

BRIAN SANDOVAL  
Governor

STATE OF NEVADA

JAMES R. BARBEE  
Director



Las Vegas Office:  
2300 E. St. Louis Ave.  
Las Vegas NV 89104-4211  
(702) 668-4590  
Fax (702) 668-4567

Elko Office:  
4780 E. Idaho Street  
Elko NV 89801-4672  
(775) 738-8076  
Fax (775) 738-2639

## DEPARTMENT OF AGRICULTURE

405 South 21<sup>st</sup> Street  
Sparks, Nevada 89431-5557  
Telephone (775) 353-3601 Fax (775) 353-3661  
Website: <http://www.agri.nv.gov>

January 4, 2018

Laurie Pusley  
Nutrition Services Coordinator  
Elko County School District  
1060 Burns Road  
Elko, NV 89801

Dear Ms. Pusley:

The Nevada Department of Agriculture, Food and Nutrition Division conducted an Administrative Review of the Elko County School District from October 9, 2017 through October 12, 2017. The Administrative Review team consisted of Edward Coleman, Quality Assurance Specialist, Rose Wolterbeek, Nutrition Programs Professional, Stephanie Disuanco, Program Officer, and Bobbie Davidson, Program Officer. The purpose of the Administrative Review is to ensure compliance with federal regulations and to provide technical assistance for program improvement. Our team greatly enjoyed working with all food service staff members. Thank you for accommodating our staff during the review and for providing all the needed documentation in a timely fashion. Staff was very helpful in providing documentation and answering questions throughout the review process.

We conducted an exit conference on October 12, 2017 to discuss the major findings of the review. Laurie Pusley, Elko County Nutrition Services Coordinator, Veronica Cervantes, Nutrition Services Secretary, Jerri Norton, CPA and Director of Fiscal Services for the Elko County School District and Sam Schmale Director of Dining Services for Chartwells were in attendance. Administrative Reviews are required to be conducted on a three-year review cycle. The Elko County School District received an onsite review its National School Lunch Program (NSLP), School Breakfast Program (SBP), After School Snack Program (ASCP), and its Fresh Fruit and Vegetable Program (FFVP). The findings of the review are detailed below by the three main sections of the Administrative Review, Performance Standard I, Performance Standard II and Other Areas. The new procurement review is being coupled with the administrative review and the findings of the procurement review are also included in this letter.

### **Performance Standard I – Meal Access and Reimbursement**

The National School Lunch Program (NSLP) and the School Breakfast Program (SBP) have counting and claiming systems that are federally mandated for all School Food Authorities (SFAs) that are participating in

*This institution is an equal opportunity provider*

these programs. All free, reduced price, and paid meals claimed for reimbursement must be served only to children eligible for free, reduced- price, or paid meals. The certification and benefits issuance process is the SFA's certification of a student's eligibility for free or reduced-price meals and serves as the link to the SFA's meal counting and claiming system. Validation of this system during the Administrative Review ensures that eligible children receive meals to which they are entitled and that claims for reimbursement are valid.

The applications for free and reduced priced meals were reviewed for the Elko County School District. 350 applications were reviewed and the following errors were noted;

- One application was approved outside of the required 10- day time frame for application approval
- One application did not have an approval date so it was impossible to determine if it was certified within the 10-day time requirement
- One application did not have all the adult who signed the application listed as a household member

**Corrective Action Required:** Income applications without the correct adults listed as household members is a repeat finding for the Elko County School District. In addition to completing the following, please create a business process that details the proper way of processing income applications. It should include direction on how to determine who is a household member for income based applications. Please also include who by name or title will be designated to oversee this process to ensure that this corrective action is being complied with going forward. All individuals who review applications for free and reduced-price meal benefits should sign a copy of this business process signifying that they understand this process. Submit this signed process to NDA for review.

For the application that did not list all the adults, please contact that family and get the accurate household size. Document when the family was contacted, who was talked to and the outcome of the conversation. Submit this documentation along with the business process to NDA for review.

### **Applications Best Practice**

For applications that were processed outside of the 10-day time frame or did not have an approval date listed, be sure to comply with the 10-day time frame for processing applications and notifying families of their benefit status.

The applications that were verified as part of the verification process for the Elko County School District were also reviewed. One of the applications had supporting documentation, one check stub, for a bi- weekly income. The only time a single check stub may be accepted as proof of income for verification, is when that income is weekly and stable.

