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April 17, 2017

Certified Letter # 7006 2760 0000 0509 5713

Brooke Whisenant
Food Service Director
Douglas County School District
1126 Airport Rd. Bldg C
Minden, NV 89423

Dear Ms. Whisenant,

The Nevada Department of Agriculture, Food and Nutrition Division conducted an Administrative Review of the Douglas County School District (DCSD) from March 28-30, 2017. The Administrative Review team consisted of Brittany Mally, Quality Assurance Specialist, Rose Wolterbeek, School Nutrition Services Specialist, Stephanie Disuanco, Program Officer and Bobbie Davidson, Program Officer. The purpose of the Administrative Review is to ensure compliance with federal regulations and also provide technical assistance for program improvement. Our team greatly enjoyed working with all food service staff members. Thank you for accommodating our staff during the review and for providing all the needed documentation in a timely fashion. Staff was very helpful in providing documentation and answering questions throughout the review process.

We conducted an exit conference on March 30, 2017 to discuss the major findings of the review. Brooke Whisenant, Food Service Director and Jordy Foster, Administrative Secretary was in attendance. The Administrative Review evaluates compliance with the regulatory provisions of the National School Lunch Program (NSLP) and School Breakfast Program. Administrative Reviews are required to be conducted on a three year review cycle. The DCSD received an onsite review its National School Lunch Program (NSLP), School Breakfast Program (SBP), and its Fresh Fruit and Vegetable Program (FFVP). The findings of the review are detailed below by the three main sections of the Administrative Review, Performance Standard I, Performance Standard II and Other Areas. The new procurement review is being coupled with the administrative review and the findings of the procurement review are included in this letter.

Performance Standard I – Meal Access and Reimbursement

The National School Lunch Program (NSLP) and the School Breakfast Program (SBP) have counting and claiming systems that are federally mandated for all School Food Authorities (SFAs) that are participating in these programs. All free, reduced price, and paid meals claimed for reimbursement must be served only to children eligible for free, reduced- price, or paid meals. The certification and benefits issuance process is the SFA's certification of a student's eligibility for free or reduced price meals and serves as the link to the SFA's

meal counting and claiming system. Validation of this system during the Administrative Review ensures that eligible children receive meals to which they are entitled and that claims for reimbursement are valid.

A review of applications at DCSD revealed the following errors:

- There were numerous applications that were not certified within the required 10 day time frame.

Corrective Action Required: Create a policy or procedure on how DCSD will ensure that the applications are certified within the required 10 day time frame. Submit to NDA for review.

DCSD is doing a great job with meal counting and claiming and all claims from the month of review were verified and NDA found zero errors. Overall, DCSD is doing a tremendous job in Performance Standard I and should continue these great practices. The following areas are in compliance and no corrective action is needed: meal counting and claiming, verification, direct certification and the benefit issuance document.

Performance Standard II- Meal Pattern and Nutritional Quality

The National School Lunch Program meal pattern is the foundation of federal school nutrition programs, and sponsors of the program must ensure that they are offering reimbursable meals for breakfast and lunch according to regulations (7 CFR 210.10 and 220.80). Schools operating NSLP and/or the SBP must prepare, offer, and serve meals to students that meet the meal pattern requirements for the appropriate age/grade groups on all reimbursable meal service lines.

The meal pattern standards have specific requirements for minimum amounts of fruit, vegetables, meat/meat alternates, and grains that must be offered daily and weekly. In addition, there are standards for vegetable sub-groups which must be offered each week. The meal pattern also requires that all creditable grain items be whole grain rich. The meal pattern limits calories (minimum and maximum levels), restricts sodium levels, limits saturated fat, and eliminates trans fats.

DCSD is offering a menu full of variety that meets the meal pattern and contains fantastic choices for the students. The meals observed were well received by students and the staff interviewed were excited about the food they were offering the students. This is very nice to see and DCSD should be commended on their efforts in the SBP and the NSLP.

Production Records

Per 7 CFR 210.10 schools must follow a food based menu planning approach and produce enough food to offer each child the quantities specified in the meal pattern and must also keep production and menu records for the meals they produce/serve. Production and menu records must be maintained in accordance with Food and Nutrition Service (FNS) guidance. The menu production records must be filled out completely and daily for all NSLP programs.

