



**SOUTH MIDDLE SCHOOL
TROJAN ATHLETIC BOOSTER CLUB**

Comptroller's Investigative Report
November 8, 2018

Justin P. Wilson, Comptroller





JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

November 8, 2018

Officers of the South Middle School
Trojan Athletic Booster Club
c/o South Middle School
601 Cumberland Street West
Cowan, TN 37318

Ladies:

The Office of the Comptroller of the Treasury, in conjunction with the Franklin County Sheriff's Office, conducted an investigation of selected records of the South Middle School Trojan Athletic Booster Club, and the results are presented herein. These results were referred to the District Attorney General of the 12th Judicial District.

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,

A handwritten signature in black ink that reads "Justin P. Wilson".

Justin P. Wilson
Comptroller of the Treasury

JPW/RAD

INVESTIGATIVE REPORT

SOUTH MIDDLE SCHOOL TROJAN ATHLETIC BOOSTER CLUB

The Office of the Comptroller of the Treasury, in conjunction with the Franklin County Sheriff's Office, investigated allegations of malfeasance related to the South Middle School Trojan Athletic Booster Club (booster club). The Comptroller's Office initiated the investigation after booster club and school officials reported questionable transactions in the booster club bank account.

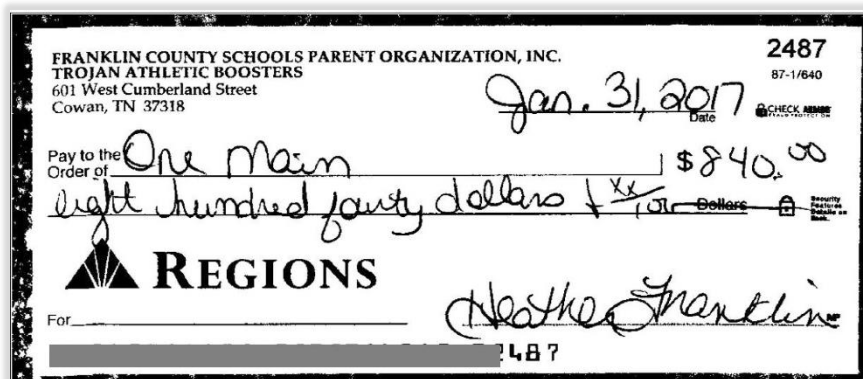
INVESTIGATIVE RESULT

- Former treasurer Heather Franklin¹ misappropriated booster club funds totaling at least \$4,927.

During the period November 2016 through March 2017, booster club treasurer Heather Franklin misappropriated booster club funds totaling at least \$4,927. Ms. Franklin employed at least two schemes to misappropriate booster club funds for her personal use without the authority or knowledge of other booster club officers or board members.

- Ms. Franklin misappropriated cash totaling at least \$4,087 by withholding cash collections from concessions sales at seven home basketball games and retaining the funds for her personal use.
- Ms. Franklin prepared and issued an unauthorized booster club check totaling \$840 to pay loans for her personal vehicles. [Refer to Exhibit 1.]

Exhibit 1



Unauthorized booster club check prepared, signed, and issued by Heather Franklin used to pay personal loans.

¹ Subsequent to her tenure as booster club treasurer, Heather Franklin changed her name to Heather Harris after marriage.

Ms. Franklin effectively concealed her misappropriation by making false entries in the booster club records. For instance, she indicated in the booster club checkbook register that the booster club check she issued to pay her personal loan was paid to a concession stand vendor. [Refer to Exhibit 2.]

Exhibit 2

TRANS. TYPE CHECK NO.	DATE	DESCRIPTION OF TRANSACTION	PAYMENT / DEBIT (-)	C/T	DEPOSIT / CREDIT (+)	
2487 MEMO:	2/28	Colce	840.00		3849.54	\$ 4689.54
						3849.54

Ms. Franklin admitted to investigators that she was having financial trouble, and that without the knowledge or the authority of other booster club members or officers, she withheld and retained booster club cash collections to pay living expenses. She further acknowledged that she wrote an unauthorized booster club check to pay personal loans and that she falsified the booster club accounting records to keep anyone from finding out about the personal payment.

Summary of Misappropriation by Former Treasurer Heather Franklin

Method	Amount
Cash retained from collections	\$4,087
Personal payment with booster club check	840
Total	<u>\$4,927</u>

We referred this matter to the local district attorney general of the 12th Judicial District. In November 2018, the Franklin County Grand Jury indicted former booster club treasurer Ms. Heather (Franklin) Harris on one count of Theft over \$2,500.

ADDITIONAL ISSUES

The School Support Organization Financial Accountability Act (Act), sets forth in Section 49-2-604(e), *Tennessee Code Annotated*, that a school support organization’s officers shall ensure that funds are safeguarded and are spent only for purposes related to the goals and objectives of the organization. This section also requires the officers to adopt and maintain a written policy specifying reasonable procedures for accounting, controlling, and safeguarding school support organization money and other property. The Act further authorizes the Tennessee Comptroller of the Treasury to prepare a model financial policy for school support organizations. In June 2008, the Comptroller’s Office published the “Model Financial Policy for School Support Organizations,” which was intended to provide minimum controls to assist in improving accountability over school support organization funds.

The South Middle School Trojan Athletic Booster Club failed to comply with the Act and establish and implement reasonable procedures for accounting, controlling, and safeguarding booster club funds. Our investigation revealed numerous deficiencies in booster club financial processes that contributed to the former treasurer's ability to perpetrate her misappropriation without prompt detection.

Booster club officials failed:

- To separate incompatible financial duties and to provide increased oversight when appropriate. The former treasurer received and counted collections, made disbursements, and was responsible for preparing and delivering deposits to the bank. Other booster club officials did not review the bank statements.
- To adequately oversee, document, and account for fundraising and other collection activities.
- To ensure that collections were deposited intact. Officials sometimes used concessions collections to purchase concession inventory.
- To ensure that the former treasurer deposited all collections promptly. The former treasurer took collections home to be stored. As noted previously, the former treasurer failed to deposit some booster club collections into the booster club bank account.
- To ensure that two authorized signatures were required and included on all checks.

South Middle School Trojan Athletic Booster Club officials indicated that they have corrected or intend to correct these deficiencies.