September 8, 2017 **AR-02-40-17**

THE UNITED STATES VIRGIN ISLANDS

OFFICE OF THE VIRGIN ISLANDS INSPECTOR GENERAL

School Lunch – St. Thomas

School Lunch – St. Croix

School Lunch – Maryland

School Lunch - Kentucky

AUDIT OF THE DEPARTMENT OF EDUCATION'S CLAIMS AND REIMBURSEMENT PROCEDURES FOR THE SCHOOL LUNCH PROGRAM

ILLEGAL OR WASTEFUL ACTIVITIES SHOULD BE REPORTED TO THE OFFICE OF THE VIRGIN ISLANDS INSPECTOR GENERAL BY:

Calling:	**Sending Written Documents to:**
(340) 774-3388	**Office of the Virgin Islands Inspector General** **2315 Kronprindsens Gade # 75** **St. Thomas, Virgin Islands 00802**
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January 12, 2018

Honorable Kenneth E. Mapp
Governor of the Virgin Islands
Government House
21-22 Kongens Gade
Charlotte Amalie, Virgin Islands 00802

Honorable Myron D. Jackson
Senate President
32nd Legislature
Capital Building
Charlotte Amalie, Virgin Islands 00802

Dear Governor Mapp and Senator Jackson:

The attached report was issued and set for distribution on September 8, 2017; however, as a result of Hurricanes Irma and Maria, its distribution has been delayed until now.

The hurricanes have caused significant damage and destruction to structures in the territory in general and facilities of the Department of Education in particular. As discussed in this report and the other reports issued over the past decade, significant problems have existed for many years. Now is the opportunity to build a School Lunch Program that would effectively meet the standards established by the United States Departments of Education and Agriculture.

If you require additional information, please call me at 774-3388.

Sincerely,

Steven van Beverhoudt

Steven van Beverhoudt, CFE, CGFM
V. I. Inspector General

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EXECUTIVE SUMMARY

The following summarizes the major findings from the Audit of the Department of Education's (Education) Claims and Reimbursement Procedures for the School Lunch Program (AR-02-40-17).

Finding 1: Program Funding (pages 7 to 13)

- ✓ Federal reimbursement and entitlement food decreased during 2013 to 2015 school years.
- ✓ Student participation in the school meal program decreased.
- ✓ Recommended strategies to boost student participation were not implemented.
- ✓ Over three academic school years, there has been a funding loss of $1.7 million.

Finding 2: Meal Program Claims (pages 15 to 20)

- ✓ Internal controls were not established to ensure that meal reimbursement claims were accurate and met federal guidelines.
- ✓ Policies and procedures were not established.
- ✓ Education officials did not address the problem of poorly trained employees and understaffing.
- ✓ Over 95,000 meals were improperly claimed, with anywhere from $32,000 to $259,000 in funds being placed in jeopardy of repayment to the USDA.
- ✓ Education officials may have been placed in a position of a conflict of interest.

Finding 3: Loss of Performance Base Reimbursement (pages21 to 24)

- ✓ Education officials did not effectively maximize opportunities to obtain additional federal funds to sustain the School Lunch Program.
- ✓ The territory lost certification that resulted in the loss of $206,000 in additional reimbursements.

Finding 4: Meal Component Requirements (pages 25 to 29)

- ✓ Education officials did not ensure that meals offered and served complied with USDA nutrition and pattern requirements.
- ✓ Students did not always receive the recommended daily nutritional supplement to aid in their academic performance and maintain good health.

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September 8, 2017

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Dear Governor Mapp and Senator Jackson:

This is our second report on the Department of Education's (Education) operations of the School Lunch Program. The report contains the results of our audit of Education's claims and reimbursement procedures. The audit objectives were to: (i) determine whether the School Food Authorities (Authorities) have effective internal controls in place to ensure that districts' meals offered and served comply with USDA nutrition and pattern requirements; (ii) assess whether the Authorities had sufficient internal controls to ensure that meal claims for reimbursement were completely and accurately reported; (iii) determine whether performance measures were established to ensure that decreases in claims were promptly assessed and corrective actions were taken; and, (iv) determine whether the Authorities have pursued opportunities for the districts to receive additional federal funds to help support the School Lunch Program.

We found that within Education, there was a pervasive culture of non-compliance with federal regulations that govern the reimbursement of meals served in the Virgin Islands school system. Specifically, our audit found that: (i) federal reimbursement and entitlement food decreased during 2013 to 2015 school years; (ii) internal controls were not established to ensure that meal reimbursement claims were accurate and met federal guidelines; (iii) Education officials did not effectively maximize opportunities to obtain additional federal funds to sustain the School Lunch Program; and, (iv) Education officials did not ensure that meals offered and served complied with USDA nutrition and pattern requirements.

We attributed these conditions to the reduction in student participation in the school meal program. As well as, Education officials: (i) not implementing recommended strategies to boost student participation; (ii) not establishing policies and procedures; (iii) not addressing the problem of poorly trained employees and understaffing; (iv) turning a blind eye to obvious non-reimbursable meal claims; (v) being placed in a position of a conflict of interest; (vi) continued non-compliance with federal regulations; and, (vii) not ensuring the availability and correct serving of menu items.

As result: (i) over the three academic school years of our audit scope, there has been a funding loss of $1.7 million dollars; (ii) over 95,000 meals were improperly claimed, with anywhere from $32,000 to $259,000 in funds being placed in jeopardy of repayment to the USDA; (iii) unnecessary pressure may be placed on the territory's local funds budgeted for the School Lunch Program; (iv) the territory lost certification that resulted in the loss of $206,000 in additional reimbursements; and, (v) students did not always receive the recommended daily nutritional supplement to aid in their academic performance and maintain good health.

We made several recommendations to address the condition and causes cited in the report. Our recommendations addressed the following areas: (i) program funding; (ii) meal program claims; (iii) loss of reimbursement; and, (iv) meal component requirements.

An exit conference was held with Education officials on June 27, 2017, and there was general agreement with the findings and recommendations in the report. The Commissioner of Education submitted a response on August 15, 2017 and it is included as Appendix I beginning on page 31 of this report.

If you require additional information, please call me at 774-3388.

Sincerely,

Steven van Beverhoudt

Steven van Beverhoudt, CFE, CGFM
V. I. Inspector General

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INTRODUCTION

BACKGROUND

The School Lunch and Breakfast Programs (School Lunch Program) are federally assisted programs that provide nutritionally balanced meals to school children in pre-kindergarten through the twelfth grade. The Food and Nutrition Service (FNS) within the U.S. Department of Agriculture (USDA) administers the School Lunch Program. Schools that choose to take part receive cash subsidies and commodities from the USDA for each meal served. In return, the schools must serve meals that meet federal nutritional requirements, and they must offer free or reduced-price meals to eligible children.

The Virgin Islands Department of Education (Education), along with over 100,000 public and nonprofit private schools and residential institution across the United States, participate in the National School Lunch/School Breakfast and Snacks Program. In Fiscal Year 2015, the most recent year for which data was available, the federal government spent approximately $15 billion to serve meals to over 31 million children nationwide.

Title 3 Section 94(b) of the Virgin Islands Code (Code) states that, "The Commissioner and the Department [of Education] shall be the state education agency (state agency) for the purpose of compliance with federal legislation. The Commissioner shall, consistent with the powers and duties of the department, set policy for, plan, oversee and monitor public education in the Territory; Provided, however, that the daily operation of the school system shall be delegated to the Insular Superintendents within the meaning of this chapter." Also, Section 94(a) of the Code states that, "The insular districts and their respective heads shall be local education agencies for the purposes of applicable federal legislation."

Moreover, Title 17 Chapter 13 Section 140(b) of the Code designates Education as the state agency for the administration of the School Lunch Program in the schools. Also, Section 140(c) provides that the Commissioner of Education, in consultation with the respective Insular Superintendents, must designate within each district, a school food authority (Authority). Each authority is responsible for the administration of the School Lunch Program within their respective districts.

The Virgin Islands' participation in the School Lunch Program is based on a federal-state agency agreement entered into annually between the USDA and Education. In return for the funds and commodities provided by the federal government, Education agrees to comply with federal statutes, regulations, and other established guidance related to the School Lunch Program. As the state agency, Education can impose more restrictive requirements on the School Lunch Program, however; they cannot relax any of the federal requirements. The reimbursement (federal cash allowance paid for each meal served) and claiming processes for breakfast, lunch and snacks are governed by the Code of Federal Regulations (C.F.R.).

These regulations include:

7 C.F.R. 210, National School Lunch Program;

7 C.F.R. 220, School Breakfast Program;

7 C.F.R. 245, Determining Eligibility for Free and Reduced Price Meals and Free Milk in Schools.

The following are the programs administered by the Authorities:

- The National School Lunch Program;
- The School Breakfast Program;
- The Summer Food Service Program;
- After School Snack Program;
- The Special Milk Program.

In the Virgin Islands, the Office of the Special Nutrition Programs (State Office) acts on behalf of Education to monitor the School Lunch Program to ensure the Authorities' compliance with federal and state requirements. As part of its monitoring process, the State Office is required to approve all claims submitted by the Authorities for reimbursement for meals provided. They ensure the accuracy of the claims calculations before submitting them to FNS.

Also, the State Office conducts federally-required compliance reviews. These reviews, consisting of two parts, are to be conducted every five years. The first part of the review is the "Coordinated Review Effort," which looked at issues such as meal counting, claims for reimbursement, civil rights requirements, and food vendor oversight. The second part is the "School Meals Initiative," which looked at school district compliance with federal nutritional requirements. Beginning with the 2014 school year, under new federal guidelines, the school districts are required to be audited every three years to determine if they have met the minimum food serving nutrition standards established by federal guidelines.

The State Office is also responsible for providing the Authorities with technical assistance on an ongoing basis and offering periodic formalized training related to the School Lunch Program.

In the Virgin Islands, there are two Authorities, one in St. Croix district and the other in the St. Thomas/St. John district. Each Authority is required to enter into an agreement with the State Office to participate in the various school meal programs. The agreement is for a term of one year, and it is automatically renewed as long as the Authority remains compliant with the federal and territorial statutes, regulations, and other forms of guidance related to the School Lunch Program.

The agreement between the Authorities and USDA specifies that each Authority:

- Serve lunches meeting the minimum nutritional requirements prescribed by the Secretary of Agriculture;
- Serve meals without cost or at a reduced cost to children who were determined by the local school authorities to be unable to pay the full cost of the lunch;
- Operate the program on a non-profit basis; and,
- Maintain proper records of all receipts and expenditures and submit reports to the State Office as required.

