



## COMPTROLLER'S INVESTIGATIVE REPORT

# Oak Ridge High School Navy JROTC Booster Club

*May 16, 2025*

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



**DIVISION OF INVESTIGATIONS**



JASON E. MUMPOWER  
*Comptroller*

May 16, 2025

Oak Ridge Board of Education  
304 New York Avenue  
Oak Ridge, TN 37830

Board Members:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Oak Ridge High School Navy JROTC 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 7<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 "J. E. Mumpower", with a long horizontal line extending to the right.

Jason E. Mumpower  
Comptroller of the Treasury

JEM/MLC

# INVESTIGATIVE REPORT

## Oak Ridge High School Navy JROTC Booster Club

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Oak Ridge High School Navy JROTC Booster Club. The investigation was initiated after Oak Ridge High School officials reported questionable transactions. The investigation was limited to selected records for the period July 1, 2020, through September 21, 2023. The results of the investigation were communicated with the Office of the District Attorney General of the 7<sup>th</sup> Judicial District.

### BACKGROUND



Oak Ridge High School (school), located in Oak Ridge, Tennessee, is part of the Oak Ridge Schools and serves students in grades 9 through 12. Oak Ridge High School Navy JROTC Booster Club (booster club) was a school support organization (SSO) and a 26 U.S.C.A. § 501(c)(3) tax-exempt nonprofit entity led by parents and other volunteers to support and promote the school's Navy JROTC program.

Officers of the booster club included a president, vice president, treasurer, and secretary. The president was responsible for coordinating the work of the officers and booster club. The vice president presided in the absence of the president and performed any additional duties assigned by the president. The treasurer was responsible for collecting and depositing funds from fundraisers and paying booster club expenses. The secretary maintained minutes and organizational documentation. The booster club primarily disbursed funds for uniforms and financially supported various social and charitable events throughout the academic calendar year. On September 21, 2023, the booster club ceased operations and deposited all remaining funds to the school.

The School Support Organization Financial Accountability Act, codified in Tenn. Code Ann. § 49-2-601 *et seq.* provides that booster club officers, like officers of all other SSOs, 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 Comptroller, pursuant to Tenn. Code Ann. § 49-2-610, published the *Model Financial Policy for School Support Organizations (Model Financial Policy)*, which prescribes a set of accounting controls to ensure the funds are used to further the organization's goals and objectives.

## RESULTS OF INVESTIGATION

### 1. FORMER BOOSTER CLUB OFFICIALS MADE QUESTIONABLE TRANSACTIONS TOTALING \$24,603.78

Our investigation revealed that between July 2020 and April 2022, former booster club officials made questionable transactions totaling at least \$24,603.78 as follows:

#### A. Cash Withdrawals

From July 2020 through April 2022, former booster club officials made 22 questionable cash withdrawals totaling \$21,943.18. School officials stated the cash was used for expenses related to a military ball, back-to-school party, trailer expenses, and field trips. However, former booster club officials did not retain supporting documentation for these expenditures.

#### B. Checks to the Former Treasurer

From September 2021 through November 2021, the former treasurer wrote two checks to himself totaling \$2,660.60 as reimbursements but did not retain supporting documentation, and did not provide any additional information about the checks to investigators.

Without supporting documentation, investigators could not determine if the cash withdrawals and checks written to the former treasurer were used for the exclusive benefit of the booster club.

The following table summarizes questionable transactions made by former booster club officials:

Summary of Questionable Transactions	
A. Cash Withdrawals	\$21,943.18
B. Checks to the Former Treasurer	2,660.60
<b>Total Questionable Transactions</b>	<b>\$24,603.78</b>

## INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed deficiencies in internal control and compliance, some of which contributed to questionable transactions. These deficiencies included:

**Deficiency 1:** Former booster club officials failed to safeguard and retain booster club records properly

Former booster club officials did not retain or provide investigators with adequate supporting documentation for collections and disbursements. Due to the lack of supporting documentation, investigators could not determine whether all disbursements were used for the exclusive benefit of the booster club. According to the *Model Financial Policy*, “All collection and disbursement records, bank statements, imaged checks, receipts/invoices for disbursements...shall be organized and maintained by the treasurer or bookkeeper by fiscal year. These records must be maintained for at least four years.” The lack of supporting documentation for collections and disbursements increases the risk that fraud, waste, and abuse will occur without prompt detection.

**Deficiency 2: Former booster club officials did not require two signatures on checks**

Former booster club officials did not require two signatures on checks. The *Model Financial Policy* recommends, “Official prenumbered checks should require two signatures.” Checks having two signatures provide an increased degree of control by indicating that both authorized signers agree that the payment is proper and reasonable.

**Deficiency 3: Former booster club officials failed to file Form 990-N with the Internal Revenue Service**

Former booster club officials did not file Form 990-N (gross receipts of less than \$50,000) with the Internal Revenue Service (IRS), which is due yearly. The IRS requires reporting finances and basic operations to determine whether an organization is worthy of maintaining its 26 U.S.C.A. § 501(c)(3) tax-exempt status. Failure to file the form for three consecutive tax years will result in an organization automatically losing its tax-exempt status, which occurred on November 15, 2022.

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

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