



COMPTROLLER'S INVESTIGATIVE REPORT

EastView Greeneville Schools in Action

March 11, 2021

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

March 11, 2021

Principal Kelly Ford
EastView Elementary School
454 East Bernard Avenue
Greeneville, TN 37745

Principal Ford:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of EastView Greeneville Schools in Action 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 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 flourish extending to the right.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

EastView Greeneville Schools in Action

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the EastView Greeneville Schools in Action (EGSIA). The investigation was limited to a review of selected records for the period April 1, 2017 through August 31, 2018. The results of the investigation were communicated with the Office of the District Attorney General of the 3rd Judicial District.

BACKGROUND



EGSIA is a parent support organization partnering with students, teachers, and staff at EastView Elementary School to enhance both the academic and related arts programs. EGSIA is operated by parent volunteers and has a core group of officers that lead its operations.

Officers of EGSIA, like officers of all other school support organizations, are required to ensure the funds and property of their organization are safeguarded and used only for purposes related to the goals and objectives of the organization. The Comptroller's Office,

pursuant to *Tennessee Code Annotated*, Section 49-2-610, published the "Model Financial Policy for School Support Organizations - Procedures Manual" (Model Financial Policy) to assist school support organization officers in discharging their obligation to safeguard the funds and property of their organizations. To that end, the Model Financial Policy prescribes the minimum financial accountability controls that officers must follow.

RESULTS OF INVESTIGATION

• EGSIA HAD MULTIPLE OPERATING DEFICIENCIES

Investigators reviewed EGSIA accounting records, bank statements, and supporting documentation for the period April 1, 2017 through August 31, 2018, and noted multiple operating deficiencies. These deficiencies can be attributed to a lack of management oversight and inadequate maintenance of accounting records. These deficiencies are noted below:

- A. EGSIA officials did not require or retain invoices, vendor receipts, or other supporting documentation for many disbursements. *Tennessee Code Annotated*, Section 49-2-604(c), requires a school support organization maintain, at a minimum, detailed statements of receipts and disbursements. The Model Financial Policy requires school support

organizations to obtain and file invoices for all disbursements to document the school support organization used its funds appropriately. Without adequate supporting documentation, investigators were unable to determine whether several EGSIA disbursements were for legitimate expenses.

- B. The Model Financial Policy requires two signatures on checks to ensure all disbursements benefit EGSIA. In some instances, EGSIA checks were only signed by the former treasurer. Having two signatures provides a degree of control over disbursements by indicating both signers agree the payment is proper and reasonable.
- C. EGSIA officials did not comply with the Model Financial Policy requirements to oversee, document, or account adequately for the proceeds of fundraising activities, which included a movie night and T-shirt sale, among others. As a result, investigators could not verify the accuracy and completeness of the amounts collected. In one instance, fundraising collections were unaccounted after a Walkathon in 2018. An EGSIA official stated that collections and a cash count sheet were placed in an open tote bag of the treasurer during a school event. Subsequently, the treasurer claimed the collections went missing from her bag. Investigators were unable to determine who took the funds since EGSIA officials and numerous students and parents had access to the bag in question. The Model Financial Policy sets forth required collection procedures to account for proceeds from fundraisers and other collections.

EGSIA officials failed to:

- Issue receipts for collections or prepare and maintain count sheets signed by two responsible individuals. EGSIA officials stated they typically prepared count sheets for fundraisers; however, they were unable to present the count sheets to investigators.
 - Review bank statements timely to ensure all deposits were made promptly and intact.
 - Require, prepare, or review profit analysis for applicable activities to ensure expected collections were generated.
 - Account for adequately or redeposit separately the cash withdrawn for beginning change for fundraisers.
- D. EGSIA officials failed to routinely review bank statements or to monitor bank balances. The Model Financial Policy requires a copy of the bank statement and imaged checks and deposit slips be provided for inspection to each officer monthly. Additionally, EGSIA did not consistently have official board meetings during the period reviewed.

Investigators made multiple attempts to speak with the former treasurer without success.

School officials indicated that they have corrected these deficiencies.