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May 25, 2017

Certified Letter #7006 2760 0000 0509 5775

Tracey Bowels
Clinical Program Manager
Northern Nevada Child and Adolescent Services
2655 Enterprise Road
Reno, NV 89512

Dear Ms. Bowels,

The Nevada Department of Agriculture, Food and Nutrition Division conducted an Administrative Review of the Northern Nevada Child and Adolescent Services (NNCAS) on May 10, 2017. The Administrative Review team consisted of Brittany Mally, RD, Edward Coleman, 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.

We conducted an exit conference on May 10, 2017 to discuss the major findings of the review. Bonnie Vogler, RD Consultant, Tracey Bowels, Clinical Program Manager, and Renee Polley were 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 NNCAS received an onsite review of its School Breakfast Program (SBP), its National School Lunch Program (NSLP), and the After School Snack Program. 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.

Meal Counting and Claiming

The counting and claiming system as observed on Family Living Home (FLH) 3 was inaccurate. The count was a tally taken after the children had been seated. The worker in this home was asked how she performed the count for the meal that was observed and she stated, "The children are served first and then a count is done." The count did not occur at the point of service as the meal was served to the child as required by federal regulation.

Corrective Action Required: This is a repeat finding from the November 2014 Administrative Review. In response to that finding, Northern Nevada Child and Adolescent Services was asked to create a policy that would cover counting and claiming and a policy was submitted. Submit documentation, a test or other document signed by all staff that would be required to serve meals to program participants, that shows all staff have been trained on proper counting and claiming techniques as laid out in the policy you initially submitted. Additionally, staff who oversee this program should include documentation indicating how going forward, they will remain compliant with this policy.

All meals claimed for reimbursement may only be served to children eligible for those meals and they are counted, recorded, consolidated, and reported through a system that consistently yields correct claims. The following errors were noted while reviewing claim documentation for the month of review for Family Learning Home 3;

- February 21, 2017; Based on the supporting documentation two program participants were served at breakfast and at snack. The claim that was submitted was only for a single breakfast.
- February 22, 2017; Based on the supporting documentation two program participants were served at breakfast and at snack. The claim that was submitted was only for two snacks.

Corrective Action Required: Institute a policy that will eliminate errors when consolidating meal count reports. This policy could include having another official review the count sheet before submission, adding additional edit checks in the process such as making sure the correct meals are being counted for the correct eligibility level, or ensuring that the count is being conducted correctly at the point of service. Submit a copy of this policy to NDA for review.

Eligibility Documentation Sheet

Federal regulations require Resident Child Care Institutions, (RCCI's) to document program participants' eligibility either by completing applications for free and reduced priced meals or by maintaining an Eligibility Documentation Sheet. Neither of these methods were utilized by Northern Nevada Child and Adolescent Services.

Corrective Action Required: Submit template copies of Eligibility Documentation Sheets to NDA for all sites that participate in the National School Lunch Program (NSLP), School Breakfast Program (SBP), and the Afterschool Snack Program (ASSP). This document must have the following information at a minimum;

- Child's Name
- Documentation of the child's income
- Child's date of birth
- Date of admission to the facility
- Expected release date from the facility
- Facility official signature
- Facility official's title and contact information

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/RCCIs 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.

Reimbursable Meal Signage

Proper signage was not posted which would indicate what a child would have to take to have a reimbursable meal. In the review that was completed November 12, 2014 this same finding was also found and NNCAS was asked to create and submit a policy to address this issue. A policy was created and submitted.

Corrective Action Required: Please submit the following:

- Documentation that indicates that all staff are trained to this policy going forward
- Documentation from staff who oversee this program indicating how they will remain compliant with this regulation going forward
- Three days' worth of pictures from each Family Learning Home and ATC showing that the boards and/or MyPlate templates are being filled out for both breakfast and lunch.

Whole Grain Rich Criteria

The meal pattern requires that all grains served as part of a reimbursable meal be whole grain rich. While looking in the pantry and freezer onsite NDA noticed only one grain items that was not whole grain rich. The items found include the following:

- Eggo Waffles – Nutrigrain

NNCAS was notified that is waffle is not whole grain rich at the exit conference. Since then they have found a whole grain waffle to buy and use in place of the Eggo waffle. A food label was sent and a notice sent out to all homes notifying them of the correct waffle to buy. No further action is required.

Comprehensive Resource Management

A comprehensive resource management review is required when certain risk based criteria are met by the school food authority (SFA). NNCAS triggered a comprehensive resource management review of two areas: the maintenance of the nonprofit school food service account and revenue from non-program foods. The intent and scope of this part of the Administrative Review is to apply a systematic approach to ensuring the overall financial health of an SFA's nonprofit food service. The areas covered are detailed below.

