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March 1, 2017

Certified Letter # 7005 0390 0002 3297 8263

Ercan Aydogdu  
Executive Director  
Coral Academy of Science Las Vegas  
3039 W. Horizon Ridge Pkwy Ste. 120  
Henderson, NV 89052

Dear Mr. Aydogdu,

The Nevada Department of Agriculture, Food and Nutrition Division conducted an Administrative Review of the Coral Academy of Science Las Vegas from February 6-7, 2017. The Administrative Review team consisted of Brittany Mally, Quality Assurance Specialist and Rose Wolterbeek, School Nutrition Services Specialist. The purpose of the Administrative Review is to ensure compliance with federal regulations and also 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 February 7, 2017 to discuss the major findings of the review. Tracy West, Social Media Manager was in attendance. The Administrative Review evaluates compliance with the regulatory provisions of the National School Lunch Program (NSLP) and School Breakfast Program. Administrative Reviews are required to be conducted on a three year review cycle. The Coral Academy received an onsite review its National School Lunch Program (NSLP) as this is its first year on the NSLP. 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 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 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.

A review of applications at Coral Academy revealed the following errors:

- On two income based applications there was no social security number provided nor was the box “no social security number” marked.
- One student was incorrectly categorized as reduced but is eligible for free lunch.
- Two students were correctly categorized on the application as free but were marked as reduced on the BID and in their POS system. So they had been receiving meals at a reduced rate instead of the free rate.
- One student was incorrectly categorized as free on application and the BID but only qualifies for reduced lunch.

Technical assistance was provided onsite and all application errors were corrected during the onsite review. However, for the students who were incorrectly receiving reduced price meals all year instead of free meals, documentation is needed to show that those families were refunded the amount owed to them.

**Corrective Action Required:** For the three students who were incorrectly receiving reduced price meals instead of free meals, for the whole school year provide the total number of meals that each received at the wrong rate and the total amount owed to each student. Also submit documentation that each family has been reimbursed that total amount owed to them. Submit all items to NDA for review.

Income based applications that lack any one of these items are considered incomplete and cannot be processed for meal benefits.

1. Names of all Household Members
2. Amount, source, and frequency of current income for each household member
3. Signature of an adult household member
4. Last 4 digits of the social security number of the households primary wage earner or another adult household member, or an indication that the household member does not have one

Families who have income based applications that are considered incomplete should be notified as to why their application is considered incomplete and given the opportunity to submit/correct the missing information within 10 calendar days of the notification being sent to them. If the family fails to submit/correct the missing information in the required timeframe, they should immediately be placed on paid status.

To be considered complete, an assistance program application must have the following information;

1. Names of children for whom the application is made
2. SNAP, TANF, or FDPIR case number or identifier, for the children or any household member listed on the application, and
3. Signature of the Adult household member completing the application

Families whose have assistance program based applications that are considered incomplete should be notified as to why their application is considered incomplete and given the opportunity to submit/correct the missing information within 10 calendar days of the notification being sent to them. If the family fails to submit/correct the missing information in the required timeframe, they should immediately be placed on paid status.

Income should not be annualized when there is only one income frequency listed. It is only annualized when there are multiple income streams with differing pay frequencies.

## Verification

Verification is confirmation of eligibility for free and reduced price school meals based on applications. This process must be complete by no later than November 15 each year. The sample pool for verification uses the total number of approved applications on file as of October 1 of the current school year.

Verification at Coral Academy was done on time and all applications checked for verification were reviewed. The applications selected were verified correctly, however the applications selected were not from the error prone applications. When selecting the applications for verification they must be chosen randomly from the error prone applications first. An error prone application is an application with an income eligibility within a certain dollar amount of the eligibility cutoff. Please see the current Income Eligibility Guidelines for the error prone income eligibility limit. Technical assistance was provided onsite. For additional information on the verification process please refer to the current Eligibility Manual for School Meals Section 6: Verification pages 79-94.

**Corrective Action Required:** Create a policy on the verification process at Coral Academy. This process should include when verification is to be started, completed, how applications will be selected for verification, and the process of verifying the applications. Submit to NDA for review.

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

The National School Lunch Program 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.

