



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

NEWS RELEASE

Contact: David A. Vaudt
515/281-5835
or Tami Kusian
515/281-5834

FOR RELEASE _____ July 7, 2010 _____

Auditor of State David A. Vaudt today released a report on a special investigation of the Food Service Department of the Springville Community School District. The report covers the period July 1, 2005 through March 31, 2009. The special investigation was requested by District officials as a result of concerns identified with certain student meal collections which should have been deposited by the Food Service Department but were not. Maajal Houdeshell resigned from the District's employment as the Food Service Director on January 2, 2009.

Vaudt reported the special investigation identified \$55,171.11 of undeposited collections and improper and unsupported disbursements. Of this amount, undeposited collections total \$48,636.11, improper disbursements total \$6,441.89 and unsupported disbursements total \$93.11. Vaudt also reported the \$48,636.11 of undeposited collections includes some estimated amounts and it was not possible to determine if there were additional undeposited collections or improper or unsupported disbursements because adequate records were not available.

The undeposited collections include proceeds from cash sales in the cafeterias and amounts which should have been deposited to student accounts to purchase meals and a-la-carte items. Some of the undeposited collections for student accounts were initially recorded in the student accounts, but were then reversed out of the accounts. After a deposit report was prepared, which did not include the reversed collections, the amounts were reentered into the student accounts.

The improper disbursements of \$6,441.89 include \$5,292.94 of purchases from Martin Brothers and \$777.95 of purchases from Wal-Mart. Each of the disbursements were

for items which appear personal in nature. The purchases were for small quantities which were not consistent with authorized Department purchases or were for items not typically purchased for use by the Department. The purchases included Hershey Kisses, M&Ms, cake pans and holiday plates.

The report also includes recommendations to strengthen the Department's and the District's internal controls, such as requiring adequate documentation to support transactions, improvements to the Department's inventory controls and improvements to controls associated with the software used by the Department to track student accounts.

Copies of the report have been filed with the Linn County Sheriff's Office, the Division of Criminal Investigation, the Linn County Attorney's Office and the Attorney General's Office. A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/specials/index.html>.

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**REPORT ON SPECIAL INVESTIGATION
OF THE
FOOD SERVICE DEPARTMENT OF THE
SPRINGVILLE COMMUNITY SCHOOL DISTRICT

FOR THE PERIOD
JULY 1, 2005 THROUGH MARCH 31, 2009**

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Telephone (515) 281-5834 Facsimile (515) 242-6134

Auditor of State's Report

To the Board of Education of the
Springville Community School District:

As a result of alleged improprieties regarding certain student meal collections and at your request, we conducted a special investigation of the Food Service Department (Department) of the Springville Community School District (District). We have applied certain tests and procedures to selected financial transactions of the Department for the period July 1, 2005 through March 31, 2009. Because the Department changed the software in which account activity was recorded during the period of our review and not all records were available for the entire period, we were not able to perform all procedures for the entire period. Based on discussions with Department and District personnel and a review of relevant information, we performed the following procedures for the periods specified:

- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Compared collections recorded on the Department's initial listing to deposits in the Nutrition Fund checking account for the period July 1, 2005 through June 30, 2007.
- (3) Compared collections recorded in the School Dining System to deposits in the Nutrition Fund checking account for the period July 1, 2008 to March 31, 2009.
- (4) Reviewed collections from cash sales for the period January 3, 2009 through March 31, 2009 to determine average daily cash collections which was used to estimate cash collections for the period July 1, 2005 through January 2, 2009. The estimates were compared to cash deposits in the Nutrition Fund checking account, as follows:
 - o Because complete records were available for the periods July 1, 2005 through June 30, 2007 and July 1, 2008 through January 2, 2009, the comparison was limited to cash collected for daily sales.
 - o Because certain records were not available for the period July 1, 2007 through June 30, 2008, the comparison was performed for total cash collections.
- (5) Scanned all disbursements from the Nutrition Fund for the period July 1, 2007 through March 31, 2009 to identify any unusual disbursements based on the payee, amount and frequency of payments.
- (6) Scanned disbursements from the Nutrition Fund to identify payments to certain vendors for the period July 1, 2005 through June 30, 2007. We examined selected invoices to determine if the related payments were properly approved, were for an appropriate purpose and were supported by adequate documentation.

As a result of these procedures, we identified \$55,171.11 of undeposited collections and improper or unsupported disbursements for the period July 1, 2005 through January 2, 2009. The undeposited collections identified include some estimated amounts. We were unable to determine if additional collections were not properly deposited or additional improper or unsupported disbursements were made because adequate records were not readily available. Department personnel did not inventory a-la-carte items, record purchases made with cash for daily sales or issue receipts to students and teachers for individual sales. Several additional internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibits A** through **C** of this report.

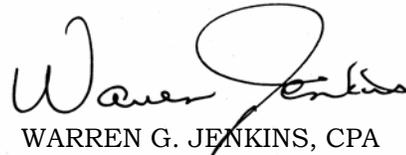
The procedures described above do not constitute an audit of financial statements conducted in accordance with U. S. generally accepted auditing standards. Had we performed additional procedures, or had we performed an audit of financial statements of the Food Service Department of the Springville Community School District, other matters might have come to our attention which would have been reported to you.

Copies of this report have been filed with the Linn County Sheriff's Office, the Division of Criminal Investigation, the Linn County Attorney's Office and the Attorney General's Office.

We would like to acknowledge the assistance and many courtesies extended to us by the officials and personnel of the Springville Community School District during the course of our investigation.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 10, 2010

Food Service Department of the
Springville Community School District

Investigative Summary

Background Information

Springville Community School District (District) serves approximately 440 students residing in Springville and surrounding areas. The District has an elementary school and a middle school/high school. The District's Food Service Department (Department) is responsible for preparing and serving breakfast and lunch to students who purchase meals or who qualify for free or reduced price meals. Adults working at the District are also able to purchase meals from the Department. In addition to meals, the Department serves a-la-carte items at the middle school/high school.

The Department is also responsible for the collection of cash and checks at both the elementary school and the middle school/high school for meals and a-la-carte items sold in the cafeterias on a daily basis (cash sales) and for deposits into family/student accounts (student accounts). Amounts deposited in the student accounts may be used by the students to purchase meals or a-la-carte items immediately upon payment to a Department representative. Cash and checks are also collected during registration and are occasionally collected throughout the school year by the Business Office. These collections are subsequently provided to the Department for posting to student accounts. All collections are to be deposited in the Nutrition Fund checking account by Department staff.

The Department also uses PaySchools®, an on-line payment processing system. PaySchools® allows parents or guardians to make deposits in a student account on-line using an e-check or a credit card.

The Department uses software which allows families to establish accounts for their students. Parents or guardians can deposit funds to their student accounts which eliminates the need for students to carry cash to the cafeterias on a daily basis. Amounts collected at the schools are deposited in the student accounts by Department staff. Prior to the 2008/2009 school year, the Department used the lunch module of the District's Record Management software to maintain the student accounts. Beginning with the 2008/2009 school year, the Department began using the School Dining System software to maintain the student accounts.

In addition to payments from parents and guardians, the District receives payments from the National School Lunch Program. Payments are passed through the Iowa Department of Education on a reimbursement basis based on the number of meals and the amount of milk served to eligible students. The District electronically reports the information needed to determine the amount of the reimbursement to the Department of Education.

Operations of the Department are the responsibility of the Food Service Director. Maajal Houdeshell became the Food Service Director for the Department beginning with the 2003/2004 school year. As the Food Service Director, Ms. Houdeshell was responsible for:

- 1) Cash sales – ensuring all cash sales from meals and a-la-carte items served were properly recorded in District records and included in the deposits to the Nutrition Fund checking account.
- 2) Student accounts – counting collections, reconciling daily collections between the amount posted to student accounts and the amount deposited with the Business Office, submitting collections to the Business Office for deposit and, prior to the 2008/2009 school year, posting collections to student accounts.
- 3) Cash – maintaining the change fund used for daily cash sales in the cafeterias.

- 4) Disbursements – ordering, receiving and distributing all food, supplies and equipment and reviewing and approving related invoices and submitting approved invoices to the District’s Business Office for payment.
- 5) Reporting – following guidelines and standards established by the U.S. Department of Agriculture and the Federal Hot Lunch Program and preparing and submitting required reports in a timely manner to the Business Office for the National School Lunch Program.
- 6) Inventory – maintaining an adequate inventory of food, supplies and equipment and submitting an inventory listing annually to the Business Office.

In addition to federal reports prepared by the Department, Ms. Houdeshell was responsible for preparing a Deposit Report which was to be submitted to the Business Office along with the day’s collections of cash and checks. The report was printed from the School Dining System and listed each student for whom a deposit was made to a student account and the amount of the deposit. The report did not include any cash sales. Therefore, Ms. Houdeshell was to document any collections received from cash sales on the report. During our review, we identified a few instances where Ms. Houdeshell documented additional collections received from cash sales. Because cash sales occur each day, each Deposit Report should have included a hand-written note documenting additional collections received from cash sales. However, the total amount shown on the report usually equaled the amount of cash and checks Ms. Houdeshell submitted to the Business Office for deposit to the Nutrition Fund checking account.

On December 2, 2008, Ms. Houdeshell submitted a letter of resignation to the Board. The resignation was effective January 2, 2009 and was accepted by the Board on December 2, 2008.

In January 2009, the Business Office was contacted by a student’s parent who wanted to ensure a \$100.00 bill sent to school with their student on December 2, 2008 was properly deposited into the student’s account. Business Office staff reviewed the deposit information for December 2, 2008 and were unable to locate the \$100.00 bill on the deposit listing for the student. Staff from the Business Office then ran a Deposit Report from December 1, 2008 through December 23, 2008. By comparing this report to information submitted by Ms. Houdeshell, Business Office staff determined the Deposit Report Ms. Houdeshell submitted on December 3, 2008 was different from the December 3, 2008 activity shown on the report they printed from the School Dining System on January 12, 2009. The Deposit Report printed on January 12, 2009 for activity on December 3, 2008 contained the \$100.00 cash entry for the student and 3 additional cash entries. According to the report, all 4 of the cash entries were made between 1:36 p.m. and 1:37 p.m. on December 3, 2008. During our review, we identified all 4 cash entries were originally entered on December 2, 2008 and deleted between 12:44 p.m. and 12:47 p.m. on December 2, 2008.

The Business Office was unable to locate the \$100.00 bill on the December 3, 2008 deposit listing or any other deposit listing made after December 3, 2008. The Business Office contacted the District’s attorney, who recommended the District contact the Office of Auditor of State.

Because of the concerns related to cash deposits for the Department, the District requested the Office of Auditor of State conduct an investigation of the Department’s financial transactions. As a result of the request, we performed the procedures detailed in the Auditor of State’s Report for the period July 1, 2005 through March 31, 2009. Because the Department changed the software in which account activity was recorded during the period of our review and not all records were available for the entire period, we were not able to perform all procedures for the entire period.

Detailed Findings

These procedures identified \$55,171.11 of undeposited collections and improper or unsupported disbursements. The \$55,186.11 is composed of the following:

- \$48,636.11 of undeposited collections for the period of July 1, 2005 through January 2, 2009. We were unable to determine if additional amounts may have been undeposited because Department personnel did not record cash sales and receipts were not issued to students and teachers for cash sales. In addition, account detail from the lunch module of the District's Student Record Management software was not available prior to July 1, 2008. The \$48,636.11 of undeposited collections includes estimated amounts.
- \$6,535.00 of improper or unsupported disbursements for the period July 1, 2005 through January 2, 2009. We were unable to determine if additional amounts may have been improperly disbursed or were unsupported because adequate records were not readily available.

All findings are summarized in **Exhibit A** and a detailed explanation of each finding follows.