Management of the Nonprofit School Food Service Account

The funds that constitute the nonprofit school food services account may only be used to provide food to program participants. Purchases made with these funds may only be used for the operation or improvement of the school food service. Additionally, those who manage this fund must comply with allowable cost restrictions, limiting expenses of nonprofit school food service funds to those that are necessary, reasonable and allocable. There are several instances as noted below where the money from this program did not comply with allowable cost restrictions;

A review of the receipts for the nonprofit school food services account found the following;

- In the receipts for June 2016 purchases for coffee and creamer totaling \$31.80 were made.
- In the receipts for May 2016 purchases for creamer totaling \$2.18 were made.
- In the receipts for April 2016 purchases for coffee and creamer totaling \$22.14 were made.
- A receipt for Family Learning Home 2 from March 1, 2016 has a total of \$38.36. It is not clear what the items that were purchased are.
- A receipt from December 2015 for \$317.30 was not signed by an official from Northern Nevada Child and Adolescent Services. Additionally, all the receipts for this same time frame were copied on paper that had space for a Supervisor from Northern Nevada Child and Adolescent Services to sign and date and this was not done for this month.

Corrective Action Required: Submit a policy governing the use of funds from the account that covers the nonprofit school food services account. This policy should contain the following;

- Detail a system of checks/reviews of the receipts to ensure that only food items or items that would improve the food program in general for program participants are being purchased with money from this account.
- Provide direction for signing receipts for items bought with money from this account
- A manager or supervisor should sign off on these purchases after it is submitted to the main office and has been reviewed by them to ensure only proper items are being purchased.

The total of \$94.48 should be reimbursed to the account and proof of this reimbursement should be submitted to NDA along with the policy governing the use of funds from this account. For the item that was not identified for Family Learning Home 2 from March 1, 2016, either submit documentation showing that these items are food items or items that would improve the quality of the food program to NDA for review. If the items are compliant with regulation, you are only responsible for reimbursing \$56.12 to the nonprofit school food services account.

Non-Program Foods: Adult Meals

Adult meals are considered non-program foods. The cost and any profit related to non-program foods must be returned to the nonprofit school food services account. NNCAS, in their Family Learning Homes, allows staff to eat with the program participants.

NNCAS serves adult meals to staff who stay onsite with residents at the Family Learning Homes one through four. The expense for adult meals must be reimbursed to the nonprofit school food services account.

Corrective Action Required: Develop a policy covering how the costs of adult meals will be reimbursed to the nonprofit school food services account. This policy should include the following;

- Keep a running tally of all adult meals served at NNCAS annually
- Annually, using the cost of each adult meal, determine the total value of adult meals for the year
- Compare the total annual cost of adult meals to the amount of revenue that is transferred into this program from non- Federal sources
- If the cost of the adult meals for the year is less than the amount of revenue that was transferred into the program from non- Federal sources, then no further action is needed beyond documenting the revenue transferred in and the total annual cost of adult meals.
- If the cost of adult meals exceeds the total non- Federal funds that were transferred into the program, then the difference between the total annual cost of adult meals and the non- Federal revenue that was transferred into the nonprofit school food service account should be reimbursed to the nonprofit school foodservices account.

Corrective Action Required: Submit a copy of this policy to NDA for review.

General Program Compliance

Civil Rights

The nondiscrimination statement that is currently on the public releases used by Northern Nevada Child and Adolescent Services, are not the most current version. Technical assistance was provided. On May 18th, 2017 NNCAS submitted to NDA a revised public release with the correct updated nondiscrimination statement. No further action is required.

Food Safety

The HAACP manuals that were in the Family Learning Centers and at the ATC were not compliant with program regulations. The HAACP manual should have standard operating procedures (SOPs) and a numbered table of contents that coincides with these SOPs.

- Family Learning Homes; the HAACP Manuals in the Family Learning Homes had tables of contents that were not accurate. After page twenty in these manuals, all the SOPs were off by a page.
- The HAACP Manual at the ATC was missing the SOP that should have been on page eight of the manual based on the table of contents.

Having inaccurate and incomplete HAACP manuals is a repeat finding from the 2014 onsite review. A revised copy of the HACCP manual was submitted to NDA on May 18, 2017. In that copy of the HACCP manual the table of contents lists two SOPS on page 24. However when page 24 is reviewed there is only one SOP on that page.

Corrective Action Required: Submit another copy of the updated HAACP manual with corrected tables of contents and all required SOPS. Additionally, submit a statement indicating that whoever is responsible for monitoring this program is aware of the required contents of these manuals, an accurate table of contents and all appropriate SOPs for operating a food program.

The health inspections for each home were not publicly displayed.

Corrective Action Required: Please post copies of the health inspection reports for public viewing at each site. Submit a picture to NDA as proof that it has been posted in an appropriate area.

After School Snack Program

The afterschool snack program did not appear to have a counting and claiming system in place at ATC. The snacks were all served to the recipients and no one was observed taking a count of snacks served at the point of service. This is a repeat finding from the November 2014 onsite review. A policy was requested then to correct this error.

