



COMPTROLLER'S INVESTIGATIVE REPORT

Brainerd High School

January 10, 2024

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

January 10, 2024

Hamilton County Schools
3074 Hickory Valley Road
Chattanooga, TN 37421

Hamilton County School Officials:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Brainerd High School, 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 11th 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", with a long horizontal flourish extending to the right.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Brainerd High School

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to funds collected at Brainerd High School. The investigation was initiated after Hamilton County School officials reported suspected malfeasance. The investigation was limited to selected records for the period April 1, 2021 through February 28, 2022. The results of the investigation were communicated with the Office of the District Attorney General of the 11th Judicial District.

BACKGROUND



Brainerd High School (Brainerd) is a public high school located in Chattanooga, Tennessee, and is part of the Hamilton County School District.

Brainerd offers a cosmetology program that teaches students hands-on basic skills used in providing hair care services of learning shampooing, hairstyling and design, manicuring, pedicuring, artificial nails, facials, waxing, haircutting, and hair color. The cosmetology program also teaches life skills, on-the-job skills, and

communication for success, all of which are necessary to help the students become their best selves and be successful in their careers. The clientele of the cosmetology program included students, faculty, and outside patrons who paid fees for the services rendered.

A cheerleading program is also offered to students attending Brainerd and is overseen by the cheerleading coach, who is also a school teacher. The responsibilities of the cheerleading coach include leading cheerleaders in training and conditioning, creating performance routines, and providing guidance when performing physical stunts. Once cheer tryouts have concluded and selections for team members have been made, a parent meeting is held for the parents of students who were selected for the cheer team. During this meeting, requirements and expectations are made known to the cheer team, prior to an agreement contract being signed by the parents and members of the team.

The cosmetology program teacher taught from August 6, 2015 to May 26, 2022. The cosmetology program teacher also served as the cheerleading coach from 2016 until she was suspended from Brainerd without pay on February 23, 2022, and subsequently resigned on May 26, 2022.

Tennessee Code Ann. § 49-2-110, provides authorization criteria for student activity fund collections and establishes requirements for the regulation, standards, procedures, accounting, handling, safekeeping, and responsibility for those funds. This section requires local school systems to adopt and comply with the requirements set forth in the *Internal School Funds Manual (Manual)*. The *Manual* requires teachers/others who collect money to prepare a collection record for each separate activity.

RESULTS OF INVESTIGATION

1. THE FORMER TEACHER FAILED TO REMIT CHEERLEADING TEAM FUNDS TO BRAINERD

The former teacher failed to remit cheerleading team funds to Brainerd. Tennessee Code Ann. § 5-8-207 and the *Manual* require that every county official handling public funds shall deposit collected funds into the official bank account within three days. The former teacher's failure to remit the collected funds prevented Brainerd's bookkeeper from timely depositing the funds into the official school account. The former teacher collected \$7,360.00 from sixteen student cheerleaders for uniforms and other cheerleading equipment for the 2021-2022 cheer season.

Summary of Collections	
Month	Amount
April 2021	\$ 1,750
May 2021	\$ 1,795
June 2021	\$ 1,935
July 2021	\$ 1,830
August 2021	\$ 50
Total	\$ 7,360

Investigators determined that the former teacher collected fees from members of the cheer team following the annual cheerleading tryout. Brainerd officials were made aware of the unremitted cheer funds after being approached with concerns from parents of members of the cheer team. Brainerd officials were unable to issue refunds to parents from the cheerleading team account since collected funds had not been properly remitted to Brainerd's bookkeeper. Documentation gathered during the investigation revealed that the former teacher collected cheer fees from April 2021 to August 2021. Brainerd officials stated that the former teacher did not remit funds to Brainerd because the former teacher wanted to use unapproved vendors. The former teacher was not given authorization to circumvent the remitting of collected funds to Brainerd or to use unapproved vendors.

The former teacher did not comply with the *Manual* and the following Hamilton County Board of Education (board) policies:

- 2.101 Duties of School System Employees
 - This policy states, “...each school-based employee must become familiar with the Tennessee Internal School Uniform Accounting Policy Manual, paying particular attention to the provisions governing the receipt of funds from students or their parents or guardians, the importance of writing receipts, the necessity of maintaining collection logs, and the requirement to submit funds to the principal or bookkeeper by the end of the school day. School-based employees should also familiarize themselves with rules governing purchasing, including when competitive bids are necessary, how to complete a purchase order, and how to maintain an appropriate log of expenditures and their supporting documentation.”