COLLECTION PROCESS

2008/2009 School Year – During the period of our investigation, the Department was responsible for collecting cash and checks at both the elementary school and the middle school/high school for student accounts and cash sales in the cafeterias.

At the elementary school, most collections were initially submitted by students to their teachers who, in turn, submitted the collections to the elementary food service cashier. The elementary food service cashier entered the collection information into a spiral notebook. The information included the name of the student or adult, the amount collected, whether the collection was cash or check and the account number, if applicable. The cashier subsequently recorded the information into the School Dining System. At the elementary school, adults were also able to make deposits to their accounts during lunch hours. These collections were also initially recorded in the spiral notebook and subsequently entered in the School Dining System.

The elementary cafeteria served breakfast from approximately 7:45 a.m. to 8:15 a.m. and lunch from 11:37 a.m. to 12:25 p.m. The elementary cafeteria did not serve a-la-carte items, but students were allowed to purchase additional milk. The elementary food service cashier did not work during breakfast hours. As a result, the employee responsible for serving breakfast recorded the students to whom breakfast was served on a sheet of paper. The elementary food service cashier was responsible for entering the breakfast activity into the School Dining System by student when she arrived for the day. She was also responsible for posting the lunch activity into the School Dining System by student as the meals were served.

Although the elementary cafeteria does not serve a-la-carte items to students, elementary faculty and teachers could order a-la-carte items from the middle school/high school cafeteria. Ordered a-la-carte items were delivered to the elementary cafeteria and the faculty or teachers paid for the a-la-carte items at the elementary school. Prior to January 2009, cash sales were not recorded in the School Dining System. The elementary food service cashier collected cash and placed the collections in the cash register. Starting in January 2009, cash sales were tracked using an account referred to as "cash, cash" in the School Dining System. All other accounts in the School Dining System were specific to a student or a family. The "cash, cash" account contained the cash activity not specified to a particular individual.

At the end of each day, the elementary food service cashier counted all collections and turned them over to Ms. Houdeshell. The elementary food service cashier also copied the information recorded in the spiral notebook for the day and submitted the copy with the collections.

The middle school/high school cafeteria served breakfast from approximately 7:45 a.m. to 8:10 a.m. and lunch from 11:17 a.m. to 12:30 p.m. Between breakfast and lunch, the cafeteria remained open and students were allowed to purchase a-la-carte items. The middle school/high school food service cashier did not work prior to 9:30 a.m. As a result, students

were responsible for recording their own purchases and deposits in a spiral notebook in the middle school/high school cafeteria. When the middle school/high school food service cashier arrived for the day, she was responsible for entering the information recorded in the spiral notebook into the School Dining System.

After 9:30 a.m., all purchases and collections were entered directly into the School Dining System by the middle school/high school food service cashier. In addition, any collections for student accounts were entered in the spiral notebook. Similar to the elementary cafeteria and prior to January 2009, cash sales were not recorded in the School Dining System. The middle school/high school food service cashier collected cash and placed the collections in the cash register.

Starting in January 2009, cash sales were tracked using the account referred to as “cash, cash” in the School Dining System. The cash collected was not counted until the end of the day and was then posted to the “cash, cash” account.

At the end of the day, the middle school/high school food service cashier counted the collections and documented the total amount collected on a sheet of paper. The middle school/high school food service cashier then turned over all collections and the sheet of paper documenting the total collections to Ms. Houdeshell.

Once the collections had been turned over by both cashiers, Ms. Houdeshell was responsible for counting the collections and she was to submit them intact to the Business Office. According to employees in the Business Office, Ms. Houdeshell typically submitted a Deposit Report from the School Dining System summarizing the daily collections along with the cash and checks. However, Ms. Houdeshell periodically submitted a piece of scratch paper summarizing the amount collected instead of a Deposit Report.

The Deposit Reports were printed electronically from the School Dining System and included collections recorded in the system and any non-cash adjustments or refunds processed during the day. Non-cash adjustments include credits posted back to a student account for meals previously paid for at full price if the student becomes eligible for free or reduced price meals or if balances are moved between individual students within a family account.

Once the collections were received in the Business Office, the Business Office Secretary prepared a Hot Lunch Deposit sheet summarizing the amount of checks, currency and coins collected. The Business Office began preparing the Hot Lunch Deposit sheet during the 2006/2007 school year. The sheet was signed by the Business Office Secretary and was subsequently signed by Ms. Houdeshell. The Business Office Secretary was responsible for deposit preparation and taking the deposit to the bank.

As previously stated, cash sales were not recorded in the School Dining System prior to January 2009. As a result, the Deposit Report printed from the School Dining System by Ms. Houdeshell included collections for student accounts, but did not include collections from cash sales. Ms. Houdeshell was to document any collections received from cash sales on the report before she submitted it to the Business Office. We identified a few instances where Ms. Houdeshell documented collections received from cash sales. However, because cash sales occur each day, each Deposit Report should have included a hand-written note documenting collections received from cash sales. The total amount shown on the reports usually agreed with the amount of cash and checks Ms. Houdeshell submitted to the Business Office for deposit to the Nutrition Fund checking account. As a result, any cash sales for the days without a hand-written notation were not deposited to the Business Office.

Appendix 1 includes a copy of the Deposit Report printed electronically from the School Dining System and the summarized non-cash adjustments for November 10, 2008. The **Appendix** also includes a summary of the collections deposited to the Business Office for the same day. The summary was prepared by the Business Office and signed by Ms. Houdeshell and a representative of the Business Office. As illustrated by the **Appendix**, the \$818.50 of total deposits recorded in the School Dining System for November 10, 2008 agrees with the total

\$818.50 deposited to the Business Office for the Department. As a result, the proceeds of any cash sales for that day were not deposited.

According to the Business Manager and the Business Office Secretary, when Ms. Houdeshell did not bring a Deposit Report from the School Dining System, she explained the School Dining System or the printer was down and she was unable to produce a report. An example of a piece of scratch paper submitted to the Business Office in place of the Deposit Report is included in **Appendix 2**. The **Appendix** also includes a copy of the summary of the collections deposited to the Business Office for the same day.

All transactions made at Point of Sale (POS) terminals in the cafeterias were recorded in the School Dining System. The 2 terminals in the elementary school and the middle school/high school are distinguished in the system by the POS name "ELEMPOS" and "HSPOS," respectively. Each food service cashier is assigned a terminal and the majority of the Department's transactions are processed through them.

In addition, the administrative terminal at the middle school/high school is distinguished in the system by POS names "Elementary" and "High School". When Ms. Houdeshell logged into the administrative terminal, the terminal name recorded in the system was dependant on whether she was processing a transaction for an elementary account or a middle school/high school account.

Adjustments made to the School Dining System by the administrative terminal are maintained in an Agent Log File which can be accessed through the administrative terminal. The Agent Log File documents each type of adjustment made. For example, the Agent Log File documents each time a transaction is deleted, an account is deleted or if there was a status change for a student and the student became eligible for free or reduced price meals.

As previously stated, the Department used PaySchools®, an on-line payment processing system, during the 2008/2009 school year. When a deposit was made electronically, an e-mail was automatically sent to the Business Manager. The Business Manager provided the Department a copy of the e-mail and either a food service cashier or Ms. Houdeshell was responsible for properly crediting the student account. Funds received through PaySchools® were automatically deposited into a District bank account. The Business Manager periodically transferred funds from the bank account to the Nutrition Fund checking account.

2007/2008 School Year and Prior – Prior to the 2008/2009 school year, the Department used the lunch module of the District's Student Record Management software. The food service cashiers were responsible for collecting all cash and checks and recording certain collections in spiral notebooks. The spiral notebooks reflected amounts received in cash or checks for deposit to the student accounts. However, daily cash sales were not typically recorded in the spiral notebooks. At the end of each day, the middle school/high school food service cashier was responsible for delivering the day's collections and the spiral notebook to Ms. Houdeshell. The elementary food service cashier also provided the information recorded in the spiral notebook, along with the day's collections, to Ms. Houdeshell.

Ms. Houdeshell was responsible for posting collections to student accounts and reviewing the payments recorded in the middle school/high school spiral notebook and the listing from the elementary cashier to ensure each student account was properly credited. After posting collections to the student accounts, the middle school/high school spiral notebook was returned to the middle school/high school food service cashier. Ms. Houdeshell was also responsible for counting the collections.

According to the Business Manager, Ms. Houdeshell submitted the daily collections to the Business Office. In addition, she submitted a piece of scratch paper documenting the amount collected. Once the collections were received in the Business Office, the Business Office Secretary prepared a Hot Lunch Deposit sheet summarizing the amount of coins, currency and checks collected. The form was signed by the Business Office Secretary and subsequently

signed by Ms. Houdeshell. The Business Office Secretary was responsible for deposit preparation and taking the deposit to the bank.

UNDEPOSITED COLLECTIONS

2008/2009 School Year – As stated previously, either a Deposit Report from the School Dining System or a piece of scratch paper was included with the collections submitted by Ms. Houdeshell to the Business Office for deposit. In addition, a Hot Lunch Deposit sheet was completed by the Business Office Secretary. We requested copies of the Hot Lunch Deposit sheets along with copies of either the Deposit Reports from the School Dining System or the scratch paper submitted documenting total collections for the deposits during the period July 1, 2008 through March 31, 2009. We also requested an electronic listing of all deposits recorded in the School Dining System for the period July 1, 2008 through March 31, 2009. Using the information provided, we compared the deposit included on the School Dining System to the deposit slips maintained in the Business Office for the deposits into the Nutrition Fund checking account.

Because of the introduction of the new School Dining System program and the large quantity of cash and checks received during registration, collections for the period July 1, 2008 through September 8, 2008 were combined and compared in total to deposits for the same time period. We determined \$14,228.35 of collections were recorded in the School Dining System for this period. However, we identified 5 entries which were recorded twice in the School Dining System in error. The 5 entries total \$288.70. As a result, only \$13,939.65 should have been recorded in the School Dining System as collected for the period July 1, 2008 through September 8, 2008.

We also determined cash and checks totaling \$13,421.51 were deposited in the Nutrition Fund checking account for the period July 1, 2008 through September 8, 2008. Included in this amount was a \$20.00 check which was not included in the School Dining System because the account was deleted after the family moved out of the District. In addition, we identified a \$120.00 check deposited on August 27, 2008 which was not recorded in the School Dining System until September 30, 2008.

Table 1 summarizes the collection information recorded in the School Dining System and deposits in the Nutrition Fund checking account for the period July 1, 2008 through September 8, 2008. The **Table** also compares this information after adjusting for any errors or differences identified.

For the period 07/01/08 – 09/08/08	Amount
Collections recorded in the School Dining System	\$ 14,228.35
Less entries recorded more than once	<u>(288.70)</u>
Net collections per the School Dining System	\$ 13,939.65
Deposits in the Nutrition Fund checking account	13,421.51
Less check deposited but not included in the School Dining System	(20.00)
Less check recorded in the School Dining System on 09/30/08	<u>(120.00)</u>
Net deposits	<u>13,281.51</u>
Undeposited collections	<u>\$ 658.14</u>

As illustrated by **Table 1**, we identified \$658.14 of undeposited collections for the period July 1, 2008 through September 8, 2008. This amount is included in **Exhibit A**.

We also compared the collections recorded in the School Dining System to the amount deposited in the Nutrition Fund checking account for the period September 9, 2008 through

January 2, 2009. Deposits were made daily and there was no reason for Ms. Houdeshell to hold checks and cash and not deposit all collections daily. Therefore, collections from each school day were compared to the deposit for that day. We determined \$44,591.78 was recorded in the School Dining System for the period September 9, 2008 through January 2, 2009, but \$1,240.40 of this amount was for non-cash adjustments. Therefore, the amount collected for the period September 9, 2008 through January 2, 2009 totaled \$43,351.38.