**Corrective Action Required:** None. Technical assistance was provided onsite. Staff were directed to seek at least two consecutive pay stubs for bi weekly incomes and that the only time a single pay stub could be accepted was when the income was weekly and stable.

The documents that are used as part of the application review process and verification, approval/denial letter and the notification of adverse action, were reviewed as well. The notification of adverse action had the following deficiencies;

- No notification of the ability to file an appeal within 10 days of the notification of adverse action,
- How to file an appeal,
- Direction to reapply at any time,
- The reason for the change in benefit status

*This institution is an equal opportunity provider*

This was corrected onsite as part of technical assistance. A corrected copy of this letter was received by NDA staff while onsite.

The counting and claiming systems at the following sites within the Elko County School District were directly observed by NDA staff;

#### **Southside Elementary**

- One cashier was allowing students to get through without a fruit or vegetable and 18 meals that were not reimbursable were served at this site.

#### **Wells Combined**

- The lady at the POS said that she “knows each child by name and checks them off as they enter the room.” The POS station was in the center of the room and not near where the children entered the gym to eat. It was not at the end of the service line and there is no waiver for this site to have their point of service in an alternate location. Children may only be counted when they receive a reimbursable meal at the point of service.

#### **Wendover Jr/Sr High**

- 7 meals that were observed did not have met meal pattern requirements. Three of these meals did not have a fruit component. The remaining four meals did not have enough of the fruit component. The students were observed taking a few pieces of lettuce. When asked about this, the kitchen manager agreed saying, ‘They are taking those for their sandwich.’ It was noted that there was no other fruit/vegetable component on the students’ plate beyond the lettuce.
- The line here was chaotic and it was virtually impossible for anyone to properly monitor the students as they came through the lines. Technical assistance was provided onsite to help smooth out the flow of students.
- Meals being reported also are not being counted correctly. Student workers were observed taking meals and not going through the point of service. When this was brought up it was stated that they are served first and then a number was submitted.

**Corrective Action Required:** This is a repeat finding from the last Administrative Review at Wendover Jr/Sr High. They served breakfasts on the last review that did not have all of the required meal components. As such, the meals served the day of review for Wendover Jr./Sr. High will all be recouped. The only time a meal may be counted is when it is served to the child at the point of service and staff who are running the point of service must know what constitutes a reimbursable meal under the food service policy, straight serve or offer vs. serve, for the site where they run the point of service system. The business process should include the following information;

- A meal may only be counted at the point of service when it is served to the child.
- The point of service will be at the end of the meal service line.
- Staff who will be operating the point of service system must either know what constitutes a reimbursable meal based on the meals service they are providing or an individual who knows what constitutes a reimbursable meal must be present at the point of service.

Have all staff that count reimbursable meals, sign off noting that they have read and understand this business process. Additionally, indicate who by name or title will ensure the business process is followed going forward. Submit a copy of the signed business process to NDA for review.

### **Performance Standard II- Meal Pattern and Nutritional Quality**

The National School Lunch meal pattern is the foundation of federal school nutrition programs, and sponsors of the program must ensure that they are offering reimbursable meals for breakfast and lunch according to regulations (7 CFR 210.10 and 220.80). Schools operating NSLP and/or the SBP must prepare, offer, and serve meals to students that meet the meal pattern requirements for the appropriate age/grade groups on all reimbursable meal service lines.

The meal pattern standards have specific requirements for minimum amounts of fruit, vegetables, meat/meat alternates, and grains that must be offered daily and weekly. In addition, there are standards for vegetable sub-groups which must be offered each week. The meal pattern also requires that all creditable grain items be whole grain rich. The meal pattern limits calories (minimum and maximum levels), restricts sodium levels, limits saturated fat, and eliminates trans fats. The month of review was September 2017 and the menu, nutrient analysis and menu certification worksheets were compliant.

