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WEST VIRGINIA STATE UNIVERSITY

DINING ACCOUNT REVIEW

FY 2009—2010

December 7, 2010

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INTRODUCTION

Approximately eight years ago, it was requested of the WVSU Student Affairs department to improve the quality of food service operations on the campus. In order to do so, WVSU entered into a contract with AVI Foodsystems, Inc. (AVI) in August 2003. This contract provides for AVI to purchase, prepare, and serve food products on the campus and provide nutritionally balanced meals for the students, faculty, staff and guests. Also, AVI is responsible for designing a food service program that enhances the student's quality of life and contributes significantly to the total educational experience. The contract between WVSU and AVI has been renewed annually since 2003 and has three renewal periods remaining.

In order to gain an understanding of this account, we reviewed all revenues and expenses, concentrating particularly on contractual expenses, for Fiscal Year 2009 and 2010.

OVERPAYMENTS TO AVI

During FY 2009 (Academic Year 2008-2009), it appears that WVSU overpaid AVI by \$17,608.70 and during FY 2010 (Academic Year 2009-2010), WVSU overpaid \$145,048.25. We met with an AVI representative to begin the process of recouping the overpayments. Also, we began a new review process of all AVI invoices to ensure we are billed correctly and overpayments are not made in the future.

UNCOLLECTED BALANCES

For FY 2009, the University charged students \$1,447,410.12 for dining. Approximately \$86,378.07 remains uncollected or 6%. For FY 2010, student charges totaled \$1,357,413.85. Approximately \$80,442.12 remains uncollected or 6%. We believe that the percent of uncollected balances is reasonable and our collection methods have facilitated in maintaining a low percentage of uncollectable balances.

STUDENT CHARGES

According to Mr. Bryce Casto, Vice President of Student Affairs, charges for housing and dining services are presented to the WVSU Board of Governors for approval every year. Once the charges are approved by the Board, WVSU is locked in at the prescribed rates. It is possible that WVSU may not be charging enough to cover expenses incurred by AVI because rate proposals aren't always submitted to WVSU in a timely manner. Also, we have reviewed our current charges and are considering a proposed rate increase for academic year 2011-2012 to ensure we collect enough revenue to cover all expenses.

CONCLUSION

A new invoice review process is currently in place to guarantee proper billing by AVI and we are diligently trying to recover overpayments made to them. Also, we are discussing contractual addendums with AVI regarding the submission of rate proposals earlier in the year to allow WVSU Board of Governor's enough time to review and approve them for the coming year.

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