



EXECUTIVE SUMMARY
Guam Department of Education's Cash Controls over School Meals Program
OPA Report No. 12-08, December 2012

Our audit of the Guam Department of Education's (GDOE) cash controls over school meals revealed (1) no assurance that meals served were accurately reported and all cash was collected, (2) no one in charge of the overall program, and (3) fluctuations in cash collections and a decline in number of meals served. From fiscal years (FY) 2009 to 2011, we found (\$33 thousand (K)) shortages in FY 2009, (\$55K) shortages in FY 2010, and \$63K overages in FY 2011 for the school meals program. These conditions occurred due to the lack of oversight and monitoring of meals served at point-of-service in the schools, no established standard operating procedures for meals served and cash collected, and no oversight of the entire school meals program in GDOE. As a result, there is a risk for theft of cash and underreporting of reimbursement requests made to the United States Department of Agriculture (USDA).

No Assurance Meals Served were Accurately Reported and All Cash was Collected

We observed school meals cash collection procedures at Wettengel Elementary, Agueda Middle, and Okkodo High Schools. Our observations revealed that the schools administered their school meals program differently; and placed the responsibility of distributing meal tickets and collecting cash payments to one school staff. In addition to our observations at the three schools, we also tested school meals transactions and interviewed officials from Machananao Elementary School. Our testing and interviews revealed that Machananao does not follow GDOE's policy for collecting student obligations and does not have a secured storage for its school meals cash collections. As a result of the conditions for Machananao, Wettengel, Agueda, and Okkodo, there is opportunity for theft of funds; and due to no report reconciliation, inaccurate reporting of meals served and cash collected.

No Reconciliation of Reports Resulting in Significant Shortages and Overages

We found cash shortages of (\$33K) in FY 2009, shortages of (\$55K) in FY 2010, and overages of \$63K in FY 2011 for the school meals program. During this timeframe, every school in the public school system had a shortage or overage. Cash shortages ranged from a low of (\$30) at Inajaran Elementary School in FY 2009 to a high of (\$15K) at Upi Elementary in FY 2011. The cash overages ranged from a low of \$9 at F.Q. Sanchez Elementary in FY 2010 to a high of \$7K at Simon Sanchez High School in FY 2011. This occurred because no one in the GDOE's Business Office or Food and Nutrition Services Management Division (FNSMD) was reconciling reports to ensure accuracy and completeness of the information reported.

No One in Charge of the Overall School Meals Program

We found no one person was in charge of the overall school meals program. Each school issues two separate reports to the Business Office and FNSMD. The Business Office reconciles the report with bank statements to verify the reported figures to the deposited amounts. The FNSMD

compiles all the reports and submits federal reimbursement requests to USDA. GDOE's school meals program does not act as one cohesive unit; rather, each section focuses on its own specific role. Similar concerns were raised in past audits completed by Evergreen Solutions, LLC and the Department of the Interior, Office of Inspector General. Because no one person is responsible for the school meals program, any issues, especially issues that affect more than one aspect of the program, will not be addressed in a timely and cohesive manner.

Fluctuations in Cafeteria Sales and Number of Meals Served

Cash collections from cafeteria sales went from \$767K in FY 2009 to \$865K in FY 2010 to \$793K in FY 2011 despite increases in the price of school meals. The number of school meals served went from 4.2 million (M) in FY 2009 and FY 2010 to 3.8M in FY 2011. The fluctuations in cafeteria sales can be attributed to factors, including the recent increase in the price of school meals. With fewer students eating school meals, GDOE is collecting less cash and federal reimbursements. GDOE management is unaware of these trends because no one was assigned to monitor trends in the school meals program.

Conclusion and Recommendations

There is no assurance that meals served were accurately reported and all cash was collected. This occurred because of the lack of segregation of duties, no report reconciliation, and insufficient oversight of the school meals program. Between FY 2009 and FY 2011, the school meals program also experienced fluctuations in the cash collected and the number of meals served. To address these conditions, we recommend the GDOE Superintendent (1) develop an official policy for accounting meals and collecting cash inclusive of standard formal training, (2) require GDOE Business Office and FNSMD to reconcile the Cash Receipts Report and Summary of Monthly Meal Count Reports, and (3) designate a person to be responsible for the overall school meals program.



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