

**Rio Grande City Consolidated
Independent School District**

FOOD SERVICES REVIEW

**Conducted by MGT of America for the
Legislative Budget Board**

AUGUST 2008



LEGISLATIVE BUDGET BOARD

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August 26, 2008

Mr. Roel Gonzalez
Superintendent
Rio Grande City Independent School District

Dear Mr. Gonzalez:

The attached report reviews the management and performance of the Rio Grande City Independent School District's (RGCCISD's) Food Services Operation.

The report's recommendations will help Rio Grande City ISD improve its overall performance as it provides services to students, staff, and community members. The report also highlights model practices and programs being provided by RGCCISD's food services operation.

The Legislative Budget Board engaged MGT of America, Inc., to conduct and produce this review, with LBB staff working in a contract oversight role.

The report is available on the LBB website at <http://www.lbb.state.tx.us>.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John O'Brien".

John O'Brien
Director

Legislative Budget Board

cc: Mr. Basilio Villarreal
Mr. Francisco Zarate
Mr. Cesar Gonzalez
Mr. Noe Gonzalez
Mr. Roberto Gutierrez
Mr. Ruben Klein
Ms. Silvina Hinojosa

FOOD SERVICES MANAGEMENT

The Rio Grande City Consolidated Independent School District (RGCCISD) Food Services Department operation provides meals for over 9,500 students and staff on a daily basis from full service kitchens on 13 campuses. The district participates in the USDA’s School Breakfast Program, National School Lunch Program, and the School Snack Program.

The food services department is managed by the director; reporting to the director is one secretary, two clerks, a cashier supervisor, an equipment repairperson, a warehouse custodian, and an assistant director who is also a dietician. Responsibilities of the director include managing all components of food services while ensuring compliance with federal, state, and local regulations.

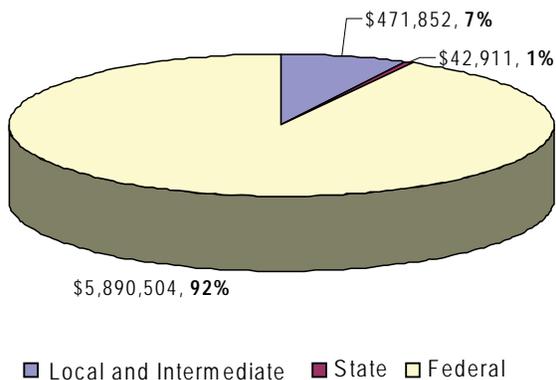
RGCCISD receives funding for its Child Nutrition Program (CNP) primarily through federal sources. As **Exhibit 1** shows, revenues received under the federal government’s National School Lunch

Program (NSLP) and the School Breakfast Program (SBP) amounted to 92 percent of the district’s \$6.4 million total revenue for 2006–07. Local sources account for seven percent while state funds account for one percent of total CNP revenues.

With 93.3 percent of RGCCISD students identified as economically disadvantaged, the district qualifies for federal funding under Special Assistance Provision 2, an alternative to standard methods of counting and claiming meals for reimbursement used in the NSLP and the SBP. Provision 2 districts are not required to verify the participation of each child annually; instead, a base year is established and measured, and subsequent year’s reimbursement rates are based on the base year. This simplifies the paper work requirements for districts selecting the Provision 2 option, and can maximize federal revenue.

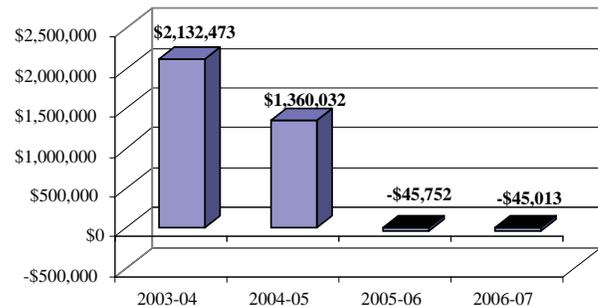
RGCCISD’s fund balance has experienced profound decreases in 2004–05 and 2005–06. As shown in **Exhibit 2**, in 2003–04 and 2004–05,

EXHIBIT 1
SOURCES OF REVENUES FOR 2006–07
RIO GRANDE CITY CISD



SOURCE: Rio Grande City CISD Audited Financial Report, 2006–07.

EXHIBIT 2
RIO GRANDE CITY CISD
ENDING FUND BALANCE
2003–04 THROUGH 2006–07



SOURCE: Rio Grande City ISD audited financial statements for the years indicated.

RGCCISD maintained “excess” fund balances. Federal regulations related to the CNP prohibit districts from accumulating fund balances in excess of three months operating expenditures.

The Texas Department of Agriculture (TDA), which regulates CNPs in Texas, notified the district of the excess fund balances and requested that the district prepare and submit a plan of remediation showing how the district planned to reduce the excess fund balance.

