



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DIVISION OF INVESTIGATIONS**

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March 6, 2013

Dr. Jim P. McEntyre, Jr., Superintendent
and Members of the Board of Education
Knox County School System
P. O. Box 2188
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Ladies and Gentlemen:

The Comptroller's Division of Investigations conducted an investigative audit of selected records of the Bearden Middle School, Knox County School System. This investigation was limited to a review of transactions related to the school's cheerleading account. The investigation focused on the period January 1, 2010, through June 30, 2011; however, when warranted, the scope was expanded. The investigative audit revealed several internal control and compliance deficiencies that we believe warrant the attention of Knox County School officials.

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES
FINDINGS

1. **FINDING:** Former cheerleader sponsor failed to maintain adequate documentation to properly account for tryout and mini-camp fees

Our investigative audit revealed that during 2010 and 2011, deposited collections for cheerleading tryouts and the related mini-camp were at least \$975 less than the expected amount of collections. Investigators calculated amounts the former cheerleading sponsor should have collected for these activities based on her recollections, as well as parents' recollections, of the number of participants and the amount charged. The former cheerleading sponsor told investigators that she may not have required payment from each student who participated in tryouts and mini-camp. The former cheerleading sponsor stated she did not maintain a sign-in sheet or roster to document who participated or who paid. The *Tennessee Internal School Uniform Accounting Policy Manual*, page 1-6, states that money received by a school employee acting in his or her official capacity becomes public/school money and must be appropriately managed and safeguarded by the school.

2. **FINDING:** **The former cheerleader sponsor did not remit some cheer team collections to the school bookkeeper for proper recording and deposit into the school bank account**

Our investigative audit revealed that for the period January 1, 2010, through April 30, 2011, the former cheerleader sponsor retained at least \$802 in cash from cheerleader collections related to camp fees, instead of remitting them to the school bookkeeper for deposit into the school bank account as required. The cheerleader sponsor told Comptroller investigators that she used these cash funds for various cheerleader-related expenses, such as cheer camp supplies and snacks. However, the sponsor was unable to provide Comptroller investigators with any invoices or other adequate documentation to substantiate that these funds were used for appropriate expenditures. As noted above, the *Tennessee Internal School Uniform Accounting Policy Manual* requires school money to be appropriately managed and safeguarded by the school. Page 5-8 of the *Manual* also prohibits the use of cash collections for making purchases.

3. **FINDING:** **Improper recording of collections by the former bookkeeper**

The former bookkeeper improperly recorded certain cheerleader collections in the school accounting records. For instance, in April 2010, records prepared by the former bookkeeper indicated that fees for the mini-camp prior to cheerleader tryouts were incorrectly recorded as general athletic revenue. In February and March 2011, collections for cheerleader clothing and tryout fees were incorrectly listed as school store revenue.

The *Tennessee Internal School Uniform Accounting Policy Manual* states that one of the main objectives of internal controls of the revenue and collection cycle is to ensure all collections are properly allocated to the appropriate fund and accounts.

4. **FINDING:** **Failure to prepare ticket reconciliation or signed recorded count**

The former cheerleader sponsor did not prepare or submit ticket reconciliations, or, as an alternative, a signed recorded count, for certain fundraising activities, including a dance sponsored by the cheer team as required by the *Tennessee Internal School Uniform Accounting Policy Manual*.

5. **FINDING:** **Improper tutoring by former cheerleader sponsor**

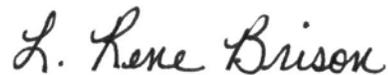
The former cheerleader sponsor apparently violated the Knox County School Board tutoring policy by providing individual tumbling instruction at the middle school gym for some of the cheerleaders. She told Comptroller investigators that she charged a fee for

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this additional instruction, which she kept for her own compensation. The Knox County Board of Education policy allows teachers to enter into agreements with parents for private tutoring of children for a fee; however, it does not permit tutoring services to children that the teacher supervises¹.

The superintendent and members of the board should ensure that the principal takes immediate action to correct any unresolved deficiencies. If you have any questions concerning the above, please contact me.

Sincerely,



L. Rene Brison, CPA, CFE, Assistant Director
Division of Investigations

LRB/RAD

¹ The board of education also has provisions for the use of school facilities for nonschool activities, which include application for use through the school principal, approval by the superintendent, as well as requirements for liability insurance and user fees.