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Ken Mason
Assistant Director of Regional Operational Impact
Democracy Prep at the Agassi Campus
1201 W. Lake Mead Blvd.
Las Vegas, NV 89106

Dear Mr. Mason:

The Nevada Department of Agriculture, Food and Nutrition Division conducted an Administrative Review of Democracy Prep at the Agassi Campus (DPAC) from December 14, 2017 through December 15, 2017. The Administrative Review team consisted of Edward Coleman, Quality Assurance Specialist, Sally Fong-Rocha, Auditor II, and Isabel Mota, Auditor II. 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 December 15, 2017 to discuss the major findings of the review. Reggie Galloway, Director of Democracy Prep, Lauren LaPorte, and Debbie Daniels, a contractor, was in attendance. Administrative Reviews are required to be conducted on a three-year review cycle. Democracy Prep at the Agassi Campus received an onsite review its National School Lunch Program (NSLP) and its School Breakfast Program (SBP). 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.

Three hundred and eighty free and reduced-price applications at DPAC were reviewed. The following issues were noted;

- Three student's applications were certified as paid but were on the roster as receiving free meal benefits.
- Three student's applications were certified as reduced but they were on the roster as receiving free meal benefits.
- One student's application was misclassified. They were receiving the correct free benefit level but were documented as reduced.
- One application was missing all its household members. The person who signed the application was not listed as a household member. This application is considered incomplete and cannot be processed for meal benefits.
- One applications did not have an accurate case number for an assistance program. This application is considered incomplete and cannot be processed for meal benefits.
- 10 applications were processed outside of the 10-day time frame
- 2 applications did not have a date stamp so it was not possible to accurately determine if they had been processed correctly
- 8 applications could not be found
- One application was stamped as being received on 9/11/17 but it was approved on 8/15/17
- One application had no date on which it was processed

Corrective Action Required: For the applications that were incomplete, contact the household 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 that are at the wrong benefit level, 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. Submit the number and type of meals that the children in this household received at the lower benefit level. A determination will be made by NDA as to whether recoupment will occur.

For the misclassified application, please correct this student's eligibility on their application and in any systems where necessary.

Create a business process for date stamping applications. This process should include the following;

- An indication of who will be receiving and date stamping applications by name and/or title

- Direction that applications must be date stamped the day they are received by the named/specific individual
- Direction that applications must be processed within 10 days of being date stamped.

Submit the log of household communications, business process, and documentation showing that all other students have been placed at the correct benefit level to NDA for review. DPACs claim for reimbursement for the month of review, August 2017, through December 2017, will be rebalanced to reflect the accurate claim totals based on student eligibility.

The denied applications were reviewed and there were no issues noted here.

The verified applications were reviewed and the following was noted;

- The income reported for verification certifies a family for free status, but they are at the reduced-price benefit level in the system
- 3 students that were verified did not have their benefits level changed from free to paid in the system
- The letter sent home for a student does not indicate an outcome for Verification; they should be classified as free based on information for verification.
- You need 2 paystubs for income verification unless the income is weekly and stable

Corrective Action Required: 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.

For the applications that were not changed from free to paid, 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. Submit the number and type of meals that the children in this household received at the lower benefit level. A determination will be made by NDA as to whether recoupment will occur.

Submit documentation indicating that the requested changes have been made to the system and the students eligibility are accurately reflected across systems and platforms. Additionally, include a business process for the Verification system itself. This business process should include the following;

- The correct number of items for verifying income during the verification process
- The actions that should be taken at the end of the verification process
- The actions that should be taken when a family does not respond to verification
- The information that should be communicated to a family once verification is completed and/or verification ends

Submit all requested items to NDA for review.

The claim for reimbursement was reviewed. There were no issues noted.

The documents that are sent home to families were also reviewed. The following issues were noted;

Approval/Denial Letter

- The Nondiscrimination statement is in a smaller font than rest of document. It must be the same size as the font used in the rest of the document.
- It did not include that the family could reapply at anytime
- It did not note that families have 10 calendar days from date of letter to respond

Direct Certification Notification

- The Nondiscrimination statement is in a smaller font than rest of document. It must be the same size as the font used in the rest of the document.
- It did not include all programs that we approve for direct certification, such as SNAP, TANF, and FDPIR

The public release and the information letter to households along with the approval/denial letter and direct certification notification were all corrected onsite as part of technical assistance.

The counting and claiming system at DPAC was observed and the following was noted;

Counting and claiming

- The lunch services were observed and the counting and claiming systems were compliant.