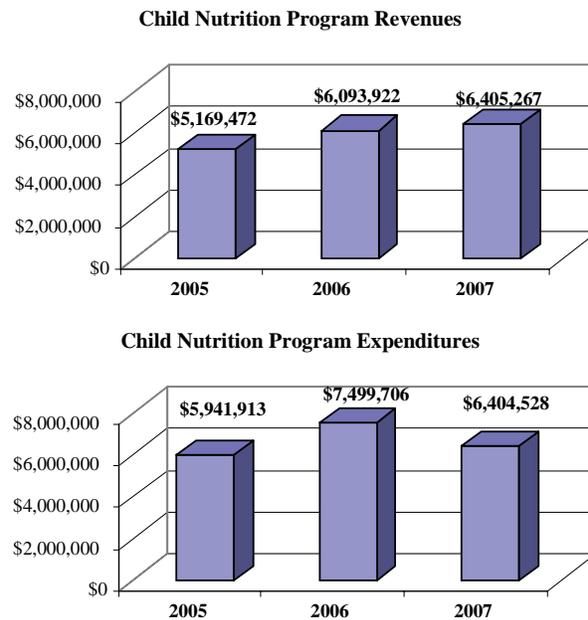
The district began implementing its remediation plan in 2004–05 by replacing outdated kitchen equipment and improving the cafeterias in its existing schools. In 2005–06, however, the district spent more than planned on these improvements, resulting in a negative fund balance. In addition, other factors also contributed to the negative fund balance including breakfast revenues being lower than anticipated.

Exhibit 3 shows revenue and expenditure trends for the CNP for 2004–05 through 2006–07. This exhibit shows revenues increasing over the three years presented; however, due to the expenditures incurred in trying to reduce the CNP’s fund balance, expenditures exceeded revenues in 2004–05 and 2005–06. Revenues only slightly exceeded expenditures in 2006–07.

RGCCISD accounts for its CNP funds through a bank account that is maintained separately from its general fund monies. **Exhibit 4** shows the flow of funds for the CNP.

Since the district participates under the Provision 2 regulations, very little cash is collected from students. Instead, cash sales primarily are for adult meals and food items sold to students that do not fall under the NSLP guidelines for reimbursable meals such as snack bar items.

**EXHIBIT 3
REVENUES AND EXPENDITURES
RIO GRANDE CITY CISD
2004–05 THROUGH 2006–07**



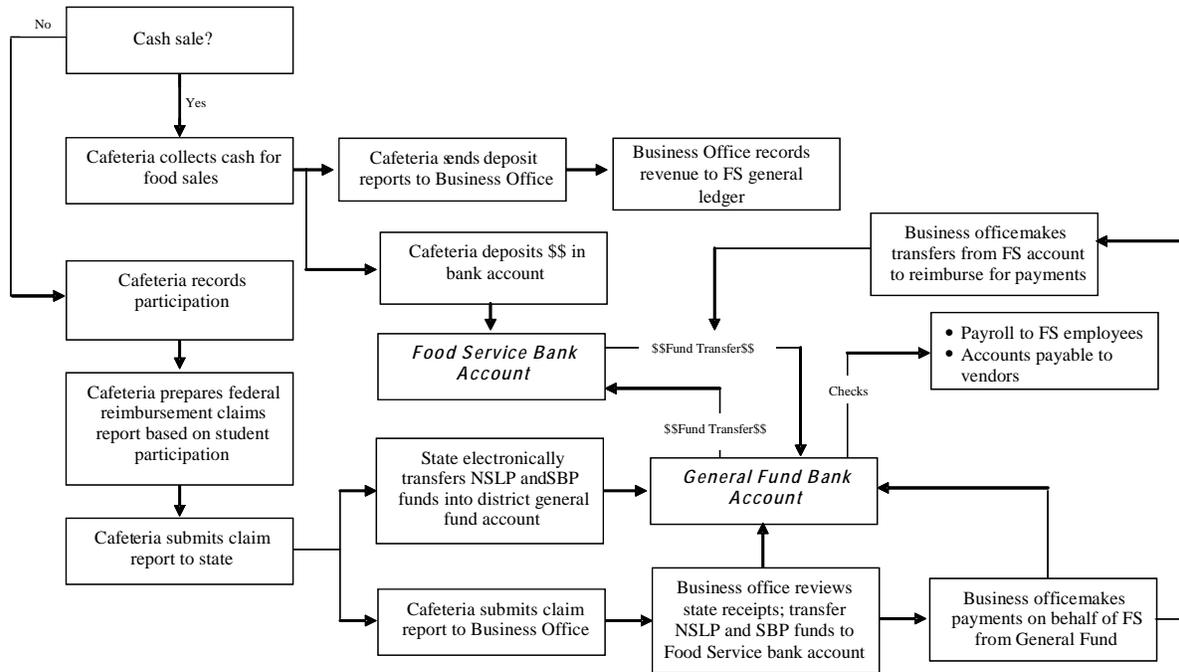
SOURCE: Rio Grande City CISD’s audited financial statements for the years presented.