### **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.

For this review, the production records for one week from the month of review (November 2016) were requested prior to the onsite visit. NDA received them and upon further review saw that they were incomplete. It was determined that Coral Academy is receiving production records from their meal vendor for each meal that are partially filled out and then saving them on the computer. The production records are not being printed out and completed after each meal. Each school site at Coral Academy is responsible for completing the following parts of the production records they receive from their meal vendor daily:

- #2 School Name
- #6 Students Served, Adults Served, Total Served
- #7 Date
- #21 Leftover
- #22 Comments
- If any substitutions are made to the menu that needs to also be recorded on the form. It is the program operator's responsibility to fill in all daily changes made at the site/school level, if pre-populated in advance by the vendor.

**Corrective Action Required:** Please submit to NDA one weeks' worth of completed production records for both breakfast and lunch meals from each campus at Coral Academy.

### **Reimbursable Meal Signage**

Proper signage was not posted which would indicate what a child would have to take to have a reimbursable meal. Technical assistance was provided on site and appropriate signage was posted before the meal period was over. No further corrective action is necessary.

### **Comprehensive Resource Management**

A comprehensive resource management review is required when certain risk based criteria are met by the school district. As this is Coral Academy's first year on the program a comprehensive resource management review is not required. In place of the review, all areas covered by the comprehensive resource management review were discussed with Coral Academy to make sure they have processes and procedures in place for ensuring compliance with the FSN requirements concerning the following: maintenance of the nonprofit school food service account, revenue from non-program foods, paid lunch equity, and indirect costs. Coral Academy does have processes and procedures in place and no corrective action is required.

### **General Program Compliance**

#### **Professional Standards**

The Professional Standards regulations in 7 CFR 210.30 establishes hiring standards for new school nutrition program directors at the School Food Authority (SFA) level (effective July 1, 2015). In addition, the regulations establish annual training standards for all school nutrition program directors, managers, and staff. The required annual training hours vary according to the employee's role in the management and operation of the school nutrition program.

Training must be job-specific and is intended to help employees perform their duties well. Training needs are best assessed by an employee in consultation with their manager, director, or the Nevada Department of Agriculture. Training may be obtained in many ways, such as in-person, online, through local meetings, webinars, conferences, etc. A variety of free and low-cost training resources and formats are available.

The current director was hired after July 1, 2015 and is does meet the new hiring requirements. This was verified during the onsite review and no further documentation is needed. The current acting director has a BA in fiscal management and is partway through a master's degree. USDA Training Tracking Tool has been provided as a resource to assist SFAs to track and record the annual training hours completed by each school nutrition program employee. Supporting documentation for all completed trainings, i.e., *agendas, sign-in sheets, certificates of completion, etc.* must be maintained on file.

The required training hours are as follows:

- Food Service Director/Supervisor 12 hours
- Food Service Manager 8 hours
- All other full time staff 6 hours
- Part time staff 4 hours

**Corrective Action Required:** For all food service employee and non-nutrition staff who work with the applications, update the USDA Training Tracker provided with any training hours earned to date. If the training hour requirements have not been met yet provide a plan for how the remaining hours will be met by the end of the current school year. Submit training tracker tool and plan to NDA for review.

### **Civil Rights Training**

All staff who interact with program applicants or participants must annually complete a civil rights training. Prior to the onsite review the required staff had not completed the civil rights training. Technical assistance was provided on which training to use and what documents to submit to NDA.

**Corrective Action Required:** Have all necessary staff complete the civil rights training. Submit to NDA copies of the completed civil rights quizzes to show that the training has been completed.

### **Food Safety Inspection**

Federal requirements state that the site must have two food safety inspections per year. As this is Coral Academy's first year on the NSLP and had only been on the program for 5 months at the time of the onsite review, they have only had one inspection to date. Another inspection is expected this spring. During the onsite visit NDA observed the health permit posted but a copy of the food safety inspection report was not publically posted. The requirement is for the food safety inspection report to be posted for public viewing, not the health permit.

**Corrective Action Required:** Please post copies of the food safety inspection report for public viewing. Submit a picture to NDA as documentation supporting it has been posted in an appropriate area.

