



COMPTROLLER'S INVESTIGATIVE REPORT

Upperman High School Football Booster Club

September 27, 2024

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

September 27, 2024

Director of Schools Corby King
Putnam County Schools
1400 East Spring Street
Cookeville, TN 38506

Putnam County Schools Management:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Upperman High School Football 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 13th 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

Upperman High School Football Booster Club

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Upperman High School Football Booster Club. The investigation was limited to selected records for the period July 1, 2022, through June 30, 2023. The results of the investigation were communicated with the Office of the District Attorney General of the 13th Judicial District.

BACKGROUND



Upperman High School (UHS) is a public high school with over 900 students located in Baxter, Tennessee, in Putnam County. The head football coach runs the UHS football program.

The Upperman High School Football Booster Club (booster club) was established to provide financial support and to promote the UHS football team. The booster club received funding from parents, local businesses, and other

community donations. The booster club also engaged in various fundraising activities to support the UHS football team. The booster club was a nonprofit corporation managed by an executive committee and a board of directors. The executive committee consisted of a president, vice president, secretary, and treasurer. The board of directors included the executive committee members in addition to a parent representative for players in each grade level. The former president served as the president of the booster club from 2013 to 2023. The booster club was dissolved on June 30, 2023.

The booster club was an approved school support organization during the period reviewed. The purpose of the Putnam County School Support Organization (SSO) Policy is to offer guidance and procedures for the proper operation of any approved SSO in the county. The School Support Organization Financial Accountability Act, codified in Tenn. Code Ann. §49-2-601 *et seq.*, provides that officers of the club, like officers of all other SSOs, 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. To assist such officers in discharging their duties, the Comptroller, pursuant to Tenn. Code Ann. § 49-2-610, published the *Model Financial Policy for School Support Organizations (Model Financial Policy)*, which prescribes a set of accounting controls to ensure the funds are used to further the organization's goals and objectives.

RESULTS OF INVESTIGATION

1. THE UPPERMAN HIGH SCHOOL HEAD FOOTBALL COACH IMPROPERLY COLLECTED BOOSTER CLUB FUNDS, WAS A SIGNATORY ON THE BOOSTER CLUB'S BANK ACCOUNT, AND USED BOOSTER CLUB FUNDS

The Upperman High School head football coach (coach) collected funds during booster club fundraisers, was a signatory on the club's bank account, and used booster club funds. Tenn. Code Ann. § 49-2-604 states that a school representative may not act as treasurer or bookkeeper for an SSO and that a school representative may not be a signatory on the checks of an SSO. The *Model Financial Policy* notes that this prohibition extends to having a debit card, credit card, or access to any other type of disbursement account related to an SSO account. Tenn. Code Ann. § 49-2-603(3)(A)(ii)(e) defines a school representative as "any individual who works for the school system and who as part of their employment by the school system is charged with directing or assisting the school club or activity." As an employee of the school system charged with directing the UHS football program, the coach is considered a school representative. Tenn. Code Ann. § 49-2-603(2) defines "internal school funds" as "any and all money received and accounted for at individual schools." The *Model Financial Policy* notes that "this would include money collected and accounted for by coaches, band directors, and other school representatives."

- A. The coach collected funds from booster club fundraisers. Each year, the booster club conducted two large, approved fundraisers known as the "Lift-a-thon" and the "2 A Day Fundraiser," which was a sale of discount cards (**Refer to Exhibit 1**). The coach told investigators there were instances when he collected cash for fundraisers from players. As an example, the coach stated there were instances where a player could not turn money in on time to a parent representative and would instead give it to the coach to remit to a booster club officer. The coach stated he wanted everyone to know he was always there to help, and he would make himself available for the players related to fundraising and cash collection efforts.

Exhibit 1



"Discount card" fundraiser sold for \$20 each

Per the *Model Financial Policy*, the coach should not be involved in the booster club fund collection process as a school representative, and if the coach collects any money from players, the funds would be considered internal school funds, and they should be remitted to UHS. Due to inadequate record keeping, investigators were unable to determine the exact amount or frequency of booster club funds collected by the coach.

- B. The coach was provided access to the booster club checking account and was issued a debit card for this account. On July 24, 2022, the coach signed an account information form, and an authorization acknowledgment form associated with the booster club's checking account. This is standard documentation provided when opening an account with a bank. The former president, former vice-president, and former treasurer of the booster club also had access to a debit card for this account, with equal access. Booster club officers requested the coach be added as a signer on the checking account to have access to a debit card. Prior to obtaining his own card, he borrowed others. The coach confirmed with investigators that he maintained his own debit card for the booster club checking account. The coach would notify two booster club officers and send a picture of the receipt when a purchase for the football team was conducted. Investigators found this procedure to be consistent with statements made by former booster club officers; however, the booster club was unable to produce records to substantiate this purchasing process and verification.

As a school representative, the coach is prohibited by statute and the *Model Financial Policy* from having a debit card and from being a signer for the booster club checking account. The coach and club officers bypassed policy for expediency's sake.

2. THE UPPERMAN HIGH SCHOOL FOOTBALL BOOSTER CLUB FAILED TO MAINTAIN DAILY COLLECTION LOGS

The booster club failed to maintain daily collection logs. Investigators were advised that the proceeds from the sale of concession items at the football games and specific fundraisers were considered booster club funds. However, the booster club was unable to provide investigators with logs or collection sheets related to these events. Due to the lack of logs, investigators could not determine if all donations, fundraising proceeds, or other forms of booster club funds were deposited into the booster club's bank account.