The food services department submits monthly claims reports through the state for reimbursable meals. The funds are transmitted electronically to the district’s general operating bank account. Once funds are received, accounting staff transfer the funds into the food services’ bank account.

RGCCISD’s accounting department pays for food services related expenditures such as payroll and vendor payments from the main general operating account and then makes transfers from the food services’ bank account for reimbursement to the general fund. For the past two years when the program has operated at a deficit, these reimbursements were not made in full due to the lack of food services funds available.

Although food services has a negative fund balance the program is working to achieve a break-even

**EXHIBIT 4
FLOW OF CHILD NUTRITION PROGRAM FUNDS
RIO GRANDE CITY CISD
2007–08**



SOURCE: Based on review of documents and interviews with RGCCISD business office and Child Nutrition staff, March 2008.

program, and district staff anticipates that 2007–08 will also be a break-even year.

RGCCISD reports the financial activity of all its operations to the Texas Education Agency (TEA) through the Public Education Information Management System (PEIMS). Included in this submission are detailed data related to the CNP including revenues, expenditures, operating transfers, and fund balances.

TEA requires all Texas school districts to use a uniform account coding structure as described in its Financial Accountability System Resource Guide (FASRG) in the submission of financial data. The FASRG describes the account coding structure to include, among other things, a fund group code, a function code, and an object code.

Exhibit 5 illustrates the account code model for a single transaction.

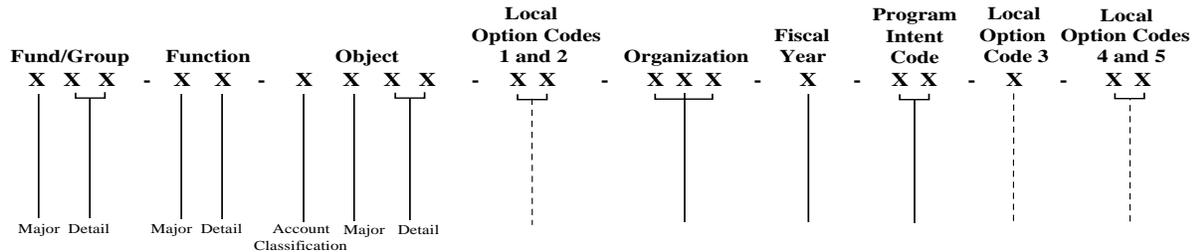
The fund group code is a three-digit code that denotes the basic fund to which an item belongs. For instance, general funds are denoted as 199, 240 represents food service funds, 599 is for debt service, and 699 is for capital projects.

Function codes are two-digit numbers that denote a general operational area in a school district and groups together related activities. For instance, there are separate function codes to indicate instruction, transportation, health services, and food services.

Object codes are four-digit codes that define the specific types of assets, liabilities, transfers, revenues, and expenditures. For example, codes in the 5700 range define local revenues, while codes in the

**EXHIBIT 5
FASRG ACCOUNT CODE MODEL
TEXAS EDUCATION AGENCY
2006-07**

The Code Structure



**Object Codes:
Clearing Accounts (4XXX)**

————— Indicates a mandatory code for State reporting purposes
 - - - - - Indicates a code that may be used at local option

SOURCE: Texas Education Agency, 2007.

5800 range are for state revenues, and federal revenues use object codes in the 5900 range.

Similarly, object codes used for expenditures follow specific patterns. For instance, object codes in the 6100 range indicate payroll and benefit expenditures such as salaries and wages, insurance, workers' compensation, and retirement contributions.

Food service revenues, expenditures, and transfers are coded just like regular district operations, but are noted as food service activity by a function code 35 and a fund code 240.

Districts are required to submit their financial data to the PEIMS system either electronically or by providing a compact data disc. Once received by TEA, the data can be sorted and viewed in different ways to examine a particular district or to compare all districts or a specific set of districts.

ACCOMPLISHMENTS

- All schools in Rio Grande City CISD implemented Provision 2, an alternative meal counting and claiming system, for breakfast and lunch; thereby reducing the amount of paperwork required to operate the food service programs while offering meals at no expense to the students.
- Rio Grande City CISD has implemented breakfast in the classroom in 11 schools. Students have the opportunity for a healthy breakfast while increasing revenues for the food services department.
- Food service managers participated in Regional Education Service Center (RESC), Region 1, Manager Academy that provides

comprehensive training regarding school food service operation.

- The food services department has conducted formal student surveys that evaluate students' acceptance of the food service operation.
- The food services department utilizes the RESC Region 1 purchasing cooperative in order to reduce the burden and cost of bidding goods and services.
- The food services department has implemented a weekly training schedule for all cafeteria staff in order to maintain safe and sanitary kitchens.

FINDINGS

- Rio Grande City CISD's food services department does not maintain adequate financial oversight of its annual budget.
- The district has not reviewed and revised the food service staff job descriptions.
- Rio Grande City CISD does not prepare and utilize food services department monthly profit and loss statements by school.
- Rio Grande City CISD utilizes multiple programs and manual calculations for monitoring, tracking, and evaluating food service operations.

