



*"Making a Positive Difference"*

## Office of Internal Auditing

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## Memorandum

TO: Dan Busse, Principal  
George Stone Technical Center

FROM: David J. Bryant, Director  
Office of Internal Auditing

DATE: April 6, 2010

SUBJECT: George Stone Technical Center  
Culinary Program Review

Per your request, our auditor, Michèle Kiker attended a meeting on April 5 with personnel from the culinary program and other members of your staff. Procedures surrounding the culinary program currently in place were discussed and reviewed. Following were issues raised and concerns noted:

- Internal funds account E-5340, Cook & Bake – Production Shop, has a balance of **(\$1,873.67)** as of 3/31/10, with an open purchase order of \$347.53. The explanation given for this negative balance was it represented items still in inventory.
- Supporting documentation for meal collections is inadequate.
- There appears to be difficulty in matching vendor invoices to revenues.
- Invoices do not always support the items listed on the menus.
- Production reports are not always updated to reflect true activity (i.e. account for waste, spoilage, etc.).
- A reconciliation of the number of meals prepared to the number of meals sold does not exist.
- No timeline for taking inventory has been established. The validation process of inventory is currently performed on a random basis.

Upon reviewing the procedures followed for the culinary program, we feel there are internal control weaknesses that need to be addressed that include the issues mentioned above. We offer the following recommendations to the current procedures:

- Although it is reasonable to think inventory items represent the negative balance in account E-5340, we would like to explore this further. We will not comment on this item at this time, but will send you a separate memo.

*Note:* Please take under consideration that with the cash collection process currently being used, it is very difficult, if not impossible, to determine collections not recorded or processed properly.

- A plan of action should be in place to address the negative balance of internal funds account E-5340. Projected income vs projected expenses thru the end of the

school year should be created (using conservative numbers). Adjustments to quantity and/or sales price should be made to assure this account will at least break even.

- Documentation to support meal collections should include the following:
  - Sign-in sheet (signatures are currently obtained when meal purchases are made),
  - Menu,
  - Reconciliation sheet,
  - Monies Collected Form.
- The sign-in sheet currently used when selling meals should be included as part of the collection process. Along with the signatures obtained, the sheet should include the date, the total amount collected, and be signed by the cashier indicating accountability for the monies collected. This sign-in sheet should be given to the bookkeeper when remitting the funds collected
- Any revisions to a menu should be noted on the menu with the word “revised” written on it. The menu should be given to the bookkeeper when remitting the associated funds collected.
- Menus should list the corresponding purchase order number(s) on it for entrée items. This would aid in matching the vendor invoice(s) (which should have a purchase order listed) to the associated revenues.
- Production Reports should indicate amounts for waste and spoilage. Production Reports should be adjusted to reflect true counts and quantities.
- At the end of each shift, reconciliation should occur. This reconciliation would include the number of meals prepared, the number of meals sold, and an explanation for any discrepancy (i.e. remaining meals were eaten by students, placed in freezer to be used in future, disposed of, etc.). The reconciliation sheet should be signed and given to the bookkeeper when remitting the funds collected.
- Validation of inventory should be performed weekly. Establishing a set time-frame will help ensure the validation process occurs. Also, inventory sheets should be signed indicating accountability for the inventory.

If you have any questions, feel free to contact me. Thank you and all involved for their cooperation and time.

DJB/mak

c: Norm Ross, Deputy Superintendent  
Carl Leiterman, Director – Workforce Education