

North Babylon Union Free School District

**Report on the Internal Controls of the
Food Service Cycle**

June 2018





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Exhibits (please see attached)

- A. Narratives of Functional Area Procedures**
- B. Control Matrix of Functional Area Procedures**

I. Scope of Engagement

The North Babylon Union Free School District (the “District”) currently has seven (7) schools in operation, including five (5) elementary schools, one (1) middle school and one (1) high school. The District has approximately four thousand six hundred (4,600) students attending these schools. The District participates in the National School Lunch and Breakfast Program and provides nutritious food to children in accordance with the policies of the USDA and NYSED.

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The Board of Education of the District has engaged Nawrocki Smith LLP to provide internal audit services with respect to the District's policies, procedures, and internal controls pertaining to the Food Service Cycle. As part of this engagement, we performed extensive analysis and validation tests within the District's Food Service Cycle.

The objective of our analysis was to determine if the internal controls within the Food Service Cycle are adequate to ensure that duties are properly performed, regulatory requirements are met and that the controls over cash are implemented and cash is properly safeguarded.

We have analyzed the financial and operational documents made available to us by the District as well as interviewed various employees who carry out responsibilities within the Food Service Cycle.

1. Our analysis consisted of the following:
 - Documented policies and procedures applicable to the Food Service Cycle after interviews and conversations with key employees.
 - Identified controls within the Food Service Cycle and performed audit tests of those controls.
 - Made observations and recommendations pertaining to the internal controls of the Food Service Cycle based on interviews and testing performed.
2. Interviews and inquiries were conducted with the following District employees:

<u>Title</u>	<u>Department</u>
Food Service Director	Food Service Department
District Treasurer	Business Office

3. Examined all of the documents provided to us by the Food Service Department, including:
 - District policies:
 - #5660 – School Food Service Program
 - #5661 – Wellness Policy
 - #5662 – Life Threatening Allergies
 - #5663 – Free and Reduced Price Meal Services
 - #5664 – Meal Charging Policy
 - Free and Reduced Meal Applications for the 2017/2018 school year.
 - Appropriation Status Reports for the 2014/2015, 2015/2016, 2016/2017 and 2017/2018 school years.
 - Revenue Status Reports for the 2014/2015, 2015/2016, 2016/2017 and 2017/2018 school years.

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- Cash Disbursement Listing for the 2016/2017 and 2017/2018 school years.
 - Cash Receipt Listing for the 2016/2017 and 2017/2018 school years.
 - Cafeteria Bank Account Statements for the periods of October 2017 through November 2017.
 - Various Bid, Contract and Quote information for food service vendors.
 - Etrition Account Balance Report as of 12/15/2017.
 - Etrition Cash Over and Short Report for the months of October and November 2017.
 - Etrition Account Balance Report as of 12/15/2017.
 - Etrition Eligibility Report as of 12/15/2017.
 - Etrition Meal Count Report for the 2014/2015, 2015/2016 and 2016/2017 school years.
 - Food Service Menu's for the 2017/2018 school year.
 - State and Federal Meal Claim Report for the month of November 2017.
 - Food Service Production Reports for the 2017/2018 school year.
 - Vending Machine Commission Reports and Contract.
4. Accordingly, we documented the current procedures within each functional area of the Food Service Cycle by way of narrative and control matrix within the attached Exhibits A and B.

II. General Controls and Governance

The attached Exhibit A summarizes the general controls and governance procedures of the Food Service Cycle. Based upon our review within the area of general controls and governance procedures we have made the following observations and recommendations:

- The Food Service Department is under the oversight of the Assistant Superintendent for Business and managed by the District's Food Service Director. The District serves breakfast and lunch to students and staff at each of the seven (7) school buildings. Food service operations are staffed with Cooks and Food Service Workers.
- The District maintains a *School Food Service Program policy #5660*. This policy outlines the duties of the Districts Food Service Department.