RECOMMENDATIONS

- **Recommendation 1: Rio Grande City CISD should implement sound financial management practices in its food services operations.** The food services department should work directly with the finance department to implement standard budgeting formulas in all areas. Maintaining a balanced budget will provide the food services

department ample finances to fund payroll, food expenses, direct costs, and regrowth of fund balance.

- **Recommendation 2: Rio Grande City CISD should revise all job descriptions to realign staff resources more effectively.** The food services director should work with human resources to evaluate the current job descriptions for accuracy and revise outdated descriptions.
- **Recommendation 3: Rio Grande City CISD should generate and distribute monthly profit and loss statements to each school cafeteria manager on a timely basis.** The food services department should generate these statements by campus to compare actual results with budgeted amounts and prior year results.
- **Recommendation 4: Rio Grande City CISD should consolidate computer-generated reports into one system that records inventory, point of sale meal counts, expenditures, and revenue.** The food services department should upgrade its computer software to an all-inclusive program that captures required data. The computer system should be user-friendly and encompass all reporting aspects of the National School Lunch Program, such as meal counts, edit checks, production records, food costs, labor costs, and meals per labor hour.

The following chart summarizes the fiscal impact of the four recommendations in the performance review.

FIVE-YEAR FISCAL IMPACT CHART

	2009–10	2010–11	2011–12	2012–13	2013–14	TOTAL 5-YEAR (COSTS) SAVINGS	ONE-TIME (COSTS) SAVINGS
Gross Savings	\$91,547	\$91,547	\$91,547	\$91,547	\$91,547	\$457,735	\$0
Gross Costs	(\$775)	(\$4,075)	(\$4,075)	(\$4,075)	(\$4,075)	(\$17,075)	(\$27,164)
TOTAL	\$90,772	\$87,472	\$87,472	\$87,472	\$87,472	\$440,660	(\$27,164)

DETAILED ACCOMPLISHMENTS

PROVISION 2

All schools in Rio Grande City CISD implemented Provision 2, an alternative meal counting and claiming system, for breakfast and lunch; thereby reducing the amount of paperwork required to operate the food service programs.

Since 1992–93, the district has implemented Provision 2, which offers meals at no cost to all children enrolled in the district. The district has renewed its participation at the end of each four-year cycle. The district’s participation in Provision 2 has reduced the administrative and household paperwork, thereby reducing the cost of operating the food service program.

Specifically the district distributed Free and Reduced Price Meal Applications to households during 1992–93, also known as the Base Year. Eligibility was determined as usual and students received meals at no charge. The district established percentages for numbers of free, reduced-price, and full pay students, by campus, by month, for lunch and for breakfast. In subsequent years, staff counts only total meals for breakfast and lunch. Staff then applies Base Year claiming percentages to the total meal counts to determine meal counts by category.

Because the district participates in Provision 2 for both breakfast and lunch, there is no need to collect

new free and reduced price applications. In addition, verification is not required beyond the Base Year because there are no new applications. Since the district has not collected new applications since 1992–93, the district incurs no administrative cost of approving free and reduced price applications.

BREAKFAST IN THE CLASSROOM

Rio Grande City CISD has implemented breakfast in the classroom in 11 schools. Students have the opportunity for a healthy breakfast while increasing revenues for the food services department. The food services department works directly with campus principals to carry out this program. Rio Grande City CISD has provided training to participating school staff. The school level manager provides a menu to each teacher on a weekly basis. The teacher polls the students to identify daily menu selections for the week. The teacher returns the results to the cafeteria; and cafeteria staff provides rosters and the requested meals for each classroom daily. Food service staff prepares food in the cafeteria and delivers breakfast to the classroom in color-coded coolers; red for hot food, and blue for cold food. Teachers are required to mark rosters indicating who received a breakfast. The teacher returns the roster to the cafeteria where staff totals the meal counts.

Exhibit 6 shows the breakfast participation rates for RGCCISD schools. Two schools do not

EXHIBIT 6
BREAKFAST PARTICIPATION RATES
RIO GRANDE CITY CISD
2006–07

SCHOOL NAME	% BREAKFAST PARTICIPATION
High School	91%
Grulla Middle	100%
Ringgold Middle	92%
Veterans Middle	77%
Grulla Elementary	99%
La Union	94%
North Grammar	97%
Hinojosa	97%
Ringgold Elementary	100%
Roque Guerra	98%
Alto Bonito	94%
General Sanchez	93%
Dr. Ramirez	97%

SOURCE: Based on review of 2007–08 participation data provided by Rio Grande City CISD.

participate in this program due to busing constraints, but already have high student breakfast participation rates. The participation rates at these schools are 98% and 93%. These schools promote breakfast in the cafeteria by sending all students to breakfast upon arrival. In addition, the school serves breakfast at no cost to all children, the administration encourages student participation, and the cafeteria is used as the holding area for the students before school starts. However, staff monitors the breakfast counts monthly and annually for the number of students participating. If breakfast counts of meals served in the cafeteria fall below a set percentage, the schools evaluate the process of implementing breakfast in the classroom.

