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Director of Schools and Members of the  
Board of Education  
Wayne County School System  
P. O. Box 658  
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Director of Schools and Board Members:

As requested by the system's independent auditor, we have completed our investigative audit of certain records of the Waynesboro Middle School Cafeteria, Wayne County School System. Our examination focused on the period July 1, 2001, through June 30, 2003. However, when the examination warranted, this scope was expanded. Our audit was limited to cafeteria collection procedures and records of meals and food items served and the related revenue.

Our audit revealed the following weaknesses:

1. During at least the past two years, cafeteria cashiers, when requested, distributed cash to students from those students' prepaid accounts. This was accomplished by recording a la carte sales which did not occur and then dispensing cash corresponding to the total of the recorded sales. As a result, a la carte sales records were overstated. This practice resulted in false records of cafeteria transactions and must not be allowed to continue. In addition, if the cashiers failed to correctly complete the transaction, "meals served" totals used to prepare the claims for state reimbursement may also have been overstated. The *Internal School Uniform Accounting Policy Manual*, Page 1-4, states, "Each school must maintain adequate records and follow acceptable procedures to properly account for all internal school funds." So that cafeteria records accurately reflect operations, management should require cashiers to properly record each transaction.

2. For one lunch period in the spring of 2002, cafeteria cashiers recorded 23 more meals sold than staff members of the school's independent auditor physically counted as sold. Subsequently, these auditors calculated, and we confirmed, that when expected revenue based on meals served per the sales recorded by the cashiers was compared to actual revenue for the fiscal year ended June 30, 2002, a shortage of \$4,212.05 was revealed. The *Internal School Uniform Accounting Policy Manual*, Page 5-1, states, "Internal accounting requires all transactions pertaining to school money to be recorded in the accounting records daily." We recommend that school personnel independent of cafeteria sales follow up by conducting physical counts of meals served and reconciling the counts to the cashiers' records of meals served. Food line management and methods used by cashiers should be reviewed to eliminate procedures resulting in incorrect entries. To help ensure that discrepancies do not recur, physical counts and reconciliations should be repeated, unannounced, periodically.
3. Cash collections for an undetermined number of a la carte sales were not entered in the cafeteria's computerized system at the point of sale. As a result of this practice, it was not possible to determine if all collections from a la carte sales were deposited. The *Internal School Uniform Accounting Policy Manual*, Page 5-3, states, "The school becomes accountable when money is initially received by employees . . . acting in their official capacity." To help ensure accountability for all cash collected, officials should require that cafeteria serving lines are managed in a manner which allows cashiers to correctly record all transactions as they occur, and that cafeteria cashiers are informed of and are required to follow correct procedures.
4. Certain reports which would provide detailed information about register transactions were not being printed and reviewed by a person independent of sales. We recommend that board personnel use reports available from the cafeteria computer system, such as daily lists of adjustments, voids, and other register transactions, to identify transactions which may be suspicious by their nature or frequency. These reports function as part of the cafeteria's internal control system and should be used as such. The *Internal School Uniform Accounting Policy Manual*, Page 4-4, states:

The objectives of internal control systems used in administering activity/food service funds are to provide management with reasonable . . . assurance that . . . student activity/food service money and

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related inventories are safeguarded against waste,  
loss and misuse. . . .

Board and school personnel should follow up suspicious transactions and provide additional training, reiterate policies and procedures, or take other appropriate action.

5. The credit limit for cafeteria users was set at \$100. This limit may encourage a delay in paying for a continuously used service and could allow students and their families, as well as faculty members to accumulate large debts which are more difficult for school personnel to collect. The *Internal School Uniform Accounting Policy Manual*, Page 4-6, states, "The school should establish and document detailed requirements for collections, including the assignment of related responsibility, timing of collections, and follow-up on uncollected accounts." Allowing some students to maintain large unpaid balances is not fair to those students and their families who pay when served or use minimal credit occasionally. We recommend that the school establish and maintain a credit policy which does not violate sound business practices.

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

Sincerely,

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