

***Northport-East Northport Union Free School District***  
***Report on Internal Controls Pertaining to the Food Services Cycle***

***June 2019***

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**Scope of Engagement**

Pursuant to the request of Northport-East Northport Union Free School District and in accordance with the February 2019 Risk Assessment Update, we have reviewed the District's policies, procedures, and internal controls pertaining to the District's Food Service Cycle.

The objectives of our analysis were to determine whether the internal controls pertaining to certain Food Service procedures are adequate and that duties are properly performed thus safeguarding the District's assets.

**Work Performed**

Our analysis consisted of the following:

1. Examined the following documents provided to us by the Business Office and Food Service Department:
  - a) District's service contracts entered with various vendors during the 2018/2019 fiscal year.
  - b) Copies of forms utilized by the Food Service Department.
  - c) Board approved policies pertaining to the District's Food Service Program.

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- d) Documented procedures and guidelines developed and maintained by the Food Service Department.
  - e) Job descriptions for each employee type in the Food Service Department.
  - f) Correspondence from NYSED to the District indicating NYSED's review and approval of the District's school lunch menu.
  - g) School lunch menus for the 2018/2019 fiscal year.
  - h) School lunch fund balance, revenue, and expenditure schedules for the fiscal years 2015/2016, 2016/2017, and 2017/2018.
  - i) Meal counts and meal prices per meal type (e.g. breakfast, lunch, ala carte) for the fiscal years 2015/2016, 2016/2017, and 2017/2018.
  - j) Profit analysis per meal type for the fiscal year 2017/2018.
  - k) School lunch inventory reports for the 2018/2019 fiscal year.
  - l) Free and Reduced Applications submitted by students' families for the 2018/2019 fiscal year.
  - m) Federal and State Claims reports for the period of November 2018 through February 2019.
  - n) Appropriation status reports generated by nVision indicating budgetary and actual expenditures pertaining to food service for the fiscal years 2015/2016, 2016/2017, and 2017/2018.
  - o) Cash disbursement listing generated by nVision indicating expenditures applicable to food service for the 2018/2019 fiscal year.
  - p) Bank Statement applicable to the District's food service bank accounts for the month of January 2019.
  - q) Bank Deposit Slips applicable to the cafeteria fund for the month of January 2019.
  - r) Daily Summary Cashier Reports generated by the Nutrikids Point of Sale System for the period of January 1, 2019 through January 31, 2019.
2. Interviewed the School Lunch Manager, Treasurer and other District employees involved in the Food Service Cycle. During our meetings, we had the opportunity to review documents and direct inquiries regarding transactional records, supporting documents, and reporting. The purpose of these interviews was to obtain knowledge as to each individual's job duties and involvement as they pertain to the Food Service Cycle, day-to-day responsibilities, who they report to and who they supervise.
3. Assessed possible improvements pertaining to the internal controls of the Food Service Cycle. Such recommendations are presented within each applicable report section.

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**Assessment of Food Service Procedures**

The District's current Food Service procedures are structured around nine (9) distinct categories. We have reviewed and tested each categorical procedure during the course of our audit. We have documented the food service process by way of flow charts and narratives for each categorical procedure within Exhibits 1 through 9. For ease of reference, the categories are listed below:

- *General Controls & Governance*
- *Budget to Actual Analysis*
- *Dietary Requirements*
- *Participation & Profitability*
- *Inventory*
- *Free & Reduced Meal Applications*
- *Federal & State Aid Reimbursement*
- *Cash Receipts*
- *Cash Disbursements*

**General Controls & Governance (Exhibits 1 & 2)**

The attached Exhibits 1 and 2 summarize the organizational structure and policies applicable to the District's Food Service Department. Based upon our analysis within the area of organizational structure and policies we have made the following observations and recommendations:

The following processes are currently carried out by each Department:

<b><u>Department</u></b>	<b><u>Food Service Function</u></b>
<b>Board of Education</b>	Approves employee agreements, employee appointments and terminations, and vendor bids/contracts.
<b>Superintendent of Schools</b>	Makes offers to candidates and recommends appointments to the Board.
<b>Assistant Superintendent for Business</b>	Oversees the financial operations of the Food Service Department.
<b>School Lunch Manager/Food Service Department</b>	Supervise staff, prepare menus, monitor inventory and submit orders, send and process free and reduced meal applications, and prepare and monitor financial information.
<b>Head Cook/Assistant Cook</b>	Supervise staff, prepare food daily, verify cash receipts, and conduct inventory.
<b>Food Service Workers</b>	Prepare and serve food, collect cash and prepare deposit, and clean and maintain equipment and the kitchen.

**Observation/Recommendation #1**

The District has adopted Board approved policies, maintains employee job descriptions, documented guidelines regarding cash receipts and end of year closing procedures and has developed standardized forms. The enclosed narratives (See Exhibits 1 through 8) describe the procedures carried out by the Food Service Department regarding monitoring dietary requirements, monitoring of participation and profitability, inventory process, the free and reduced meal application process, federal and state aid reimbursement process, and sales and cash management.

