

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

**Southern University Laboratory School**  
Baton Rouge, Louisiana

July 18, 2001



**Investigative Audit**

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**Daniel G. Kyle, Ph.D., CPA, CFE**  
**Legislative Auditor**

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### **LEGISLATIVE AUDITOR**

**Daniel G. Kyle, Ph.D., CPA, CFE**

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**Southern University  
Laboratory School**

**July 18, 2001**



**Investigative Audit  
Office of the Legislative Auditor  
State of Louisiana**

**Daniel G. Kyle, Ph.D., CPA, CFE  
Legislative Auditor**

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DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

OFFICE OF  
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July 18, 2001

**DR. LEON R. TARVER, II**  
**PRESIDENT, AND MEMBERS OF THE**  
**BOARD OF SUPERVISORS**  
**SOUTHERN UNIVERSITY SYSTEM**  
Baton Rouge, Louisiana

Transmitted herewith is our investigative report on the Southern University Laboratory School. Our examination was conducted in accordance with Title 24 of the Louisiana Revised Statutes and was performed to determine the propriety of certain allegations received by this office.

This report presents our findings and recommendations, as well as your response. Copies of this report have been delivered to Southern University, the District Attorney for the Nineteenth Judicial District of Louisiana, and others as required by law.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

CM:EKL:DGP:dl

[SULABSCH]

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# EXECUTIVE SUMMARY

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## Investigative Audit Report Southern University Laboratory School

The following summarizes the findings and recommendations as well as management's response that resulted from this investigative audit. Detailed information relating to the findings and recommendations may be found at the page number indicated. Management's response may be found at Attachment I.

### **Findings** *(See pages 5 through 10 of this report.)*

#### **School Lunch and Slush Drink Receipts Taken for Personal Use**

University records indicate that during the period August 1999 to March 2001, Ms. Sharon Nixon, former Cafeteria Manager of the Southern University Laboratory School (lab school), appears to have received \$15,837 from the sale of school lunches and slush drinks (frozen beverage) that she did not remit for deposit. In addition, we estimate that during the same period, additional slush drink sales totaling \$4,824 were not recorded in the university records and were not deposited.

#### **Public Assets Used for Personal Catering Jobs**

Ms. Nixon used the school's facility and cafeteria employees to prepare meals for her personal catering business. In addition, according to cafeteria employees, food purchased by the university was used to prepare these meals. It appears that from October 1998 to February 2001, Ms Nixon was paid at least \$3,205 for catering services that she provided to Southern University and other individuals.

### **Recommendations** *(See page 11 of this report.)*

We recommend that the management of Southern University and the Southern University Laboratory School implement policies and procedures that will reduce the likelihood of irregularities occurring at the lab school in the future without timely detection. These policies and procedures should, at a minimum, include that (1) pre-numbered tickets are used to account for lunch and slush drink sales; (2) all funds collected by the lab school are properly recorded; (3) all receipts are deposited on a daily basis; (4) deposits are reconciled to receipts; and (5) deposit

records are reviewed periodically by an appropriate supervisor. Furthermore, we recommend that management for Southern University and the lab school develop a policy informing employees that school assets are to be used for school purposes only.

The actions described previously may be violations of the following laws:

- R.S. 14:67, "Theft"
- R.S. 14:68, "Unauthorized Use of a Movable"
- R.S. 14:133, "Filing False Public Records"
- R.S. 14:134, "Malfeasance in Office"

The actual determination as to whether individuals are subject to formal charge is at the discretion of the prosecutorial authorities.

We recommend that the District Attorney of the Nineteenth Judicial District of Louisiana review this information and take appropriate legal action, to include seeking restitution.

**Management's Response** *(See Attachment 1.)*

Management states that it concurs with the report findings. Furthermore, management states the following:

- Procedures have been developed to ensure timely reconciliation and verification of funds.
- Facility usage will be closely monitored to ensure that university facilities are used for university approved activities only.
- The employee cited in this report is no longer employed by the university.

