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February 14, 2018

John Barlow
Executive Director
Somerset Academy
4650 Losee Road
North Las Vegas, NV 89081

Dear Mr. Barlow:

The Nevada Department of Agriculture, Food and Nutrition Division conducted an Administrative Review of Somerset Academy from November 30, 2017 until December 1, 2017. The Administrative Review team consisted of Edward Coleman, Quality Assurance Specialist, Stephanie Disuanco, Program Officer, and Sally Fong- Rocha, 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 1, 2017 to discuss the major findings of the review. Lauren Kohut- Rost, NSLP Coordinator, Becca Fitzgerald of Somerset Academy, and Kendra Thornton of Academica were in attendance. Administrative Reviews are required to be conducted on a three-year review cycle. Somerset Academy received an onsite review its National School Lunch Program (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 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 SFA's certification of a student's eligibility for free or reduced-price meals and serves as the link to the SFA's

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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.

Two hundred and ninety applications for free and reduced-price meals were reviewed as part of the Administrative Review. The issues that were noted are listed below;

- One application had a clerical error. It was approved accurately for reduced benefits but the application listed the benefit level as free. This was corrected onsite as part of technical assistance.

Corrective Action Required: None. The issues here were corrected onsite as part of technical assistance.

Denied Applications;

- No issues were noted here.

Verified Applications were reviewed and there were no issues noted.

The notification letters, approval/denial letter, notice of adverse action, public release and the information letter to households were reviewed and any corrections that were needed were done as part of technical assistance.

The claim for the month of review was reviewed as well as the onsite counting and claiming system and there were no issues of note with either.

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.

Somerset Academy currently vends its meals from the vendor Three Square and is compliant with the meal pattern requirements under the NSLP program.

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

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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 the vendor Three Square were reviewed as part of the Administrative Review. The following issues were noted;

- A review of the invoices indicated that Somerset Academy is owed a credit of \$67.50 from their vendor Three Square as they were over charged for 30 meals.
- An order was increased but there was no documentation with the invoice indicating that the site had approved the increase.
- On one receipt, the receiving temperature for food items was not recorded.

Corrective Action Required: Please create a business process that outlines a system for managing the invoices that are received from vendors for the school food programs. This business process should contain the following;

- An indication that all food items received should be checked to ensure that proper temperature controls are maintained.
- An indication that all items are to be inspected to ensure they are fresh, free from pests, and arrive in a state that students can consume them where applicable.
- An indication that all orders received are checked to ensure the number of items ordered are the number of items received.
- Institute a log or other system that tracks when changes are made, such as when orders are increased or decreased, and tie this log or system to the appropriate invoices. This can be accomplished by simply noting on the invoice when there is a change and signing and dating.

All individuals that receive and or place orders should sign off on this business process indicating that they are aware of this process and will follow its guidance. Submit the signed business process and documentation indicating that Somerset Academy has received its credit back from Three Square to NDA for review.

Technical Assistance Provided: This item was corrected by Somerset Staff prior to the corrective action letter being sent. Their process meets these requirements and no further action is needed on this at this time.

Revenue from Nonprogram Foods

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

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

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

It was noted on the resource management risk assessment tool that Somerset Academy does sell items to adults. There is no issue with this but the items sold to adults must be compliant with regulations around the sale of foods to adults. Specifically, the items sold to adults must generate at least as much revenue as it cost to create them.

Corrective Action Required: Please submit the documentation of how adult prices for meals was determined if adults may buy meals during lunch time. Additionally, submit the supporting documentation for all adult food sales including, cost of the food items, numbers sold, and the revenue that was generated for each item sold to NDA for review.

General Program Compliance

Smart Snacks

It was noted that there are vending machines on the campus that sell sodas that are not compliant with Smart Snack regulations. These machines are compliant with Somerset Academy's wellness policy guidance and are not in operation until thirty minutes after the end of the school day.

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 Somerset Academy the reviewer examined the sponsor's procurement plan and current procedures. Per USDA guidance, the procurement plan must outline the specific procedures per 2CFR Part 200 for program operators 2CFR 318 (a). Specifically, the 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.

Somerset Academy is in compliance with the regulations governing procurement. No additional action is needed now.

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 16, 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

Quality Assurance Specialist

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