



# MIDDLETON HIGH SCHOOL- HARDEMAN COUNTY SCHOOLS

**Comptroller's Investigative Report**  
September 27, 2017

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**Justin P. Wilson, Comptroller**





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

**Justin P. Wilson**  
Comptroller of the Treasury

**JAMES K. POLK STATE OFFICE BUILDING, SUITE 1600  
505 DEADERICK STREET  
NASHVILLE, TENNESSEE 37243-1402  
PHONE (615) 401-7907  
FAX (615) 532-4499**

September 27, 2017

Director of Schools and Members of the  
Board of Education  
Hardeman County Schools  
10815 Old Highway 64 West  
Bolivar, TN 38008

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Middleton High School – Hardeman County Schools, 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, 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,

Comptroller of the Treasury

JPW/RAD

# INVESTIGATIVE REPORT

## Middleton High School

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to Middleton High School (school) – Hardeman County Schools. The investigation was limited to an examination and analysis of the school’s purchasing records and processes, specifically focusing on reimbursements made to school personnel.

### INVESTIGATIVE RESULTS

Our investigation revealed deficiencies in the school’s processes and transactions related to purchasing and to in-school concession operations. These deficiencies included:

- **School officials failed to enforce required purchasing procedures**
  - The principal allowed certain staff members to circumvent the school’s required purchase authorization process when making purchases on behalf of the school. The assistant principal and his spouse, the administrative assistant, made at least 80 discretionary, nonemergency purchases using personal funds and claimed and received reimbursement for these purchases. From August 2015 through May 2016, the assistant principal claimed and received reimbursements of school funds totaling over \$9,000, and the administrative assistant claimed and received reimbursements totaling over \$10,000. Supporting documentation indicated that most of the reimbursement claims were for purchases of concessions, prom supplies, baseball equipment, and gifts for teachers and staff. These purchases were such that the employees could have followed the normal, required purchasing procedures, and the bookkeeper could have directly issued a check to the vendor after documenting the required authorization. School personnel stated the employees made these purchases in this manner as a convenience to the school.
  - As of March 2017, the administrative assistant stored many decorations and other supplies purchased for the prom or other school-related events at her personal residence. This practice continued even after the Hardeman County Board of Education provided a storage building to the school in August 2016 specifically to provide storage space for these supplies. Consequently, the school had no control over the accountability and safeguarding of the supplies. After investigators asked about this practice, the administrative assistant returned items to the school and placed them in the storage building.
  - School officials failed to require and retain adequate supporting documentation for some reimbursements to employees. Investigators noted that the bookkeeper issued some reimbursement checks relying on information from online hotel reservations or online order confirmations only. The school did not require a reconciliation of these advance

payments to actual hotel and other related invoices. In addition, reimbursements for some online purchases, including an ID card printer, baseballs, and cheer supplies, were not supported by documentation that the school received the items ordered.

- **School officials failed to establish and ensure adequate controls related to concession operations**
  - The school principal did not ensure that in-school concession operators verified beginning change amounts or performed the required profit analysis of concessions sales. As a result, the school could not determine that expected concession collections were deposited into the school account.
  - The school failed to pay sales tax to applicable vendors or remit use tax to the Tennessee Department of Revenue on concession products and other items purchased for resale.

School administrators indicated that they have corrected these deficiencies.