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Date: June 2, 2021

To: Audit Committee
Nyack Union Free School District

From: Nugent & Haeussler, P.C.

Re: Internal Audit Services – School Lunch Fund
Reference # 2021-1

In accordance with our proposal letter dated March 2, 2015 and the Annual Risk Based Internal Audit Plan, we have conducted our internal audit services with respect to the School Lunch Fund controls of the Nyack Union Free School District.

CONCLUSION

The grading standards are Satisfactory, Acceptable and Unsatisfactory.

Satisfactory – Compliance with the Organization's established policies and procedures. Internal audit results indicate none or insignificant recommendations.

Acceptable – Minimal instances of non-compliance with the Organization's established policies and procedures. Internal audit procedures resulted in recommendations for improvements in internal controls, policies and/or procedures.

Unsatisfactory – Noncompliance with the Organization's established policies and procedures. Internal audit results indicate significant deficiencies relating to internal controls, policies and/or procedures.

We have rated the controls over the School Lunch Fund as **Satisfactory**.

Management of the Nyack Union Free School District is to submit a response to this report to the Audit Committee with copies to interested management and the auditor by July 30, 2021.

OBJECTIVE/SCOPE

The purpose of the internal audit services is to assist the Audit Committee in making a determination with respect to:

- Whether adequate policies, practices, internal controls and procedures exist regarding the School Lunch Fund
- Evaluating the effectiveness of the School Lunch Fund controls in comparison to district's policies and procedures.

The internal audit covered transactions from July 1, 2020 through May 10, 2021. The internal services were conducted on May 11^h and 12st 2021.

PROCEDURES, FINDINGS & RECOMMENDATIONS

Paid Bills

During our review of the monthly school lunch service bills, we found that the monthly bills are reviewed by an employee independent of the accounts payable and school lunch functions but the review and approval is not documented.

We recommend that every bill be signed off by the proper individual to document the review and approval.

Other

In addition to the items listed above in the Procedures/Findings area of this report, we performed other procedures with respect to the School Lunch Fund and have no further recommendations.

We reviewed the policies and written procedures of the School Lunch Fund.

We reviewed Board minutes to ensure that the Board approved any changes to School lunch policies.

We interviewed personnel involved in the School Lunch Fund regarding the cash receipts, cash disbursements, claims, accounting and daily operations.

We inquired about cashier procedures during the peak times to ensure that the described procedures are being followed properly.

We also inquired regarding the inventory controls concentrating on the security and safeguards of the inventory.

We reviewed the Cafeteria's Inventory Analysis Summary dated April 29, 2021 to ensure that inventory value and waste percentage appeared reasonable.

We reviewed a selective sample of paid bills in order to ensure the processes described are followed and that the correct amounts were being charged per the service contract.

We reviewed a selective sample of cash receipts in order to ensure the processes described are followed, and that the correct amounts were being deposited in a timely manner.

We reviewed the food service agreement that the District has in place with Aramark for accuracy and reasonableness.

We reviewed the number of meals distributed through the food service program and reconciled to summaries provided by the District.

We reviewed the monthly entries made to the deferred revenue account for the student account prepaid balance at the end of each month.

We also reviewed the accounts receivable account.

We reviewed a sample of the free and reduced lunch applications to ensure the district was following the prescribed income eligibility guidelines. No exceptions were noted.

We also reviewed the income verifications performed by the district to ensure the correct number of participants were verified and sufficient documentation was produced for the verification. No exceptions were noted.

We have reviewed the annual sales tax report for the year ended February 28, 2021 to insure the correct amounts have been remitted to New York State for sales tax in the School Lunch Fund.

We reviewed the School Lunch and Breakfast menus to ensure that several meals options were available to students and faculty.

We reviewed the budget status report as of March 31, 2021 to ensure that the cafeteria is managing its funding properly.

We reviewed the SFSP Child Nutrition Management System reimbursement rates the District was receiving for both 2020 and 2021 for reasonableness.

We reviewed a bank reconciliation from the School Lunch fund to ensure that the reconciliation was accurate and completed properly.

This report is intended solely for the information and use of the Audit Committee, the Board of Education and management of the Nyack Union Free School District, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully Submitted,

Nugent & Haeussler, P.C.

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