- *In addition to the existing policies, documented procedures, and forms, the Food Service Department should develop documented guidelines regarding monitoring dietary requirements, monitoring of participation and profitability, inventory process, free and reduced meal application process, federal and state aid reimbursement process, and sales and cash management. The documented procedures should be reviewed and updated annually to maintain relevance, and reflect regular changes in the facilities environment. The narratives attached to this report should serve as supplemental enclosures to the District's documented procedures.*

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**Budget to Actual Analysis**

The following table summarizes the District's Food Services expenditures during the 2015/2016 through 2017/2018 fiscal years:

<u>Description</u>	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>
Cafeteria Fund	1,606,028	1,728,600	1,658,880
Change from Prior Year	N/A	122,572	-69,720
% Change from Prior Year	N/A	7.63%	-4.03%

As noted above, the District's Food Services expenditures increased by 3.29% from \$1,606,028 during 2015/2016 to \$1,658,880 during 2017/2018.

We performed a comparative analysis of the budgetary and actual expenditures reported by the food service program and noted a variance of \$215,639, or 11.50%, during the 2017/2018 fiscal year. The following table summarizes the variances between the budgetary and actual food service expenditures within the following categories:

<u>Description</u>	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>
Clerical Salary - Regular	43,574	43,574	- 0.00%
Cafeteria OT/Extra Help - DW	64,377	64,369	(7) -0.01%
Clerical Salary - Extra Help/OT	1,150	1,033	(117) -10.19%
Supplies & Mat'ls - CO	1,500	1,236	(264) -17.63%
Non-Inst Salary Payout - Emp Benefits	500	119	(381) -76.29%
Government Warehousing Charges	3,250	2,506	(744) -22.88%
Conference Expense	1,000	50	(950) -95.00%
BOCES Services	16,000	14,925	(1,075) -6.72%
Uniforms	4,250	3,118	(1,132) -26.63%
Cafeteria Salary - Longevity	7,420	6,036	(1,384) -18.66%
Non-Inst Salaries - X-Sick	5,000	2,827	(2,173) -43.47%
Supervisor Salary	77,060	74,682	(2,378) -3.09%
Supplies & Mat'ls - District Wide	7,750	5,218	(2,532) -32.67%
Government Surplus Food	104,462	100,691	(3,771) -3.61%
Cafeteria Sub - District Wide	24,985	20,166	(4,819) -19.29%
Contract Services	10,000	4,349	(5,651) -56.51%
Social Security Tax	62,000	52,496	(9,504) -15.33%
Food Purchases - District Wide	411,038	400,080	(10,958) -2.67%
Government Food Processing	49,000	37,157	(11,843) -24.17%
Equipment Maintenance & Repair	25,000	13,022	(11,978) -47.91%
Health & Dental Insurance	152,500	140,136	(12,364) -8.11%
Employee's Retirement System	118,785	99,691	(19,094) -16.07%
Supplies & Mat'ls - Warehouse	50,000	28,904	(21,096) -42.19%
Equipment - District Wide	50,870	13,370	(37,500) -73.72%
Cafeteria Salary - District Wide	583,050	529,125	(53,925) -9.25%
	<b>1,874,520</b>	<b>1,658,880</b>	<b>(215,639) -11.50%</b>

The above net variance was attributed to savings in equipment, supplies and employee expenses including salary, insurance, and retirement expenses.

➤ *No recommendations at this time.*

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***Dietary Requirements (Exhibit 3)***

The attached Exhibit 3 summarizes the procedures pertaining to the dietary requirements. Based upon our analysis within the dietary requirement process we have made the following observations and recommendations:

We reviewed lunch menus for the District from September 2018 through March 2019 and made the following observations:

- The District is in compliance with the Hunger-Free Kids Act of 2010. Dark green vegetables such as kale, zucchini, broccoli, and lettuce are offered to students. In addition, meals for each day include whole grain, red/orange vegetables, meat, and a meat alternative.
- At least half of the grains offered were whole-grain, and that daily meat/meat alternatives and milk were offered each day.

➤ *No recommendations at this time.*

***Participation & Profitability (Exhibit 4)***

The attached Exhibit 4 summarizes the procedures pertaining to participation and profitability procedures. Based upon our analysis within the participation and profitability process we have made the following observations and recommendations:

The Assistant Superintendent for Business, Treasurer and the School Lunch Manager meet monthly to review the financial operations of the food service program including the Treasurer's reports, trial balances, revenue status report, appropriations status reports, federal and state aid reimbursements, and student data including negative balances from the Nutrikids Point of Sales System. These monthly meetings allow the District Administration to analyze the most current information available, manage the food service operations, and any financial issues as they arise.