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- According to federal law, each Local Educational Agency (LEA) that participates in the National School Lunch Program or other federal Child Nutrition programs is required to establish a local school wellness policy for all schools under its jurisdiction. In 2010, Congress passed the Healthy, Hunger-Free Kids Act of 2010 (Sec. 204 of Public Law 111-296), and added new provisions for local school wellness policies. At a minimum, the wellness policy must include goals for nutrition education, physical activity, and other school-based activities; include nutrition guidelines selected by the LEA; establish a plan for measuring implementation of the local wellness policy; etc. We reviewed the District's wellness policy, #5661 *Wellness*, and found it to be in compliance with the above. In addition, the District maintains a *Life Threatening Allergies Policy #5662*.
- The District has adopted a *Free & Reduced Price Meal Services policy #5663*. The free & reduced price meal services policy indicates the availability, application and notification process for free and reduced meals.
- In addition, the District has also adopted a *Meal Charging policy #5664*. The meal charge policy indicates that the District will attempt to obtain a free and reduced application from a household if they have reason to believe that a student would be eligible if the household were to apply. After a failed attempt, a school official may fill out a free and reduced application for a student whom they have reason to believe would be eligible if the household were to apply. The District is required to obtain the name of the student, household size, estimated family income and an administrator's signature. The final decision must be based on family economic status and meeting eligibility guidelines.

Observation/Recommendation #1

- The District has not developed documented guidelines regarding the food service function. Food service procedures are performed based on past practices and verbal guidelines provided.
 - *The District should develop documented guidelines regarding the food service function. Procedures should be periodically reviewed by administration and staff to ensure that the responsibilities are adequately communicated and performed at the District. The narratives and control matrix attached to this report should serve as supplemental enclosures to the District's documented procedures.*

III. Funding of Students' Meal Accounts

The attached Exhibit A summarizes the funding of student meal account procedures of the Food Service Cycle. Based upon our review within the area of funding of student meal account procedures we have made the following observations and recommendations:

- Student Etrition accounts can be funded via their Ezschoolpay account, where a student's parent can prepay via a bank transfer, e-check or credit card. In addition, students that do not have an Ezschoolpay account can fund their Etrition account via cash or check.

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- Once a student’s account balance is low, the Food Service Department will let the student know. Once a student’s account has a negative balance of \$0.50 or more, the Food Service Department will email or mail a letter home. Automatic phone calls are sent out on Wednesdays for any student account with a negative balance. Student account balances are monitored in real-time.
- We reviewed the student balances as of January 17, 2018 and determined that approximately eight hundred ninety-two (892) students had a negative account balance. The negative balances total approximately fifty one thousand eight hundred and thirty-two dollars (\$51,832) for all schools, or approximately twenty three thousand and thirty-six (23,036) meals. Detailed balances are as follows:

School	# Students	Amount	Approximate # of meals	Total Revenue through 1/17/18	% of total Sales
William E. DeLuca Jr. Elementary	66	\$ (2,880.70)	1,280.31		
Belmont Elementary	92	\$ (4,702.20)	2,089.87		
Marion G. Vedder Elementary	73	\$ (3,413.65)	1,517.18		
North Babylon High School	329	\$ (20,835.06)	9,260.03	\$ 718,751.05	7.21%
Parliament Place Elementary	82	\$ (4,851.07)	2,156.03		
Robert Moses Middle School	204	\$ (13,608.22)	6,048.10		
Woods Road Elementary	46	\$ (1,541.39)	685.06		
	892	\$ (51,832.29)	23,036.57	\$ 718,751.05	7.21%

Observation/Recommendation #2

- We noted that negative student account balances are excessive and account for just over seven percent (7.21%) of total sales revenue to date. Negative account balances currently total (-\$51,832.29) owed to the District.
 - *We recommend that the District continue its efforts to collect unpaid balances for negative student accounts. It should also be noted that the District’s general fund assumes the debt of unpaid balances at the end of each school year and reimburses that amount to the cafeteria fund. This assumption of debt by the general fund does not reflect in the cafeteria funds operating profit or loss.*

IV. Free and Reduced Applications

The attached Exhibit A summarizes the free and reduced application procedures of the Food Service Cycle. Based upon our review within the area of free and reduced application procedures, we have made the following observations and recommendations:

- From our application testing, it was determined that the District is following established guidelines for processing free and reduced applications and also has procedures in place that eliminate the acknowledgement of students receiving free or reduced price meals.

