



This report was revised and reissued on August 12, 2021, to correct Exhibit A and clarify some narrative information. These revisions had no material impact on the report's findings, conclusions, recommendations, or post audit actions.

IMPORTANT NOTICE

This report contains sensitive information that has been redacted for public release, due to privacy concerns.

The subsequent section(s) of the report are not being publicly released due to
privacy concerns:

Exhibit B—Audit Sites Visited (page 38);

California's Controls Over Summer Food Service Program

Audit Report 27004-0001-41

We reviewed the California State agency's controls for operating under SFSP requirements and sponsor and site compliance with those requirements. We have reported our separate findings in an interim report dated September 2017 and this final report.

OBJECTIVE

Our audit objective was to determine whether California had adequate controls in place to reasonably ensure that SFSP was operating under program requirements. Specifically, our objective was to (1) evaluate the adequacy of the State agency's controls over SFSP sponsors and (2) determine if selected sponsors and sites were in compliance with program requirements.

REVIEWED

We reviewed the State agency's administration of SFSP from FYs 2014–2016. We non-statistically selected five sponsors for review and conducted 13 site visits during the SFSP meal service in 2017.

RECOMMENDS

We recommended that FNS direct the State agency to develop and implement application and administrative review procedures to identify and address sponsor noncompliance, confirm and recover unallowable costs, and direct identified sponsors to provide additional training and monitoring to their sites.

WHAT OIG FOUND

The Summer Food Service Program (SFSP) provides nutritious meals for children in low-income areas when school is not in session. The California Department of Education (the State agency) reimburses sponsors for serving SFSP meals. In California during fiscal year (FY) 2016, SFSP provided more than \$20.5 million to serve approximately 8.5 million meals and snacks to needy children at more than 2,600 sites.

During our review of five California SFSP sponsors, we found that the State agency did not adequately assess sponsor eligibility or monitor sponsor compliance with program requirements. We found that two of the five sponsors were potentially ineligible to participate in SFSP. We also identified nine noncompliance issues for the five sponsors we reviewed, including the purchase of cars with SFSP funds. This occurred because the State agency lacked key SFSP application and review procedures that would help identify sponsor noncompliance. Also, we found that sponsors did not ensure their sites complied with regulatory or outreach requirements. Specifically, sites improperly counted 119 meals for reimbursement on the day of our site visits. Further, 10 of 13 SFSP meal sites we visited improperly restricted public access, posted public notices that appeared to limit SFSP participation, and did not display the required nondiscrimination posters. This occurred because SFSP sponsors either lacked sufficient outreach oversight or issued unclear public notices.

As a result of our findings, critical SFSP resources to support nutritious meals for children from low-income California households and/or areas could not be used as intended. FNS generally agreed with our recommendations and we accepted management decision on each of the 29 recommendations.



OFFICE OF INSPECTOR GENERAL

United States Department of Agriculture



DATE: August 12, 2021

AUDIT

NUMBER: 27004-0001-41

TO: Cindy Long
Acting Administrator
Food and Nutrition Service

ATTN: Melissa Rothstein
Director
Office of Internal Controls, Audits and Investigations

FROM: Gil H. Harden
Assistant General for Audit

SUBJECT: California Controls Over Summer Food Service Program

This report presents revised results of the subject audit. We regret any inconvenience these revisions may have caused FNS, and we appreciate the agency's continuous assistance. Your initial written response to the official draft report, dated September 26, 2018, is included in its entirety at the end of this report. Excerpts from your response and the Office of Inspector General's position are incorporated into the relevant sections of the report. Based on your written response, we accepted management decision on Recommendations 2 thru 8, and 10 thru 29.

As part of an internal quality control process, we identified errors in the report we issued on November 5, 2018. Consequently, we revised the report to address these errors. We also had accepted management decision on August 12, 2019, for the remaining recommendations (Recommendations 1 and 9), so we revised the relevant sections of the report to include this information as well. Ultimately, these revisions resulted in no material impact on the reported findings, conclusions, and recommendations. Therefore, further response from FNS will not be required.

Please continue to follow your agency's internal procedures in forwarding documentation for final action to the Office of the Chief Financial Officer. In accordance with Departmental Regulation 1720-1, final action needs to be taken within 1 year of each management decision to prevent being listed in the Department's annual Agency Financial Report.

Again, we appreciate the continued courtesies and cooperation extended to us by members of your staff. This updated report contains publicly available information and only publicly available information will be posted to our website (<http://www.usda.gov/oig>) in the near future.

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Background and Objectives

Background

The National School Lunch Act authorized the Summer Food Service Program (SFSP) to provide free meals to children in needy areas when school is not in session.¹ In fiscal year (FY) 2016, SFSP provided roughly \$472 million to serve approximately 153 million meals and snacks to needy children at nearly 48,000 sites. In FY 2016, 220 sponsors participated in California's SFSP. These sponsors operated 2,622 sites and received more than \$20 million of the 2016 SFSP reimbursements, making it the fourth largest State in terms of SFSP funding—just behind New York, Florida, and Texas.