The District Treasurer provides the Board of Education with monthly Treasurer's Report for all District bank accounts, as well as a Trial Balance Report, Revenue Status Report, and Appropriations Status Report, including the District's cafeteria fund.

The following table summarizes the District's food service's revenue and expenses during fiscal years 2015/2016 through 2017/2018:

	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>
Revenue	1,688,172	1,718,954	1,665,480
<i>Change From Prior Year</i>	<i>N/A</i>	30,782	(53,474)
<i>% Change From Prior Year</i>	<i>N/A</i>	1.82%	-3.11%
Expenses	1,606,028	1,728,600	1,658,880
<i>Change From Prior Year</i>	<i>N/A</i>	122,572	(69,720)
<i>% Change From Prior Year</i>	<i>N/A</i>	7.63%	-4.03%
<b>Net Profit/(Loss)</b>	<b>82,144</b>	<b>(9,646)</b>	<b>6,600</b>
<i>Change From Prior Year</i>	<i>N/A</i>	(91,790)	16,246
<i>% Change From Prior Year</i>	<i>N/A</i>	-111.74%	-168.42%
Less: Operating Transfer In from GF	200,000	200,000	119,588
<b>Net Profit/(Loss) Without Transfers</b>	<b>(117,856)</b>	<b>(209,646)</b>	<b>(112,988)</b>

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As noted above, the District's food service program has not been self-sufficient and has experienced operating losses during fiscal years 2015/2016 through 2017/2018. It should be noted that the District's general fund has transferred \$200,000 (2015/2016), \$200,000 (2016/2017), and \$119,588 (2017/2018) to sustain the food service operating costs.

Based on our analysis of the revenue status reports, we noted that total revenue decreased from \$1,688,172 in 2015/2016 to \$1,665,480 in 2017/2018, or -1.34%. This decrease is attributed mainly to the decrease in revenue from a la carte sales and to the decrease in interfund transfers. The following table summarizes the components of the District's food service revenue during fiscal years 2015/2016 through 2017/2018 as reported on the District's revenue status reports:

<u>Category</u>	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>
Reimbursable Type A Lunch Sales	536,137	559,904	594,179
Breakfast Sales	63,412	66,932	68,153
Other Cafeteria Sales - a la carte	439,353	405,244	404,842
Other Cafeteria Sales - Adult	32,045	35,857	32,970
Other Cafeteria Sales - Catering	28,503	31,247	30,584
Cafeteria Sales - Over/Under	3,307	2,104	538
Interest and Earnings	162	545	1,342
Commissions	20,356	24,458	24,445
Miscellaneous Income	336	148	892
State Reimbursement	17,996	18,410	18,085
State Aid - BOCES	6,778	7,531	-
Federal Reimbursement	256,533	271,205	271,579
Federal Reimbursement - Surplus Food	83,254	95,370	98,283
Transfer from General Fund	200,000	200,000	119,588
<b>Total Revenue</b>	<b>1,688,172</b>	<b>1,718,954</b>	<b>1,665,480</b>
<i>Change From Prior Year</i>	<i>N/A</i>	<i>30,782</i>	<i>(53,474)</i>
<i>% Change From Prior Year</i>	<i>N/A</i>	<i>1.82%</i>	<i>-3.11%</i>

Based on our analysis of the "Menu Items Sold Reports" generated by Nutrikids, we noted that total student meals served increased from 283,671 in 2015/2016 to 298,877 in 2017/2018, or 5.36%. This increase is attributed mainly to the student breakfast meals that increased from 2,121 in 2015/2016 to 21,480 in 2017/2018, or 912.73%. The following table summarizes the student meals served during fiscal years 2015/2016 through 2017/2018 as reported on the "Menu Items Sold Reports":

<u>Breakfast</u>	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>
Free	1,272	6,808	8,208
Reduced	154	549	596
Paid	695	7,771	12,676
<b>Total Breakfast</b>	<b>2,121</b>	<b>15,128</b>	<b>21,480</b>
<i>Change From Prior Year</i>	<i>N/A</i>	<i>13,007</i>	<i>6,352</i>
<i>% Change From Prior Year</i>	<i>N/A</i>	<i>613.25%</i>	<i>41.99%</i>
<u>Lunch</u>			
Free	49,871	49,522	46,792
Reduced	7,076	5,320	3,805
Paid	224,603	227,694	226,800
<b>Total Lunch</b>	<b>281,550</b>	<b>282,536</b>	<b>277,397</b>
<i>Change From Prior Year</i>	<i>N/A</i>	<i>986</i>	<i>(5,139)</i>
<i>% Change From Prior Year</i>	<i>N/A</i>	<i>0.35%</i>	<i>-1.82%</i>
<b>Total Student Meals Served</b>	<b>283,671</b>	<b>297,664</b>	<b>298,877</b>
<i>Change From Prior Year</i>	<i>N/A</i>	<i>13,993</i>	<i>1,213</i>
<i>% Change From Prior Year</i>	<i>N/A</i>	<i>4.93%</i>	<i>0.41%</i>

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➤ *No recommendations at this time.*

***Inventory (Exhibit 5)***

The attached Exhibit 5 summarizes the procedures pertaining to the food service inventory procedures. Based upon our analysis within the inventory process we have made the following observations and recommendations:

**Observation/Recommendation #2**

The Food Service Department has developed a standardized inventory listing categorized by the school, item, quantity/pack, and price. Head Cooks are required to utilize this standardized inventory listing to document their monthly inventory count. During our walkthrough observations, we noted that although the Head Cooks had properly and adequately performed their inventory count, storage areas were not organized in an efficient manner to obtain food supplies or perform inventory count.

