JAMESTOWN PUBLIC SCHOOLS

INTERNAL AUDIT

CAFETERIA FUND

FOR THE YEAR ENDING JUNE 30, 2024

JOHNSON, MACKOWIAK,
& ASSOCIATES, LLP
Certified Public Accountants & Consultants

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

May 15, 2024

Board of Education of
Jamestown Public Schools
197 Martin Road
Jamestown, New York 14701

We have performed the procedures enumerated in the attached on certain internal audit procedures of Jamestown Public Schools as of May 15, 2024. Management and the Board of Jamestown Public Schools are responsible for the internal audit function of the District. Jamestown Public Schools has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting the District to understand the nature of the internal audit function. Additionally, management and the Board have agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We were engaged by Jamestown Public Schools to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively on the specified elements, accounts or items. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of management and the Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of management and the Board of Jamestown Public Schools and is not intended to be and should not be used by anyone other than those specified parties.

Very truly yours,

Johnson, Mackowiak and Associates LLP

JOHNSON, MACKOWIAK AND ASSOCIATES, LLP
FREDONIA, NY
MAY 1, 2024

CAFETERIA/ FOOD SERVICE INTERNAL CONTROLS

The District requested that we analyze the Cafeteria department to assist in the identification of areas where efficiencies could be realized. As part of the system test, we interviewed multiple personnel within the Cafeteria and Business Office departments on internal controls surrounding this area. We also did a walk through of the warehouse and Cafeteria and observed Cafeteria activity during a lunch period. Our understanding of internal controls based on work performed and the results and recommendations to improve the efficiency of controls are outlined below.

OVERVIEW OF OUR UNDERSTANDING OF CAFETERIA/ FOOD SERVICE INTERNAL CONTROLS

In the current fiscal year, the effects of COVID-19 have significantly declined on the impact on all aspects of the District, including the Cafeteria. Currently, all meals have returned to being served in the Cafeteria, rather than being delivered to the classroom. The District is CEP certified, therefore, offers free breakfast and lunch to all students regardless of the income levels of their families.

The Cafeteria has returned to selling meals or extra items to teachers or staff. The teacher or staff member have to pay full price plus tax. An appointed food service staff deposits all monies over $10.00, monies under $10.00 get stored in a secured safe until the amount reaches over $10.00. At a minimum, deposits are made once a week by an appointed food service staff. The deposit slip is given to the Account Clerk who then reconciles it to meal reports and sends it to the business office. Business office staff verifies that the deposit slip matches the invoice and meal reports, which there is independent access to. Once this is completed, the information is given to another employee of the business office, who records an entry to the general ledger and records sales tax and performs bank reconciliations.

Each student is required to enter their ID code when entering the Cafeteria to receive a lunch. Once a code is entered, the system will not allow re-entry, which eliminates the potential for a student to receive a duplicate lunch. In order to receive reimbursement for the meal, the student has to have a full meal on their tray. The cashiers monitor this as they come through for their numbers to be entered. Students also have the option to purchase an additional meal or items by paying with cash or pre-loaded money on their accounts. All students have the option of taking the meals or not. The software does not allow for charges on an account if there is not sufficient funds available for an additional purchase. In the current fiscal year, high school students taking a lunch or breakfast is back to pre-Covid-19 numbers. Any student who arrives late to school still is eligible to receive their breakfast until the first lunch period begins. At Jefferson Middle School approximately 170 school students take a breakfast every day and the number of students who take a lunch every day is about 750. District wide approximately 1,700 school students take a breakfast every day and 3,200 students take a lunch every day.

The high school consists of five cashiers while the middle schools have only a minimum of two. The drawers in the high school contain $200 while the middle schools have $65. Each cashier is responsible for counting their drawer at the end of the shift and reporting their numbers. Anything over $10 goes into the bank while everything under this threshold is locked in the safe overnight. After the money is deposited, the receipt is matched back to the ledger and relative reports. The deposits are entered into the Mosaic software, which is sent to the Treasurer two weeks at a time, who makes a journal entry that is later reconciled to the bank statements.

The School Lunch Director prepares federal and state reimbursement claim reports by using spreadsheets that are submitted at the end of each month for reimbursement. He retains a copy of each claim submitted and sends a copy to the business office so that they know how much reimbursement to expect.

In addition to daily breakfast and lunch, the Cafeteria also offers catering for special functions that are school related and the cost is billed directly to the department. The Cafeteria offers meals for the grandparents helping elementary children and the school pays the monthly bill which is charged to each associated school. The School Lunch Director also recertifies every month with the help of BOCES to continue to keep meals for students free of charge.

Blanket purchases orders are prepared in the beginning of each year for items that are ordered regularly and individual purchase orders are prepared when other items are purchased. The Account Clerk handles purchasing who then gives it to the School Lunch Director to approve. It is then sent out to the Business Office for approval and then the items are ordered. Bids are required for all purchases. Bids normally come from Erie 1 BOCES and Erie 2 BOCES bids. Purchasing new equipment also requires a minimum of two bids to follow the purchase policy. Equipment purchases have been minimal in the current fiscal year. When the items are received, they are checked in and verified in the warehouse and placed where they belong. The Account Clerk receives the invoice, codes it, and gives it to the School Lunch Director for approval. He then sends it to the business office for payment. A new inventory software is being implemented to no longer need the use of a manual inventory count by the cafeteria manager. Currently an entry is made to the District's general ledger at year-end to adjust the inventory value. Once the new software is fully implemented, it will be perpetual. An entry will be made to the general ledger at year end according to the current year end inventory report.

OUR FINDINGS AND RECOMMENDATIONS

Inventory – The District currently has a system in place to manually count inventory each week. Manually counting inventory allows for increased mistakes and miscounts to be made. The District plans to have their new system in place by the year end June 30, 2024. In September 2023 it was found that an employee of the cafeteria was taking inventory. This employee has since been let go. The implementation of the new inventory system will help prevent instances of loss.

Blanket purchase orders – The use of blanket purchase orders is a permitted form of purchasing. However, the use of blanket purchase orders can also be used as a mechanism to bypass the approval process. The District should be sure to issue purchase orders only for repetitive purchases of specified items. Each blanket order should list in detail the items expected to be purchased and the unit price per item. The blanket purchase orders should not be used as an open line of credit with a vendor. The blanket purchase orders still follows the thresholds defined by the purchase policy.

Current system – The current system used by the Cafeteria does store year reports. The year end reports are stored in the system and hard copies are stored with financials.