We also determined \$39,855.68 of cash and checks were deposited in the Nutrition Fund checking account during the period September 9, 2008 through January 2, 2009. Of the \$39,855.68, we identified \$788.37 of cash deposits which were collected for cash sales. Since deposits were made daily, any additional cash deposited on a day was identified as being cash sales. As previously stated, cash sales were not recorded in the School Dining System until January 2009.

We also identified \$118.43 of checks deposited which were not recorded in the School Dining System. The checks include employee reimbursements for food purchases, an adult meal and a check which was not entered in the School Dining System in error. In addition, we identified \$862.00 collected through PaySchools®. As previously stated, collections through PaySchools® were collected electronically and deposited directly to another District checking account. While the collections were recorded in the School Dining System, they were not included in the deposit information prepared by the Business Office.

Table 2 summarizes the collection information recorded in the School Dining System and deposits in the Nutrition Fund checking account for the period September 9, 2008 through January 2, 2009. The **Table** also compares this information after adjusting for any errors or differences identified.

For the period 09/09/08 – 01/02/09	Amount
Collections recorded in the School Dining System	\$ 44,591.78
Less non-cash adjustments	<u>(1,240.40)</u>
Net collections per the School Dining System	\$ 43,351.38
Deposits in the Nutrition Fund checking account	39,855.68
Add collections through PaySchools®	862.00
Less collections from cash sales not included in the School Dining System	(788.37)
Less checks deposited but not included in the School Dining System	<u>(118.43)</u>
Net deposits	<u>39,810.88</u>
Undeposited collections	<u>\$ 3,540.50</u>

As illustrated by **Table 2**, we identified \$3,540.50 of undeposited collections for the period September 9, 2008 through January 2, 2009. This amount is included in **Exhibit A**.

As previously stated, adjustments made to the School Dining System by the administrative terminal are recorded in an Agent Log File. We obtained log files for August 2008 through March 2009 and identified 83 transactions where a deposit entered by a food service cashier at the elementary terminal or the middle school/high school terminal was reversed and subsequently re-entered by Ms. Houdeshell at the administrative terminal. Each of the 83 instances occurred between August 2008 and December 2008 and resulted in \$2,568.00 of the \$3,540.50 of undeposited collections identified in **Table 2**. Of the 83 transactions identified, 2 are described in the following paragraphs. We did not identify any similar transactions in which collections were reversed and subsequently re-entered after Ms. Houdeshell resigned on January 2, 2009.

- On November 10, 2008, 6 cash transactions were deleted from the School Dining System between 12:48 p.m. and 1:01 p.m. The 6 transactions are listed in **Table 3**. **Appendix 3** includes a copy of a report obtained from the School Dining System which shows when the 6 transactions were reversed.

Table 3

Original Sale				Time	Time
Time	Location	Amount	Type	Deleted	Re-entered
12:17:50 p.m.	HSPOS	\$ 20.00	Cash	12:48:58 p.m.	1:03:54 p.m.
10:51:24 a.m.	ELEMPOS	50.00	Cash	12:49:29 p.m.	1:04:13 p.m.
10:51:56 a.m.	HSPOS	20.00	Cash	12:50:01 p.m.	1:04:30 p.m.
11:53:36 a.m.	ELEMPOS	100.00	Cash	12:51:33 p.m.	1:04:48 p.m.
11:31:19 a.m.	HSPOS	10.00	Cash	1:00:32 p.m.	1:05:04 p.m.
11:31:06 a.m.	HSPOS	10.00	Cash	1:01:26 p.m.	1:05:24 p.m.
Total		<u>\$ 210.00</u>			

Because the Deposit Report submitted to the Business Office did not include the 6 transactions listed in the **Table**, we determined the report was printed by Ms. Houdeshell sometime between 1:01:26 p.m. and 1:03:54 p.m.

Also, as illustrated by **Appendix 1**, only \$13.50 of cash was submitted to the Business Office for November 10, 2008. The 6 cash sales transactions totaling \$210.00 which were recorded in the School Dining System, reversed out and were then subsequently re-entered were not deposited to the Business Office.

Appendix 3 also includes a listing from the School Dining System of student accounts to which funds were deposited on November 10, 2008. As illustrated by the **Appendix**, a cash deposit was recorded for 9 accounts. The deposits for the first 4 accounts total \$13.50, which agrees with the amount of cash submitted to the Business Office as illustrated in **Appendix 1**. The remaining 5 accounts for which a cash deposit is shown in **Appendix 3**, along with the account which shows an “other” method of payment, are the same transactions listed in **Table 3**. We are unable to determine why the \$50.00 deposit made to account number 5086 was posted as “other” rather than cash when it was re-entered into the School Dining System.

- On December 4, 2008, 3 cash transactions were deleted from the School Dining System between 12:55 p.m. and 12:57 p.m. The 3 transactions are listed in **Table 4**.

Table 4

Original Sale				Time	Time
Time	Location	Amount	Type	Deleted	Re-entered
9:07:57 a.m.	HSPOS	\$ 20.00	Cash	12:55:29 p.m.	1:10:16 p.m.
10:42:22 a.m.	ELEMPOS	50.00	Cash	12:56:21 p.m.	1:11:08 p.m.
11:08:22 a.m.	HSPOS	80.00	Cash	12:57:09 p.m.	1:11:33 p.m.
Total		<u>\$ 150.00</u>			

Because the Deposit Report submitted to the Business Office did not include the 3 transactions listed in the **Table**, we determined the report was printed by Ms. Houdeshell sometime between 12:57:09 p.m. and 1:10:16 p.m.

We reviewed a listing from the School Dining System of student accounts to which funds were deposited on December 4, 2008. The listing showed a cash deposit was recorded for 4 accounts. The deposits for the first account was for \$10.00, which agrees with the amount of the cash submitted to the Business Office for that day. The remaining 3 accounts for which a cash deposit was shown are the same transactions listed in **Table 4**.

Starting in January 2009, cash sales were recorded in the School Dining System using a “cash, cash” account. By reviewing cash sales recorded in the School Dining System for the period January 3, 2009 through March 31, 2009, we determined \$1,749.77 of cash sales was collected.

There were 56 days where meals were served during the period January 3, 2009 through March 31, 2009. We divided the amount of cash collected from cash sales by the number of days meals were served to determine the average daily collections for cash sales was \$31.24. We used the \$31.24 calculated average daily collections for cash sales throughout this report to estimate the undeposited collections from cash sales.

There were 82 days where meals were served during the period July 1, 2008 through January 2, 2009. We multiplied the 82 days by the \$31.24 average daily collections for cash sales and estimated \$2,561.68 of collections from cash sales should have been deposited during the period July 1, 2008 through January 2, 2009. However, we determined \$788.37 of collections for cash sales was deposited in the Nutrition Fund checking account during this period.

Table 5 illustrates how the estimated collections for cash sales were calculated and compares that amount to the cash deposits in the Nutrition Fund checking account for cash sales for the period July 1, 2008 through January 2, 2009.

For the period 07/01/08 – 01/02/09	Amount
Average daily cash collections for cash sales	\$ 31.24
x Number of days meals were served from 07/01/08 through 01/02/09	x 82
Estimated collections from cash sales	\$ 2,561.68
Less deposits for cash sales	<u>(788.37)</u>
Calculated undeposited collections	<u>\$ 1,773.31</u>
Estimated undeposited collections (rounded)	<u><u>\$ 1,800.00</u></u>

As illustrated in **Table 5**, we calculated an estimated \$1,800.00 of collections from cash sales were undeposited for the period July 1, 2008 through January 2, 2009. This amount is included in **Exhibit A**.

We also compared the collections per the School Dining System to the deposits in the Nutrition Fund checking account for the period January 3, 2009 through March 31, 2009. During this period, \$40,303.52 of collections were recorded in the School Dining System, including a negative entry of \$14.25 for non-cash adjustments. We also identified a \$20.00 entry which was recorded twice in the system in error.

During the period January 3, 2009 through March 31, 2009, \$39,771.59 was deposited in the Nutrition Fund checking account. We determined \$137.27 of this amount was collections from cash sales. In addition, we identified a \$65.00 check deposited in the Nutrition Fund checking account when \$35.00 of the check should have been deposited in the Activity Fund.

We also identified a \$20.00 check recorded in a student account in the School Dining System although we were unable to locate a check deposited in the Nutrition Fund checking account for the student. However, we found a \$23.50 check from the student’s family deposited in the Activity Fund. It appears \$20.00 of the check should have been deposited in the Nutrition Fund checking account. We also determined \$606.00 was collected through PaySchools®.

Table 6 summarizes the collection information recorded in the School Dining System and deposits in the Nutrition Fund checking account for the period January 3, 2009 through March 31, 2009. The **Table** also compares this information after adjusting for any errors or differences identified.

Table 6	
For the period 01/03/09 - 03/31/09	Amount
Collections recorded in the School Dining System	\$ 40,303.52
Less double entry	(20.00)
Add non-cash adjustments	<u>14.25</u>
Net collections per the School Dining System	\$ 40,297.77
Deposits in the Nutrition Fund checking account	39,771.59
Add collections through PaySchools®	606.00
Add amount incorrectly deposited in the Activity Fund	20.00
Less collections from cash sales not recorded in the School Dining System	(137.27)
Less portion of check which should have been deposited in the Activity Fund	<u>(35.00)</u>
Net deposits	<u>40,225.32</u>
Undeposited collections	<u>\$ 72.45</u>

We reviewed reconciliations performed by the Business Office for the months of August through October 2009. The District identified only a few unexplained variances of undeposited cash. The unexplained variances ranged from \$15.20 more cash being deposited than recorded in the School Dining System to \$0.25 short in cash. As stated previously, the Department began recording cash sales using a “cash, cash” account in the School Dining System after Ms. Houdeshell resigned on January 2, 2009. The \$72.45 variance calculated in **Table 6** may have resulted from implementation of the new “cash, cash” process and the introduction of the new Food Service Director.

2007/2008 School Year – As previously stated, the Department used the lunch module of the District’s Student Record Management software prior to the 2008/2009 school year. We were unable to obtain any account information from the lunch module of the Student Record Management software. In addition, we were unable to locate any spiral notebooks from the elementary school for activity from July 1, 2007 through June 30, 2008. As a result, we were unable to perform a comparative analysis between collections recorded for student accounts and deposits for the period July 1, 2007 through June 30, 2008. Therefore, we were unable to use the \$31.24 average daily collections from cash sales calculated earlier.

Instead, we identified a total of \$6,218.44 of cash deposited in the Nutrition Fund checking account for the period January 3, 2009 through March 31, 2009 for cash deposits to student accounts and cash sales. As previously stated, there were 56 days where meals were served from January 3, 2009 through March 31, 2009. In order to determine the average daily cash collections, we divided the \$6,218.44 in cash deposited by the 56 days meals were served. This resulted in an average daily cash collection of \$111.04. This average daily cash collection includes deposits to student accounts and cash sales.

There were 178 days where meals were served from July 1, 2007 through June 30, 2008. We multiplied the 178 days meals were served by the \$111.04 average daily cash collection and estimated \$19,765.12 of cash collections, including collections for cash sales, should have been deposited for the period July 1, 2007 through June 30, 2008.

We determined only \$4,198.56 of cash was deposited in the Nutrition Fund checking account for the period July 1, 2007 through June 30, 2008. Therefore, an estimated \$15,600.00 of collections were undeposited for this period.

Table 7 illustrates how the estimated collections were calculated and compares that amount to the cash deposits in the Nutrition Fund checking account for cash collections for the period July 1, 2007 through June 30, 2008.

Table 7	
For the period 07/01/07 – 06/30/08	Amount
Average daily cash collections for cash sales	\$ 111.04
x Number of days meals were served from 07/01/07 through 06/30/08	<u>x 178</u>
Estimated collections from cash sales	\$ 19,765.12
Less deposits for cash sales	<u>4,198.56</u>
Calculated undeposited collections	<u>\$ 15,566.56</u>
Estimated undeposited collections (rounded)	<u>\$ 15,600.00</u>

As illustrated in **Table 7**, we calculated an estimated \$15,600.00 of undeposited collections for the period July 1, 2007 through June 30, 2008. This amount is included in **Exhibit A**.