The Food and Nutrition Service (FNS) and State agencies administer SFSP. FNS awards SFSP funding to State agencies and provides oversight to ensure that States properly administer and monitor the program. According to Federal regulations and FNS instructions, the State agencies are then responsible for multiple activities such as:

- performing adequate outreach to ensure communities are aware of SFSP;
- disseminating State and Federal policy for SFSP administration;
- establishing a financial management system;
- reviewing and approving sponsor applications;
- reimbursing sponsors for meals served to children at approved sites;
- monitoring sponsors and sites by conducting administrative reviews at least once every 3 years; and
- providing sufficient technical assistance and guidance to sponsors.

In California, the California Department of Education (CDE) is responsible for these activities. The State agency reimburses sponsors for serving SFSP meals (breakfast, lunch, supper, or snacks) that meet program meal requirements.² The reimbursements are based on the number of eligible served meals multiplied by a designated rate.³

SFSP sponsors manage sites that provide the meals to children. Sponsors include school food authorities or public or private nonprofit organizations (such as schools and community centers)

¹ In 1946, Congress signed into law the National School Lunch Act, now the Richard B. Russell National School Lunch Act (NSLA), which first established the National School Lunch Program. NSLA has been amended several times, most recently in 2018. In 1968, section 13 of the NSLA was amended to pilot SFSP, which became a separate, permanent program in 1975.

² The program regulations establish minimum food component requirements for meals served to children in SFSP. There are four categories of food components: (1) vegetables and fruits, (2) bread and bread alternates, (3) milk, and (4) meat and meat alternates. Not all components are required for all meal types. The regulations also include a few exceptions to and variations from the meal pattern. 7 C.F.R. § 225.16 (d-f).

³ The designated rate is set each year by the Richard B. Russell National School Lunch Act, which incorporates the Consumer Price Index. The rates for rural and self-preparation sites are higher than for other types of sites. Additionally, the rates for sites in Alaska and Hawaii are higher than for sites in the continental United States.

that could manage multiple State-approved sites. Sponsors must operate their food service in accordance with Federal and State SFSP requirements, including:

- properly accounting for program funds and ensuring program costs are allowable;
- maintaining accurate records that justify all costs and meals claimed for 3 years;
- only claiming SFSP meals for reimbursements that meet program requirements;
- monitoring site compliance with program requirements;
- meeting training requirements for their administrative and site personnel;
- maintaining proper sanitation and health standards in accordance with State and local laws;
- retaining financial and administrative responsibility for their program operations; and
- meeting program outreach requirements.

Ultimately, the sponsors' sites provide SFSP meals free to children. Sites are eligible to participate in the program if they are located in low-income areas or serve children who meet eligibility requirements.⁴ Most sites are categorized as either *open*, with meals available to all children in the area; *restricted open*, when attendance is limited for safety or control reasons; or *closed enrolled*, when only specified groups of children are served.

Objectives

Our audit objective was to determine whether California had adequate controls in place to reasonably ensure that SFSP was operating under program requirements. Specifically, our objective was to (1) evaluate the adequacy of the State agency's controls over SFSP sponsors and (2) determine if selected sponsors and sites were in compliance with program requirements.

This audit was one in a series of recent audits related to SFSP. It was performed in conjunction with similar reviews of the States of Florida, New York, and Texas. During the course of these State reviews, interim reports were issued to provide results regarding sponsor compliance with SFSP regulations and policies related to State and local food safety requirements.⁵ Additionally, we performed an audit of FNS to determine whether FNS had adequate controls in place to reasonably ensure SFSP was complying with program regulations and other requirements.⁶ Upon completion of the State audits, we will consider the results with the issues we identified in our FNS audit and provide an assessment of the overall program in the final rollup SFSP audit for this series.

⁴ "Low-income area" means the attendance area of a school or other geographic area where at least 50 percent of the enrolled children have been determined eligible for free or reduced-price school meals under the National School Lunch Program and the School Breakfast Program. This determination may be made with school data, recent available Census data, information provided from a department of welfare or zoning commission, or other approved sources.

⁵ *California's Controls Over Summer Food Service Program Interim Report* (Audit Report 27004-0001-41(1), Sept. 2017); *Florida's Controls Over Summer Food Service Program Interim Report* (Audit Report 27004-0001-31(1), Sept. 2017); *New York's Controls Over Summer Food Service Program Interim Report* (Audit Report 27004-0001-23(1), Nov. 2017).

⁶ *FNS' Controls Over Summer Food Service Program* (Audit Report 27601-0004-41, Mar. 2018).

Section 1: State Controls

Finding 1: California State Agency Needs to Improve its Application Review Process for SFSP

During our review of five California sponsors,⁷ we found that the State agency did not adequately assess sponsors' eligibility nor confirm other program requirements prior to approving their applications. This occurred because the State agency lacked key SFSP application review and approval procedures that would help identify ineligible applicants and therefore prevent sponsor noncompliance. As a result, four of the five sponsors we reviewed had program deficiencies, including two sponsors that may not have been eligible to participate in the program. Also, an additional sponsor was able to claim higher reimbursements than it was entitled to receive.

