



COMPTROLLER'S INVESTIGATIVE REPORT

G.C. Football Wolfpack Booster Club

January 12, 2022

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

January 12, 2022

Grundy County High School Officials
24970 SR 108
Coalmont, TN 37313

and

Grundy County Director of Schools
1376 Main Street
Altamont, TN 37301

Grundy County High School Officials and Director of Schools:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the G.C. Football Wolfpack Booster Club, 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 12th 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 that reads "Jason E. Mumpower".

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

G.C. Football Wolfpack Booster Club

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the G.C. Football Wolfpack Booster Club. The investigation was limited to selected records for the period from November 2018 through August 2020. The results of the investigation were communicated with the Office of the District Attorney General of the 12th Judicial District.

BACKGROUND

Grundy County High School (GCHS) is part of the Grundy County School System and is in Coalmont, Tennessee. A previous GCHS football booster club was dissolved by the Grundy County School's Athletic Director on January 31, 2019. On February 3, 2019, a new GCHS football booster club filed a nonprofit corporation charter with the Tennessee Secretary of State as G.C. Football Wolfpack Booster Club (club). The new club was approved by the Grundy County Director of Schools.

The purpose of the club was to support and promote GCHS football and to help create, offer, and administer middle school and youth football opportunities. Additionally, the club was intended to fund, provide special services to, and support the overall football experience at GCHS. The club opened a bank account with Tower Community Bank in February 2019. According to the Grundy County Director of Human Resources/Finance, the club no longer functioned after the 2019 football season. Tower Community Bank closed the club account with a zero balance on August 14, 2020.

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Officers of the club, like officers of all other school support organizations, are required to ensure the funds and property of their organization are safeguarded and used only for purposes related to the goals and objectives of the organization. To assist such officers in discharging their duties, the state Comptroller's Office, pursuant to *Tennessee Code Annotated*, Section 49-2-610, published the "Model Financial Policy for School Support Organizations - Procedures Manual" (*Model Financial Policy*) in 2008. The *Model Financial Policy* prescribes minimum financial accountability controls that club officers must follow.

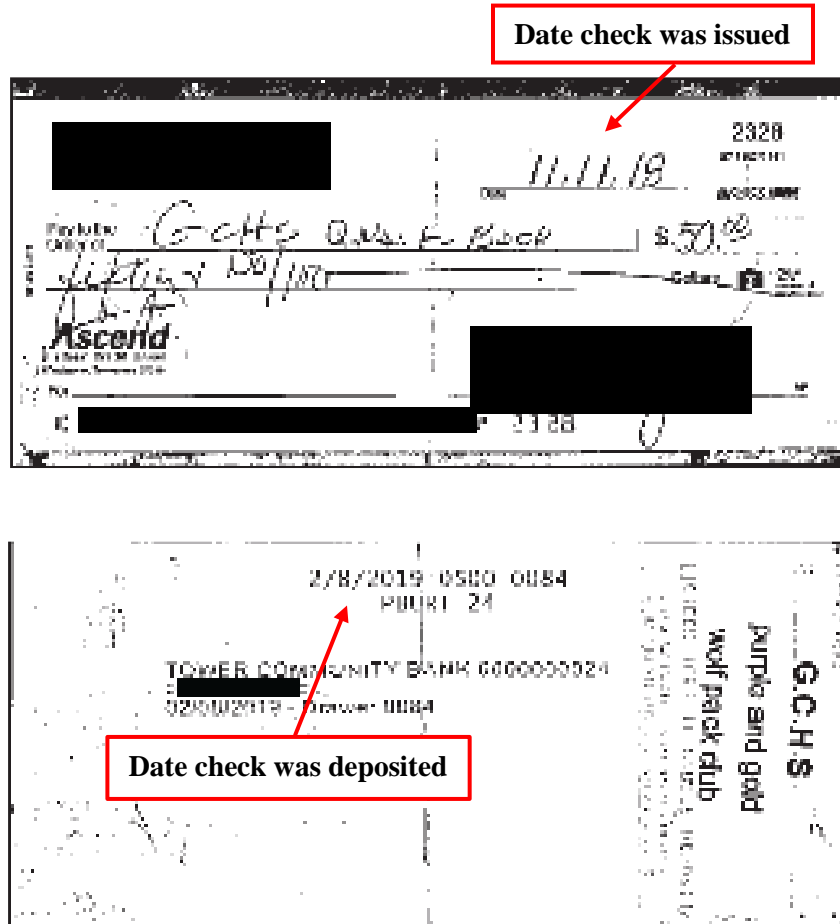
Our investigation revealed the following deficiencies in the club's financial processes:

