member's trip were raised by Todd's work selling concessions. However, investigators concluded that Todd did not raise sufficient funds to cover all of her own obligations, much less any obligations of her family member. Todd advised parents she paid for her trip out of her own pocket. However, investigators found no evidence that Todd made any such payments except for a \$20.20 payment she made via check to CCHS for her flight, which was deeply discounted because of her status as the trip organizer. The remainder of the cheer coach's trip cost \$843.15, and those costs were paid by the school.

The *Tennessee Internal School Uniform Accounting Policy Manual* (Manual) provides that, "All expenditures of restricted fund account money must be for the purpose or group for which the money was raised" (Manual p.4-3). The cheer coach acknowledged knowing this guideline in a message she sent to the cheer team's parents in July 2019 when she informed them that she would "not be able to take parent [flight deposit payments] from the cheer account due to bookkeeping guidelines."

While attempting to recalculate the amount paid by the school for the trip to Orlando, investigators observed that the supporting documentation was incomplete for the school check that paid for the flights. CCHS check number 44338 was written for \$11,742.86, but the attached documentation in the school's records accounted for only \$7,856.40. Investigators obtained complete documentation supporting the \$11,742.86 check and observed that Todd withheld the documentation that included her family member's name. This meant that Todd did not present complete supporting documentation for review by school officials prior to the officials signing the check. Likewise, investigators requested supporting documentation for CCHS check number 43750, which was written for \$1,200 to pay for the flight deposits. However, there was no supporting documentation on file for that check, so the list of persons for whom the school paid deposits was not available.

2. MELISSA TODD COULD NOT ACCOUNT FOR CASH COLLECTIONS TOTALING AT LEAST \$1,672.74

Investigators observed a lack of adequate recordkeeping for cheer team collections and disbursements. Due to the disarray of the accounting records, investigators could not determine if all funds were accounted for properly. Investigators did note the following:

- a. The cheer teams collected cash from many of their fundraisers. In a document that Todd prepared for the principal and parents specifically on behalf of CCHS about the teams' finances, she reported that from April 6, 2019 through January 27, 2020 she deposited cash into the cheer teams' account at least ten times totaling \$5,616.87. A review of the general ledger and collection logs for the cheer teams on file at the school revealed that the cheer coach only deposited \$4,014.13 for those specific events, a difference of \$1,602.74 (\$5,616.87 less \$4,014.13).

Collection logs that Todd completed and submitted to the school indicated that collections were composed of cash. Investigators observed that there were two informal categories of cash fundraisers: on-campus and off-campus. Investigators noted that when cash was collected from events off-campus, like at professional sporting events, the cash reported by Todd often did not agree with the school's ledger. If cash was reported as collected on-campus, like through a T-shirt sale, the amount reported often agreed with school records.

- b. Investigators noted in school records that Todd collected a \$40 cash per diem to be used for a student on the February 2020 Orlando trip; however, the \$40 was not used. In September 2020, investigators noted that the unused \$40 per diem was never deposited back into the cheer team account. When investigators asked the school bookkeeper if the funds were ever redeposited, the bookkeeper reached out to Todd about the matter; however, Todd could not explain the discrepancy. Todd returned to the bookkeeper's office the day after the discussion regarding the missing funds and stated that she had found the \$40 in question in a bag that she had never unpacked after the February trip.
- c. School records revealed that Todd reported cash collections of \$663 on a collection log dated February 5, 2020. However, the total amount of cash remitted to and deposited by the bookkeeper was \$633, resulting in a \$30 discrepancy (\$663 less \$633). The school bookkeeper could not provide any explanation for the difference between reported collections and deposits.

| Cash Collections Not Deposited | Amounts |
|---|--------------------------|
| a. Deposits less than reported collections April '19 to January '20 | \$1,602.74 |
| b. Cash per diem not redeposited from February '20 | 40.00 |
| c. Cash withheld from deposit in February '20 | 30.00 |
| Total Cash Collections Withheld from Deposits by Todd | <u>\$1,672.74</u> |
| | |
| Repayment of \$40 by Todd, September '20 | <u>40.00</u> |
| | |
| Remaining cash collections withheld from deposit by Todd | <u>\$1,632.74</u> |

3. MELISSA TODD CONCEALED INFORMATION RELATED TO A \$44,029.09 DEBT

Investigators determined that a cumulative bill for cheerleading supplies and uniforms totaling \$44,029.09 owed to vendor Varsity Spirit (Varsity) was concealed from the school by Todd. As a result, the bill was not properly accounted for by the school or paid by its due date. The invoice was due to be paid by September 2019 based on an agreement signed by the school's

principal. Since the total amount of the debt was not known by school officials, the debt from the invoice was not recorded in the school’s records at the end of the 2019-2020 fiscal year.