The booster club's practices were not in compliance with Putnam County 2.404 SSO Policy, which states:

For mass collections (e.g. concession, parking, car wash, candy sale), a record of the total collections each day must be created. Two individuals shall count the collections and prepare a count sheet, signed by both counters. When the collections are turned over to the treasurer, he/she and the individuals shall recount the collections. The treasurer shall issue a receipt to the individuals. The count sheet shall be filed by the treasurer.

The failure to follow board policies and the provisions set forth in the *Model Financial Policy* decreases transparency in the accounting of collections and increases the risk that fraud, waste, or abuse will occur without prompt detection.

3. THE UPPERMAN HIGH SCHOOL FOOTBALL BOOSTER CLUB FAILED TO MAINTAIN OFFICIAL MINUTES OF MEETINGS

Investigators interviewed several former booster club officers and determined that the booster club did not maintain meeting minutes. According to Article 2 Section 4 of the booster club's Constitution, "*The Secretary votes on all matters brought before the Executive Committee and the Board of Directors, maintains meeting minutes for all Executive Committee meetings and Board of Director meetings.*"

Once the secretary is removed from their position, they are required to turn meeting minutes over to an officer. Investigators determined this did not occur when multiple persons occupied the booster club secretary position. These records would have included minutes for meetings where booster club spending and fundraising were decided, discussion of changes in policy, and documented voting results. The failure to maintain these records violates the following section of the *Model Financial Policy*:

The officers and/or board of directors of the SSO shall maintain the following: (a) Official minutes of all meetings, copies of its charter, bylaws, and accounting and internal control policies; (b) Amendments to its charter, bylaws, and accounting and internal control policies; and (c) Documentation of its recognition as a nonprofit organization. These records shall be considered permanent records as long as the SSO exists, and shall be maintained for at least four years after dissolution of the SSO. All other records shall be retained for at least four (4) years (refer to number 17 below). All changes in policies or procedures shall be approved and documented in the official minutes of the officer's or board of director's meetings. The officers and/or board of directors shall conduct regular business meetings.

The failure to follow board policies and the provisions set forth in the *Model Financial Policy* decreases transparency in the conduct of regular meetings and increases the risk that fraud, waste, or abuse will occur without prompt detection.

4. THE FORMER UPPERMAN HIGH SCHOOL FOOTBALL BOOSTER CLUB TREASURER SIGNED ANOTHER SIGNER'S NAME ON MULTIPLE CHECKS DRAWN OFF THE BOOSTER CLUB BANK ACCOUNT

The former booster club treasurer signed another check signer's name on 23 checks from September 2022 to May 2023 (**Refer to Table 1**), totaling \$17,198.80. The former treasurer stated she had permission to sign the other signer's name. All remaining booster club account signers denied giving the former treasurer permission to sign their names. Investigators found the checks in question were for expenses associated with booster club activity. Although the booster club policy did not require two signatures for check payments, signing another's name on checks compromises oversight measures and increases the risk of fraud, waste, or abuse. The *Model Financial Policy* recommends, "Official prenumbered checks should require two signatures." Checks having two signatures provide an increased degree of control by indicating that both authorized signers agree that the payment is proper and reasonable.

Table 1

| Summary Of Checks Where Former Treasurer Signed Another's Name By Month | | | | | | | | |
|---|-----------|------------|----------|----------|------------|----------|-----------|----------|
| 22-Sep | 22-Oct | 22-Nov | 22-Dec | 23-Jan | 23-Feb | 23-Mar | 23-Apr | 23-May |
| \$ 226.68 | \$ 190.04 | \$ 200.00 | \$163.88 | \$ 81.94 | \$2,469.38 | \$ 80.00 | \$ 960.00 | \$500.00 |
| \$ 200.00 | \$ 200.00 | \$ 144.90 | \$ 29.95 | | \$ 81.94 | | \$ 115.43 | |
| \$ 200.00 | \$ 900.00 | \$ 500.00 | | | \$1,189.80 | | | |
| \$ 354.00 | | \$1,610.86 | | | | | | |
| | | \$ 200.00 | | | | | | |
| | | \$6,600.00 | | | | | | |

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed deficiencies in internal control and compliance, some of which contributed to the investigative findings outlined above. These deficiencies included:

Deficiency 1: Booster Club officials failed to provide adequate oversight or separate financial duties

Booster club officials failed to provide adequate oversight for the club bank account or segregate financial duties. The treasurer should not be the sole officer responsible for reconciliation, depositing, and check signing. While there were multiple check signers, there was little oversight of collections and deposits of collections. The *Model Financial Policy* states:

No one person within the SSO shall be in control of a transaction from inception to recording. For example, one person shall not be solely responsible for receipting money, reconciling cash to receipts, depositing the cash, reconciling the bank statement, and recording receipts to the accounting records. Another example would be, one person shall not be solely responsible for authorizing a purchase, making the purchase, writing the check to pay for the purchase, signing the check, reconciling the bank statement, and recording the purchase to the accounting records.

Deficiency 2: Booster Club officials failed to require adequate supporting documentation for booster club meetings, votes, and expenditures

Booster club officials failed to require adequate supporting documentation. The *Model Financial Policy* requires official minutes of all meetings. It also requires minutes to be maintained for at least four years after the dissolution of the club. Adequately maintaining meeting minutes will ensure club officials all understand obligations and objectives, including but not limited to voting on policy changes, fundraising opportunities, and booster club expenditures.

Deficiency 3: Booster Club officials failed to document or adequately account for all collections, including fundraising activities

Booster club officials failed to document or adequately account for all collections, including fundraising activities. The booster club officials should require the treasurer to provide receipts for cash collections. Furthermore, the treasurer should be required to maintain a daily collection log for fundraising activities to reconcile with bank deposits. The booster club should also implement measures to ensure that school officials are not involved in handling collections. Providing adequate accountability and oversight of collections helps ensure all collections are accounted for and used to further the goals and objectives of the booster club.
