



## Springfield Public Schools

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### **Final Audit Report Nutrition Services December 2007 Invoice Audit**

#### **Objective**

The Springfield Public School district contracts its food service through ARAMARK with a 5-year contract. The annual amount of this contract is over \$4.8 million. Twice a year, random audits will be conducted on monthly invoices received from ARAMARK. The audit objectives are to verify that charges contained in the monthly invoice are valid in accordance with the ARAMARK contract by examining supporting documentation and verification of computed charges.

#### **Scope**

A copy of the current ARAMARK contract was obtained and reviewed. A summary of several years' charges from ARAMARK invoices was compiled and reviewed. A copy of the December 2007 ARAMARK invoice was obtained to audit. Supporting documentation for selected charges on the invoice was examined.

#### **Work Performed**

The computations for the administrative fee, the management fee and the procurement fee were verified. A comparison of invoice expenses from last year to this year was also performed.

The supporting invoices for a randomly-selected food category of "Commercial Food" listed on the December 2007 ARAMARK invoice were reviewed. The four weekly invoice reports were reviewed and totaled to verify this charge. Minor coding errors were found which resulted in miscategorizations only and did not result in any overpayments.

A comparison was performed using the revenue reported on the December 2007 ARAMARK invoice and the Cash & Counts Reconciliation report received from Nutrition Services. The following items were detected:

- 1) Special Event revenue is not reported on the Cash and Counts Reconciliation.
- 2) The revenue reported for lunch on the December 2007 Invoice is gross and includes the ROA (Received on Account) prepaid amounts and the Cash and Counts Reconciliation does not report this as current revenue.
- 3) The spreadsheet used to compute and report the lunch revenue for the Student Lunch on the Cash and Counts reconciliation had an error in the formula and it was not picking up the revenue from two sites.

## **Conclusion**

One recommendation from this audit is to review the printout of the weekly invoices for food commodities after it has been keyed in to help detect errors in the invoice coding, due to the sequencing of the invoices. Nutrition Services Administration will contact the supplier to investigate possible changes to the invoice coding to assist in the prevention of these input errors.

The beginning of the year (July 1, 2007) fund balance for Nutrition Services was \$202,436. The actual expenditures (as of December 31, 2007) exceeded revenues by \$238,233.49 (the “subsidy”) for this year (2007-2008) (per the December 2007 invoice). The food service (nutrition services) fund balance account has a negative balance at this time. The ARAMARK contract and pricing has been reviewed and a price increase was approved by the Board of Education to resolve this deficit. *{Note: The end of the year (June 30, 2008) fund balance for Food Service (Nutrition Services) was (\$196,611.30).}*

ARAMARK management submitted a meal price increase to the Board of Education, which was approved on May 24, 2008. The Board approved meal price increase from \$2.00 to \$2.25 for full-price student lunch meals. This is the first price increase in several years. Labor costs are being cut and capital expenditures are being monitored closely to help reverse the deficit.

Errors were identified in the spreadsheet used by Nutrition Services Administration to report revenue when a comparison of revenues on the Cash & Counts Reconciliation report were compared to the revenues reported on the December 2007 Invoice. Comparing revenues reported on the ARAMARK invoice to revenues reported on the Cash & Counts Reconciliation could help detect errors. Nutrition Services Administration will implement procedures to help ensure that new schools and sites are included in the computational spreadsheets as these locations are added to the POS system.