Each Authority manages school food warehouses, base school kitchens and the delivery of meals to satellite schools. In the Virgin Islands, through the 2015 school year, there were 55 schools participating in one or more or the meal programs. Of the 55 schools, 27 were designated as base schools and 28 as satellite schools. Base schools are those facilities used to prepare meals for distribution to satellite schools. Satellite schools do not have sufficient facilities to prepare their meals.

All public school students in the Virgin Islands are eligible to participate in the school meal program regardless of the economic status of the child's family. The districts are not required to make individual eligibility determinations or publicly announce eligibility criteria. Therefore, all meals are free.

OBJECTIVES, SCOPE, AND METHODOLOGY

This audit was initiated by the Office of the Virgin Islands Inspector General. The audit objectives were to: (i) determine whether the Authorities have effective internal controls in place to ensure that districts' meals offered and served comply with USDA nutrition and pattern requirements; (ii) assess whether the Authorities had sufficient internal controls to ensure that meal claims for reimbursement were completely and accurately reported; (iii) determine whether performance measures were established to ensure that decreases in claims were promptly assessed and corrective actions were taken; and, (iv) determine whether the Authorities have pursued opportunities for the districts to receive additional federal funds to help support the School Lunch Program.

The scope of the audit was academic school years 2013-2015 and the first two months of 2016.

To accomplish our objectives we: (i) reviewed relevant federal and state laws, rules and regulations issued by the USDA and Education; (ii) reviewed the State Office's records and documentation related to areas of oversight of the Authorities' compliance with federal regulations; (iii) interviewed management and staff at the Authorities and the State Office to gain an understanding of the processes and controls utilized to administer the School Lunch Program; (iv) reviewed best practices in other states related to school lunch programs; and, (v) reviewed documents maintained by the State Office to determine the extent and frequency of their reviews. We also: (i) conducted a review of whether the State Office obtained corrective action plans and performed appropriate follow-up to ensure any violations were corrected; (ii) conducted four site visits to analyze the meal counting and serving process; (iii) performed non-statistical reviews of schools' production records to determine if the Authorities maintain records according to federal guidelines and if records were sufficient to determine if meals served met federal guidelines.

We performed a risk assessment to become familiar with the School Lunch Program's processes and the internal control structure of the Authorities.

We conducted this performance audit in accordance with the "Government Auditing Standards" issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. Accordingly, we performed such tests of records and performed other auditing procedures that were considered necessary under the circumstances. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We planned our audit work to assess the effectiveness of internal controls that were significant to our audit objectives. Our conclusion on the usefulness of those controls, as well as specific details of our findings and recommendations, are described in the audit findings and recommendations.

PRIOR AUDIT COVERAGE

We are unaware of any audits conducted on Education's School Lunch Program claims and reimbursement procedures within the past five (5) years.

AUDIT RESULTS

CONCLUSIONS

We found that within Education, there was a pervasive culture of non-compliance with federal regulations that govern the reimbursement of meals served in the Virgin Islands school system. Specifically, our audit found that: (i) federal reimbursement and entitlement food decreased during 2013 to 2015 school years; (ii) internal controls were not established to ensure that meal reimbursement claims were accurate and met federal guidelines; (iii) Education officials did not effectively maximize opportunities to obtain additional federal funds to sustain the School Lunch Program; and, (iv) Education officials did not ensure that meals offered and served complied with USDA nutrition and pattern requirements.

We attributed these conditions to the reduction in student participation in the school meal program. As well as, Education officials: (i) not implementing recommended strategies to boost student participation; (ii) not establishing policies and procedures; (iii) not addressing the problem of poorly trained employees and understaffing; (iv) turning a blind eye to obvious non-reimbursable meal claims; (v) being placed in a position of a conflict of interest; (vi) continued non-compliance with federal regulations; and, (vii) not ensuring the availability and correct serving of menu items.

As result: (i) over the three academic school years of our audit scope, there has been a funding loss of $1.7 million dollars; (ii) over 95,000 meals were improperly claimed, with anywhere from $32,000 to $259,000 in funds being placed in jeopardy of repayment to the USDA; (iii) unnecessary pressure may be placed on the territory's local funds budgeted for the School Lunch Program; (iv) the territory lost certification that resulted in the loss of $206,000 in additional reimbursements; and, (v) students did not always receive the recommended daily nutritional supplement to aid in their academic performance and maintain good health.

We made several recommendations to address the conditions and causes cited in the report. Our recommendations addressed the following areas: (i) program funding; (ii) meal program claims; (iii) loss of reimbursement; and, (iv) meal component requirements.

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FINDING 1: PROGRAM FUNDING

We found that federal cash reimbursements paid to Education for meals claimed have decreased by 24% from school years 2013 to 2015. In addition, entitlement foods, or USDA food items allotted to Education, fell by 10% during the same period. We attribute the decrease in cash reimbursement and entitlement food allotment to a reduction in student participation in the nutrition meal programs; as well as, Education's failure to implement recommended strategies to boost student participation. As result, over the three academic school years, there has been a funding loss of $1.7 million.

Background

The Virgin Islands School Lunch Program is funded with federal and local funds. All states agencies that participate in the School Lunch Program are required to make a minimum contribution toward the program's administration. The FNS determines the minimum contribution, referred to as a matching fund. The Virgin Islands matching fund amount is $122,525 annually.

The Code of Federal Regulation, 7 C.F.R. 210.7 and 220.9 governs the reimbursement payments to finance operations of the school food service. USDA provides cash reimbursement for all reimbursable meals served and claimed in the School Lunch Program. A reimbursable meal must meet federal guidelines and the meal must be served to eligible children.

In addition to cash reimbursement, USDA provides entitlement foods for each school lunch meal served and claimed. Although there are no entitlement foods for the School Breakfast Program, National School Lunch Program USDA foods may be served in the Breakfast Program.

Most of the financial support USDA provides to schools participating in the School Lunch Program comes in the form of a cash reimbursement made to the authority for each meal served to a student. To obtain cash reimbursement, school personnel must accurately count, record and claim the number of meals served to students. There are three classes of meals: free, reduced and full price, for which USDA provides reimbursement. USDA determines a reimbursement percentage for each class of meal served. Although the students participating in the Virgin Islands receive free meals, USDA does not reimburse 100% of the meals claimed at the free meal rate. Instead, based on a socio-economic survey done every three years by Education, USDA determines the percentages at which reimbursement will be made for each class of meal served. Those percentages determine the number of meals that USDA reimburses at the free, reduced and full price meal rate. The number of meals specified is then multiplied by the dollar amount paid for free, reduced and full price meals to arrive at the total cash reimbursement paid to the authority.

The last socio-economic survey completed was valid for the school years 2012 to 2015. However, because another survey has not been completed, USDA is temporarily using the percentages in determining the cash reimbursement for the 2015-2016 school years. The following schedule shows the reimbursement percentages determined by the survey. Also listed are the types of meals eligible for a cash reimbursement along with the dollar value.

USDA Reimbursement Rate Per Meal										
		Reimbursement Rate								
Level of Eligibility	Percentage	2013		2014		2015		2016		
		Breakfast	Lunch	Breakfast	Lunch	Breakfast	Lunch	Breakfast	Lunch	
Free Meal	78.43	$1.55	$2.86	$1.89	$2.95	$1.93	$3.00	$1.99	$3.09	
Reduced Price Meal	7.14	1.25	2.46	1.59	2.55	1.63	2.60	1.69	2.69	
Full Price Meal	14.43	0.27	0.27	0.28	0.30	0.28	0.30	0.29	0.31	

By law, in addition to cash reimbursements, schools that participate in the School Lunch Program can receive entitlement foods. The entitlement allotment is determined by using the previous year's meal counts and applying the food entitlement rate established by USDA. For example, the 2015-16 (July 1, 2015 – June 30, 2016) entitlement value for USDA foods, per school lunch served, is $0.2375. State agencies make a selection of entitlement foods for their schools from a list of foods available through USDA.

Cash Reimbursement

Student participation in the School Lunch Program directly impacts federal funding received by Education to operate the program. Our audit found that decreased participation has affected the School Lunch Program funding which consists of cash and entitlement foods reimbursement.

From School Year 2013 through School Year 2015, cash reimbursements have decreased by $1,686,448 due to decreases in student participation in the School Lunch Program. Specifically, the St. Croix District saw a decrease of $705,130 and the St. Thomas/St. John district decreased by $981,318.

The following table shows the cash payment received by district for each respective meal program during School Year 2013 through School Year 2015.

Department of Education
School Lunch Program Reimbursements
School Year 2013-2015

	SY2013	SY2014	SY2015	District Total	Grand Total
St. Croix					
Breakfast	$ 562,786	$ 492,742	$ 462,823	$1,518,351	
Lunch	2,575,323	2,309,226	1,970,156	6,854,705	$ 8,373,056
St. Thomas/St. John					
Breakfast	$ 672,937	$ 617,682	$ 483,776	$1,774,395	
Lunch	3,120,962	2,898,673	2,328,805	8,343,440	$10,122,835
Total	$6,932,008	$6,318,323	$5,245,560	$18,495,891	$18,495,891

As shown in the schedule above, the cash reimbursement received by each district declined each subsequent year after School Year 2013. We found that the St. Croix district cash reimbursement for the breakfast program dropped by 18% from School Year 2013 to School

Year 2015. The largest percentage decline of 12% occurred in School Year 2014. Also, the St. Thomas/St. John district breakfast program saw a decrease of 28% in cash reimbursement. The largest percentage decline of 22% occurred in the School Year 2015.

Similarly, the territory's lunch program also experienced a decrease in cash reimbursement. In the St. Croix district, from the School Year 2013 to School Year 2015, the cash reimbursements dropped by 22%. The payments received declined by 10% in School Year 2014 and 15% in School Year 2015. Also, in the St. Thomas/St. John district cash reimbursement dropped by 26% from the School Year 2013 to School Year 2015. The largest decrease occurred in School Year 2015 where the district saw a 20% decrease in funds from the previous year.

Food Entitlement Funds

We found that from the School Year 2013 to School Year 2015, the food entitlement funds provided to Education for the purchase of USDA food had decreased by 10.5% or $54,788. The reduced allotment was a direct result of an 18% decline in the number of meals served from 2,303,471 in 2013 to 1,895,966 in 2015. Again, this is a result of declining student participation.

The following table shows the fiscal year, commodity entitlement rate, previous years' meal count, and the dollar value of food entitlement made available to Education.

