



**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

October 17, 2006

Director of Schools and Members
of the Board of Education
Macon County Schools
501 College Street
Lafayette, TN 37083

Ladies and Gentlemen:

Per your request, we have completed our investigative audit of selected records of Red Boiling Springs School, Macon County Schools. The audit focused on the period July 1, 2004, through September 30, 2005. However, when warranted, we expanded the scope. The audit was limited to a review of an unexplained \$12,384 deposit made by a family member of the late cafeteria manager into the cafeteria bank account on July 21, 2006.

Based on a review of school cafeteria records and conversations with the persons closest to the situation, a likely source of this deposit appears to be unrecorded a la carte sales. Due to the nature of the cafeteria's a la carte sales process and because of inadequate controls and recordkeeping, we were unable to determine the total amount of a la carte collections which should have been deposited into the cafeteria bank account.

The following recommendations are intended to improve the internal controls over a la carte sales.

1. Teachers should record snack money on a collection log or other appropriate record to document collections. The teacher should be issued a receipt when the snack money is remitted. The *Internal School Uniform Accounting Policy Manual*, page 5-3, states:

Teachers/others who collect money should prepare a collection record (prenumbered receipt, collection log, ticket reconciliation, signed recorded count,

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etc.) for each separate activity. All collections by teachers/others should be remitted to the cashier daily or more frequently, if necessary.

Page 5-7 of the manual states, "The principal should prohibit teachers/others from turning money over ... without receiving a receipt."

2. Collections from a la carte sales during students' break should be counted and recorded by two individuals as soon as practical after the break ends, as described on page 5-6 of the *Internal School Uniform Accounting Policy Manual*. Both individuals should sign the form to document their agreement with the amount recorded. The cafeteria bookkeeper should receive a copy of the form with the money collected. Exhibit 8, found on page A-23 of the manual, is an example of a cash count form.

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

Very truly yours,



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

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