

Departmental and Aramark Catering Audits

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What is an audit?

- According to Price Waterhouse Coopers, an audit is:
 - “the examination of the financial report of an organization - as presented in the annual report - by someone independent of that organization...” with the purpose to “...form a view on whether the information presented in the financial report, taken as a whole, reflects the financial position of the organization at a given date.” ¹
- In short, to verify all accounting entries are accurate, documented, and reasonable.



Why an audit?

- Enron scandal ²
 - “At the end of 2001, it was revealed that Enron's reported financial condition was sustained by an institutionalized, systematic, and creatively planned accounting fraud...”
- Sarbanes-Oxley (SOX) ³
 - Passed by Congress and signed by the President in 2002 “to restore trust in publicly traded companies after a surge in internal control scandals.”
 - CEOs and CFOs must certify:
 - Know of no material misstatements;
 - Designed controls so they would know of any misstatements;
 - Have evaluated the effectiveness of internal controls within 90 days prior to issuance of corporate annual financial statements;
 - Reported their conclusions on internal control effectiveness;
 - Disclosed any significant deficiencies in internal controls;
 - Disclosed any fraud involving people who have a significant role in internal control;
 - Indicated any significant change in internal controls since the internal control evaluation.



Why an audit?

- Virginia implemented ARMICS in 2006 as the Commonwealth's version of SOX:
 - Agency Risk Management and Internal Control Standards
 - The ARMICS documentation "...contains the Commonwealth's complete standards for internal control. Although discussion of 'internal control' has long standing with accountants and auditors, all of agency management should know, understand, embrace, and implement these standards. The standards must be applied to all government activities that involve the state's assets, accounting, and financial reporting." ³
- In order for JMU to remain in compliance with ARMICS, departments must follow the Financial Procedures Manual while the Finance Office is responsible for monitoring University and individual account activity.
 - Our campus is decentralized in that budget authorities, spending, etc. rely with the department heads and fiscal contacts.
 - Financial Reporting is charged with spot-checking monthly reconciliations to ensure departments are maintaining fiscal responsibility.



The Finance Procedures Manual

- <https://www.jmu.edu/financemanual/index.shtml>
 - Section 3005 Internal Controls
 - Section 3035 Reconciliation Guidelines
 - Section 4205 Expenditures
 - Section 4215 Travel (includes on campus meal per diem)



Monthly audits

- DeptIDs are chosen at random monthly for an audit.
- An audit letter is prepared and emailed to the fiscal contact as notice of an audit. The approving authority is CC'd on the email and the follow-up audit results.
- Fiscal contact and approving authority names are obtained from the Signature Authority document as maintained by the Finance Office.
 - <http://www.jmu.edu/financeoffice/signature.shtml>
 - If you receive a letter and are not the reconciler, please forward to the appropriate person and let me know. Updates to the document should be coordinated with the Finance Office using forms provided on the website.
- The audit letter will list the DeptID and the reconciliation month chosen. Also listed is the time frame to scan and email all documentation back; typically one week.





To: Dolly Madison, Fiscal Contact
CC: Duke Dog, Approving Authority
From: Shannon Huffman, Financial Reporting
Date: March 7, 2023
Re: Departmental Review

The Financial Reporting Office conducts monthly departmental compliance reviews in an effort to increase the accuracy of James Madison University's accounting and reporting. On-site audits will not occur at this time--instead, it is requested that you scan to PDF all reports and related documentation and email to huffmasc@jmu.edu. The review will include reconciliation documentation from the Fiscal Contact for the department listed below. **Documentation is due by March 14, 2023.**

Should you have any questions about the review, please contact me at 8.5285 or huffmasc@jmu.edu. If any of the information below is incorrect, please let me know as soon as possible. If you are no longer the Fiscal Contact, you will need to submit a Signature Authorization Form to Pam Crowe in the Finance Office. This form is located at www.jmu.edu/financeoffice/signature_form.doc.

