

Potential Risks to the Food and Nutrition Service's Coronavirus Aid Relief





United States Department of Agriculture
Office of Inspector General
Washington, D.C. 20250



DATE: June 26, 2020

TO: Pamilyn Miller
Administrator
Food and Nutrition Service

ATTN: David Burr
Chief Financial Officer
Food and Nutrition Service

FROM: Gil H. Harden
Assistant Inspector General for Audit

SUBJECT: Potential Risks to the Food and Nutrition Service's Coronavirus Aid Relief

In response to the coronavirus 2019 (COVID-19) pandemic, Congress enacted two public laws pertaining to USDA programs: the Families First Coronavirus Response Act (FFCR Act) on March 18, 2020,¹ and the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) on March 27, 2020.² The funding from these two laws is collectively referred to as "COVID-19 funding" in this document.³ These two laws provide approximately \$26 billion of funding to specific Food and Nutrition Service (FNS) programs (for details, see Attachments 1 and 2).⁴ To assist FNS in its COVID-19 response and minimize inefficient or improper actions that could put taxpayers' money at risk, the Department of Agriculture's (USDA) Office of Inspector General (OIG) has initiated oversight related to COVID-19 funding.⁵

Our first task was to review audit recommendations that could impact internal controls over COVID-19 activities for each USDA agency that received funding. Based on our review of the

¹ Families First Coronavirus Response Act, Pub. L. No. 116-127, 134 Stat. 178.

² Coronavirus Aid, Relief, and Economic Security Act, Pub. L. No. 116-136, 134 Stat. 281.

³ As of the date of this memorandum, there has been public discussion that Congress may approve additional funding for FNS for the COVID-19 pandemic. However, no other bills have been passed to date.

⁴ FNS received COVID-19 funding for: the Supplemental Nutrition Program for Women, Infants, and Children (WIC); Nutrition Assistance Program to the Commonwealth of the Northern Mariana Islands, Puerto Rico, and American Samoa (NAP); the Supplemental Nutrition Assistance Program (SNAP); the Commodity Assistance Program (CAP); and its Child Nutrition Programs.

⁵ As part of the CARES Act, OIG received \$750,000 to provide oversight of USDA funding received in the CARES Act. OIG USDA, *OIG Plan—Oversight of COVID19 Funding* (in effect since April 20, 2020; last accessed May 20, 2020), https://www.usda.gov/oig/webdocs/OIG_COVID19_OversightPlan.pdf.

123 open FNS recommendations⁶ as of May 4, 2020,⁷ we identified 30 recommendations for findings related to internal controls for which FNS or the State has yet to implement corrective actions (for a complete list of these recommendations, see Attachment 3).⁸ For 11 of these 30 recommendations, FNS had not implemented the agreed-upon corrective actions within the mandatory 1-year timeframe.⁹ We noted that 10 of these 11 recommendations are related to a specific State agency and are contingent on the actions of the State agency for achieving resolution. However, FNS should still review these open recommendations to determine which of them, if left unresolved or not mitigated, would introduce a significant risk of inefficient or improper use of COVID-19 funding. Also, while FNS has only agreed to take corrective action related to the specific State, it may be a best practice for FNS to consider if encouraging similar actions nationwide could help prevent or mitigate the risk of any potential improper use of funds during this unprecedented influx of funding.

Table 1: Summary of Open Recommendations for Findings Related to Internal Control Deficiencies

Audit	Number of Open Recommendations Strengthening Internal Controls as of May 4, 2020
27601-0002-41, <i>FNS Quality Control Process for SNAP Error Rate</i>	1
27702-0001-22, <i>Review of FNS' Nutrition Assistance Program Disaster Funding to Puerto Rico as a Result of Hurricanes Irma and Maria</i>	3
27601-0001-21, <i>Food Distribution Program on Indian Reservations</i>	5
27601-0002-23, <i>Assessment of Women, Infants, and Children National Program Integrity Monitoring Branch Activities</i>	1 ¹⁰
27004-0001-31, <i>Florida's Controls Over Summer Food Service Program</i>	9
27004-0001-41, <i>California's Controls Over Summer Food Service Program</i>	1
27004-0003-21, <i>Summer Food Service Program in Texas—Sponsor Costs</i>	5
27004-0004-21, <i>Texas' Controls Over Summer Food Service Program</i>	5

⁶ Open recommendations are recommendations for which OIG and FNS have reached management decision, but the corrective actions have not yet been implemented.