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# **BACKGROUND AND METHODOLOGY**

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Southern University is under the management and supervision of the Southern University Board of Supervisors created by the Louisiana Constitution of 1974. The Board is responsible for the management and supervision of the institutions of higher education, statewide agricultural programs, and other programs that comprise the Southern University System. The powers of the Board of Supervisors are subject to those vested by the Constitution to the Louisiana State Board of Regents. The Southern University Laboratory School (lab school) is a component of the Southern University System.

The Office of the Legislative Auditor received information from Mr. Flandus McClinton, Vice Chancellor for Finance and Administration, indicating that school lunch and slush drink proceeds at the lab school appeared to have been taken for personal use. This investigative audit was performed to determine the accuracy of this information.

The procedures performed during this investigative audit consisted of (1) interviewing employees and officials of the lab school; (2) interviewing other persons as appropriate; (3) examining selected records of the lab school; (4) making inquiries and performing tests to the extent we considered necessary to achieve our purpose; and (5) reviewing applicable state laws and regulations.

We acknowledge the assistance provided to this investigative audit by Southern University's Internal Auditor and the Comptroller's Office.

The result of our investigative audit is the findings and recommendations herein.



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# FINDINGS

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## **School Lunch and Slush Drink Receipts Taken for Personal Use**

University records indicate that during the period August 1999 to March 2001, Ms. Sharon Nixon, former Cafeteria Manager of the Southern University Laboratory School (lab school), appears to have received \$15,837 from the sale of school lunches and slush drinks (frozen beverage) that she did not remit for deposit. In addition, we estimate that during the same period, additional slush drink sales totaling \$4,824 were not recorded in the university records and were not deposited.

From August 1999 to March 2001, the lab school sold lunches to employees and visitors for \$3 and \$4, respectively. In addition to selling lunches, the school sold slush drinks to students, employees, and visitors for \$.50. To get a lunch or slush drink, a ticket was purchased from the cashier and presented to the staff serving the lunch or slush drink. The cashier completed a "lunchroom daily financial report" indicating the amounts of lunches and slush drinks sold and then remitted the report and receipts to the cafeteria manager for deposit.

Ms. Nixon was appointed manager for the lab school's cafeteria in September 1984. In addition to her duties of overseeing the operations of the lab school's cafeteria, Ms. Nixon was responsible for delivering the school's lunch receipts to the Southern University Bursar's Office and slush drink receipts to the lab school's secretary for deposit into the lab school bank account.

Ms. Rozella Shaffer, cashier for the lab school, kept tally sheets to record all sales and to prepare the lunchroom daily financial reports. The tally sheets and daily financial reports prepared by Ms. Shaffer indicate that during the period August 1999 through March 2001, the lab school collected \$26,397 from the sale of lunches and slush drinks. Ms. Shaffer stated that she submitted the lunchroom daily financial report along with the receipts that she collected to Ms. Nixon. However, records indicate that Ms. Nixon prepared and submitted different lunchroom daily financial reports to the Southern University Bursar's Office showing reduced lunchroom receipts. Furthermore, Ms. Nixon remitted lunch receipts to Southern University and slush drink receipts to the lab school's secretary indicating collections of only \$10,560 resulting in \$15,837 not being remitted for deposit.

School Years 99/00 & 00/01	Lunch and Slush Receipts		
	Remitted to Ms. Sharon Nixon	Remitted by Ms. Nixon to University/Lab School	Not Remitted for Deposit
August 1999	\$589.00	\$320.00	\$269.00
September 1999	2,192.58	809.00	1,383.58
October 1999	2,559.17	825.00	1,734.17
November 1999	1,869.48	699.00	1,170.48
December 1999	877.35	252.00	625.35
January 2000	1,682.50	582.00	1,100.50
February 2000	2,396.03	701.00	1,695.03
March 2000	2,317.35	814.50	1,502.85
April 2000	1,926.39	634.00	1,292.39
May 2000	1,275.80	576.00	699.80
August 2000	1,026.00	493.50	532.50
September 2000	1,021.00	815.50	205.50
October 2000	1,390.00	711.00	679.00
November 2000	1,072.00	541.00	531.00
December 2000	523.50	221.00	302.50
January 2001	1,565.60	651.75	913.85
February 2001	1,833.91	828.40	1,005.51
March 2001	280.20	86.00	194.20
<b>Totals</b>	<b>\$26,397.86</b>	<b>\$10,560.65</b>	<b>\$15,837.21</b>

Our examination disclosed 245 occasions where Ms. Nixon appears to have falsified lunchroom daily financial reports by reducing amounts reported concealing the cash not remitted for deposit.

