



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF MUNICIPAL AUDIT**

Justin P. Wilson
Comptroller of the Treasury

BANK OF AMERICA PLAZA
414 UNION STREET, SUITE 1100
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 532-4460
FAX (615) 532-4499

Dennis F. Dycus, CPA, CFE, Director
Division of Municipal Audit

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Director of Schools and Members of the
Board of School Commissioners
Warren County Schools
2548 Morrison Street
McMinnville, TN 37110-3617

Ladies and Gentlemen:

Presented herein are findings of noncompliance with state laws and regulations related to Warren County High School that we believe warrant the attention of school officials and other responsible individuals. These issues were revealed during our investigative audit of selected records of the Warren County High School Pioneer Band Boosters (Band Boosters), which focused on the period July 1, 2009, through July 31, 2010.¹ When necessary, the scope was expanded.

Within this document, references to officers by position pertain to the individuals who held those positions within the period covered by this audit. One individual, who held the office of treasurer, resigned during November 2009; she is described using the term "former treasurer." The term "treasurer" refers to her successor.

Internal Control and Compliance Deficiencies
Findings and Recommendations

1. Student activity funds deposited into a school support organization's bank account

As a condition for participating in the school band and color guard, the members and/or their parents were required to pay monthly fees (or dues) to the band booster club. This

¹ Complete results of the investigative audit of the Warren County High School Pioneer Band Boosters, including these and other findings, are presented in a separate report.

practice is contrary to state law which requires school-related fees to be deposited into the school's bank account. In addition, the former color guard instructor, while acting in her official capacity as an employee of Warren County Schools, routinely made and deposited color guard collections into a band booster bank account instead of remitting them to the school cashier for deposit into the school's account.

Section 49-2-603(6), *Tennessee Code Annotated*, specifies that

“Student activity funds” include all money received from any source for school-sponsored activities ... and specifically include, but are not limited to, any money:... (F) Raised from fees charged students....

The *Tennessee Internal School Uniform Accounting Policy Manual*, page 1-6, states:

Money or property received by a school official, employee, or volunteer, acting in his or her official capacity, becomes public money or property. The money is the property of the respective school. Such money must be appropriately managed and safeguarded by the school.

School officials should ensure that all school collections, including fees charged students, are turned over for deposit into the school's bank account. School representatives are not allowed to handle school support organization collections, unless the collections are remitted in sealed envelopes and subject to the limits specified in Section 49-2-606(e), *Tennessee Code Annotated*.

2. **Documentation of concession sales not prepared and reported to school, as required by state law**

Neither the treasurer nor the former treasurer documented concession collections with dual-signed cash counts, nor did they provide copies of concession collection records to Warren County High School (WCHS) as required by state law. Although the principal was clearly aware that the band boosters operated concession stands at school events and allowed them to do so, there was no written agreement setting forth this arrangement. Because required records were not prepared and maintained and profit analyses were not completed, we were unable to determine the reason that the concession profit from WCHS football games and from the Warren County Fair were \$5,798 less than the targeted, expected amount. In addition, school officials could not have been aware of the magnitude of the shortfall when it occurred.

Section 49-2-606, *Tennessee Code Annotated*, states:

A local board of education may grant the principal of a school the authority to enter into an agreement with a school support organization to operate and collect money for a concession stand or parking at related school ... athletic ... event ... on school property, where any money it collects or any portion designated by the agreement shall be considered as school support group funds and not as student activity funds, provided, that: ... (2) The school support organization provides the school with the relevant collection documentation that would have been required pursuant to the provisions of the manual produced under § 49-2-110 for student activity funds.

The principal should verify that all required documents, including dual-signed count sheets and profit analyses, have been completed and turned in. The booster club's officers are responsible for timely providing these documents to the principal. Any agreement between the school principal and a school support organization to operate a concession stand should be documented in writing before the first event of a season. We have informed the band booster club's officers of these and other requirements in the aforementioned, separate letter.

The board of school commissioners, director of schools, and school principal should ensure that immediate action is taken to correct these issues. If you have any questions or need additional information, please contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Dennis F. Dycus". The signature is fluid and cursive, with a large initial "D" and "F".

Dennis F. Dycus, CPA, CFE, Director
Division of Municipal Audit

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