### **Production Records**

Per 7 CFR 210.10 schools must follow a food based menu planning approach and produce enough food to offer each child the quantities specified in the meal pattern and must also keep production and menu records for the meals they produce/serve. Production and menu records must be maintained in accordance with Food and Nutrition Service (FNS) guidance. The menu production records must be filled out completely and daily for all NSLP programs. Upon review of the menu production records September 5, 2017 through September 28, 2017 for the breakfast and lunch, the following information is missing:

#### **Flagview Elementary School:**

- Details on the form of the product. For example, please list the form of the fruit (fresh, frozen, canned, or juice)
- Details on the Amount needed/pulled column. For example, please list the case count and product code.
- September 13- Total reimbursable meals claimed or breakfast (51) exceeds the amount of fruit served (41).
- September 20- Total reimbursable meals claimed for breakfast (57) exceeds the amount of fruit served (38).
- September 25- Total reimbursable meals claimed for breakfast (63) exceeds amount of fruit served (57).
- September 23- Total reimbursable meals claimed for breakfast (56) exceeds the amount of fruit served (50).
- September 28- Total reimbursable meals claimed for breakfast (68) exceeds the amount of fruit served (41).

#### **West Wendover:**

- Details on the Amount needed/pulled column. For example, please list the case count and product code.
- Lack of consistency in how scratch cooked items are broken up on production record. For example, the deli sandwich was broken up by ingredient and all other scratch made items were not. All scratch made items must include all ingredients on production record.

- Fruit and Vegetable servings are too difficult to confirm. Different units of measurement are recorded for prepared, served, and leftover columns of the same item.
- Details on the form of the product. For example, please list the form of the fruit (fresh, frozen, canned, or juice)

**Wells Combined:**

- Details on the Amount needed/pulled column. For example, please list the case count and product code.

**Southside Elementary School:**

- Details on the form of the product. For example, please list the form of the fruit (fresh, frozen, canned, or juice)
- Details on the Amount needed/pulled column. For example, please list the case count and product code.
- Lack of consistency in how prepared items are broken up on production record. For example, chicken patty sandwich is separated by ingredient but, turkey sandwich is not. All scratch made items must include all ingredients on the production record.
- September 5- Total reimbursable meals claimed for breakfast (65) exceeds the amount of fruit served (45).
- September 5- Total reimbursable meals claimed for lunch (362) exceeds the amount of fruit and vegetables served (359)
- September 7- Total reimbursable meals claimed for breakfast (66) exceeds the number of fruit served (62).
- September 12- Total reimbursable meals claimed for lunch (389) exceeds the number of fruit and vegetables served (317).
- September 20- Total reimbursable meals claimed for breakfast (88) exceeds the number of fruit served (63).
- September 21- Total reimbursable meals claimed for breakfast (100) exceeds the number of fruit served (93).
- September 25- Total reimbursable meals claimed for breakfast (97) exceeds the number of fruit served (86).

Additional technical assistance on Menu Production Records may be found on our NDA website:

<https://www.youtube.com/watch?v=h2H3m7X3Ww0>

You may find examples of completed menu production records at NDA's website;

[http://nutrition.nv.gov/layouts/Page\\_Style\\_1.aspx?id=8674](http://nutrition.nv.gov/layouts/Page_Style_1.aspx?id=8674) .

**Corrective Action Required:** Please provide the menu and one weeks' worth of completed menu production records for the following sites:

- Flagview Elementary School- Breakfast
- West Wendover- Lunch
- Wells Combined- Breakfast
- Southside Elementary School- Breakfast and Lunch

Additionally, the meals that were served in excess at Flagview Elementary and Southside Elementary will be recouped. One week of the meals served at West Wendover Jr./Sr. High during the month of review will be recouped. Please see the accompanying Fiscal action letter for more specifics on the amounts to be recouped.

## Serving Sizes

### Northside Elementary

- The condiments for this site were located after the salad bar which is after the point of service. The students had unrestricted access to the condiments that were made available.

### Southside Elementary

- No scoop size was observed being used for the canned fruit at breakfast and at lunch there were no unitized scoops for the taco meat as well. There were standardized recipes at this site but the measurements did not appear to be followed.

### Wendover Jr/Sr High

- There were several items in the freezer here that were not Whole Grain Rich (WGR) compliant; English Muffins, Rolls
- cheese was not being measured but was instead being dished out in handfuls by the kitchen staff.

**Corrective Action Required:** One of the questions on the DSAT asks if standardized recipes and tools of measurement are being used and the Elko County School District responded “always”. As noted at Southside Elementary and West Wendover Jr/Sr High this practice was not observed. Please create a business process that covers the use of standardized measurement tools being used to measure and distribute food in the food service programs. All food service staff at West Wendover Jr./Sr. High and Southside Elementary should sign this document indicating that they understand the need to use proper measuring tools when making and distributing meals in the Food and Nutrition Services (FNS) program. The condiments at Northside Elementary were not being monitored. As noted in the DSAT in response to the question regarding portion sizes of condiments, it was indicated that these items are controlled but this was not observed onsite at the named site. Please create a business process for Northside Elementary that will detail the proper placement of condiments or indicate that a staff member should be observing the condiments station. The 7 meals that were served at West Wendover Jr. Sr. High will be recouped.

