



To: Salah Khelfaoui, Superintendent

From: Gary N. Frisch, Assistant Superintendent of Finance/School Business Administrator

Re: Update on the Food Service Audit

Date: June 20, 2018

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*[By Gerard Nutter]: Request Superintendent shares the results of the recent Food Service Audit as soon as it becomes available.*

A food service audit was conducted by the Department of Elementary and Secondary Education for the 2016-2017 school year. This audit was split into two phases. The first phase was to review and determine if the food program requirements were met. The second phase was to determine the available revenues and incurred expenses for the school year. When the Food Services Audit is finalized we will share the documents with the School Committee.

Currently, the Department of Elementary and Secondary Education (DESE) has completed a review of records, site visits to five Lowell Schools, and informal staff interviews. We are in the review phase where we are responding to questions and initial comments provided by the DESE. We have until June 21, 2018 to formally respond to the indicators for the second phase. The DESE will then review our responses and compile a Resource Management Comprehensive Review. We do not have a date as to when we will receive this document.

One finding that requires a response is in regard to indirect costs. In FY17, 19.58% of the Food Service Reimbursement was allocated as indirect costs. Technical assistance was provided regarding the need to use the indirect cost rate of 10.86%. The remainder would have to be allocated to direct costs. In order to meet the requirements of direct costs, we would need to specifically define the hours each employee works supporting food service operation. It is our understanding that custodial and paraprofessional staff working in the cafeteria in support of the food service program would be considered direct costs. It is our intention to resubmit a portion of these charges as direct costs.