LABORATORY SCHOOL  
SOUTHERN UNIVERSITY  
SOUTHERN BRANCH POST OFFICE  
BATON ROUGE, LOUISIANA 70813

LUNCHROOM DAILY FINANCIAL REPORT  
DATE: 11/16/01

ACCOUNT CODES

LUNCH			
02-317000-0128	STUDENTS (N-5)	\$1.90	
02-317000-0128	STUDENTS (6012)	\$1.90	
02-317000-0127	ADULTS	\$4.00	100.00
02-317000-0127	ADULTS	\$3.00	177.00
TOTAL			187.00

MILK			
02-317000-0126	STUDENTS	\$1.15	
	ADULTS	\$2.15	
GRAND TOTAL			

CASH AMOUNT

\$78.00	Hand	\$30	
\$18.00	Card	\$25	
\$ 8.00	Card	\$10	
\$ 2.00	Card	\$05	
\$ 1.00	Card	\$01	
CHECKS	10.00		
TOTAL CASH AMOUNT		147.00	

SIGNED: \_\_\_\_\_  
LUNCHROOM MANAGER AUTHORIZED PERSONNEL

Original report prepared and signed by Ms. Shaffer and submitted to Ms. Nixon.

LABORATORY SCHOOL  
SOUTHERN UNIVERSITY  
SOUTHERN BRANCH POST OFFICE  
BATON ROUGE, LOUISIANA 70813

LUNCHROOM DAILY FINANCIAL REPORT  
DATE: 11/27/01

ACCOUNT CODES

LUNCH			
02-317000-0128	STUDENTS (N-5)	\$1.90	
02-317000-0128	STUDENTS (6012)	\$1.90	
02-317000-0127	ADULTS	\$4.00	16.00
02-317000-0127	ADULTS	\$3.00	15.00
TOTAL			31.00

