



COMPTROLLER'S INVESTIGATIVE REPORT

Jasper Middle School

June 12, 2025

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

June 12, 2025

Marion County School Board
204 Betsy Pack Drive
Jasper, TN 37347

Marion County School Board Officials:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Jasper Middle 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 12th 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".

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Jasper Middle School

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to Jasper Middle School. The investigation was limited to selected records for the period July 10, 2023, through November 18, 2024. The results of the investigation were communicated with the Office of the District Attorney General of the 12th Judicial District.

BACKGROUND



Jasper Middle School (JMS), located in Jasper, is part of the Marion County School System and serves students in grades 5 through 8. JMS is governed under the administration of a principal and a vice principal. JMS operated a Beta Club (club) for students in grades 7 and 8. To participate in the Beta Club, students must maintain A or B grades in their classes, maintain a clean disciplinary record, and complete at least two hours of community service per month. Club sponsors are teachers who oversee and manage club activities.

During the 2023-2024 school year, the club organized a trip to Walt Disney World. JMS did not have a club in the 2024-2025 school year due to the lack of a club sponsor. However, the previous club sponsor started a school-sponsored organization called the Travel Tribe Club, so students with good behavior would have an opportunity to go on an out-of-town trip. The Travel Tribe Club operates as an internal school fund, and its activities were accounted for in JMS's student activity fund accounts. The Travel Tribe Club's application requirements consist of four recommendations from various members of the JMS staff and maintaining good behavior.

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 of those funds. This section requires local school systems to adopt and comply with the requirements set forth in the *Internal School Funds Manual (Manual)*. JMS staff must follow the *Manual* and the Marion County Schools (MCS) policies. The *Manual* defines student activity funds as money raised by school-sponsored clubs, any related school-sponsored activity that involves the use of school personnel, students, and property, and raised by school-sponsored fundraisers involving students who are under the supervision of a school employee.

RESULTS OF INVESTIGATION

- **A JASPER MIDDLE SCHOOL TEACHER HELD UNAPPROVED FUNDRAISERS AND DID NOT PROPERLY ACCOUNT FOR FUNDRAISER COLLECTIONS OR DISBURSEMENTS**

A JMS teacher did not account for fundraiser collections or disbursements. During the 2023-2024 school year, the teacher did not remit the classroom candy and snack sale fundraiser collections to the JMS bookkeeper for deposit into the internal school funds account. Further, the teacher did not perform a fundraiser profit analysis and did not document how the fundraiser collections were spent. The JMS teacher told investigators that she used the collections from the 2023-2024 classroom candy and snack sale fundraiser to financially assist certain club students for the Walt Disney World trip and to provide spending money to club students while traveling to Walt Disney World. The JMS teacher did not record the names of students who received spending money, or the amount of funds disbursed per student. Investigators are unable to identify the amount of money that was not remitted to JMS's bookkeeper, as there are no supporting candy sale fundraiser collection records. The JMS teacher told investigators that she personally purchased the candy and snacks inventory and was not reimbursed from JMS's internal school funds. Collections from the classroom candy and snack sale fundraiser were not remitted for the 2023-2024 school year, except \$1,180.90, which was applied as donations to students' Walt Disney World trip payments.

Per the MCS *Student Activity Funds Management* policy, internal school activity funds must be deposited in the proper internal school fund account. The *Manual* requires teachers to remit collections to the school bookkeeper daily, along with a collection log. However, the JMS teacher failed to properly remit the 2023-2024 classroom candy and snack sale fundraiser collections, and the collections were kept in a locked money box in the JMS teacher's desk. Tenn. Code Ann. § 5-8-207 requires that every county official handling public funds shall deposit collected funds into the official bank account within three days. The JMS teacher's failure to remit the collected funds prevented JMS's bookkeeper from depositing the funds into the internal school fund account. Per the *Manual*:

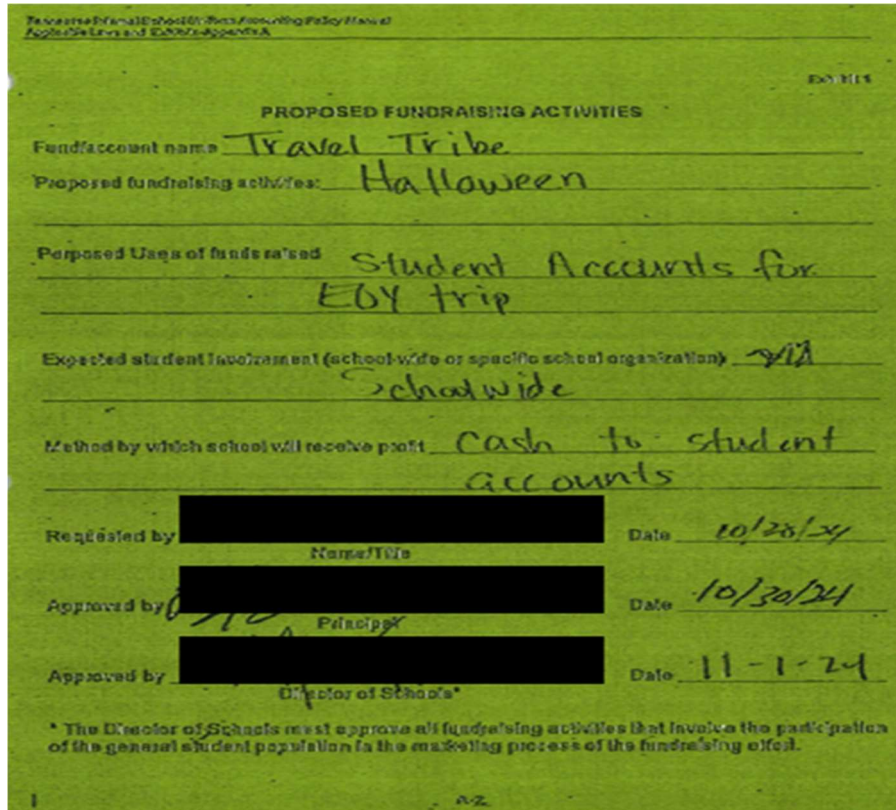
Teachers/others who collect money should prepare a collection record (prenumbered receipt, collection log, ticket reconciliation, signed recorded count, etc.) for each separate activity. All collections by teachers/others should be remitted to the cashier daily or more frequently, if necessary.

The classroom candy and snack sale fundraiser for the 2023-2024 school year did not have written approval from the JMS principal nor approval by the MCS director of schools. Other unapproved fundraisers included a calendar fundraiser and a winter formal. JMS officials told investigators the classroom candy and snack sale fundraiser was approved by word-of-mouth but ended when officials found out that the JMS principal and the MCS director of schools did not document approval.

On October 31, 2024, JMS held a Halloween Movie Madness event with proceeds used toward the student accounts for the end-of-year Travel Tribe Club trip. This event consisted of a movie, a costume contest, and a candy and snack sale. Investigators were told the event flyers were sent out

on October 28th, and fundraiser approval forms were signed on October 30th by the JMS principal and teacher. However, investigators found that the event's fundraiser approval form was signed by the MCS director of schools on November 1, 2024, the day after the Halloween Movie Madness event occurred (**Refer to Exhibit 1**). MCS officials told investigators that the MCS director of schools signs and dates fundraiser approval forms on the date the director receives the forms. The director of schools must know about a fundraiser prior to the fundraiser occurring, so the director can approve or deny the request to determine if the fundraising activity will occur. The MCS *Fundraising Activities* policy states that "the director of schools shall determine whether the activity will benefit the school, contribute to the welfare of the student body and supplement, not replace, funds necessary to fulfill the board's contributions."

Exhibit 1



The form is titled "PROPOSED FUNDRAISING ACTIVITIES" and is a green document. It contains the following handwritten information:

- Fund/account name: Travel Tribe
- Proposed fundraising activity/ies: Halloween
- Proposed Usage of funds raised: Student Accounts for EGY trip
- Expected student involvement (school-wide or specific school organization): via Schoolwide
- Method by which school will receive profit: Cash to student accounts
- Requested by: [Redacted] Date: 10/28/24
- Approved by: [Redacted] Date: 10/30/24
- Approved by: [Redacted] Date: 11-1-24

At the bottom, there is a note: "The Director of Schools must approve all fundraising activities that involve the participation of the general student population in the marketing process of the fundraising effort."

