



MEMORANDUM

TO: Audit Committee of the School Board of the City of Virginia Beach

FROM: Karen W. Woodson, CIA, CFE ^{KW}
School Board Internal Auditor, Department of Internal Audit

SUBJECT: Expenditure Analysis – Office of Food Services

DATE: September 17, 2023

BACKGROUND

As part of the calendar year 2023 Audit Work Plan, the Department of Internal Audit (IA) has performed an Expenditure Analysis for the Office of Food Services (OFS) within the Department of School Division Services. This work does not constitute an audit conducted in accordance with generally accepted government auditing standards.

PROJECT OBJECTIVES

The primary objective of this project was to ensure expenditures were processed according to division requirements. In addition, IA will group expenditures analyzed into categories that describe what was purchased.

PROJECT SCOPE AND METHODOLOGY

IA reviewed non-salary/benefit related purchases recorded in the Cafeterias Special Revenue Fund for the period November 1, 2021 – October 31, 2022. IA also removed payments made to Sysco, Marva Maid, and Dominos due to the repetitive nature of payments to these vendors, as well as the United States Department of Agriculture object code activity. For this period, expenditures totaled approximately \$1.3 million. IA examined 100% of these expenditures. IA reviewed invoices/receipts in order to group payments into categories.

IA reviewed these expenditures to determine if:

- The payment amount and payee matched the supporting documentation;
- The payment was made in a timely manner;
- The general ledger account coding was reasonable;
- Proper approval was obtained;
- The expenditure appeared to align with OFS' function;
- The expenditure appeared reasonable;
- Purchases over \$10,000 are approved by Purchasing in BuySpeed; and
- The contract was properly approved/signed if attached or referenced in BuySpeed.

RESULTS

Summary of Expenditures Analyzed

IA summarized the analyzed expenditures into the following categories. Note that these categories are grouped by type of expenditure, not by general ledger account code.

Category	
Cafeteria appliances	\$ 471,566.72
Point of sale/inventory system renewal and keypads	87,077.25
Computer equipment/technology related accessories	
Software	33,693.15
Computers/monitors/scanners	29,662.92
Copier toner and printing charges	9,028.88
Bar coding services	5,960.04
Technology supplies	2,671.54
Laptop backpacks	2,521.82
Food/beverage items	
Ice cream	20,254.46
Juice/slushies	14,939.38
Special education - ingredients/prepared meals/beverages	10,498.32
Ingredients/prepared meals/beverages	10,083.69
Office supplies/furniture	
Office Depot supplies	27,332.82
Furniture/furniture reconfiguration	20,667.77
Office supplies	1,803.50
Scratch cooking	
Cafeteria infrastructure improvements	82,338.44
Food truck remodel/servicing	18,478.09
Supplies for gardening	4,328.95
Hotel/flights to visit Boulder Valley Public Schools	2,540.02
Supplies/equipment	
Cleaning supplies	189,369.89
Cafeteria trays	128,284.97
Cutlery, containers, and other equipment	36,491.81
Thermometers	10,063.50
Travel - local mileage	1,519.36
Travel - professional development	
Hotel	12,036.52
Conference registrations	6,810.00
Books for staff	6,529.63
Flights	5,333.87
Employee travel reimbursement	4,326.66
Transportation	771.98

Category, continued	
Other categories	
Uniforms	\$ 48,242.51
Bank charges	33,789.74
Printing services	12,983.55
Food for staff training	6,190.39
Dues and memberships	2,719.00
Marketing supplies	2,005.14
Staff appreciation	1,117.03
Miscellaneous	946.41
Water cooler rental/refill	516.00
Decorations	156.35
Total expenditures analyzed	\$ 1,365,652.07

Processing of Transactions

IA found that the above expenditures appeared to be processed according to division requirements with the following exceptions:

Account Coding of Payments

Eleven payments were coded to the incorrect account. In general, proper account coding maintains accountability of spending.

Items or Services Purchased/Reimbursement	Payment Amount	Object Code
Flowers	\$ 45.98	Food
Almond milk	7.20	Food Services Supplies
Plates and utensils	27.75	Food
Dish and cooler	24.12	Food
Tab dividers	22.00	Food
Cooler	21.88	Food
Lids and containers	41.12	Food
Flowers	19.99	Food
Utensils	336.30	Food
Flowers	8.99	Food
Prof. Dev. Mileage Reimbursement	19.48	Travel Business Operations
	\$ 574.81	

Timeliness of Payments

The following payments were made late. See details below:

- Portion Pac
 - Invoice dated 7/1/22, paid 9/23/22 for \$5,220.00.
 - Invoice dated 5/1/22, paid 6/27/22 for \$200.00.
- Clifton Ventures Inc
 - Invoice dated 3/9/22, paid 4/29/22 for \$589.00.

- Electrical Motor Repair Company
 - Invoice dated 2/1/22, paid 4/27/22 for \$303.94.
- ESI
 - Invoice dated 11/9/21, paid 1/11/22 for \$1,535.64.
 - Invoice dated 12/9/21, paid 2/4/22 for \$774.98.
- Trident Beverage
 - Invoices dated 9/20/21, 10/7/21, 10/18/21, and 11/8/21, paid on 1/11/22 totaling \$4,193.79.
 - Invoices dated 1/4/22 and 1/18/22, paid on 3/10/22 totaling \$1,170.36.
 - Invoices dated 3/1/22, 3/15/22, and 3/29/22, paid on 5/16/22 totaling \$2,438.25.
 - Invoices dated 5/10/22, paid on 6/29/22 totaling \$975.30.
- Go Green Distributors
 - Invoices dated 8/21/22, paid on 10/21/22 totaling \$2,813.75.

In general, payments should be made within 45 days of the invoice date or when goods are received, whichever is later. OFS stated that during the spring/summer months of 2022, OFS underwent a reorganization of staff positions, along with staff retirements. Since that time, vacant positions have been filled, and the staff is fully trained on our policies and procedures.

Inadequate Supporting Documentation

Receipts for procurement card purchases of \$389.76 and \$270.00 for food service supplies were not itemized. After IA questioned the transactions, OFS provided itemized receipts, and IA determined that what was purchased appeared reasonable. In general, itemized receipts should be included as supporting documentation for procurement card purchases.

We would like to thank the staff and management of the Office of Food Services for their cooperation throughout this project.

cc: Viorica A. Harrison, Director, Office of Food Services
Jack Freeman, Chief Operations Officer