➤ *Storage areas should be organized in a way that coordinates the storage area with their standardized inventory sheet, so food supplies are readily available and identifiable to allow Food Service Workers effective access to them and to allow Head Cooks to perform efficient monthly inventories. This will assist in the consistency of the inventory record-keeping at the building level and the efficient monitoring process for the Food Service Department.*

**Observation/Recommendation #3**

The Head Cooks performs monthly inventory counts during the first week of the following month. The food inventory count is based on the ordering unit. In the event that there is a partial ordering unit, the Head Cook counts each individual item and records that amount on the standardized inventory listing. This inventory system is not a perpetual inventory to account for sales and purchases on an on-going basis.

➤ *The District should consider exploring the full capabilities of the food service management software and implement a perpetual inventory system. A perpetual inventory system would allow the District to immediately identify inventory items that are running low and allow the District to investigate any discrepancies when a physical inventory is performed.*

***Free & Reduced Meal Applications (Exhibit 6)***

The attached Exhibit 6 summarizes the procedures pertaining to the free and reduced meal application procedures. Based upon our analysis within the free and reduced meal application process we have made the following observations and recommendations:

We selected a random sample of twenty (20) out of 159 verified free and reduced-price meal applications, or 12.58%, to test whether income limitation and New York State Department of Education regulations were properly followed. Based on the testing procedures performed, we made the following observations:

- The Food Service Department follows established guidelines for processing free and reduced applications.
- The Food Service Department has procedures in place that protect the privacy of those students receiving free or reduced-price meals.

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- The Food Service Department is following the New York State Department of Education regulations for verifying eligible applications.
- The Food Service Department properly denied free or reduced status to those families who failed to provide income verification.
- The Food Service Department properly maintained documentation of free and reduced-price applications and has also established a policy that allows families receiving food stamps and/or Direct Certification letters to avoid the application process.

➤ ***No recommendations at this time.***

***Federal & State Aid Reimbursement (Exhibit 7)***

The attached Exhibit 7 summarizes the procedures pertaining to the federal and state aid reimbursement procedures. Based upon our analysis within the federal and state aid reimbursement process we have made the following observations and recommendations:

The District submits for Federal and State Aid Reimbursement through the Child Nutrition Reimbursement Unit's website on a monthly basis.

During their monthly meetings, the Food Service Department, the Assistant Superintendent for Business, and the District Treasurer review the Federal and State Aid Reimbursement based on the Nutrikids Reports and the monthly claims report submitted to the NYSED Child Nutrition Management System.

On a monthly basis, the District Treasurer reconciles the state and federal reimbursement claimed amounts to the actual received amounts.

➤ ***No recommendations at this time.***

***Cash Receipts (Exhibit 8)***

The attached Exhibit 8 summarizes the procedures pertaining to the cash receipts procedures within the food service program. Based upon our analysis within the food service cash receipts process we have made the following observations and recommendations:

The School Lunch Manager and Senior Account Clerk review the information provided by the Cashiers and identify any overages or shortages on a daily basis.

The Senior Account Clerk post cash receipts to nVision based on deposit slips returned from the bank.

The School Lunch Manager and Senior Account Clerk reconcile deposits to bank statements monthly.

The Assistant Superintendent for Business receives a monthly report of overages and shortages from the School Lunch Manager.



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**Observation/Recommendation #4**

We visited the Northport High School and Pulaski Road Elementary School on April 18, 2019 and conducted interviews and walkthrough observations with the building level Head Cooks/Leads of food preparation, sales and cash receipts, and daily closing procedures. We observed at both locations that the cash registers were left unlocked and unattended during and in between lunch periods. Unauthorized individuals would potentially have an opportunity to access the cash registers. Additionally, the cafeterias do not maintain a cash register log in order to document when Cashiers switch between periods and share the same cash drawer.

- *Cash registers should remain locked at all times during the day in order to ensure the security of its contents. Additionally, all cafeterias should maintain a log of the cash register contents when Cashiers switch between periods and share the same cash drawer. This will enhance the control over the contents maintained within the cafeteria cash registers.*

**Cash Disbursements (Exhibit 9)**

The attached Exhibit 9 summarizes the procedures pertaining to the cash disbursements procedures within the food service program. Based upon our analysis within the food service cash disbursement process we have made the following observations and recommendations:

The Food Service Department currently utilizes the Long Island Cooperative Bidding and New York State OGS contracts for food service related purchases. The Food Service Department obtains quotes or bids in accordance with the District's purchasing policy for items not included in the cooperative or state bids.