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- We also determined that the District is following the State Department of Education regulations for verifying eligible applications. The District properly samples three (3) percent of applicants for verification using the random sampling method to verify reported application income amounts. Applicants who fail to provide income verification are denied free or reduced status.
- It was also noted that the District is properly maintains documentation of free and reduced applicants, direct certified students and families receiving food stamps.
- We selected a random sample of twenty (20) free and reduced price meal applications to test that income limitation and guidelines are followed. We also tested ten (10) direct certified applications and reviewed a sample of ten (10) denied applications to determine that the application was appropriately denied based upon no meeting the income eligibility. After selecting a sample, we obtained a copy of the *Income Eligibility Guidelines For Free and Reduced Price Meals or Free Milk*. This document included scales for eligibility based on household size and income amounts. Using these scales, we tested whether the District had properly approved applications for free or reduced price meals. We also recalculated the total income reported by households on the applications. Denied applications were also tested using the same procedures as noted above.

No recommendations at this time

V. Cash Management

The attached Exhibit A summarizes the cash management procedures of the Food Service Cycle. Based upon our review within the area of cash management procedures, we have made the following observations and recommendations:

- The following cash management procedures were noted during our interviews, but are not limited to the following:
 - Starting cash amounts are secured in the schools food service office in a locked desk overnight.
 - Food Service Workers access the registers using their assigned login.
 - Transactions are entered into each individual student's account. Food Service Workers can search for students by name or the students enter their identification number into the system.
 - Food Service Workers perform a count of the register at the close of service.
 - A Cook Manager or another Food Service Worker will perform a second count of each register at the close of service.
 - Deposits are counted by two (2) individuals.
 - The Cook Manager or another Food Service Worker places money in a locked bank deposit bag along with the deposit slip.
 - Deposits are picked up in the morning of the following business day. .
 - Production reports are prepared on a daily basis.
- We selected a sample of two hundred and ninety-eight (298) cash receipts for the entire month of October 2017 and compared the amount on the Day End Report from Etrition to

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bank deposit slips. Amounts were then traced to bank statements and postings in the District's accounting software, Nvision. We noted that cafeteria sales are recorded via journal entry into Nvision on a monthly basis.

- The Food Service Director reviews overages and shortages on an ongoing basis. The Business Office reviews the monthly differences to determine if there are any weaknesses in the internal controls over the cash receipts process or if there are any suspected reporting issues. We reviewed the overages and shortages for the month of January 2017 for all schools. We noted that overall, the registers were overstated approximately \$269.98, or .005% of the total sales for the period of \$50,365.57. The register overages appear reasonable for the period reviewed.

No recommendation at this time

VI. Cash Disbursements

The attached Exhibit A summarizes the cash disbursement procedures of the Food Service Cycle. Based upon our review within the area of cash disbursement procedures, we have made the following observations and recommendations:

- The District currently utilizes the Long Island Cooperative Bidding and New York State OGS contracts for most purchases for the Food Services Department. The Food Service Director generally obtains quotes or bids in accordance with the District's purchasing policy for items not included on the cooperative or state bids.
- We selected twenty (20) cash disbursements during the time period of July 2017 through January 2018 and reviewed each to determine whether the District abided by purchasing requirements regarding quotations, bidding, request for proposals, etc. Each was also reviewed for sufficient supporting documentation, correct pricing, approval signatures, confirming purchase orders, sales tax, etc.

Observation/Recommendation #3

- We noted one (1) instance where the proper number of quotes was not obtained for purchases. In addition, we noted three (3) instances where we could not confirm the purchase price to the bid price.
 - *We recommend that any purchase that meets the purchasing policy requirement for quotations should obtain the proper number of verbal or written quotes. If these purchases are made from a sole source, then a sole source letter should be obtained and maintained within the voucher packet.*

VII. Inventory

The attached Exhibit A summarizes the inventory procedures of the Food Service Cycle. Based upon our review within the area of inventory procedures, we have made the following observations and recommendations:

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- The District utilizes a daily menu for breakfast and meal planning. The Food Service Director, prepares High School, Middle School, and Elementary School menus for lunch.
- The Food Service Director orders food on a monthly basis from the Office of General Services and on an ongoing basis through the Long Island Food Cooperative Bid.
- Each day Cook Managers or Food Service Workers are required to complete a Daily Production Report which includes the beginning inventory, quantity of meals served and quantity of portions left over. At the end of each month, production reports are reviewed on-site at each building by the Food Service Director.
- The Cook Managers or Food Service Workers maintain a log of discarded items on the production reports.
- Each school performs an ongoing inventory count. This inventory count is reviewed by the Food Service Director on a weekly basis.

