



# *Radford City Public Schools*

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**FOR IMMEDIATE RELEASE**

May 14, 2018

In late October 2017, Division administration first discovered apparent irregularities in the use of debit charges and withdrawals from the division's cafeteria account. Based on employee use of and access to the account, administration reached a preliminary conclusion that cafeteria funds may have been taken by a former employee for personal use. Promptly thereafter, administration contacted local law enforcement and the Virginia State Police, the School Board's legal counsel, and the School Board's auditor, and sought advice on how to best proceed with an effective investigation. Soon thereafter, and on the advice of legal counsel, administration contacted and met with a representative of the division's insurer and discussed the division's coverage for such loss and the process for making a claim to recover insurance funds to indemnify the division for the anticipated losses. On the advice of the Board's auditor, administration also contacted the United States Department of Agriculture (USDA) Office of Inspector General to discuss whether and to what extent the former employee may have appropriated for personal use free and reduced lunch funds provided by the federal government.

Since discovery of the misappropriation of funds in October 2017, administration worked closely with the School Board's auditing firm to review available division records relating to cafeteria funds. Those records were reviewed for a period extending back to 2007 to identify and quantify the losses resulting from the former employee's misappropriation of funds. Administration shared all records and documents relating to the theft, along with the Auditor's findings, to the Virginia State Police investigator conducting the criminal investigation of this matter. The investigative findings implicated the involvement of the former employee only. The investigation did not identify any other Radford City Schools employee to be involved in the misappropriation of funds.

During the pendency of the Virginia State Police investigation, which lasted several months, the lead investigator directed administration and the School Board to avoid any public comment on the investigation and identified loss, advising that any public comment would potentially interfere with an effective criminal investigation. Administration and the School Board, after consultation with the School Board's legal counsel, fully complied with the directives of the investigating officer.

Shortly after discovery of the misappropriation, administration implemented changes to the division's financial procedures to minimize the likelihood of any future similar loss. Administration, in consultation with its auditors, continues to review procedures and additional changes to strengthen internal controls. At this point, the division anticipates that most of the loss will likely be covered by the division's insurer.

Prior to October 2017, the facts relating to the cafeteria fund theft were never identified or reported to administration or the School Board. The school division's accounts and funds were audited annually, as required by law, and the annual audits did not identify the theft or irregularities. Contrary to the expressed opinion of the Commonwealth's Attorney in his media statement, prior to October 2017 administration was unaware of any reliable and verifiable facts that either

established or proved that any former employee was embezzling cafeteria funds in the manner discovered in the post-October 2017 investigation, or that would have warranted a referral to law enforcement. Additionally, before Radford City Commonwealth's Attorney released his May 14, 2018 media statement with his conclusory opinion regarding the embezzlement of cafeteria funds, he did not interview or communicate with any member of administration or with the School Board to discuss the facts, the school division's investigative findings, or his conclusions.

From the moment administration discovered the irregularities in the cafeteria account in October 2017, administration, under the direction of the School Board, has moved swiftly and deliberately to investigate and discover the extent of the loss and to consider and implement changes to help prevent any similar incident in the future. Those efforts were aided through the recommendations and assistance of law enforcement and the professional advice and recommendations of the Board's legal counsel and auditors.

The School Board and administration take seriously the obligation to safeguard public funds and to make sure they are used for appropriate educational purposes. We will continue to focus our attention and efforts on taking all reasonable steps to recover the funds misappropriated by our former employee and continue implementing necessary changes in procedures to help prevent such theft in the future.