



COMPTROLLER'S INVESTIGATIVE REPORT

Collierville High School Baseball Booster Club

March 12, 2019

Justin P. Wilson
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

March 12, 2019

Collierville Schools Superintendent and Board Members
Collierville High School Baseball Booster Club
c/o Collierville High School
11605 E Shelby Drive
Collierville, TN 38017

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Collierville High School Baseball 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 30th Judicial District, certain state legislators, and various other interested parties. A copy is available for public inspection in our office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

A handwritten signature in black ink that reads "Justin P. Wilson".

Justin P. Wilson
Comptroller of the Treasury

JPW/MLC

INVESTIGATIVE REPORT

COLLIERVILLE HIGH SCHOOL BASEBALL BOOSTER CLUB

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the operation of the Collierville High School Baseball Booster Club (booster club). The investigation revealed the internal control and compliance deficiencies noted below. The Comptroller's Office communicated the results of the investigation with the Office of the District Attorney General of the 30th Judicial District.

BACKGROUND

The booster club was established to support and serve the Collierville High School Baseball program. It provides “financial support through fundraising efforts in order to provide: A. Uniforms and equipment, B. Supplementing coaches for their work, C. Other expenses such as field maintenance, coaching clinics, and other expenses that involve the entire baseball team.”



The booster club is governed by a board of directors. The head coach, all assistant coaches and the school principal serve as permanent members of the board. The head coach appoints the booster club officers, who also serve as board members.

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Officers of the booster club, like officers of all other school support organizations, are required to ensure the funds and property of their organizations 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 *Tennessee Code Annotated*, Section 49-2-610, published the “Model Financial Policy for School Support Organizations (Procedures Manual)” (Model Financial Policy) in 2008. The Model Financial Policy prescribes a set of accounting controls that are intended to ensure the funds are used to further the organization's goals and objectives.

Our investigation revealed deficiencies in internal controls related to the booster club financial processes and deficiencies in compliance with the Model Financial Policy and other school support organization requirements. These deficiencies included:

Deficiency 1: Baseball team members were charged fees not approved by the board of education

Collierville High School (school) baseball players were charged fees, some in the guise of required fundraisers, which were not approved by the board of education. *Tennessee Code Annotated*, Section 49-2-110, provides that schools can receive fees for student activities if those fees are approved by the board of education. For the 2016-2017 school year, the Collierville Schools Board of Education approved baseball fees totaling \$1,600 per player. (Refer to Exhibit 1.)

Exhibit 1

Athletics: These fees are requested from students who choose to participate in a school-sponsored athletic activity. These figures represent total budgeted amount in each sport, divided by number of players, prior to any fundraisers.

Activity	Amount	Provides
Baseball	\$1600.00	Uniforms, practice equipment, game balls, safety equipment, officials, tournament entry fees, end of year awards (annual)

Excerpt from Collierville High School letter of approved fees

The investigation revealed that in addition to payment of the established activity fee, each team member was required to raise a specified amount of money through participation in booster club fundraisers. A team member could satisfy this requirement by either making sales to or obtaining donations from third parties or by “buying out” the requirement with a direct payment to the booster club.

For the 2017 baseball season, each team member was expected to pay a total of \$2,100 to participate in the baseball program, exceeding the \$1,600 fee limit approved by the Collierville Schools Board of Education.

For the 2018-2019 school year, the board of education approved player fees of \$100 for Collierville High School Baseball, noting that additional funds may be *requested* through fundraising efforts and membership dues with the school support organization. (Refer to Exhibit 2.) Players paid the \$100 athletic fee directly to the school.

Exhibit 2

Athletic and Activity Fees with School Support Organizations: \$100 fee required from students who choose to participate in an optional activity. These are the basic needs for participation. Additional funds may be requested through fund-raising efforts and membership dues with the school support organization.

Activity	Amount	Provides
Athletics and Extracurricular Activities w/School Support Organization	\$ 100.00	Uniform, Equipment, Registration and Related Expenses

Excerpt from Collierville High School letter of approved fees

Booster club officials stated for the 2018-2019 school year, in addition to the payment of the approved \$100 activity fee, each baseball team member was required to remit fees, fundraiser profits or buy out payments totaling \$2,000 to the booster club.

Deficiency 2: School funds were deposited in the booster club bank account

Contrary to state law, fees charged to students to participate in the Collierville High School baseball program were collected, deposited, and accounted for by the booster club, rather than Collierville High School. *Tennessee Code Annotated*, Section 49-2-603, defines fees charged to students for school-sponsored activities as student activity funds, which belong to the school, and must, therefore, be deposited in the school bank account and accounted for by school personnel. The funds raised from board approved activity fees and mandatory participation in fund raising activities were all activity fees within the meaning of this code section. Section 49-2-606(a), states:

Any individual who collects or receives any student activity or other internal school funds shall turn over to the properly designated school official or employee all student activity or other internal school funds.... That a member of a school support organization or a person claiming to be a member of a school support organization collected the money is immaterial to the determination as to its status as student activity or other internal school funds.

Deficiency 3: Required concession collection documentation was not remitted to the school by booster club officials

Booster club officials failed to remit to Collierville High School any of the required documentation for concession collections. *Tennessee Code Annotated*, Section 49-2-606(b), requires that the booster club must provide the school with all relevant concession collection records the school is required to prepare and maintain. These relevant collection records include recorded counts of collections prepared and signed by at least two responsible individuals at the end of each event as well as monthly profit analysis reports.

Current officers of the Collierville High School Baseball Booster Club and Collierville High School officials indicated they have corrected or intend to correct these deficiencies.