



COMPTROLLER'S INVESTIGATIVE REPORT

Christiana Middle School

November 20, 2020

Justin P. Wilson
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JUSTIN P. WILSON
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November 20, 2020

Rutherford County Schools
Director Bill Spurlock
2240 Southpark Drive
Murfreesboro, TN 37128

and

Rutherford County Board of Education
Board Members
2240 Southpark Drive
Murfreesboro, TN 37128

Ladies and Gentleman:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Christiana 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 16th 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 black ink that reads "Justin P. Wilson".

Justin P. Wilson
Comptroller of the Treasury

JPW/MLC

INVESTIGATIVE REPORT

CHRISTIANA MIDDLE SCHOOL

The Office of the Comptroller of the Treasury investigated allegations of malfeasance involving fees and fundraisers of the Christiana Middle School (School) basketball and track teams. The Comptroller's Office initiated the investigation after officials with the Rutherford County Board of Education reported possible financial discrepancies. The results of the investigation were communicated with the Office of the District Attorney General of the 16th Judicial District.

BACKGROUND

Christiana Middle School is operated by the Rutherford County Board of Education and serves sixth through eighth grade students. Basketball and track are among the extra-curricular athletic opportunities offered by the school. These teams are funded in part by activity fees and fundraising events.

The head basketball coach was also the head track coach. He was responsible for collecting player fees and fundraiser proceeds intended to benefit the basketball and track athletic programs. The head coach resigned from the Rutherford County School System on May 27, 2020.



INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Tennessee Code Annotated, Section 49-2-110, provides for student activity funds and establishes responsibility for those funds. It requires local school systems to adopt the *Tennessee Internal School Uniform Accounting Policy Manual* (manual) and to maintain all activity funds and records in accordance with the requirements noted in the manual. The manual requires that, “[t]eachers/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.”

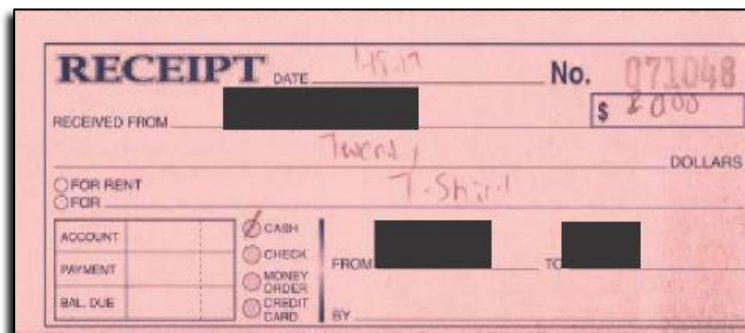
The Comptroller's investigation revealed that the school failed to comply with some of the requirements set forth in the manual. Investigators noted the following internal control and compliance deficiencies in the school's financial processes:

Deficiency 1: The head coach failed to adequately account for collection activities

The basketball and track head coach failed to adequately account for collection activities. Investigators reviewed school collection records for the period July 2018 through December 2019 for basketball and track, including player fees and a basketball t-shirt fundraiser.

- A. Investigators were unable to determine if all player fees were accounted for properly. The basketball and track head coach set the amount of the requested player fees for each sport. He was solely responsible for collecting player fees from basketball and track athletes for the 2018-19 school year and partially responsible for collecting player fees for the 2019-20 school year. In addition to reviewing school collection records, investigators also contacted parents and guardians to confirm and account for the amounts paid to the coach. The coach initially told investigators that he maintained additional supporting documentation of collections, along with the receipts and collection logs required by the school. Investigators requested to review copies of the additional documentation that he maintained; however, the coach later informed investigators that he no longer had the documentation. Due to the lack of supporting documentation for collections and because students were not required to pay player fees to participate in the sport, investigators were unable to determine if all player fees were accounted for properly. Based on the limited records available, however, investigators estimate that \$180 in track player fees in the 2018-2019 school year and \$260 in basketball player fees in the 2018-2019 and 2019-2020 school years could be unaccounted for.
- B. Investigators were unable to verify all basketball t-shirt fundraiser collections were deposited or accounted for properly. The head coach held a t-shirt fundraiser in the fall of 2018, and the coach and a former assistant coach were responsible for fundraiser collections. The cost of t-shirts was \$5 for students and \$10 for adults. The coaches failed to create and turn over adequate documentation detailing each t-shirt sold. Investigators reviewed school collection records and determined that all t-shirt collections received by the coaches were properly remitted to the school bookkeeper for deposit. However, the coaches failed to record details of the quantity and price of each shirt sold, preventing school officials from accurately completing the required fundraiser analysis. Due to inadequate documentation, investigators were unable to verify the accuracy of the fundraiser collections. **[Refer to Exhibit 1.]**

Exhibit 1



RECEIPT DATE 4-19-17 No. 071048
 RECEIVED FROM [REDACTED] \$ 200.00
 DOLLARS
 T-shirt
 Twenty
 CASH FROM [REDACTED] TO [REDACTED]
 CHECK
 MONEY ORDER
 CREDIT CARD
 BY

Receipt issued by the former coach for purchase of t-shirts, but he gave no indication as to how many t-shirts were sold for \$20.

The manual requires teachers to account for all collections and remit those collections for deposit. Failure to produce and retain adequate documentation increases the risk that errors or misappropriations will occur without prompt detection.

Deficiency 2: The head coach failed to complete and turn over adequate fundraiser documentation

The head coach failed to complete and turn over adequate fundraiser documentation to enable the school bookkeeper to accurately complete the required fundraiser profit analysis and summary report. Because the coach did not document which shirts were sold for \$5 or which shirts were sold for \$10, the school bookkeeper was unable to accurately complete the required fundraiser profit analysis and summary report for the 2018-19 basketball t-shirt fundraiser.

The manual sets forth required procedures for fundraising and resale activities and requires that accurate and systematic records of all cash collected should be maintained, that fundraisers be reconciled, and that school officials prepare a fundraiser summary report to ensure that profits from school-sponsored fundraising activities were expended for the purposes for which they were raised. Fundraiser profit analyses and summary reports help ensure that errors or misappropriations will be promptly detected.

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