MILK			
02-317000-0126	STUDENTS	\$1.15	
	ADULTS	\$2.15	
GRAND TOTAL			

CASH AMOUNT

\$20.00		\$30	
\$10.00		\$25	
\$ 5.00		\$10	
\$ 2.00		\$05	
\$ 1.00		\$01	
CHECKS	15.00		
TOTAL CASH AMOUNT		31.00	

SIGNED: \_\_\_\_\_  
LUNCHROOM MANAGER AUTHORIZED PERSONNEL

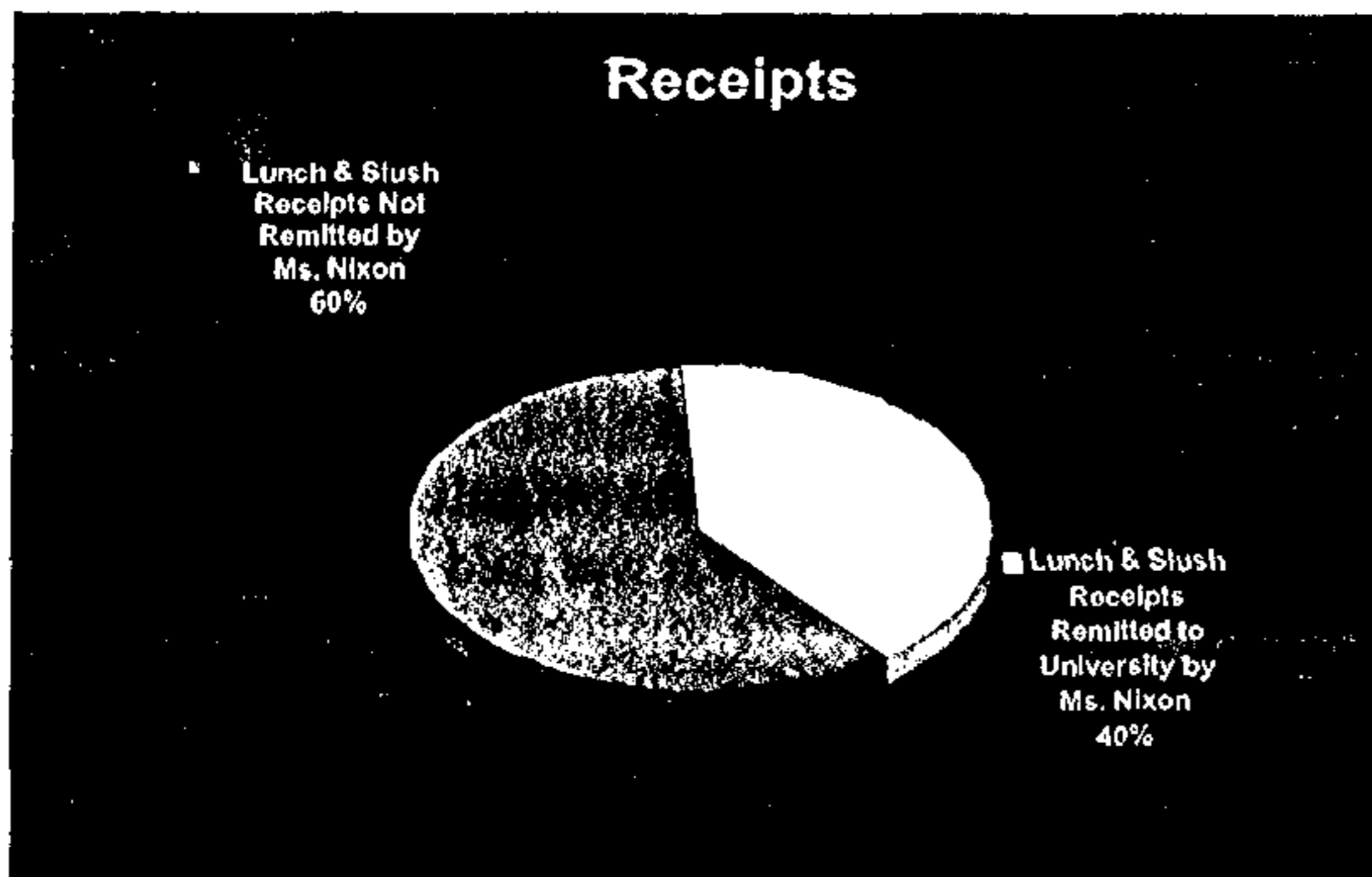
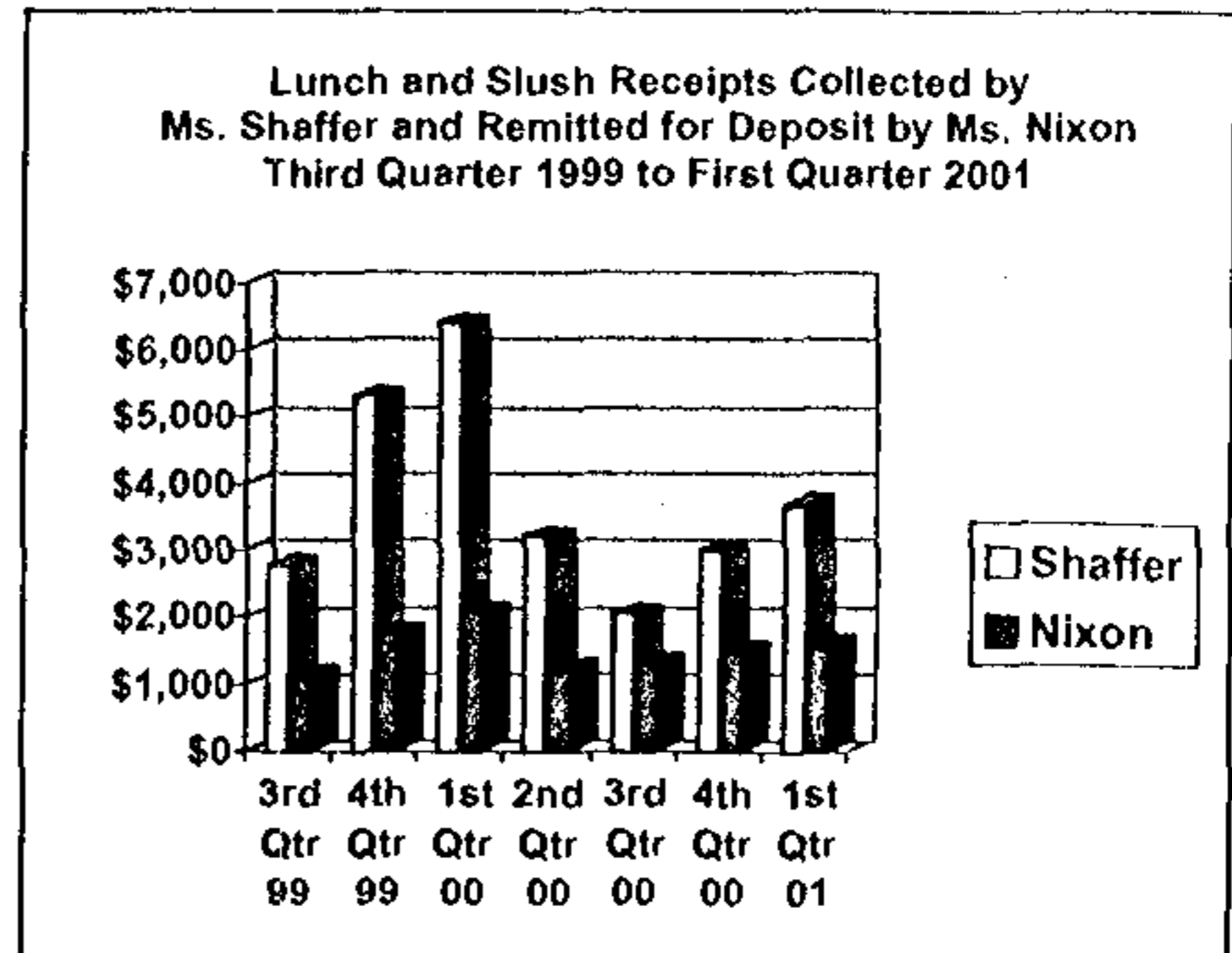
Report submitted to Southern University by Ms. Nixon showing reduced amounts.