### Offer vs. Serve

Offer vs Serve is a meal service system that allows students to decline some of the food components/items offered. Offer vs. Serve gives students more control over the foods they consume and may help SFA’s reduce plate waste.

Offer vs serve was used at all sites reviewed. The following areas were noted;

### Northside Elementary

- This site is offer versus serve but the staff were not aware of what was needed to have a reimbursable meal under offer versus serve. One staff member that was operating the POS system stated that the children had to take “a grain, protein and fruit/vegetable” to have a reimbursable meal.
- During the second feeding at this site, students were observed being directed to take additional fruit, even though they already had fruit or vegetables on their tray.

### **Southside Elementary**

- The cashiers at this site were interviewed at lunch and breakfast. They seemed confused about what offer vs serve was. Many of them that were asked answered that to have a reimbursable meal, the students had to take three items. No staff members were observed telling students to take fruits with breakfast. At lunch staff were observed directing students to take fruit with their meal.

### **Wells Combined**

- No one at this site knew what the children had to take to have a reimbursable meal under offer versus serve. Both the head cook and the lady operating the POS knew the children had to take three items but they did not know that one of the three items taken had to be half a cup equivalent fruit/vegetable.
- The head cook was observed telling one of the children that they could not take two of the grain items that were offered and that they had to take another item. The child wanted the pancake on a stick and the cereal but was not allowed to take these items even though they could have under offer vs serve.

**Corrective Action Required:** This is a repeat finding from the previous Administrative Review. All staff who count and serve meals must know what comprises a reimbursable meal under offer versus serve at the various meal services. Create a business process that outlines to staff what a reimbursable meal is for students under offer vs. serve.

For breakfast;

- The student must be offered at least four food items composed of the following components; grain component (with optional meat/meat alternate), fruit (or vegetables as substitutes), and fluid milk.
- The student must choose at least 3 food items
- One of the chosen food items must be half a cup of fruit/vegetable equivalent

For lunch;

- The student must be offered 5 components; meat/meat alternate, fruit, vegetables, grain, and milk.
- The student must choose at least 3 components
- One of the chosen components must be half a cup of fruit/vegetable equivalent

Have all staff that count reimbursable meals sign off noting that they have read and understand this business process. Additionally, indicate who by name or title will ensure the business process is followed going forward. Submit a copy of the signed business process to NDA for review.

### **Menu Boards**

Each site must display the daily menu in such a way that the students can see it to help them make selections for their reimbursable meal. This is done to encourage the children to think about and assist them in making healthy food choices. The following issues were noticed at sites that were reviewed;

### **Northside Elementary**

- The menu board, which has the offerings for the day listed and indicates what has to be taken to have a reimbursable meal under offer vs serve was not in a location that would be easily viewable by the program participants at this site. It was placed on top of the milk cooler and the program participants here are all elementary school aged children that were unable to see the menu board.

### **Southside Elementary**

- Reimbursable meal signage was placed too high. Students could not see the sign. When discussing this with staff it was noted that the sign was on top of the serving station. The site manager said that had expressed that the sign was “too high” but Chartwells had said that the sign was ok and not to move it.

### **Wendover Jr/Sr High**

- The menu was not posted at this site. Technical assistance was provided and the menu that was posted did not assist students in determining what constituted a reimbursable meal from the items that were being offered.

**Corrective Action Required:** Create a business process governing the use of menu boards and displaying the menu. The offerings for the day should always be displayed in such a way that the students will know what is being offered and how in general, those offerings contribute to their meal pattern and form a reimbursable meal. The process should include the following information;

- Names of the food items/components being offered for the daily meal service
- An indication of the minimum number of food items/components that must be taken to have a reimbursable meal for each meal service
- An indication that at least one food item/component must be half a cup equivalent of fruit and or vegetables.

Additionally, at Wendover Jr./Sr. High send in two weeks’ worth of photographs of breakfast and lunch menu boards and include the corresponding menus for two weeks. Submit the photographs and the business process to NDA for review.