**Observation/Recommendation #5**

We selected a random sample of thirty (30) out of 208 cash disbursements, or 14.42%, made by the cafeteria fund during the 2018/2019 fiscal year and tested such transactions against our audit criteria. Based on the testing procedures performed, we noted that five (5) out of the thirty (30) cash disbursements tested, or 16.67%, did not have sufficient documentation to support the billing rates listed on the invoices.

- *The Food Service Department should review invoices to ensure that the District is being billed according to the prices bid by the applicable vendors prior to submitting invoices and supporting documentation to the Accounts Payable Department for payment processing. Any discrepancies should be resolved with the vendor prior to payment. This will help ensure that all cash disbursements are accurate and complete.*

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**Risk Rating and Opinion**

**Inherent Risk Rating:** High

**Control Risk Rating:** Low

**Audit Opinion:** Satisfactory

**Audit Comment:** The District's control environment pertaining to food services need improvement. The recommendations noted above are aimed to improve the effectiveness of the profitability, charged meals, inventory, and cash receipts and disbursement controls within the Food Service Department.

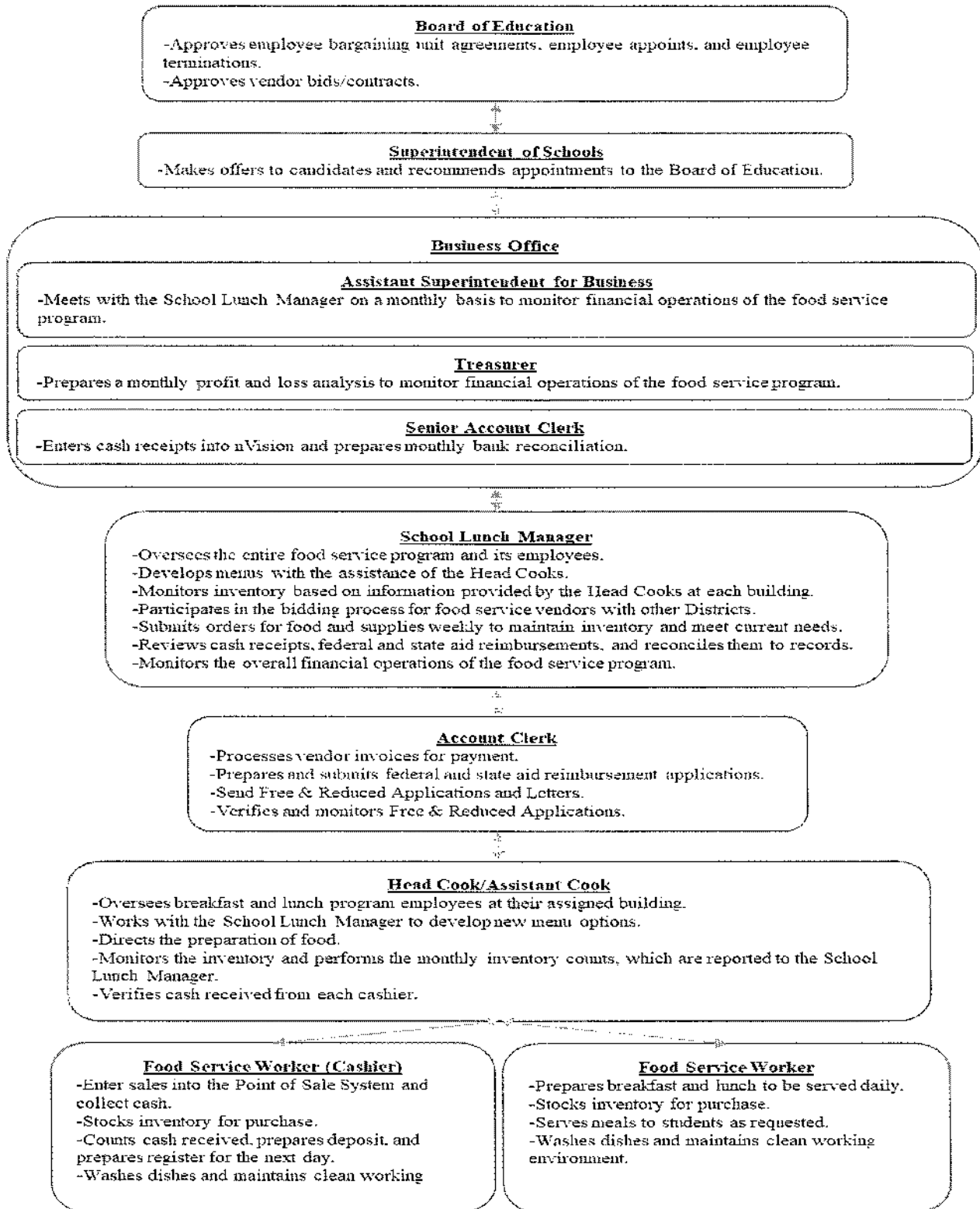
**Exhibits**

- Exhibit 1* Flowchart of Food Service Organizational Structure
- Exhibit 2* Analysis of Food Service Policies
- Exhibit 3* Narratives of Food Service Dietary Requirements Procedures
- Exhibit 4* Narratives of Food Service Participation & Profitability Procedures
- Exhibit 5* Narratives of Food Service Inventory Procedures
- Exhibit 6* Narratives of Food Service Free and Reduced Meal Application Procedures
- Exhibit 7* Narratives of Food Service Federal and State Aid Reimbursement Procedures
- Exhibit 8* Narratives of Food Service Cash Receipt Procedures
- Exhibit 9* Narratives of Food Service Cash Disbursement Procedures

Please contact our Melville, New York office @ 631-756-9500 if you should have any questions in this regard.

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**Flowchart of Food Services Organizational Structure**  
**Exhibit 1**



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***Analysis of Food Service Policies  
Exhibit 2***

- The District has a formal policy (Policy 8505) regarding the school food service program. The Board has entered into an agreement with the New York State Education Department to participate in the National School Lunch Program, School Breakfast Program and/or Special Milk Program to receive commodities donated by the Department of Agriculture and to accept responsibility for providing free and reduced-price meals to elementary and secondary students in the schools of the District. According to the policy, the Superintendent or his/her designee shall have the responsibility to carry out the rules of the School Lunch and Breakfast Programs. The determination of which students are eligible is the responsibility of the Superintendent or his/her designee. Appeals regarding eligibility should be submitted to the Hearing Official of the District. Free or reduced-price meals may be allowed for qualifying students attending District schools upon receipt of a written application from the student's parent or guardian or a "Direct Certification" letter from the New York State Office of Temporary and Disability Assistance (OTDA). Applications will be provided by the School District to all families. Procedures for the administration of the free and reduced-price meal program of the School District will be the same as those prescribed in the current state and federal laws and regulations.