⁷ The Office of the Chief Financial Officer provided the status of open OIG audit recommendations as of May 4, 2020. We also included two open recommendations in the most recent OIG report, Audit Report 27601-0002-23, *Assessment of Women, Infants, and Children National Program Integrity Monitoring Branch Activities* (May 11, 2020).

⁸ Of the 30 recommendations, 20 are related to State agencies and contingent on the actions of the related State agencies for achieving resolution.

⁹ Corrective actions on the other 19 recommendations were not late and are still within the 1-year time frame.

¹⁰ Management decision for this recommendation was reached on May 11, 2020.

We also note for FNS' consideration that the upcoming release of Audit Report 27601-0005-41, *Consolidated Report of FNS and Selected State Agencies' Controls Over SFSP*, identifies common control issues found during six audits of FNS' Summer Food Service Program (SFSP) and four State agencies' administration of SFSP. The report concluded that FNS should proactively determine how implementing the corrective actions will help ensure funds are used as intended to feed children during this critical period.

Overall, we suggest that FNS review all open audit recommendations and take action when necessary to address any identified deficiencies in its internal controls to protect the integrity of its use of COVID-19 funding. FNS may need to coordinate with State agencies as part of these efforts.

This memorandum contains publicly available information and will be posted in its entirety to our website (<http://www.usda.gov/oig>) in the near future. FNS has reviewed this letter and the agency response is attached, in its entirety, at the end.

Attachment 1: FNS COVID-19 Funds Provided by the Families First Coronavirus Response Act

Families First Coronavirus Response Act, Pub. L. No. 116-127, 134 Stat. 178		
Funding	Funding Amount	How Funds are to be Used
Special Supplemental Nutrition Program for Women, Infants, and Children	\$500,000,000	Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985.
Commodity Assistance Program	\$400,000,000	Provided, That of the funds made available, the Secretary may use up to \$100,000,000 for costs associated with the distribution of commodities.
Supplemental Nutrition Assistance Programs	\$100,000,000	Shall be available for the Secretary of Agriculture to provide grants to the Commonwealth of the Northern Mariana Islands, Puerto Rico, and American Samoa for nutrition assistance in response to a COVID-19 public health emergency.
Supplemental Nutrition Assistance Programs	Such Sums as Necessary	To carry out this section, the Secretary of Agriculture may approve State agency plans for temporary emergency standards of eligibility and levels of benefits under the Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.) for households with eligible children. Plans approved by the Secretary shall provide for supplemental allotments to households receiving benefits under such Act, and issuances to households not already receiving benefits.

Attachment 2: FNS COVID-19 Funds Provided by the Coronavirus Aid, Relief, and Economic Security Act

Coronavirus, Aid, Relief, and Economic Security Act, Pub. L. No. 116-136, 134 Stat. 281		
Funding	Funding Amount	How Funds are to be Used
Child Nutrition Programs	\$8,800,000,000	To prevent, prepare for, and respond to coronavirus, domestically or internationally.
Supplemental Nutrition Assistance Program	\$15,810,000,000	To prevent, prepare for, and respond to coronavirus, domestically or internationally
	<ul style="list-style-type: none"> • \$15,510,000,000 	Shall be placed in a contingency reserve to be allocated as the Secretary deems necessary to support participation should cost or participation exceed budget estimates to prevent, prepare for, and respond to coronavirus.
	<ul style="list-style-type: none"> • \$100,000,000 	Shall be for the food distribution program on Indian reservations program as authorized to prevent, prepare for, and respond to coronavirus.
	<ul style="list-style-type: none"> ○ \$50,000,000 	Shall be for facility improvements and equipment upgrades.
	<ul style="list-style-type: none"> ○ \$50,000,000 	Shall be for the costs relating to additional food purchases.
	<ul style="list-style-type: none"> • \$200,000,000 	Shall be available for the Secretary of Agriculture to provide grants to the Commonwealth of the Northern Mariana Islands, Puerto Rico, and American Samoa for nutrition assistance to prevent, prepare for, and respond to coronavirus, domestically or internationally.
Commodity Assistance Program	\$450,000,000	To prevent, prepare for, and respond to coronavirus, domestically or internationally, for the emergency food assistance program. Provided, that of the funds made available, the Secretary may use up to \$150,000,000 for costs associated with the distribution of commodities.