MANAGER ACADEMY

Food service managers participated in Education Service Center (ESC) Region 1 Manager Academy that provides comprehensive training regarding

school food service operation. Ten managers from Rio Grande City CISD participated in this comprehensive school food service training program. The ten-day course consisted of sessions that covered nutrition, program regulations, production records, use of the food buying guide, recipe standardization and modification, production and work scheduling, ordering, receiving and storage, service and marketing, managing personnel, and leadership. As part of the manager academy, each manager is required to have a mentor within the district. The district provided a mentor, someone already on staff, who could answer questions and assist with on-the-job assignments for the managers.

Each manager committed to a three-month course held at Region 1. As managers completed each course, they received staff development credits. By participating in these classes, managers are trained in all aspects of managing and operating a kitchen in compliance with federal and state regulations. Managers display extensive knowledge of common practices on child nutrition regulations when questioned.

STUDENT SURVEYS

The food services department has conducted a formal student survey that evaluates students' opinions regarding the food service operation. The food services department created its first multiple-choice survey to rate students' opinions on the foods they prefer, the amount of time they have to eat, how often they eat in the cafeteria, and why they eat or do not eat in the cafeteria. In addition, the survey included a section for students to provide comments for improvements. The department is in the process of evaluating and disseminating the students' comments and responses.

The food services department plans to analyze the responses and review the results of the analysis with cafeteria managers to determine if changes are needed to better satisfy students. The district will implement changes as necessitated by the survey. The district should continue to analyze the surveys and repeat the process annually.

PURCHASING COOPERATIVE

The food services department utilizes the RESC Region 1 purchasing cooperative in order to reduce the burden and cost of bidding goods and services. A purchasing cooperative provides volume-buying power to smaller districts. The combined buying power of several small districts increases the likelihood of vendors competing for business. The School Nutrition Association, the professional organization supporting the National School Lunch Program, reports that purchasing cooperatives save school food service departments 80 to 100 hours of labor expense each year. Departments avoid these labor hours by not having to write bids.

During 2007–08, the food services department has not procured any of its services or goods outside Region 1. The district pays a service center fee to fully utilize services of the cooperative. The cooperative gathers requests from districts to create, advertise, and award bids. The district purchases

goods and services from listed bids without further concern.

By taking advantage of services offered by the cooperative, the food services department keeps costs low and maximizes effectiveness of staff. According to the National Food Service Management Institute, school districts using a purchasing cooperative incurred the least cost for food items. Districts recognize cost savings when purchasing power is combined because food purchased in greater quantities costs less per unit. A sampling of these cost savings is shown in **Exhibit 7**. As shown in the exhibit, savings ranged as high as 43 percent. By purchasing goods and services through the cooperative, the district saves an average of 20 percent in food costs.

TRAINING SCHEDULE

The food services department has implemented a weekly training schedule for all cafeteria staff in order to maintain safe and sanitary kitchens. Staff created a yearly schedule addressing food safety, sanitation, worker safety, and regulatory compliance.

On a weekly basis, the manager at each school conducts training for all cafeteria staff. Staff is required to attend the training. Training covers all areas of the school food service operation. Training includes topics such as calibrating thermometers,

**EXHIBIT 7
2007–08 COST SAVINGS FROM FOOD COOPERATIVE PURCHASES
RIO GRANDE CITY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

ITEM	NON-COOP PRICE	COOP PRICE	DIFFERENCE +/-	% SAVINGS
Sliced Cheese	\$42.40/case	\$35.00/case	-\$7.40/case	17.5%
Breaded Steak	20.52/case	13.76/case	-6.44/case	33%
Cream Corn	22.68/case	22.45/case	-.23/case	2%
Pears	26.85/case	24.98/case	-1.87/case	7%
Mayonnaise	31.91/case	18.16/case	-13.75/case	43%

SOURCE: Region 1 bid document pricing compared to local non-bid/non-cooperative pricing.

preventing burns, proper cooling procedures, proper use of equipment, handling ready-to-eat foods, meals per labor hour, the impact of making false statements, washing fruits and vegetables, presentation, and recordkeeping.

Managers routinely train and question staff to ensure all are properly following protocol. Staff demonstrated proficiency in many areas as kitchens were clean and food was prepared and served with maximum visual appeal. In addition, food tastes good, which in turn has led to high participation at all schools. **Exhibit 8** shows the school lunch participation levels for 2007–08. As shown, participation rates were exemplary for all schools, with an average rate of 95 percent.