- The District has a formal policy (Policy 8520) regarding free and reduced-price food services. According to the policy, the Board has participated in the Federally funded school food and milk program and shall provide free or reduced-price food and milk services to qualified School District students. All Financial records of these programs will be kept in a separate account. The Board of Education authorizes the School Lunch Manager to make applications as desired for government food commodities and subsidies and as receive such food on behalf of the School District. The Superintendent of Schools will establish regulations that conform with requirements for participation in programs for free and reduced-price meals and supplementary food. Such regulations will be reported to the Board of Education as needed for approval. Notice of the availability of the free and reduced-price meal programs will be sent to the homes of students, local media, the local unemployment office and to any major employers contemplating large layoffs in the area from which the School District draws its attendance. Any child who is a member of a family unit whose income is below the federally established scale shall be eligible to receive such services.

***Applicable procedures are presented in Narratives of Dietary Requirements and Free & Reduced Meal Applications (Exhibits 3 & 6)***

- The District has a formal policy (Policy 5405) regarding the District's wellness policy. According to the policy, the District is committed to providing a school environment that promotes and protects children's health, well-being and the ability to learn by fostering good decision-making including healthy eating and physical activity. The District has established a Wellness Committee with the goal of providing an atmosphere that is physically, socially, and psychologically healthy and promotes health-enhancing choices and behavior. To promote health and wellness the committee will focus on nutrition education, physical activity, nutritional guidelines, and healthy choices, substance abuse, mental health wellness, and other school-based activities. The wellness program will involve all members of the District community including but not limited to students, parents, board members, school administrators, teachers, food service departments, and professionals in related fields of practice.

***Applicable procedures are presented in Narratives of Food Service Dietary Requirements (Exhibit 3).***

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***Narratives of Food Service Dietary Requirements Procedures  
Exhibit 3***

1. The School Lunch Manager develops the menus for breakfast and lunch meals for the entire District utilizing a Traditional Food-Based Menu Planning approach, which is based upon four food components; meat/meat alternate, grains/bread, vegetables/fruits, and milk.
2. The School Lunch Manager follows District Policy #8505 - School Food Service Program, Policy #5405 - District Wellness Policy, and applicable New York State and Federal Regulations and Requirements for school lunch programs.