2024 Halloween Movie Madness Approval Form, indicating Approval by the director of schools after the event was held

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed the following deficiencies in internal control and compliance:

Deficiency 1: Jasper Middle School staff failed to consistently submit proper approval forms for Beta Club and Travel Tribe Club activities per the Marion County Schools policies

Jasper Middle School staff failed to consistently submit proper approval forms for Beta Club and Travel Tribe Club activities per the Marion County Schools policies, and the fundraiser approval forms did not contain all required criteria per MCS policies.

A. JMS officials failed to consistently obtain club fundraiser approval from the MCS director of schools

The JMS principal and teacher failed to properly complete and timely submit various fundraiser approval forms for the Beta and Travel Tribe Clubs during the period reviewed by investigators. Per the MCS *Fundraising Activities* policy:

The principal must obtain written approval from the director of schools or designee for all fundraising activities, including online fundraising activities, that involve the participation of the general student population in the marketing process of the fundraising effort. All other fundraising activities, including online fundraising activities, must have written approval from the principal and comply with all administrative procedures issued by the director of schools.

B. The JMS school-wide fundraiser approval form did not contain all the criteria of the MCS policy

The JMS school-wide fundraiser approval form did not contain all the criteria stated in the MCS *Fundraising Activities* policy. The fundraiser approval form was missing the required expected margin of profit. Per the MCS *Fundraising Activities* policy:

The authorization request shall contain the following information:

- a. A list of the proposed fundraising activities;
- b. Purpose of the fundraising activity;
- c. Proposed uses of funds raised;
- d. Expected student involvement in fundraising activity (school-wide or individual class or club); and
- e. Margin of profit and how it is to be paid to the school.

JMS officials should consider updating the fundraiser approval form to capture the information required by MCS policy.

Deficiency 2: Jasper Middle School staff failed to follow the Internal School Funds Manual

Investigators determined that JMS staff did not follow the *Manual*, which led to questionable practices and fundraising activities:

A. JMS officials did not provide adequate oversight of the operations of the club

JMS officials failed to provide adequate oversight or separate financial duties of the club. The JMS teacher was solely responsible for obtaining candy and snacks to sell, receiving and

receipting collections from the fundraising sale of candy and snacks, and remitting collections to JMS for deposit within three days of receipt. The 2023-2024 classroom candy and snack sale fundraiser proceeds were not deposited into JMS's internal school funds account. JMS officials failed to ensure that the JMS teacher maintained accounting records. JMS officials should provide adequate oversight of collections and establish internal controls to reduce the risks that errors or intentional misappropriations will occur and remain undetected. These practices will ensure all collections are accounted for and used to further the goals and objectives of the club. Per the *Manual*:

Prior to authorizing or requiring any collections, the principal must evaluate the ability of school personnel to provide the required accountability. The use of teacher assistants and other support staff could be considered, as well as schedules designating the time of day for collecting and remitting the collections to the school's office. This schedule should be developed with the understanding that all money must be deposited within three days of the initial collection. The principal should never authorize or require any collection which cannot be adequately accounted for.

B. JMS Beta Club failed to implement adequate segregation of duties

Club officials failed to separate incompatible financial duties. The club sponsor received invoices, counted collections, requested disbursements, and prepared and delivered deposits to JMS's bookkeeper. Club sponsors were responsible for designing internal controls to give reasonable assurance of the reliability of financial reporting and the effectiveness and efficiency of operations. Allowing one individual control over financial operations increases the risk of fraud. During most fundraisers, the JMS teacher had a second counter, usually another staff member, but there was no collection log for the 2023-2024 classroom candy and snack sale fundraiser. Per the *Manual*, someone who is not involved in the collections or recordkeeping for the fundraiser should verify the completed collection analysis report.

C. The JMS teacher failed to maintain an inventory of candy and snack items purchased and sold

The JMS teacher failed to keep a running listing of inventory, perform an inventory count, and complete a profit analysis for the 2023-2024 classroom candy and snack sale. According to the *Manual*:

In instances where schools have large quantities of items for resale or maintain bookstores or school stores, controls should be established to reconcile sales with inventory. It is recommended that this reconciliation be performed weekly for ongoing sales (i.e., bookstores or school stores), or immediately upon completion of a fundraiser. At a minimum, a physical count of the inventory should be taken at the end of each school year.

Jasper Middle School officials indicated that they have corrected or intend to correct these deficiencies.