

Detroit Public Schools Office of the Auditor General



AUDIT OF CASH COLLECTIONS OFFICE OF FOOD SERVICES

Fiscal Year 2009-10

JOB CODE: 2010-009

REPORT DATE: January 25, 2011

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BACKGROUND

The Office of Food Services (OFS) is a division within the Operations & Auxiliary Services Department. Their mission is to support the district’s “instructional program by providing nutritious and appealing meals and quality service to every student, every school day.” The commitment to the mission is evidenced by their participation in a number of programs and initiatives (*refer to Appendix II for a detailed listing*).

Based on findings from an investigation of Food Services cash collections conducted by the Office of the Inspector General (OIG), the Office of the Auditor General (OAG) was requested to perform an audit of the cash management function within Food Services. While this audit focuses on the cash management controls over lunch room cash receipts, the Office of Food Services is also responsible for kitchen and equipment management, program marketing and communications, procurement, Point-of-sale (POS) system maintenance, and financial reporting.

The P1000 Point-of-Sales (POS) system is utilized to administer the sales reporting functions of Food Services. It captures quantity and currency data including types of meals (*i.e., Universal Breakfast, Lunch: Elementary, Middle, High, A La Carte*), categories of meals sold at the cash register (*Free, Reduced, Full Pay*), cash tendered, counted, reconciled, and forwarded to Total Armored Car for deposit into the Food Services bank account. In addition, the number of/ dollar amount of guest meals and prepaid account transactions including the number of and dollar amount of miscellaneous transactions (*i.e., voids, refunds, deposit corrections, Adult Sales*) are also captured.

As of November 15, 2010 the OFS had a staff of 1,148 individuals, which included an Interim Executive Director who began in July 2008 and a Principal Accountant who began in December 2008. The total also includes 583 noon hour aides who are included in the Food Service salary budget but are not directly supervised by Food Services.

The primary revenue sources for OFS include: (1) Lunch Meals; (2) A La Carte Sales; and (3) Monthly Meal Reimbursements received from the United States Department of Agriculture (USDA) for eligible students. As stated previously, the focus of this audit was the revenue generated at the POS from lunch meals and a la carte sales. Revenue for fiscal year 2008/2009 and fiscal year 2009/2010 was \$3,012,045 and \$2,994,934, respectively.

The information below provides an example of a typical food service crew at a high school or middle school (K-8) and revenue profile (*highest volume month is typically October*):

School Name	Number & Type of Staff	Annual Revenue (09/01/08 – 06/30/09)	Average Monthly Revenue (Based on 10 month avg.)	Average Daily Revenue (Avg. Service Days Per Month = 17)
Henry Ford High	1 Kitchen Manager 1 Kitchen Attendant 2 Cashiers <u>4 General Helpers</u> 8 Total Staff	\$69,389	\$6,939	\$408
Bates Academy (K-8)	1 Kitchen Manager 2 Cashiers <u>4 General Helpers</u> 7 Total Staff	\$66,635	\$6,664	\$392

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OBJECTIVE, SCOPE, & METHODOLOGY

The OAG reviewed cash management procedures at both the school level and administration level to assess the effectiveness of controls governing the lunch room cash receipt process. The scope covered the period July 1, 2008 through June 30, 2010 for school years 2008-2009 and 2009-2010. The objective of the audit was to ensure that lunch room cash receipts were properly accounted for, safeguarded, and deposited accurately and timely to the Food Services bank account.

To accomplish our objectives, the auditors observed the lunch room cash receipt process for three high schools and one middle school. Also, key Food Services personnel within the schools and central administration were interviewed to obtain background information and to gain an understanding of their roles in the cash management process. In addition, we interviewed relevant Office Cash Management personnel. Process Narratives/Walk-through documents were then prepared documenting the procedures and controls in place for lunch room cash receipts.

Attribute testing was performed to verify proper documentation was generated and available for review, cash was counted under dual control, receipts were properly safeguarded, and deposits were made accurately and timely to the bank account. This test required a review of key documents, such as daily cash reports, bank deposit slips, various POS sale reports, production reports, a la carte reports, Total Armored Car reports, and bank statements. In addition, a cash receipts ledger template was used to identify funds which may have been received but not deposited.

