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January 5, 2018

Pam Teel
Superintendent
Lincoln County School District
1191 Edwards
Panaca, NV 89042

Dear Ms. Teel:

The Nevada Department of Agriculture, Food and Nutrition Division conducted an Administrative Review of the Lincoln County School District from November 13, 2017 until November 16, 2017. The Administrative Review team consisted of Edward Coleman, Quality Assurance Specialist, Rose Wolterbeek, Nutrition Programs Professional, 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 November 16, 2017 to discuss the major findings of the review. Bryan Higbee Lincoln County School Districts Food Service Director, Terri Lee, Secretary, and Rachel Hosier Food Services Manager for Lincoln County School District were in attendance. Administrative Reviews are required to be conducted on a three-year review cycle. Lincoln County School District received an onsite review its National School Lunch Program (NSLP), School Breakfast Program (SBP) 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 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

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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 as part of the onsite Administrative Review. One hundred and ninety applications were reviewed as part of this process and the following issues were noted;

- Nine reviewed applications were at the wrong benefit level. They were all receiving free benefits when based on income they should have been reduced.
- Nine applications were missing either the last 4 digits of the social security number and did not have the "no social security number box checked". These applications are considered incomplete.
- Twelve applications had unclear income amounts and or frequencies. One of these applications, once the income was clarified had a child that was at the reduced rate that should have been free.

Corrective Action Required: For applications that were incomplete, contact the households and gather the missing information. Submit a summary of these interactions with the household to NDA. Indicate who from the household was talked to, the outcome of this communication with the household member, and when this communication with the household occurred. If the family does not respond within 10 days with the missing information, they should be placed on full pay status.

For the applications where the child's benefit level should be higher/reduced, the child's benefit level should be changed and the family should be sent a notice of adverse action. They should be allowed to use the hearing procedures if they feel this change has been done in error. If they do not respond within 10 days of the notice of adverse action being sent, they should be placed at their new benefit level.

For the applications with unclear income, please contact the homes and clarify the correct income levels. For the family that was clarified, the child's benefit level should be changed immediately within the system and the family notified of the new benefit level within 3 operating days. If they family was being charged for meals at the wrong benefit level, submit the total number of each meal type they were charged for to NDA along with the documentation of the amount the family was reimbursed for these meals. If the clarified incomes result in a reduced benefit level, such as a family that was reduced is now free, please follow this same procedure for each family that had an increase in benefit level. If these families had a decrease/reduction in benefit level please follow the directions in the second paragraph of this corrective action for reducing a child's benefit level.

Create a log that tracks the children and the interactions with the families as noted above. Submit this log i=of interactions to NDA for review.

Claim Rebalancing

The Lincoln County School District will have their October and September claims for reimbursement adjusted due to the application errors that were noted during the applications review for the month of the onsite review, October and the month of review, September.

For the month of September,

Breakfast total: \$21.28

Lunch total: \$31.36

September total: \$52.64

For the month of October,
Breakfast total: \$22.19
Lunch total: \$62.67

October total: \$84.86

Grand total: \$137.50

The counting and claiming systems being used were observed during the onsite review and the following issues were noted;

Pioche Elementary

- Seven meals were served during lunch without the milk component and it was stated that those children had an allergy to milk although only 2 of the children had documents on file verifying their allergy.
- The lady running the POS system did not know what the children had to take to have a reimbursable meal. When asked she stated, "Whatever they come out of there with. I don't really know."

Corrective Action Required: It was stated that two of the students had allergies to milk. The five remaining non-reimbursable meals will be recouped as part of the October claim rebalancing. Students who have allergies to meal items should have documentation on file supporting the allergy or they must take all components that would constitute a reimbursable meal for the site/meal service they attend. Create a business process that governs allergies and how they will be handled by staff that serve meals going forward. The process should include the following;

- Program participants must take all items offered that would constitute a reimbursable meal at their meal service and site.
- The only exception to this is students who have a verified food allergy from a medical professional or an allergy is listed as part of their IEP.
- In the case of a documented allergy, only items indicated in the documentation that verifies their allergy will be allowed to be substituted for the items they are allergic to.
- These substitutions should be documented on the menu production record for day they are made for each student.
- All staff who serve meals should sign off on this process indicating that they understand and will comply with the process.
- Meals served to children that comply with their medical professional regulations can be reimbursed as normal.

All food service staff should sign this process indicating they understand it and will comply with the process going forward.

Staff who count meals at the point of service (POS) must know what constitutes a reimbursable meal by meal type. Create a business process that outlines what constitutes a reimbursable meal by meal service type at all locations and it should include the following;

For straight serve locations students must take one of every food items or component that is offered at breakfast and lunch.

For Offer vs Serve Locations;

For breakfast;

- The student must be offered at least four food items.
- 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
- 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. Submit a copy of the signed business processes 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.

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.

A review of the invoices for last fiscal year found several items that were purchased with NSLP funds that are unallowable costs (Frosted Flakes x6 4.69 (28.14) not WG rich; Sara Lee Hot Dog Buns x4 3.49 (13.96); Generic Hot Dog Buns x 3 1.39 (4.17).

