

August 19, 2020

Board of Education
South Colonie Central Schools
102 Loralee Drive
Albany, New York 12205

RE: District Response to Internal Audit Focus Area

Dear Members of the Board of Education:

The firm Michael Wolff Advisory Services performed an Internal Audit for 2019-2020 school year, which included the focus area covering Food Service Inventory. As part of the audit process, they issued a report, dated May 8, 2020. The report was presented to the Board of Education's Audit-Finance Committee on June 30, 2020.

The 2019-2020 Food Service Inventory review resulted in the following comments and recommendations with responses provided by Annette Chamberlain, Food Service Director.

INVENTORY MAINTENANCE AND REPORTING

Recommendation

The process of taking inventory should be universal for all locations with each using the same inventory sheets that list the items that may be inventory. For similar items, the inventory sheet should identify the actual item. i.e. 24 bottle case vs 40 bottle case. All schools should use consistent standards for counting inventory. i.e. 1/4, 1/2, 3/4 cases, etc.

Response

A physical inventory is conducted at the end of every month at all school buildings in the district. A procedure will be created to direct Cook Managers for consistency in accounting for all food and other inventory items.

Recommendation

The district may want to evaluate options to collect inventory in a manner to reduce the amount of manual entries and paper. Some possibilities would be for kitchens to have access to the Nutrikids inventory module to enter data themselves, use shared Google Sheets or Excel file, or maintain a perpetual inventory system so the inventory does not need to be counted except periodically to verify accuracy. The perpetual inventory system would carry forward the food balances each day by adding in any shipments and subtracting out food used in food prep or shipped between schools.

Response

The food service department currently has an electronic inventory program which is housed on computers at the District Office. The Food Service Director will investigate additional costs for installing programs on the Cook Managers computers at each of the 4 main storage buildings. If installed, Cook Managers to receive training on data entry of inventory.

Recommendation

For the areas that are out of the general working area and not entered very often, we would recommend using a perpetual inventory system for the areas maintained in these areas. For example, a clipboard could be kept at the door to the cage in the basement of Sand Creek MS, and anytime product goes through the door, either in or out, an entry is made on the clipboard. This will reduce the amount of time required to take inventory each month.

Response

A perpetual inventory system is currently being used at Sand Creek Middle School for the large walk-in freezer. The Food Service Director will initiate a perpetual inventory system for Sand Creek Middle School and Forest Park Elementary School basement areas.

Recommendation

For all locations, a standard should be established for maintaining, storing, and using inventory. We recommend similar items are stacked together and any staff that is involved in receiving or using inventory, are aware of the methods for using inventory. i.e. First-in, First-out.

Response

Staff to be informed of the FIFO (First in- First out) standard. Food service drivers and custodial staff are responsible for stocking food items in freezer and storage areas. Cook Managers will be responsible for their building to periodically check that FIFO is being followed.

Recommendation

The production sheets that indicate unused food at the end of the day should indicate the disposition of left-over food. i.e. trash, resale, returned to inventory, etc. These figures should be monitored to ensure the amount that is going to the trash as waste is monitored.

Response

Production sheets did not have a column for a description of the disposition or use of leftover food. A new production sheet has been created with a column to enter how leftover food was disposed of or used. Training will be provided to all staff upon return for SY 2020-21. (See attached)

INVENTORY SECURING AND SAFEGUARDING

In general, the areas of property and inventory maintained by the Food Services department is secure both during and after school hours. However, there were a small number of areas that present some risk that should be remediated or evaluated.

Recommendation

Some interior coolers (reach-ins) do not have keys or are not locked after business hours. However, they are held within a kitchen that is locked. Although this reduces the risk of unauthorized access, if the kitchen is unlocked for some time or the building is used in the after-school hours, unauthorized access to the food may be at risk.

Response

Staff will be instructed to lock all coolers and freezers at the end of their shift.

Building Level Security Observations

Recommendation-Veeder Elementary

There is a food closet in the hallway outside the kitchen area that is unlocked during food service. Although the risk is small for unauthorized access, someone could enter this area without being seen by the kitchen staff.

A custodial cart has been stored in a food service area that has dry goods and paper goods. The Food Services staff indicated that it shouldn't be stored there, but has continued to be placed in the storage room. This increases the chance for contamination should the cleaning supplies spill on the food service inventory.