**EXHIBIT 8
LUNCH PARTICIPATION RATES
RIO GRANDE CITY CISD
2007–08**

SCHOOL NAME	% LUNCH PARTICIPATION
High School	76%
Grulla Middle	99%
Ringgold Middle	83%
Veterans Middle	94%
Grulla Elementary	98%
La Union	98%
North Grammar	97%
Hinojosa	98%
Ringgold Elementary	99%
Roque Guerra	98%
Alto Bonito	96%
General Sanchez	97%
Dr. Ramirez	98%
Average Rate	95%

SOURCE: Based on review of 2007–08 participation data provided by RGCCISD.

DETAILED FINDINGS

FINANCIAL OVERSIGHT (REC. 1)

Rio Grande City CISD's food services department does not maintain adequate financial oversight of its annual budget. During the 2004–05 school year, the district overspent its fund balance by \$1.4 million. A fund balance is an excess of revenue that is similar to a savings account. A school district's food service operation may have the equivalent of three months of operating expenses in its fund balance. Federal regulations require food service operations to spend the excess fund balance to improve the operation. These allow food service to reduce the fund balance through decreasing the cost of student meals, or making capital improvements to the cafeteria, kitchen, or equipment.

As early as July 2004, the district identified an excess fund balance of \$591,728. The food services department created a plan to reduce the fund balance by \$592,091. The district submitted the plan to the Texas Department of Agriculture (TDA), the overseeing entity of Child Nutrition Programs, who in turn approved the plan. From a review of purchase orders and receipts of items purchased, it appears the district did not purchase all planned items. For example, the food services department planned to purchase two vans; however, there is no supporting documentation to indicate the purchase of these vans during that time. In April 2005, TDA cited the district for having an excess fund balance. TDA required the food services department to spend the excess fund balance. By May 2005, the food services department had created a plan to reduce the excessive operating fund balance by \$883,288. TDA approved the plan. From receipts of items purchased, it appears the district purchased items in addition to those

listed on the approved plan. For example, the district purchased 15 stainless steel utility carts totaling \$7,680 that were not on the original proposal. The district purchased equipment for Ricardo Sanchez School totaling \$204,026 whereas the district only planned to spend \$7,074. The district purchased equipment for Grulla Middle School in excess of \$91,249; however, the district had only planned to spend \$62,215. Over the course of two years, the district spent in excess of \$1.4 million due to a lack of financial oversight.

When the review team asked the district for an explanation, district staff repeatedly stated they were not sure what happened other than, all of the equipment was more expensive than the quotes received and that the food services department did not receive the anticipated revenue. Knowing the district had to spend in excess of \$800,000, the district should have followed its spending plan and utilized the purchasing cooperative provided by Region 1. According to the district's policy, the finance department and the board of education must approve a purchase order. In addition, the district's policy is that it cannot create a purchase order if the money is not in the food services account. If Rio Grande City CISD had followed this policy, the district could not have overspent its food service fund balance and created a \$45,000 deficit. Finally, if the district had utilized the purchasing cooperative, the district's cost per item would not have increased because of bid timing.

Although the district recognizes the financial problems and is evaluating the situation, they are at risk of this happening again. The food services department is reviewing the cost of items and determining how to control those costs; however, the department is not taking a comprehensive approach to responsible financial stewardship. For

example, the secretary reviews expenditures and the budget; however, she does not have adequate access to the financial management system used by the district. In order to compensate for this, the secretary creates her own in a spreadsheet limiting her view of finances. This is a duplication of work and could be eliminated if the district provides access to the reports. In addition, stand-alone reports, one not tied to any database where information is stored and retrieved, are prone to error because staff manually transfers data from one source of information into another. Finally, the food services director reports to the human resources director. The human resources department is not prepared to assist the food services director in evaluating financial shortfalls.

In addition to bidding items and granting read only access to financial reports, the district should follow industry standards for creating a balanced budget. According to InTeam & Associates, a recognized leader in school food service cost control strategies, the district should allow the following:

- 40 percent of its budget for labor including fringe benefits,
- 40 percent for food including paper supplies and commodity value,
- 7 percent for administrative costs including district office salaries,
- 6 percent for direct costs including utilities and maintenance,
- 4 percent for indirect costs,
- 1 percent for equipment replacement,
- 2 percent for profit to be retained in a fund balance.

Effective business practices conclude that the food services department should be self-sufficient, so the department's operations revolve around financial activity. To serve the needs of the food services department, the review team recommends the finance department supervise the food services department. The human resources department currently supervises this department; however, staff in both departments stated it had been "weeks" since the last communication. The food services department needs close and direct supervision to maintain financial stability.

The district indicated to the review team that the food services department is "currently working with the business office to have the "Alio" financial program used by the district be accessible." The district stated that the program, however, is limited and can only view all the financial statements related to the Child Nutrition Program. While the district is working to make some of these improvements, it is important for RGCCISD to pay close attention to best practices and ensure the financial department is working hand-in-hand with the Child Nutrition Department to ensure solvency. The food services department oversees a more than \$6 million dollar budget and faces many challenges with today's rising food and fuel costs.