2006/2007 School Year – Like the 2007/2008 school year, we were unable to obtain any account information from the District’s Student Record Management software lunch module for the 2006/2007 school year. However, we were able to obtain the spiral notebooks from the elementary school and the middle school/high school.

We compared the collections recorded in the spiral notebooks to the daily deposits in the Nutrition Fund checking account. Deposits were made daily and there was no reason for Ms. Houdeshell to hold checks and cash and not deposit all collections daily. Therefore, collections from each school day were compared to the deposit for the same day.

We determined \$106,035.39 of collections were recorded in the spiral notebooks for the period July 1, 2006 through June 30, 2007. However, we determined \$107,114.30 was deposited in the Nutrition Fund checking account during this period.

The \$107,114.30 of deposits included \$12,648.02 of cash and checks which were not included in the spiral notebooks. Of the \$12,648.02, \$10,539.30 was composed of collections received during the registration process. The remaining \$2,108.72 includes rebates/refunds from vendors or reimbursements for food purchases on behalf of employees and not-for-profit organizations which were not included in the spiral notebooks.

We also identified instances where the amount of checks deposited in the Nutrition Fund checking account did not agree with the amount recorded in the spiral notebooks. The net effect of these instances totaled \$112.50. For example, we identified a check for \$30.00 deposited on December 6, 2006 when only \$5.00 was included in the spiral notebook.

Table 8 summarizes the collection information recorded in the spiral notebooks and deposits in the Nutrition Fund checking account for the 2006/2007 school year. The **Table** also compares this information after adjusting for any errors or differences identified.

Table 8

For the period 07/01/06 – 06/30/07	Amount
Collections recorded in the spiral notebooks	\$ 106,035.39
Cash and check collections not included in the spiral notebooks	12,648.02
Total collections	118,683.41
Deposits in the Nutrition Fund checking account	\$ 107,114.30
Less variances in checks deposited	(112.50)
Add check incorrectly deposited in the Activity Fund	20.00
Net deposits	107,021.80
Undeposited collections	\$ 11,661.61

As illustrated by **Table 8**, we identified \$11,661.61 of undeposited collections for the period July 1, 2006 through June 30, 2007. This amount is included in **Exhibit A**.

There were 178 days where meals were served from July 1, 2006 through June 30, 2007. We multiplied the 178 days by the \$31.24 average daily collections from cash sales. We estimate \$5,560.72 of collections from cash sales should have been deposited for the period July 1, 2006 through June 30, 2007. However, by reviewing deposits in the Nutrition Fund checking account for this period, we determined only \$129.79 of collections were deposited for cash sales. Therefore, we estimate \$5,400.00 of collections from cash sales were undeposited for the period July 1, 2006 through June 30, 2007.

Table 9 illustrates how the estimated collections for cash sales were calculated and compares that amount to the cash deposits in the Nutrition Fund checking account for cash sales for the period July 1, 2006 through June 30, 2007.

Table 9

For the period 07/01/06 – 06/30/07	Amount
Average daily cash collections for cash sales	\$ 31.24
x Number of days meals were served from 07/01/06 through 06/30/07	x 178
Estimated collections from cash sales	\$ 5,560.72
Less deposit for cash sales	(129.79)
Calculated undeposited collections	\$ 5,430.93
Estimated undeposited collections (rounded)	\$ 5,400.00

As illustrated in **Table 9**, we calculated an estimated \$5,400.00 of undeposited collections from cash sales for the period July 1, 2006 through June 30, 2007. This amount is included in **Exhibit A**.

2005/2006 School Year – Like the 2006/2007 and 2007/2008 school years, we were unable to obtain any account information from the District’s Student Record Management software lunch module for the 2005/2006 school year. However, we were able to obtain the spiral notebooks from the elementary school and the middle school/high school.

We compared the collections recorded in the spiral notebooks to the deposits in the Nutrition Fund checking account. As previously stated, deposits were made daily and there was no reason for Ms. Houdeshell to hold checks and cash and not deposit all collections daily. Collections from each school day were compared to the deposit for the same day.

We determined \$99,139.13 of collections were recorded in the spiral notebooks for the period July 1, 2005 through June 30, 2006. However, \$106,899.62 was deposited in the Nutrition Fund checking account for this period. Of that amount, we determined \$13,843.00 of the cash and checks deposited were not recorded in the spiral notebooks. Of the \$13,843.00, \$9,887.05 was composed of collections received through the registration process. The remaining \$3,955.95 includes rebates and refunds from vendors or reimbursements for food purchased on behalf of employees and not-for-profit organizations. We also identified instances where the amount of checks deposited did not agree with the amount recorded in the spiral notebooks. The net effect of these instances totaled \$513.35.

Table 10 summarizes the collection information recorded in the spiral notebooks and deposits in the Nutrition Fund checking account for the 2005/2006 school year. The **Table** also compares this information after adjusting for any errors or differences identified.

For the period 07/01/05 – 06/30/06	Amount
Collections recorded in the spiral notebooks	\$ 99,139.13
Cash and check collections not included in spiral notebooks	<u>13,843.00</u>
Total collections	112,982.13
Deposits in the Nutrition Fund checking account	\$ 106,899.62
Less variances in checks deposited	(513.35)
Add check incorrectly deposited in the Activity Fund	<u>20.00</u>
Net deposits	<u>106,406.27</u>
Undeposited collections	<u>\$ 6,575.86</u>

As illustrated in **Table 10**, we identified \$6,575.86 of undeposited collections for the period July 1, 2005 through June 30, 2006. This amount is included in **Exhibit A**.

There were a total of 178 days where meals were served from July 1, 2005 through June 30, 2006. We multiplied the 178 days by the \$31.24 average daily collections from cash sales. We estimate \$5,560.72 of collections from cash sales which should have been deposited for this period. However, by reviewing deposits in the Nutrition Fund checking account for the period July 1, 2005 through June 30, 2006, we determined only \$2,149.17 of collections were deposited for cash sales. Therefore, we estimate \$3,400.00 of collections from cash sales were undeposited for this period.

Table 11 illustrates how the estimated collections for cash sales were calculated and compares that amount to the cash deposits in the Nutrition Fund checking account for cash sales for the period July 1, 2005 through June 30, 2006.

For the period 07/01/05 – 06/30/06	Amount
Average daily cash collections for cash sales	\$ 31.24
x Number of days meals were served from 07/01/05 through 06/30/06	<u>x 178</u>
Estimated collections from cash sales	\$ 5,560.72
Less collections from cash sales	<u>(2,149.17)</u>
Calculated undeposited collections	<u>\$ 3,411.55</u>
Estimated undeposited collections (rounded)	<u>\$ 3,400.00</u>

As illustrated in **Table 11**, we calculated an estimated \$3,400.00 of undeposited collections from cash sales for the period July 1, 2005 through June 30, 2006. This amount is included in **Exhibit A**.

IMPROPER AND UNSUPPORTED DISBURSEMENTS

During the 2007/2008 and 2008/2009 school years, the Department purchased food primarily from 5 vendors: Swiss Valley Farms, Interstate Brands Company, Martin Brothers Distributors, Keck Incorporated and McKee Foods Corporation. These same vendors were used for the 2005/2006 and 2006/2007 school years, with the exception of milk which was purchased from Anderson Erickson Dairy.

Purchase orders were to be completed in triplicate and approved prior to placing an order. Ms. Houdeshell was responsible for completing the purchase order and delivering the purchase order to the Business Office for approval. Once the purchase order was approved, the Business Office retained the yellow copy of the purchase order and returned the white and pink copies of the purchase order to Ms. Houdeshell.

When the order was received, Ms. Houdeshell was responsible for sending the pink copy of the purchase order, along with other supporting documentation, to the Business Office. The Business Office Secretary was responsible for recording the information in the accounting system and providing the Superintendent and Business Manager with a report of all checks to be processed. After the Superintendent and Business Manager reviewed and approved the report, the Business Office Secretary printed the checks. The checks were electronically signed with dual signatures when printed and were mailed by the Business Office Secretary. The Business Manager provided a listing of all disbursements by vendor to the Board monthly.

We scanned all disbursements from the Nutrition Fund checking account for the period July 1, 2007 to March 31, 2009. Because we identified improper purchases from Wal-Mart and Hy-Vee during this period, we extended the period for which we reviewed all payments to Wal-Mart and Hy-Vee back to July 1, 2005. We determined it was cost prohibitive to scan all disbursements for the period July 1, 2005 through June 30, 2007.

We also scanned all payments to Martin Brothers from the Nutrition Fund checking account for the period July 1, 2005 through March 31, 2009 because of concerns identified through discussions with Department employees. During our review, we identified a number of disbursements which appear to be personal in nature or unrelated to Department operations.

Each of the improper disbursements identified are discussed in detail in the following paragraphs.

Wal-Mart Purchases – Prior to the period of our investigation, the District obtained a Wal-Mart credit card to allow the Department to make a purchase on short notice. The Business Office maintained custody of the credit card and, when items were needed for the Department, Ms. Houdeshell obtained the credit card and purchased the items. By reviewing the credit card statements, we determined payments were not consistently made in a timely manner.

Using the supporting documentation available, we classified each item purchased with the credit card as improper or reasonable. Purchases were classified as improper if the type of item or the quantity purchased appeared to be personal in nature or was not reasonable for the Department's operations. We reviewed the items classified as improper with School officials. Purchases which appeared consistent with the Department's operations, based on the type of item or quantity purchased, were classified as reasonable.

We identified \$1,422.64 of purchases made at Wal-Mart. Of this amount, \$777.95 was identified as improper. The improper purchases are listed in **Exhibit B** and the total is included in **Exhibit A**. The improper purchases include items purchased in small quantities, including baking items, Hershey Kisses, M&M's, almond bark and pretzels. Because large quantities would be needed for food served at the District, the items purchased in small quantities appear to be personal in nature. The improper purchases also include cake pans, gingerbread trays and holiday plates. According to Department employees we spoke with, Ms. Houdeshell gave hams, turkey breasts, full-size pies and baked goods to teachers and staff around Christmas.

Hy-Vee Purchases – We identified \$122.50 of floral purchases from Hy-Vee which may not meet the test of public purpose, as defined in an Attorney General’s opinion dated April 25, 1979.

In addition, a \$93.11 purchase was not supported and the description was not sufficient to determine the propriety of the transaction. The \$93.11 is included in **Exhibit A** as an unsupported disbursement.

Martin Brother Purchases – Using Martin Brother’s web-site, we requested the current Food Service Director print “Purchase by Item” reports for the time periods listed below. The reports summarized items the District purchased, but did not include the purchase dates.

- July 1, 2005 through June 30, 2006.
- July 1, 2006 through June 30, 2007.
- July 1, 2007 through December 31, 2008.
- January 1, 2009 through March 31, 2009.

Using the reports obtained from Martin Brothers, we reviewed purchases made from Martin Brothers from July 1, 2005 through March 31, 2009 and identified a number of disbursements which appear to be personal in nature or unrelated to the Department’s operations.

We also discussed the purchases with the current Food Service Director who was a server/cook during the period of our investigation. Based on her experience with the Department, she was able to identify purchases which were reasonable and those which were improper. Based on discussions with the current Food Service Director and review of the quantity and price of items purchased, we identified \$5,292.94 of improper purchases. The improper purchases identified are listed in **Exhibit C** and the total of \$5,292.94 is included in **Exhibit A**.