### **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 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

With regards to a procurement plan for the Child Nutrition program at Coral Academy of Science Las Vegas (CASLV) the reviewer examined the sponsor's procurement procedures. A procurement plan was not in place at the time of the review. 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. 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 sample pilot procurement plan was provided to meet the requirements. In addition, CASLV was provide a sample policy to address the acquisition of unnecessary or duplicative items. The sponsor may use this plan or develop their own that meets the Federal requirements.

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

- Small Purchase

As part of the Small Purchases for vended meals, NDA reviewed one vendor for meal purchases (\$0-\$150,000): Three Square. The reviewer examined the sponsor's vended meal procurement documents, quotation documentation, delivery slips and invoices (November 2016). The vended meal contract was in place for the 2016 17 school year (first year sponsor on the NSLP program).

Regarding payments to the vendor for the review month of November 2016, the Sandy Ridge invoices did not match up to the billed amount on the following days: 11/4, 11/10, 11/14, 11/15, 11/18, 11/21, 11/22, 11/28, 11/29, and 11/30. The contracted amount for lunch at \$2.95 per meal did not correspond with the amount billed on the statement totals for the day. The total amount of meals received for the month at Sandy Ridge was 568 meals when totaled from the yellow delivery slips. Therefore, the total November statement should be \$1675.60. The amount on the statement provided was \$1716.16. Therefore, an overbilling of \$40.56 was posted on the November statement. This amount needs to be credited to Coral Academy on the next billing statement. It is also noted that for the following days in December, the amount is not divisible by the fixed rate of \$2.95 on the following days: 12/1, 12/2, 12/7, 12/8, 12/9, & 12/12/16. Since there appears to be a systemic error on the amount charged per meal, this billing rate discrepancy will need further follow up by Coral Academy. It is unable to be determined what that amount is without the yellow delivery slips or individual invoices for December 2016 at Sandy Ridge.

As a best practice, the daily delivery slip should be signed by each site staff person at Coral Academy to reflect the actual amount of complete meal received, the delivery slip should be matched up to the daily invoice and reconciled to the monthly statement by each campus. The vended meal contract is a fixed price per meal and remains fixed for the length of the contract. It is up to the sponsor to monitor the contract including the amount of meals received and the amount charged per meal throughout the term of the contract.

A written code of standard of conduct was requested as part of the procurement review. It was determined that CASLV had policies in place: Code of Ethics in their CASLV Employee Handbook (pg 6). 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. No further action is required.

Coral Academy of Science Las Vegas will be eligible to receive entitlement funds for the purchase of USDA Foods for the next school year (2017/18). More information on this amount will be sent to the sponsor as it is based on the current year participation data.

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.

**Corrective Action Required:**

- Please adopt a Procurement plan to bring Coral Academy of Science Las Vegas into compliance with the Federal regulations per 2 CFR Part 200.320 with regards to procurement methods for program operators. In addition, add a policy statement to your current purchasing policies which will prohibit the acquisition of unnecessary or duplicative items per 2CFR 218 (d). A sample pilot procurement plan and a sample policy statement was provided which the sponsor may use, or they may develop their own to meet the requirements.
- Please request a credit in the amount of \$40.56 from the vendor for the November Sandy Ridge Meals. In addition, make a determination if any amount is due for the December 2016 meals for this site. It is also highly suggested that Coral Academy of Science Las Vegas reconcile the entire billing period for the vended meal program since the start of the school year to ensure other overpayments have not occurred to the vendor.

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*, and a Procurement Methods Quick Reference Chart. Further technical assistance will be provided if requested by staff on the procurement review findings.

**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 March 31, 2017.** 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 Brittany Mally at (775) 353-3663 as soon as possible.

**Best Regards,**



Brittany Mally RD,  
Quality Assurance Specialist,  
NV Dept. of Agriculture, Food and Nutrition Division

Coral Academy of Las Vegas

March 1, 2017

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Attachments: Appeal Procedures, Procurement Package

Cc: Tracy West, Food Service Manager/Social Media Manager  
Nick Sarisahn, CFO  
Catrina Peters, School Nutrition Services Manager, NV Dept. of Agriculture, FND  
Rose Wolterbeek, School Nutrition Services Specialist, NV Dept. Of Agriculture, FND