Rio Grande City CISD should implement sound financial management practices in its food services operations. The food services department should work directly with the finance department to implement standard budgeting formulas in all areas. Maintaining a balanced budget will provide the food services department ample finances to fund payroll, food expenses, direct costs, and regrowth of fund balance.

Industry best practices identify the need for the bidding and budgeting processes to promote

financially sound purchases. Before making any large purchases, the district should follow state and federal procurement regulations, which include bidding items in excess of the identified thresholds. For example, Port Arthur ISD delegated oversight of the bid process to the supervisor of purchasing and accounts payable. The supervisor determines the means by which the district purchases the items and oversees the process. San Elizario ISD created a comprehensive plan to correct departmental deficiencies and implement management changes to improve financial stability and productivity. Should the district implement a fiscally sound budget, the district will save two percent of each year's budget and create a \$13,600 surplus per year for a savings of \$68,000 over the next five years.

JOB DESCRIPTIONS (REC. 2)

The district has not reviewed and revised the food service staff job descriptions. The food services department has modified job responsibilities and expectations, but has not updated the job descriptions. A job description is a written set of performance expectations of each employee. However, the Rio Grande City CISD's job descriptions are outdated and in need of revision. Due to staff turnover in the district office, many employees are taking on additional duties and relinquishing others; and the district has not updated or revised the expectations listed in the job descriptions.

For example, the food services secretary does not check monthly food inventories as the job description indicates; however, she is directly responsible for tracking all expenditures, a duty the job description does not express. The food services director's job description indicates she is to purchase and maintain all inventory of food, supplies, and equipment, a job delegated to a

purchasing clerk. The director's job description also indicates the director is a dietitian; however, the current director is not a dietitian. The job description for the assistant director/dietitian does not indicate any role in creating menus. This position is underutilized. Because the food services director is not a dietitian, the review team suggests the assistant director/dietitian play a larger role in planning the menus. The food services department should update the job description of the assistant director/dietitian to reflect this expectation. The job descriptions of several staff overlap in expected duties; however, the actual job responsibilities of staff in the day-to-day operation are not similar. In addition, the Rio Grande City CISD had been paying the former food services director her full salary designating her as a consultant to the district's food services department; however, the position did not have a job description detailing her duties and responsibilities. According to school administrators, after the review team completed the site visit, the consultant retired in May 2008 and the position was eliminated. Even though the position was eliminated, the district indicated to the review team that the position's salary will remain in the food services department's budget "to be budgeted in another code where needed."

In addition, some job descriptions are very similar and even contradictory. For example, the job description for the dispatcher/warehouse custodian is similar to the job description for the assistant dispatcher/warehouse custodian. The qualifications for the assistant dispatcher are more stringent than the qualification for the dispatcher (i.e., there are no qualifications for the dispatcher).

Industry best practices identify the need to update the job descriptions. The food services administrative staff should work with the human

resources department to clarify responsibilities, expectations, and duties for its employees. The district should use a professional evaluation process based on performance expectations rather than on certification when updating job descriptions. For example, Marlin CISD subscribes to the Texas Association of School Boards (TASB) personnel and legal services to maintain the district's job descriptions.

Rio Grande City CISD should revise the food service operation's job descriptions and ensure that periodically that job descriptions are updated to reflect the most current description of the position regarding its duties and responsibilities. Implementing this recommendation will realign staff resources more effectively in the food services department.

The district should contract for a vendor to assist in revising the district's food service operations job descriptions for a cost of \$775 per year, or a total of \$3,875 over a five-year period.

Additionally, since completing onsite work, the eliminated food services consultant position of \$70,000 plus \$7,947 in benefits for a total of \$77,947 annually will create a five-year savings for the district of \$389,735.

PROFIT AND LOSS STATEMENTS (REC. 3)

Rio Grande City CISD does not prepare and utilize food services department monthly profit and loss statements by school. The food services department creates expenditure summaries by year, revenue breakdown summaries by year, daily records of income by site, spreadsheets with monthly meal counts by category (i.e., free, reduced price, and full pay) and by meal type (i.e., breakfast, lunch, and snack), and yearly budget worksheets. The food services department creates these documents

manually from various accounting programs and stand-alone spreadsheets. There is no central food service accounting system that creates internal reports for the department.

A monthly profit and loss statement by school or cost center is essential to managing finances. Monthly profit and loss statements by school should compare actual results with budgeted standards. Food and payroll expenses as a percentage of revenue, cost per meal, and meals per labor hour should be included in the profit and loss statement.

Without such information, cafeteria managers are not certain of their monthly financial status and cannot perform an analysis of food sale performance or identify financial inefficiencies. Therefore, management cannot improve departmental operating performance at the campus level on a timely basis.

District officials told the review team that they are currently working on an Excel spreadsheet to include all the expenditures and revenues monthly by schools. While this is a good step forward, the district does not make mention of any evaluation being conducted regarding cost effectiveness of the budget. RGCCISD should have a firm plan in place for what type of budget to follow. A budget “standard” should be in place before profit and loss statements generated by each school can be understood by all.