As previously stated, Ms. Houdeshell gave gifts to teachers and staff around Christmas. The improper purchases from Martin Brothers included whole ham and turkey breasts, fruit fillings and full-size pies. Improper purchases identified also included crab cakes, shrimp scampi and chicken wings. According to Department employees we spoke with, Ms. Houdeshell operated a catering business and opened a bar in downtown Springville during the 2008/2009 school year. Many of the improper purchases appear to be appropriate for a catering business or the types of food which would be served in a bar. Based on the quantity or description of these purchases, we determined the items purchased were not used for the meals or a-la-carte items served at the District. As a result, they are considered to be improper.

As previously stated, both the former and current Food Service Directors make purchases on behalf of employees and not-for-profit organizations. We were unable to determine all instances in which items were purchased on behalf of employees and not-for-profit organizations. However, during our review of receipts from July 1, 2005 to March 31, 2009, we were unable to locate any reimbursements to the District for purchases made on behalf of Ms. Houdeshell.

Food Fair – We also determined Ms. Houdeshell withdrew \$400.00 for advanced purchases at a food fair on October 10, 2008. After the food fair, Ms. Houdeshell documented she had purchased numerous inventory items, including a knife set and non-disposable salad bar ice. The inventory items listed totaled \$371.00 and the remaining \$29.00 was deposited in the Nutrition Fund checking account on October 29, 2008. Using the description of the items purchased, the current Food Service Director was unable to locate any of the purchases. As a result, the \$371.00 spent at the food fair is considered improper and is included in **Exhibit A**.

ADDITIONAL INFORMATION

Deficit Employee Account Balance – An employee who left the Department on May 21, 2008 had an outstanding meal account balance of \$346.00 for prior purchases at the Department. This amount was not collected from the employee. Prevention of this situation would have been the responsibility of the Food Services Director. When the Business Manager became aware of the matter, efforts were started to recover the amount owed. As a result, it has not been included in **Exhibit A**.

PaySchools® – As previously stated, the Department uses PaySchools®, an on-line payment processing system. We identified an instance in which a family made a payment through PaySchools® but the family's account was not properly credited. Department employees were unable to determine why the family's account was not credited for the payment. We also identified an instance in which a family made a payment through PaySchools® but their family account was credited for \$2 less than the amount of the payment.

Account Deletion – As previously stated, Agent Log Files document adjustments made to the School Dining System. We determined both the former and current Food Service Directors have the ability to delete transactions and accounts. If an account is deleted, all transactions pertaining to the deleted account are also deleted and the Agent Log Files do not document the deleted transactions.

During our review of the Agent Log Files, we determined Ms. Houdeshell's account was deleted on December 17, 2008. Ms. Houdeshell's account had a deficit balance of \$4.25. Because her account was deleted, we were unable to review the individual transactions which made up the balance at the time the account was deleted. It is possible certain individual transactions could have been deleted prior to the deletion of the whole account. As a result, the correct balance in the account may have been more than the deficit balance of \$4.25. We are unable to determine what additional amount, if any, Ms. Houdeshell owed the Department. Due to the immaterial nature of the \$4.25 Ms. Houdeshell owed to the Department, this amount is not included in **Exhibit A**.

Non-cash Adjustments – As previously stated, non-cash adjustments were made if a student became eligible for free or reduced price meals. The student was given credit for meals previously purchased. Non-cash adjustments were also made if balances are moved between a family's individual accounts.

We identified 3 instances totaling \$241.80 where a non-cash adjustment was made to a student's meal account. We were unable to determine why the student's meal account was adjusted. Therefore, these instances have not been included in **Exhibit A**. In addition, we identified 2 instances totaling \$235.35 where a non-cash adjustment was made to a student's meal account because the family was approved for free meals. Through the use of a non-cash adjustment, Ms. Houdeshell gave credit to the 2 student's meal accounts for prior meals purchased. The District does not have a policy stating a student can be given credit for prior meals purchased when they become eligible for free or reduced price meals.

Other – We attempted to discuss our findings with Ms. Houdeshell, but we were unable to contact or locate her.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures used by the Food Service Department of the Springville Community School District to process receipts, disbursements and inventory. An important aspect of internal control is to establish procedures that provide accountability for assets susceptible to loss from error and irregularities. These procedures provide the actions of one individual will act as a check on those of another and provide a level of assurance errors or irregularities will be noted within a reasonable time during the course of normal operations. Based on our findings and observations detailed below, the following recommendations are made to strengthen the Food Service Department's internal controls.

(A) Segregation of Duties in the Food Service Department – An important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The former Food Service Director had control over each of the following areas for the Department for the period July 1, 2005 through June 30, 2008:

- 1) Receipts – counting collections, posting collections to student/family meal accounts, daily receipt reconciliations, reporting cash and checks collected and submitting collections for deposit to the Business Office.
- 2) Accounts Receivable – maintaining and administrative access to the District's Student Record Management Software lunch module.
- 3) Inventories – ordering, receiving, issuing and storing.

The former Food Service Director had control over each of the following areas for the Department for the period July 1, 2008 through January 2, 2009:

- 1) Receipts – counting collections, daily receipt reconciliations, reporting cash and checks collected and submitting collections for deposit to the Business Office.
- 2) Accounts Receivable – maintaining and administrative access to Student Dining System.
- 3) Inventories – ordering, receiving, issuing and storing.

Although a new Food Service Director took over job duties for the former Food Service Director effective January 2, 2009, each of the functions identified were still assigned to one individual.

Recommendation – Duties should be properly segregated among Department personnel. An independent person should perform a count of collections prior to remittance for deposit preparation and a reconciliation should be performed between collections and the daily Deposit Report from the School Dining System. The count and reconciliation should be documented and the individual performing the reconciliation should initial the count sheet and reconciliation. An independent person should perform a monthly reconciliation between the Deposit Report from the School Dining System and validated deposit slips received from the bank.

(B) Segregation of Duties in the Business Office – The Business Office Secretary was responsible for disbursement preparation, posting disbursements in the accounting software, check preparation and mailing of checks.

Recommendation – We realize segregation of duties is difficult with a limited number of staff. However, the District should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available personnel. One individual should not be responsible for disbursement preparation, posting disbursements in the accounting software, check preparation and mailing of checks.

- (C) Supporting Documentation – Claims submitted by the former Food Service Director did not always contain adequate supporting documentation. In addition, deposits were not always supported by adequate supporting documentation.

Recommendation – The Board should implement policies requiring adequate supporting documentation be provided in order to ensure an understanding of the goods and services purchased and the related quantities. Disbursements should not be approved unless adequate supporting documentation is available. Supporting documentation, such as detailed invoices, claims or vendor receipts, should be maintained for all disbursements. In addition, all deposits should be properly supported.

- (D) Purchase Orders – When purchase orders are used, they help ensure purchases are properly approved by appropriate parties before their acquisition. They also allow a party independent of the purchase to compare the prior approval to the subsequent invoice to ensure the purchase was appropriate in quantity, price and description.

We determined purchase orders were not always prepared by the former Food Service Director and did not provide the information necessary to provide these controls. Because purchase orders were not always prepared or prepared timely, we identified purchases made at Wal-Mart with the Department's credit card which were not paid in a timely manner.

Recommendation – Procedures should be implemented to ensure purchase orders are prepared in a complete manner prior to purchases to allow individuals independent of the purchasing process to ensure the purchases, the quantities obtained and the prices paid are appropriate. Also, payments should be made in a timely manner.

- (E) Public Purpose – We identified 2 floral purchases from Hy-Vee. These disbursements may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

Recommendation – According to the opinion, it is possible for certain expenditures to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin. The District should determine and document the public purpose served by these expenditures. If the District continues to purchase floral items, the District should establish written policies and procedures, including the requirement for documentation of the public purpose served.

- (F) Inventory – The Department does not have policies or procedures in place for inventory. We determined inventory is only tracked at the end of the year for financial statement purposes and is not monitored throughout the year. Because items sold for cash were not documented on the School Dining System prior to January 2009, an accurate listing of items sold was not available to reconcile inventory records. In addition, proper safeguards are not in place to prevent access to inventory by students or unauthorized individuals.

Recommendation – Sufficient records should be maintained to ensure the Department is able to review inventory on a periodic basis. In addition, an independent person should perform periodic reconciliations between inventory records and inventory sold as documented on the School Dining System. The independent individual should initial the reconciliation. The Department should ensure proper safeguards are in place to prevent access to inventory by students or unauthorized individuals.

- (G) Safeguarding Inventory – The middle school/high school food service cashier did not work prior to 9:30 a.m. As a result, students were responsible for documenting their purchases and deposits in a spiral notebook. In addition, the Department allows the cafeteria, including the kitchen, to be rented.

The Department has not developed proper safeguards to prevent unauthorized access to inventory by students or other individuals.

Recommendation – The Department should ensure a Department employee is available to record items purchased by students prior to 9:30 a.m. In addition, the Department should ensure all inventory is properly secured to prevent unauthorized access by students and other individuals.

- (H) Purchases on Behalf of Employees – The former and current Food Service Directors make purchases on behalf of employees and not-for-profit organizations. The District does not have policies or procedures in place for purchases made on behalf of employees and not-for-profit organizations. In addition, we determined faculty and staff members are not always charged for a-la-carte items and Department employees do not always pay for bottled water they consume.

Recommendation – The District should implement policies and procedures for purchases made on behalf of employees and not-for-profit organizations. If the District allows these purchases to be made, no purchase shall be made unless the individual or organization has paid the Department prior to the order being placed and has agreed to be responsible for any taxes or other expenses due. In addition, the Department should ensure all faculty, staff and Department employees pay for all items consumed.

- (I) School Dining System – The Food Service Director has the ability to delete both transactions and accounts from the School Dining System. If a transaction or account is deleted, the deletion is recorded in the Agent Log Files. However, if an account is deleted, all transactions for that account are also deleted and are not recorded in the Agent Log Files.

Recommendation – District officials should consult with the software provider to determine if there is a way in which accounts can be deleted without deleting all transactions within the account.

Also, for transactions or accounts which are deleted, the Food Service Director should document the reason for the deletion. In addition, an independent person should review the Agent Log Files monthly to ensure the deletions are appropriate. The independent reviewer should initial the Agent Log Files to document their review.

- (J) Non-cash Adjustments – We identified 2 instances in which a non-cash adjustment was made to a student’s meal account. It appears the adjustments were made because the families were approved for free or reduced price meals. The students’ meal accounts were credited for meals purchased prior to when the students’ eligibility was determined. The District does not have a policy stating a student can be credited for meals purchased prior to when they become eligible for free or reduced price meals.

Recommendation – The Department should develop policies and procedures regarding whether a family/student should be credited for meals purchased prior to when they became eligible for free or reduced price meals. If a non-cash adjustment is made, the Food Service Director should document the reason behind the adjustment.

Exhibits

Report on Special Investigation of the
Food Service Department of the Springville Community School District

Summary of Findings
For the period July 1, 2005 through March 31, 2009

Description	Exhibit/Table/ Page Number	Amount		
		Improper	Unsupported	Total
Undeposited collections for student accounts:				
July 1, 2008 to September 8, 2008	Table 1	\$ 658.14	-	658.14
September 9, 2008 to January 2, 2009	Table 2	3,540.50	-	3,540.50
July 1, 2007 to June 30, 2008 ##	Table 7	15,600.00	-	15,600.00
July 1, 2006 to June 30, 2007	Table 8	11,661.61	-	11,661.61
July 1, 2005 to June 30, 2006	Table 10	6,575.86	-	6,575.86
Estimated undeposited collections from cash sales (rounded):				
July 1, 2008 to January 2, 2009	Table 5	1,800.00	-	1,800.00
July 1, 2007 to June 30, 2008	-	##	-	-
July 1, 2006 to June 30, 2007	Table 9	5,400.00	-	5,400.00
July 1, 2005 to June 30, 2006	Table 11	3,400.00	-	3,400.00
Total undeposited collections		48,636.11	-	48,636.11
Improper and Unsupported Disbursements:				
Wal-Mart	Exhibit B	777.95	-	777.95
Hy-Vee	Page 19	-	93.11	93.11
Martin Brothers	Exhibit C	5,292.94	-	5,292.94
Food fair	Page 19	371.00	-	371.00
Total improper and unsupported disbursements		6,441.89	93.11	6,535.00
Total		\$ 55,078.00	93.11	55,171.11

- The rounded estimated undeposited collections from cash sales for the fiscal year ended June 30, 2008 are included with the undeposited collections for student accounts for the fiscal year ended June 30, 2008. Sufficient records were not available to distinguish cash sales from cash deposited to student accounts for this fiscal year.