Attachment 3: Open Recommendations Strengthening Internal Controls

Rec. #	Recommendation (*indicates that the agreed-upon corrective action for the recommendation had not been implemented within the mandatory 1-year timeframe.)
27601-0002-41, FNS Quality Control Process for SNAP Error Rate	
1	Recommendation 11.* Amend FNS Quality Control (QC) policies and procedures (including FNS Handbook 310) to require the error tolerance threshold not be applied when calculating the SNAP recipient’s reportable error amount until all variances (including those permitted by SNAP policy) have been properly identified and accounted for during the QC process.
27702-0001-22, Review of FNS’ Nutrition Assistance Program Disaster Funding to Puerto Rico as a Result of Hurricanes Irma and Maria	
2	Recommendation 5. Require the Administration for Socioeconomic Development of the Family (ADSEF) to correct its eligibility system to prevent the retroactive/claims module from overwriting the budget module going forward.
3	Recommendation 6. Perform and document a review of ADSEF’s eligibility system to verify that the retroactive/claims module is no longer modifying data in the budget module.
4	Recommendation 8. Require ADSEF to regularly perform checks against Social Security Administration national death information to ensure deceased individuals are not receiving benefits. Review cases identified through the audit and establish claims for overpayments, as appropriate.
27601-0001-21, Food Distribution Program on Indian Reservations	
5	Recommendation 1. Require the Southwest Regional Office (SWRO) to review all current and future changes to Food Distribution Program on Indian Reservations (FDPIR) Federal State agreements and plans of operation for the Indian Tribal Organizations (ITOs) within its jurisdiction to ensure that they reflect relevant updates and confirm that forms are signed and dated by all required parties.
6	Recommendation 2. Require SWRO to develop and implement a documented process to ensure ITOs timely submit all required FDPIR reports. The process should include procedures for following up with ITOs that do not submit reports timely and procedures to escalate actions against ITOs that continue to be noncompliant in this area.
7	Recommendation 3. Require SWRO to routinely obtain and evaluate ITOs’ completed annual operations reviews to identify potential issues or trends as well as to ensure that ITOs implement corrective actions to address issues or concerns.
8	Recommendation 4. Direct SWRO to work with the certification specialist from the ITO with identified documentation deficiencies to complete eligibility certification training.
9	Recommendation 5. Develop and implement additional guidance to FNS Handbook 501, Chapter 3, Section 3533, to include a description of what would be considered reasonable and sufficient documentation to adequately support eligibility determinations and to document third-party verification for any FDPIR applicant who reports \$0 income.
27601-0002-23, Assessment of Women, Infants, and Children National Program Integrity Monitoring Branch Activities	
10	Recommendation 1. FNS needs to update and document the roles, responsibilities, and expectations of the WIC Program Integrity and Monitoring Branch and the other units as they relate to improving WIC program integrity, including designating who would lead oversight efforts.
27004-0001-31, Florida’s Controls Over Summer Food Service Program	
11	Recommendation 1. Direct the State agency to ensure SFSP sponsors fully address all application questions before the State agency approves their applications.