- 2.500 Deposit of Funds
 - This policy states, “All money collected at the school building level must be cleared through the principal’s office and list the source of revenue on the deposit slip.” And “shall deposit funds daily if possible, but no later than three (3) days after being received.”

- 5.600 Staff Rights & Responsibilities
 - This policy states, “Each staff member has the responsibility to: Keep all records and prepare and submit promptly all reports that may be required by state law, state board regulations, board policy and administrative procedures.”

The former teacher’s failure to follow board policies and the provisions set forth in the *Manual*, including non-compliance with the three-day deposit rule, decreases transparency in the accounting of collections and increases the risk that fraud, waste, or abuse will occur without prompt detection.

2. THE FORMER TEACHER CHARGED ADDITIONAL FEES AND DISBURSED FUNDS TO UNAPPROVED VENDORS

The former teacher charged additional fees for cheerleading team equipment and used unapproved vendors. Investigators determined that the total amount approved by Brainerd officials for collection, based on the number of students on the cheer team, was \$3,840 (\$240 per cheer student); however, the total amount collected by the former teacher was \$7,360 (\$460 per cheer student).

Investigators reviewed vendor invoices and determined that the former teacher used the funds collected, as well as \$94.77 of personal money, to purchase uniforms and other equipment for the cheerleading team. In addition to using unapproved vendors, the purchasing procedures were not properly followed, as some of the items purchased were shipped directly to the former teacher’s personal residence. The following are cheerleading purchases made across ten different unapproved vendors:

- Cheer shorts
- T-shirts
- Warmup pants
- Leggings
- Monogramming
- Hairbows
- Shoes
- Vests

The former teacher did not receive board approval to increase the fee amount for cheer students, make purchases from unapproved vendors, or directly spend student funds despite being used for the cheerleading team. The former teacher was not in compliance with the *Manual* and the following board policy:

- 2.808 Purchase Orders and Contracts
 - This policy states, “All purchases made by the school system shall be by purchase order, purchase voucher, purchase card, or formal contract.”

Adherence to purchase and disbursement policies set forth in the *Manual* and board policy ensures that expenditures are properly documented and for an appropriate purpose.

3. THE FORMER TEACHER DID NOT REMIT FUNDS FOR COSMETOLOGY SERVICES COMPLETED AT BRAINERD

The former teacher did not remit funds for cosmetology services rendered at Brainerd. Investigators determined that the former teacher purchased supplies for cosmetology services using Brainerd’s bank account. While services were rendered for cosmetology, there were no receipts or other documentation for the receipt of payment for services provided, nor were collections remitted to Brainerd’s bookkeeper. Investigators were unable to determine if all funds collected for services were remitted to Brainerd’s bookkeeper.

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed internal control and compliance deficiencies, which resulted in the above findings. The deficiencies included:

Deficiency 1: Brainerd officials failed to provide adequate oversight or separate financial duties

A. Cheerleading Team:

Brainerd officials failed to provide adequate oversight or separate financial duties while the former teacher was serving as the cheer coach from 2016 to 2022. The former teacher was responsible for receipting collections and ordering uniforms and other gear for the cheerleading team. Brainerd officials should require approval prior to funds being collected from students and parents and maintain proper documentation to ensure Brainerd's bookkeeper has sufficient records to reconcile incoming funds to deposit. Brainerd officials should also ensure all purchases are made in accordance with approved policy and only to approved vendors. Separating financial duties and providing increased oversight reduces the risk that errors or misappropriations will occur and remain undetected.

B. Cosmetology Program:

The former teacher failed to remit funds collected for cosmetology services rendered at Brainerd for multiple years. The former teacher taught in the cosmetology program from 2015 to 2022. Brainerd officials failed to act timely after the bookkeeper notified them that funds for the program were not being remitted despite services being rendered, and purchases being made for supplies. Brainerd officials should provide adequate oversight, including addressing the concerns of the bookkeeper timely to ensure accountability and accuracy of accounting records at Brainerd.

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