Findings

Ms. Shaffer further stated that Ms. Nixon never mentioned to her that there were discrepancies between the receipts and lunchroom daily financial reports that she (Shaffer) submitted. Ms. Nixon confirmed Ms. Shaffer's statement adding that there were occasions when the receipts were a few dollars short, but she did not discuss these occasions with anyone because the discrepancies were so minor.

Ms. Nixon stated that she was solely responsible for the operation of the cafeteria. She stated that she did not use the daily financial reports prepared by Ms. Shaffer to reconcile the daily receipts to the number of meals sold. Ms. Nixon explained that she used the tickets collected by the employees serving meals to determine whether or not the cashier had collected the appropriate amount of money.

Four of the cafeteria employees working during this period explained that tickets collected from the sale of lunches were thrown away at the end of each shift and therefore were not available to Ms. Nixon.



*This chart depicts the relative percentages of recorded lunch and slush receipts remitted by Ms. Nixon, \$10,560.65, and not remitted by Ms. Nixon, \$15,837.21.*

**Unrecorded Slush Drink Sales**

Ms. Shaffer stated she collected slush drink proceeds from August 1999 to March 2001. She added that the lab school sold slush drinks each day and that she documented the sales on the daily financial reports that she gave to Ms. Nixon. Ms. Josie Tyson, Instructional Assistant, stated that one of her duties was to collect tickets for slush drinks sold. She stated that the school sold slush drinks every day even during the winter months. In addition, cafeteria employees,

Ms. Betty Netter, head cook, and assistant cooks, Ms. Irma Chambers and Ms. Georgia Chambers stated that slush drinks were sold on a daily basis from August 1999 to March 2001. They explained that the slush drink machine was filled each morning and then refilled at least once each day. During this period, we noted only five deposits to the lab school from slush drink sales totaling \$385. We found no evidence indicating that any receipts from the sale of slush drinks were deposited at the bursar's office.

