



COMPTROLLER'S INVESTIGATIVE REPORT

Copper Basin Elementary School

October 26, 2021

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

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Polk County Board of Education
and Director of Schools, Dr. James R. Jones
131 Stephens Street
PO Box 665
Benton, TN 37307

Dr. Jones and Board Members:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Copper Basin Elementary School, 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 10th 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 that reads "Jason E. Mumpower".

Jason Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Copper Basin Elementary School

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to Copper Basin Elementary School. The Comptroller's office initiated the investigation after Polk County Schools officials reported questionable practices by a former school principal and former teacher. The investigation was limited to selected records for the period from July 1, 2018 through April 25, 2019. The results of the investigation were communicated with the Office of the District Attorney General of the 10th Judicial District.

BACKGROUND



Copper Basin Elementary School (CBE) located in Copperhill, Tennessee, is a part of Polk County Schools. CBE serves pre-kindergarten through sixth grades and had a student enrollment of 307 as of March 1, 2019. To help fund student activities and school operations, CBE accepted donations and held various fundraising activities.

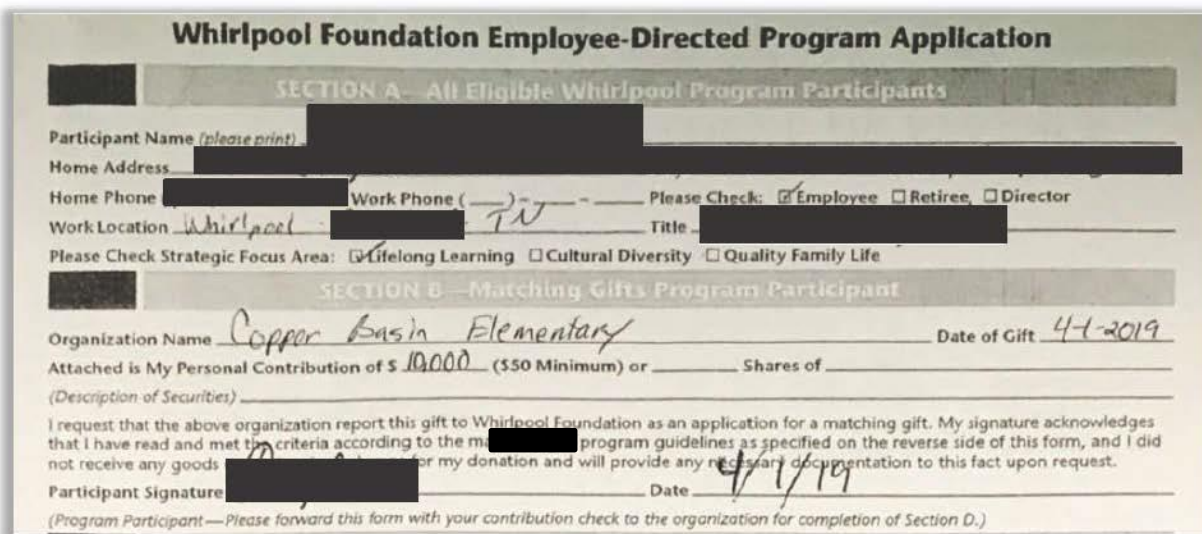
RESULTS OF INVESTIGATION

- **A FORMER PRINCIPAL AUTHORIZED QUESTIONABLE TRANSACTIONS BETWEEN THE SCHOOL AND A FORMER TEACHER**

A former CBE principal authorized an arrangement to give a former CBE teacher \$10,000 cash from CBE collections so that the teacher's husband could donate the funds back to CBE and then request a matching contribution from his employer. Investigators found that the principal told multiple school employees that she authorized the teacher to receive \$10,000 cash from CBE funds to facilitate this matching contribution. Investigators obtained information from employees that indicated the source of cash deposited in the teacher's account was undeposited collections from fundraisers the principal kept in the school's safe. Multiple school staff reported to investigators that the principal had an ongoing bake sale fundraiser, although school records indicated that proceeds from this fundraiser were neither receipted into school records nor deposited into a school bank account during the period in question. Investigators confirmed \$10,000 cash from an unidentified source was deposited into the teacher's bank account on April 1, 2019. Additionally, a personal check from the teacher's husband for \$10,000 was receipted into the school's financial records as a donation on April 2, 2019, and deposited into the CBE bank account on April 4, 2019.

School records included an application, dated April 1, 2019, from the teacher's husband requesting his employer's foundation match his \$10,000 contribution to CBE (**Refer to Exhibits 1 and 2**). Investigators found a copy of the husband's personal check (**Refer to Exhibit 3**) dated April 1, 2019, for \$10,000 to CBE. As of January 5, 2021, CBE had not received funds from the foundation.