No recommendation at this time

VIII. Federal and State Aid Reimbursement

The attached Exhibit A summarizes the federal and state aid reimbursement procedures of the Food Service Cycle. Based upon our review within the area of federal and state aid procedures, we have made the following observations and recommendations:

- School Districts are entitled to receive federal and state aid reimbursement on free, reduced, and paid meals served to students. Reimbursement rates are set by the New York State Education Department (NYSED) and reimbursement amounts are calculated using the information submitted by the District. The District tracks the meal counts for free, reduced and full price meals based on the Etrition point of sale (“POS”) system. Information from the POS system is utilized to transmit to the New York State Education Department’s Child Nutrition Reimbursement Unit website.
- We selected the month of November 2017 and compared total meal counts for free, reduced and paid breakfast and lunch from the Etrition Sales and Meal Count Reports to the claims report from the NYSED Child Nutrition Management System. We also calculated the reimbursements and verified that the reimbursements were deposited to the District’s bank account. There were no issues noted during this review.

No recommendation at this time

IX. Vending Machines

The attached Exhibit A summarizes the vending machine procedures of the Food Service Cycle. Based upon our review within the area of vending machine procedures, we have made the following observations and recommendations:

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- The Food Service Department obtains revenue from forty-two (42) vending machines in the District. All of the vending machines are operated by the Answer Vending Company. The vending company maintains the vending machines, including stocking items and collecting cash. The District receives a commission of twenty-five percent (25%) for all vending machine sales made. The District receives a commission check from the vendor on a monthly basis.
- We selected the month of November 2017 and compared total vending machine commissions to the meters readings, cash collected, and logs for one hundred (100%) percent of vending machines in the district.

Observation and Recommendation #4

- During our testing, we were unable to reconcile commissions received based on meter readings. It was noted that the vending company does not currently provide the District with meter readings, however they have been provided in the past. The District only receives commissions based on cash collected. In addition, we noted that the District does not have a current contract with the vending company.
 - *We recommend that the Food Service Department continue its efforts to contact the vendor to obtain meter reading logs to support commissions received. In addition, we recommend that the District obtain a current contract from the vending company.*

X. Participation and Profitability

The District's Food Services Fund should reflect the ability to provide services each school year without financial assistance from other non-cafeteria sources.

- We noted that the Board of Education is provided with a the Treasurer's Report for all District bank accounts, as well as a Trial Balance Report, Revenue Status Report, and Appropriations Status Report. The activity of the Food Services Fund is included in these reports.
- We noted that the District monitors the operations of the Food Services Fund through review of the above mentioned reports and procedures. The use of monthly revenue and appropriation reports allows the District administration and Board to have the most current information enabling them to make decisions regarding the operation of the department as well as address any financial issues as they arise.
- The following table summarizes the District's food services operating profit/loss during fiscal years 2014/2015 through 2016/2017 as reported on the District's annual financial statements:

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School Lunch Operating Profit/Loss Table			
	2014-2015	2015-2016	2016-2017
Beginning Fund Balance	1,698,245	1,662,781	1,786,852
Operating Revenues	1,546,394	1,735,048	1,791,793
Expenses	1,561,924	1,665,844	1,768,080
Operating Profit/(Loss)	(15,530)	69,204	23,713

- As noted above, the District’s Food Service Program experienced an operating loss during the 2014/2015 fiscal year. However, the Food Service Program resulted in an operating profit for the 2015/2016 and 2016/2017 school years. Discussed below is an analysis of student participation, revenue and expenses of the fund, and other factors affecting the financial stability of the food service fund.
- The following table summarizes the District’s Food Services Fund revenue during fiscal years 2014/2015 through 2016/2017 as reported on the District’s annual financial statements:

Food Service Fund Revenue Table			
	2014-2015	2015-2016	2016-2017
Sales	767,703	823,128 7.2%	814,757 -1.0%
Aid Reimbursements	741,098	863,973 16.6%	922,728 6.8%
Miscellaneous	37,593	47,947 27.5%	54,308 13.3%
	<u>1,546,394</u>	<u>1,735,048</u>	<u>1,791,793</u>
		12%	3%

- Due to increased meal prices and greater participation, the food service program has resulted in a higher sales volume in the 2015/2016 and 2016/2017 school years.
- The District increased lunch prices in 2015/2016 and 2016/2017 for the Secondary and Elementary schools, but did not increase district-wide breakfast prices. The District has also increased lunch and breakfast prices district-wide for the 2017-2018 school year. The following table summarizes the District’s meal prices during fiscal years 2014/2015 through 2016/2017:

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Meal Prices Table				
	2014-15	2015-16	2016-17	2017-18
Lunch (Secondary)	2.25	2.35	2.45	2.55
		4%	4%	4%
Lunch (Elementary)	2.00	2.05	2.15	2.25
		2%	5%	5%
Breakfast	1.00	1.00	1.00	1.10
		0%	0%	10%

- The following table summarizes the District's Food Services Fund expenditures during fiscal years 2014/2015 through 2016/2017 as reported on the District's annual financial statements:

Food Service Fund Expense Table			
	2014-2015	2015-2016	2016-2017
Payroll/Payroll Taxes	774,361	805,495	803,432
		4.0%	-0.3%
Food	584,687	649,208	698,197
		11.0%	7.5%
Benefits	100,028	99,710	100,232
		-0.3%	0.5%
Equipment & Supplies	60,845	66,780	106,668
		9.8%	59.7%
Contractual	14,158	14,599	16,392
		3.1%	12.3%
Miscellaneous	27,846	30,053	43,160
		7.9%	43.6%
	<u>1,561,924</u>	<u>1,665,844</u>	<u>1,768,080</u>
		7%	6%

- Due to greater participation and an increase in sales, expenses have increased over the course of three (3) years. The salaries, benefits, food costs, equipment and supplies, contractual expenses and miscellaneous items are also included in the Food Services Fund.

No recommendation at this time

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XI. Risk Rating and Audit Opinion

Inherent Risk: High

Control Risk: Low

Audit Opinion: Satisfactory

Audit Comment: The District's control environment pertaining to food service is satisfactory. The recommendations noted above are aimed to improve the effectiveness of the controls within the Food Service Department.

RISK RATING DEFINITIONS

Inherent Risk – Inherent risk is the risk of a material misstatement in the un-audited information assuming the absence of internal control procedures. Inherent risk includes any risk arising from fraud. As with other risks, inherent risk may be evaluated at various levels of aggregation (e.g. financial statement level, account balance assertion level) and at various stages during the course of the audit (e.g. client acceptance/retention state, audit planning stage, etc...).

***Inherent Risk** is particular to the area being reviewed if there were no controls in place. Thus, if there were no control procedures in place pertaining to the particular area, what is the risk of a material misstatement.*

Control Risk – Control risk is the risk that a material misstatement in the un-audited information will not be detected and corrected by management's internal control procedures on a timely basis. Auditors evaluate control risk at the account balance assertion level based on a detailed knowledge of the client's business. Auditors may evaluate this risk in the second, third, and fourth audit stages, namely the audit planning, control testing, and substantive testing stages.