School Year	Commodity Entitlement Rate	Meal Count (Previous Year)	Earned Entitlement	Percentage Change
2013	0.2275	2,303,471	$524,040	
2014	0.2325	2,037,447	473,706	9.6%
2015	0.2476	1,895,966	469,252	0.9%

As detailed in the above schedule, entitlement funds allotted to Education decreased each year since School Year 2013. By School Year 2015, total funds decreased by 10.5% or $54,788. The largest decline occurred in School Year 2014 where the territory saw a 9.6% drop in entitlement funds.

As a result of the losses in both cash reimbursement and food entitlement funds, Education funding for the nutrition meal programs declined by $1,741,236.

Student Participation

Student participation in the St Croix and St Thomas/St. John district's School Lunch Program has consistently decreased over the past three school years reviewed (2013-2015). These decreases have taken place although student enrollment and attendance had generally remained constant. Authority employees in the St. Thomas/St. John district stated that due to changes in USDA nutritional requirements, adjustments made by the consultant hired by Education, have resulted in decreased student participation. Interviewed employees in both districts stated that the type of foods that schools are required to serve as a result of these new nutritional requirements, and the way the food is prepared is the primary reason for the lower student participation levels. For example, the employees stated the Authorities are required to reduce sodium/salt content of meals served and serve more vegetable and fruits. These changes, they indicated, have caused a decrease in student participation. Below is a summary of the trend in student participation for both districts for school years 2013 through 2015.

Virgin Islands Public School Student Participation Rate				
District	**Program**	**2013**	**2014**	**2015**
St. Croix	Breakfast	29%	27%	27%
St. Croix	Lunch	66%	65%	63%
St. Thomas/St. John	Breakfast	27%	24%	27%
St. Thomas/St. John	Lunch	71%	63%	63%

St. Croix District. Participation in the St. Croix district breakfast program decreased by 2% from 2013 to 2014, and remained constant at 27% during the last two school years. The lunch program remained at just over 60% throughout the past three school years, decreasing slightly by 1% and 2%, consecutively each year.

St. Thomas/St. John District. Similarly, in the St. Thomas/St. John district the breakfast program, which had lower participation, there was a drop of 3% from 2013 to 2014, from 27% to 24%. However, it returned to 27% in 2015. In the lunch program, there was an 8% drop in student participation between the 2013 and 2014, declining from 71% to 63%. It remained at 63% in 2015.

Unappealing Appearance of Meals. In line with the consultant's observations, we found that the presentation of a meal could have an impact on students' willingness to participate in the School Lunch Program. As part of our audit, we visited some schools to observe the meal serving process. We documented the meal presentation by taking some photographs of meals served.

As shown below, the meals were served to students in plates without compartments. Food placed on plates had merged together.

Veggie beans served on top of bread. Sweet fruit ran into the bread and corn.

Fruit pooled under the bread and mixed with the meat and corn.

Sweet fruit merged with the spaghetti and beans.

When foods are served to a student in this manner, the program runs the risk of students simply not eating the meal and not returning to participate in the program. This was made evident by the numerous plates with uneaten food students returned for disposal.


Disposed meals gathered by food service worker.


Meals disposed by students.

<u>Solutions</u>. We saw no evidence of Education having implemented any significant initiatives to actively encourage participation in the School Lunch Program. In addition, the district directors in both school districts indicated that none of the recommended initiatives suggested by the consultant hired to evaluate the School Lunch Program were implemented. For example, USDA recognized that the breakfast program throughout the nation had considerable challenges in regards to participation. Hence, USDA suggested to the authorities several models that may encourage students to participate in the school breakfast program, to make sure that all students start the day with a good meal. Some of the recommended solutions included:

- Grab-N-Go Breakfast - Where serving carts are located throughout the school or near entrances for easy student access to 'grab' food and take into the classroom.
- Breakfast after the 1st period or second chance breakfast - These provide serving alternatives for secondary students who are more likely to eat later in the morning.
- Breakfast in the classroom - Breakfast is delivered to each classroom before the bell rings and students eat at their desks for 10-12 minutes while attendance, announcements are read aloud, or daily exercises are completed.
- Breakfast on the Bus - A Grab-N-Go breakfast is offered to students as they load the bus.

Although we noted that Grab-N-Go bags were offered at some schools during the breakfast program, the Authorities had not implemented any other of the USDA suggestions.

In addition, the consultant, hired by Education to evaluate and make recommendations to improve the efficiency of the School Lunch Program, performed a menu enhancement assessment during the week of June 1 through June 5 of 2015. Afterward, the consultant provided a report that addressed student participation and how it could be improved. In that report, the consultant stated that they visited various schools, observed kitchen functions and noted the student participation rates. They noted lunch program participation rate of 50% at one school, 40%-53% at another school and 20-30% at a third school. Based on these low turnout numbers, several recommendations were made to Education. Some of these recommendations were as follows:

- Include a "Home Cooked" meal as the first entrée on the menu, since that is what students prefer.
- The second entrée should also be a hot item, but with an emphasis on more of a Grab-N-Go concept.
- The third entrée would be best served cold and pre-packaged. The meal could be a salad, wrap, or cold sandwich.
- Add pizza as one of the top entrées that could be served daily or a couple of times a week, alongside the hot sandwiches as a Grab-N-Go option.
- Serve fresher food that will have more appealing presentation to the students. Prepare food closer to meal time to ensure freshness. The kitchen staff had made lunch in most cases an hour or two before they served the meal.

The district directors stated to us that they had not implemented most of the recommendations suggested by the consultant. Authority employees interviewed indicated that management had discussed the problem regarding the decrease in participation. Nothing, however, had been documented. Also, we were not provided with evidence that Education had created plans to improve participation.

Recommendations

We recommend that the Commissioner of Education:

1. Require the Authorities to establish and implement strategies to improve student participation in the School Lunch Program

2. Direct the Authorities to prepare meals that are appealing to the sight of students and ensure that foods are served at intended temperatures.

3. Consider recommendations provided by the contracted consultant, as well as, suggestions developed by the USDA.

Department of Education's Response

The Commissioner of Education, in a response submitted on August 15, 2017, agreed with all of the recommendations made in the report. In the first recommendation regarding strategies to improve student participation, the Commissioner indicated that Education has partnered with local vendors to establish and implement strategies, and has developed a relationship with a pizza franchise and local farmers to increase participation.

For the second recommendation relating to the preparation of appealing and adequately heated food, it was indicated that every effort has been made to provide the kitchen staff with the tools to prepare appealing and properly heated food. Inadequate funding has resulted in less than 1% of equipment needs being addressed.

Regarding the third recommendation, it was stated that Education and the USDA have been in collaboration in restructuring the Authorities. In addition, “all suggestions and strategies” have been implemented.

V. I. Inspector General’s Comments

Although we will consider the recommendations in this section of the report to be resolved, we will consider them not yet implemented pending our review of the changes in the operations of the School Lunch Program for the 2017-2018 School Year.

We do, however, have some comments relating to the responses made in this section. With the recent changes in the United States Department of Agriculture, changes were made in the types of food that can be served. Efforts should be made to have local style foods acceptable in meeting the new nutritional requirements. Also, food should be served in trays that are compartmental to prevent the various components from mixing as we have shown occurring at numerous times during the course of our site visits.

As discussed in our first report on the warehouse inventory controls for the School Lunch Program, and shown again throughout this report, adequately stocked and properly functioning warehouses are the key components in having an effective and efficient School Lunch Program. No matter how appealing a planned menu might be, or how fancy a “gourmet” chef might want to prepare a meal, without the proper ingredients, appealing meals cannot be prepared. There is a limit on making a slice of bread, beans, corn and apple sauce appealing.

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FINDING 2: MEAL PROGRAM CLAIMS

Our audit found that the Authorities did not put internal controls in place to ensure that meal reimbursement claims were accurate and met federal guidelines. Specifically, we found that while the Authorities had sufficient information that could have been used to ensure the accuracy of meals claimed for reimbursement, staff members did not review or audit the information for accuracy.

We attribute these conditions to: (i) a lack of policies and procedures; (ii) poorly trained employees and understaffing; (iii) Authorities' management officials turning a blind eye to obvious non-reimbursable meal claims; and, (iv) management officials being placed in a position of a conflict of interest.

As a result over 95,000 meals were improperly claimed and between $32,000 and $259,000 in funds are placed in jeopardy of repayment to the USDA. Moreover, the Authorities' actions may put unnecessary pressure on the territory's local funds budgeted for the School Lunch Program.

Background

7 C.F.R. 210.8(a) requires a school food authority to establish internal controls to ensure the accuracy of lunch counts prior to the submission of the monthly claim for reimbursement. The regulations state that at a minimum, internal controls should include: (i) an on-site review of the lunch counting and claiming system employed by each school within the jurisdiction of the school food authority; (ii) comparisons of daily free, reduced price and paid lunch counts against data which will assist in the identification of lunch counts in excess of the lunches served each day to eligible children; and, (iii) a system for following up on those lunch counts which suggest the likelihood of lunch counting problems.

7 C.F.R. 210.7 states that the school food authority must correctly record, consolidate, and report meal counts on a claim for reimbursement. 7 C.F.R. 210.8 states that "prior to the submission of a monthly claim for reimbursement, each School Food Authority shall review the lunch count data for each school under its jurisdiction to ensure the accuracy of the monthly claim for reimbursement." In addition, 7 C.F.R. 210.10(a)(2) requires that schools identify, near or at the beginning of serving lines, what foods constitute reimbursable meals.

Internal Policies and Procedures

Education did not have written internal control policies and procedures for the operation of the Authorities. The Authorities did not formally establish how the school lunch counting and claiming systems were performed. There are no polices for how monthly claims and reimbursement reports prepared by Authority employees should be reviewed. Although employees reviewing production records knew that some meals did not meet federal guidelines, they did not disallow these meals. These employees felt that it was not within their authority to indicate those meals as disallowable. As a result, the Authority could not ensure that kitchen staffers counted all served meals, and that submitted reports accurately claimed the number of reimbursable meals. Consequently, numerous meals were claimed for reimbursement that did not meet federal guidelines.

Meal Counting and Claiming Process

We found that the Authorities did not effectively carry out the meal counting process and ensure that meals counted met the established minimum nutritional requirements. In addition, the Authorities did not ensure that schools under their jurisdiction accurately accounted for meals served.