During preliminary meetings, investigators were told by Todd that purchases were made from Varsity in 2019-2020. Later investigators noted that the school’s ledger reflected no payments had been made to Varsity during that fiscal year. Todd told investigators that Varsity had not given her complete information about the invoice. Trying to resolve the matter, investigators requested the school principal seek directly from Varsity the total amount owed on the school’s account. The principal advised investigators that he believed the bill was approximately \$5,000; however, when the principal made the request to Varsity, he discovered that the entire amount owed was more than \$44,000. Subsequent information obtained by investigators and an admission by Todd revealed that she had received the bills for the entire \$44,029.09 debt by October 2019, and that she had made no effort to pay the bill.

Investigators obtained emails showing that Todd communicated with Varsity personnel in November and December 2019, that she had received the full bill, and that she would get it paid by the end of those respective months. Todd never communicated this information to school officials.

After the entire \$44,029.09 debt was revealed to investigators and school officials in July 2020, Todd could not provide a full accounting for the purchases. It was understood that part of the debt was owed by parents and part was owed by the school, but neither Todd nor Varsity could provide specific allocations; therefore, CCHS is liable for the entire amount. Todd stopped responding to investigators’ requests for more information. Eventually investigators held a meeting with the school principal to emphasize the importance of the matter. Subsequently, Todd emailed a document to investigators in September 2020 that reflected a total of \$12,231.23 owed to the vendor by the school for its portion of the debt.

After a request from a cheer parent, the matter of the school’s unpaid Varsity invoice was added to a Maury County Board of Education (BOE) work session on November 17, 2020. The BOE requested information about the matter prior to the meeting, and a request was made to the school by the central office for the information. The school’s principal submitted a document prepared by Todd in response. The document showed that the school’s obligation to the vendor was \$19,809.55.

| Submissions by Todd | Amount |
|---|--------------------------|
| Total uniform orders per Todd to BOE 11/17/2020 | \$19,809.55 |
| Total uniform orders per Todd to Investigators 09/24/2020 | <u>12,231.23</u> |
| Difference never explained by CCHS | <u>\$7,578.32</u> |

Investigators also noted that the first section of the document submitted to the BOE was a timeline of the 2019 Varsity orders, according to Todd. It made no mention of Todd’s interactions with Varsity in November and December 2019. According to emails obtained by investigators, Varsity repeatedly informed Todd of the bill’s past-due status during those months, and she pledged to the vendor to get the bill paid prior to the end of the calendar year.

CCHS made payments of \$6,000 in September 2020, \$22,322.53 in October 2020, and \$15,706.56 in February 2021 to eliminate the debt.

On March 11, 2021, the Maury County Grand Jury indicted Melissa Todd on one count of Forgery, one count of Theft, and one count of Tampering with or Fabricating Evidence.

[Columbia Central High School Cheer Program Investigation Exhibit](#)

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

The Comptroller's investigation revealed the following deficiencies in internal controls and compliance.

Deficiency 1: Columbia Central High School officials failed to ensure compliance with a vendor agreement

Investigators obtained a Delayed Billing Agreement from Varsity Spirit that was signed by the school's principal in June 2019. The agreement permitted the school's 2019 order from Varsity to be completed at that time and for billing to be delayed until September 2019. Failure to track and comply with the signed agreement permitted the invoices to go unpaid without prompt detection as noted below:

- i. No one at the school – including Todd and the principal who signed the document – provided information about this document to investigators. The information was only obtained after it was requested from the vendor when it was mentioned by other individuals. Failure to provide significant information to investigators at the beginning of the investigation inherently caused delays in the investigative process.
- ii. The Varsity bills were unpaid at the end of the 2019-2020 fiscal year. Since the Deferred Billing Agreement designated that payment was due by September 30, 2019, and since it stated that a late fee of one-and-a-half percent of the total balance per month would be charged, \$5,943.96 (\$660.44 per month for nine months) in late penalties had been accrued by July 1, 2020. Varsity later agreed to waive the late fees after partial payments were made by Columbia Central High School in September 2020.
- iii. Due to the prolonged non-payment of the bill and lack of its acknowledgement in the school's accounting records, the available funds in the cheer team accounts were overstated by at least \$44,029.09 at the end of the 2019-2020 fiscal year.

In addition, the school bookkeeper stated to investigators that any time she received mail from Varsity she put the mail into Todd's mailbox without opening the envelope. Varsity sent multiple

letters to the school bookkeeper regarding the past-due status of the bill during 2019 and 2020. The bookkeeper's actions prevented her from being aware of the amount and past-due status of the bill from Varsity until July 2020. Investigators also learned that the bookkeeper received emails from Varsity earlier in 2020 notifying her of the amount and past-due status of the bill owed by the school. The *Tennessee Internal School Uniform Accounting Policy Manual* (Manual) provides, "Unpaid invoices (or other supporting documentation) for goods and services received should be reviewed at least monthly and approved as required" (Manual p.4-10). The existence of the Delayed Billing Agreement should have triggered a regular review of the status of the Varsity account beginning in September 2019, but the school principal, bookkeeper, and Todd made no such efforts.