The sampling methodology used during attribute testing consisted of the following:

- Selecting a judgmental sample of **15 schools** comprised of high, middle, and elementary schools, based on departmental concerns and volume of revenue.
- Selecting a judgmental sample of **200 school dates** with consideration for school count dates, holidays, etc.
- Selecting six schools to test 25 dates per school ($6 \times 25 = 150$ dates).
- Selecting nine schools with a total of 50 various dates to review.
- Selecting a judgmental sample of 75 dates from the original 200 dates, to review Total Armored cash pick-ups and corresponding bank deposits.
- Reviewing monthly cash receipt/bank deposit projections for the entire FY 2009/2010. Field work ended on October 13, 2010.

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RESULTS IN BRIEF

The controls in place to ensure all cash collected for student breakfasts and lunches at Detroit Public Schools are not consistently implemented to limit the risk of theft. We found that food service cashiers typically leave their cash drawers open during high volume periods to avoid having to key open the drawer after each sale. Also, monies collected are not always counted under dual control. The risk of loss is increased when key reports do not always agree in total with cash collections. Using a sample of 200 school days, we tested the accuracy and completeness of the daily cash reports and bank deposit slips by comparing them to the report generated from the cash register (*point-of-sales summary report*) and found that the reports did not agree in total for nearly 25 percent of the days reviewed. In addition, schools could not locate the sales summary reports for 25 percent of the days requested while 15 percent of the daily cash reports and bank deposit slips were not available for review. Without accurate documentation and management review there is no way to ensure that cash collected is properly counted, accurately reported and fully accounted for in the delivery of food service.

In addition, discrepancies between the point-of-sale reports and the daily cash receipts report are not always investigated. We found cash drawer count shortages in 67 percent of the days tested. In one case, we identified a shortage of \$1,457.60 that was never investigated by management. Moreover, miscellaneous transactions such as voids and refunds that have an impact on the amount of cash collected are not being reviewed or monitored. The problem of cash discrepancies is further compounded by the contractual agreement with a third-party courier who picks up the sealed money bags from the schools to deliver to the bank for deposit. The contractual agreement requires this vendor to open the sealed bags to re-count the money prior to deposit. This procedure further impacts the integrity of the reconciliation process between cash collected and items sold, which makes it difficult to identify where the shortage may have occurred.

We also found a general lack of oversight occurring at each level of food service supervision and management, which reduces the ability to identify questionable transactions and to mitigate any risk that can result from such transactions. School food service supervisors, area managers, food service administration and the Office of Cash Management did not prepare key reports or failed to review and monitor cash activity reports for discrepancies and questionable trends of cash collections as required by procedures. Specifically, kitchen supervisors who are responsible for preparing the production reports are not preparing the reports consistently and we found no evidence that the area managers who should be monitoring and reviewing these reports have made efforts to ensure the reports are generated for review. In addition, the food service administrators are not monitoring the miscellaneous transactions that could identify questionable transactions.

A Food Services employee was referred to the Wayne County Prosecutor's Office for investigation and prosecution on November 23, 2010, for misappropriating cash as a cashier at one of the high schools. The failure to adhere to the District's cash collection procedures and management's lack of oversight indicates that the risk of theft can be prevalent. We believe management should require strict adherence to documented procedures governing the cash collections process, update the current procedures to ensure sufficient detail and effectively communicate procedural requirements. This will assist in providing adequate controls and consistency in operational processes. Management should review and monitor key reports including miscellaneous transactions that could provide insight into the daily cash collection practices that occur within our schools and help to reduce the risk of losses due to theft or error.

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DETAILED AUDIT REPORT

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AUDIT FINDINGS

**Control Weaknesses Reduce Safeguards
and Accountability over Cash**

Our audit of the cash collection process identified a number of control weaknesses that reduce the level of safeguards and accountability over the cash collection process. Cash drawers were routinely left open during heavy volume periods because they did not open automatically when sales transactions were entered. If cash drawers are properly closed after each sale to safeguard funds, food service cashiers would be forced to use a key to open the cash drawer after each sales transaction. Food Service officials were aware of this weakness and told us that a software interface between the POS and the cash register system is needed to address this issue.

