



## COMPTROLLER'S INVESTIGATIVE REPORT

# Humphreys County School System

*January 28, 2025*

**Jason E. Mumpower**  
*Comptroller of the Treasury*



**DIVISION OF INVESTIGATIONS**



JASON E. MUMPOWER  
*Comptroller*

January 28, 2025

Humphreys County Schools  
Director Robert Lanham  
2443 Highway 70 East  
Waverly, TN 37185

Director Lanham:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Humphreys County School System, 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 23<sup>rd</sup> 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

## Humphreys County School System

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Humphreys County School System. The investigation was limited to selected records for the period January 2024 through June 2024. The results of the investigation were communicated with the Office of the District Attorney General of the 23<sup>rd</sup> Judicial District.

### BACKGROUND



The Humphreys County School System is governed by a seven-member elected school board and encompasses six schools. Tenn. Code Ann. § 49-2-110, provides authorization criteria for student activity fund collections and establishes requirements for the regulation, standards, procedures, accounting, handling, safekeeping, and responsibility for those funds. This section requires local school systems to adopt and comply with the requirements set forth in the *Internal School Funds Manual (Manual)*.

### INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Investigators found that the school failed to comply with the following requirements set forth in the *Manual*:

#### 1. A HUMPHREYS COUNTY SCHOOL OFFICIAL AND A CHEER COACH USED PERSONAL VENMO ACCOUNTS FOR FUNDRAISING COLLECTIONS WITHOUT BOARD APPROVAL

Investigators determined that a Humphreys County school official and a cheer coach used personal Venmo accounts to collect student activity funds. School activity funds are authorized for collection by the board of education, as defined in Tenn. Code Ann. § 49-2-603. Because personal electronic accounts are not contemplated by the *Manual* or provisions of Tenn. Code Ann. § 47-10-119, they should not be used to collect student activity funds. To ensure that relevant collection details are documented and receipted, and to prevent the comingling of personal funds with internal school activity funds, the method used for electronic collection of any student activity funds should

comply with the provisions of Tenn. Code Ann. § 47-10-119 as set forth in the *Manual*. As noted in the *Manual*, the board of education must approve the electronic collection method and establish related policies and procedures. Furthermore, unless adequate internal controls can be established, electronic collection methods should not be used.

- A. The director of the Waverly Central High School Career and Technical Education used a personal Venmo account to collect funds for the school’s softball team sweatshirt fundraiser held January 2024 through May 2024. The purpose of the fundraiser was to purchase equipment, reduce tournament costs, and accommodate other financial needs of the softball team. During the fundraiser, the director collected a total of \$2,115 from 57 individuals, of which \$1,545 was collected via the use of the director’s personal Venmo account.
- B. The Waverly Central High School Cheer coach used a personal Venmo account to collect funds for a junior cheer camp fundraiser held June 10-12, 2024. The purpose of the fundraiser was to provide funds for the team’s attendance at a varsity cheer camp held at a later time. The cheer coach emailed a flyer for the fundraiser to the local elementary schools containing her personal Venmo account information (**See Exhibit 1**). As a result of the fundraiser, the cheer coach collected a total of \$1,428.48 from 19 individuals, of which \$1,203.48 was collected via the use of the coach’s personal Venmo account.

**Exhibit 1**



*The Cheer Camp flyer that was distributed includes the cheer coach’s personal Venmo as a method of payment*

Investigators determined that the board of education did not file an electronic collection method in advance with the Comptroller of the Treasury, Division of Local Government Audit, as required in the *Manual*. School officials should prohibit the use of personal electronic collection accounts such as Venmo to collect internal school activity funds. The use of personal electronic collection

accounts weakens internal controls over collections by hindering transparency and increasing the risk of misappropriation by commingling personal funds with school funds.

## 2. SCHOOL OFFICIALS FAILED TO DEPOSIT FUNDS WITHIN THREE DAYS OF COLLECTION

School officials failed to remit collections to the bookkeeper for deposit within three days after initial collection for at least two fundraisers held during the 2023-2024 school year. School officials collected funds for a cheer camp fundraiser and a softball fundraiser between January 31, 2024, and June 3, 2024; however, those funds were not remitted to the bookkeeper for deposit in a timely manner (See Exhibit 2). Fundraiser collections were not deposited until 22 business days after the first collection (See Exhibit 3).

