



## COMPTROLLER'S INVESTIGATIVE REPORT

# Claiborne County High School Cheer

*October 28, 2021*

**Jason E. Mumpower**  
*Comptroller of the Treasury*



**DIVISION OF INVESTIGATIONS**



JASON E. MUMPOWER  
*Comptroller*

October 28, 2021

Claiborne County High School  
815 Davis Drive  
New Tazewell, TN 37825

Claiborne County High School Officials:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Claiborne County High School Cheer, and the results are presented herein.

Copies of this report are being forwarded to Governor Bill Lee, the State Attorney General, the District Attorney General of the 8<sup>th</sup> Judicial District, certain state legislators, and various other interested parties. A copy of the report is available for public inspection in our Office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jason E. Mumpower", is written over a faint, larger version of the signature.

Jason E. Mumpower  
Comptroller of the Treasury

JEM/MLC

# INVESTIGATIVE REPORT

## Claiborne County High School Cheer

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Claiborne County High School Cheer Organization (Cheer). The investigation was limited to selected records for the period July 1, 2018, through November 1, 2019. The results of the investigation were communicated with the Office of the District Attorney General of the 8<sup>th</sup> Judicial District.

### BACKGROUND



Claiborne High School is part of the Claiborne County School System and is in New Tazwell, Tennessee. Cheer consist of approximately 30 individuals who strive to promote team spirit and sportsmanship through cheerleading activities. Cheer funds its activities through donations and fundraiser sales of items such as baked goods and doughnuts. Cheer uses these funds for expenditures related to cheering equipment and activities such as uniforms and cheer camp. The organization is led by a cheer coach whose duties included fundraising and expenditure oversight for the organization.

### INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

*Tennessee Code Annotated*, Section 49-2-110, provides for internal school funds and establishes responsibility for those funds. This section requires local school systems to adopt the *Tennessee Internal School Uniform Accounting Policy Manual (manual)* and to maintain all internal school funds and records in accordance with the requirements noted in the manual. Our investigation revealed that school personnel failed to comply with some of the requirements set forth in the manual, including the following deficiencies:

#### **Deficiency 1: The cheer activity account had a deficit for 15 months**

The cheer activity account had a deficit for 15 months. From approximately July 26, 2018, through November 1, 2019, the cheer activity general ledger account had a negative balance ranging from \$2,471.42 to \$18,167.21. This was the result of management's failure to cease cheer activity spending when the cheer activity's account balance became negative because the school issued checks for the payment of cheer camp and the purchase of cheer uniforms in advance of collections from the cheer team members for these activities. The cheer activities were funded for the 15-month period by the school's other activity funds, whose money is pooled in one bank account. The negative account balance was funded on November 1, 2019, by a \$5,500.93 donation from the Cheer Boosters. The manual the school system is required to follow states that "purchases are properly authorized and do not exceed fund or account balances".

**Deficiency 2: School officials failed to issue receipts for all cheer collections**

School officials failed to issue receipts for all cheer collections. Official pre-numbered receipts are required by the manual for all collections. According to the manual, “the school becomes accountable when money is initially received by employees, officials, or volunteers acting in their official capacity.” The manual further states internal control objectives require “at the time of collection, individuals collecting money should prepare pre-numbered receipts, collection logs, or other appropriate documentation.” During our investigation, we also noted several instances of funds documented on the cheer activity fund general ledger without supporting receipts identifying from whom the money was received. The lack of receipts exposes the school to risks that collections may not be accounted for properly.

School officials indicated that they have corrected or intend to correct these deficiencies.

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