### **Comprehensive Resource Management**

The intent and scope of monitoring in this section is to apply a systemic approach to ensuring the overall financial health of an SFA’s nonprofit school food services account.

### **Maintenance of the Nonprofit School Food Services Account**

This section of the Comprehensive Resource Management review focuses on ensuring the SFA is maintaining and using its nonprofit school food services account according to regulatory requirements, which include observing the limitation on the use of the nonprofit school food services account revenue as set forth in 7 CFR 210.14 and ensuring that enumerated costs are necessary, reasonable, and allocable as set forth in 2 CFR 225.

The review of the Maintenance of the nonprofit school food services account is ongoing as additional information and clarifications have been requested from the Elko County School District.

### **Revenue from Nonprogram Foods**

This section is reviewed to ensure that the SFA took steps to ensure the revenues from the sale of nonprogram foods generates at least the same proportion of revenues as expenses as noted in 7 CFR 210.14(f).

Nonprogram foods are those foods and beverages sold in participating schools other than reimbursable meals and meal supplements that are purchased using funds from the nonprofit school food services account.

Nonprogram foods includes meals served to adults and a la carte items, as well as, items purchased with nonprofit school food service account funds for vending machines, fundraisers, school stores and catered and vended meals.



As noted in FNS Instruction 782-5 Revision 1, only staff that are directly involved in the production of a meal service can have a free meal at that meal service.

### **Wendover Jr/Sr High School**

- Staff that are not directly related to the food production process were allowed to receive free meals. Per the kitchen manager for this site, “We give free meals to any staff member who helps with lunch.” Janitors, teachers, and administrators were observed taking these meals. Additionally, there was a signup sheet that was posted for staff who did not participate but still took a meal. It was not used and the only time staff were directed to use it was when they were being observed at the point of service with their meal.
- Staff that took meals were not monitored. One teacher was observed taking multiple milks.

**Corrective Actions Required:** It is noted that the Elko County School District is paying for adult meals. The fixed price meal contract between the district and Chartwell oversees this. The total number of adult meals for September and October 2017 are as follows: 967 lunches paid for by staff and 849 free lunches given to staff. There were 356 breakfasts that were paid for by staff and 319 breakfasts that were given to staff for free. Please submit the adult meal price and the supporting documentation for how that price was determined. In general the base price for an adult meal is \$3.49 for lunch and \$2.29 for breakfast plus any additional taxes you may want to impose.

Additionally submit documentation showing that the adult meals that were paid for by staff have been paid for. For the free meals, submit documentation showing that the flat meal price had been paid to Chartwells for these meals and then documentation indicating that the remainder of the cost of the adult meal has accrued above the flat rate charged by Chartwells is accruing to the nonprofit school food services account.

### **General Program Compliance**

#### **Civil Rights**

The following site level errors were noted regarding civil rights;

#### **Northside Elementary**

- The “And Justice for All” poster was located on the wall behind a heating oven. It was not in a clear field of view for the program participants.

This was corrected onsite with technical assistance. There is no further corrective action needed at this time.

#### **SFA On Site Monitoring**

The Elko County School District onsite monitoring forms for the 16/17 school year were reviewed as their review was done in October 2017 there was no expectation to have the current school years onsite reviews completed. There were no major errors of noncompliance noted.

#### **Local School Wellness Policy/ Smart Snacks**

The following issues were noted during the onsite reviews

#### **West Wendover Jr/ Sr Highschool**

- During lunch, a school group came into the cafeteria and began selling popcorn for \$1 per bag.

**Corrective Action Required:** Popcorn is an allowable food item per smart snack regulations as long as it is compliant with smart snack regulations. Either submit the nutritional information for the popcorn that was sold during lunch on the day of review, or submit a business process that outlines the steps that the Elko County School District will take to ensure compliance with smart snack regulations. The business process should have the following;

- Indicate who by name/title is responsible for enforcing smart snacks compliance at the site level and district level
- Outline a process and schedule to review sites to ensure compliance
- Set up a series of tools to help enforce compliance with this policy including; training for noncompliant staff, and a process move these types of issues from the site level to higher administration if noncompliance continues

Submit a copy of this business process to NDA for review.

### **Professional Standards**

Professional standards is still open and ongoing for this review. The District is cooperating with the issues needed to clarify this section.

### **Water**

Free potable water must be available to students during their meal services. While reviewing the sites, the following issues were noted regarding water service;

#### **Flagview Intermediate**

- Water was not available until the middle of the meal service. When Chartwells staff arrived, water was put out shortly after.