***Control Risk** is particular to the District's controls currently in place in the area being reviewed. Thus, what is the risk of a material misstatement with the control procedures currently in place.*

Audit Opinion – Based upon the audit work performed and our assessment of the controls within each particular audit area an audit opinion is provided for each audit area from one of the following three (3) categories:

Satisfactory: Controls are operating effectively

Needs Improvement: Controls need improvement for effectiveness

Unsatisfactory: Controls are unacceptable and need immediate improvement

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Narrative of the Food Service Function – Exhibit A
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Auditors Spoke with:

Food Service Director – Mark Sabella
District Treasurer – Irene Rosner

The following is a narrative, or a sequence of events, which describes the step by step process within the food service function of the North Babylon Union Free School District. The narrative was derived from discussions and interviews with key food service personnel as well as observations of each step in process. The food service function has been broken down by area for ease of reference. The food service function includes the following areas:

- I. General Controls and Governance
- II. Funding of Student's Meal Accounts
- III. Free or Reduced Price Lunch Applications
- IV. Cash Receipts and Deposits at Schools
- V. Inventory
- VI. Federal and State Aid Claims
- VII. Vending Machines

[Blue](#) = Internal Control

I. General Controls and Governance

- There are currently seven (7) schools at the North Babylon Union Free School District including five (5) elementary schools, one (1) middle school and one (1) high school.
- Approximately four thousand five hundred and eighty-seven (4,587) students are enrolled in the district.
- The District provides both breakfast and lunch to the students of the District.
- [The District maintains a School Food Service Program Policy \(#5660\).](#)
- [The Wellness Policy \(#5661\) was adopted by the Board on March 24, 2011 and serves as a guide for compliance with the Nutrition Education Goal. The Wellness Policy \(#5661\) has been amended as recently as May 14, 2015.](#)
- [The District has also adopted a Life Threatening Allergies Policy \(#5662\) and \(#5662-R\).](#)
- [In addition, the District has adopted a Free and Reduced Price Meal Services Policy \(#5663\).](#)
- [The Meal Charging Policy \(#5664-R\) was adopted by the Board on September 20, 2012 and serves as a guide for charged meals, regarding both full and reduced prices meals.](#)
- The District utilizes a point of sale system, Etrition.
- This system is in place at all schools within the District.
- The Etrition system is a web-based program that integrates with registers at the schools and provides detailed reporting to the Food Service Director at the North Babylon Union Free School District.

II. Funding of Students' Meal Accounts

- Each student is registered in the Etrition system automatically from the student management system (e-school) and those students who have an online account set up by

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- their parents through Ezschoolpay and can prepay via a bank transfer, e-check, credit card, or by cash or check at the District.
- Students who do not have an online account with Ezschoolpay must pay cash/check at the register.
 - [The Cashier will enter any checks received by the District into the Etrition System and provide the cash receipt documentation to the Business Office for entry into Nvision.](#)
 - For prepayments made at the register, the Cashier will apply the payment to the student's account, count the register at the end of the day and the Cashier or Cook Manager will prepare the deposit.
 - [When a student's account balance is low, the Food Service Department will let the student know. The Food Service Director will email or mail a letter home if they have a negative balance of fifty cents \(\\$0.50\) or more.](#)
 - [The Food Service Department sends an automatic phone call on Wednesdays for any student with a negative balance.](#)
 - If a student does not have enough money to pay for lunch, the student's account will be credited and the students' parents will be notified via an email or automatic phone call.
 - The Etrition System maintains account balances real-time.
 - [The Food Service Director monitors negative balances on a weekly basis.](#)

III. Free or Reduced Price Lunch Applications:

- Children from households that meet federal income guidelines are eligible for free or reduced price meals.
- The cost for reduced price meals is \$0.25 for breakfast and lunch.
- Parents or guardians can submit an application for free or reduced lunch or the District receives a Direct Certification Letter from the New York State Office of Temporary and Disability Office.
- The application must include the names of each student in the District, each individual in the household, the amount of income for each individual in the household, how often it is received and the source of the income.
- The Food Stamp or TANF number, if applicable, must also be included on the application. Application status is carried forward from the prior school year until the end of thirty (30) operating days into the following school year.
- A new application can be submitted at any point of the school year to update or verify status.
- [The Food Service Director reviews the applications, and a Reduced or Free Eligibility Income Chart, which determines whether the student qualifies for free or reduced meals.](#)
- The Food Service Director then enters the free and reduced student status from each application into the Etrition system.
- The Food Service Director will enter the direct certifications from the New York State website via an importing tool.
- [Each year, the Food Service Director randomly verifies the income for 3% of the free and reduced applicants in accordance with NYSED regulations.](#)