We visited four schools in each island district to observe the method used to account for all eligible meals served. We noted that at all the schools visited there was no one person designated with the sole responsibility to count the meals served, and to identify the reimbursable meals or meals served that satisfied USDA serving guidelines. For example, at one of the schools visited non-kitchen employees were tasked with counting the meals served to students as they exited the food serving line. We observed that these counters recorded all the students' meals and did not take into consideration if the meal was reimbursable. We also saw that at times, the counter left the area to attend to additional matters, and students exited the line with a meal that did not get counted. Interviews with employees indicated that limited staffing hampers their ability to function.

USDA guidelines expect the Authorities to account for eligible meals served at the point of service. USDA defines "Point of Service" as the point in the food service operation where a determination can accurately be made that a reimbursable free, reduced price or paid lunch meal has been served to an eligible child. Based on our observation, the Authorities did not effectively carrying out this requirement. In addition to counting all meals served, the Authorities are required to count and identify those meals that meet USDA reimbursement requirements. This function entails the person counting each meal to identify the required number of food components, and its respective serving size given to the students.

We found that the employees counting the meals were not well trained in identifying a reimbursement meal or spotting the required serving size. During interviews, the employees indicated that they never received formal training. In fact, one of the employees indicated that they were given on-the-spot instructions.

USDA required that during lunch a school must offer 5 food components and students must choose 3 of the food components. Also, during breakfast a school must offer 4 items from three food components and students must choose 3 of the food components. Included in these choices must be a serving of a fruit or vegetable. During our site visits, we observed students leaving the meal serving line without the required reimbursable meal components.

Also, the counter is required to have some skills in identifying the serving size for each type of food offered. We observed and documented, inconsistent serving sizes put on students plates. We also saw counters including in their count, meals that did not have the required fruit or vegetables on the plates.

Although the kitchen staff did not distinguish reimbursable meals in their meal counting process, the staff did document the food items and serving size provided to each student. As a result, there existed documented evidence of occasions when critical food components required to guarantee a reimbursable meal was not offered or served to students. Therefore, the analysis of how many reimbursable meals kitchen staff served to students was left up to the School Nutrition Program Assistant (Assistant) or Food Program Supervisor (Supervisor).

The Assistants in the St. Croix District and the Supervisor in the St. Thomas District are employed by the respective Authorities. They are responsible for monitoring the School Lunch Program in the various schools to ensure that the schools comply with USDA requirements. They are also responsible for reviewing school production reports and consolidating the information provided on the production records into a monthly meal service report.

Meal Claims

We found that the Authorities' Monthly Report of School Operations and Claim for Reimbursement submitted to the State Office did not accurately represent the number of reimbursable meals served in the School Lunch Program. The Authorities produce three reports to account for food used and meals served. The production record is prepared daily by kitchen managers and is used to document information such as the number of meals prepared, commodities used, type of milk offered, serving sizes offered, and numbers of meals served. Also, the monthly meal service report, prepared by the Assistants or Supervisor, is used to consolidate and summarize the information found on each school's daily production record. Finally, the monthly report of school operations and claim for reimbursement is prepared by the Authority's accountant, approved by the district director, and submitted to the State Office. This report consolidates the entire district's schools production information as presented in the monthly meal service report.

Although the report was signed off by the district director, we found that there was no process in place to review the meal claim for its accuracy before submission to the State Office.

Specifically, the Assistants or Supervisor who reviewed production records, knowingly claimed meals for reimbursement that they were aware did not meet federal reimbursement guidelines. The Supervisor indicated that the decision to disallow meals was left to the district director. On St. Croix, the employees felt that it was not within their authority to disallow meals even though they knew that these meals were not reimbursable. Both district directors indicated that they did not review the monthly reports prepared by the Assistants or Supervisor. In addition, the St. Thomas/St. John district director did not review the claim for reimbursement report prepared by the accountant, but merely signed the report for submittal to the State Office. The district director stated that reliance was placed on the staff to ensure that the data in the reports were accurate.

Some Authority employees said in some instances it was left up to USDA to review and to determine whether the claim should be disallowed. Consequently, meals served were included on monthly claim reports even though they did not meet all the required food components, portion requirements, or nutritional components.

In order to review the accuracy of claims for reimbursements, we selected 2 monthly reimbursable claims at four schools for each district for School Year 2013 through School Year 2016. Our review focused on the five food components (milk/fruits/vegetables/grain/meat) that schools must offer daily to each student to provide a reimbursable meal. Therefore, a meal is guaranteed, absent a waiver, not to be reimbursable if schools do not offer any one of the items above as part of the day's meal.

The following schedule summarizes the overall results of our review of the selected schools included in various monthly reports of school operations.

Summary of Audited Meals for Compliance with USDA Standards

		Reason for Disallowance				
School Year	Meals Claimed	Milk	Fruit	Vegetables	>2 items	Total Disallowable Meals
*2013	184,923	4,420	3,463	-	236	8,119
2014	130,165	20,289	8,575	460	-	29,324
2015	154,418	20,437	19,118	-	783	40,338
2016 (Sep-Oct)	120,335	16,427	431	770	80	17,708
Total	**589,841**	**61,573**	**31,587**	**1,230**	**1,099**	**95,489**

***Waivers were issued to the St. Croix and St. Thomas districts for meals missing the milk component in the amounts of 18,210 and 20,128 respectively.**

As shown in the schedule above, we found that of the 589,861 meal reimbursements claimed, 95,489 or 16% did not meet USDA reimbursement standards. The milk requirement was not included in 61,573, or 64% of the meals that should have been disallowed. Also, the requirement that schools must offer fruit and vegetables as a selection of either or in combination was violated solely for the lack of fruit in 31,587 or 33%, and vegetables in 1,230 or 1% of the instances of non-compliance. We found that two or more of the required food items needed to ensure a balanced meal were not made available for students. In those cases, we found that 1,099 or 1% of the non-compliant meals fell into this category. Based on the reimbursement range of 7.14% to 78.43%, we estimated the potential value of the meals that should have been disallowed to be between $31,734 and $258,590.

Conflict of Interest

A potential conflict of interest exists due to the structure of the School Lunch Program within the Virgin Islands Government. The management structure places the State Office and the Authorities under the direction of Education. In some states, the State Office is under a different government entity or department. For example, New Jersey's State Office is under the Department of Agriculture, and Florida's State Office is under the Florida Department of Agriculture & Consumer Services. Therefore, when those states' authorities do not meet federal meal guidelines, the State Office through the Department of Agriculture is responsible for withholding monies from the school district.

However, in the Virgin Islands where both the State Office and Authorities are under Education, it could be seen as if the State Office is withholding monies from its parent entity. This creates a conflict of interest within the administration of the School Lunch Program when the State Office wants to sanction the Authorities.

A representative from USDA indicated to us that this has been a long-standing issue. The official stated that the inability to withhold funding predates this administration and prior administrations. For example, in the past, the USDA official indicated that they had requested that the State Office be provided with the authority to withhold monies from the Authorities but so far no action had been taken. Additionally, the official indicated that since Authorities and State Office employees are under Education there is no incentive to follow the USDA requirements. However, USDA officials, in seeking to rectify this issue, have asked the State Office to submit information about the Authorities failure to adhere to USDA requirements directly to them. USDA officials will then issue to the districts a letter of intent to withhold funds from future reimbursements. It was indicated that if Education does not want the USDA to withhold funding from future letter of credits, it is important that this issued be addressed.

Recommendations

We recommend that the Commissioner of Education improve the effectiveness of the monitoring processes by:

1. Establishing policies and procedures to ensure the accuracy of meal claims for reimbursement.

2. Implementing training programs that would effectively provide kitchen staff with the skills needed to perform required duties related to the counting and claiming of reimbursable meals.

3. Requiring that periodic monitoring of claims for reimbursement is performed to ensure that only reimbursable meals are claimed.

4. Addressing the conflict of interest situation that exists with the State Office reporting directly to Education. Consider other options, to include placing the State Office within another agency as is done in other jurisdictions.

Department of Education's Response

Education, in their response to the recommendations made in this section of the report, indicated that they have: (i) implemented strategies and policies to address the accuracy of meal claims for reimbursement; (ii) established monitoring teams; (iii) created a Training Manager and a training arm to address inadequacies; and, (iv) established a training plan. In addition, discussions are continuing to mitigate the challenges with the conflict of interest issues.

V. I. Inspector General’s Comments

Based on the responses made in this section of the report, we will consider the recommendations resolved but not yet implemented, pending our review of the 2017-2018 School Year operations of the School Lunch Program. In addition, supporting documentation is required for some of the actions indicated as completed in the response. We need copies of the following: (i) the strategies and policies implemented to address the accuracy of meal claims; (ii) examples of withholding and penalties levied; (iii) documentation showing the creation of the monitoring teams and their members; (iv) the identity and responsibilities of the Training Manager and the creation of the training arm; and, (v) the training plan. Finally, we need evidence from the USDA of their acceptance of the resolution of the conflict of interest situation as described in the report.

FINDING 3: PERFORMANCE BASED REIMBURSEMENT

We found that the Authorities have not effectively maximized opportunities to obtain additional federal funds aimed at sustaining the School Lunch Program. Specifically, the Authorities lost a performance-based reimbursement of an additional 6-cents per lunch served. We attribute this to the Authorities' continued non-compliance with federal regulations. As a result, the territory lost certification that resulted in the loss of about $206,000 in additional 6-cents reimbursements.

Background

The Healthy Hunger-Free Kids Act of 2010 (HHFKA) in Section 201 amended the National School Lunch Act to provide a performance-based reimbursement of 6-cents, per lunch served beginning on October 1, 2012. These funds were to be provided to authorities, certified by the state office to be in compliance with the new meal patterns and nutrition standards, some of which are listed below. For example, there were several key changes to the meal patterns and nutrition standards for both the school breakfast and school lunch programs. Specifically for the School Breakfast Program:

- ✓ Meat/meat alternate may be offered after a daily minimum grain requirement is met,
- ✓ 1 cup of fruit is required at breakfast effective in 2015 school year, and
- ✓ The state office is required to include the breakfast program as part of its administrative reviews.

National School Lunch Program:

- ✓ A daily serving of fruits is required,
- ✓ A daily serving of vegetables plus a weekly requirement of specific vegetables, and
- ✓ Minimum daily and weekly requirements for meat/meat alternates.

An administrative review is a comprehensive on-site evaluation of all authorities participating in the School Lunch Program. Prior to the new regulations, only the lunch meals were included in administrative reviews. However, under 7 C.F.R. §210.18 each state agency must conduct administrative reviews of authorities serving meals in the school breakfast and school lunch programs.