Deficiency 1: Club officials failed to deposit collections in a timely manner

Club officials failed to deposit collections in a timely manner. All funds should be deposited in a bank account within three days of collection as prescribed by the *Model Financial Policy*. The delay in depositing funds weakens internal controls over collections and increases the risks of fraud and misappropriation. Investigators noted that some check collections were not deposited for up

to 90 days. For example, **Exhibit 1** shows a check that was written on November 11, 2018, prior to the creation of the club. Instead of remitting this and other checks to the school when the prior club was dissolved, club officials held the check for 89 days and deposited the check on February 9, 2019, when the bank account for the new club was opened.

Exhibit 1



Check issued on November 11, 2018, but not deposited until February 8, 2019.

Deficiency 2: Club officials failed to adequately account for collection activities

Club officials failed to oversee, document, or adequately account for fundraising and other collection activities. Also, officials did not require, prepare, or review profit analyses for fundraising events and did not adequately account for or safeguard the merchandise inventory. Providing adequate accountability and oversight of collections helps ensure all collections are properly deposited and used to further the goals and objectives of the club.

Club officials failed to document or adequately account for the proceeds of a Boston butts and beef sticks fundraiser as well as other items sold. As a result, investigators could not verify the accuracy and completeness of the amounts recorded as collected.

Investigators also discovered two checks made payable to the club for a fruitcake fundraiser; however, investigators were unable to locate any other evidence that a fruitcake fundraiser was held by the club. Additionally, investigators noted that often the only documentation available to support amounts collected for fundraisers were handwritten notes on envelopes or sheets of paper. A former president of the club told investigators that the club did not issue receipts for collections.

Deficiency 3: Club officials failed to maintain adequate supporting documentation for some disbursements

Club officials failed to require or retain adequate supporting documentation for some disbursements. While club officials maintained supporting documentation for reimbursements, officials did not maintain supporting documentation for all other disbursements. Accordingly, documentation was either inadequate or unavailable to determine whether all club disbursements were for legitimate club purposes. The *Model Financial Policy* states, “Each check written should have a receipt or invoice filed by check number. The treasurer should write the check number and date paid on the invoice or receipt. When a receipt or invoice is not available, a written document, signed by the treasurer, describing the expenditure, and explaining why no other documentation is provided, should be created and filed.” Requiring adequate supporting documentation for all disbursements helps ensure that disbursements meet the club’s goals.

Deficiency 4: Club officials did not require two signatures on all checks

Club officials did not require two signatures on all checks. The *Model Financial Policy* requires prenumbered bank checks be used and requires two signatures. Investigators noted that for several checks issued during the period investigated, a former treasurer was the only check signer. Requiring two signatures on checks documents that both signers agree that the payment is proper and reasonable.

Deficiency 5: Club officials failed to routinely review and reconcile bank statements

Club officials failed to routinely review and reconcile bank statements. The *Model Financial Policy* requires that bank statements be reconciled promptly, and a copy of the bank statements and imaged checks be included in the minutes of club meetings. The review and reconciliation of bank statements are necessary procedures to ensure all cash collections and disbursements are recorded accurately in the accounting records. Club officials did not comply with the policy, which allowed the club’s bank account to maintain a negative balance for at least two days in November 2019.