



COMPTROLLER'S INVESTIGATIVE REPORT

Bearden High School Football Booster Club

January 31, 2025

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

January 31, 2025

Knox County Board of Education
400 W. Summit Hill Drive
Knoxville, TN 37092

Knox County Board of Education Officials:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Bearden 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 6th 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", is written over a faint, larger version of the signature.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Bearden High School Football Booster Club

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Bearden High School Football Booster Club. The investigation was initiated after Knox County School System officials reported questionable transactions. The investigation was limited to selected records for the period July 1, 2022, through September 30, 2024. The results of the investigation were communicated with the office of the District Attorney General of the 6th Judicial District.

BACKGROUND



Bearden High School (BHS), located in west Knoxville, is part of the Knox County School System (KCS) and serves students in grades 9 through 12. The Bearden High School Football Booster Club (club) is a school support organization (SSO) led by parents and other volunteers to provide financial support and to promote the BHS football team.

The School Support Organization Financial Accountability Act, codified at 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.

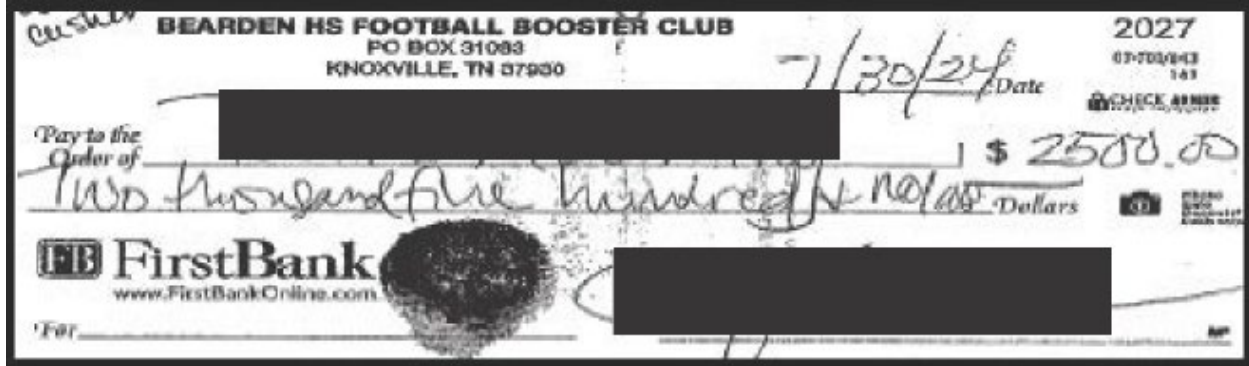
RESULTS OF INVESTIGATION

1. BEARDEN HIGH SCHOOL FOOTBALL BOOSTER CLUB OFFICERS IMPROPERLY PAID SALARY SUPPLEMENTS TO BEARDEN HIGH SCHOOL FOOTBALL COACHES WITHOUT KNOX COUNTY SCHOOL SYSTEM APPROVAL TOTALING AT LEAST \$60,000

For the period reviewed, club officers improperly wrote 23 checks directly to BHS football coaches without KCS approval totaling at least \$60,000. According to club officers, the payments were made to the coaches as salary supplements (**Refer to Exhibit 1**). Salary supplements are additional

payments made to an employee outside of their regular wages and include bonuses and awards. KCS administrators told investigators they were not aware of the club’s direct payments to the coaches nor did they approve them.

Exhibit 1



July 2024 club check to BHS assistant football coach totaling \$2,500

KCS Administrative Procedure AP-G-290-2 Hiring Athletic Coaches states:

“...All coaches, including additional coaches, must be paid through Knox County Schools.”

In addition, the coaches who received payments directly from the club are KCS employees. The *Model Financial Policy* states:

“Payments for salary supplements must not be made directly to the coaches, assistant coaches, or other employees (e.g. teachers, principals) of the Board of Education. Salary supplements for Board employees must be paid through the Board of Education. The SSO must make donations to the Board for this purpose rather than paying Board employees directly.”

Failure to pay coaching salary supplements through KCS increases the risk that coaches’ benefits, tax withholdings, and other required deductions will not be properly handled and accounted for.