We also found that while the cashiers have a key to their assigned drawer; in most cases the key could be used to open all the cash drawers on site. This reduces the accountability over the cash collection process as no one person can be held accountable for accessing a particular cash register.

Another critical control weakness is the failure to count cash under dual control. This control is not being consistently implemented nor is the cash always verified by the Kitchen Manager in compliance with office procedures. We noted one instance where the starting cash till (i.e., amount) was funded by the Kitchen manager's personal funds. In another instance cash was removed from the cash drawer by a single individual, prior to the end of day cash count process. Given that kitchen supervisors do not always witness cash being counted, such practices should be discouraged as they can adversely impact the integrity of the cash collection process. Discrepancies between amounts transacted and amounts collected are not consistently investigated. Cash could be stolen and not identified for some time or not at all. Ironically, this is exactly what was found in the investigation conducted by the Inspector General where theft of cash by an employee was confirmed.

**Poor Documentation and Errors
Raise Concern over Accuracy of Deposits**

Failure to maintain and review key cash collection documents raise concern about the accuracy of food service bank deposits. During our assessment of the agreement between OFS and the third party vendor, we noted differences between the cash collected by food services personnel and the dollar amounts deposited by the third party vendor for one third of the documents reviewed. Due to the failure of maintaining key documents of cash counts and the failure of supervisors to provide evidence that the amounts counted were accurate, there is no way of determining which amount was correct. Specifically, nearly every school tested, that is (12 of 15 schools, or 80 percent) had missing Daily Cash Reports, which represents a key control within the cash receipt process. There were also a number of instances where the POS Sales Summary Reports and bank deposit slips were not generated and/or not retained.

Our audit testing also disclosed at least 50 percent of the schools had missing Food Services Personnel signatures on the Daily Cash Reports, which is another key cash control evidencing the fact that cash is counted and verified by two different individuals.

Over 50 percent of the schools also had mathematical errors on the various Daily Cash Reports. In addition, 80 percent of the schools had data discrepancies when comparing POS Sale Reports data to applicable Daily Cash Reports and bank deposit slips.

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POS to POS Comparison:

A detailed review of the POS data noted on the “Sales by School” reports disclosed discrepancies between what Food Services personnel counted as cash received (*i.e.*, “Cash Drawer Reconciliation” data) and what was stated as forwarded to Total Armored Car for the bank deposit (*i.e.*, “Bank Bags” data). Results of the testing disclosed 80 percent of the schools (12 schools) had exceptions. Eighty-two school documents were reviewed with 25 exceptions noted. Nearly a third of the documents reviewed had exceptions (*reference Table 1.1 for detail*).

POS to Daily Cash Reports & Bank Deposit Slips Comparison

Detailed tests comparing 174 POS sales summary reports to applicable daily cash reports and bank deposit slips disclosed 38 instances where POS and daily cash reports did not agree and 39 instances where POS and bank deposit slips (*prepared by Food Services personnel*) did not agree.

Number & Percentage of Discrepancies	Daily Cash Report Data	Bank Deposit Data
Number of Discrepancies	38 of 174 documents	39 of 174 documents
Percentage of Discrepancies	22%	22%

POS to Total Armored Car Comparison:

We compared the Point-of-Sales cash receipt amounts to the bank deposit data (*i.e.*, bank bag numbers) and to applicable cash deposit amounts reported by the third-party courier, Total Armored Car Services, to determine whether there were any discrepancies. Ensuring the amounts reconcile is a key control for verifying the completeness and accuracy of the data. In addition, bank bag numbers are an effective tool for tracking and accounting for cash receipts. As such, if the bank bag numbers are inaccurate and/or missing, the process of identifying and researching cash receipts is impeded as well as the method of determining accountability for loss or misappropriated cash deposits.

Testing disclosed the 27 of 164 (or 16 percent) documents reviewed had dollar amounts and/or bank bag numbers, which did not agree or were missing (*refer to Table 1.2 in Appendix I for further detail regarding errors categorized by school*).