SFSP regulations require State agencies to review and assess sponsors' SFSP applications and approve applicants who comply with the program's participation and eligibility requirements. The SFSP statute requires sponsors to demonstrate financial and management capabilities as a prerequisite for participation. State agencies must assess the applicants' financial and administrative capability for program operations, including their ability to properly account for SFSP funds. In 2013, FNS emphasized that the States' careful selection of applicants was a critical program control.⁸

In 2016, the State agency approved 220 SFSP sponsors to participate in SFSP.⁹ We reviewed five of those sponsors and determined that four had deficiencies that the State agency should have identified during its application review process. Ultimately, we determined the State agency lacked key SFSP application review and approval procedures needed to identify these financial and administrative sponsor deficiencies during its application review process, as explained below.

The State Agency Did Not Ensure Applicant Sponsors Met Financial Management Requirements

SFSP statute and regulations require that sponsors demonstrate financial and administrative capability for program operations to be eligible to participate in the program.¹⁰ Accordingly, sponsor applicants must have financial management systems that provide effective control over all funds to ensure the funds are used solely for authorized purposes. This includes accounting records supported by source documentation. Further, FNS has issued regulatory guidance that requires State agencies to develop financial management standards and annually communicate those standards as participation requirements to every SFSP applicant.

⁷ The sample was non-statistically chosen after we considered certain parameters (as described in our Scope and Methodology section).

⁸ FNS Proposed Rule, Federal Register Vol. 78, No. 134 (July 12, 2013). FNS published the final rule on June 1, 2018.

⁹ These sponsors managed 2,622 State agency-approved sites that provided SFSP meal services to children.

¹⁰ 7 C.F.R. §225.14, and 42 U.S.C. §1761.

However, we found that the State agency had no system to assess applicants' financial capabilities during the SFSP application process, and did not assess the applicants' capabilities to separately track SFSP funds and support SFSP costs.¹¹ Rather, the State agency only reviewed the applicants' submitted budgets to identify whether they appeared to have enough projected income to cover their estimated expenses. This assessment did not ensure applicants could properly account for SFSP funds in compliance with Federal requirements. For example, the State agency approved a sponsor even though the sponsor's financial management system could not properly account for its SFSP funds.¹² The sponsor operated multiple child nutrition programs (CNP) and improperly assigned costs to SFSP by date, rather than separately identifying and documenting SFSP costs.¹³ It is important to separately identify SFSP costs because costs for equipment such as refrigerators or stoves that may be allowable for other CNPs are not allowable for SFSP.¹⁴ In this case, the sponsor included the cost of equipment for SFSP and stated it assumed costs were allowable for SFSP if the costs were allowable for the other CNPs.

The State agency also did not develop its own financial management standards for SFSP nor adequately communicate Federal financial management requirements to sponsors as required.¹⁵ As a result, sponsors may not be aware of the SFSP requirements and, as a result, may commingle SFSP funds or improperly support their SFSP costs. State agency staff explained that they did not think it was necessary for the State agency to develop its own standards because it referenced Federal financial management requirements in its SFSP training and State sponsor agreements. However, under the current system, the State agency had no assurance that sponsors received training about the Federal financial requirements.¹⁶ Additionally, the State agency's State sponsor agreements with the reviewed sponsors did not include the current Federal financial management requirements as the State contended.

The State Agency Did Not Incorporate Prior Sponsor Reviews into Its Application Review Process

The majority of SFSP sponsors are returning sponsors that had been subject to the State agency's administrative reviews. These reviews could include useful information for the State agency to use during the sponsors' application process. As will be discussed in Finding 2, the State agency conducts administrative reviews of sponsors to monitor their compliance with program requirements, then issues reports that include noncompliance

¹¹ FNS has not issued guidance regarding how States should assess SFSP applicants' financial capabilities; however, Federal regulations and SFSP guidance require sponsors to have procedures that ensure fiscal accountability of SFSP funds, including separately tracking and supporting SFSP expenditures.

¹² Sponsor E.

¹³ Federal regulations require recipients of Federal awards to maintain records that identify the source and application of funds for Federally-funded activities, which must be supported by source documentation. 2 C.F.R. §200.302(b)(3).

¹⁴ FNS guidance states that SFSP funds may not be used for the direct capital expenditures of nonexpendable equipment of any kind, nor for other capital assets including vehicles.

¹⁵ 7 C.F.R. 225.7(f).

¹⁶ The State agency authorizes each sponsor to access its online SFSP training modules, but does not track which sponsor's staff take the training nor measure their understanding of the training content.

findings and the sponsors' plans for corrective action. The State agency can choose to deny sponsors' applications if sponsors have not implemented the prior year's corrective actions.¹⁷

However, the State agency had no process to include its prior administrative review findings into its current SFSP application review. The State agency's program specialists were responsible for reviewing and approving SFSP applications while a different unit, the State agency's Field Services staff, were responsible for conducting administrative reviews. The Field Services staff did not communicate the results of their sponsor administrative reviews to the program specialists who reviewed and approved SFSP applications. Consequently, the program specialists were unaware of sponsors with operational deficiencies and may inadvertently approve their applications. However, subsequent to our fieldwork, the State agency shared it had established a cross-division communication and accountability workgroup to increase coordination between the two units to ensure the results of the State agency's administrative review findings are shared.