Response

Staff to be instructed to have the food storage closet locked at all times and have custodial staff remove janitorial cart from the closet.

Recommendation-Forest Park Elementary

The walk-in cooler/freezer does not have a lock/key lock to secure it after hours. The freezer is in a kitchen that is locked after hours, however, the risk of entry is present if the kitchen is accidentally unlocked or groups are approved to use the building in that area.

Response

The Food Service Director will request a lock to be installed on walk – in unit.

Recommendation-Shaker Road Elementary

The office that maintains a small inventory of dry goods and paper goods has two doors for access. One facing the cash registers and open to the kitchen, the other opens to the hallway. On the day of our visit, this door was open. Although the risk is low, someone could enter the office and remove inventory without the staff in the kitchen knowing.

Response

Staff will be informed of the need to leave the secondary door to the office closed and locked at all times.

Recommendation-Roessleville Elementary

The storage area for dry goods and paper goods is located in a closet, within the kitchen. This closet does not have a locking door, therefore if the kitchen can be accessed after school hours, this area could be accessed.

Response

Due to the lack of space within the office and kitchen, the door will remain off. Kitchen is locked after hours.

Recommendation-Lisha Kill Middle School

There is an unlocked storage closet in the dining area, that is not in view of the food service staff during business lunch service hours. Although the risk is small the closet could be accessed.

Response

The Cook Manager has been instructed to keep the door locked when not in use.

Recommendation-Sand Creek Middle School

The storage area in the basement (“cage”) does not have a lock. (Note: before ending our review, we noted maintenance beginning to install a lock, but we did not go back for a reinspection).

Response

A new lock was installed and staff have been instructed to keep it locked at all times. Custodial staff and foodservice staff to retain a key.

PURCHASING

Recommendation

Food Services management should identify the major classes of items that are purchased and take an inventory of what method is used to secure the most economical price and when was the last time a contract or bid was obtained. If the pricing method needs to be updated, Food Services should work with the Purchasing Agent to update contracts.

Response

The four identified vendors, Van Hook, Action Commercial, Unifirst, and Chris’ Coffee, did not exceed the competitive bidding threshold in the 2018-2019 or 2019-2020 school years. Quotes will be updated in accordance with the District’s purchasing guidelines.

FINANCIAL ANALYSIS AND ANALYTICS

Recommendation

The Food Service department and administration should identify which metrics are most valuable to monitor operations and be able to make more informed decisions. This data should provide timely and accurate information that will help with future planning and budgeting, equipment needs, personnel, and inventory. The source of the data, frequency of the data/reports, and the audience for these reports should be identified. We feel that this will create a more informed operations environment that would allow the district to be more proactive to changes in the food service environment.

Response

Suggested metrics are meal cost, meals per labor hour, food costs as a percent of sales and personnel costs as a percent of sales. The Food Service Director has created a spreadsheet to show Meals per Labor hour broken down by building (see attached sample). FSD to expand current Profit and Loss spreadsheet to include food, meal, and personnel cost as a percent of sales.

Procedures

During our review, we evaluated the policies and procedures used for managing and operating the food service areas. During our review, we noted that most areas did not have any written procedures or policies. Although everyone we met appeared to be very experienced and have a good working knowledge of operations, we noted inconsistencies from building to building.

Recommendation

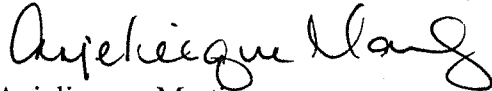
Food Services management, along with the staff should create written procedures for handling the inventory side of food service operations. Areas that should be included are the areas within this report; using and counting inventory, storing inventory, maintaining written and electronic files and developing metrics for measuring the activities of the Food Services department.

Response

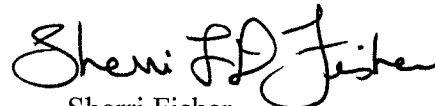
The Food Service Director along with staff will create written procedures for all aspects of inventory within the department.

Sincerely yours,

SOUTH COLONIE CENTRAL SCHOOLS



Anjelieeque Martinez
Business Office Manager/
District Treasurer



Sherri Fisher
Assistant Superintendent for
Management Services & Strategic
Planning

APPROVED BY
BOARD OF EDUCATION
8-25-20

CC: Annette Chamberlain



ROSE GIGLIELLO
PRESIDENT, BOARD OF EDUCATION