

***Could the recommendation be supported with just this information?  
If not, what else is needed?***

Ntrax uses a contractor to provide it with food and beverage service.

Food and beverage service expenses for Ntrax totaled more than \$324 million over the 2-year period ending September 30, 2013, and represent approximately 5 percent of the total operations expenses over that period.

During fiscal years 2012 and 2013, Ntrax incurred \$2 in expense for every \$1 in revenue from its on-board food and beverage service.

The total loss for these 2 years was over \$160 million.

The contractor provided Ntrax with monthly invoices that were not audited.

During fiscal years 2012 and 2013, these operating statements were the basis for amounts paid by Ntrax totaling over \$138 million to the contractor for goods and services provided.

We found that the costs for the items the contractor purchased—and which were then charged to Ntrax—varied significantly without explanation or documentation of the variances. For example, the order prices of a 12-ounce Heineken beer ranged from \$0.43 to \$1.04 per bottle in 2013, the order prices of a 4-ounce beef tenderloin ranged from \$3.37 to \$7.19, and the order prices of a 10-ounce strip steak ranged from \$3.02 to \$7.58.

On the basis of amounts reported by the contractor, Ntrax paid the contractor each month for the cost of food and beverages purchased for Ntrax, as well as for commissary and associated labor expenses and other expenses incurred. The contractor was also paid a fee based on the cost of on-board stock.

***Recommendation:*** Ntrax should better monitor its contractor's performance to provide better assurance that the costs it pays for food and beverage are valid.