



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF MUNICIPAL AUDIT**

John G. Morgan
Comptroller of the Treasury

**SUITE 1600
JAMES K. POLK STATE OFFICE BUILDING
505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-0271
PHONE (615) 401-7871
FAX (615) 741-1551**

Dennis F. Dycus, CPA, CFE, Director
Division of Municipal Audit

February 17, 2004

Mr. Randall Robertson, Director of Schools,
and Benton County Board of Education
197 Briarwood Avenue
Camden, TN 38320

Mr. Robertson and Board Members:

As requested by Randall Robertson, Director of Schools, this office has performed limited procedures related to the Briarwood School Cafeteria. These procedures included the review of selected cafeteria records from the period July 1, 2002, through August 31, 2003, and conversation and interviews with certain school system employees. Our work revealed the following:

1. Briarwood School Cafeteria records revealed that the cafeteria manager, Ms. Peggy King, established an account in the name of her husband, Russell King. Mr. King was not an employee or a student of Benton County Schools. According to the Benton County Food Service Director, school system policy does not provide for visitor accounts to be established. In addition, the cafeteria's accounting system was not designed to process meal accounts for visitors. Documentation of the account shows that Ms. King established her husband's account as an employee account. We noted the following related to this account:
 - a. Documentation of transactions in this account indicate that between August 13, 2002, and October 9, 2003, 43 meals were charged to this account at the employee meal price of \$2.00, rather than the \$2.75 visitor price, resulting in an apparent undercharge of \$32.25. The cafeteria manager stated that Mr. King did eat at the cafeteria occasionally, but stated that she also sometimes used the account to "help kids". Records were not provided to indicate how many and which students may have been assisted. Therefore, we could not determine by what amount the apparent underpayment would be affected.

- b. It appears that the account may have been used by the manager as an unauthorized personal petty cash account. We noted that during the period August 13, 2002, through October 9, 2003, five adjustments to the account were made apparently by the manager decreasing the balance of the account by \$10.00 or more, and one adjustment was made which decreased the account balance by \$36.00. We located no documentation to support adjustments to accounts, and could not determine any valid reasons for decreasing adjustments of this magnitude to this account.
- c. Documentation of Mr. King's account also showed that between July 23, 2002, and October 9, 2003, the balance in Mr. King's account averaged \$105.11, with the highest balance being \$186.97. Even though documentation examined indicated the balance never fell below \$68.27 during this period, the documentation indicated that eight of the many transactions apparently posted to the account by the manager increased the account balance by \$10.00 or more. As discussed further in #2, two of these transactions increased the account balance by \$50.00 and \$52.00 respectively. We were unable to determine a valid and logical reason for the cafeteria manager to maintain a meal account balance of this magnitude for her husband.

To help ensure that the system receives all money due, school officials should ensure that the Briarwood Cafeteria requires all visitors to pay the correct amount for the purchase of meals. In addition, to help ensure all collections are properly accounted for, we recommend that transactions related to the personal account balances of managers or cashiers and/or their spouses or close relatives be handled or approved by someone other than the involved manager or cashier. Explanations for adjustments to accounts should be documented, and this documentation retained by the cafeteria.

2. Provided documentation indicated that in February 2002 and September 2003, certain employees of the Briarwood School Cafeteria paid by check for food products they requested Ms. King to obtain from vendors which supplied the school. Although these checks were included in Briarwood School Cafeteria deposits, the cafeteria's daily collection reports did not reflect any miscellaneous or other income. Therefore, the checks were apparently cashed through the cafeteria's cash drawer or were not recorded properly as income.

Ms. King stated that she and other employees did occasionally order food from vendor salesmen, but stated that food purchased for personal use was not charged

to the school account. According to Ms. King, she and the other employees would pay the vendor driver in cash for the food ordered from the vendor salesmen.

When contacted, applicable vendors verified that they did allow school system employees to make personal purchases, and would establish separate accounts accordingly. However, these vendors stated that no personal purchases had been made by Briarwood Cafeteria employees during the period examined.

As noted on the table below, on the days in question, the cafeteria manager entered transactions increasing her husband's meal account by an amount similar to the total(s) of the deposited employee checks.

Date	Total known amount of employee checks for personal purchases included in cafeteria deposit	Amount of adjustment made by cafeteria manager to increase her husband's account
02-14-03	\$46.00	\$50
09-09-03	\$45.37	\$52

School officials should ensure that food products intended for the personal use of school employees are not accounted for with the school's food product purchases and that the school does not pay for these items. In addition, school officials should require cafeteria managers to deposit all cafeteria collections intact (in the form and amount in which they are collected), and ensure that no personal checks are cashed using cafeteria money.

3. In September 2003, the Briarwood School Cafeteria began serving breakfast free of charge to all Briarwood students and staff. At the time this change was made, many students had balances remaining in their breakfast accounts.

Prior to the theft of the cafeteria computers, central office personnel obtained printouts of detailed transactions for several days of operation, including September 18, 2003. Because we noted several adjustments to breakfast accounts, we analyzed the September 18, 2003, transactions in detail. Our analysis revealed that in total, the manager reduced at least 12 breakfast and a la carte accounts by a total of \$33.15 without corresponding increasing adjustments or explanations. We did note that the cafeteria manager made an adjustment to increase her husband's account \$31.75 on this same day.

As previously stated, to ensure that all cafeteria money (including prepayments on accounts) is properly accounted for, school officials should require explanations for all adjustments to accounts.

4. The school system received an allegation that Ms. King falsely inflated the number of free breakfasts served by the Briarwood School Cafeteria that she reported on the daily record of meals served. Reimbursements from the United States Department of Agriculture are made based on the amount of claimed meals served.

Our analysis of the records provided to us indicate that amounts recorded for free breakfast meals served did decrease significantly in most instances when time records indicated that Ms. King was not available to cashier at the breakfast meal. However, due to the limited records available to examine, we were unable to determine conclusively the reason for the apparent discrepancies. We recommend that the school system notify the United States Department of Agriculture of the possible irregularities, so that the department can take action, if any, deemed necessary. (NOTE: We understand that the school system has located additional Briarwood Cafeteria information related to meals served, and is in the process of sending this information to this office. We will provide further notification if our findings regarding this allegation changes.)

5. An employee of the Tennessee Department of Education, School Food Nutrition Program, reviewed the school's production records and determined them to be incomplete to the point of being unable to accurately account for food used. To properly account for inventory, school system officials should ensure that cafeteria managers at all school cafeterias maintain accurate, up-to-date production records.

If you have any questions or need additional information, please contact me at (615) 401-7871.

Sincerely,

Dennis F. Dycus, CPA, CFE, Director
Division of Municipal Audit