Todd's actions and the failure to properly monitor the Varsity agreement by the principal and bookkeeper ultimately led the cheer accounts to have an unreported deficit balance at the end of the 2019-2020 academic year. According to the Manual, "A deficit balance in a restricted fund account is not allowable" (Manual p. 4-3). The Maury County Board of Education *Policy 2.800 – Expenditure of Funds* provides, all expenditures of funds at the individual school level related to internal activity funds shall be in accordance with the Manual. Todd withheld invoices, emails, letters, and other documents from school officials to prevent deficit balances from being posted to the cheer team accounts at the end of the 2019-2020 fiscal year.

Deficiency 2: Columbia Central High School officials failed to ensure compliance with collection and deposit policies

According to the Manual and the Maury County Board of Education *Policy 2.500 – Deposit of Funds*, funds collected by school personnel shall be deposited "daily if possible, but no later than three (3) days after being received." In addition, the Manual states that collection log documents used in place of prenumbered receipts must include the date(s) of collection on the log (Manual p. 5-4). Investigators observed that the cheer team collection logs often listed the collection date to be the date when funds were remitted to the school's bookkeeper, not the date that funds were collected by Todd. Those instances included but were not limited to the following:

- i. A check was given to Todd at a meeting in May 2020, but it was not deposited until July 2020. The collection log showed the collection date as July 6, 2020.
- ii. A check was given to Todd at cheer tryouts in June 2020, but it was not deposited until July 2020. The collection log showed the collection date as July 6, 2020.
- iii. Funds including cash collected at a cheer pancake breakfast were recorded as collected on January 15, 2020 instead of when they were collected on January 11, 2020.
- iv. Funds including cash collected at the cheer team's silent auction were recorded as collected on January 27, 2020 instead of when they were collected on January 25, 2020.

Deficiency 3: Columbia Central High School officials failed to ensure compliance with collection policies thus preventing accountability of student activity funds

According to the Maury County Board of Education *Policy 2.900 – Student Activity Funds Management*, “Proper records of receipts and disbursements shall be maintained in accordance with the Manual.” The Manual requires that collection logs must document the purpose of the collection, the payers, the amounts remitted, collection date, and other necessary information (Manual p. 5-4). Todd often did not record complete information on the collection logs she filled-out for funds she remitted to the bookkeeper. This prevented an accurate accounting of the funds collected and deposited into the cheer team accounts. Instances of incomplete collection information in school records included but were not limited to the following:

- i. A check for \$80.20 from Todd was deposited into the cheer team account on December 23, 2019. The collection log contained other entries, and its “Purpose of Collection” was “Nationals,” or the trip to Orlando. Investigators asked Todd what the purpose of the check was, and she told investigators that it was for her airfare. Investigators later learned that Todd’s airfare only cost \$20.20, so they asked why she overpaid by \$60. She told investigators that she donated the \$60 to a team member who had raised insufficient funds for the trip. She said that she never told the team member about the donation, and that she made no record of the donation. Investigators reviewed fundraising records and observed that the team member had raised more than enough to pay for the trip. When investigators asked Todd to clarify the inconsistency, she did not provide an explanation.
- ii. Investigators observed another check payment from Todd on a collection log that contained only Todd’s name. The check was for \$400, and it was recorded as collected on February 5, 2020. Investigators asked Todd about the payment, and she stated that it was a parent payment of \$400 for the trip to Orlando. Todd showed investigators that the payment was remitted to her via Venmo, and that she wrote the check to the school. Todd made no other record of the payment, so it was not possible to discern from whom the payment was made based on available records.
- iii. Todd formed an agreement with the school’s softball coach in 2019, which permitted softball parents to volunteer selling concessions at professional sporting events to raise money for the softball team. In exchange for their work, funds would be transferred from the cheer team account to the softball team account after payment was received from the fundraiser company. Todd emailed the softball coach on January 15, 2020 and stated that she would transfer \$1,360 from the cheer team account to the softball team account for work completed by the softball parents in December 2019. The cheer team collection log from January 15, 2020 showed that a check from the fundraiser company was deposited into the cheer team account on that date for the December event. Todd made no notation on the collection log that \$1,360 of the deposit was supposed to be transferred to the softball team. Investigators determined that Todd never made the transfer and instead used those funds on cheer team expenses.