Breakfast in the classroom

- Kinder 1-A: the teacher was seated and could not see the children as they took the items and did not know what they had to take to have a reimbursable meal
- Kinder 2-A: The teacher was seated in class and not near where the food was served which was outside of the classroom and the teacher did not know what they had to take but knew there were requirements

Second Chance Breakfast

Florida A&M Room

- The count was not done as the meals were served. There was an adult near the food but another adult was stated that the adult near the food had to highlight the kids as they took a meal and was observed taking the other adult a highlighter after being asked by this reviewer about their counting and claiming process. All kids had mostly been served while this was observed.

Spellman Room

- The teacher here stated that the children have an opportunity to request second chance breakfast from 700am to 735am every morning and they then send this count to the kitchen and the kitchen delivers those meals. She then serves those meals to the students and takes a count after all are served.

Howard Room

- This teacher also described a pull count system as described in the Spellman class. She said they can sign up for nutrition break until 735am and that number of signed up students is what is delivered to the kitchens for preparation. She did not know what they had to take to have a reimbursable meal, but she was able to name some of the required food items.

Grambling Room

- The teacher in this room did not know what the students had to take to have a reimbursable meal.

Corrective Action Required: A meal may only be counted when it is served to a child at the point of service. This was not observed in these classrooms during the breakfast in the classroom and second chance breakfast meal services. Create a business process that outlines proper counting and claiming techniques for breakfast in these meal services. This process should include the following;

- A meal may only be counted at the point of service when it is served to a child.
- Include direction that will inform the teacher as to what comprises a reimbursable meal under the meal service you choose to offer for the breakfast meal as noted below;

All staff who count 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.
- 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

For reimbursable meals served under straight serve at breakfast and lunch;

- One of each item offered during the meal service must be taken
- Students have a choice between two milk types, 0% flavored milk and 1% unflavored milk.

Have all staff members that will be serving meals in the classroom or second chance breakfast sign off on this business process indicating that they understand and are aware of this process. Submit a signed copy of it to NDA for review.

Additionally, all meals served as part of breakfast in the classroom and second chance breakfast for the day of review will be recouped. Submit the numbers and the supporting documentation that teachers submit as part of

second chance breakfast of free, reduced price, and paid meals that were served to students as part of breakfast in the class room and as part of second chance breakfast that was served in the classrooms to NDA.

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 meal service for breakfast in the classroom was reviewed and this meal service is offer vs serve. Offer vs serve is not being complied with. The students were offered a pre- bagged breakfast and then a choice between two milk options, 1% unflavored milk 0% flavored milk. Under offer vs serve, the students would be allowed to choose at least three of four offered food items one of which must be a half cup of fruit/vegetables.

Corrective Action Required: For breakfast in the classroom you may choose to change your meal service to a straight serve meal service or if you choose to remain offer vs serve for this meal service, create a business process that outlines how offer vs serve works for breakfast as noted below;

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

Have all staff members that serve breakfast in the classroom sign off on this process indicating that they know and understand how offer vs serve should be run in the classroom. Submit the signed document to NDA for review.

DPAC stated on its dietary specifications assessment tool (DSAT) that students did not have unrestricted access to condiments during their meal services. While onsite this was not observed as accurate. Students had unrestricted access to condiments. Teachers were observed handing out condiments to students, students were observed taking handfuls of condiments at a time as well.

Corrective Action Required: The regulation of condiments is important for ensuring that children do not exceed the fat, calories and sugar requirements of the weekly meal plan. DPAC stated that they are regulating these items but in practice that was not the case onsite. Create a business process to govern the regulation of condiments for students. This process should detail how DPAC will meet the weekly meal pattern requirements by regulating the condiment access for children. Submit a copy of this process to NDA for review.

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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.

Several attempts have been made to get the information required. DPAC has stated that they did not know what would go in the fiscal documents and this was explained and then the information still was not provided. Below is a flow of attempts to explain this and get the required documentation;

- On November 9, 2017, a notification of a comprehensive resource management review was provided and it detailed the items that would be needed. It is noted that there were no requests for clarifications on what was being requested.
- During the onsite review, technical assistance was provided by an NDA auditor to Democracy Prep staff and/or their representatives. It was explained that we would need to see the sources of all revenue streams and loans into and out of this account as well as how the free, reduced and paid meals are being tracked since you are subsidizing these meals for your students.
- A follow up email was sent detailing what was requested during the onsite review with Democracy Prep staff or their representative on December 18, 2017.
- The follow up email was clarified on December 20, 2017 to Reggie Galloway.
- On December 21, 2017, an email was sent requesting the policies and procedures that are being used to govern the nonprofit school food services account.
- DPAC was placed on withhold status for noncompliance with this documentation request on January 2, 2018.
- At the end of January, a request for documentation showing how the paid and reduced priced meals were being accounted for was asked for and received on February 5, 2018 but this document still lacked the source of the funds that were being used to subsidize the free and reduced priced meals.