DeptID	Department Name	Month of Review	Fiscal Contact	Approving Authority
100999	Training Dept.	January-2023	Dolly Madison	Duke Dog

****Please thoroughly review page 2 to assist in compiling the requested documentation.****

Additional Information for the Fiscal Contact:

- *Your departmental documentation must not contain sensitive data such as Social Security Numbers, SPCC Numbers, etc. Please make sure to “sanitize” your files by cutting out and shredding (or hole punching) this portion of the document. **This must be done every month, regardless of an audit!***
- The review will consist of reviewing original reconciliation documentation for Non-Personal Services (NPS) only.
- Remember not to run your reports in PeopleSoft until the 10th of the following month to allow all keyed entries to be posted.
- The DeptID listed will be reviewed for the given reconciliation period only. However, a Summary Financial report should still be included.
- Documentation for IT billings for licenses, Copier Rentals, Telecom, Postal Services, and Facilities Management charges is not required. However, documentation for Copy Center and Transportation charges will be reviewed.
- The Financial Procedures Manual outlines the responsibilities of the department in Section 3035-Reconciliation Guidelines (www.jmu.edu/finprocedures/3000/3035.shtml).

- The following is a checklist of documents that will be audited and needs to be included in the email:
 - Monthly Detail Report containing two signatures (or on the optional FIS cover sheet) and all supporting documentation for each expenditure that is reflected on the MDR (examples include: copies of ATV's, AP Vouchers, vendor invoices, etc.).
 - Summary Financial Report
 - Bank of America WORKS statement:
 - SPCC **Batch Date Memo Statement** that reflects all expenses for the calendar month.
 - Or, two separate **SPCC GL Memo Statements** that run mid-month to mid-month. (This is the report that Cash and Investments requires departments to maintain on file.)
 - Individual receipts, eVA orders, etc. are not needed at this time unless a follow-up request is made.
 - Your SPCC should be reconciled monthly in Bank of America's WORKS. If account 130900 shows a balance on the Summary Financial Report, this amount must be reconciled using the SPCC ATV found at http://www.jmu.edu/acctgserv/pcard_ATV.doc (Financial Procedures Manual 4220.940).
 - Food and Beverage Certification Form (formally Business Meal Certification Form) and Aramark Contract or off-campus receipts for each dining/meal purchase.
 - Duke Card Monthly Usage Log listing the items and location of purchase with all receipts. For dining charges, all persons must be listed along with the reason for dining. The following form is provided online for your use: <https://www.jmu.edu/financemanual/procedures/1020.shtml> titled "Duke Card Log."
 - Meal Voucher Usage Log listing the persons and reason for dining. The following form is provided online for your use: <https://www.jmu.edu/financemanual/procedures/1020.shtml> titled "Meal Voucher Log."
 - As announced in January 2020 Finance Form, meal vouchers can no longer be given to students as incentives. Meal vouchers are considered a monetary gift and incentives can only be of a non-monetary value. This gift may affect the student's financial aid package.
 - All off campus faculty/staff team building retreats must have prior letter of approval from the AVP for Finance.
 - IRB letter of approval for any Payments to Research Subjects using account code 141320.

Monthly audits

- Scan to PDF and email documentation to huffmasc@jmu.edu within the audit window.
 - **NO sensitive data!**
 - One PDF or multiple, whichever is easiest for you.
- If something is missing or I have a follow-up question, I will reply by email.
- Once the audit is complete, you and the Approving Authority will receive the Audit Review with a completion status or will list any audit findings that need corrective action.



Items of note

- PeopleSoft reports should not be run until the 10th of the following month to allow for month-end transactions to post.
- Only NPS (Non-Personal Services) documentation will be reviewed; no need to send PS (Personal Services).
- Please utilize IIS Request with Cash and Investments to obtain missing documentation prior to the audit.
- All off-campus faculty/staff team building retreats must have prior approval from the AVP for Finance. Please submit the approval if a retreat occurred during the month.
- IRB letter of approval is needed for any Payments to Research Subjects using account code 141320. Please submit the approval if payments occurred during the month.



Items to include

- The Monthly Detail Report (MDR) and Summary Financial Report (SFR).
 - All supporting documentation for each item found on the MDR. This includes ATV's, Accounting Vouchers, Vendor Invoices, DTF's, etc.
 - Not required items include internal charges from IT (e.g. Adobe licenses), Postal Services, Copier Rentals, and Facilities Management.
- Two signatures are required on the MDR or optional FIS coversheet:
 - Fiscal Contact/Reconciler and
 - Approving Authority.
- ALL documents (hardcopy and electronic) **MUST** be sanitized of personal information! Including, but not limited to:
 - Credit card numbers/expiration dates/card security codes.
 - Social Security numbers.
 - Bank account information.
 - Black marker does not suffice. This information must be redacted before photocopying original or cut data out with hole punch.