The State Agency Lacked Procedures to Independently Verify Sponsor-Provided Information

SFSP regulations (1) require State agencies to verify sponsor-provided information for new sponsor applicants and new sponsor sites and (2) authorize State agencies to verify the sponsor site information provided by the returning sponsors if the State agency elects to do so.¹⁸ The sponsor's site information includes data such as whether sites are in a rural or urban location, or whether the sites' food is self-prepared or provided by a vendor. When the food is prepared by the sponsor, the site can be classified as "self-prep." If the food served at the site is provided by a vendor, the site is classified as "vended." This type of information affects the amount of reimbursements the sponsors will receive.¹⁹

The State agency's application review process, however, did not adequately verify sponsor-provided application information. For example, two of the five sponsors we reviewed misclassified one of their sites as self-prep or rural even though the sites were vended or urban, and four of the five reviewed sponsors provided incorrect estimates of program costs and site attendance that inflated their SFSP budgets.²⁰ As stated above, the State agency uses the applicants' budgets to assess their financial viability; however, this assessment is not reliable because it is based on unverified and inaccurate sponsor information. Further, by not verifying key sponsor-provided information (such as site classifications), sponsors may receive higher reimbursements than they are entitled to receive.²¹

¹⁷ 2016 Summer Food Service Program State Agency Monitor Guide, Part 8, "Corrective Action, Serious Deficiencies, and Termination."

¹⁸ 7 C.F.R. § 225.6(c)(3).

¹⁹ 7 C.F.R. § 225.9(d)(8)(iii) specifies that sites designated as rural and as self-prepared receive higher SFSP meal reimbursements.

²⁰ Sponsors B and C misclassified sites, and Sponsors B, C, D, and E provided incorrect estimates of program costs and site attendance. We determined the sponsors provided incorrect estimates by comparing the sponsors' prior year SFSP reimbursement claims and SFSP costs with the sponsors' estimates included on the SFSP applications for the current year.

²¹ SFSP reimbursement rates are higher for "self-prep" and rural sites than the reimbursement rates for other site types.

The State Agency Did Not Properly Approve Sites

SFSP regulations require State agencies to ensure that applicants' proposed SFSP sites do not serve the same children in the same area as other SFSP sites.²² The State agency generally requires SFSP sites to be at least one quarter of a mile apart to prevent duplication of services.²³

The State agency, however, did not have a process to ensure sites did not serve the same children in the same area. We found the State approved 30 sites for 4 of the sponsors we reviewed that were within 0.25 miles of other SFSP sites providing the same meal service, without any assurance that these sites served different children.²⁴ State agency staff explained that some of the sponsor sites approved by the State agency will be operated by the sponsors, while others will not. Further, according to State agency staff, some of these sites may have legitimate reasons for the close proximity and may in fact serve different children; State agency staff said they did not think it would be appropriate to deny applicants' potential sites based on proximity restrictions. However, State agency staff acknowledged they did not confirm whether these sites served different children and met the regulatory requirements and, therefore, did not ensure there was not duplication of services.

As discussed above, the State agency lacked key SFSP application review and approval procedures that would help identify ineligible applicants. This was further complicated by the fact that the State agency did not document the basis of its application review determinations and conclusions for the five reviewed sponsors. For example, the State agency staff inserted a checkmark that they discussed financial systems with the sponsors and that they determined the sponsors had systems to properly account for SFSP funds. However, as stated above, the State agency does not assess SFSP applicants' financial management systems during the application process, so it is not clear how the State agency made these determinations.

State agency staff stated that they believed the State agency complied with SFSP regulations, but agreed that its SFSP application review and approval process could be improved. The State agency staff said they thought additional guidance from FNS regarding the State's specific responsibilities would be helpful and agreed that its program staff would benefit from additional training on any new application procedures. As a result, the State agency's SFSP application process may enable ineligible sponsors to participate in the program that cannot properly account for SFSP funds, thus compromising the program's integrity and reducing its effectiveness in delivering meals to children in low-income areas. Careful, accurate assessments of sponsors' eligibility to participate in SFSP is a critical component of program integrity.

To improve the State agency's application process, FNS should direct the State agency to strengthen how it assesses applicants' financial management systems and ensure sponsors demonstrate financial and management capabilities for program operations. FNS should also

²² 7 CFR §225.6(d).

²³ Federal regulations do not define exact proximity limitations on summer meal sites. The State agency established an internal policy of a 0.25 mile limitation on the location of meal sites in an attempt to provide clarity in the absence of specific FNS regulatory guidance.

²⁴ Sponsors B, C, D, and E.

direct the State agency to develop and adequately communicate the required SFSP financial management standards to SFSP sponsors. Additionally, FNS should confirm the State agency developed and implemented procedures that incorporate the results of its prior administrative reviews into its SFSP application assessments. Similarly, FNS should ensure the State agency's staff verify key SFSP sponsor-provided application information and document the basis for their application approval determinations. FNS should also direct the State agency to ensure its program staff are sufficiently trained on the new application procedures. Further, FNS should direct the State agency to implement procedures to ensure sites do not serve the same children in the same area.