On December 13, 2010, President Obama signed into law Public Law 111-296, the Healthy, Hunger-Free Kids Act of 2010 (HHFKA) which required the USDA to update school meal nutrition standards to reflect the most current dietary science. The key changes to the meals for children in grades K and above for the National School Lunch Program (NSLP) are:

- A daily serving of fruits
- A daily serving of vegetables plus a weekly requirement for dark green, red/orange, beans/pea (legumes), starchy, and "other" vegetables
- Weekly meat/meat alternate ranges plus a daily requirement
- At least half of the grains offered during the school week must be whole grain-rich

In addition, there are general key changes for the NSLP and School Breakfast Program (SBP), including but not limited to:

- Daily fruits' requirement
- Weekly grain ranges plus the daily minimum requirement
- All grains offered during the school week must be whole grain-rich
- Fat-free (unflavored or flavored) and unflavored low-fat milk
- Calorie minimum and maximum levels
- Intermediate and final sodium reductions
- Trans fat limit
- Limit on saturated fat only (not on total fat)
- 3-year administrative review cycle

The new lunch requirements were effective July 1, 2012, and the changes to the breakfast requirements were phased in starting July 1, 2013, with the exception of the new milk requirement.

Under Section 201 of the Healthy, Hunger-Free Kids Act of 2010, an additional reimbursement of 6 cents per lunch is available for school food authorities certified to be in compliance with the new school meal patterns. The 6 cents reimbursement is meant to encourage schools to implement the updated requirements as quickly as possible and also to ease the financial burden associated with implementing the new meal pattern.

***Northport-East Northport Union Free School District  
Report on Internal Controls Pertaining to the Food Services Cycle***

***Narratives of Food Service Participation & Profitability Procedures  
Exhibit 4***

1. Parents can fund their children's student meal accounts as follows:

<u>Method</u>	<u>Recipient</u>
Cash/Check	Cashier/Food Service
Credit Card	Website (Myschoolbucks.com)

2. Parents can send cash and checks in with the students or submit them directly to the Food Service Department to add money to student lunch accounts.
3. The Cashier enters into the Nutrikids POS system the cash and checks submitted by the students and updates their meal accounts.
4. Students at the secondary level utilize their ID cards or pin numbers to purchase meals. At the elementary level, cashiers can search class lists and student names to charge the correct account.
5. The Nutrikids POS system tracks by the student the meals purchased and the applicable meal account balances.
6. If student meal accounts are reaching a deficit or low balance the Nutrikids POS system notifies the Cashier while the student is at the register. Myschoolbucks.com will email parents when student accounts are negative. The Food Service Department will follow-up by sending a letter home to the parent advising that additional funds are needed for their child's account.
7. If the student's meal account is zero, the Student is still provided with a regular lunch.
8. The Food Service Department will inform student service and the school counselors to reach out to the parents whose children have negative balances.
9. Unused balances in a student's account carry over from year to year, if the student remains in the District.
10. The Assistant Superintendent for Business, Treasurer and the School Lunch Manager meet monthly to review the financial operations of the food service program including the Treasurer's reports, trial balances, revenue status report, appropriations status reports, federal and state aid reimbursements, and student data including negative balances from the Point of Sales System. These monthly meetings allow the District administration to analyze the most current information, manage the food service operations, and any financial issues as they arise.
11. The District Treasurer provides the Board of Education with monthly Treasurer's Report for all District bank accounts, as well as a Trial Balance Report, Revenue Status Report, and Appropriations Status Report, including the District's cafeteria fund.

***Northport-East Northport Union Free School District  
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***Narratives of Food Service Inventory Procedures  
Exhibit 5***

1. The Food Service Department has developed a standardized inventory listing categorized by the school, item, quantity/pack, and price. The building level Head Cooks/Leads are required to utilize this standardized inventory listing to document their monthly inventory count.
2. The building level Head Cooks/Leads perform monthly inventory counts during the first week of the following month.
3. The food inventory count is done based on ordering unit. In the event that there is a partial ordering unit, the Head Cook/Lead counts each individual item and records that amount on the standardized inventory listing.
4. The building level Head Cooks/Leads manually enter the results of their inventory count on the standardized inventory listing and forward it to the Food Service Department for review.
5. The School Lunch Manager utilizes each building's inventory counts as a basis to order food and supplies.
6. The Food Service Department conducts an annual detail inventory of all food, supplies, and equipment at each building during the month of June.

***Northport-East Northport Union Free School District  
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***Narratives of Food Service Free & Reduced Meal Application Procedures  
Exhibit 6***

1. The following table summarizes the meal prices categorized by breakfast and lunch meals:

<u>Category</u>	<u>Breakfast</u>	<u>Lunch</u>	<u>School</u>
Reduced	0.25	0.25	Elementary, Middle, High School
Full	2.00	2.75	Elementary
Full	2.25	3.00	Middle & High School