Total Armored Car to Chase Bank Comparison

We also performed testing to compare cash receipts reported by Total Armored Car Services to bank deposit data (*i.e.*, bank bag numbers) and applicable Chase Bank account statements to determine whether there were any discrepancies.

The audit test disclosed 142 of 237 (or 60 percent) cash deposits reviewed had dollar amounts and/or bank bag numbers, which did not agree or that were missing (*refer to Table 1.3 in Appendix I for further detail regarding errors categorized by school*).

These testing results are significant given the fact that Total Armored Car Services is contractually required to open sealed and tamper-proof bags in order to re-count cash deposits. As a result, it is unclear whether noted dollar amount discrepancies were the result of Food Services personnel or Total Armored Car Services personnel.

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We shared these concerns with the District's Cash Manager whom is responsible for managing and safeguarding the District's cash and he told us that the contract for the courier service had been extended, but that he would note this matter so that it could be addressed in the next round of contract negotiation with the vendor.

**Greater Controls Needed over
Miscellaneous Transactions**

During high volume breakfast and lunch periods, there are times when mistakes will occur, orders are changed or voided and sales to adult employees or visitors are required. These conditions are classified as miscellaneous transactions.

While miscellaneous transactions, such as voids, refunds, deposit corrections, adult sales, and back-office transactions were captured on the P1000 POS system, there was no evidence that they were monitored or reviewed by any Food Services personnel.

In addition, there were no policies and procedures defining miscellaneous transactions and how they should be processed. As a result, there was no retention of documentation to support the transactions for reasonableness, processing accuracy, or proper authorization. Therefore, we could not test for auditing purposes. To ensure all miscellaneous transactions are legitimate, food services management needs to document procedures for miscellaneous transactions and communicate procedures to appropriate staff personnel.

**Cash Receipts Were Not Always
Deposited Timely to the Bank Account**

Cash receipts were typically deposited to the bank late. Ninety-eight percent of the deposits were not deposited within one business day after pick-up from a DPS school (*this includes accounting for DPS and Bank holidays*). Testing disclosed 70 percent of the receipts were deposited within two business days and one deposit totaling \$39,808.72 was deposited eight days after pick-up (*reference Table 1.7 for detail*).

We performed a test comparing Fiscal Year 2009/2010 POS Bank Reconciliation Reports to Chase Bank account statements for the same period. The results disclosed a bank account overage (*i.e., additional receipts deposited*) that began in December 2009 with an amount of \$20,091.36 and a shortage (*i.e., receipts not deposited*) of \$72,286.07 noted in January 2010.

Also during the months of February 2010 through June 2010, overages and shortages alternated between each month with May and June resulting in a combined overage of \$200,232.99. The net effect for the fiscal year was an overage of \$146,016.80 (*reference Appendix II for detail*). This result supports the numerous small dollar and mid-range dollar deposits, which could not be traced to the deposit source. We spoke with Food Service and Cash Management Officials concerning this overage, but neither office could explain the discrepancy. This in itself points to the need for more effective oversight of the daily cash collection process. Without having effective internal controls to ensure the integrity of cash collections throughout the process there is no way of knowing for certain if the overage is solely from food service activity or from the cash collection activity assigned to the third party vendor.

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**Lack of Oversight at Every Level
Impedes Accountability**

The lack of effective management oversight throughout the entire lunch room cash receipt process contributed significantly to numerous errors and discrepancies noted during detailed testing. Examples of the lack of management oversight includes kitchen managers, whom did not always witness funds being counted by cashiers and did not ensure that production reports and a la carte reports were completed, prepared timely, contained accurate data, and were properly signed-off evidencing management review for accountability. In addition, it did not appear that kitchen managers reviewed cash shortages/overages as part of the end of day process and did not require explanations for variances or resolve the reasons for the occurrence of the variances.

The second level of management oversight by the Area Manager was also significantly lacking. There was no evidence of periodic reviews to ensure compliance with federal regulations governing the completion and retention of production reports. Nor was there evidence that management required schools to accurately report their a la carte sales. A la carte sales represent a significant portion of the revenue generated by Food Services. In addition, there was no evidence area managers were monitoring completion of sales summary reports, daily cash reports and bank deposit slips.