Exhibit B

Report on Special Investigation of the
Food Service Department of the Springville Community School District

Purchases from Wal-Mart
For the period July 1, 2005 through March 31, 2009

Date	Description	Quantity	Price	Amount	Reasonable	Improper
09/07/06	DRESSING	1.00	\$ 2.67	2.67	2.67	-
	PEPPERONI	2.00	1.50	3.00	3.00	-
	BLK INK CART	2.00	28.97	57.94	57.94	-
				63.61	63.61	-
12/12/06	PARTY TUB	4.00	2.50	10.00	-	10.00
	CMAS TRAY	11.00	3.00	33.00	-	33.00
	EMB TRAY	17.00	1.50	25.50	-	25.50
	NDL-CHOWMEIN	3.00	1.13	3.39	-	3.39
	FLOUR	1.00	1.34	1.34	-	1.34
	SOUR CREAM	4.00	4.12	16.48	-	16.48
	CRM FROSTING	3.00	1.22	3.66	-	3.66
	M M	1.00	6.97	6.97	-	6.97
	GV HVY CRM	5.00	3.54	17.70	-	17.70
	BAKING COCOA	1.00	1.98	1.98	-	1.98
	GV BAKN SODA	1.00	0.43	0.43	-	0.43
	GV SUGAR	1.00	2.12	2.12	-	2.12
	KFT PHIL CR	4.00	0.98	3.92	-	3.92
	REGULAR OATS	1.00	2.98	2.98	-	2.98
	PRETZELS	2.00	1.60	3.20	-	3.20
	EGGS	1.00	1.73	1.73	-	1.73
	COLD CEREAL	1.00	2.87	2.87	-	2.87
	MINI MORSEL	1.00	1.88	1.88	-	1.88
	S-SWEET CHIP	2.00	1.50	3.00	-	3.00
	GV BRN SUGAR	1.00	1.08	1.08	-	1.08
	T ALMOND EXT	1.00	1.80	1.80	-	1.80
	GV PIE FILLI	1.00	1.17	1.17	-	1.17
	PNT BTR CHIP	1.00	1.50	1.50	-	1.50
	WHITE MORSEL	1.00	1.88	1.88	-	1.88
	BAKING CHIPS	1.00	1.82	1.82	-	1.82
	BAKING NUTS	1.00	1.72	1.72	-	1.72
	JP MIN MARSH	1.00	0.88	0.88	-	0.88
	BAKEWARE	1.00	3.64	3.64	-	3.64
	ANDES PMINT	1.00	1.82	1.82	-	1.82
	GV CHRY FILL	2.00	1.76	3.52	-	3.52
	GV PIE FILLI	1.00	1.17	1.17	-	1.17
	SC MILK	3.00	1.72	5.16	-	5.16
	BTR MORSEL	2.00	1.88	3.76	-	3.76
	BKRS UNSWEET	3.00	1.88	5.64	-	5.64
	EVAP MILK	2.00	0.74	1.48	-	1.48
	GV PIE FILLI	2.00	1.17	2.34	-	2.34
	PEANUT BUTTR	1.00	6.44	6.44	-	6.44
	BAKNG STARCH	1.00	1.04	1.04	-	1.04
	<i>Unknown</i>	-	-	3.92	-	3.92
				193.93	-	193.93

Report on Special Investigation of the
Food Service Department of the Springville Community School District

Purchases from Wal-Mart
For the period July 1, 2005 through March 31, 2009

Date	Description	Quantity	Price	Amount	Reasonable	Improper
02/14/07	GV INT POTAT	6.00	2.32	13.92	13.92	-
				<u>13.92</u>	<u>13.92</u>	<u>-</u>
04/04/07	GV EGG NOODL	15.00	1.00	15.00	15.00	-
	TORTILLA	3.00	2.18	6.54	6.54	-
	6 RED APPLE	1.00	3.78	3.78	3.78	-
				<u>25.32</u>	<u>25.32</u>	<u>-</u>
08/13/07	9X3 MESH ORG	8.00	2.62	20.96	20.96	-
	NAVEL BAG	1.00	4.98	4.98	4.98	-
	NESTLE WATER	2.00	3.88	7.76	7.76	-
	FLGRS COFFEE	1.00	8.88	8.88	8.88	-
	ARIZONA TEA	1.00	2.50	2.50	2.50	-
	5 RED DEL	1.00	4.68	4.68	4.68	-
	WISHBONE DRS	1.00	1.58	1.58	1.58	-
	HVR DRESSING	3.00	2.98	8.94	8.94	-
	BUNS/ROLLS	1.00	1.88	1.88	1.88	-
	BLUE CHEESE	1.00	2.63	2.63	2.63	-
	DRESSING	1.00	2.48	2.48	2.48	-
	WSTERN DRESS	1.00	2.63	2.63	2.63	-
	GV CHED SHED	2.00	6.98	13.96	13.96	-
	16MSHRM SL	1.00	3.14	3.14	3.14	-
	PFSEASONED	2.00	1.50	3.00	3.00	-
	16MSHRM SL	1.00	3.14	3.14	3.14	-
	BANANAS	1.00	2.71	2.71	2.71	-
	HARD SALAMI	2.00	1.98	3.96	3.96	-
	CLR INK CART(#97)	1.00	34.67	34.67	-	34.67
	CLR INK CART(#95)	1.00	24.74	24.74	-	24.74
	AMERIC SNGL	3.00	2.94	8.82	8.82	-
	3 YLW ONION	1.00	2.34	2.34	2.34	-
	CARROTS	1.00	1.66	1.66	1.66	-
	BROCCOLI	2.00	1.48	2.96	2.96	-
	HH PEPRS	2.00	2.38	4.76	4.76	-
				<u>179.76</u>	<u>120.35</u>	<u>59.41</u>
10/08/07	SPAG SAUCE	11.00	3.18	34.98	34.98	-
				<u>34.98</u>	<u>34.98</u>	<u>-</u>
12/14/07	VANILLA ALMOND BARK	6.00	1.74	10.44	-	10.44
	2 PACK FOIL OBLONG CAKE	20.00	1.17	23.40	-	23.40
	GV CORNSTARTCH 16 OZ	3.00	0.77	2.31	-	2.31
	GV IMT VANILLA	4.00	0.98	3.92	-	3.92
	MS BURRITO TORT 8 CT	1.00	2.18	2.18	-	2.18
	GV BROWN SUGAR	2.00	0.98	1.96	-	1.96
	A&H BAKING SODA 8 OZ	1.00	0.36	0.36	-	0.36

Exhibit B

Report on Special Investigation of the
Food Service Department of the Springville Community School District

Purchases from Wal-Mart
For the period July 1, 2005 through March 31, 2009

Date	Description	Quantity	Price	Amount	Reasonable	Improper
	BOF HOLIDAY PRETZELS	3.00	1.60	4.80	-	4.80
	HERSHEY UNWRP KISSES	3.00	2.78	8.34	-	8.34
	M&M 45 OZ MILK	1.00	7.24	7.24	-	7.24
	GINGERBREAD TRAY	12.00	3.48	41.76	-	41.76
	SNOWMAN TRUFFLE	1.00	4.88	4.88	-	4.88
	10 IN HOLIDAY PLATE	6.00	2.50	15.00	-	15.00
				<u>126.59</u>	<u>-</u>	<u>126.59</u>
12/16/07	OSCAR MAYER BACON 16	10.00	3.64	36.40	-	36.40
	QKR REGULAR OATS	2.00	2.78	5.56	-	5.56
	CHOC ALMOND BARK	4.00	1.74	6.96	-	6.96
	ANDERSON ERICKSON 2%	1.00	3.51	3.51	-	3.51
	GV SALTED BUTTER QTR	4.00	1.98	7.92	-	7.92
	GV SUGAR #10	1.00	4.22	4.22	-	4.22
	RBS PEANUT BUTTER	5.00	2.88	14.40	-	14.40
	HP #97 INK CARTRIDGE	3.00	32.96	98.88	-	98.88
	HERSHEY COCOA	2.00	2.22	4.44	-	4.44
	DMND 250 RND PICKS	4.00	0.47	1.88	-	1.88
	HP#20 (C6614) CART	2.00	32.17	64.34	64.34	-
				<u>248.51</u>	<u>64.34</u>	<u>184.17</u>
04/01/08	GV XWIDE EGG NOODLES	30.00	1.42	42.60	42.60	-
				<u>42.60</u>	<u>42.60</u>	<u>-</u>
08/12/08	WASTEBASKET	1.00	7.57	7.57	7.57	-
	FOAM CUPS	2.00	1.23	2.46	2.46	-
	3PK NAR. BIN	1.00	0.94	0.94	0.94	-
	HEFTY PLATES	1.00	2.24	2.24	2.24	-
	POP-TART	3.00	1.82	5.46	5.46	-
	POP-TART	1.00	2.48	2.48	2.48	-
	LARGE HOOK	1.00	2.97	2.97	2.97	-
	CABINET ORGANIZER	2.00	3.67	7.34	7.34	-
	GV BTTR QUARTERS	2.00	2.17	4.34	4.34	-
	BACON BITS	1.00	1.62	1.62	1.62	-
	WHPD BTR CRM	6.00	1.26	7.56	7.56	-
	3 YLW ONION	1.00	2.18	2.18	2.18	-
	NB CHKNBISK	1.00	3.48	3.48	3.48	-
	CLUB SIDEKICK	1.00	2.50	2.50	2.50	-
	EGGS	1.00	1.74	1.74	1.74	-
	CLR INK CART(#97)	2.00	33.00	66.00	-	66.00
	CHINET PLATE	2.00	4.74	9.48	9.48	-
	CRACKERS	1.00	2.00	2.00	2.00	-
	BACON BITS	3.00	2.82	8.46	8.46	-
	SUNFLWR RS	2.00	1.94	3.88	3.88	-
	WHPD CHOC	1.00	1.26	1.26	1.26	-

Report on Special Investigation of the
Food Service Department of the Springville Community School District