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 invoices for meals vended from Clark County School District (CCSD) for August and September 2017 were reviewed. The following issue was noted:

- Five of the invoices reviewed during this time did not have a receiving temperature recorded.

Corrective Action Required: Create a business process which includes the following information;

- Indicates who by name or title is responsible for receiving orders from CCSD at DPAC
- Directs the individuals who receives shipments to check the shipments to ensure that proper temperature controls are being maintained for items that require this

- Directs this individual to sign off that they have performed the temperature check on shipments received from CCSD as part of the vended meal interlocal agreement.

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

A portion of the Administrative Review was unable to be completed. DPAC did not provide documents with sufficient detail that had been requested months prior as part of their notification of a comprehensive resource management (CRM). Please refer to this original document and submit the requested documents in sufficient detail to assess the fiscal health of the DPAC nonprofit school food service account.

Corrective Action Required: None. DPAC has been placed on payment withhold status due to noncompliance with the document request.

Paid Lunch Equity

This section is reviewed to evaluate the prices that are charged for paid lunches in relation to the Federal paid and free reimbursement rates. In addition to this, funding sources for subsidizing meal prices for students is also evaluated to ensure that the funds used in this manner are not funds with a Federal source.

DPAC does subsidize its reduced price and paid lunch student's meals for lunch and breakfast. The most recent documents submitted on February 5, 2018 still do not indicate where the money being used to subsidize these meals is coming from. For example, the total number of paid lunches in August 2017 were 4214. The reimbursement from NDA was $(4124 * .37 = \$1559.18)$ and the total cost of paid lunches for August 2017 is $(4124 * 2.25 = \$9279)$. There is a difference of \$7719.82 that is covered by a general fund subsidy. What funds constitute this general fund and the general fund subsidy and what are their source, federal, state, local, etc. They have not submitted supporting documentation that indicates the source of the money being used for this subsidization.

Corrective Action Required: None. DPAC has been placed on payment withhold status due to noncompliance with the document request.

General Program Compliance

Civil Rights

The civil rights policy at DPAC was reviewed as part of the Administrative Review. The policy being used at DPAC is not specific to the food program and seems to be a general civil rights complaint document. It does not have the USDA nondiscrimination statement and it did not have a mechanism for program participants to bypass the local civil rights statement and file their complaint directly with the USDA.

Corrective Action Required: Correct the deficiencies noted in your civil rights policy and submit a copy of it to NDA for review. We have included a template civil rights policy you may use. Alternatively, you may use the USDA's civil rights policy for reporting civil rights issues related to food programs and not have a local civil rights discrimination policy. You may find the USDA civil rights complaint information here; <https://www.ascr.usda.gov/filing-program-discrimination-complaint-usda-customer>.

Local School Wellness Policy

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In your wellness policy you state that breakfast is 15 minutes and lunch is 20 minutes. We observed these times not being adhered to. The meal services that were observed in the cafeteria indicated that the children are not being given their full allotment of time for lunch. The time starts when the last child for the group is served.

Corrective Action Required: Submit a written statement indicating how going forward, DPAC will comply with state law and its own wellness policy meal times to NDA for review.

Water

Free potable water is required to be served in the same room as the meal that is being served. The water fountain for DPAC is in a hallway outside of the main cafeteria room.

Corrective Action Required: Institute a business process that will outline how DPAC will comply with the water availability requirements. This could be anything from having a cooler and cups available to students in the main serving area to individual bottled waters. Submit the process to NDA for review.

Professional Standards

Please submit documentation indicating that all staff members with food service duties have met all their training requirements under the professional standards regulations.

For your food service director, please submit the following information for that individual;

- Highest level of education achieved (such as B.S. and the degree area)
- Years of school nutrition program experience
- Food safety training documentation

For food service staff who have not completed their annual number of training hours, please indicate when and how they will meet their training requirements for the end of the year. We have included a USDA flyer which summarizes the annual training hours required by job position.

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 Democracy Prep at the Agassi Campus the reviewer examined the sponsor's procurement procedures and procurement plan. 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.

Democracy Prep has an interlocal agreement with Clark County School District to vend their breakfasts and lunches. They are in compliance with the procurement regulations.

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 28, 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,



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