From August 1999 to March 2001, we could not find documentation of slush sales for 121 days. However, Ms. Shaffer stated that she collected and documented slush receipts every day and then remitted the receipts to Ms. Nixon. We estimate that during this period, slush drink sales totaling \$4,824 were not recorded in the university records and were not deposited.

Ms. Nixon stated that the cafeteria did not make much money on the sale of slush drinks. She explained that she held the slush drink receipts until there was enough money to give to the school secretary to be deposited. Ms. Nixon could not explain how much money she would collect in order to make a deposit, nor could she explain how often slush drink receipts were deposited.

### **Public Assets Used for Personal Catering Jobs**

Ms. Sharon Nixon, former Cafeteria Manager of the Southern University Laboratory School (lab school), used the school's facility, food inventory, and cafeteria employees to prepare meals for her personal catering jobs. On at least six occasions, from October 1998 to February 2001, Ms. Nixon was paid amounts totaling \$3,205 for catering services that she provided to Southern University and other individuals.

The lab school is a component of the Southern University System. As manager of the lab school cafeteria, Ms. Nixon was responsible for supervising cafeteria employees and maintaining all records pertaining to meals served in the school's cafeteria. According to Ms. Brenda Sterling, lab school principal, the university had to subsidize the school's lunch program because the lab school had a deficit of approximately \$35,000 in February 2001.

Ms. Nixon also operated a personal catering business. During our investigative audit, we found several invoices and other documentation indicating that Ms. Nixon was paid at least \$3,205 by Southern University and others for personal catering jobs. The invoices were either from "S. Kay's Catering" or "Sharon Nixon"; however, the address on the invoices is Ms. Nixon's home address.



According to Ms. Augustine, she received these payments as a result of coordinating meals for these symposiums. Ms. Augustine stated that she disbursed the amounts to her mother and other individuals who helped prepare these meals.

Ms. Betty Netter, cafeteria head-cook, stated that she frequently ordered food and signed for it when it was delivered. She explained that the meals for Ms. Nixon's catering jobs were prepared mainly from food purchased by the school. She stated that when Ms. Nixon wanted her to prepare food for a catering job, she (Nixon) prepared the menu and placed it on the cafeteria bulletin board.

BAPTIST STUDENT CENTER 724 HARDING BLVD. BATON ROUGE, LA 70807		729
PAY TO THE ORDER OF <i>Jamette Augustine</i>		DATE <i>3/15/00</i>
<i>Five Hundred &amp; No/100</i>		\$ <i>500.00</i>
BANK ONE Bank One, Louisiana, NA Baton Rouge, LA 70801		DOLLARS
FOR <i>Refund for Black Awareness Program</i>		<i>Beverly A. Piche</i>
⑆0007229⑆ ⑆065400137⑆ 211 4864 06 1⑆		⑆000005000⑆

Ms. Nixon admitted that she instructed cafeteria employees to prepare food for her personal catering jobs. She stated that she has paid cafeteria employees to prepare meals for her. She explained that meals were prepared at the lab school either before or after the employees' work hours. Furthermore, Ms. Nixon stated that she used personal funds to purchase the food used for her catering jobs. When asked if she could substantiate the purchases, Ms. Nixon stated that she used cash and did not retain the sales receipts.

We spoke with several lab school cafeteria employees who stated that Ms. Nixon had instructed them to prepare meals for her personal catering jobs during their normal work hours. They indicated that preparing food for Ms. Nixon's catering jobs sometimes caused them to work overtime even though they were not paid for the hours. According to these employees, although Ms. Nixon provided some of the food, many of the food items prepared for Ms. Nixon's catering jobs were the same items purchased by the lab school. They stated that the meals were prepared in the school's cafeteria.