Deficiency 4: Columbia Central High School officials failed to ensure compliance with collection policies thus increasing risks that cash was not deposited accurately

Maury County Board of Education *Policy 2.900 – Student Activity Funds Management* provides, “Proper records of receipts and disbursements shall be maintained in accordance with the Manual.” The Manual recognizes that receipts and collection logs might not be convenient or practical in all

situations, but it does require that all collections be counted by at least two responsible individuals. Those counts must be documented, and they must be completed at the close of each fundraising activity (Manual p.5-6). Based on available documentation, Todd did not properly conduct and document cash collections during the 2019-2020 year as noted below:

- i. Cash was documented as having been collected during multiple fundraisers in 2019-2020. Those fundraisers included selling concession at concerts and sporting events, T-shirt sales for a rivalry football game, a pancake breakfast, and a silent auction. Investigators were not provided documentation of a second count by a responsible individual on any of those counts.
- ii. Todd did not complete a collection log for the funds she collected and remitted to the football booster club for flight deposits. Cash totaling \$400 was remitted to the football booster club for that purpose. Those funds should have been counted by more than one person, reported on a collection log, deposited into the school's account, and remitted to the football club via check. The only record of those funds was on the booster club's bank deposit slip.

Deficiency 5: Columbia Central High School officials failed to ensure compliance with expenditure policies thus permitting a bill to go unpaid

Investigators determined that the Delayed Billing Agreement from June 2019 with the Varsity Spirit vendor was approved when there was far less than \$30,000 available in the cheer team accounts. This agreement was entered into prior to the completion of the 2018-2019 fiscal year, and there was no documented plan in-place to remedy the insufficient balance in the cheer team accounts. This was in violation of Maury County Board of Education *Policy 2.810 – Payment Procedures*, which states that “Schools may obligate themselves for the purchase of equipment, supplies, or services, provided payments are completed by June 30 of the current school year or a plan for future payments has been made by the principal.” Failure to comply with this policy permitted Todd to incur the significant debt that remained unpaid at the end of the 2019-2020 fiscal year.

Proper recognition of that unpaid debt would mean that the balance of the cheer team accounts was a deficit at the end of the fiscal year, which is in violation of Maury County Board of Education *Policy 2.800 – Expenditure of Funds*. That policy provides, “Employees of this system shall not create or authorize creation of a deficit in any fund. No expenditure may be authorized or made which exceeds the appropriation of any fund...and expenditures or encumbrances will not be authorized, made, or incurred in excess of any fund balance.” In addition, “Employees who authorize or contract for any obligation in violation of this policy shall assume personal responsibility for the payment of the obligation, shall be subject to dismissal from employment, and shall be subject to applicable civil and criminal proceedings.”

Deficiency 6: Columbia Central High School officials failed to ensure compliance with expenditure policies thus permitting school funds to be disbursed without supporting documentation

Failure to obtain adequate supporting documentation prior to disbursing funds was a deficiency in the audits of the Maury County Public Schools for fiscal years 2017-2018, 2018-2019, and 2019-2020. In all the audit reports, Columbia Central High School (CCHS) was specifically identified as failing to obtain adequate supporting documentation prior to disbursing funds, a requirement of the Manual.

The Manual states, “The bookkeeper should require and obtain adequate supporting documentation before disbursing any school money” (Manual p. 5-12). The school bookkeeper and principal permitted multiple checks for the competition cheer team’s airfare to be issued without requiring Todd to submit sufficient supporting documentation.

- i. CCHS check number 43750 for \$1,200 was signed by both the principal and the bookkeeper and was issued on July 8, 2019 without any supporting documentation. This check was used for 24 flight deposits, but no supporting documentation was attached to show for whom the deposits were purchased.
- ii. CCHS check number 44338 for \$11,742.86 was signed by both the principal and the bookkeeper and was issued on December 20, 2019 without complete supporting documentation. This check was used to purchase approximately 45 flights for the Orlando trip, but the attached documentation accounted for only \$7,856.40 of flight purchases (\$7,856.40 divided by \$261.88 per flight equals 30 flights).

Failure to require adequate supporting documentation for both of those checks permitted Todd to make purchases for her family member to attend the Orlando competition at the school’s expense.

Deficiency 7: Columbia Central High School officials failed to comply with profit analysis report requirements

The Manual states that “someone who is not involved in the collections or recordkeeping for the fundraiser should prepare the profit analysis report” (Manual p. 4-36). That element of the Manual is an “Emphasized Internal Control Feature” specifically listed to improve the accountability of school fundraisers by separating the incompatible duties of custody and recordkeeping of assets. Investigators observed that all Fundraiser Summary Reports for cheer were signed as completed by Todd and signed as reviewed by the school principal. Todd was directly involved in the collections and recordkeeping of all cheer team fundraisers.

Maury County Public Schools officials indicated that they have corrected or will correct these deficiencies.