Rio Grande City CISD should generate and distribute monthly profit and loss statements to each school cafeteria manager on a timely basis. The food services department should generate these statements by campus to compare actual results with budgeted amounts and prior year results. The district should track key operating statistics (i.e., food and payroll expenses as a

percentage of revenue, cost per meal, meals served per labor hour) by cost center and integrate with profit and loss statements. Once the district has identified the deficiencies, the director of the food services department should identify unfavorable budget variances or trends and work with cafeteria managers and staff to reverse these situations in a timely manner.

Industry best practices identify the need to track individual food services department programs by site to promote financial efficiency and overall operational effectiveness. Effective profit and loss reporting systems often assist departments in further enhancing cafeteria-level cost controls and increasing department profitability. For example, South San Antonio ISD routinely provides profit and loss statements to each campus on a monthly basis. A computer software program for a district this size will cost approximately \$27,164 and may be purchased as part of the software update described below if the district selects an all-inclusive program. The fiscal impact of the software’s cost and maintenance will be covered in detail in recommendation 4 of this report.

SOFTWARE UPGRADE (REC. 4)

Rio Grande City CISD utilizes multiple programs and manual calculations for monitoring, tracking, and evaluating food service operations. This practice may lead to inaccuracies as staff transfer data from one document to another. The department’s secretary currently uses spreadsheets to create reports and track monthly participation; however, stand-alone reports are prone to errors. For example, the participation report for October 2007 indicated the average daily participation in the breakfast program was more than 17,000 meals; yet there are only 10,000 students enrolled

in the district. The district used a monthly average and not a daily average on the column.

The food services department calculates meals per labor hour manually and does not reevaluate the data on a monthly basis. This process is time consuming and labor intensive; however, an automated system immediately and accurately calculates the meals per labor hour on a daily basis. The department could make staffing changes or efforts to increase participation during the year if a school's meals per labor hour are too low and the school knows about it in a timely manner.

Rio Grande City CISD should consolidate computer-generated reports into one system that records inventory, point of sale meal counts, expenditures, and revenue. The food services department should upgrade its computer software to an all-inclusive program that captures required data. The computer system should be user-friendly and encompass all reporting aspects of the National School Lunch Program, such as meal counts, edit checks, production records, food costs, labor costs, and meals per labor hour.

Because of the amount of duplicate work and manual data entry, the review team recommends the district upgrade its point of sale software to a system that encompasses all needed reports and uploads information to the district office. Software specific to food service is available that will track inventory, point of sale, student fund balances, total labor, meals per labor hour, production records, and cost per meal analysis. For example, Glen Rose ISD uses a commercial software program that provides immediate information concerning student participation, sales by menu item, and various reports enabling the director to evaluate the efficiency of the program.

Since the initial fieldwork was conducted, district officials indicate that they "will be contacting the current software company (Nutri Kids) to upgrade the existing program." It is important that the district follow through with the upgrades to make certain all food services financial information is accurately captured, reported and analyzed.

An updated computer software program for a district this size should include developing the database, software, licenses for all sites, and training. The software and licenses for 13 schools will be approximately \$1,200 per school for a total of \$15,600. The software for additional points of sale in larger schools will total approximately \$1,027 per terminal or ($\$1,027 \times 7 = \$7,189$), seven additional terminals, for a total of \$7,189.

To develop the database and provide seven days of onsite training to staff, the district will incur approximately \$4,375 in costs. Total fiscal impact to the district will be approximately \$27,164 ($\$15,600 + \$7,189 + \$4,375$). Maintenance fees beyond the first year for the software will be approximately \$3,300 per year starting in 2010–11 through 2013–14.

FISCAL IMPACT

RECOMMENDATIONS	2009-10	2010-11	2011-12	2012-13	2013-14	TOTAL FIVE-YEAR (COSTS) OR SAVINGS	ONE-TIME (COSTS) OR SAVINGS
1. Implement sound financial management practices.	\$13,600	\$13,600	\$13,600	\$13,600	\$13,600	\$68,000	\$0
2-A. Realign staff to better use resources.	\$77,947	\$77,947	\$77,947	\$77,947	\$77,947	\$389,735	\$0
2-B. Revise and review job descriptions.	(\$775)	(\$775)	(\$775)	(\$775)	(\$775)	(\$3,875)	\$0
3. Generate and distribute monthly profit and loss statements to each school on a timely basis.	\$0	\$0	\$0	\$0	\$0	\$0	(\$27,164)
4. Consolidate computer-generated reports into one system.	\$0	(\$3,300)	(\$3,300)	(\$3,300)	(\$3,300)	(\$13,200)	\$0
TOTALS	\$90,772	\$87,472	\$87,472	\$87,472	\$87,472	\$440,660	(\$27,164)

Five-Year Gross Savings	\$440,660
Five-Year One-Time Gross Costs	(\$27,164)
Grand Total	\$413,496