#### **Southside Elementary**

- Water service was not practical for the students. They had water available but had to use the pointy cone cups. The students could not carry the cone shaped water cups with their trays.

#### **Wells Combined**

- There was no water access in the gym where the meals were being served.

**Corrective Action Required:** Water access is a repeat finding from the last Administrative Review. Create a business process outlining water availability. It should include the following;

- Water must be available at all meal services, excluding breakfast served in the student's classrooms.
- Barriers to the use of water are not allowed. For example, cups that don't stand up on their own or that make it difficult for the child to carry are not allowed.
- Indicate who by name and/or title is responsible for ensuring that this process is being followed at the site level going forward.

All staff who monitor and work on the food service for students at the site level should sign off on this business process indicating that they are aware of these regulations. Submit this process to NDA for review.

## Food Safety

Food Safety was evaluated at the site level. The following deficiencies were noted;

### Northside Elementary

- The HAACP manual at this site did not have an accurate table of contents.
- The oven that was used to warm and hold the food, did not have temperature checks being performed on it throughout the meal service.
- One of the program participants dropped their milk and staff members picked it back up and gave it to them.

### Wells Combined

- The HAACP manual at this location was part of a bigger folder of documents and it was difficult to determine what was part of the HAACP manual as opposed to other documents that were being kept in the binder.

### Wendover Jr/Sr High

- Sanitizer levels are not being monitored at this site. The three sinks was set up and staff were asked if they had tested the sanitizer levels. Staff replied they had and that the levels were at “200” which would be appropriate for the solutions. Staff were asked to dip strip test the third sink and it came out with concentration of 500 plus. The site manager here said that the concentration levels were so high because “there was frequent use”.
- The solution strength tracking log was not maintained for the day of review, as well as October 2<sup>nd</sup> and 3<sup>rd</sup>
- There was no thermometer in the milk cooler that was set out for the children to get milk out of.
- The HAACP manual is part of a bigger binder of documents and it is difficult to find sections that outline procedures.
- This meal service is in the gym. During the meal service students can play with basketballs, etc. On two occasions, these balls flew into the tables where students were eating their meals. No meals were observed being knocked off the table during this time.

**Corrective Action Required:** Please submit photographic evidence of the HAACP manuals at the named sites being separated from the larger set of documents either by being placed in their own folder or having properly marked separators in the binders if they are not moved to their own folder. At the district level, there should be a business process that covers dropped food items. For example, if a student drops their milk there should be a process in place to assist staff in handling these types of situations. If Wendover Jr/Sr High is going to continue to allow sports in the gym during meal service, a business process to handle a student who through no fault of their own loses their meal needs to be submitted for review. Wendover Jr/Sr High School will be required to submit documentation of their sanitizer logs being tested daily for two weeks. Please submit the requested business processes and documentaiton to NDA for review.

### Procurement Review: Elko County School District

The procurement of goods and services is a significant responsibility of a school food authority (SFA). Obtaining the most economical purchase should be considered in all purchases when using the nonprofit food service account. The Nevada Department of Agriculture (NDA) is required to ensure that SFAs comply with

the applicable regulations through audits, administrative reviews, technical assistance, training, guidance materials, and by other means. (7 CFR 210.19(a)(3)). Federal, state and local laws and regulations specify the methods SFAs must ensure that all competitive procurements must be in accordance with 2 CFR Part 200.318-.326 and all other applicable government-wide and FNS regulations and guidance. With all contracts where a Food Service Management Company is providing purchasing services involving food program regulations for procurement must be in place (7CFR 210.21):

- Properly procure goods and services
- Award contracts only to responsible contractors
- Not restrict competition
- Follow procurement standards in program regulations (7 CFR 210.21 & 2 CFR 200.318-.326)
- Prohibit conflicts of interest
- Use required procurement methods
- Take affirmative steps to use small, minority, women's business and labor surplus enterprises, when possible
- Oversee contractors to ensure all contract provisions are fulfilled for the duration of the contract
- Buy American Provision