2. The School Lunch Manager distributes a letter and application (in English and Spanish) to each student's household. Free or reduced applications are also published in the local paper, emailed to parents and available on the District's website.
3. The parents/guardians complete the free/reduced meal application and submit it to the Food Service Department. One application can be submitted for multiple students within the same residence. The application includes the names of all individuals residing in the household, each individual's income, the frequency, and the source of the income. The parents/guardians enter the last four digits of their social security numbers and sign off the application.
4. The School Lunch Manager performs direct certification for eligible applications by reviewing the New York State Education website.
5. The Home Liaison from the TANF (Temporary Assistance to Needy Families) Program provides to the Food Service Account Clerk a list of students who are foster children, homeless children, and their families receive food stamps. These students are automatically enrolled with the District's free and reduced breakfast and lunch program.
6. The School Lunch Manager and Food Service Account Clerk review the submitted applications for completeness.
7. The Food Service Account Clerk processes the completed applications and enters the eligibility information into Nutrikids Point of Sale system. Additionally, the District's Food Service Account Clerk issues confirmation notices to each household, which submitted an application.
8. According to the New York State Education Department, the District is required to verify the lesser of three percent (3%) of total applications or 3,000 applications no later than November 15th. The District's Food Service Account Clerk utilizes the Nutrikids software to select a sample of application for income verification in accordance with New York State Education requirements.
9. The School Lunch Manager issues verification letters to the select families requesting to verify the reported income and provide supporting documentation.
10. The School Lunch Manager and Food Service Account Clerk remove the students from the free and/or reduced program when their respective families do not respond to verification letters (by date indicated on verification letter) and/or phone calls, or do not submit the required documentation to support the reported income.
11. The School Lunch Manager issues a letter to the families for those with a change in their student's eligibility status has occurred.



*Northport-East Northport Union Free School District  
Report on Internal Controls Pertaining to the Food Services Cycle*

*Narratives of Food Service Free & Reduced Meal Application Procedures  
Exhibit 6*

12. The School Lunch Manager maintains on file at the District Administration Building the following documents in regard to the free or reduced applications:
- Application
  - Verification Letters
  - Response Letters
  - Supporting Backup

***Northport-East Northport Union Free School District  
Report on Internal Controls Pertaining to the Food Services Cycle***

***Narratives of Food Service Federal & State Aid Reimbursement Procedures  
Exhibit 7***

1. The Nutrikids Point of Sale System tracks the meal counts for free, reduced and full-price meals.
2. At the end of the month, the School Lunch Manager prints a school reimbursement claim form from the Point of Sale System indicating the total number of meals and reimbursements amounts.
3. The School Lunch Manager transmits the information from the monthly school reimbursement claim form to the New York State Education Department's Child Nutrition Reimbursement Unit website.
4. The School Lunch Manager reviews the information entered into the New York State Education Department's Child Nutrition Reimbursement Unit website prior to submission.
5. The Senior Account Clerk enters the reimbursements and any receivable amounts from the federal government and the New York State Education Department into nVision categorized by federal and state meal types.
6. The District's Treasurer reconciles the federal and state food service reimbursements recorded in nVision to the actual reimbursements on a monthly basis.

***Northport-East Northport Union Free School District  
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***Narratives of Food Service Cash Receipts Procedures  
Exhibit 8***

1. At the end of each day, the Cashier counts the cash from the register draws and prepare a cash receipt form. The Cashier bundles funds by denominations throughout the day. A cash breakdown sheet is utilized at each school in order to record the cash counted from the draw at the end of the day.
2. The Cashier enters the total cash amount into the Nutrikids POS system. The Cashier does not have access within the POS system to view the total sales amount prior to the data entry of the total cash amount. Each Cashier has a unique password and user ID which creates a daily user audit trail.
3. The Head Cook/Lead reviews the cash counts and signs-off on its accuracy.
4. The POS system compares the total sales to the cash amount entered by the Cashier to identify any cash overages or shortages in the register.
5. The Cashier prepares the bank deposit slip.
6. The Messenger picks up and signs for the funds from a secure location at each building to be deposited. After returning from the bank, the Messenger forwards the deposit slips to the Business Office.
7. The School Lunch Manager and Senior Account Clerk review the information provided by the Cashiers and identify any overages or shortages for the day.
8. The Senior Account Clerk will notify the School Lunch Manager of overages or shortages of greater than \$5.
9. The School Lunch Manager and Senior Account Clerk in the Business Office post the cash receipts from the Cafeteria Fund into nVision and reconcile the deposits to the bank statement. The District Treasurer reviews the bank reconciliations and prepares the monthly Treasurer's Report.

***Northport-East Northport Union Free School District  
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***Narratives of Food Service Cash Disbursement Procedures  
Exhibit 9***

1. The Food Service Department orders food weekly. Deliveries are made centrally for all elementary schools and directly to each of the secondary school building.
2. The Food Service Department receives invoices for goods ordered. Invoices are reviewed to ensure receipt of all goods and approved.
3. Approved invoices are sent to Accounts Payable Department for review, processing and payment.
4. The District Claims Auditor reviews and approves all payments.
5. Payment vouchers are returned to the Food Service Department for filing purposes.

The Food Service Department currently utilizes the Long Island Cooperative Bidding and New York State OGS contracts for food service related purchases. The Food Service Department obtains quotes or bids in accordance with the District's purchasing policy for items not included in the cooperative or state bids.