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August 8, 2018

Bruce Burgess
Superintendent
Caliente Youth Training Center
500 Youth Center Drive
Caliente, NV 89008

Dear Mr. Burgess:

The Nevada Department of Agriculture, Food and Nutrition Division conducted an Administrative Review of the Caliente Youth Training Center (CYTC) from May 2, 2018 until May 4, 2018. The Administrative Review team consisted of Edward Coleman, Quality Assurance Specialist. 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 May 4, 2018 to discuss the major findings of the review. Bruce Burgess, Superintendent, Tyler Peterson, Assistant Superintendent, Sheryl R. Johnson Administrative Services Officer, Marc Olsen, Food Services Manager, and Kelly Funk, Account Technician, were in attendance. Patricia Hoppe, Deputy Administrator, and Rose Wolterbeek, Nutrition Programs Professional, with NDA participated in the exit conference via conference call. Administrative Reviews are required to be conducted on a three-year review cycle. Caliente Youth Training Center received an onsite review its National School Lunch Program (NSLP), School Breakfast Program (SBP) and its Afterschool Snack Program (ASCP). 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 resident'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.

As a residential child care institution (RCCI), CYTC does not have applications for its residents. Instead it uses a resident eligibility roster. The resident eligibility roster must have certain information such as the child's name, personal income, date of birth, date of admission and date of release (estimated).

The eligibility roster at CYTC was reviewed and the following issues were noted;

- It did not document the child's income
- It did not include and expected release date

Corrective Action Required: CYTC has a repeat finding for not documenting their residents' income as part of their eligibility roster. CYTC will update their eligibility roster to include the missing items above and they will submit it to NDA for review. CYTC will also submit a signed statement indicating that going forward, they will keep a compliant eligibility roster for the residents in their facility. This statement will include the name and/or title of the individual that will be responsible for ensuring that this regulation is complied with going forward.

The counting and claiming system that is being used at Caliente Youth Training Center (CYTC) was observed as part of the onsite Administrative Review. As noted in Federal regulations, the only time a meal may be counted is when it is served to a child at the point of service (POS). The following issues were noted in the counting and claiming system being used at CYTC;

- Meals that were served to residents who could not make it to the cafeteria were not counted at the point of service. These meals are served to the residents and then they are counted.
- Staff were not always signing the count sheets certifying that the count they were responsible for was accurate.
- White out is being used on official documents.
- Changes are being made to the count sheet and these changes are not clear and there is no supporting documentation as to why a change was made.
- Some residents were marked as being unable to have a meal, such as being on a work crew, but were counted in the tally on the count sheet for that day.

Corrective Action Required: The following are repeat findings from the 2015 Administrative Review; All meals that are served to residents must be counted at the POS when they are served to the child. Create a business process for staff that complete the count sheets. This process should outline the following;

- All count sheets are to be signed when the count is tallied and completed.
- A uniform system of indicating when residents do not get a meal should be defined and implemented
- If staff make a change to a count sheet, they must strike through and initial the mistake and note on the comments section on the sheet why the change was made.
- White out should never be used on official documents related to the Food and Nutrition Services programs at CYTC
- Indicate who by name or title will be responsible for ensuring that the count sheets being used are compliant with this business process.
- Have all individuals who would be impacted by this process sign it indicating that they are aware of it and will enforce it.

Submit the business process and the count sheets for all meals served at CYTC for the months of August, September and October 2018 to NDA for review.

CYTC serves meals to residents in alternative locations. It was noted that even though there was a policy/business process put into place after the last Administrative Review to govern meals served in alternative locations, CYTC was not complying with this policy/process. The count sheet was not being taken to the cabins where the residents were being served their meals, and the total meals served in the cabin, the alternative location, were being documented in the cafeteria.

Corrective Action Required: This is a repeat finding for CYTC from the 2015 Administrative Review. All meals that were served to residents in their cottages will be denied and funds for those meals will be recouped for the day of review. CYTC will submit a written statement indicating how going forward, it will become compliant with its policy regarding serving meals to residents in alternative locations. CYTC will submit its count sheets for meals served in alternative locations to NDA for review for August, September, and October 2018. Additionally, CYTC will indicate who by name or title will be responsible for ensuring that this process is complied with in the future.

The Claim for reimbursement for February 2018, the month of review, was reviewed and the following issue was noted;

- The number of lunches that were claimed for this month were 3565 but a review of the claim documentation indicated that there were only 3563 lunches served in this month.