In addition, some of the new changes were:

- ✓ Fruits and vegetables are now treated as two separate food components;
- ✓ Daily fruits are required;
- ✓ Under "offer vs serve", students must select at least ½ cup of the fruits or the vegetable;
- ✓ Serving of fat-free (unflavored or flavored) and unflavored low-fat milk only;
- ✓ There are established minimum daily and weekly requirements for grains; and,
- ✓ All grains must be whole grain effective the 2015 school year.

The additional 6-cents allowance is awarded to authorities that demonstrate compliance with these new meal pattern and nutrition requirements. The state office is required to ensure that the authorities meet the requirements through compliance or administrative reviews. For example, as part of the administrative review process, the state office is required to (1) monitor compliance with the new school breakfast and school lunch requirements, (2) assess the authority's meal service and documentation of lunches served and determine whether the additional 6-cents reimbursement should continue to be provided, (3) review the daily lunch counts and ensure that for the review period, meals served are not more than attendance or attendance factor (attendance factor is a percentage, which accounts for the difference between enrollment and attendance), and (4) review menu and production records (production records document served meals; type of food components served; type of milk used) for a minimum of five operating school days. Therefore, to ensure eligibility to claim the additional 6-cents not only must the authorities follow nutritional and meal pattern requirement, but they must maintain adequate documentation. 7 C.F.R.210.10 required authorities to keep production and menu records for the meals they served. The records must show how the meals offered contributed to the required food components and portion sizes offered and served to students.

Additional Reimbursement

Both Authorities did not fully benefit from the additional 6-cents reimbursement program. The districts lost the ability to claim the additional 6-cents allowance because they did not comply with the required meal pattern regulations and documentation requirements.

St. Croix District. During the period December 2012 to May 2013 the St Croix district benefited from the 6-cents provision, receiving $29,835 in additional funds. However, since June 2013, the district has been unable to receive certification to claim the additional 6-cents reimbursement. As a result, based on the lunch meals claimed during the period from June 2013 to October 2016, the district lost more than $131,000 in additional funding.

St. Croix District – Loss of Additional 6-Cents	
School Year	**6-Cents Loss**
2013	$ 23,568
2014	50,355
2015	45,785
Sep-Oct 2016	11,076
Total Loss	**$130,784**

St. Thomas/St. John District. The St. Thomas/St. John district did not receive the additional 6-cents in the 2012-2013 School Year, losing out on $63,117 in additional funding. The district began receiving the additional 6-cents funding in June 2013. From that period to June 2015, the district received $137,419 in additional funding. However, according to State Office officials, the district lost their certification for the 2016 school year, resulting in the loss of more than $12,000 that could have been used to supplement the School Lunch Program.

Administrative Reviews

Based on administrative reviews conducted by the State Office, both Authorities lost their certification to receive the additional funds under the 6-cents program.

The St. Croix Authority lost its certification in June 2013 after an administrative review noted the following non-compliance issues:

- ✓ Production records were not detailed enough to determine compliance with new regulations.
- ✓ Cycle menus submitted for the week under review were never prepared in the kitchens as prescribed.
- ✓ Weekly minimum requirements for vegetables were not met.
- ✓ Under the "offer vs serve" requirements, students served themselves and some did not take the minimum required amounts.
- ✓ There were no standardized recipes.

The Authority was required to implement corrective actions and ensure that: (1) production records were thoroughly completed; (2) cycle menus were adhered to as much as possible, and any change be approved; (3) all food components be planned for and offered; and, (4) the minimum daily and weekly portion size requirements were adhered to.

The State Office noted in a subsequent administrative review issued in February 2014 that no corrective actions were received to address previous findings. The St. Croix Authority was told of their inability to claim the additional 6-cents reimbursement and no actions seemed to have been taken to correct these findings. Almost all of the findings and required corrective actions were similarly noted in subsequent administrative reviews dated May 2014, and April 2015.

The St. Thomas/St. John Authority did not lose its certification until August 2015. The State Office found that most of the findings noted in St. Croix administrative reviews occurred in the St. Thomas/St. John Authority. Deficiencies in the counting and claiming, meal component, and the "offer vs. serve" processes were noted. Additionally, the Authority's production records lacked detailed information and at the time did not provide relevant information needed to determine the eligibility for meals served.

Recommendations

We recommend that the Commissioner of Education:

- Require that the Authorities take the necessary steps to ensure compliance with the requirements for the additional reimbursements under the 6-cents program. Resolve the outstanding issues reported by the State Office in their administrative reviews.

Department of Education's Response

Education indicated that they are now certified for the additional 6-cents program.

V. I. Inspector General's Comments

We will consider this recommendation resolved but not yet implemented, pending receipt of the certification documents of the 6-cents programs for both Authorities.

FINDING 4: MEAL COMPONENT REQUIREMENTS

The Authorities did not ensure that meals offered and served complied with USDA nutrition and pattern requirements. Specifically, school kitchens did not always have the food items needed to make sure that the required number of food components were on hand to offer students a balanced meal. Therefore, the Authorities could not ensure that meals served met the minimum daily and weekly serving requirement. Also impacted was the school's ability to carry out the "offer vs serve" method of providing meals to students. We attribute these deficiencies to the Authorities not ensuring the availability of planned menu items. In addition, the Authorities did not ensure that the students were served the minimum required portion sizes. As a result, in some instances, students did not receive the proper daily nutritional supplement.

Background

7 C.F.R. 210.7 allows for reimbursements of lunches and meal supplements served in accordance with the established federal requirements. These requirements are governed by 7 C.F.R. 220.8 (breakfast) and 7 C.F.R. 210.10 (lunch). For example, to be eligible for reimbursement under these federal guidelines:

- During breakfast, a school must always offer four items from three food components and serve each in predetermined serving amounts. These food components are Fluid Milk (two or more types); Juice/Fruit/Vegetables; Grains, with optional Meats/Meat Alternates.
- During lunch, five food components must be offered. These are Fluid Milk (two or more types), Fruits, Vegetables, Grains, and Meat/Meat Alternates.
- Schools participating in the "offer vs serve" concept must allow the students a choice of 3 components. "Offer vs serve" is a concept that applies to menu planning and the meal service where students are allowed to choose three meal components and decline some of the food offered during lunch or breakfast. Students independently choose what they want to eat from what the kitchen staff offers. The goals of "offer vs serve" are to reduce food waste and to permit students to choose the foods they want to eat.
- However, for "offer vs serve", at the beginning of the academic School Year 2014, one of the options selected during lunch must be at least ½ cup serving of fruits or vegetables food group or ½ cup combined of fruits and vegetables. In academic School Year 2015, the requirement of the ½ cup of fruits or vegetables became mandatory during both breakfast and lunch.

Also, school lunches and breakfasts offered to children age 5 or older, at a minimum, must contain the required daily food components in the required serving portions. For example, the schedule below shows the requirements for lunch.

Lunch Meal Pattern							
Meal Components		Grades K-5 Portion Sizes		Grades 6-8 Portion Sizes		Grades 9-12 Portion Sizes	
	Units	Weekly	Daily	Weekly	Daily	Weekly	Daily
Fluid milk	cups	5	1	5	1	5	1
Fruits	cups	2 ½	1/2	2 ½	1/2	5	1
Vegetables	cups	3 ¾	3/4	3 ¾	3/4	5	1
Grains	oz	8-9	1	8-10	1	10-12	2
Meats/Meat Alternates	oz	8-10	1	9-10	1	10-12	2

Food Group Requirement

The Authorities, on numerous occassions, did not meet the food group requirements that would have allowed claimed meals to be reimbursable. As discussed in the second finding of this report on "Meal Program Claims," in order to determine if meals served complied with the minimum federal food group requirement (milk, fruits, vegetables, grain, and meat) we reviewed selected schools' production records for two months per year from 2013 through 2016. We included in our review, one high school, one junior high school and two elementary schools from each island district.

Of the 589,841 meals served for the months reviewed, 99,911 failed to meet the milk component requirement. In 2013, waivers were issued to the two districts for 38,338 meals that were missing the milk component. However, there were 61,587 meals (99,911 less 38,338) that should have been disallowed, because they were missing the milk component. Based on the two months reviewed per each year of the four-year period (2013-2016), the lack of milk was a recurring issue. The following table shows by district the number of meals that were missing the milk component for the months reviewed.

School Year	St. Croix District		St. Thomas District		Territory-wide	
	Total Reviewed	Missing Milk	Total Reviewed	Missing Milk	Total Reviewed	Missing Milk
*2013	74,292	19,594	110,631	23,164	184,923	42,758
2014	37,698	17,273	92,467	3,016	130,165	20,289
2015	96,694	16,724	104,904	3,713	154,418	20,437
2016	60,471	-0-	59,864	16,427	120,335	16,427
Total	269,155	53,591	367,866	46,320	589,841	99,911

*Waivers were issued to the St. Croix and St. Thomas districts for meals missing the milk component in the amounts of 18,210 and 20,128 respectively.

- In School Year 2013, the local vendor who supplied both districts went out of business in May 2013, resulting in Education officials being required to order milk from out of the territory. Waivers were granted for meals missing the milk component to each district in the amounts of 18,210 for the St. Croix district and 20,128 for the St. Thomas district (38,338 in total). As a result, there were 4,420 meals territory-wide that were missing the milk component and should have been disallowed.

- In School Year 2014, we identified 20,289 meals (17,273 in the St. Croix district and 3,016 in the St. Thomas district) that were missing the milk component and should have been disallowed. A review of the St. Croix district records showed that purchase orders to supply milk for the months of March and April of 2014 were dated February 24, 2014. However, the vendor did not receive the orders until March 25 and 26, 2014. The first shipment prepared by the vendor showed an estimated delivery date of April 14, 2014. Accordingly, there was a one month gap between the preparation of the purchase order and when the vendor received the order. A staff member indicated that the resignation of employee(s) resulted in the purchase orders not being forwarded timely to the vendor.

- In School Year 2015, we identified 20,437 meals (16,724 in the St. Croix district and 3,713 in the St. Thomas district) that were missing the milk component and should have been disallowed. Based on St. Croix records reviewed, we noted that in the first week of March of 2015, the St. Croix district faced another milk shortage. Except for one school, all the other schools in the district did not have the milk component until March 6, 2015. The records showed that a purchase order was created on February 18, 2015. A detailed review of the warehouse's inventory revealed that the district's milk inventory showed signs of depletion starting on January 23, 2015 and by February 28, 2015 the warehouse was without milk. The vendor invoiced the February 18, 2015 purchase order for shipment on February 27, 2015. And, a full re-stocking of the milk inventory occurred on March 5, 2015. The lack of milk in the warehouse inventory caused the schools' kitchen not to have milk to offer students, thereby, resulting in meals that were not eligible for reimbursement.

