



FAYETTE-WARE HIGH SCHOOL

Comptroller's Investigative Report November 29, 2018

Justin P. Wilson, Comptroller





JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

November 29, 2018

Director of Schools and Members
of the Board of Education
Fayette County Public Schools
10425 Highway 76
Somerville, TN 38068

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Fayette-Ware High School, and the results are presented herein.

Copies of this report are being forwarded to Governor Bill Haslam, the State Attorney General, the District Attorney General of the Twenty-Fifth 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, appearing to read "Justin P. Wilson", written over a light blue rectangular background.

Justin P. Wilson
Comptroller of the Treasury

JPW/RAD

INVESTIGATIVE REPORT

FAYETTE-WARE HIGH SCHOOL

BACKGROUND

This office performed an investigation resulting from an allegation that the cheer coach at Fayette-Ware High School improperly used student activity funds. This investigation revealed that the cheer coach used funds, which were dedicated to the school's student activity cheerleader account for personal use. The cheer coach admitted to collecting funds from cheerleaders and not remitting the money to the school. He admitted to using his personal business (Cheertastic Spirit) to order cheerleading uniforms and accessories, while maintaining custody of the funds at his home.

RESULTS OF INVESTIGATION

- **The cheer coach improperly used student activity funds totaling at least \$2,546.93 for personal use**

After conducting interviews with school personnel, school cheerleaders, and reviewing the coach's personal bank statements, personal invoices, and receipts prepared by the coach related to the payment of cheerleading fees, investigators determined the cheer coach used at least \$2,546.93 of funds collected from cheerleaders for personal use. Further examination of the financial records revealed that the coach collected approximately \$7,870 from the cheerleaders during the 2016-2017 and 2017-2018 school years. He paid for two cheerleading orders from Varsity Spirit Fashions via his personal prepaid cash card (\$1,723.07), and he held a cheer camp which cost \$200 per cheerleader for 18 students (\$200 times 18 total \$3,600); therefore, he failed to deposit at least \$2,546.93 (\$7,870 less \$1,723.07 less \$3,600) that remained in his custody. During our interview with the coach he admitted to collecting money and not remitting the funds to the school. He admitted to collecting money and not providing all the merchandise to the students, since some students did not receive all their ordered cheer attire. The coach admitted he used bad judgement by comingling the cheer funds with his personal funds and using the funds for personal use. He stated most of the funds collected were in the form of cash, and although he does not know the exact amount collected, he acknowledged that he does owe money back to the school system.

This issue was referred to the District Attorney General of the Twenty-Fifth Judicial District. In November 2018, the Fayette County Grand Jury indicted the former cheer coach Jimmy Wilson on Theft of Property \$2,500-\$10,000 and Official Misconduct and Tampering with Government Records.

SIGNIFICANT INTERNAL CONTROL & COMPLIANCE ISSUE

The Internal School Accounting Act (*Tennessee Code Annotated*, Section 49-2-110) provides boards of education and school principals with authority and responsibility for the administration and safekeeping of all internal school funds. This Act allows boards of education to authorize student activity and other internal school funds and determines such funds to be the property of the respective schools. The Act makes school principals liable for the safekeeping, management, and accounting of all student activity and other internal school funds in accordance with *The Tennessee Internal School Uniform Accounting Policy Manual* and guidance established by each respective board of education. Each school must maintain adequate records and follow acceptable procedures to properly account for all internal school funds. The purpose of the *Tennessee Internal School Uniform Accounting Policy Manual* is to provide the minimum accounting procedures and documentation necessary to provide the required accountability.

Our investigation revealed that the school's failure to: 1) follow guidelines established in the *Tennessee Internal School Uniform Accounting Policy Manual* and, 2) enforce their documented procedures (Fayette-Ware High School Financial Protocol) resulted in deficiencies in the organization's financial processes. These deficiencies contributed to the cheer coach's ability to perpetrate his misappropriation without prompt detection. These financial process deficiencies include the following:

- Some amounts collected were diverted for personal use.
- Amounts collected and/or sources of collections were not properly recorded.
- Collections were not remitted to the student activity cheerleader account.
- Collections were not deposited into the school's bank account.

RECOMMENDATION:

Fayette-Ware High School administrators should ensure the "Fayette-Ware High School Financial Protocol" is followed properly by school staff relating to the accounting, controlling, and safeguarding of money and property collected for student activity purposes. At the time of collection, individuals collecting money should prepare prenumbered receipts, collection logs, or other appropriate documentation. The principal or designee should recalculate collection amounts (e.g., fundraiser summary, ticket reconciliation, etc.) on a sample basis.

Fayette-Ware High School administrators have advised the deficiencies noted in this report will be corrected.