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DEPARTMENT OF AUDIT
DIVISION OF MUNICIPAL AUDIT

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Edward A. Hickman, Director of Schools and
Members of the Board of Education
Maury County Public Schools
501 West 8th Street
Columbia, TN 38401

Director and Members of the Board:

We have completed our investigative audit of E.A. Cox Middle School, Maury County Public Schools. Our examination focused on the fiscal year ending June 30, 2008. Our audit was limited to a review of documents and interviews involving a fruit sale conducted by the Drama Club.

The Drama Club fruit sale was an ongoing event throughout the school year; however, the fruit stand itself was open at somewhat irregular intervals. One of the school's teachers maintained control of collections from the fruit sale during the period December 2007 through March 2008. Throughout this time, this teacher did not turn over any collections to the school bookkeeper.

When asked by school officials to provide an accounting of her activities, the teacher provided a written statement and a list of collections and disbursements from December 2007 through March 2008. The teacher listed cash collections of $547.77 and cash disbursements of $546.26. However, the teacher was unable to provide school officials with any invoices or adequate documentation to substantiate how she had spent the money.

Our investigative audit revealed that many of the items for the fruit sale had apparently been donated. The sponsors did not maintain an ongoing inventory of items available for sale. The club representatives failed to prepare and retain adequate collection records. Purchases were apparently made using cash collections. Finally, collections were not promptly turned over to the bookkeeper for deposit, but instead, apparently kept hidden in a classroom or, on at least two occasions, taken home by a teacher.

In an interview with auditors, the teacher stated that she had not spent any portion of the collections for her personal benefit. However, due to a lack of records, auditors were unable to

verify how much money was collected, how much was spent for school purposes, and whether all expenditures were appropriate for a school activity.

Uniform policies and procedures for the management of student activity and other internal funds are detailed in the *Internal School Uniform Accounting Policy Manual*. At a minimum, the principal, bookkeeper, and teachers must ensure that, for fundraisers, they must:

- Maintain an inventory for both purchased and donated items held for resale
- Document all collections
- Not make purchases out of cash collections
- Promptly turn over all collections to the bookkeeper for deposit
- Maintain adequate documentation of all purchases

Auditors noted that several of these deficiencies have already been addressed by school management. However, the principal should take immediate action to correct any unresolved deficiencies.

If you have any questions concerning the above, please contact me.

Very truly yours,

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

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