Failure to obtain approval from KCS for coaches’ salary supplements also increases the risk of non-compliance with TSSAA policy, which requires the school’s board of education, director, or principal to approve any funds used to pay coaches. Violation of TSSAA policy could result in negative consequences for the BHS football program. The following table summarizes coaching supplements the club paid directly to coaches using club funds during the period reviewed:

Summary of Improper Salary Supplements			
KCS Employees	School Year		Total
	2022-2023	2023-2024	
Assistant Coach 1	\$ 22,500	\$ 32,500	\$ 55,000
Assistant Coach 2	\$ 0	\$ 5,000	\$ 5,000
Total	\$22,500	\$37,500	\$60,000

2. BEARDEN HIGH SCHOOL FOOTBALL BOOSTER CLUB OFFICERS CHARGED FEES TO PLAYERS THAT WERE NOT ACCOUNTED FOR AS STUDENT ACTIVITY FUNDS

Club officers charged fees to players in July of 2023 (\$400) and July of 2024 (\$500). The player fees were maintained in the club’s account instead of being accounted for by the school and deposited into the school’s bank account as required by the *Model Financial Policy*. A portion of the 2024 player fees (which totaled \$100 per player) was subsequently remitted to BHS for player insurance and other football related expenses. The *Model Financial Policy* states, “SSOs must not charge fees to students to participate in school-sponsored activities or events. Tenn. Code Ann. § 49-2-603(6)(f) defines fees charged to students for school sponsored...events as student activity funds. As such, they must be accounted for by the school and deposited in the school bank account.”

3. THE CLUB MADE OTHER QUESTIONABLE DISBURSEMENTS TOTALING AT LEAST \$13,676

The club made other questionable disbursements totaling at least \$13,676 during the period reviewed. The disbursements included purchases for food, gift cards, and supplies that were not supported with itemized receipts or other documentation. Therefore, investigators could not determine whether these purchases were used exclusively for the benefit of the football team. The club should only make authorized disbursements for the benefit of the football team and maintain adequate supporting documentation for all disbursements. In a few instances, a club officer charged personal purchases totaling at least \$64 on a club card. Investigators determined that the officer reimbursed the club for the personal purchases made with the club card after the officer realized they used the incorrect card.

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

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

Deficiency 1: Bearden High School Football Club officers did not properly safeguard and maintain accurate records

Club officers either did not retain or provide investigators with all supporting documentation for meeting minutes, collections, and disbursements. Due to the lack of supporting documentation, including cash counts for concessions, investigators could not determine if concessions and other collections were deposited in full. Additionally, a former club officer stated cash collected from concessions was occasionally not deposited into the appropriate account but instead was used for club purchases. According to the *Model Financial Policy*, official meeting minutes of all meetings are “considered permanent records as long as the SSO exists and shall be maintained for at least

four years after dissolution of the SSO.” In addition, “All collection and disbursement records, bank statements, imaged checks, receipts/invoices for disbursements...shall be organized and maintained by the treasurer or bookkeeper by fiscal year. These records must be maintained for at least four years.” The lack of meeting minutes and supporting documentation for collections and disbursements increases the risk that fraud, waste, and abuse will occur without prompt detection.

Deficiency 2: Bearden High School Football Club officers failed to implement adequate segregation of duties

Club officers failed to segregate their duties adequately. The club president was responsible for receipting collections, making deposits, writing checks, and bookkeeping. The *Model Financial Policy* states, “Duties shall be segregated between officers and members of the SSO. No one person within the SSO shall be in control of a transaction from inception to recording.” Allowing one individual to have exclusive control over all financial duties increases the risk of fraud without prompt detection.

Deficiency 3: Bearden High School Football Club officers did not require two signatures on checks

Club officers did not require two signatures on checks. 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.

Deficiency 4: Bearden High School Football Club officers failed to submit proper fundraiser approval forms and prepare fundraiser profit analysis

Club officers failed to complete and submit fundraiser approval forms during the period reviewed. The *Model Financial Policy* states, “The SSO must obtain approval of the director of schools or the director’s designee before undertaking any fundraising activity. The SSO shall maintain documentation to demonstrate the approval of the director of schools.” In addition, club officers failed to prepare a profit analysis for each fundraiser during the period reviewed. The *Model Financial Policy* states, “For all types of mass fundraising such as car washes, concessions, parking, and candy sales, a profit analysis shall be performed at the conclusion of the event.”

Deficiency 5: Bearden High School Football Club officers failed to deposit funds within three days of collection

Club officers failed to ensure that club funds were deposited within three days of collection as required by the *Model Financial Policy*. In one instance, investigators noted concessions collections were held for nearly 60 days before being deposited into the club’s bank account. A delay in depositing funds weakens internal controls over collections and increases the risk of fraud and misappropriation.

Club officers indicated that they have corrected or intend to correct these deficiencies.