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DIVISION OF MUNICIPAL AUDIT

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October 26, 2011

Officers of the Hillsboro High School
Parent-Teacher-Student Association
3812 Hillsboro Road
Nashville, TN 37215

Ladies and Gentlemen:

We have completed our investigative audit of selected records of the Hillsboro High School Athletic Boosters. The audit focused on the period July 1, 2008, through September 30, 2009. However, when warranted, we expanded the scope.

Background

Although it was already an active school support organization, the Hillsboro High School Athletic Boosters incorporated with the Tennessee Secretary of State's Office in January 2009. According to the bylaws, the athletic boosters were separate from the Parent-Teacher-Student Association (PTSA), but reported to the PTSA. The former officers of the athletic boosters submitted notice of its dissolution to the Secretary of State's Office in November 2009. The former athletic booster club issued two checks, totaling \$3,000, to the PTSA in August 2009, shortly before the organization closed its checking account. As the apparent successor to the Hillsboro High School Athletic Boosters, we have addressed this report to the current officers of the PTSA.

The reader should be aware that the officers of the former athletic booster club did not provide original documentation supporting **ANY** of the organization's collections or disbursements. As a result, **we cannot be certain that the then-officers deposited ALL of the collections received.** Although we identified the payee for all checks issued within the scope of the audit, based on the available records, **we could not confirm the purpose and appropriateness of ANY disbursement.**

Findings and Recommendations

1. No supporting documentation

The former officers of the Hillsboro High School Athletic Booster Club stated that they were unable to provide any original support for collections and disbursements throughout the scope of this audit. They did, however, obtain copies of some banking records, including copies of transacted checks. They also provided a printout of the check register. These records indicated that the Hillsboro High School Athletic Boosters issued 12 checks, totaling \$7,812, to the former booster club secretary, purportedly for expense reimbursements¹.

The records also reveal that during the period covered by this audit, the officers of the booster club disbursed \$98,012 (including the \$3,000 transferred to the PTSA) as they deposited only \$70,038, which represented a net decrease of \$27,974.

Net Decrease: Combined Checking and Savings

Deposits from External Sources	\$70,038
Less: Outflows	<u>(98,012)</u>
Net Decrease	<u>(\$27,974)</u>

The then-athletic booster club vice president, whose wife was the secretary, stated that the financial records were at his house and that they were ruined during the May 2010 Nashville flood. However, copies of email correspondence between the former athletic booster club officers, employees of Metropolitan Nashville Public Schools, and the president of the PTSA, indicate that several parties made requests for the records long before the flood. In emails exchanged between the parties dated after the flood, we saw no mention of the flood or of damaged, or destroyed records.

The *Model Financial Policy for School Support Organizations (Procedures Manual)*, required control 10 states:

Each check written should have a receipt or invoice filed by check number. The treasurer should write the check number and date paid on the invoice or receipt. When a receipt or invoice is not available, a written document, signed by the treasurer, describing the expenditure and

¹ Two other officers were also issued reimbursement checks: the then-president apparently received one \$65 check and the then-treasurer apparently received two checks that totaled \$232.

explaining why no other documentation is provided, should be created and filed.

Section 49-2-604(c), *Tennessee Code Annotated*, requires each school support organization to maintain its records for a minimum period of four years. It also states that the records shall be provided “upon request” to members of the organization, the school principal, the director of schools or the director’s designee, and to the office of the Comptroller of the Treasury.

The PTSA officers should ensure that its records and those of any affiliated entities are safeguarded for a minimum of four years. Each organization’s officers are required to comply with records requests in accordance with state law.

2. **Checks payable to cash**

The former officers of the Hillsboro High School Athletic Boosters issued four checks, totaling \$5,676, payable to cash. Two of the checks were apparently used for startup change at concession stands. According to the check register, one of the checks, issued for \$1,729, was used to purchase gift cards for coaches. The final check to cash, which was issued just before the booster club closed its checking account, was ostensibly used for a number of expenses.

The *Financial Policy for School Support Organizations (Procedures Manual)*, required control 8 requires, “All bills should be paid by check, never cash...” The PTSA and any affiliated school support organizations’ officers should prohibit issuing checks to cash.

If you have any questions concerning the above, please contact me.

Very truly yours,



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