FNS should also direct the State agency to reevaluate two of the sponsors' eligibility since these sponsors lacked adequate financial management systems; in addition, FNS should direct the State agency to document the basis of its determinations.²⁵ Lastly, FNS should direct the State agency to confirm and recover unallowable SFSP reimbursements paid to Sponsors B and C resulting from increased reimbursement rates due to their site misclassifications.

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.

Agency Response

In its September 26, 2018, response, FNS stated:

FNS concurs with the recommendation. FNS will direct CDE to institute internal procedures to more closely review the SFSP budgets for sponsors that are operating multiple Child Nutrition Programs (CNPs) in order to ensure they are correctly prorating costs among the multiple CNPs. Additionally, FNS will provide onsite technical assistance focused on budget review.

FNS provided an estimated completion date of May 1, 2019, for this action.

In its August 2, 2019, response, FNS stated:

FNS concurs with the intent of the OIG's recommendation to direct the State agency to develop and implement procedures to assess the adequacy of SFSP applicants' financial management. Accordingly, the CDE has instituted the following application review actions:

- Require SFSP sponsors to annually submit a budget of program related administrative costs, and maintain records of the revenue and costs onsite for review by the State agency

²⁵ Sponsors B and E.

- Increase the depth of budget reviews (coupled with more focused technical assistance) for program operators deemed to have significant operational issues in the prior year
- Assign a single analyst to oversee the application review for each sponsor that operates both the SFSP and Child and Adult Care Food Program in order to ensure costs are reasonable and allocated between programs according to Federal regulations
- Require all new SFSP sponsors to complete the CDE Internal Controls (IC) document. The information required by the IC document will be expanded in cases where an entity, or one of its business affiliates, demonstrated non-compliance with federal regulations through its past participation in a federal child nutrition program.

The CDE has also modified its onsite review of program sponsors to now include the use of the SFSP Review Fiscal Accountability Form and SFSP Allowable Costs Worksheet when reviewing a sponsor's revenue and cost documentation. The information gathered from these forms will be used in a strategically targeted process to supplement the technical assistance during the application review process provided by the CDE to sponsors who experienced serious operational issues in the prior year.

FNS completed this action on August 1, 2019.

OIG Position

Based on FNS' September 26, 2018 response, we did not accept FNS' management decision for this recommendation because FNS' decision did not sufficiently address OIG's recommendation.

However, as a result of the actions shared in August 2019, we accept FNS' management decision on this recommendation.

Recommendation 2

Direct the State agency to develop the financial management standards as required by SFSP regulations and specified in FNS Instruction 796-4.

Agency Response

In its September 26, 2018, response, FNS stated:

FNS concurs with the recommendation, noting that CDE already has financial management standards for all Public School Districts (PSDs) and County Offices of Education (COEs) approved to operate the SFSP as they are required to follow the financial management standards described in the California School Accounting Manual (CSAM). FNS will direct CDE to provide financial management standards to all remaining SFSP sponsors.

FNS provided an estimated completion date of May 1, 2019, for this action.

OIG Position

We accept FNS' management decision on this recommendation.

Recommendation 3

Direct the State agency to communicate its financial management standards (developed in Recommendation 2) and the current Federal financial management requirements to SFSP sponsors in its State sponsor agreements.

Agency Response

In its September 26, 2018, response, FNS stated:

FNS concurs with the recommendation. FNS will direct CDE to communicate the standards and the financial management requirements to affected SFSP sponsors via a Listserv and management bulletin, as well as incorporate the recommendations in the State-sponsor agreement by applicable management bulletin reference. Additionally, FNS will direct CDE to incorporate the financial management standards/requirements in the annual SFSP sponsor training as well as analyze compliance with standards during the sponsor application process.

FNS provided an estimated completion date of May 1, 2019, for this action.

OIG Position

We accept FNS' management decision on this recommendation.

Recommendation 4

Confirm the State agency developed and implemented procedures to include the use of the State agency's sponsor administrative review results as part of the application assessment.

Agency Response

In its September 26, 2018, response, FNS stated:

FNS concurs with the recommendation and had directed CDE to incorporate review results accordingly during our FY 2017 SFSP Management Evaluation (ME). CDE has since established (beginning June 2018) a Cross-Division Communication and Accountability Group. One of the first focus areas being addressed by the accountability group is the communication of review findings from the Field Services Unit (FSU) to the program units. This communication will equip staff, including those in SMU [Summer Meals Unit], with the information required to deny the application of sponsors that have been declared seriously deficient and eliminate the vulnerability of sponsors with operational problems identified during administrative reviews being approved for additional meal sites in subsequent program years.

FNS provided an estimated completion date of May 1, 2019, for this action.

OIG Position

We accept FNS' management decision on this recommendation.

Recommendation 5

Direct the State agency to develop and implement procedures to ensure its staff verify key SFSP sponsor-provided application information (such as site classifications) that affects SFSP reimbursements and site eligibility.

Agency Response

In its September 26, 2018, response, FNS stated:

FNS concurs with the recommendation. FNS will direct CDE to develop procedures to comprehensively validate application information, including area eligibility as well as rural-urban and food-preparation designations.

FNS provided an estimated completion date of March 1, 2019, for this action.

OIG Position

We accept FNS' management decision on this recommendation.