Items to include

- SPCC reconciliations must be present, including multiple cards for the department. Bank of America WORKS statement:
 - **Batch Date Memo Statement** reflects all expenses for the calendar month, OR
 - Two separate **SPCC GL Memo Statements** that runs mid-month to mid-month. (This is the report Cash and Investments requires to be on file).
- Food and Beverage Certification Form and Aramark Catering Contract (or off campus vendor receipts) for each meal.
- Duke Card Monthly Usage Log- If the department has a Duke Card and uses regularly, the completed log and receipts should be included.
- Aramark Meal Voucher Usage Log- If vouchers are purchased and used/stored, then the meal voucher log must be completed monthly and submitted. All persons receiving must be listed with the reason for dining.
 - I will always follow-up requesting storage location of the vouchers and who has access.



Food and Beverage Certification Form

- Recently updated from a Word Document to Excel.
- Now includes more detailed information of the event, including Aramark Contract #.
- Two more tabs below for additional names.
- Must be prepared for each Aramark catering event or off-campus food vendor.
- Rule of thumb, if food/drink is involved, prepare a FBCF!

JMU FOOD AND BEVERAGE CERTIFICATION FORM																											
Date Prepared:																											
On Campus or Off Campus:																											
Aramark Contract#:																											
Contact Person:																											
Contact E-mail:																											
Contact Phone Number:																											
SPCC Cardholder Printed Name:																											
SPCC Cardholder E-mail:																											
SPCC Exception Form #:																											
Date of Meal of Food & Beverage Expense: <input type="text"/> Meal and/or Food & Beverage Amount: <input type="text"/>																											
If Off Campus, Name & Address of Dining Facility: <input type="text"/>																											
Business Reason (check appropriate box): Employee Engagement Function <input type="checkbox"/> Recruitment <input type="checkbox"/> Training Function <input type="checkbox"/> Student Function <input type="checkbox"/> Other (Explain the Nature of the business benefit) <input type="text"/>																											
Over meal per diem? <input type="checkbox"/> If yes, provide additional justification for meal over state limit up to 50% and obtain signature: <input type="text"/>																											
Approving Authority's Printed Name: <input type="text"/>																											
Approving Authority's Signature: <input type="text"/>																											
Names of the Meal Participants: <table border="1"> <thead> <tr> <th>NAME</th> <th>AFFILIATION</th> </tr> </thead> <tbody> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> </tbody> </table>		NAME	AFFILIATION																								
NAME	AFFILIATION																										
Additional participant list and/or agenda attached? <input type="checkbox"/>																											

Contact Phone: 8.5555



(Substitute Food & Beverage Certification Form)

[illegible]

557.00

Date _____



~~Monthly Usage Log~~

(Substitute Business Meal Certification Form)

Where are they stored? Who has access?

Revised 8/17/2007

Aramark Catering Audits



Why an audit?

- State agencies are limited in the amount per diem (cost per person) that can be spent on food and beverages at a particular time of the day.
- While this section of the FPM refers to travel per diems, these per diems still apply to on-campus meals.
 - <https://www.jmu.edu/financemanual/procedures/4215.shtml#.350-meals/food-and-beverage>
- JMU follows the Federal Government per diem rates as published by the U.S. General Services Administration (GSA).



Current Per Diem Rates

Oct. 1, 2022-Sept. 30, 2023 (Federal Government Fiscal Year)

	GSA per diem for zip 22801	150% overage allowance
Breakfast (until 10am)	\$13	\$19.50
Lunch (10am to 3pm)	\$15	\$22.50
Dinner (3pm until)	\$26	\$39

- The Assistant Vice President for Finance has granted permission for departments to utilize the 150% overage allowance with justification and Approving Authority approval when using Aramark catering.
- All food/non-alcoholic beverages/china fees/late fees/linen fees, etc. must be included within the per diem calculation!
- All alcoholic beverages and bartending fees must be paid by external funding (e.g. Foundation). Departments need to work with Aramark's billing department for an alternate source AND to ensure Aramark does not mistakenly bill alcohol to the department.