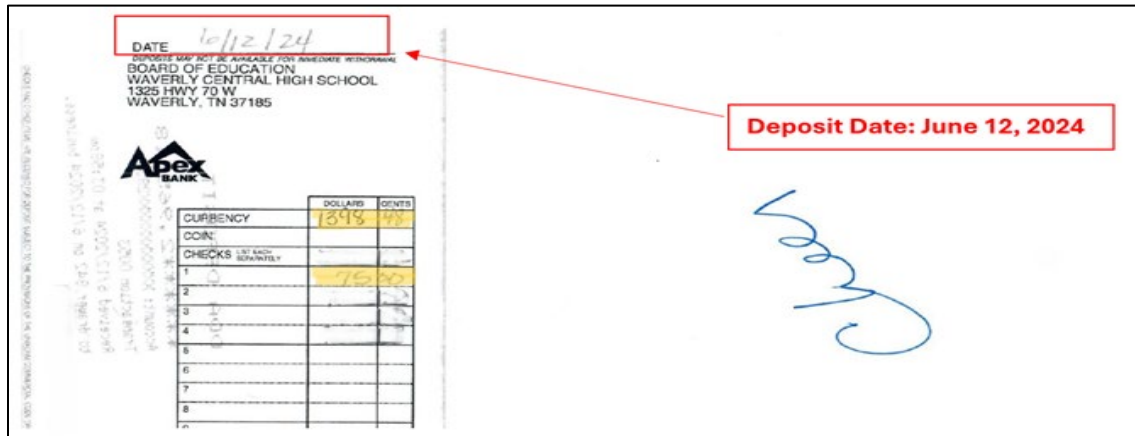
The provisions contained in Tenn. Code Ann. § 5-8-207 and the *Manual* require all student activity and other internal school funds to be deposited into an official school bank account within three days of collection. The delay in depositing funds weakens internal controls over collections and increases the risk of fraud and misappropriation.

### Exhibit 2

Timestamp	Child's Name	Child's Grade for Fall 2023	Parent Name and Phone Number	T-Shirt Size	Agree	Cost of Camp is \$75 which includes
5/10/2024 16:49:40		3rd		Youth Large	Agree	Venmo
5/11/2024 16:15:40			4	Youth Medium	Agree	Venmo
5/14/2024 15:19:27		4th		Youth Medium	Agree	Venmo
5/14/2024 15:23:20			3	Youth Medium	Agree	Venmo
5/17/2024 16:26:57			2	Youth Medium	Agree	Cash
5/17/2024 16:27:42			1	Youth Medium	Agree	Venmo
5/18/2024 10:46:48		3rd		Youth Medium	Agree	Venmo
5/20/2024 8:42:25		Kindergarten		Youth Small	Agree	Venmo
5/20/2024 18:11:57		Kindergarten		Youth Small	Agree	Venmo
5/22/2024 13:57:52		1st		Youth Medium	Agree	Venmo
5/22/2024 17:26:46		KG		Youth Small	Agree	Venmo
5/22/2024 17:43:34		Kindergarten		Youth Medium	Agree	Venmo
5/24/2024 9:57:47			4	Youth Medium	Agree	Venmo
5/26/2024 21:24:00		Pre K 4		Youth Small	Agree	Venmo
5/27/2024 15:20:50			4	Youth Medium	Agree	Venmo
5/27/2024 20:15:54		Kindergarten		Youth Small	Agree	Venmo
5/30/2024 15:32:36		5th Grade		Youth Large	Agree	Check
6/3/2024 9:49:40		1st Grade		Youth XS	Agree	Venmo
6/3/2024 9:50:07		4th Grade		Adult Small	Agree	Venmo
6/3/2024 16:22:20		Kindergarten		Youth Medium	Agree	Venmo
6/3/2024 16:23:20		Kindergarten		Youth XS	Agree	Cash

*A payment detail report that shows collections for the Cheer Camp fundraiser received between May 10, 2024, and June 3, 2024*

Exhibit 3



***Deposit slip that shows total fundraiser collections not being deposited until 22 business days after the first collection***

Humphreys County School officials indicated that they have corrected or intend to correct these deficiencies.