Recommendation 6

Direct the State agency to develop and implement procedures to document the State agency's assessment of SFSP sponsors' applications and the basis for the State agency's conclusions/approvals.

Agency Response

In its September 26, 2018, response, FNS stated:

FNS concurs with the recommendation. FNS will direct CDE to document the SA's [State Agency's] assessment of SFSP sponsor applications and the basis for the SA's conclusions, including possibly utilizing their current automated system's comment function to note items for further follow up. While CDE's Child Nutrition Information and Payment System (CNIPS) has some documentation functionality, it is currently limited to what the SMU analyst can upload to the database. Thus, CDE will assess the cost and time necessary to update CNIPS in order to determine if sufficient resources are available for this modification. If no electronic solution is

available, then the SMU analyst will print a hard copy of the documentation and have it saved to the program operator's permanent file.

FNS provided an estimated completion date of May 1, 2019, for this action.

OIG Position

We accept FNS' management decision on this recommendation.

Recommendation 7

Direct the State agency to ensure the State agency staff are sufficiently trained on the new application procedures (in Recommendations 1 through 6).

Agency Response

In its September 26, 2018, response, FNS stated:

FNS concurs with the recommendation. FNS will direct CDE to ensure staff are trained on procedures for running the program in accordance with 7 CFR 225.6.

FNS provided an estimated completion date of April 1, 2019, for this action.

OIG Position

We accept FNS' management decision on this recommendation.

Recommendation 8

Direct the State agency to implement procedures that ensure sites do not serve the same children in the same area.

Agency Response

In its September 26, 2018, response, FNS stated:

FNS concurs with the recommendation. FNS will direct CDE to independently verify the relative location of approved summer meal sites to one another to ensure that the area is not already served by another site that is serving the same eligible children.

FNS provided an estimated completion date of May 1, 2019, for this action.

OIG Position

We accept FNS' management decision on this recommendation.

Recommendation 9

Direct the State agency to carefully evaluate the eligibility of the two sponsors that lacked adequate financial management capabilities (Sponsors B and E) if they choose to return to the program, and document the basis of its determinations to ensure the weaknesses identified by OIG have been corrected.

Agency Response

In its September 26, 2018, response, FNS stated:

FNS concurs with the recommendation. FNS will direct CDE, prior to approval, to ensure the financial management portion of the two sponsors' application packets receive extensive review, including focused review of the each sponsor's budget and management plan to determine if items of cost are reasonable and allowable.

FNS provided an estimated completion date of June 30, 2019, for this action.

In its August 2, 2019, response, FNS stated:

FNS concurs with the recommendation. FNS has encouraged the CDE to take action, and if Sponsors B and E are still operating, to perform an administrative review as required by 7 *CFR*, Section 225.7(d) until such time as the sponsors have processes and procedures in place to track and account for the proper use of program funds that comply with program requirements and meet financial management capabilities required by program statute and regulations. As part of this administrative review, the CDE will use its newly developed SFSP Review Fiscal Accountability Form and SFSP Allowable Costs Worksheet. Should these evaluations reveal any new questioned or unsupported costs, consistent with how FNS has responded to other recommendations in this report involving potential fiscal action, the CDE will follow up accordingly to include providing appeal rights to the SFSP sponsors and attempting to recover the unallowable costs.

FNS completed this action on August 1, 2019.

OIG Position

Based on FNS' September 26, 2018 response, we did not accept FNS' management decision for this recommendation because it did not sufficiently address OIG's recommendation.

However, as a result of the actions shared in August 2019, we accept FNS' management decision on this recommendation.

Recommendation 10

Direct the State agency to calculate and recover any unallowable reimbursements paid to Sponsors B and C resulting from their site misclassifications.

Agency Response

In its September 26, 2018, response, FNS stated:

FNS will work with the State agency to clarify SFSP Sponsor B and C's classifications as self-preparation or rural. FNS will direct CDE to develop and provide additional training and guidance to sponsors, as well as CDE staff on site classification, and incorporate the appropriate review of systems in their monitoring. If reimbursements received by the sponsors are confirmed to be unallowable, CDE will begin recovery from the SFSP sponsors including appeal rights.

FNS provided an estimated completion date of June 30, 2019, for this action.

OIG Position

We accept FNS' management decision on this recommendation.

Finding 2: California State Agency Needs to Improve its Administrative Review Process for SFSP

During our review of five California sponsors, we found that the State agency did not sufficiently monitor the sponsors' compliance with program requirements. This occurred because the State agency lacked key administrative review procedures that would help identify and correct sponsor noncompliance issues. As a result, this compromised the program's integrity and enabled these sponsors to include more than \$215,400 in questionable costs and \$100,500 in unsupported costs for SFSP as well as claim more than \$18,900 in questionable reimbursements and \$44,600 in unsupported reimbursements for SFSP in 2016.²⁶ Consequently, financial resources that could have been spent on the quality and quantity of the nutritious meals for children from low-income households and areas may have been reduced.