Rec. #	Recommendation (*indicates that the agreed-upon corrective action for the recommendation had not been implemented within the mandatory 1-year timeframe.)
12	Recommendation 2. Direct the State agency to test and verify its data system enhancement to prevent retroactive site approvals.
13	Recommendation 6. Advise the State agency on best practices to ensure that SFSP sponsors have the financial and administrative capability necessary to operate their sites and, if applicable, expand their programs.
14	Recommendation 7. Direct the State agency to provide its staff with training on the enhanced application procedures addressing concerns we identified on SFSP site applications.
15	Recommendation 8. Request the State agency to strengthen its guidance on how agency staff are to support conclusions made during administrative reviews. The guidance should include procedures to document what records or transactions they tested to verify the adequacy of sponsor processes or provide the basis for its staff's conclusions that sponsors complied with SFSP regulations.
16	Recommendation 13. Direct the State agency to develop and implement procedures to ensure that SFSP sponsors' corrective actions adequately address the underlying cause of sponsors' noncompliance, and follow up to ensure the corrective actions are effective.
17	Recommendation 16. Direct the State agency to train its review staff on how to implement the above recommendations and expand its training on SFSP financial accountability requirements.
18	Recommendation 23. Request the State agency to consider taking additional actions to ensure that SFSP sponsors make it clearer to the public that meals at their sites are available to all children residing in the area.
19	Recommendation 24. Direct the State agency to improve monitoring for the "And Justice for All" poster display by ensuring that all questions are answered on the site review tool.
27004-0001-41, California's Controls Over Summer Food Service Program	
20	Recommendation 1. Direct the State agency to develop and implement procedures to assess the adequacy of SFSP applicants' financial management capabilities to separately track SFSP funds and support SFSP costs during the application process, and ensure sponsors demonstrate financial and management capabilities for program operations.
27004-0003-21, Summer Food Service Program in Texas—Sponsor Costs	
21	Recommendation 13.* Request the State agency to develop a system security plan for Texas Unified Nutrition Programs System using the risk assessment and recommendations provided by the Texas Department of Information Resources and aligned with the agency-specific security plan. Implement application security controls to mitigate vulnerabilities to the system and improve data integrity.
22	Recommendation 14.* Request that the State agency work with its third-party vendor to ensure implementation of applicable security controls identified through its assessment.
23	Recommendation 15.* Develop and disseminate specific guidance for reviewing requests for large advance payments, specifically concerning how the State agencies are to determine if a sponsor has sufficient capability to administer these larger sums.
24	Recommendation 16.* Ensure this guidance requires that reviewers consider prior year administrative findings and the amount of unused reimbursements available from prior years.
25	Recommendation 17.* Ensure this guidance requires that reviewers should document their justifications for approving advance payments.
27004-0004-21, Texas' Controls Over Summer Food Service Program	
26	Recommendation 1.* Direct the State agency to ensure that its staff follows its policy that requires staff to examine the reasonableness of average daily participation (ADP) based on additional factors such as the historical record of attendance.

Rec. #	Recommendation (*indicates that the agreed-upon corrective action for the recommendation had not been implemented within the mandatory 1-year timeframe.)
27	Recommendation 2.* Request the State agency to establish a reasonable range by which the ADP it approves can exceed the historical average of meals served per day.
28	Recommendation 5.* Establish guidance that details information State agencies should consider during its evaluation and approval of sponsors' budgets (such as consideration of prior year reimbursements and prior administrative review findings).
29	Recommendation 13.* Request the State agency to ensure identified sponsors provide additional, enhanced SFSP training to site staff to ensure staff have sufficient knowledge of program requirements when operating sites and serving meals.
30	Recommendation 16.* Direct the State agency to monitor and assess the identified sponsors' enhanced site training, specialized site monitor training, and increased level of site monitoring to ensure the identified sponsors' compliance.



Food and
Nutrition
Service

DATE: June 18, 2020

1320
Braddock
Place
Alexandria,
VA
22314

TO: Gil H. Harden
Assistant Inspector General for Audit

FROM: Pamilyn Miller /s/
Administrator
Food and Nutrition Service

SUBJECT: Potential Risks to the Food and Nutrition Service's Coronavirus Aid Relief

This letter responds to OIG's memo dated June 8, 2020, titled "Potential Risks to the Food and Nutrition Service's Coronavirus Aid Relief". The Food and Nutrition Service (FNS) appreciates that OIG has taken the time to review FNS' open audit recommendations as of early May 2020 and identify those that could impact internal controls over COVID-19 activities for FNS programs where funding was received.