Corrective Action Required: Submit documentation showing that staff at the site level have been trained to comply with the counting and claiming policy and that staff who are tasked with overseeing this programs operation are aware of this policy and will detail how, going forward they will help staff remain complaint with the policy that was submitted. Additionally, submit three months' worth of daily count sheets from the Adolescent Treatment Centers Afterschool Snack Program from August 2017 through October 2017. The count sheet should document the following;

- Date snack was served
- Educational component that was offered as part of the Afterschool Snack Program

- Each child's name or another unique identifier
- The actual count of snacks
- An explanation for snacks that were not served to residents (for example if the child was not onsite or otherwise unable to participate during snack service)
- A place for the staff member to sign off verifying that they conducted the count in accordance with Federal regulations

The afterschool snack program was not monitored in the first four weeks of its operation. The onsite monitoring forms for this program indicate that it was first monitored in October when the program starts in July. This is a repeat finding from the November 2014 onsite review for the after-school snack program.

Corrective Action Required: Submit documentation showing that all staff who oversee the operation of the school food programs at NNCAS have been trained to the policy that was submitted. Additionally, these staff members will submit documentation indicating how going forward, they will remain compliant with the policies that were originally created to correct this deficiency. This can be accomplished by providing a training log or sign in sheet that indicates that staff who are responsible for monitoring this program, have read the policy.

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 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 Northern Nevada Child and Adolescent Services a complete plan was not in place at the time of the review; one section did exist in relation to the Procurement Card Policies and Procedures (July 21, 2010) as issued from the State of Nevada Purchasing Division. Per USDA guidance, the procurement plan must outline the specific procedures per 2CFR Part 200 for program operators. Specifically, the 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. Also, a pilot procurement plan is attached which the center may consider for use for its school nutrition purchases. In addition to the purchasing thresholds, 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.

In addition, a written code of standard of conduct was requested as part of the procurement review. It was determined that NNCAS did have a policy in place. Through the State of Nevada Purchasing Division, the Request for Proposal for the Food Service Management Company (#3074) there was a code of conduct for the selection process. 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).

For the Procurement card purchases for the Family Learning Homes and the Adolescent Treatment Center, there were disciplinary actions in place for purchasing per the Nevada Division of Child and Family Services Fiscal Unit Procurement card cardholder agreement. No further action is required.

Based on the returned worksheet and paid meal vendor list from the district staff, it was determined that the district was using the following procurement methods in its operation:

- Micro-purchase Method
- Formal Purchase Method

As part of the **Micro Purchase**, the Nevada Department of Agriculture reviewed one vendor (2015/16 School year) for purchases below the micro-purchase threshold (\$0-\$3,500): Wal Mart. The reviewer examined receipts/invoices and purchase orders 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 was in compliance in all three areas with the regulations on Federal purchasing.

As part of the **Formal Purchase Method**, NDA reviewed one vendor, in its renewal year review, with its food service management company:

- A'viands LLC

The method was in compliance for proper procurement for this formal purchasing method (over \$150,000 threshold) for meal service. In addition, the NNCAS staff was monitoring the contract by using the provided monitoring form from NDA. If any areas are a concern at this time, then they may be addressed with the upcoming solicitation of the food service management company as part of the specification development for the child nutrition programs.

The submission of the renewal documents by NNCAS was done in compliance with Federal regulations for the past school year (2015/16 & 2016/17). For the upcoming school year, the contract with A'viands ends on December 31, 2017. Therefore, the solicitation of the food service management company must be in place before the contract termination of the current vendor for the Adolescent Treatment Center facility as part of the Northern Nevada Adult Mental Health Services Facility. Please allow time for NDA to review the documents prior to this date; all contracts must have NDA approval prior to execution.

Regarding USDA Foods, for the 2015/16 School year, the district was given entitlement of \$3,481.28 dollars and \$2,220.53 was used; this is a 64% usage rate. The result was \$1,260.75 was left unused. As a best practice,

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the Nevada Department of Agriculture recommends that NNCAS continues to fully utilize the entire amount of the USDA Foods entitlement dollars through the State of Nevada Commodity Food Distribution Program and/or with the DOD Fresh program. For the 2017/18 School year, the NNCAS has almost fully utilized the USDA Foods entitlement with a \$10.24 balance remaining. This is a significant improvement from the prior year and NDA encourages this positive change for the upcoming 2017/18 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 pilot Procurement Plan prototype, and a sample written code of standard of conduct policy. In addition, further technical assistance will be provided if requested by staff on the procurement review findings.

Corrective Action Required: Develop a 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 pilot procurement plan is provided which NNCAS may use or they may develop their own procurement plan. Once the final plan is approved by NDA, all district purchases in child nutrition must follow the plan as prescribed.

Summary

None of the above mentioned items currently require fiscal action. 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 June 26, 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
NV Dept. of Agriculture,
Food and Nutrition Division

Attachments: Appeal Procedures, Procurement Package

Cc: Bonnie Vogler, RD for NNCAS
Jason Holm, Administrative Services Officer II

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Catrina Peters, School Nutrition Services Manager, NV Dept. of Agriculture, Food and Nutrition Division

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