Exhibit 1



Whirlpool Foundation Employee-Directed Program Application

SECTION A—All Eligible Whirlpool Program Participants

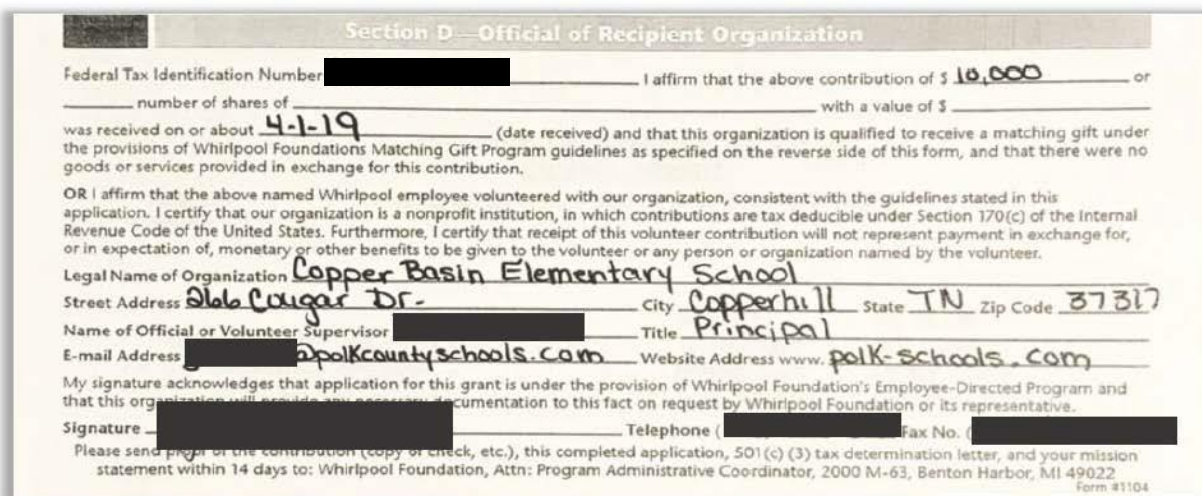
Participant Name (please print) [REDACTED]
 Home Address [REDACTED]
 Home Phone [REDACTED] Work Phone ()-[REDACTED]-[REDACTED] Please Check: Employee Retiree Director
 Work Location Whirlpool [REDACTED] TN Title [REDACTED]
 Please Check Strategic Focus Area: Lifelong Learning Cultural Diversity Quality Family Life

SECTION B—Matching Gifts Program Participant

Organization Name Copper Basin Elementary Date of Gift 4-1-2019
 Attached is My Personal Contribution of \$ 10,000 (\$50 Minimum) or _____ Shares of _____
 (Description of Securities) _____
 I request that the above organization report this gift to Whirlpool Foundation as an application for a matching gift. My signature acknowledges that I have read and met the criteria according to the matching gift program guidelines as specified on the reverse side of this form, and I did not receive any goods or services in exchange for my donation and will provide any necessary documentation to this fact upon request.
 Participant Signature [REDACTED] Date 4/1/19
 (Program Participant—Please forward this form with your contribution check to the organization for completion of Section D.)

Section A of the application provided to investigators from school records. It appears to be signed by the teacher's husband on 4/1/2019 and documents his contribution of \$10,000 to CBE, his job title, and his work location.

Exhibit 2



Section D—Official of Recipient Organization

Federal Tax Identification Number [REDACTED] I affirm that the above contribution of \$ 10,000 or _____ number of shares of _____ with a value of \$ _____ was received on or about 4-1-19 (date received) and that this organization is qualified to receive a matching gift under the provisions of Whirlpool Foundations Matching Gift Program guidelines as specified on the reverse side of this form, and that there were no goods or services provided in exchange for this contribution.

OR I affirm that the above named Whirlpool employee volunteered with our organization, consistent with the guidelines stated in this application. I certify that our organization is a nonprofit institution, in which contributions are tax deductible under Section 170(c) of the Internal Revenue Code of the United States. Furthermore, I certify that receipt of this volunteer contribution will not represent payment in exchange for, or in expectation of, monetary or other benefits to be given to the volunteer or any person or organization named by the volunteer.