Audit

- Monthly reports from Aramark are received detailing all catering events for the prior month.
- Calculations are made to determine:
 - Event per diem as based on Aramark Contract time
 - Event allowance (guest count * per diem)
 - Actual cost of event is then compared to event allowance to determine if per diem overage occurred.
- For events that appear to be over per diem based on the report, I then look at a copy of Catering Contract
 - The amount billed on the contract is compared to your department's PeopleSoft reports.
- If the event is indeed over per diem as based on billed amount and guest count, a letter is emailed to the Customer on the Catering Contract with repayment instructions.
- Please forward the letter to others as needed and ensure the deadline is met for repayment.
- If you have any questions regarding the letter, please give me a call at 8-5285.





TO: Duke Dog, Training Department
FROM: Shannon Huffman, Financial Reporting
RE: Reimbursement for Catering Charges
DATE: 2/24/2023

In follow-up to the Jan. 2023 review conducted for Aramark Catering charges, it has been determined that the following transaction is not in compliance as an allowable expenditure of state funds:

- Catering Contract #81160, Breakfast event date of 1/28/2023, charged to DeptID 100999

Using the 150% maximum allowable Breakfast meal per diem of \$19.50 for the 30 participants indicated on the catering contract, the maximum allowable charge is \$585.00. The actual charge was \$715.72 and resulted in exceeding the total allowable per diem by **\$130.72**.

Please note section 4215.350 of the JMU Financial Procedures manual regarding allowable Meals and Incidental Expense rates approved by the Commonwealth.

Reimbursement for **\$130.72** needs to be completed back to your department. If reimbursement funding will be from the JMU Foundation, it is the department's responsibility to immediately initiate the payment request with the JMU Foundation. Financial Reporting will directly receive the reimbursement check and prepare the required Deposit Transmittal Form for deposit and you will receive a copy.

If reimbursement is from another source, a Deposit Transmittal Form coded to DeptID **100999-129900** will need to be made with the University Business Office cashier prior to 3/17/2023. Once this has been completed, please forward a copy of the **receipted** Deposit Transmittal Form to my attention at MSC 5715.

If you have any questions or concerns, please contact me at 8.5285 or huffmasc@jmu.edu.

Repayment

- Repayment of overage:
 - If from the JMU Foundation-
 - Financial Reporting receives all Foundation checks and I will prepare the DTF on the department's behalf. I will forward a copy for your records; the Aramark audit is complete at this time.
 - If from another source-
 - The department is responsible for depositing the payment to the University Business Office and forwarding a copy of the receipted DTF to Financial Reporting. Once the DTF is received, the Aramark audit is complete at this time.



Year-End

- At fiscal year end, all audit findings are compiled and given to Matt Phillippi, JMU's ARMICS coordinator. This information is distributed to Senior Management as part of JMU's internal control standards.

Reminder!

- June's departmental reconciliations are just as important as any other month!
 - Even though you are in the new Fiscal Year when reconciling June, errors must still be found and corrected.
 - If something needs to be fixed, it can still be done! Uncorrected errors can cause huge repercussions on JMU's financial statements and result in potential audit issues. Contact Financial Reporting for assistance in corrections.



Links

- Optional FIS coversheet for Signatures
 - <http://www.jmu.edu/financemanual/procedures/3035.shtml>
 - Click link at bottom of page for Excel file
- Finance Procedures Manual reconciliation guidelines:
 - <http://www.jmu.edu/financemanual/procedures/3035.shtml>
- Finance Procedures Manual per diem guidelines:
 - <http://www.jmu.edu/financemanual/procedures/4215mie.shtml>
- Signature Authority
 - <http://www.jmu.edu/financeoffice/signature.shtml>
- Business Meals
 - Includes Meal Voucher Usage Log and Duke Card Log
 - <https://www.jmu.edu/financemanual/procedures/4205.shtml#.314>



Sources

- 1 “What is an audit?” Price Waterhouse Coopers,
<https://www.pwc.com/m1/en/services/assurance/what-is-an-audit.html>
- 2 "Enron." Wikipedia, The Free Encyclopedia, Wikimedia Foundation, 17 Feb 2023,
<https://en.wikipedia.org/wiki/Enron>
- 3 “Agency Risk Management and Internal Control Standards.” Virginia Department of Accounts, Sept 2015,
<https://www.doa.virginia.gov/reference/ARMICS/ARMICSStandards.pdf>, page 5