Lastly, there was no evidence central administration performed management oversight. This is evidenced by the fact that there was no formal and effective process of reconciling POS data to Total Armored Car data, nor was there a formal process to reconcile POS cash receipts to the Chase Bank account statements. While the POS system has a bank reconciliation function, it is not being used. Also, there were numerous deposits on the bank account statements, for which the source of the deposit was unknown and therefore there is no assurance that the deposits were accurate.

In addition, there was no central administration review of miscellaneous transactions i.e., back-office transactions, voids, deposit corrections and refunds. There was no documentation explaining why the transactions occurred, whether they were processed accurately, or whether they were properly authorized. Finally, there were no metrics to monitor the quality of services provided by Total Armored Car Services. This is evidenced by the fact that cash receipts were typically deposited late i.e., 98 percent did not meet the one business day bank deposit requirement. Seventy (70) percent of the receipts were deposited within two business days and one deposit totaling \$39,808.72 was noted as being deposited as late as eight days after pick-up. Untimely deposits can cost the District interest income and increases the risk that monies could be lost or stolen.

The lack of management oversight results in missed opportunities to identify errors and make corrections, and more importantly, to identify occurrences of misappropriation and/or theft of cash receipts. The lack of effective oversight may also lead to non-compliance with federal laws and regulations and non-compliance with specific grant terms and conditions.

**Risk of Losses Due to Theft and Errors
Remains High**

Due to the break down of cash controls the district is exposed to a high risk of unaccounted for cash due to theft or errors. This assertion is confirmed by the OIG investigation of Food services cash collections that resulted in confirming theft.

We found limited evidence that key controls over cash are embraced by the OFS. There does not appear to be any targeted strategies to monitor results (i.e., shortages/overages) with the focus of identifying

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training needs or disciplinary actions where warranted. Similarly, we found no evidence that there has been any enhanced monitoring, training or review as a result of the OIG's investigation.

Unless a concerted effort is made by the OFS, the Department of OSA and the Department of Finance to ensure internal controls are in place and operating effectively, the District runs the risk that additional instances of cash theft can occur.

CONCLUSION

Per the School Financial Administrative Manual, the District has a fiduciary responsibility to manage assets in a manner which will ensure that they are used for their intended purpose which is to ultimately benefit the students. The OAG found that the internal controls over cash collections from food service operations are not effectively implemented. We also found a reasonably high level of non compliance throughout the cash management function. These control weaknesses increase the risk that funds can be stolen without being identified in a timely manner or not at all.

At the same time, the District through its Cash Management Division, failed to provide adequate oversight over third party courier services. Failure to properly account for and safeguard school based funds violates District policy, but more importantly violates the trust the student body including parents have in the administration and its stewardship over lunch room cash receipts.

There were missed opportunities to identify errors and misappropriations along the entire cash collection process from the point that cash was initially received to the point when cash was deposited into the district bank account. There is no better example of how the District can be adversely affected by the lack of controls than the fact that as recent as November 23, 2010 a request was made to the Wayne County Prosecutors Office to criminally prosecute a Food Services staff member for repeated theft of lunch room cash receipts.

Finally, services provided by OFS are heavily regulated and require the retention of significant documentation to prove compliance. Given our findings of missing documentation and non-compliance, we believe the OFS needs to act promptly to address noted weaknesses.

RECOMMENDATIONS

To help ensure cash management systems in place at Detroit Public Schools are effective in ensuring lunch room cash receipts are properly accounted for, safeguarded, and deposited accurately and timely to the Food Services bank account, we recommend management:

1. Re-emphasize the need for compliance with established policies and procedures, as well as applicable federal regulations, laws and grant requirements. This includes updating the Standard Operating Procedures detailing Food Services policies and procedures, as well as record retention requirements.
2. Create an excerpt of the procedures and ensure each school maintains a copy of the Cash Handling Procedures Manual at each cafeteria/kitchen site.