Under a separate cover, FNS has provided OIG with a technical comment on Attachment 1 of the draft letter and hopes OIG will incorporate this suggested edit into the final version of the document. For the purpose of this response, FNS believes it is necessary to respond specifically to information described in paragraph 2 of the letter and the accompanying Attachment 3.

FNS has agreed to take action and management decision has been achieved on each of the 30 recommendations cited in Attachment 3. It is misleading to the reader to state that "FNS or the State has yet to implement corrective actions" without providing additional context on the steps it takes to formally achieve final action. A recommendation remaining open for a period of time does not mean that it is not actively being worked on by FNS staff, State agency staff, and other parties involved in the formal final action process, such as USDA's Office of the Chief Financial Officer (OCFO). There are various reasons a recommendation can remain in the "open" status category for a period of time following release of the final audit report, including but not limited to:

- 1) resolution of the recommendation is contingent upon rule-making,
- 2) the audit report was recently released and the agency has provided a reasonable estimated completion date for implementation that is in the near future,
- 3) disallowed costs are being pursued for State-specific audit recommendations, and in many cases program operators at the local level have appeal rights, and
- 4) FNS National Office (FNS NO) staff involved in reviewing and writing up final action materials provided by State agencies and FNS Regional offices also have increased workloads due to COVID-19, etc.

Therefore, while FNS does not dispute that the 30 recommendations cited by OIG remain open, FNS believes it is important to be transparent and provide the reader with additional information regarding the current status of each recommendation. To do this, FNS added a column to OIG's Attachment 3 to provide a current status of each recommendation.

Below is an expanded table, updated as of June 12, 2020. The table provides context and current information on the outstanding audit recommendations. FNS has reached management decision on all of the identified open audit recommendations. Two (2) recommendations are currently under review by the USDA OCFO awaiting final action. FNS' Office of Internal Controls, Audits and Investigations is finalizing formal final action requests for 17 recommendations.

Attachment 3: Open Recommendations Strengthening Internal Controls

Rec. #	Recommendation (*indicates that the agreed-upon corrective action for the recommendation had not been implemented within the mandatory 1-year timeframe.)	Current Recommendation Status Based on FNS Records
27601-0002-41, FNS Quality Control Process for SNAP Error Rate		
1	Recommendation 11.* Amend FNS Quality Control (QC) policies and procedures (including FNS Handbook 310) to require the error tolerance threshold not be applied when calculating the SNAP recipient's reportable error amount until all variances (including those permitted by SNAP policy) have been properly identified and accounted for during the QC process.	Implementation in process. Resolution of recommendation is contingent upon rule-making.
27702-0001-22, Review of FNS' Nutrition Assistance Program Disaster Funding to Puerto Rico as a Result of Hurricanes Irma and Maria		
2	Recommendation 5. Require the Administration for Socioeconomic Development of the Family (ADSEF) to correct its eligibility system to prevent the retroactive/claims module from overwriting the budget module going forward.	Implementation nearing completion. FNS Mid-Atlantic Regional Office (FNS MARO) collecting documents to submit to FNS NO for formal final action request.
3	Recommendation 6. Perform and document a review of ADSEF's eligibility system to verify that the retroactive/claims module is no longer modifying data in the budget module.	Implementation nearing completion. FNS MARO collecting documents to submit to FNS NO for formal final action request.
4	Recommendation 8. Require ADSEF to regularly perform checks against Social Security Administration national death information to ensure deceased individuals are not receiving benefits. Review cases identified through the audit and establish claims for overpayments, as appropriate.	Implementation nearing completion. FNS MARO collecting documents to submit to FNS NO for formal final action request.
27601-0001-21, Food Distribution Program on Indian Reservations		