IV. Cash Receipts and Deposits at Schools:

- [Starting cash amounts are secured in the schools food service office in a locked desk overnight.](#)

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- Food Service Workers are assigned to a register or other kitchen duties; however these duties are rotated as needed or at the request of the Cook Manager.
- [At the beginning of each lunch period, the Food Service Worker signs into the register using a log-in code.](#)
- [Before each transaction, students \(or staff members\) enter their ID number into the number pad at each register. The food service worker can also search for the individual by name if the student cannot remember the ID number.](#)
- The food service worker then enters the sale as a lunch, adult lunch or ala carte item into the register.
- Students can pay via cash or their Etrition credit account.
- [At the end of the day, the Food Service Worker will count out the register and prepare a deposit. A second count is performed by a Cook Manager or another Food Service Worker to ensure accuracy.](#)
- The register never indicates the amount that should be in the register.
- [The Cook Manager or another Food Service Worker will place the monies in a locked bank deposit bag along with a deposit slip.](#)
- The deposits are picked up by the courier in the morning of the following day and deposited at the Capital One Bank.
- The Food Service Director receives a deposit ticket within two (2) days of the night deposit.
- The Food Service Director files the cash receipts in the Food Service Department Office.
- At the end of the month all cash receipts are sent to the Business Office.
- The bank will email the Food Service Director regarding any errors.
- [The Food Service Director will compare the deposit slip to the Etrition deposit amount for the day.](#)
- At the end of the month, the Business Office posts the entry to record the sales in Nvision.
- The Food Service Director notifies the Business Office and Cook Managers or Food Service Workers of any over or short deposits.
- The Food Service Director contacts the school to resolve any issues.
- [The District Treasurer reconciles the bank statements and provides a Treasurer's Report to the Board on a monthly basis.](#)

V. Inventory

- The Food Service Director is responsible for menu planning.
- The Food Service Director orders food on a monthly basis from the Office of General Services.
- The Long Island Food Cooperative Bid is utilized for other food purchases, including a la carte items, on an as needed basis.
- Deliveries are received at the buildings, except for items from the Office of General Services, which are received at the Robert Moses Middle School and distributed as requested.
- The courier picks up the items on an as needed basis and delivers to the appropriate building.
- The Cook Managers or Food Service Worker prepares daily production reports indicating the beginning inventory, items sold and items leftover.
- [At the end of the month, the production reports are reviewed on site on a monthly basis by the Food Service Director.](#)

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- Production reports are retained by the individual kitchens.
- [The Cook Managers or Food Service Workers maintain a log of discarded items on the production reports.](#)
- [Each school performs an ongoing inventory count.](#)
- The Food Service Director complies a master listing at the end of each school year. The Food Service Director will perform surprise inventory audit and the end of each school year.
- [The Food Service Director reviews the ongoing inventory count on a weekly basis.](#)

VI. Federal and State Aid Claims

- The Food Service Director enter the Federal and State Aid claim amount on the New York State Education Department website via the Child Nutrition Management System at the end of each month from the Etrition system.
- The Food Service Director will print out the submitted claim and payment voucher and give another copy to the Business Office to notify what monies the District will be receiving.
- The payments are tracked in Nvision.
- [A reconciliation between Etrition and Nvision is performed by the Business Office.](#)
- Once a month the District receives Federal and State Aid.

VII. Vending Machines

- The District maintains forty-two (42) vending machines.
- All vending machines are operated by Answer Vending Company.
- The Answer Vending Company maintains the vending machines including stocking items and collecting cash.
- The District receives a commission of twenty-five percent (25%) of all sales.
- The Answer Vending Company performs a count on the vending machine on a daily basis.
- The District receives a commission check on a monthly basis.
- The Answer Vending Company perform meter reading when each machine is restocked.
- [Cash collection logs are provided to the Food Service Director on a monthly basis.](#)

North Babylon Union Free School District
Control Matrix of Functional Areas
Jun-18
Exhibit B