Corrective Action Required: Inaccurate claims for reimbursement are a repeat finding from the previous Administrative Review of CYTC. CYTC will have the 2 meals it overclaimed in this month recouped and it will be reimbursed \$558.80 for the snacks that it underclaimed. Additionally, CYTC will implement a business process or policy to review the claim documentation before submitting a claim to NDA. This process or policy should include the following;

- Indicate who by name or title is responsible for reviewing the supporting documentation for the claims for reimbursement
- Include edit checks for consolidating the monthly totals for breakfast, lunch and snacks that are served at CYTC
- Include the steps for the process of consolidating the daily count sheets
- All individuals that are responsible for reviewing the claims for reimbursements supporting documentation and consolidating the claim for reimbursement should sign this process indicating that they are aware of this process and will comply with it.

Submit a signed copy of this document 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 residents 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. As a best practice, some items and ingredients listed were non-whole grain rich on the requested breakfast and lunch menus. As technical assistance this is allowable as a non-creditable grain under certain conditions. For example, cream of wheat, the egg roll, and pasta (goulash recipe) are considered as “extra foods” and allowable as they were included in the provided nutrient analysis for the requested week(s). Since a creditable whole grain rich item was available for the meal service on that day and it met minimum quantity, the menu planner may continue to offer these items as presented as the meal pattern complied for the specified age/grade group. For more clarification or information, please contact NDA.

At breakfast and lunch, proper serving sizes were not observed for meal items and at breakfast at least, the servings to the children were reduced after the cook stated, “No one else is going to be able to eat”.

- At breakfast the scoops being used for the eggs were not uniform. As the service went on, the residents at the end of the breakfast meal service got less than those who were first.
- At breakfast, the cheese being used in the burritos was not measured with a measured utensil. It was instead measured by hand. The kitchen manager stated that they do not have a 1 oz. scoop for the cheese and have gotten the hand measuring of cheese “down to a science”.
- The lettuce for the salad that was served at lunch was not measured
- The condiments that were available at breakfast and lunch were not regulated as noted in the DSAT for CYTC.

Corrective Action Required: CYTC will submit a written statement indicating that meals brought with Federal funds for their residents that are participating in the NSLP, SBP, and Afterschool Snack Program, will be used to provide meals to program participants first. Adults, and all other non-program participants that eat meals provided with funds from the NSLP program, may pay for meals after all the program participants have had their meals. Additionally, this statement will indicate that meals for the residents will all be served with the same amounts of food from the start to the end of each meal service.

CYTC is a straight serve facility and the residents must have access to all meal components or food items offered at meal services along with their choice of milk, usually 1% fat unflavored milk or 0% fat flavored milk. Regardless of where the meal service occurs, residents must have the same access to water, milk choice, et al. as if they had had a meal in the cafeteria with everyone else. Residents who have their meals served in an alternative location were not offered a milk choice.

Corrective Action Required: Residents regardless of where they are served a meal must be offered a choice of milk with their meal services. CYTC should create a business process that addresses this and submit it to NDA for review. This process should at a minimum indicate the following;

- Who by name or title is responsible for overseeing this process
- Detail a process for finding out the child’s preferences in this regard if they are having their meal in an alternative location such as calling or using walkie talkies to communicate with staff in the cabins where the alternate meals will be served to get the child’s preference
- A way of documenting that the child was given a choice such as indicating on the count sheet for meals served in alternate locations the type of milk offered
- All individuals that are impacted by this process should sign it indicating that they are aware of it and will comply.

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

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 food purchased by CYTC was also conducted and the following issues were noted;

- While onsite, it was observed that the shipment of items that had been received that day (May 3, 2018) had not been inspected by CYTC staff to ensure that all items ordered had been delivered.
- A total of 18 of the random sample of 62 invoices were not signed by CYTC staff

CYTC will implement a system of managing their invoices and receiving shipments from vendors. The system will include the following;

- Indicate who and their direct supervisor by name or title will be responsible for receiving shipments from vendors
- Institute a process to check all shipments to ensure that all items received are appropriate and meet quality and health standards
- Indicate that all invoices should be signed
- All staff members who will be affected by this policy should sign it indicating that they are aware of the policy and will comply

Submit a signed copy of the policy to NDA for review.

CYTC did have loans into the nonprofit school food services account but these were appropriately documented.

CYTCs nonprofit school food services account does not exceed its three months operating expenses threshold of \$80,341.60. If CYTCs nonprofit school food services account exceeds this amount, they will be required to institute a spend down program to bring this account into compliance with program regulations.