With regards to a procurement plan for Child Nutrition program at the Elko County School District the reviewer examined the District's procurement procedures. A district purchasing policy was in place: DHC Bidding Requirement memo (adopted on 9/23/2008) with NRS Chapter 332-Purchasing: Local Governments. The district will need a few modifications to meet Federal requirements. Per USDA guidance, the procurement plan must outline the specific procedures per 2CFR Part 200 for program operators 2CFR 318 (a). Specifically, the revised plan must follow types of procurement available: micro purchase, small purchase, and formal procurement methods. A sample chart is attached with may be used as a guide to modify the existing plan. Also, a template procurement plan is attached which the district may consider for use for its school nutrition purchases which could align with the Chapter 332 Purchasing: Local Governments. The plan must prohibit the acquisition of unnecessary or duplicative items per 2CFR 218(d). The plan must ensure that all solicitations incorporate a clear and accurate description for the material, product or service to be procured. It must not be duly restrictive as to limit competition; it must also take steps to assure that small minority and women's business are used when possible.

A written code of standard of conduct was requested as part of the procurement review. It was determined that the Elko County School District did not have one in place. Per 2CFR Part 200.3189(c)(1) the non-Federal entity must maintain written standard of conduct covering conflicts of interest and to govern the actions of its employees engaged in the selection, award and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. The code of conduct must also provide for disciplinary action for violations by officers, employees or agents (2CFR 200.318 (c)1). A sample code of conduct is attached with the district may choose to use, or it may develop its own.

### **Procurement Worksheet**

Based on the responses received by the Elko County School District's responses from NDA's procurement worksheet, it was determined that the district was using the following procurement method in its operation:

- Micro-purchase method
- Small purchase method
- Formal purchase method

*This institution is an equal opportunity provider*

As part of the Micro Purchase, the Nevada Department of Agriculture reviewed one vendor (2016/17 School year) for purchases below the micro-purchase threshold (\$0-\$3,500): Print 'N Copy Center. The reviewer examined the vendor's purchase orders and receipts/invoices to determine:

- If the transactions were below \$3,500
- If the prices for products were purchased reasonable
- If the SFA equitably distributed purchases among qualified sources

The method complied in all three areas with the regulations on Federal purchasing.

As part of the Small Purchase Method, the Nevada Department of Agriculture reviewed two vendors (2016/17) for a purchase made below the federal small purchase threshold (under \$150,000): Bargreen Ellingson of Oregon and Lone Wolf Commercial Appliance and Service Repair. The reviewer found that both vendor purchases complied. Technical assistance was provided for the equipment repair vendor to provide the travel time breakout on the invoice and to have the staff person at the site sign the invoice to confirm the number of hours onsite; this was addressed and corrected immediately. Also, as a best practice, it was determined that the staff person keep a log or email verification on the quotes for the equipment and/or supplies. With the current small ware purchases, the vendor did not return the call (out of state provider). In the future, a log would be helpful to document this occurrence.

As part of the Formal Purchase Method, NDA reviewed one vendor:

- Chart wells/Compass Group USA for Food Service Management

The contract was renewed prior to execution and approved by NDA on June 12, 2017. The district representative is monitoring the contract and using the NDA provided template form. Areas in need of improvement are as follows:

- Food Service Management Advisory Committee-this has not been formed and is a requirement; Per the original contract, on page 9, Section IV (B), item 15, "the School Food Authority will establish an advisory board composed of parents, teachers, and students to assist in menu planning (7 CFR 210.16(a)(8)). This advisory board shall meet no less often than annually".
- Menu approval, in advance of serving to students. Per the original contract, on page 11-12, Section VI Meal Responsibilities, item 4, the Food Service Management Company shall submit the 21 day cycle menu developed in accordance with the provisions of 7 CFR Section 210.16 (b)(1) for approval prior to serving meals to students. The approved menu must be followed for the first 21 days of food service." In addition, per item 3, "Provide meals, snacks, milk, etc in the District's nonprofit food service program that meet the requirements as established in Federal Regulations". Per item 13, "In collaboration with the District, the FSMC will be responsible for menu planning and compliance with meal pattern regulations". As a best practice, it is suggested that the posting of the nutritional information for the district for monitoring purposes and for the general public also occur on the district's webpage
- Nutrition Education-per the original contract, on page 23, Section B Overview of Elko County School District Food Service Program, "the FSMC will conduct nutrition awareness and nutrition education program, students, and staff members".
- USDA Foods Credit-the USDA Foods crediting was monitored. It appears that the District received excess credit of \$5,068.61 on the USDA Foods crediting. This amount must be given back to the Food Service management company. A spreadsheet is attached for your review.