To ensure the integrity of the cash collection process and to limit the risk of theft, we recommend that OFS management:

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1. Perform an inventory of the cash drawers and POS systems within the district. Upon completion, ensure that all high-volume cafeterias have the hardware/equipment necessary to support a software interface for the cash drawer and POS.
2. Cash drawer keys should be inventoried to identify those keys which can open multiple cash drawers within a single location. Then a determination should be made whether it is feasible to have a unique key for each site which has multiple registers by obtaining new key locks and/or re-distributing cash drawers and keys so that each kitchen has cash drawers requiring a unique key.
3. Meet with key Cash Management personnel to develop a formal process to monitor and evaluate the services being performed by Total Armored Car Services. This should include actual procedures, deadlines, roles and responsibilities, as well as metrics to objectively assess services being performed and ensure they are provided in compliance with the terms and conditions set forth in the contractual agreement.
4. Work with Cash Management to discontinue the practice of requiring the third-party courier to verify funds by opening a sealed money bag that has already been counted and documented.

To facilitate timely reviews, we recommend that OFS Management

- Develop a formal process using standardized templates to reconcile: (1) Monies received from elementary teachers with POS cash data; (2) POS and Total Armored Car data; and (3) Chase Bank and Total Armored Car. The process should also require timely follow-up on noted discrepancies, as well as management reviews as evidenced by initialing and dating the reconciliations.

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MANAGEMENT RESPONSE

A management response was not available at the time of posting the audit report. A response will be added at a later date.

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APPENDIX I

Table 1.1 POS to POS Data Discrepancies:

Auditors reviewed POS “Sales by School” report data detailing the amount of cash counted (i.e., “Cash Drawer Reconciliation” data) and the amount of cash included in the sealed Total Armored Car bag (i.e., “Bank Bags” data) to verify that the total of cash counted matched the total of cash forwarded to Total Armored Car for deposit into the Chase Bank account. Testing disclosed 25 days were the totals did not agree i.e., 25 of 82 (or 30%) **documents** tested had POS cash discrepancies. A breakdown of errors noted for each school is detailed below:

#	School Name	Number of Instances Where Cash Counted Did Not Agree with Cash forwarded to Total Armored Car <i>(Per POS Sales by School Reports)</i>
1	Bates	2
2	Burns	2
3	Cass	1
4	Denby	1
5	DSA	0
6	Ford	3
7	FLICS	1
8	Hally	2
9	King	0
10	Ludington	1
11	Mumford	3
12	Renaissance	0
13	Southeastern	6
14	Southwestern	1
15	Western	2
TOTAL		25

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APPENDIX I (continued)

Table 1.2 POS & Total Armored Car Data Discrepancies:

Auditors reviewed 164 POS Sales by School report data detailing cash deposit amounts and bank bag numbers and noted a total of 27 discrepancies. Provided below is a breakdown categorized by type of discrepancy within each school:

#	School Name	Number of Instances Where the POS Bank Bag Number <u>DID NOT AGREE WITH</u> Total Armored Car Bank Bag Number <i>(Per POS Sales by School Reports)</i>	Number of Instances Where the POS Cash Deposit \$Amount <u>DID NOT AGREE WITH</u> Total Armored Car Cash Deposit \$Amount <i>(Per POS Sales by School Reports)</i>
1	Bates	0	4
2	Burns	1	0
3	Cass	0	3
4	Denby	0	0
5	DSA	0	0
6	Ford	2	1
7	FLICS	0	0
8	Hally	2	2
9	King	0	0
10	Ludington	0	0
11	Mumford	1	3
12	Renaissance	0	0
13	Southeastern	1	2
14	Southwestern	1	1
15	Western	0	3
TOTAL		8	19

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APPENDIX I (continued)

Table 1.3 Total Armored Car & Chase Bank Data Discrepancies:

Auditors reviewed 237 cash deposits to determine whether there were discrepancies in what Total Armored Car noted as deposited and what Chase bank noted as deposited. Provided below is a

#	School Name	Number of Instances Where the Total Armored Car Bank Bag Number <u>DID NOT AGREE WITH</u> Chase Bank Bag Number	Number of Instances Where the Total Armored Car Cash Deposit \$Amount <u>DID NOT AGREE WITH</u> Chase Bank Deposit \$Amount
1	Bates	24	0
2	Burns	4	0
3	Cass	8	3
4	Denby	2	0
5	DSA	4	0
6	Ford	15	2
7	FLICS	3	0
8	Hally	4	0
9	King	2	0
10	Ludington	4	0
11	Mumford	24	1
12	Renaissance	2	0
13	Southeastern	24	3
14	Southwestern	2	0
15	Western	10	1
TOTAL		132	10