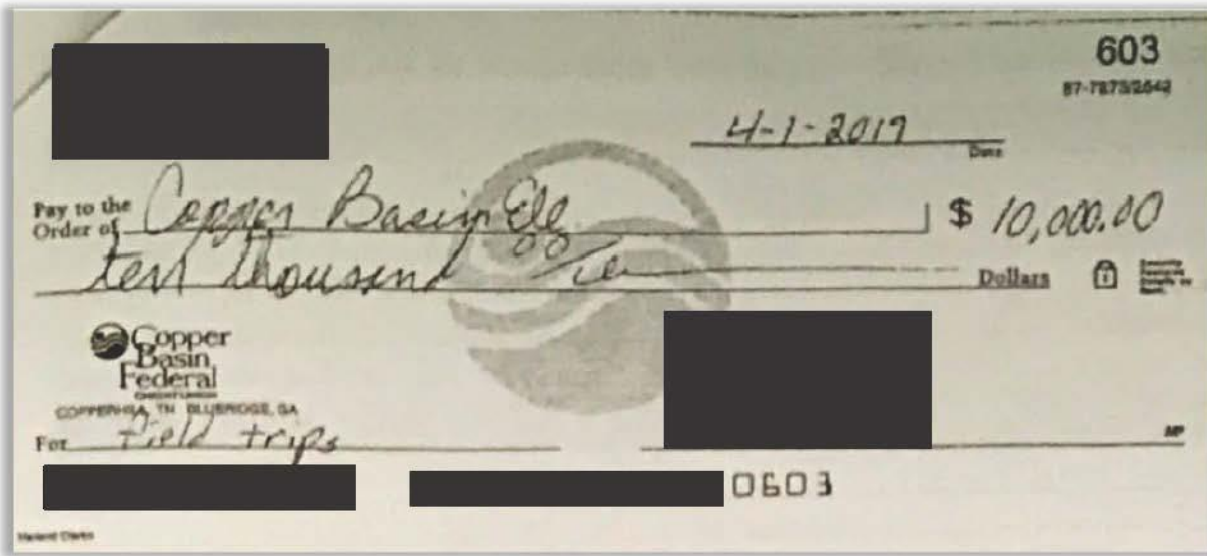
Legal Name of Organization Copper Basin Elementary School
 Street Address Slab Cougar Dr. City Copperhill State TN Zip Code 37317
 Name of Official or Volunteer Supervisor [REDACTED] Title Principal
 E-mail Address [REDACTED] polkcountyschools.com Website Address www. polk-schools.com

My signature acknowledges that application for this grant is under the provision of Whirlpool Foundation's Employee-Directed Program and that this organization will provide any necessary documentation to this fact on request by Whirlpool Foundation or its representative.
 Signature [REDACTED] Telephone ([REDACTED]) Fax No. [REDACTED]

Please send proof of the contribution (copy of check, etc.), this completed application, 501(c) (3) tax determination letter, and your mission statement within 14 days to: Whirlpool Foundation, Attn: Program Administrative Coordinator, 2000 M-63, Benton Harbor, MI 49022
 Form #1104

Section D of the application provided to investigators from school records. It appears to be signed by the principal on 4/1/2019 and documents the husband's \$10,000 contribution to CBE and certain school identifying information.

Exhibit 3



Copy of the husband's check included with the application provided to investigators from school records.

The principal also requested that two other CBE employees engage in a similar arrangement by depositing CBE cash into their family member's personal bank account, having the family member write a check back to CBE in the amount of the cash deposit, and having the family member request a matching contribution from their employer. These employees declined the principal's request and refused to participate.

On April 25, 2019, the Director of Schools placed the principal and teacher on administrative leave without pay and hired replacements for their positions during the 2019-2020 school year. The school department also terminated the employment of the CBE bookkeeper and secretary.

INTERNAL CONTROL DEFICIENCIES

Tennessee Code Annotated, Section 49-2-110, provides for internal school 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 internal school funds and records in accordance with the requirements noted in the manual. According to the manual, certain documentation should be completed for collections based on the type of revenue collected (fundraiser, donation, etc.), fundraisers should have proper documented authorization, supporting documentation should be retained for all disbursements, all collections and disbursements should be posted to accounting records, and collections should be deposited in the

bank intact within three business days. Our investigation revealed that school personnel failed to comply with some of the requirements set forth in the manual, including the following internal control deficiencies, allowing the questionable transactions to occur without prompt detection:

Deficiency 1: School officials did not institute adequate internal controls over cash receipts and disbursements

Investigators identified the following deficiencies in controls over cash receipts and disbursements:

- A. Donation/allocation, fundraiser, teacher collection logs, and resale forms were not completed or were completed incorrectly.
- B. Count of collections forms were not completed as required by the manual for activities such as bake sales.
- C. Documentation to support many receipts was missing or incomplete.
- D. Receipts were not always deposited within three days.

In addition to the deficiencies above, investigators found no documented authorization by the director of schools or principal for certain fundraisers such as bake sales, raffles, and hat day as required by the manual and school department policy. Employees stated and documentation indicates that raffles, in which tickets were purchased then selected at random in exchange for a limited number of prizes, were held as fundraisers. School department policy prohibits any fundraiser “which distributes prizes or makes awards to winners from among purchasers of chances by means of tickets through a random selection process.” Due to a lack of supporting documentation for these and other fundraisers, investigators could not determine whether all fundraiser collections were properly receipted and deposited or how any undeposited collections were disbursed. According to current and former school department employees, a former principal authorized certain fundraiser collections to be kept in the school’s safe instead of being deposited.

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