Prior to the onsite review DCSD submitted production records for their month of review which was December 2016. NDA reviewed them with the Food Service Director and provided technical assistance prior to the onsite review. The production records were missing an amount pulled/food used column which was added to the production records in time for the onsite review. The production records reviewed during the onsite portion of the review contained the amount pulled column, however it was the school sites first week using the new records. Technical assistance was provided onsite to each kitchen manager visited and to the Food Service Director for the amount of detail that is needed in the amount pulled/food used column and that each food component needs to be listed. For example: if the food item to be made is a sunbutter wrap then the amount pulled needs to include

the items that were used to make it such as: the tortilla, bananas, granola, honey, and sunbutter. In order to verify that the planned menu was actually prepared and served the food used must be recorded in a common unit of measure. This can include but is not limited to: number, size, weight or volume.

Corrective Action Required: Please complete the following corrective actions:

- Please submit to NDA one weeks' worth of completed production records for both breakfast and lunch meals from C.C. Meneley ES, Douglas HS, and Pa Wa Lu MS. Feel free to submit revised templates or completed records for review to NDA at any time.
- In addition, the food service director must complete the Food Production Records course from the Institute of Child Nutrition. Which can be found here: <http://www.nfsmi.org/Templates/TemplateDefault.aspx?q=cELEPTIzOA>. Submit certificate of completion to NDA.
- Either have all staff tasked with completing productions also complete the food production records course from ICN and submit certificates as proof or hold a training on production records and submit sign in sheet's as proof of staff who attended.

Whole Grain Rich

The following menu items were found to not be whole grain rich and will need to be discontinued from the menu. Serve the remaining that are in inventory but do not order more of these items.

- Bridgford Pre-Cut Cinnamon Rolls (this company does have a whole grain rich cinnamon roll which can replace this item)
- Malt O'Meal Frosted Flakes

Corrective Action Required: Remove these items from the menu and discontinuing ordering them. If you switch to the whole grain cinnamon rolls from Bridgeford please submit the nutrition facts label to NDA for review.

Comprehensive Resource Management

A comprehensive resource management review is required when certain risk based criteria are met by the school district. The DCSD triggered a comprehensive resource management review of one area only, the sale of 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.

After an in depth review of the sale of non-program foods there were no findings and therefore no corrective action is necessary in this area.

General Program Compliance

Food Drop Policy

While observing the lunch service at Pa Wa Lu MS, we observed several kids dropping their apples on the floor, picking it up and placing it back on their meal trays. This is a health concern for the students.

Corrective Action Required: Please write a policy about how food and/or drinks dropped on the floor will be handled and replaced. Submit to NDA for review.

Water Fountain

It is required that children have access to potable water during the lunch and breakfast meal services. At Pa Wa Lu MS there was a water fountain located in the cafeteria where the meal service occurs. When the drinking fountain was tested the water fountain worked fine but it was dirty. There were bits of hair and particles in the drain, which can discourage the students from using it.

Corrective Action Required: Please submit a maintenance request to your facilities management to clean the water fountain. Submit documentation (an email or written request) that the maintenance request has been made and that facilities management has cleaned the drinking fountain.

Annual Storage Facility Form

U.S. Department of Agriculture (USDA) regulation, 7 CFR 250, requires that all agencies participating in the USDA foods program conduct an annual review of all storage facilities. During the onsite review of DCSD it was determined that this form has not been completed. Technical assistance was provided onsite to the warehouse manager and the food service director about how and why this form needs to be filled out.

Corrective Action Required: Please use the attached form to conduct a storage facility review for each site, warehouse, and/or commercial storage facility where USDA foods are stored, used, or consumed for the DCSD. Submit completed form/s to NDA for review.

FFVP

DCSD has one site that is operating the FFVP. This site was reviewed as well as documentation supporting their October claim for reimbursement. There were no issues with their back-up documentation for the claim. The FFVP service was observed at C.C. Meneley ES. Every class receives an informational flyer about the fruit or vegetable being offered that day. Several classrooms were observed and teachers were interviewed. Teachers did say that they use the flyers as a nutrition education component. There was one classroom where their teacher/aide handed out the vegetables during the lunch period while the students were eating lunch, which is not allowed. This was immediately brought to the attention of the Food Service Director who provided technical assistance and also addressed it with the principal. No further action is necessary.

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. Federal, state and local laws and regulations specify the methods SFAs must:

- 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

With regards to a procurement plan for Child Nutrition program at the Douglas County School District the reviewer examined the District's procurement procedures. A district purchasing policy was in place found in a

Policies #606(a-c) revised on October 2015. Per USDA guidance, the procurement plan must outline the specific procedures per 2CFR Part 200 for program operators 2CFR 318 (a). The district's procurement plan sets the material and supply threshold at \$3,000 per Section 1 (2) Item B. The food service staff did procure food and materials in the following categories: bread/bakery, milk/dairy, paper goods, dry/canned, frozen, and refrigerated. The one area that was not competitively procured was fresh produce. Per the district's current policy, fresh produce must be competitively procured as the purchases were over the \$3,000 threshold.