5	<p>Recommendation 1. Require the Southwest Regional Office (SWRO) to review all current and future changes to Food Distribution Program on Indian Reservations (FDPIR) Federal State agreements and plans of operation for the Indian Tribal Organizations (ITOs) within its jurisdiction to ensure that they reflect relevant updates and confirm that forms are signed and dated by all required parties.</p>	<p>Implementation complete. FNS Southwest Regional Office (FNS SWRO) preparing documents to submit to FNS NO for formal final action request. FNS SWRO staff responsible for resolving this recommendation are the same staff responsible for resolving the recommendations made for the two Texas Summer Food Service Program (SFSP) audits mentioned below. Staff focused on Texas SFSP first given the earlier release dates of those final reports.</p>
6	<p>Recommendation 2. Require SWRO to develop and implement a documented process to ensure ITOs timely submit all required FDPIR reports. The process should include procedures for following up with ITOs that do not submit reports timely and procedures to escalate actions against ITOs that continue to be noncompliant in this area.</p>	<p>Implementation in process. FNS is on track with original estimated completion date of September 20, 2020.</p>
7	<p>Recommendation 3. Require SWRO to routinely obtain and evaluate ITOs completed annual operations reviews to identify potential issues or trends as well as to ensure that ITOs implement corrective actions to address issues or concerns.</p>	<p>Implementation in process. FNS is on track with original estimated completion date of September 30, 2020.</p>
8	<p>Recommendation 4. Direct SWRO to work with the certification specialist from the ITO with identified documentation deficiencies to complete eligibility certification training.</p>	<p>Implementation in process. FNS needed to obtain additional info from OIG workpapers to track down certification specialist that requires training. FNS SWRO staff responsible for resolving this recommendation are the same staff responsible for resolving the recommendations made for the two Texas SFSP audits mentioned below. Staff focused on Texas SFSP first given the earlier release dates of those final reports.</p>
9	<p>Recommendation 5. Develop and implement additional guidance to FNS Handbook 501, Chapter 3, Section 3533, to include a description of what would be considered reasonable and sufficient documentation to adequately support eligibility determinations and to document third-party verification for any FDPIR applicant who reports \$0 income.</p>	<p>Implementation in process. FNS is on track with original estimated completion date of September 30, 2020.</p>
<p><i>27601-0002-23, Assessment of Women, Infants, and Children National Program Integrity Monitoring Branch Activities</i></p>		
10	<p>Recommendation 1. FNS needs to update and document the roles, responsibilities, and</p>	<p>Audit report just released on May 11, 2020. Implementation in process. FNS is on track with</p>

	expectations of the WIC Program Integrity and Monitoring Branch and the other units as they relate to improving WIC program integrity, including designating who would lead oversight efforts.	original estimated completion date of October 1, 2020.
27004-0001-31, Florida's Controls Over Summer Food Service Program		
11	Recommendation 1. Direct the State agency to ensure SFSP sponsors fully address all application questions before the State agency approves their applications.	Implementation complete by State agency. FNS originally requested final action as part of FNS official response. OIG chose not to grant final action concurrently with management decision despite precedent for doing so in prior audits. This requires FNS and USDA's OCFO to go through additional administrative steps to complete formal final action process. FNS NO Child Nutrition (CN) and FNS Office of Internal Controls, Audits, and Investigations (OICAI) currently finalizing formal final action request.
12	Recommendation 2. Direct the State agency to test and verify its data system enhancement to prevent retroactive site approvals.	Implementation complete by State agency. Final action materials have been reviewed by FNS Southeast Regional Office (FNS SERO) and submitted to FNS NO. FNS NO CN and FM OICAI currently finalizing formal final action request.
13	Recommendation 6. Advise the State agency on best practices to ensure that SFSP sponsors have the financial and administrative capability necessary to operate their sites and, if applicable, expand their programs.	Implementation complete by State agency. FNS originally requested final action as part of FNS official response. OIG chose not to grant final action concurrently with management decision despite precedent for doing so in prior audits. This requires FNS and USDA's OCFO to go through additional administrative steps to complete formal final action process. FNS NO CN and FNS OICAI currently finalizing formal final action request.
14	Recommendation 7. Direct the State agency to provide its staff with training on the enhanced application procedures addressing concerns we identified on SFSP site applications.	Implementation complete by State agency. FNS originally requested final action as part of FNS official response. OIG chose not to grant final action concurrently with management decision despite precedent for doing so in prior audits. This requires FNS and USDA's OCFO to go through additional administrative steps to complete formal final action process. FNS NO CN and FNS OICAI currently finalizing formal final action request.
15	Recommendation 8. Request the State agency to strengthen its guidance on how	Implementation complete by State agency. Final action materials have been reviewed by FNS