Best Practice: Separating Program Foods

CYTC offers breakfast, lunch, and the afterschool snack program through the NSLP program. They also serve dinner to their residents and this is not on a the NSLP program and has different program requirements. It is considered a best practice to separate the foods for differing programs so that compliance may be more easily determined for food items in storage for the Administrative Review.

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.

CYTC must according to regulations be able to separately account for the cost and revenue generated by the sale of nonprogram foods. CYTC does not accurately track its adult meal costs. While onsite, non- kitchen staff were observed making meals for themselves and they did not document these meals. The totals adult meals served are recorded on the count sheets at times but there does not appear to be a consistent system in place to ensure that adult meals are being properly tallied. CYTC will institute a business process that will allow them to separately track the total number of adult meals they serve at least annually.

Corrective Action Required: CYTC will institute a consistent policy or business process that will allow them to track and determine the total cost of adult meals. This policy or process will include the following information;

- Indicate who by name or title will be responsible for ensuring that adult meals are properly tracked and recorded. Indicate who by name or title will serve as back up to this individual.
- The total count of adult meals served at breakfast, lunch and any snacks served to adults at CYTC will be tracked daily either on the count sheets used for resident's meals or with a separate system. Describe the method or system that will be used to document adult meals served and clarify any steps in that process.
- All individuals who will be impacted by this business process should sign and date a copy of this document indicating that they are aware of it and that they will comply with it.

Please send a copy of the signed document to NDA for review.

Technical Assistance: Subsidized Adult Food Costs

CYTC subsidizes meals for its adult employees with funds from the general fund of the State of NV. CYTC will determine if the cost of these meals exceeds the amount of funds they transfer into the nonprofit school food services account.

How to determine Adult Food Costs;

- The cost of an adult lunch must at least be equal to \$3.31 (the reimbursement rate for a free meal) + \$0.25 (for commodities used) = total cost of \$3.56.
- The cost of an adult breakfast must at least be equal to \$2.09 (the reimbursement rate for a free meal) + \$0.25 (for commodities used) = total cost of \$2.34.
- The cost of an adult snack must at least be equal to \$0.88 (the reimbursement rate for a free meal) + \$0.25 (for commodities used) = total cost of \$1.13.

Please note that the reimbursement rates listed above for each meal type and snacks does change on an annual basis and that you must update these costs annually.

CYTC should take the annual meal type total and multiply it by its total cost to determine the cost of all meals of that type.

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For example, if CYTC served 100 lunches to adults in a year, they would multiply the total annual lunches served by the total cost ($100 * \$3.56 = \356.00). This would be repeated for breakfast and lunch and snack and these three totals would be added together and then compared to the amount of funds transferred into this account from the state general fund.

How to determine the Amount of Funds transferred into the Nonprofit School Food Services Account; CYTC only charges food costs to their nonprofit school food services account and the only revenue stream into this account are the reimbursements from NDA.

- Take the total annual cost of food for the food program (\$321, 366.39 for 17/18 SY)
- Take the total annual reimbursement from NDA (\$245,328.75 for 17/18 SY)
- Subtract the total annual cost of food from the total annual reimbursement ($245,328.75 - 321,366.39 = -76,037.64$)
- The difference is the amount of funds transferred into the nonprofit school food services account (\$76,037.64)
- Compare the total amount from adult meals served to this difference.

Calculating whether the Nonprofit School Food Services account is compliant with Adult meal regulations;

If the total cost of the adult meals and snacks does not exceed the difference (the amount of funds transferred into the nonprofit school food services account) then document this comparison.

If the total cost of the adult meals and snacks exceeds the difference (the amount of funds transferred into the nonprofit school food services account) document this and then supplement the nonprofit school food services account with additional non-Federal funds to account for the additional adult meals.

General Program Compliance

Civil Rights

The civil rights complaint log for the food and nutrition program was not being maintained on an annual basis. For example, there was not a civil rights log for SY 17/18. This was corrected onsite as part of technical assistance. No further action needed here.