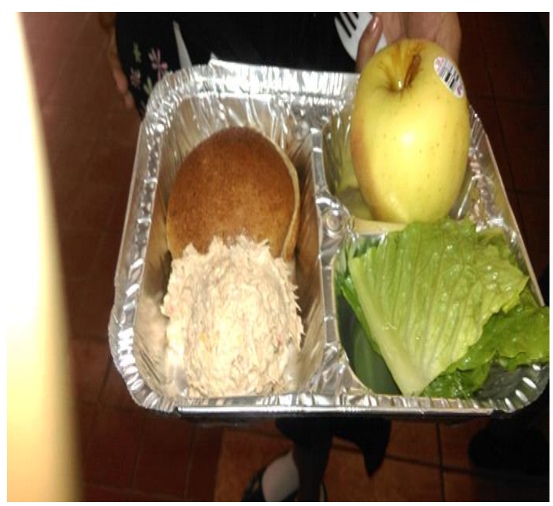
- In School Year 2016, in the St. Thomas/St. John district, for the four schools reviewed, milk was not offered for at least seven days in October 2015, resulting in 12,410 meals being offered without the school kitchen having milk on hand. No waiver was obtained by the district; however, the meals were still claimed for reimbursement. We interviewed a Food Program Supervisor on September 25, 2015, and found that milk would not be available until October 15, 2015. The supervisor explained that the reason there was no milk was a "lack of funding." The supervisor added that the budget for the program had not yet been finalized, and a waiver request was submitted to the State Office. In a letter dated December 1, 2015, the USDA responded to the State Office's explanation for the district's milk shortage for September and October 2015. In response, the USDA indicated that a "lack of funding" was not sufficient reason to grant a waiver. The USDA further stated that $1.8 million had been available in the Virgin Islands Letter of Credit as of July 1, 2015. Also, the USDA stated that according to the State Office, milk was ordered on September 16, 2015, knowing that the existing inventory would last only until September 20, 2015. In the letter, the USDA pointed out that school district management should be aware that shipments take several weeks to arrive in the Virgin Islands. A milk order placed as late as September 16th would not arrive by September 20th, 2015. During our audit, we reviewed the book inventory and noted that the milk inventory was depleted in September and that milk was not received until October 14, 2015.

Serving Portions

Not only are the Authorities required to offer the mandatory food components to every student, but also important to USDA guidelines is that portion sizes must meet the minimum nutritional serving requirement to ensure that each student receive a balanced meal.

During our audit, we visited several schools and documented through photos some of the meals served to students. We observed that the portion size served varied from student to student and questioned whether they met the minimum serving requirements. The following picture provides some insight for visually evaluating portion sizes.

During a site visit to one of the high schools, the school was serving tuna and cheeseburgers as the meat/meat alternate, lettuce and tomatoes as the vegetables, and apples as the fruit. We observed numerous inconsistencies in serving portions given to students. The inconsistent serving sizes increased the chances that the required portion size was not met. The minimum meat/meat alternate for grades 9 - 12 is 2 ounces daily and 10 - 12 ounces weekly. The vegetable component requirement is 1 cup daily and 5 cups weekly.



2 ounces of tuna is required

As shown in the pictures above, the students were served four meal components (vegetables, fruits, grain, and meat). As shown in both photos, the meat and vegetable serving portions were inconsistent. USDA standards require 2 ounces of meat and ½ cup of vegetables.

½ cup fruit or vegetable and 2 ounces of meat are required.

½ cup fruit or vegetable is required.

Similarly, in the pictures above, the required three meal components were served and included a fruit/vegetable option. Based on the meal combinations above, the minimum portion size requirement would require that a student is served, at a minimum, ½ cup of vegetables, 2 ounces of meat, and 2 ounces of grain, to be eligible for reimbursement. Notice, however, that the serving portion sizes for the meat and vegetable are inconsistent, as it varies from student to student. The minimum daily serving also affects if the school's kitchen meets the weekly requirement.

Recommendations

We recommend that the Commissioner of Education:

1. Require the Authorities to establish menu planning policies and procedures that will ensure that inventory is ordered in a timely manner to meet monthly menu requirements.

2. Require the Authorities to monitor school kitchens to ensure that the correct serving utensils are used to serve meals and that the correct portion sizes are always served.

Department of Education's Response

Education indicated that standard operating procedures (SOPs) have been established for menu planning, strategies to ensure timely ordering are in place, training has been conducted, proper utensils have been provided and monitoring teams have been established.

V. I. Inspector General's Comments

We will consider this recommendation resolved but not yet implemented, pending our review of the results of the 2017-2018 School Year implementation of Education's action plan.

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APPENDIX I

DEPARTMENT OF EDUCATION'S RESPONSE

RESPONSE REPORT

to the
Office of the Virgin Islands Inspector General

Audit of the Department of Education's Financial Management over the School Lunch Program

Submitted by:
Sharon Ann McCollum, Ph.D.
Commissioner of Education
August 15, 2017

APPENDIX I

DEPARTMENT OF EDUCATION'S RESPONSE

THE VIRGIN ISLANDS
DEPARTMENT OF EDUCATION

Office of the Commissioner

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August 15, 2017

Steven Van Beverhoudt
Inspector General
V.I. Office of Inspector General
2315 Kronprindsens Gade #75 Charlotte Amalie
St. Thomas, U.S. Virgin Islands 00802-6468

Dear Inspector General Van Beverhoudt:

This report contains the Virgin Islands Department of Education's (VIDE) response to the findings and recommendations of the United States Virgin Islands Inspector General's Financial Management Audit Report (VIIGFMAR) of the Department of Education's (Department) financial management of the School Lunch Program (SLP). The audit objectives were to: (I) determine whether the Authorities have effective internal controls in place to ensure that districts' meals offered and served comply with USDA nutrition and pattern requirements; (II) assess whether the Authorities had sufficient internal controls to ensure that meal claims for reimbursement were completely and accurately reported; (III) determine whether performance measures were established to ensure that decreases in claims were promptly assessed and corrective actions were taken; and, (IV) determine whether the Authorities have pursued opportunities for the districts to receive additional federal funds to help support the School Lunch Program.

Specifically, the VIIGFMAR found that: (i) federal reimbursement and entitlement food decreased during 2013 to 2015 school years; (ii) internal controls were not established to ensure that meal reimbursement claims were accurate and met federal guidelines; (iii) Education officials did not effectively maximize opportunities to obtain additional federal funds to sustain the School Lunch Program; and, (iv) Education officials did not ensure that meals offered and served complied with USDA nutrition and pattern requirements. In addition, the VIIGFMAR found that there was a pervasive culture of non-compliance with federal regulations that governs the reimbursement of meals served in the Virgin Islands school system. Your team made several recommendations to address the conditions and causes cited in the report; the recommendations addressed the following areas: (i) program funding; (ii) meal program claims; (iii) loss of performance base reimbursement; and (iv) meal component requirements.

The Department of Education concurs with the recommendations and findings provided by the VIIGFMAR. As indicated in the VIIGFMAR: *"The scope of the audit was academic school*

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years 2013-2015 and the first two months of 2016." At the time the VIIGFMAR was conducted, the School Food Authorities (SFAs) were filled with a pervasive culture of non-compliance with federal regulations that governs the reimbursement of meals served in the Virgin Islands school system.

Nevertheless, we are confident three very relevant points exist that shouldn't be overlooked: (1) the efforts undertaken and continuing, to address the causes and conditions identified in the audit report, by the Department since March 2016, are not properly reflected in the report, (2) the environment and administration in place today, relative to the environment in which the audit was conducted is very different, and (3) the audit findings validate our plan of action, in the development of a 21st century SFA, compliant with federal and local policies and managed using best practices.

Please note, we are genuinely concerned by the omission of the on-going strategies implemented by the current Administration. Although, we are in general agreement with the findings and recommendations shared with VIDE during the exit conference on June 27, 2017; VIDE's renewed collaboration and relationship building with the United States Department of Agriculture (USDA) began in March 2016, ***"four months after the VIIGFMAR closed and 15 months before the exit conference"*** with the crafting of a Corrective Action Plan (CAP) to manage our activities; and designed to address the serious deficiencies identified by our administration, USDA past findings, and reflected in the 2013 – 2015 VIIGFMAR.

This act of omission undermines the public's expectations in Government, the extent of the progress made by VIDE and the comprehensive strategies implemented towards the development of a responsible and accountable SFA. Please allow me to adequately articulate and contextualize the ongoing work and the work that has been accomplished, which explicitly addresses your audit findings and our concerns with the Financial Management of the SFAs in the following areas, (i) program funding; (ii) meal program claims; (iii) loss of performance base reimbursement; and, (iv) meal component requirements.

Mr. Anthony D. Thomas, Chief of Staff, was tasked with this project and asked to present a full accounting and evaluation of the SFAs personnel, technology, operations, processes and financial management. Our initial evaluation determined that the leadership at the State Nutrition office was inadequate and the relationship between the State and Districts were irreparably damaged. The State Agency's organizational culture lacked responsiveness to urgent matters requiring technical assistance, which directly affected the SFAs compliance. To change this culture, the State Agency Director was replaced by Ms. Belinda Sanderson in April 2016, a 16 year veteran of the nutrition program, and our transformation work began.

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Our initial evaluation also revealed that the executive leadership was not familiar with, or had any direct knowledge of the School Food Program operations. Although, Chartwells had started developing policies and procedures it appears the policies and procedures were never completed or shared with the State Office personnel. On May 23-27, 2016, Mr. Thomas, Chief of Staff accompanied Director Sanderson to Puerto Rico to the Caribbean Area Office and to New Jersey to the Mid-Atlantic Region Office (MARO) on July 25-29, 2016 to meet and collaborate with USDA administrators, evaluate their operations, and participate in workshops encompassing guidelines for best practices in administration, financial management, and operational integrity of the School Food Authorities.