Purchases from Wal-Mart
For the period July 1, 2005 through March 31, 2009

Date	Description	Quantity	Price	Amount	Reasonable	Improper
	WESTERN 36Z	1.00	3.98	3.98	3.98	-
	KEN HNYMUSTA	1.00	2.50	2.50	2.50	-
	CHED JACK SH	1.00	9.06	9.06	9.06	-
	RANCH DRESSING	1.00	4.58	4.58	4.58	-
	CHZ IT PARME	1.00	2.50	2.50	2.50	-
	DRESSING	1.00	2.94	2.94	2.94	-
	AE DRESSING	1.00	1.64	1.64	1.64	-
	GV 13G 40CT	1.00	5.97	5.97	5.97	-
	SOUR CREAM	1.00	1.14	1.14	1.14	-
	HLMN MAYO 30	1.00	3.58	3.58	3.58	-
	KRAFT CATAL	1.00	2.94	2.94	2.94	-
	CARROTS	1.00	2.50	2.50	2.50	-
	KR SINGLES	1.00	5.24	5.24	5.24	-
	RTBY FMS CRT	3.00	0.98	2.94	2.94	-
	GLAD BAGS	1.00	2.76	2.76	2.76	-
	QT STGE BAGS	1.00	2.97	2.97	2.97	-
	FOLGERS	1.00	7.64	7.64	7.64	-
	KRAFT DRESS	1.00	2.94	2.94	2.94	-
	MUSHROOMS	2.00	3.48	6.96	6.96	-
	1 RADISH	2.00	1.48	2.96	2.96	-
	SL HNKY TKY T	1.00	5.98	5.98	5.98	-
	SL HNKY HAM T	1.00	5.98	5.98	5.98	-
				<u>235.66</u>	<u>169.66</u>	<u>66.00</u>
08/27/08	SPONGE MOP	1.00	4.24	4.24	-	4.24
	EGGS	1.00	2.38	2.38	-	2.38
	B & D TOASTER	1.00	16.96	16.96	-	16.96
	CLINGWRAP	1.00	2.84	2.84	-	2.84
	TOASTER	1.00	6.33	6.33	-	6.33
	HLMNS BONUS NB OREO	1.00	3.58	3.58	-	3.58
	NB OREOS	2.00	1.50	3.00	-	3.00
	MINIC AHOY	2.00	1.50	3.00	-	3.00
	MOP REFILL	1.00	1.96	1.96	-	1.96
	MAPLE BRK SG	1.00	2.98	2.98	-	2.98
	OM BACON	1.00	2.93	2.93	-	2.93
	POST CEREAL	1.00	2.82	2.82	-	2.82
	HH CHSMAC 10	1.00	2.52	2.52	-	2.52
	TOWNHOUSE HM GRAHAMS	1.00	2.77	2.77	-	2.77
	HM GRAHAMS	1.00	4.48	4.48	-	4.48
	SOUP	3.00	0.94	2.82	-	2.82
	CT AA10	1.00	6.97	6.97	-	6.97
	36 CUTLERY	1.00	2.12	2.12	-	2.12
	CHINET PLATES	2.00	4.74	9.48	-	9.48
	FOIL 76	1.00	3.32	3.32	-	3.32
	TOOTHPICKS	1.00	0.47	0.47	-	0.47

Exhibit BReport on Special Investigation of the
Food Service Department of the Springville Community School DistrictPurchases from Wal-Mart
For the period July 1, 2005 through March 31, 2009

Date	Description	Quantity	Price	Amount	Reasonable	Improper
	BUNS/ROLLS	1.00	1.68	1.68	-	1.68
	STRW SQUEZ	1.00	1.98	1.98	-	1.98
	GRAPE JAM	1.00	1.44	1.44	-	1.44
	SHRED LETTUCE	1.00	1.58	1.58	-	1.58
	GARLIC TOAST	1.00	2.50	2.50	-	2.50
	VELVET SHEL	4.00	1.50	6.00	-	6.00
	GV BTTR QTRS	2.00	3.12	6.24	-	6.24
	BOWL QUESO	1.00	3.12	3.12	-	3.12
	PASTA SAUCE	1.00	2.37	2.37	-	2.37
	SL HNY TKY T	2.00	5.98	11.96	-	11.96
	MUSHROOMS	1.00	1.98	1.98	-	1.98
	BANANA'S	1.00	1.99	1.99	-	1.99
	BLK INK CARTRIDGE	2.00	30.88	61.76	61.76	-
	C H BRWON SGR	1.00	1.44	1.44	-	1.44
	HARD SALAMI	1.00	1.98	1.98	-	1.98
	SL RB 100Z	1.00	4.27	4.27	-	4.27
	SL HNY HAM T	1.00	5.98	5.98	-	5.98
	GV 2 RF MLK	1.00	3.37	3.37	-	3.37
				<u>209.61</u>	<u>61.76</u>	<u>147.85</u>
11/14/08	RST TRTLA C	6.00	2.88	17.28	17.28	-
	WHT CRN CHIP	21.00	1.47	30.87	30.87	-
				<u>48.15</u>	<u>48.15</u>	<u>-</u>
	Total			<u>\$1,422.64</u>	<u>644.69</u>	<u>777.95</u>

**Report on Special Investigation of the
Food Service Department of the
Springville Community School District**

Exhibit C

Report on Special Investigation of the
Food Service Department of the Springville Community School District

Purchases from Martin Brothers
For the period July 1, 2005 through March 31, 2009

Item #	Pack	Description	Ordered	Shipped	Cost
<u>Items identified as being improper (7/01/07 - 12/31/08):</u>					
288085	48/20 OZ	TUMBLER CRYSTALON MEADOW GREEN	1	1	\$ 119.36
347225	6/.5 GAL	WHIPPING CREAM HEAVY	4	4	153.01
430310	6/#10	CHEESE SAUCE MONTERERY JACK	1	1	64.25
754020	4/.75 GL	FRUIT FILLING APPLE	2	2	61.60
754050	4/.75 GL	FRUIT FILLING BLUEBERRY	2	2	144.47
754060	4/.75 GL	FRUIT FILLING CHERRY	2	2	110.62
754100	4/.75 GL	FRUIT FILLING PEACH	2	2	91.06
754130	4/.75 GL	GLAZE STRAWBERRY	1	1	23.50
857410	1/1000 CT	FORK L WHITE MEDIUM POLYSTYREN	1	1	21.07
857608	1/1000 CT	SPOON L WHITE MEDIUM POLYPROPE	1	1	13.61
900140	6/5#	CHEESE QUESO BRAVO DIP WHITE	2	2	164.13
90459433	100/0.9 OZ	APPETIZER MINI CHICKEN WELLING	1	1	104.41
90459434	100/0.7 OZ	APPETIZER FRANKS IN A BLANKET	1	1	53.33
915160	4/7-8#	HAM PIT HALF SUNDAY BUFFET	1	1	86.67
916018	40/4 OZ	BRATWURST PATTY 4 &1/8IN	1	1	28.19
948360	100/.7 OZ	APPETIZER HORS D OEUVRES ASST	2	1	68.84
973970	2/8-9#	TURKEY BREAST BNLS FOIL WRAP	9	9	604.85
974110	1/10#	CHICKEN WING HONEY BBQ FC	4	4	142.79
980170	6/48 OZ	PIE UB FRUITS OF FOREST HI-PIE	1	1	38.64
980580	6/10 IN	PIE UB APPLE HI PIE	2	2	70.46
980630	6/10 IN	PIE UB WILD BERRY BLAST HI PIE	2	2	98.46
982230	1/4 CT	PIE CARAMEL APPLE GRANNY 14/SL	3	3	267.69
982680	4/TRAYS	BAR VARIETY PACK #2 FAVORITES	4	4	229.61
943700	4/8 LB	SOUP POTATO CREAM CHEESE	1	1	46.75
9764.2	2/5 LB	CHICKEN WING BOURBON PEPPER FC	1	1	33.95
					2,841.32
<u>Items identified as being improper (7/01/06 - 6/30/07):</u>					
213410	12/12 OZ	TUMBLER CRYSTALON ROSE	1	1	13.80
403060	6/5 #	ROLL MIX SOF	1	1	40.15
900120	8/1.5#	CHEESE CHIPOTLE JACK DISC.	1	1	44.97
900840	2/4-5 LB	CHEESE COLBY JACK LOAF	1	1	22.17
904630	12/14 OZ	SHAKE CHOCOLATE HERSHEY'S	0	1	12.43
917190	48/2.85 OZ	SAUSAGE & PANCAKE STICKS CN	1	1	13.90
918180	1/9LB	PORK WINGS HAWG WILD PC 36CT	4	4	157.68
920050	4/2 LB	SHRIMP SCAMPI 22/28CT SAUCESAT	1	1	71.03

Report on Special Investigation of the
Food Service Department of the Springville Community School District

Purchases from Martin Brothers
For the period July 1, 2005 through March 31, 2009

Item #	Pack	Description	Ordered	Shipped	Cost
920060	24/6 OZ	DIP SHRIMP & CRAB PARMESAN	1	1	56.73
920120	4/2.5 LB	TILAPIA FILLET 3-5OZ BEER BATT	1	1	54.00
920130	50/.75 OZ	CRAB CAKE .75 OZ GOURMET	1	1	44.46
933390	2/5 LB	SALAMI HARD SLICED	1	1	37.16
943440	4/8 #	SOUP CLILI W/BF&BN CHUCKWAGON	2	2	93.45
943930	72/3.25	CRISPITO BBQ PORK	1	1	32.70
943940	72/3.25	CRISPITO HAM & CHEESE (DISC)	1	1	34.88
946060	4/8 #	SOUP WISCONSIN CHEESE	1	1	37.81
946120	4/8 #	SOUP CHICKEN TORTILLA	2	2	78.44
982680	4/TRAYS	BAR VARIETY PACK #2 FAVORITES	3	3	163.16
982870	2/6.4 LB	BAR CARAMEL RAGE THAWNSERVE	3	2	84.06
982880	2/6.5 LB	BAR CHOCOLATE SILK THAWNSERVE	3	2	84.06
993320	2/1DZ/8OZ	FRIZOS CARAMEL PECAN PASSION	1	1	49.98
993340	2/1 DOZ	FRIAZOS COOKIE CRAZE 8 OZ	2	1	32.99
994260	48/5 OZ	NOVELTY BANANA SPLIT ITTIBITZ	2	2	84.02
994280	48/5 OZ	NOVELTY MINT CHIP ITTIBITZ	2	2	84.02
915080	2/13-16 #	HAM BONELESS PIT ORGINAL SLV M	2	2	140.88
915160	4/7-8 #	HAM PIT HALF SUNDAY BUFFET	3	1	85.23
980170	6/48 OZ	PIE UB FRUITS OF FOREST HI-PIE	2	2	72.94
					1,727.10

Items identified as being improper (7/01/05 - 6/30/06):

389220	<i>Unknown</i>	OYSTERS SELECT	<i>Unknown</i>	<i>Unknown</i>	73.50
463171	<i>Unknown</i>	NUTS MIXED W/PEANUTS	<i>Unknown</i>	<i>Unknown</i>	47.55
500708	<i>Unknown</i>	SOUP BASE FRENCH ONION	<i>Unknown</i>	<i>Unknown</i>	31.78
560510	<i>Unknown</i>	SAUCE BBQ SWEET BABY RAY	<i>Unknown</i>	<i>Unknown</i>	72.86
918180	<i>Unknown</i>	PORK WINGS HAWG WILD	<i>Unknown</i>	<i>Unknown</i>	155.16
919350	<i>Unknown</i>	BEEF PATTY PIZZA MOZ	<i>Unknown</i>	<i>Unknown</i>	53.97
941580	<i>Unknown</i>	SPRING ROLL ADOBO	<i>Unknown</i>	<i>Unknown</i>	47.99
945008	<i>Unknown</i>	OLIVE ASIAGO STUFFED	<i>Unknown</i>	<i>Unknown</i>	47.56
949168	<i>Unknown</i>	BREADSTICK STUFFED STICKS	<i>Unknown</i>	<i>Unknown</i>	51.07
961278	<i>Unknown</i>	ONION RINGS BEER BATTER	<i>Unknown</i>	<i>Unknown</i>	29.19
961608	<i>Unknown</i>	MUSHROOM BUTTER BREADED	<i>Unknown</i>	<i>Unknown</i>	34.20
961611	<i>Unknown</i>	CAULIFLOWER CHED BRD	<i>Unknown</i>	<i>Unknown</i>	6.42
961651	<i>Unknown</i>	POPPERS JALAPENO CRM CHSE	<i>Unknown</i>	<i>Unknown</i>	15.75
961778	<i>Unknown</i>	CHEESE NUGGET CHEDDAR	<i>Unknown</i>	<i>Unknown</i>	57.52
					724.52
Total					\$ 5,292.94

Report on Special Investigation of the
Food Service Department of the Springville Community School District

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
James R. Wittenwyler, Staff Auditor
Karen J. Kibbe, Senior Auditor
Alison P. Baker, Assistant Auditor
Michael F. Conroy, Assistant Auditor



Tamera S. Kusian, CPA
Deputy Auditor of State

Appendices

Report on Special Investigation of the
Food Service Department of the Springville Community School District

Example of Documents Submitted to the Business Office
for Collections Received on November 10, 2008

Deposit report for All POS from 11/10/2008 to 11/10/2008.