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APPENDIX II

The Detroit Public Schools participates in numerous program and services to ensure students and their families are provided access to healthy foods and nutrition education either through reasonable policies or direct services. Listed below is a sampling of several high profile programs DPS is involved in as either the lead agency or as a partner agency. They are:

- Alliance for a Healthier Generation sponsored by the American Heart Association and the William J Clinton Foundation which provides nutrition education in the classroom and increases physical activity;
- The American Kidney Foundation of Michigan provides nutrition education programming to several schools that participate in the USDA Fresh Fruit and Vegetable Program;
- Detroit Food and Fitness Collaborative (DFFC) sponsored through a grant from the Kellogg Foundation and administered locally by the Black Family Development Association works to improve access to healthy foods in the City of Detroit with participation from staff from several DPS departments;
- There are 65 active school /community gardens with partnerships with the schools' surrounding communities, Greening of Detroit, Gleaners, DTE, Ernst and Whitney and other corporate sponsors. The groups provide a portion of funding along with man hours to establish and cultivate the garden sites;
- Metro-Agriculture is a five city international group committed to ensuring citizens receives access to health foods and reduces hunger and food insecurity. DPS has an active leadership role;
- Neinas Elementary School has an active out of doors school garden classroom;
- The DPS Local Wellness Policy has been revised through the Office of Health, Physical Education and Safety, i.e., the Coordinated School Health Program, to conform with the 2010 Healthy, Hunger Free Act of 2010, which was signed into law by President Obama in December 2010. The Coordinated School Health Program also chaired a committee consisting of DPS internal experts and external not-for-profit governmental and private health agencies. The focus is not only on nutrition issues but all health related matters that affect the well being of students and their ability to learn;
- DPS is also represented on the Detroit Policy Committee, which is involved in recommending policy to the City to abate hunger and establish an urban agriculture policy for the City of Detroit; and
- DPS is a participating member of the Michigan Good Food Charter administered by several not for profit hunger agencies in Michigan with Michigan State University ,College of Agriculture and Natural Resources, CS Mott group for Sustainable Agriculture the lead organization.

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APPENDIX II (continued)

Direct meal services activities associated with federally funded child nutrition programs provided by the Office of Food Services include:

- Revamping all program menus offering to conform to the Institute of Medicine dietary goals and the newly authorized Health, Hunger Free Act of 2010 which recommend providing healthy foods to abate obesity and other diet related chronic diseases. We implemented a ten point strategy in SY 2010/2011;
- Involving 43 schools in the Farm to School Program. The purpose of the program is to provide seasonal locally grown fresh fruits and vegetables to the DPS menu;
- Participating in the Fresh Fruit and Vegetable program with the purpose of introducing students to a variety of raw fruits and vegetables. Fourteen schools participate in this program;
- Participating in the At-Risk after school Supper program, which serves hot meals to students in organized after-school activities and extended day programming? There are 106 schools engaged in this program;
- Providing Saturday meals in the Fredrick Douglass and Brenda Scott schools; and
- Engaging in a project at Central High school with the goal to improve access to healthy foods, increase student participation and offer students an opportunity to develop employable skills. The program collaboration is between University of Central HS, Neighborhood Legal Services Michigan, DPS, Office of Food Services and Subway restaurants. The program marquee Subway University. Upon receipt of all required administrative clearances, the program is set to launch January 18, 2011 with 25 student program participants.

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Our review was performed in accordance with U.S. General Accounting Office Government Auditing Standards and Standards of the Institute of Internal Auditors.

This report is intended solely for management and should not be used for any other purpose. This restriction is not intended to limit the distribution of the report which is a matter of public record.

A handwritten signature in blue ink, appearing to read 'Odell W. Bailey', is positioned above the printed name.

Odell W. Bailey, CIA
Auditor General