During the transition period, into SY 2017-2018 (*end of school year and opening of new school year*) "June 23, 2017 through September 1, 2017", our project plan executes the reorganization of the SLP… On August 14-15, we began the unprecedented training for our SLP 12 month employees starting with our St. Thomas / St. John District Superintendents, Directors, Warehouse Managers, and Office staff; and will begin on August 22-23, with the St. Croix District staff corresponding with newly developed SOPs, operational guidelines, operational oversight, financial management, and expectations of the SLP. On August 21, 2017, our Kitchen Managers will begin 80 hours of hands-on training on NUTRIKIDS, SOPs, and operational policies and expectations. We are confident that after we have implemented our reorganization steps, VIDE will have the systems and processes in place. As well as, Education officials: (i) managing ongoing strategies and implementing best practices to boost student participation; (ii) established policies and procedures; (iii) have adequately trained employees and proper staffing levels; (iv) proper management of non- reimbursable meal claims; (v) mitigating the conflict of interest structure; (vi) compliance with federal regulations; and, (vii) availability and compliance to menu patterns.

Please note, a significant number of the conditions found by the VIIGFMAR have been addressed by our USDA CAP and strategies implemented since SY 2016-2017. VIDE ongoing strategies to increase student participation included partnerships with Domino Pizza, our local Farmers and serving meals that are appealing students. As stated previously, a training plan to ensure adequately trained employees and to meet the USDA Professional Standards has been in place since SY 2016-2017. Additionally, policies and procedures are in place to address meal claims and employees misunderstanding of counting and claiming procedures. Lastly, strategies to manage compliance issues and menu patterns have been implemented. To date, both SFAs are certified for the 6-cents certification.

If additional clarification is required, please feel free to call me at 774-0100. Thank you…

Regards,

Sharon Ann McCollum

Sharon Ann McCollum Ph.D.
Commissioner of Education

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INTRODUCTION

In January 2016, Sharon Ann McCollum, Ph.D., the Commissioner of the Virgin Islands Department of Education (VIDE) was informed by the Insular Superintendents that the School Food Authorities would run-out of food at the end of the 2nd quarter of 2015-2016 School Year (SY) (March 30, 2016), due to a lack of sufficient funding. On February 8, 2016, VIDE Leadership was summoned before the 31st Legislature by Senator Jean Forde, Chairman of the Committee on Education and Workforce Development, to provide testimony. The team was asked to give a detailed accounting of the financial and operational matters affecting the School Lunch Program; to justify our request for additional funding for the Department's School Food Authorities (SFAs).

Mr. Anthony D. Thomas, Chief of Staff, was tasked by the Commissioner to provide a full accounting and evaluation of the SFAs personnel, technology, operations, processes and financial management. Our initial evaluation determined that the leadership at the State Nutrition office was inadequate and the relationship between the State and District was irreparably damaged. The State Office organizational culture lacked responsiveness to urgent matters requiring technical assistance, which directly affected the SFAs compliance.

To change this culture, the State Agency Director was replaced by Ms. Belinda Sanderson in April 2016; "a 16 year veteran of the nutrition program," and our transformation work began. Our initial evaluation revealed, that the Department's executive leadership was not familiar with, or had any direct knowledge of the School Food Program operations. Our initial efforts, were strategically designed, to build the confidence of the United States Department of Agriculture (USDA), in the ability and commitment of our Administration, to develop a School Food Authority with 21st century management best practices, was successful and resulted in the commencement on March 7, 2016, of a renewed Corrective Action Plan (CAP) with USDA Regional Office and direct discussions with the team of Ms. Patricia Dombroski; USDA's Food and Nutrition Service, Regional Administrator.

On May 23-27, 2016, our Chief of Staff accompanied Director Sanderson to Puerto Rico to the Caribbean Area Office and to New Jersey to the Mid-Atlantic Region Office (MARO) on July 25-29, 2016 to meet and collaborate with USDA administrators, evaluate their operations, and participate in workshops encompassing guidelines for best practices in administration, financial management, and operational integrity of the School Food

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Authorities. Additionally, as my Direct Report, and familiar with our Strategic Performance Management initiative, Mr. Thomas was also tasked with re-building the relationship between the State and District Offices.

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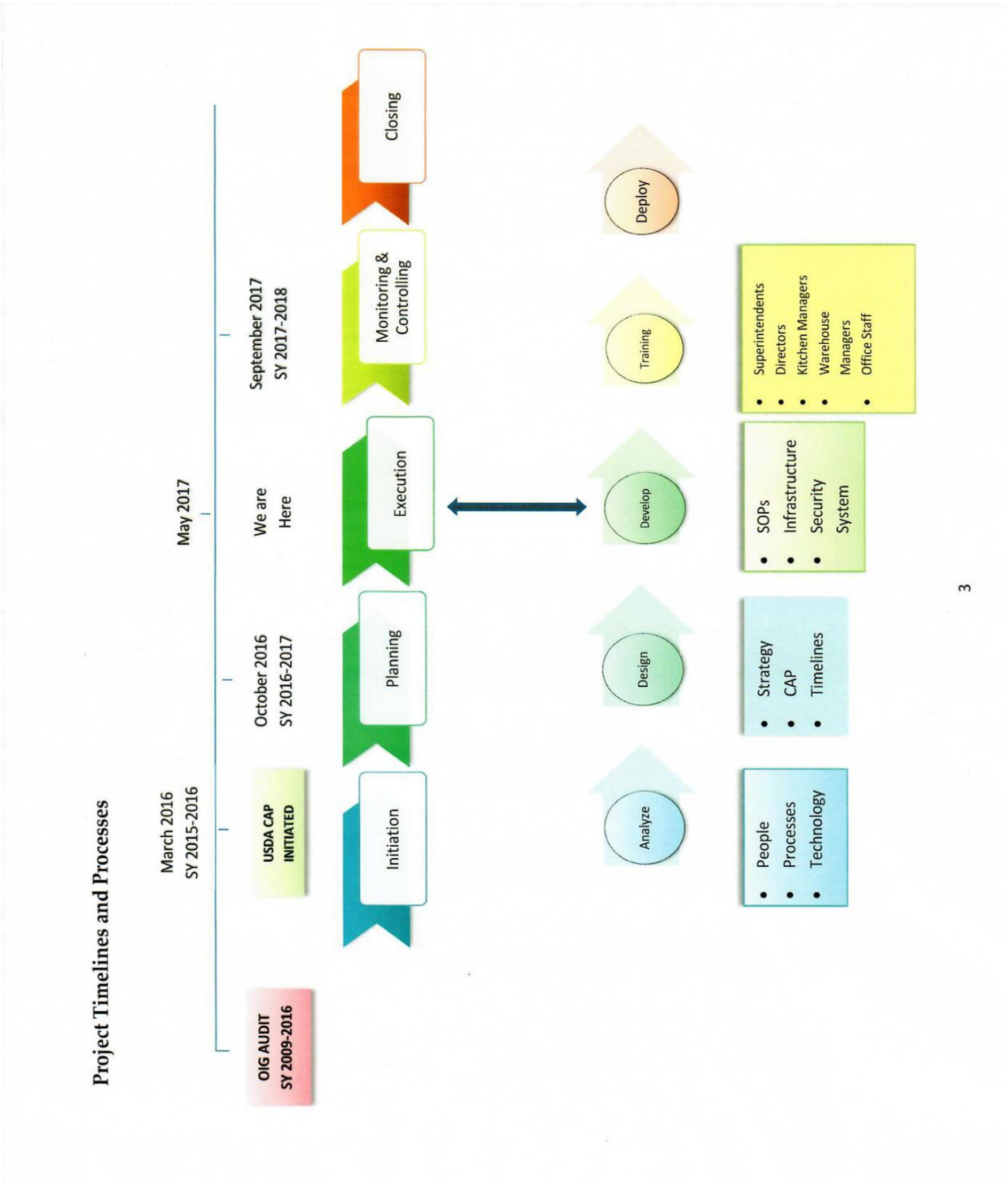

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Superintendents 2017 Training Plan

FY 2017-2018
SCHOOL FOOD AUTHORITY
LEADERSHIP TRAINING PLAN

					Training Team: Commissioner's Office				
Analyze – Design - Develop				**Deliver – Evaluate – Adjust - Validate**					
Who	What	When	Other	Who		When		How	Other
Owner	Topic	Due Date	Materials	Trainers	Participant(s)	Date	Duration	Method	Results
SN SFA SEA USDA	• Operational Overview o SA o SFA • NUTURKIDS • Reimbursable Meals o Allowable o Unallowable • Inventory Management • Meal Patterns o Cycle Menus • Financial Reporting • Progressive Discipline	**July 2017 TBD**	• Instructor's Script • Handouts o Booklets • Evaluation Form	➢ Anthony D. Thomas ➢ Belinda Sanderson ➢ Esther Izaak ➢ Corey Lettsome	Insular Superintendents		16 hours	Presentation Hands-on	
SN SFA SEA USDA	• Operational Overview • NUTURKIDS • Reimbursable Meals o Allowable o Unallowable • Inventory Management • Meal Patterns o Cycle Menus • Financial Reporting	**July 2017 TBD** **Aug. 21, 2017**	• Instructor's Script • Handouts o Booklets • Evaluation Form	➢ Anthony D. Thomas ➢ Belinda Sanderson ➢ Esther Izaak ➢ Corey Lettsome	Directors Warehouse Staff/ Managers Program Supervisors **Kitchen Managers**		24 hours **80 hrs.**	Face-to-face presentation & Hands-on	
					Professional Training		**120 hrs.**		

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USDA Corrective Action Plan (CAP)

VIDE began a renewed relationship with USDA on March 7, 2016; to address non-compliance practices that includes much of the same findings of the Inspector General's audit report. As you may not be aware, the USDA CAP began with addressing a lack of collaborative involvement on both the State and District Levels. To address the non-compliance challenges, we first evaluated the State Agency's (SA) personnel, technology, and Processes. We learned that the SA did not: (1) provide the required technical assistance; (2) provide adequate monitoring; and (3) ignored their responsibilities to ensure compliance. After addressing the SA culture, we were able to evaluate the District's Personnel, Technology, and Processes.