For the 2015/16 school year, the district self-reported that they spent \$94,689.72 in fresh produce. In addition, they spent \$24,462.10 in DOD Fresh entitlement funds. The total amount spent on produce was \$119,151.82. This area is a significantly high amount in comparison to all of the purchasing categories for the child nutrition program (18% of all reported purchases with the included DOD fresh entitlement funds). Therefore, it is in the district's best interest to develop specifications and release solicitation documents for this food product.

The District's Procurement Policy for materials and supplies require formal bids and advertisement for purchases of \$3,000 and more. This threshold is more restrictive than the State and Federal purchasing threshold, so the most restrictive threshold applies for the child nutrition program. While the State procedures for local government purchasing per NRS 332 are in effect and referenced in the district's guidelines, the current policy does allow for exceptions to competitive bidding per NRS 332.112 through 332.148 which is part of the District's policy 606(a) Section II Item 1 on exceptions for competitive bidding. However, per item 332,115(e), perishables are exempt. This was discussed with the Food Service director and Nutrition coordinator present at the exit interview. The district may choose to competitively procure materials and services and must include fresh produce as a product category, or they may choose to exempt all perishables that are less than \$150,000 in purchases, if applicable. If they exempt all perishable, they still must conduct a competitive process with a small purchase method which involves obtaining two bids (minimum) from responsive and responsible sources and then making a final selection with one vendor. As a best practice, they plan should be consistent for all categories of purchases.

Lastly, the district's current plan must be amended to include the prohibition of 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. A sample is provided with some suggested language so the current policy may be updated per Federal guidelines.

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)). Based on the responses received by Douglas County School District's procurement worksheet, it was determined that the district 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 (2015/16 School year) for purchases below the micro-purchase threshold (\$0-\$3,500): Seven Up Bottling Company and the Office Depot. The reviewer examined the purchase orders and receipts/invoices 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 **Small Purchase**, the Nevada Department of Agriculture reviewed two vendors (2015/16) for a purchase made below the federal small purchase threshold (under \$150,000): The Danielsen Company & Bakemark. The reviewer found the purchases were in compliance.

A written code of standard of conduct was requested. It was determined that Douglas County School District did have one in place: Code of Conduct Article VII No. 070. The code of conduct pertained to the Board of Trustees and not district staff. 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 Douglas County School district must have a provision in place to meet this requirement for procurement. A sample is provided which the district may use or may develop their own code of conduct. The code of conduct must also provide for disciplinary action for violations by officers, employees or agents (2CFR 200.318 (c)1. In Administrative Regulation No. 606 (a) Section 1 Item B (page 3) this is addressed and no further action is needed on this item.

Keep all solicitation documents for all future procurement methods per the approved procurement plan.

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 and a pilot Procurement Plan prototype. In addition, technical assistance will be provided if requested by staff on the procurement review findings.

Corrective Action Required:

- Modify the district's current 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. If the district will keep the competitive procurement at \$3,000 or more, then it must competitively procure all products and supplies with the same process. If the district chooses to exempt perishables per NRS 332 Purchasing for Local Governments, then it still must conduct a small purchase for all products and supplies if the criteria is met for this threshold.
- Procure produce for the upcoming school year either through a formal competitive bid or an informal process; the district should develop clear specifications for requested products which are a requirement for either method.
- Develop a policy governing the code of conduct for staff involved with district purchasing with regards to procurement in the Child Nutrition program. The two items that need to be addressed are a policy governing the action of the employees engaged in the selection, award and administration of contract and a clause to avoid the acquisition of unnecessary or duplicative items.

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 May 17, 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

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for reimbursement or withholding funds. If you have any questions about the required corrective action please contact Brittany Mally at (775) 353-3663 as soon as possible.

Best Regards,



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

Attachments: Appeal Procedures, Procurement Package, Storage Facility Form

Cc: Teri White, Superintendent
Jordanna Foster, Admin Secretary
Catrina Peters, School Nutrition Services Manager, NV Dept. of Agriculture, FND
Rose Wolterbeek, School Nutrition Services Specialist, NV Dept. Of Agriculture, FND

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