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# RECOMMENDATIONS

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We recommend that the management of Southern University and the Southern University Laboratory School (lab school) implement policies and procedures that will reduce the likelihood of irregularities occurring at the lab school in the future without timely detection. These policies and procedures should at a minimum include that (1) pre-numbered tickets are used to account for lunch and slush drink sales; (2) all funds collected by the lab school are properly recorded; (3) all receipts are deposited on a daily basis; (4) deposits are reconciled to receipts; and (5) deposit records are reviewed periodically by an appropriate supervisor. Furthermore, we recommend that management for Southern University and the lab school develop a policy informing employees that school assets are to be used for school purposes only.

The actions described previously may be violations of the following laws:

- R.S. 14:67, "Theft"
- R.S. 14:68, "Unauthorized Use of a Movable"
- R.S. 14:133, "Filing False Public Records"
- R.S. 14:134, "Malfeasance in Office"

The actual determination as to whether individuals are subject to formal charge is at the discretion of prosecutorial authorities.

We recommend that the District Attorney of the Nineteenth Judicial District of Louisiana review this information and take appropriate legal action, to include seeking restitution.



# **Attachment I**

## **Management's Response**

**SOUTHERN UNIVERSITY AND A&M COLLEGE SYSTEM**BATON ROUGE, LOUISIANA 70813  
(225) 771-2011Baton Rouge, New Orleans,  
Shreveport/Bossier City  
LOUISIANAOffice of the President  
(225) 771-4680Fax Number:  
(225) 771-5522

July 16, 2001

Dr. Daniel G. Kyle  
Legislative Auditor  
STATE OF LOUISIANA  
1600 North Third Street  
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Attached is Chancellor Edward R. Jackson's reply to the Investigative Audit Report for the Southern University Laboratory School.

Please let me know if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Leon R. Tarver II".

Leon R. Tarver II, Ph. D.  
President  
Southern University System

LRT/rdc

Attachment



Office of the Chancellor  
P. O. Box 9374  
[504] 771-5020  
FAX [504] 771-2018

July 16, 2001


Dr. Leon R. Tarver II  
President  
Southern University System  
J.S. Clark Administration Building  
Southern University  
Baton Rouge, LA 70813

Dear Dr. Tarver:

Please find enclosed our response to the findings cited in the Investigative Audit Report for the Southern University Laboratory School.

Should you have any questions or require additional information, please advise.

Sincerely,

  
Edward R. Jackson  
Chancellor

ERJ/jmj

Enclosure

**Southern University - Baton Rouge  
Response  
Investigative Audit Report  
Southern University Laboratory School**

**Findings:**

**School Lunch and Slush Drink Receipts Taken for Personal Use**

**Response:**

Management concurs with this finding. To insure future compliance we have developed procedures that are designed to insure timely reconciliation and verification of funds. These procedures are also designed to ensure early detection of errors and/or irregularities. A copy of the procedures are available for review.

The employee cited in this report is no longer employed by the University.

**Findings:**

**Public Assets Used for Personal Catering Jobs**

**Response:**

Management concurs with the finding. Existing procedures require that University facilities be used for University approved activities only. Facility usage will be closely monitored by the Director to insure compliance.

**Attachment II**  
**Legal Provisions**

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# Legal Provisions

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The following legal citations are referred to in the Findings section of this report:

**R.S. 14:67** provides, in part, that theft is the misappropriation or taking of anything of value which belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations.

**R.S. 14:68** provides, in part, that unauthorized use of a movable is the intentional taking or use of a movable which belongs to another, either without the other's consent, or by means of fraudulent conduct, practices or representations, but without any intention to deprive the other of the movable permanently.

**R.S. 14:133** provides that filing false public records is the filing or depositing for record in any public office or with any public official, or the maintaining as required by law, regulation, or rule, with knowledge of its falsity, of any of the following: (1) any forged document; (2) any wrongfully altered document; and (3) any document containing a false statement or false representation of a material fact.

**R.S. 14:134** provides, in part, that malfeasance in office is committed when any public officer or public employee shall (1) intentionally refuse or fail to perform any duty lawfully required of him, as such officer or employee; (2) intentionally perform any such duty in an unlawful manner; or (3) knowingly permit any other public officer or public employee, under his authority, to intentionally refuse or fail to perform any duty lawfully required of him or to perform any such duty in an unlawful manner.