In 2013, FNS emphasized that State agency monitoring of program operations was critical under SFSP's simplified cost accounting procedures.²⁷ Accordingly, States must properly monitor sponsors and sites to ensure program integrity is maintained. The State agency conducts SFSP administrative reviews for each sponsor at least once every 3 years to monitor sponsor and site compliance with program requirements.²⁸ These administrative reviews include onsite visits and an examination of sponsor SFSP costs, meal count records, and other documentation for a single month of review.²⁹ Ultimately, the State agency issues sponsor and site reports to document its administrative review findings that include any identified areas of noncompliance and required corrective actions.

During the State agency's most recent administrative reviews conducted from 2014–2017, the State agency did not identify five of the nine noncompliance issues we found nor ensure sponsors corrected the remaining four issues when identified. The noncompliance issues we identified included program violations such as unallowable SFSP costs and reimbursements. Examples of unallowable SFSP costs we found included nonexistent expenses as well as direct expenses for items such as cars.

Examples of questionable reimbursements we found included meal claims missing either the required meal components or the required documentation. Other noncompliance issues involved sponsors that did not maintain a nonprofit food service as required.³⁰ (See Exhibit C for a summary of the sponsor noncompliance issues we found.)

²⁶ Four selected sponsors (Sponsors A, B, C, and E) had unsupported and questionable SFSP costs in 2016, which included prohibited expenditures and costs that lacked supporting documentation. Two of the selected sponsors (Sponsors B and E) also had unsupported and questionable SFSP claims for reimbursement in July 2016, which included non-reimbursable claims and claims that lacked supporting documentation.

²⁷ FNS Proposed Rule, Federal Register Vol. 78, No. 134 (July 12, 2013). FNS published the final rule on June 1, 2018.

²⁸ The administrative reviews include a review of at least one site or 10 percent of the sponsor's sites, whichever is greater.

²⁹ The State agency selects the month of review based on the sponsor's most recent claim for SFSP reimbursement.

³⁰ We found that two of the five reviewed sponsors did not operate a nonprofit food service as defined by FNS. According to FNS policy, "a sponsor is operating a nonprofit food service if the food service operations are principally for the benefit of participating children and all of the program reimbursement funds are used solely for

We analyzed the differences between our sponsor administrative reviews for the 2016 program year and the State agency’s most recent sponsor administrative reviews from 2014–2017.³¹ Essentially, we determined the State agency lacked several key review procedures that would improve its ability to monitor the sponsors’ compliance with program requirements:

The State Agency Did Not Obtain Sufficient Documentation for Its Reviews

FNS guidance requires States to review sufficient records to determine whether sponsors complied with program requirements.³² While the State agency complied with FNS’ suggested guidance and reviewed 1 month of sponsor records for the current program year, it did not expand the reviews to verify whether sponsors operated a nonprofit food service and complied with program requirements as allowed by FNS guidance.³³

We identified each of the nine noncompliance issues by expanding our review beyond the 1-month period and obtaining more documentation. For example, we were able to determine that more than \$44,000 of one single sponsor’s costs were unallowable because the sponsor (1) altered invoices to artificially inflate its SFSP expenditures and (2) included and double counted the costs of original receipts and copies of those receipts.³⁴ These unallowable costs occurred throughout the summer months (June through August).

However, the State agency’s 2015 administrative review of this sponsor did not identify any unallowable costs. The State agency complied with FNS guidance and only reviewed the sponsor’s SFSP costs and supporting documents for July. We concluded it is not likely that the State agency’s review would be able to identify altered invoices and duplicated costs that occurred throughout the summer by only reviewing 1 month of the sponsor’s records.

We also found that two of the five sponsors we reviewed did not have milk receipts to support meals claimed in 2016.³⁵ Generally, sponsors should have milk receipts that support the total number of claims for meals requiring a milk food component (for instance, breakfast, lunch, and supper).³⁶ While the State agency’s most recent administrative review for these sponsors identified some meal claim issues for the two sites (such as improperly counting meals that lacked all of the required food components for reimbursement), the State agency did not expand the scope of its review or conduct a similar milk analysis to identify

the operation or improvement of such food service.” FNS Policy Memo SFSP 05-2017, *Summer Food Service Program Questions and Answers* (Dec. 1, 2016).

³¹ While the State agency’s administrative reviews did not always cover the same period we reviewed, we either confirmed or concluded the sponsors’ inadequate processes existed at the time of the State agency review.

³² USDA FNS, *FNS State Agency Monitor Guide, Summer Food Service Program* (2016). The guidance suggests reviewing sponsor records for the most recent month based on the SFSP claim for reimbursement, but it also allows States to expand the reviews to verify sponsors are operating a nonprofit food service and determine the extent of any noncompliance.

³³ USDA FNS, *FNS State Agency Monitor Guide, Summer Food Service Program* (2016).

³⁴ Sponsor E.

³⁵ Sponsors B and E.

³⁶ The “Offer Versus Serve” policy allows a child to decline one required food item at breakfast and up to two required food items for lunch or supper. Sponsors that do not use the “offer versus serve” policy should have milk receipts that support the total number of meals claimed.

the larger problem. We therefore determined that expanding the administrative review would improve the State agency's effectiveness in monitoring the sponsors' compliance with program requirements.