Corrective Action Required: Please create a business process that outlines what items may be purchased with NSLP funds. The business process should include the following;

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- Food items purchased using NSLP funds should be compliant with program regulations. These items should meet the whole grain rich requirements and all other meal pattern requirements for the items purchased, such as sugar, fat, and sodium content, and otherwise be smart snack compliant.
- A system to review purchases for noncompliant items should be instituted. Indicate who by name/title will be responsible for screening all purchase invoices for NSLP funds.
- The person who reviews these invoices for purchases should also date and sign off indicating that they have reviewed the invoice and that all items meet program requirements.

Submit the business process and documentation that \$46.27 has been reimbursed to the nonprofit school food services account to NDA for review.

General Program Compliance

Civil Rights

Participants in the Food and Nutrition Programs (FNS) cannot be compelled to eat more than they would normally eat during a meal service. The following issue was noted at Pioche Elementary during the lunch service;

- A paraprofessional was observed redirecting a student to sit down and eat her vegetables.

Corrective Action Required: Create a business process that governs the civil rights of students who participate in Food and Nutrition Service Programs. The process should include the following;

- Students participating in Food and Nutrition Services programs cannot be compelled to eat any portion of the meal. It is their right to refuse all or part of a meal.

All staff who interact with program participants should sign this document indicating that they understand this process and will comply with it.

Technical assistance was provided onsite at Pioche Elementary to move their “And Justice for All Poster” so that it is visible to program participants at all times.

Smart Snacks

The smart snack requirements were reviewed as part of the onsite review and the following areas were noted;

- All sites visited including the High School had vending machines that were in operation during the school hours (12 midnight until 30 minutes after the end of the day) that served items that were not smart snack compliant such as sodas.
- The cooler in the office at Caliente Elementary and in Lincoln High School are branded and noncompliant with smart snack regulations regarding promoting/marketing of foods during the school day.

Corrective Action Required: The areas noted above are part of your local school wellness policy. Additionally, this is a repeat finding from your Administrative Review from March 2015. As noted in that review;

Items were offered during the meal period that were not compliant with Smart Snacks guidelines and must not be re-ordered. Fruit by the foot, Slim Jim beef jerky stick, pop tart, and popcorn sold to the students do not meet the criteria for student consumption.

Corrective Action Required: *Technical assistance was provided at Panaca central kitchen with the Smart Snack calculator and the Nevada Department of Agriculture's Wellness Policy including the list of acceptable food items. Please provide confirmation that items not in compliance with the Wellness Policy will no longer be served.*

Create a business process that will outline the steps that will be taken to bring the Lincoln County School District into compliance with smart snack regulations. The business process should include the following;

- Branding etc. is not allowed and should be covered up on existing machines or the machines should be moved into locations that the students do not have access
- Items such as sodas and other noncompliant smart snack items may not be sold on the school campus during the school day, midnight of the day or until 30 minutes after the end of the normal school day. Vending machines that contain these items must be turned off during the school day.
- Vending machines that sell smart snack compliant items are allowable.
- Indicate who by name/title will be responsible for implementing this policy district wide.
- Submit supporting documentation indicating that the policy is being complied with such as communication with vending machine providers where the timer for the machines are asked to be set on all machines in the district to only operate after the end of the school day for machines that sell items that are not compliant with smart snack requirements.

Submit the business policy and supporting documentation to NDA for review.

The Fresh Fruit and Vegetable Program (FFVP)

The Fresh Fruit and Vegetable Program at Caliente Elementary was observed. The following issues were noted;

- There was no educational component associated with the service of the fruit for the day. The children were given their bananas and then allowed to go play outside.

Corrective Action Required: There should be an educational component as part of the fresh fruit and vegetable program. Create a business process that will govern the FFVP and its educational component. The process should include the following;

- An educational component must be included with all FFVP services.

You may find resources to develop your nutrition education at the following website;

<https://www.fns.usda.gov/tn/fruits-vegetables-galore-helping-kids-eat-more> and at the Team Nutrition website <https://www.fns.usda.gov/tn/team-nutrition>.

Submit your business policy to NDA for review.

Procurement Review

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

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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 purchasing services involving the child nutrition 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

The district procurement plan was reviewed which set the threshold for small purchases to \$25,000. All purchases for the interlocal agreement with Clark County School District and purchases from the Panaca Market for 2016/17 school year were reviewed. All invoices reviewed were compliant with their small purchases threshold. There were items that appeared to not be whole grain rich that were bought from the Panaca Market. These items were addressed under resource management where they had been noted as well.

The Code of Conduct was reviewed as part of the procurement review. The Code of Conduct was missing disciplinary action for employees violating code of conduct. 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 Lincoln 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

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): the Panaca Market. 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 SFA was compliant on all points for Micro-purchases.

Interlocal Agreement

Lincoln County School District has an inter- local agreement with the Clark County School District for food and supplies. This agreement had been approved prior to the administrative review by NDA. All invoices were reviewed with no further action noted.

Corrective Action Required: Please submit copies of the updated Code of Conduct and Procurement Plan to NDA for review. The templates for the Code of Conduct and the Procurement Plan were left for the Lincoln County School District. They are encouraged to use the NDA templates to draft their new Code of Conduct and Procurement Plan so that it is more specific to the school nutrition program but if they choose not to and require assistance, they may reach out to NDA for guidance.

Summary

None of the above-mentioned items currently require fiscal action nor 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.** 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
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