Local School Wellness Policy

Professional Standards

Food Safety

While onsite, food safety procedures were observed and the following issues were noted;

- The HAACP manual was not easily located. Per the Kitchen Manager, the HAACP manual was kept “at Administration” and Administration stated that the Kitchen Manager did not “know where to look for it.”
- The most recent health inspection was not publicly posted. The one that was posted expired on 7/31/17.
- Hairnets were not worn. One worker that joined at lunch had longer hair and was observed moving throughout the kitchen

- Foods were not being checked for temperature- the eggs that were used when the pan was almost finished were poured into the second pan which came out of the warmer and mixed in. No temperatures were observed being taken during breakfast or lunch meal service.
- No one working in the kitchen was observed changing their gloves between tasks. One worker was observed wearing his gloves while taking food out of the warmer, and he kept the gloves on and put a mitt on over them. Another worker was observed doing various things, getting utensils, taking pans to the cleaning area and then coming back to serve all with the same gloves on. I did redirect at lunch as he was going to be serving the residents bread with these same gloves.
- Gloves were not always observed being used when handling food.
- A worker was observed drinking from a thermos in the main kitchen prep area
- There is not a consistent date system being used for items in storage; homemade items were noted as not being dated as well as items that had been received
- Some storage items may have been improperly stored (we will check) beef was stored above chicken.

Afterschool Snack Program (ASCP)

The Afterschool Snack Program at CYTC was reviewed as well. The following issues were noted;

- The snacks that were claimed for the month of review were **underclaimed** by 635 snacks.
- The snack program in Cabin J was reviewed and not all students were able to participate in the educational activity, reading, as they did not all have books.
- Cabin L was reviewed, and the snacks served in this cabin were not counted as they were served to the students. They were counted after everyone had been served.

Corrective Action Required: Please see the notification of fiscal action for information on the underclaimed snacks. The snacks that were served in Cabin L will be recouped as noted on the overclaim disregard notification. Not properly counting snacks is a repeat finding from the 2015 Administrative Review of this site. Submit a written statement that indicates who, by name or title, will be responsible for ensuring that CYTC complies with its own policies regarding counting and claiming. Additionally, CYTC should submit this document to NDA for review. Additionally, CYTC should submit the following documents to NDA for review;

- Their onsite monitoring forms for the Afterschool Snack Program
- The menus and production records for the month of review (February 2018)

These items will be reviewed and if there are additional corrective actions that will come from this process, an addendum to the corrective actions letter will be issued.

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
- Adhere to the Buy American Provision

With regards to a procurement plan for the Child Nutrition program at CYTC, 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 procurement plan was sent via email on March 5, 2018. It may be used or CYTC may develop their own.

A written code of standard of conduct was requested as part of the procurement review. It was determined that CYTC had a policy in place: State of Nevada (Department of Administration Purchasing Division) Code of Ethics policy. Per 2CFR Part 200.3189(c)(1) the non-Federal entity must maintain a 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. Since the current policy does not fully address the federal requirement, the CYTC must add a clause to the Code of Ethics policy (or include this information in their adopted procurement plan) to ensure the residential child care center clearly avoids the acquisition of unnecessary or duplicative items. A sample code of conduct is attached which may be used to meet this requirement or CYTC may update its current policy with the disciplinary action violation language.

Procurement Worksheet

Based on the responses received from CYTC from NDA's procurement worksheet, it was determined that the site was using the following procurement method in its operation:

- Micro-purchase method
- Small-purchase method

As part of the Micro Purchase, the Nevada Department of Agriculture reviewed two vendors (2016/17 School year) for purchases below the micro-purchase threshold (\$0-\$3,500): Great Basin Caliente and Kellogg's. The reviewer examined the vendor's purchase orders and receipts/invoices to determine:

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- 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.

Based on the procurement worksheet information, CYTC indicated the small purchase threshold amount was \$5,000. Upon closer review, the type of purchases done with the main supplier would fall under that type of purchasing method (0-\$5,000 per transaction). One vendor was determined and reviewed: Sysco Las Vegas. The purchases made were in compliance with this type of purchasing method. However, as a best practice, it is suggested that the CYTC make some inquiries in the future if any other vendors service the remote rural location. In addition, since they are a residential child care institution, they are not able to access the pre-approved vendors within the State of Nevada's other juvenile detention facilities as the area is not currently being serviced.

USDA Foods

For the 2016/17 school year, CYTC did a great job of utilizing their entitlement with the State Distribution Program. Their entitlement amount was \$13,814.16 and they used up \$12,862.34 a balance of \$950.92 (92% usage). For future year, if you need additional assistance in utilizing your full entitlement, please reach out to NDA for technical assistance as the amount cannot be carried forward to the next school year. In addition, we do have a mechanism in place to receive more entitlement or surrender any balances for other sponsors on the NSLP programs in the state of Nevada.

Corrective Action Required: Please adopt a Procurement plan for the child nutrition program. Also, please bring CYTC's code of conduct into compliance with the Federal regulations per 2 CFR Part 200.320 with regards to disciplinary actions for violations by officers, employees, or agents.

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 September 7, 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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Quality Assurance Specialist

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