CAP Steps Implemented:

a. Menu Planning

- State Agency was given directives from Commissioner's Office to provide directions and technical assistance to SFAs.
    a. To implement a central cycle menu
- SFAs were given a March 30, 2016 deadline to submit a planned central cycle menus.
- SFAs were given a deadline of September 2016 to submit a three month planned cycle menu for SY 2016-2017.
- Superintendents given instructional oversight and technical support from Commissioner's Office and State Agency SY 2016-2017 (planning phase).
    a. October 2016 District Meetings
    b. Disciplines and Accountability hearings conducted
    c. SA provided technical assistance and training
        i. Inventory Counts & restarts
        ii. Central Cycle Menu development
- Superintendents are responsible for submitting Cycle Menus on June 5, 2017 to the State Agency for approval for SY 2017-2018 (execution phase).

b. Forecasting and Costing

1. State Agency was given directives from Commissioner's Office to provide directions and technical assistance to SFAs

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2. SFAs were given a February 2016 deadline to provide a costing cycle menu (planning phase).
    a. SFA Directors needed some assistance from SA and Commissioner's office.
        i. Commissioner's office, SA, and Trainer provided technical assistance and OJT to Directors
3. SFAs were evaluated on March 30, 2016 on their ability to forecast and cost a planned central cycle menu.
    a. Initially Directors felt it was unnecessary
    b. Directors and Program Supervisors would not collaborate
    c. SFAs refused to follow directives
    d. SY 2016-2017 June 5th directive given to Superintendents
4. Superintendents given oversight and technical support from Commissioner's Office and State Agency.
5. Superintendents are responsible for submitting forecasting and costing of the Cycle Menus on June 5, 2017 to the State Agency for approval for SY 2017-2018 (execution phase).

c. Production Records

1. State Agency was given directives from Commissioner's Office to provide directions and technical assistance to SFAs
2. SFAs were tasked by (October) with ensuring that production records are evaluated randomly in SY 2016-2017 to promote accurate accounting of school Kitchen inventory (planning phase).
3. District supervisors task with evaluations and reporting were Mr. Roberts (STTJ) and Mr. Claxton (STX) (planning phase).
4. Spot checks and monitoring team created to increase accountability and compliance.

d. Monitoring

1. State Agency was given directives from Commissioner's Office to create a monitoring team to establish compliance.
2. Monitoring teams consisting of (SA & SFA personnel) were established (planning phase)
3. Monitoring team conducts on-the-spot checks to address non-compliant practices, provide immediate technical assistance and training, and evaluate operational integrity.

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a. Training Manager – Esther Lynch Izaak
b. STX Director – Leah Christian (Oversight)
c. STTJ Director – Ishmael Todman (Oversight)
d. STTJ Supervisor - Keithroy Roberts
e. STX Supervisor – Milburn Claxton
f. STX Nutrition Specialist Barnes
g. SA Jevon Hanley
h. SA Correy Lettsome

4. Spot check forms were designed and implemented for SY 2016-2017
5. District and State Agency Administrative review forms were aligned to address performance Gaps SY 2016-2017.
6. SOPs directing Superintendents oversight SY 2017-2018

e. Training

1. Training Manager position created
2. Training Schedule implemented and being followed
3. Training scheduled for Directors
4. Training Plan for SY 2017-2018 developed for implementation
   a. Insular Superintendents
   b. Directors
   c. Warehouse Managers and Staff
   d. Kitchen Managers

f. Physical Inventory

1. Physical inventory and Staff evaluated
2. Training provided by State Office
3. Draft SOPs prepared to manage physical inventory count for SY 2017-2018

g. Inventory Management

1. Standards and expectations established
2. Draft SOPs prepared to ensure proper inventory control

h. NUTRIKIDS

1. Purchased
2. Installed
3. Training Began

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The Commissioner's Responses to Recommendations

Findings 1: Program Funding

Let me convey from the onset that your findings validate our plan of action to develop a 21st Century School Food Authority (SFA). Our implementation plan is in its execution stage and will result in the implementation of SOPs, Insular Superintendent operational oversight training and training for the district's teams. Our project plan executes the reorganization of the SLP, which will result in a consistent and effective financial management, which creates an environment and actions suitable for internal controls. The SY 2017-2018 will take the Department into the monitoring, controlling and evaluating phase of the Leadership activities, processes, operational efficiencies, financial management, and oversight of the SFAs.

The State Director and Chief of Staff have met with USDA FM Team and have made progress and agreements in financial management control over the SFAs. Including changing of accounting practices, monthly reporting, and each SFA has been certified for the additional 6 cents reimbursements.

As recommended the Commissioner of Education has:

1. Required the Authorities to establish and implement strategies to improve student participation in the School Lunch Program.
   - The department has partnered with local vendors in SY 2016-2017 to establish and implement strategies to improve student participation.
   - Domino Pizza provide whole grain pizza products that are combined with our lunches to promote anticipation through familiarity and taste.
   - Local farmers are providing higher quantities of vegetable known to our students for consumption.

2. Directed the Authorities to prepare meals that are appealing to the sight of students and ensure that foods are served at intended temperatures.
   - The Department has made every effort to provide our kitchen and kitchen staff with the type of equipment that provides them with the tools to prepare meals that are appealing to the sight of students and ensure that foods are served at intended temperatures.
   - During our contract negotiations in SY 2015-2016 with selected

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vendors our purchase orders were liquidated by the Department of Finance in the amount of 2.3 million.

- During fiscal year 2016 the Department received approval from the Public Finance Authority (PFA) to reallocate some funding to support the purchase of needed equipment for the school kitchens. To date we have been restricted by the legislature's unwillingness to support the use of the funding.
- VIDE has exhausted all of the equipment grants provided by USDA through the State Agency and has purchased equipment for our kitchens, which to date has addressed less than 1% of the needs.

3. Consider recommendations provided by the contracted consultant, as well as, suggestions developed by the USDA.
    - Since March 2016 VIDE and USDA has collaborated in the restructuring of the School Food Authorities.
    - VIDE has implemented all suggestions and strategies.

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Findings 2: Meal Program Claims

The Commissioner of Education improve the effectiveness of the monitoring processes by:

1. Establishing policies and procedures to ensure the accuracy of meal claims for reimbursement.
    - VIDE has implemented strategies and policies to address the accuracy of meal claims for reimbursements
    - Withholding policies have been implemented and penalties levied.
    - Monitoring teams have been established to help promote capacity building.
    - Training Manager has been established to address the compliance issues and professional standards.

2. Implementing training programs that would effectively provide kitchen staff with the skills needed to perform required duties related to the counting and claiming of reimbursable meals.

    - VIDE has establish a training arm and training plans for our SFA staff to address these inadequacies.

3. Requiring that periodic monitoring of claims for reimbursement are performed to ensure that only reimbursable meals are claimed.

    - VIDE training plan has created an environment in which program supervisors are making major strides in leading proper monitoring processes and evaluations.

4. Addressing the conflict of interest situation that exists with the State Office reporting directly to Education. Consider other options to include placing the State Office within another agency as is done in other jurisdictions.
    - Further deliberations are being considered to address the conflict of interest issue. VIDE has established strategies to mitigate the challenges with the indicated conflict of interest.
        - Withholding policy established
        - Separate accounts for breakfast and lunch
        - Quarterly deposits

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Findings 3: Loss of Performance Base Reimbursement

The Commissioner of Education:

1. Require that the Authorities take the necessary steps to ensure compliance with the requirements for the additional reimbursements required under the 6-cents program. Resolve the outstanding issues reported by the State Office in their administrative reviews.
   - SFAs are qualified for the additional 6-cents program reimbursements.
   - Cycle menus are approved.
   - Master listing supplies are submitted and solicited.

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Findings 4: Meal Component Requirements

The Commissioner of Education:

1. Require the Authorities to establish menu planning policies and procedures that will ensure that inventory is ordered in a timely manner to meet monthly menu requirements.
   - SOPs are established for menu planning
   - All strategies are in place to ensure timely ordering is conducted

2. Require the Authorities to monitor school kitchens to ensure that the correct serving utensils are used to serve meals and that the correct portion sizes are always served.
   - Proper training has been conducted since May 2016
   - Proper utensils are provided to ensure proper serving portions
   - Monitoring teams are established for proper implementation

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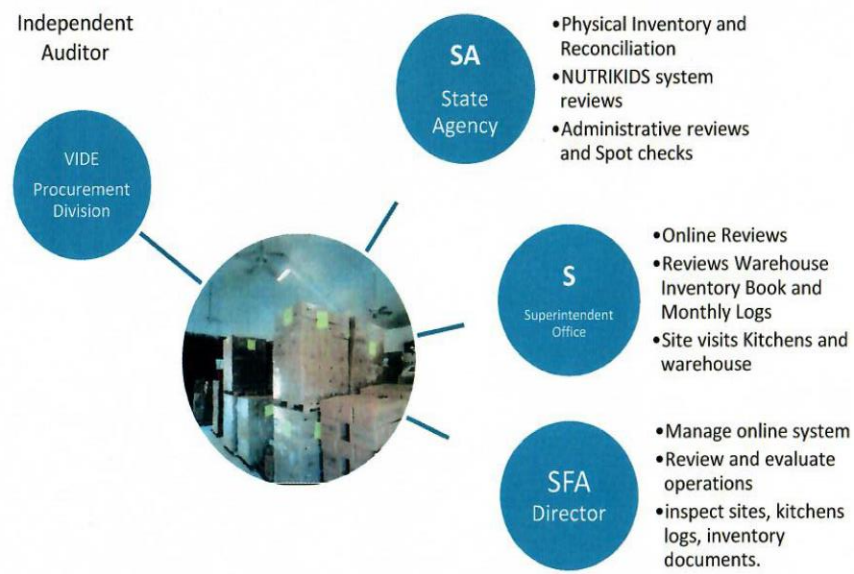
Monitoring and Oversight Structure Chart



Please refer to SOP 1.1 Warehouse & Inventory Management, Sections 1.1.1 Cycle Menu Planning; 1.1.2 Physical Inventory; 1.1.3 Perpetual Inventory; 1.1.4 Receiving; 1.1.5 Distribution; 1.1.6 Inventory Reconciliation; and 1.1.7 Monitoring.

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ADDITIONAL INFORMATION NEEDED TO CLOSE RECOMMENDATIONS

Recommendation Number and Status		Additional Information Needed
Finding 1:		
1.1	Resolved, not implemented.	Provide a copy of the assessment of the 2017-2018 School Year implementation.
1.2	Resolved, not implemented.	Same as 1.1 above.
1.3	Resolved, not implemented.	Same as 1.1 above.
Finding 2:		
2.1	Resolved, not implemented.	Same as 1.1 above.
2.2	Resolved, not implemented.	Same as 1.1 above.
2.3	Resolved, not implemented.	Same as 1.1 above.
2.4	Resolved, not implemented.	Same as 1.1 above.
Finding 3:		
3.	Resolved, not implemented.	Provide documentation of certification of the 6-cents program for both Authorities.
Finding 4:		
4.1	Resolved, not implemented.	Same as 1.1 above.
4.2	Resolved, not implemented.	Same as 1.1 above.

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