



COMPTROLLER'S INVESTIGATIVE REPORT

Bradley Central High School Band Booster Club

February 28, 2023

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

February 28, 2023

Bradley Central High School Officials
1000 S. Lee Hwy
Cleveland, TN 37311

and

Bradley County Director of Schools
800 S. Lee Hwy
Cleveland, TN 37311

Bradley Central High School Officials:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Bradley Central 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 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, 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

Bradley Central High School Band Booster Club

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Bradley Central High School Band Booster Club (booster club). The investigation was initiated after booster club officers identified questionable purchases and was limited to selected records for the period May 2021, through January 2022. The results of the investigation were communicated with the Office of the District Attorney General of the 10th Judicial District.

BACKGROUND



Bradley Central High School (BCHS) is part of the Bradley County School System in Cleveland, Tennessee, and serves students in ninth through twelfth grades. Band is one of the fine arts programs offered at BCHS, with over 90 students participating. The booster club is a separately formed nonprofit organization made up of and governed by parents and other volunteers whose purpose is to support and promote the BCHS Band. The primary fundraiser for the booster club is concession sales at BCHS football games.

RESULTS OF INVESTIGATION

1. BOOSTER CLUB CONCESSION MANAGER CRYSTAL LYNN MISAPPROPRIATED BOOSTER CLUB FUNDS TOTALING AT LEAST \$2,069.59 FOR PERSONAL PURPOSES

During the period September 2021, through December 2021, concession manager Crystal Lynn misappropriated at least \$2,069.59 from the booster club by using booster club funds to purchase personal items including gift cards and clothing. [Refer to Exhibit 1.] As the concession manager, Lynn was responsible for going to the store to replenish concession stock before each football game. She included her personal items with the legitimate concession items purchased and paid the entire shopping bill with a booster club check. After being confronted with the misappropriation, Lynn repaid the booster club the misappropriated amount of \$2,069.59 on December 13, 2021.

Exhibit 1

Card Number	Merchant	Amount	Balance
980354117	SHOP CARD	100.00	N
441602	SHOP CARD	50.00	N
764113	LONG HORN	71.98	N
980116204	DISNEY GC	71.98	N
980082058	ARBY'S GC	28.98	N

Example of personal purchases made by Lynn using booster club funds

2. THE BOOSTER CLUB HAD UNSUPPORTED AND QUESTIONABLE PURCHASES TOTALING AT LEAST \$904

In addition to the misappropriation noted above, investigators found at least \$904 in unsupported and questionable purchases made by other members from the booster club bank account during the period examined. The booster club did not adequately document certain purchases including food and other purchases with itemized receipts or invoices. Therefore, investigators could not conclusively determine whether these purchases were exclusively for the benefit of the BCHS band.

On February 15, 2023, the Bradley County Grand Jury indicted Crystal Lynn on one count of Theft over \$1,000.

The charges and allegations contained in the indictment are merely accusations of criminal conduct, and not evidence. The defendant is presumed innocent unless and until proven guilty beyond a reasonable doubt and convicted through due process of law.

Bradley Central High School Band Booster Club Investigation Exhibit

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Officers of the booster club, like all other officers of school support organizations, are required to ensure funds and property of their organizations are safeguarded and used only for purposes related to the goals and objectives of their organizations. To assist such officers in discharging their duties, the Comptroller, pursuant to *Tennessee Code Annotated*, Section 49-2-610, published the “*Model Financial Policy for School Support Organizations (Procedures Manual)*” in 2008 and revised in 2020, which prescribes a set of accounting controls to ensure the funds are used to further the organization’s goals and objectives.

Our investigation revealed the following deficiencies in internal control and compliance, some of which contributed to Lynn's ability to perpetrate her misappropriation without prompt detection:

Deficiency: The booster club had operating deficiencies

Investigators reviewed bank statements and supporting documentation for the investigative period, and found the following deficiencies relating to disbursements:

- In some instances, booster club checks were signed by an authorized signatory prior to purchases being made. The *Procedures Manual* states pre-signing checks should be prohibited.
- As noted in Investigative Result 2. above, investigators were not provided supporting documentation for some purchases made by members from the booster club bank account. To reduce the risk of improper purchases, officers should require and maintain adequate documentation for all purchases.
- In some instances, payments to the band directors and other instructors, ranging from \$750 to \$1,000 in 2021, were paid directly by the booster club to the instructors. These payments were not properly reported on federal Forms W-2 or 1099. As board of education employees, the band directors' compensation should be made through the school's payroll system so payroll taxes are properly withheld, and total compensation is reflected on the employees' Form W-2. Payments exceeding \$600 to non-board employees must be reported to the federal government on Form 1099. Failure to report these booster club payments to the federal government increases the risk that the payments may not have been subjected to income tax, social security, and Medicare calculations.

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