Sub Process	Control Number	Control Description	Control Owner	Preventative/ Detective
General	A-1	The District maintains a School Food Service Program Policy (#5660).	Board of Education	Preventative
General	A-2	The Wellness Policy (#5661) was adopted by the Board on March 24, 2011 and serves as a guide for compliance with the Nutrition Education Goal. The Wellness Policy (#5661) has been amended as recently as May 14, 2015.	Board of Education	Preventative
General	A-3	The District has also adopted a Life Threatening Allergies Policy (#5662) and (#5662-R).	Board of Education	Preventative
General	A-4	In addition, the District has adopted a Free and Reduced Price Meal Services Policy (#5663).	Board of Education	Preventative
General	A-5	The Meal Charging Policy (#5664-R) was adopted by the Board on September 20, 2012 and serves as a guide for charged meals, regarding both full and reduced prices meals.	Board of Education	Preventative
Funding of Students' Meal Accounts	A-6	The Cashier will enter any checks received by the District into the Etrition System and provide the cash receipt documentation to the Business Office for entry into Nvision.	Cashier	Preventative
Funding of Students' Meal Accounts	A-7	When a student's account balance is low, the Food Service Department will let the student know. The Food Service Director will email or mail a letter home if they have a negative balance of fifty cents (\$0.50) or more.	Food Service Department	Preventative / Detective
Funding of Students' Meal Accounts	A-8	The Food Service Department sends an automatic phone call on Wednesdays for any student with a negative balance.	Food Service Department	Preventative / Detective
Funding of Students' Meal Accounts	A-9	The Food Service Director monitors negative balances on a weekly basis.	Food Service Director	Preventative / Detective
Free or Reduced Price Lunch Applications	A-10	The Food Service Director reviews the applications, and a Reduced or Free Eligibility Income Chart, which determines whether the student qualifies for free or reduced meals.	Food Service Director	Preventative
Free or Reduced Price Lunch Applications	A-11	Each year, the Food Service Director randomly verifies the income for 3% of the free and reduced applicants in accordance with NYSED regulations.	Food Service Director	Preventative
Cash Receipts and Deposits at Schools	A-12	Starting cash amounts are secured in the schools food service office in a locked desk overnight.	Food Service Office	Preventative
Cash Receipts and Deposits at Schools	A-13	At the beginning of each lunch period, the Food Service Worker signs into the register using a log-in code.	Etrition	Preventative
Cash Receipts and Deposits at Schools	A-14	Before each transaction, students (or staff members) enter their ID number into the number pad at each register. The food service worker can also search for the individual by name if the student cannot remember the ID number.	Etrition	Preventative / Detective
Cash Receipts and Deposits at Schools	A-15	At the end of the day, the Food Service Worker will count out the register and prepare a deposit. A second count is performed by a Cook Manager or another Food Service Worker to ensure accuracy.	Cook Manager / Food Service Worker	Preventative / Detective
Cash Receipts and Deposits at Schools	A-16	The Cook Manager or another Food Service Worker will place the monies in a locked bank deposit bag along with a deposit slip.	Business Office	Preventative
Cash Receipts and Deposits at Schools	A-17	The Food Service Director will compare the deposit slip to the Etrition deposit amount for the day.	Food Service Director	Preventative / Detective
Cash Receipts and Deposits at Schools	A-18	The District Treasurer reconciles the bank statements and provides a Treasurer's Report to the Board on a monthly basis.	District Treasurer	Preventative / Detective
Inventory	A-19	At the end of the month, the production reports are reviewed on site on a monthly basis by the Food Service Director.	Food Service Director	Preventative / Detective
Inventory	A-20	The Cook Managers or Food Service Workers maintain a log of discarded items on the production reports.	Cook Manager / Food Service Worker	Preventative / Detective
Inventory	A-21	Each school performs an ongoing inventory count.	Food Service Department	Preventative / Detective
Inventory	A-22	The Food Service Director reviews the ongoing inventory count on a weekly basis.	Food Service Director	Preventative / Detective
State Aid Claims	A-23	A reconciliation between Etrition and Nvision is performed by the Business Office	Business Office	Preventative / Detective
Vending Machines	A-24	Cash collection logs are provided to the Food Service Director on a monthly basis.	Food Service Director	Preventative / Detective