	agency staff are to support conclusions made during administrative reviews. The guidance should include procedures to document what records or transactions they tested to verify the adequacy of sponsor processes or provide the basis for its staff's conclusions that sponsors complied with SFSP regulations.	SERO) and submitted to FNS NO. FNS NO CN and FM OICAI currently finalizing formal final action request.
16	Recommendation 13. Direct the State agency to develop and implement procedures to ensure that SFSP sponsors' corrective actions adequately address the underlying cause of sponsors' noncompliance, and follow up to ensure the corrective actions are effective.	Implementation complete by State agency. Final action materials have been reviewed by FNS SERO) and submitted to FNS NO. FNS NO CN and FM OICAI currently finalizing formal final action request.
17	Recommendation 16. Direct the State agency to train its review staff on how to implement the above recommendations and expand its training on SFSP financial accountability requirements.	Implementation complete by State agency. FNS originally requested final action as part of FNS official response. OIG chose not to grant final action concurrently with management decision despite precedent for doing so in prior audits. This requires FNS and USDA's OCFO to go through additional administrative steps to complete formal final action process. FNS NO CN and FNS OICAI currently finalizing formal final action request.
18	Recommendation 23. Request the State agency to consider taking additional actions to ensure that SFSP sponsors make it clearer to the public that meals at their sites are available to all children residing in the area.	Implementation complete by State agency. FNS originally requested final action as part of FNS official response. OIG chose not to grant final action concurrently with management decision despite precedent for doing so in prior audits. This requires FNS and USDA's OCFO to go through additional administrative steps to complete formal final action process. FNS NO CN and FNS OICAI currently finalizing formal final action request.
19	Recommendation 24. Direct the State agency to improve monitoring for the "And Justice for All" poster display by ensuring that all questions are answered on the site review tool.	Implementation complete by State agency. FNS originally requested final action as part of FNS official response. OIG chose not to grant final action concurrently with management decision despite precedent for doing so in prior audits. This requires FNS and USDA's OCFO to go through additional administrative steps to complete formal final action process. FNS NO CN and FNS OICAI currently finalizing formal final action request.
<i>27004-0001-41, California's Controls Over Summer Food Service Program</i>		
20	Recommendation 1. Direct the State agency to develop and implement procedures to	Implementation complete by State agency. FNS NO CN and FNS OICAI working through some