### **Contract Monitoring**

Based on the contract review, the only unallowable cost was the Serv Safe class from a third-party vendor for training for twelve of the food service management company employees (\$2,400 invoice from Chartwell's paid on 9/13/17). From the original contract on page on page 12, Section VII Food Service Employees, Item B, "the FSMC shall comply with all wage and hours of employment requirements of federal and state laws. The FSMC will be responsible for supervising and training their personnel". In addition, per section IV A 1. "Except for food, beverages, other supplies, the management and hourly personnel needed for the day to day operations of the food service program, the FSMC shall not incur any expenses on behalf of the District." Lastly, on page 25, section 7, Records, "Maintain employment records that show FSMC staff have all professional and health certification as required by the state law and the District".

### **USDA Foods**

For the 2016/17 school year, the District and Chartwells did a good job of utilizing their entitlement with the State Distribution Program and the DOD Fresh program. However, they did surrender \$15,000 of entitlement (from the initial allocation of \$231,590). Per Federal regulations, the FSMC shall fully utilize, to the maximum extent possible, USDA Foods made available by the District solely for the purpose of providing benefits for the District's nonprofit school food program (7 CFR Section 210.16[a][6]). For future use, please continue to have a plan to fully utilize your full entitlement as this greatly reduces the overall food service cost of operation.

**Corrective Action Required:** The following corrective actions are being requested;

- Modify the district's current Food Service purchasing plan to bring it into compliance with the Federal regulations per 2 CFR Part 200.320 with regards to procurement methods for program operators. A sample procurement plan is provided which the district may use or incorporate into their current district plan. Once the plan is approved by NDA, all district purchase must follow the plan.
- Develop a written code of standards of conduct to cover conflicts of interest (real or apparent) and to govern the actions of the employees engaged in the selection, award and administration of contracts. The standard of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity.
- The district must receive a full credit (\$2,400) from the food service management company for the amount as this billed expense (August 2017) for Serv Safe training for Chartwell employees (twelve employees) as it is not allowable per the contract.
- The district must establish a FSMC advisory committee. Based on discussions with staff, this was in progress. Please send a preliminary plan on the committee structure, and timeline for the current year as well as meeting minutes if any meetings have occurred since the time of the on-site visit.
- The district must give the full credit (\$5068.61) to the food service management company for the USDA Foods purchasing overpayment (Federal value, shipping, and processing fees). Moving forward, it is highly suggested that the crediting be done monthly and an exact match by month to the NDA monthly invoice and DOD tracking system. This is a more efficient billing system and will reduce the number of clerical errors on the charges/credits.
- Send Nutrition Education plan for 2017/18 SY. Based on discussions with staff, some nutrition education has occurred. Please send a preliminary plan on what is planned for the remaining school year.

Please keep all solicitation documents for all future procurement methods per the approved procurement plan for the current year plus three years after the contract year purchasing is finalized. The documents must be kept longer if there are unresolved audit findings.

As part of training and technical assistance, please find attached the following guidance documents: Numbered memo NSLP 2016-14 (issued on November 3, 2015): *Questions and Answers on the Transition to and Implementation of 2 CFR Part 200*, Procurement Methods Quick Reference Chart, a Procurement Plan prototype, and a written code of standard of conduct sample. In addition, further technical assistance will be provided if requested by staff on the procurement review findings.

### Summary

None of the above-mentioned items require a change in your performance based \$0.06 reimbursement. However, please note that if repeat violations are found on subsequent reviews in any program area fiscal penalties may be assessed and the additional \$0.06 reimbursement may be turned off until the program is brought into compliance with federal regulations. **All corrective actions must be completed and submitted by February 5, 2018.** For corrective actions that require more time, such as resource management and professional standards, the dates on these will be set as the requested information is provided. If corrective action is not completed, or if the need is identified to ensure all corrective items are in place we may schedule a follow up review. Program funds may be withheld until corrective action is complete if not submitted by the required due date. Please see the attached document, NSLP-SBP-SMP Appeals sponsor handout for direction on how to appeal the denial of all or a part of the claim for reimbursement or withholding funds. If you have any questions about the required corrective action, please contact Edward Coleman at (775) 353-3666 as soon as possible.

Best regards,



Edward Coleman

Quality Assurance Specialist

Phone: 775-353-3666 Email: [ecoleman@agri.nv.gov](mailto:ecoleman@agri.nv.gov)