Date	Time	Family	Method	Remarks	Amount	POS
11/10/2008	8:30:48 AM	[REDACTED] - 5165	Non Cash Adjustment	Pay schools	\$38.00	High Scho
11/10/2008	9:41:09 AM	[REDACTED] - 51865	Check	1429	\$80.00	HSPOS
11/10/2008	9:41:27 AM	[REDACTED] - 35	Check	1933	\$25.00	HSPOS
11/10/2008	9:45:01 AM	[REDACTED] - 51882	Check	4624	\$10.00	HSPOS
11/10/2008	9:45:31 AM	[REDACTED] - 5109	Check	4624	\$15.00	HSPOS
11/10/2008	9:45:44 AM	[REDACTED] - 5143	Check	4321	\$50.00	HSPOS
11/10/2008	9:45:58 AM	[REDACTED] - 5017	Check	4338	\$60.00	HSPOS
11/10/2008	9:46:14 AM	[REDACTED] - 5151	Check	5277	\$100.00	HSPOS
11/10/2008	10:50:27 AM	[REDACTED] - 5056	Check	11563	\$100.00	ELEMPOS
11/10/2008	10:50:55 AM	[REDACTED] - 5141	Check	19497	\$25.00	ELEMPOS
11/10/2008	10:51:49 AM	[REDACTED] - 5005	Cash		\$0.50	ELEMPOS
11/10/2008	10:52:07 AM	[REDACTED] - 51847	Cash		\$10.00	ELEMPOS
11/10/2008	10:52:27 AM	[REDACTED] - 5033	Check	2148	\$50.00	ELEMPOS
11/10/2008	10:52:50 AM	[REDACTED] - 24	Check	3832	\$50.00	ELEMPOS
11/10/2008	11:17:26 AM	[REDACTED] - 5088	Cash		\$2.00	HSPOS
11/10/2008	11:31:44 AM	[REDACTED] - 5175	Check	5700	\$30.00	HSPOS
11/10/2008	11:32:17 AM	[REDACTED] - 51852	Check	12373	\$20.00	HSPOS
11/10/2008	11:54:03 AM	[REDACTED] - 5119	Check	1311	\$50.00	ELEMPOS
11/10/2008	12:00:37 PM	[REDACTED] - 51889	Check	3036	\$20.00	HSPOS
11/10/2008	12:18:01 PM	[REDACTED] - 5055	Check	8506	\$20.00	HSPOS
11/10/2008	12:23:17 PM	[REDACTED] - 51872	Check	7328	\$100.00	HSPOS
11/10/2008	12:30:56 PM	[REDACTED] - 51879	Cash		\$1.00	HSPOS

Total deposits for 11/10/2008 to 11/10/2008 are \$818.50.

Cash = \$13.50

Check = \$805.00

**** Please note that the above totals should match payments physically received at your location.
Electronic payments and refunds are shown separately below. Please do not forget to include these in your totals if needed.

http://springville [REDACTED]

11/10/2008

Report on Special Investigation of the
Food Service Department of the Springville Community School District

Example of Documents Submitted to the Business Office
for Collections Received on November 10, 2008

Page 2 of 2

Payschools payments = **\$0.00**
Credit = **\$0.00**
Other = **\$0.00**
Cash refund = **\$0.00**
Check refund = **\$0.00**
Non Cash Adjustments = **\$38.00**

Total deposits other than cash and check are **\$38.00**.

The grand total of all deposits is **\$856.50**.

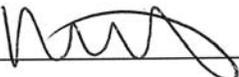
Report on Special Investigation of the
Food Service Department of the Springville Community School District

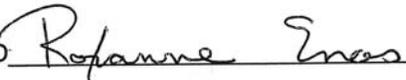
Example of Documents Submitted to the Business Office
for Collections Received on November 10, 2008

HOT LUNCH DEPOSIT

DATE 11/10/08

MONEY		AMOUNT	
PENNIES	0	\$	-
NICKLES	0	\$	-
DIMES	0	\$	-
QUARTERS	2	\$	0.50
HALF DOLLAR	0	\$	-
DOLLAR COIN	0	\$	- \$ 0.50
\$1.00 BILLS	3	\$	3.00
\$2.00 BILLS		\$	-
\$5.00 BILLS	0	\$	-
\$10.00 BILLS	1	\$	10.00
\$20.00 BILLS	0	\$	- \$ 13.00
CHECKS	16	\$	805.00
MISC			
TOTAL DEPOSIT -		\$	818.50

SIGNED  (Food Service Director)

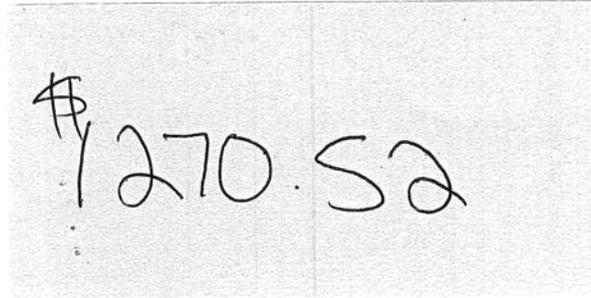
SIGNED  (Business Office)

**Report on Special Investigation of the
Food Service Department of the
Springville Community School District**

Appendix 2

Report on Special Investigation of the
Food Service Department of the Springville Community School District

Example of Documents Submitted to the Business Office
for Collections Received on January 4, 2008



\$1270.52

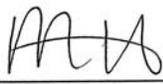
Report on Special Investigation of the
Food Service Department of the Springville Community School District

Example of Documents Submitted to the Business Office
for Collections Received on January 4, 2008

HOT LUNCH DEPOSIT

DATE 1/04/08

MONEY	#	AMOUNT	
PENNIES	2	\$ 0.02	
NICKLES		\$ -	
DIMES		\$ -	
QUARTERS	26	\$ 6.50	
HALF DOLLAR		\$ -	
DOLLAR COIN		\$ -	\$ 6.52
\$1.00 BILLS	27	\$ 27.00	
\$2.00 BILLS		\$ -	
\$5.00 BILLS		\$ -	
\$10.00 BILLS		\$ -	
\$20.00 BILLS		\$ -	\$ 27.00
CHECKS		\$ 1,237.00	
MISC			
TOTAL DEPOSIT -		\$ 1,270.52	

SIGNED  (Food Service Director)

SIGNED  (Business Office)

Report on Special Investigation of the
Food Service Department of the Springville Community School District

Information from the School Dining System for November 10, 2008

At 12:48:58 PM on 11/10/2008 Springvillesds (IP address: [REDACTED]) deleted record number 39127. The record was, |Product - Point of Sale Deposit| |Price - \$20| |Date - 11/10/2008| |Time - 12:17:50 PM| |Family ID - 51888| |Point of sale - HSPOS| |Remarks - | |Method of payment - Cash.

At 12:49:29 PM on 11/10/2008 Springvillesds (IP address: [REDACTED]) deleted record number 38400. The record was, |Product - Point of Sale Deposit| |Price - \$50| |Date - 11/10/2008| |Time - 10:51:24 AM| |Family ID - 5086| |Point of sale - ELEMPOS| |Remarks - | |Method of payment - Cash.

At 12:50:01 PM on 11/10/2008 Springvillesds (IP address: [REDACTED]) deleted record number 38814. The record was, |Product - Point of Sale Deposit| |Price - \$20| |Date - 11/10/2008| |Time - 10:51:56 AM| |Family ID - 51855| |Point of sale - HSPOS| |Remarks - | |Method of payment - Cash.

At 12:51:33 PM on 11/10/2008 Springvillesds (IP address: [REDACTED]) deleted record number 38607. The record was, |Product - Point of Sale Deposit| |Price - \$100| |Date - 11/10/2008| |Time - 11:53:36 AM| |Family ID - 5115| |Point of sale - ELEMPOS| |Remarks - | |Method of payment - Cash.

At 1:00:32 PM on 11/10/2008 Springvillesds (IP address: [REDACTED]) deleted record number 38927. The record was, |Product - Point of Sale Deposit| |Price - \$10| |Date - 11/10/2008| |Time - 11:31:19 AM| |Family ID - 5016| |Point of sale - HSPOS| |Remarks - | |Method of payment - Cash.

At 1:01:26 PM on 11/10/2008 Springvillesds (IP address: [REDACTED]) deleted record number 38926. The record was, |Product - Point of Sale Deposit| |Price - \$10| |Date - 11/10/2008| |Time - 11:31:06 AM| |Family ID - 5031| |Point of sale - HSPOS| |Remarks - | |Method of payment - Cash.

Report on Special Investigation of the
Food Service Department of the Springville Community School District

Information from the School Dining System for November 10, 2008

Date	Time	Family	Family ID	Method	Remarks	Amount	POS
11/10/2008	8:30:48 AM	██████████	5165	Non Cash Adjustment	Pay schools	\$38.00	High School
11/10/2008	9:41:09 AM	██████████	51865	Check	1429	\$80.00	HSPOS
11/10/2008	9:41:27 AM	██████████	35	Check	1933	\$25.00	HSPOS
11/10/2008	9:45:01 AM	██████████	51882	Check	4624	\$10.00	HSPOS
11/10/2008	9:45:31 AM	██████████	5109	Check	4624	\$15.00	HSPOS
11/10/2008	9:45:44 AM	██████████	5143	Check	4321	\$50.00	HSPOS
11/10/2008	9:45:58 AM	██████████	5017	Check	4338	\$60.00	HSPOS
11/10/2008	9:46:14 AM	██████████	5151	Check	5277	\$100.00	HSPOS
11/10/2008	10:50:27 AM	██████████	5056	Check	11563	\$100.00	ELEMPOS
11/10/2008	10:50:55 AM	██████████	5141	Check	19497	\$25.00	ELEMPOS
11/10/2008	10:51:49 AM	██████████	5005	Cash		\$0.50	ELEMPOS
11/10/2008	10:52:07 AM	██████████	51847	Cash		\$10.00	ELEMPOS
11/10/2008	10:52:27 AM	██████████	5033	Check	2148	\$50.00	ELEMPOS
11/10/2008	10:52:50 AM	██████████	24	Check	3832	\$50.00	ELEMPOS
11/10/2008	11:17:26 AM	██████████	5088	Cash		\$2.00	HSPOS
11/10/2008	11:31:44 AM	██████████	5175	Check	5700	\$30.00	HSPOS
11/10/2008	11:32:17 AM	██████████	51852	Check	12373	\$20.00	HSPOS
11/10/2008	11:54:03 AM	██████████	5119	Check	1311	\$50.00	ELEMPOS
11/10/2008	12:00:37 PM	██████████	51889	Check	3036	\$20.00	HSPOS
11/10/2008	12:18:01 PM	██████████	5055	Check	8506	\$20.00	HSPOS
11/10/2008	12:23:17 PM	██████████	51872	Check	7328	\$100.00	HSPOS
11/10/2008	12:30:56 PM	██████████	51879	Cash		\$1.00	HSPOS
11/10/2008	1:03:54 PM	██████████	51888	Cash		\$20.00	Elementary
11/10/2008	1:04:13 PM	██████████	5086	Other		\$50.00	Elementary
11/10/2008	1:04:30 PM	██████████	51855	Cash		\$20.00	High School
11/10/2008	1:04:48 PM	██████████	5115	Cash		\$100.00	Elementary
11/10/2008	1:05:04 PM	██████████	5016	Cash		\$10.00	Elementary
11/10/2008	1:05:24 PM	██████████	5031	Cash		\$10.00	Elementary