	assess the adequacy of SFSP applicants' financial management capabilities to separately track SFSP funds and support SFSP costs during the application process, and ensure sponsors demonstrate financial and management capabilities for program operations.	follow-up questions with FNS Western Regional Office (FNS WRO) to ensure formal final action request is complete before submitting to USDA's OCFO.
27004-0003-21, Summer Food Service Program in Texas—Sponsor Costs		
21	Recommendation 13.* Request the State agency to develop a system security plan for Texas Unified Nutrition Programs System using the risk assessment and recommendations provided by the Texas Department of Information Resources and aligned with the agency-specific security plan. Implement application security controls to mitigate vulnerabilities to the system and improve data integrity.	Implementation complete by State agency and FNS. Formal final action request has been submitted to USDA's OCFO and is pending approval.
22	Recommendation 14.* Request that the State agency work with its third-party vendor to ensure implementation of applicable security controls identified through its assessment.	Implementation complete by State agency and FNS. Formal final action request has been submitted to USDA's OCFO and is pending approval.
23	Recommendation 15.* Develop and disseminate specific guidance for reviewing requests for large advance payments, specifically concerning how the State agencies are to determine if a sponsor has sufficient capability to administer these larger sums.	Implementation complete by State agency. Final action materials have been reviewed by FNS SWRO and submitted to FNS NO. FNS NO CN and FNS OICAI currently finalizing formal final action request.
24	Recommendation 16.* Ensure this guidance requires that reviewers consider prior year administrative findings and the amount of unused reimbursements available from prior years.	Implementation complete by State agency. Final action materials have been reviewed by FNS SWRO and submitted to FNS NO. FNS NO CN and FNS OICAI currently finalizing formal final action request.
25	Recommendation 17.* Ensure this guidance requires that reviewers should document their justifications for approving advance payments.	Implementation complete by State agency. Final action materials have been reviewed by FNS SWRO and submitted to FNS NO. FNS NO CN and FNS OICAI currently finalizing formal final action request.
27004-0004-21, Texas' Controls Over Summer Food Service Program		
26	Recommendation 1.* Direct the State agency to ensure that its staff follows its policy that requires staff to examine the reasonableness of average daily participation (ADP) based on additional factors such as the historical record of attendance.	Implementation complete by State agency. Final action materials have been reviewed by FNS SWRO and submitted to FNS NO. FNS NO CN and FNS OICAI currently finalizing formal final action request.

27	Recommendation 2.* Request the State agency to establish a reasonable range by which the ADP it approves can exceed the historical average of meals served per day.	Implementation complete by State agency. Final action materials have been reviewed by FNS SWRO and submitted to FNS NO. FNS NO CN and FNS OICAI currently finalizing formal final action request.
28	Recommendation 5.* Establish guidance that details information State agencies should consider during its evaluation and approval of sponsors' budgets (such as consideration of prior year reimbursements and prior administrative review findings).	Implementation complete by State agency. Final action materials have been reviewed by FNS SWRO and submitted to FNS NO. FNS NO CN and FNS OICAI currently finalizing formal final action request.
29	Recommendation 13.* Request the State agency to ensure identified sponsors provide additional, enhanced SFSP training to site staff to ensure staff have sufficient knowledge of program requirements when operating sites and serving meals.	Implementation complete by State agency. Final action materials have been reviewed by FNS SWRO and submitted to FNS NO. FNS NO CN and FNS OICAI currently finalizing formal final action request.
30	Recommendation 16.* Direct the State agency to monitor and assess the identified sponsors' enhanced site training, specialized site monitor training, and increased level of site monitoring to ensure the identified sponsors' compliance.	Implementation complete by State agency. Final action materials have been reviewed by FNS SWRO and submitted to FNS NO. FNS NO CN and FNS OICAI currently finalizing formal final action request.

Lastly, regarding the language on page 3 of OIG's letter referencing the upcoming release of OIG Audit 27601-0005-41 *Consolidated Report of FNS and Selected State Agencies' Controls Over SFSP*, FNS has worked tirelessly with OIG over the past several months to come to an agreement on how we can best respond to and meet the intent of all of these recommendations while complying with the Administrative Procedures Act (APA), Executive Order 13891 *Promoting the Rule of Law through Improved Agency Guidance Documents*, and USDA implementing regulations. We believe OIG will be pleased with the official response FNS plans to finalize by the end of June 2020. FNS is confident that our planned corrective actions will help ensure funds are used as intended to feed children during normal program operations as well as during the critical period associated with the COVID-19 pandemic.

Learn more about USDA OIG
Visit our website: www.usda.gov/oig
Follow us on Twitter: @OIGUSDA

Report Suspected Wrongdoing in USDA Programs

OIG Hotline: www.usda.gov/oig/hotline.htm

Local / Washington, D.C. (202) 690-1622
Outside D.C. (800) 424-9121
TTY (Call Collect) (202) 690-1202

Bribery / Assault
(202) 720-7257 (24 hours)



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Persons with disabilities who require alternative means of communication for program information (e.g., braille, large print, audiotope, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal

Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at How to File a Program Discrimination Complaint and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov.

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