The State Agency Did Not Ensure Effectiveness of Sponsors' Corrective Actions

FNS guidance requires sponsors to provide written corrective action plans in response to State administrative review findings. The State agency must review these plans and evaluate whether the corrective actions are sufficient to ensure the problems do not reoccur and sponsors fully and permanently correct the deficiencies. If the State agency receives the plans after the sponsors' summer program operations have ended, FNS recommends that the State re-evaluate the plans the following year before approving the sponsors' SFSP applications to ensure the sponsors implemented the corrective actions.

The State agency's most recent administrative reviews of the sponsors we reviewed identified four of the nine noncompliance issues we found and directed the sponsors to take corrective actions. However, we determined the sponsors' corrective actions that the State agency approved were not sufficient to resolve these four noncompliance issues. For example, the State agency approved corrective action for a repeat administrative review finding that did not resolve the noncompliance issue the first time it was identified. Consequently, the State agency approved corrective actions that did not address the underlying cause of the noncompliance issues.

The State Agency Did Not Adequately Train Staff to Review Sponsors

Federal regulations require State agencies to provide sufficient, qualified personnel to administer the program and monitor performance, including compliance with fiscal accountability requirements.³⁷ The State agency reviewers, however, were primarily nutritionists who had varying levels of fiscal accountability experience and knowledge needed to identify SFSP sponsors' fiscal noncompliance issues.

We concluded that providing fiscal training to reviewers would improve the State agency's effectiveness in monitoring the sponsors' compliance with program requirements because we identified seven of the nine noncompliance issues based on our knowledge of accounting principles and financial regulatory requirements. We spoke with the State agency staff and determined that some of the reviewers were unfamiliar with SFSP's fiscal accountability requirements. We also determined that some of the reviewers did not understand how to analyze the sponsors' financial documentation to ensure compliance with program requirements. For example, the reviewers accepted mileage expense for a sponsor even though the sponsor also included actual vehicle maintenance and gasoline costs for SFSP. The reviewer did not realize that this may have represented a duplicated cost (since sponsors should claim mileage expense in lieu of actual car expenses) and therefore improperly allowed both types of expenses.³⁸

³⁷ 7 C.F.R. §225.6(a).

³⁸ We could not determine the dollar impact for the month the State agency reviewed in 2015; however, the dollar impact for the 2016 program year (the period we reviewed) was \$2,245. The reviewer acknowledged there was

The State Agency's Review Determinations Cannot be Verified

FNS guidance requires State agencies to develop a monitoring system that includes forms to collect data. To complete the review forms, State agency reviewers must collect applicable information covering all the required review areas (such as sponsor training records, cost records, meal count records, etc.) from sponsors. Further, State agency reviewers may request this documentation before the onsite reviews.

The State agency completed the required administrative sponsor and site review forms by indicating—via a checkmark—whether or not the sponsors/sites complied with each of the SFSP requirements. However, the State agency reviewers did not maintain copies of the sponsor records they reviewed to make their assessments, or document the basis for their determinations. Further, the State agency did not have a process to verify the reviewers' determinations. Consequently, the State agency managers and other third parties could not confirm whether the reviewers' determinations were accurate.

We found that four of the five sponsors we reviewed included more than \$316,000 in questionable and unsupported SFSP costs in 2016—yet the State agency's most recent administrative reviews for each of these sponsors indicated via checkmarks that all the sponsors' costs were allowable.³⁹ The State agency's reviewers did not maintain copies of the sponsors' financial records for State agency managers or external reviewers to validate and assess their review determinations. Also, the State agency reviewers neither documented nor explained what they reviewed and how they made their determinations on the review forms. State agency reviewers said the sponsors' support was adequate since there were no findings, but this would not be correct given that the sponsors' records for the month of review included the same unallowable costs we identified.

In total, we identified nine noncompliance issues for these five sponsors in 2016. We found that four of these sponsors⁴⁰ had more than \$316,000 in questionable and unsupported SFSP costs that included nonexistent expenditures and prohibited SFSP costs such as direct expenses for cars. In addition, we found that two of these sponsors⁴¹ claimed over \$63,000 in questionable and unsupported SFSP reimbursements⁴² based on meal counts in July 2016, which included claims for more meals than actually served. These sponsors may also be seriously deficient in their operation of SFSP because they did not maintain adequate records nor document that they used their SFSP reimbursements for allowable costs such as food for free SFSP meals provided to children, as required by SFSP regulations and FNS.

mileage expense and did not realize it may have been a duplicate cost with the actual automobile expense, but there is no record of the dollar impact in 2015 since the State agency does not maintain documentation.

³⁹ Sponsors A, B, C, and E. These costs included \$215,476 in questionable costs and \$100,536 in unsupported costs.

⁴⁰ Sponsors A, B, C, and E.

⁴¹ Sponsors B and E.

⁴² These reimbursements included \$18,923 in questionable reimbursements and \$44,639 in unsupported reimbursements.

We discussed these issues with State agency officials, who generally agreed with our findings. State agency officials emphasized that they complied with minimum program requirements, but agreed the agency could make improvements. For example, the State agency may not be able to expand the administrative reviews beyond 1 month, but it could possibly review sponsors' prior year costs overall and select 1 month from the previous period to fully review. This would help prevent sponsors from selecting which costs the State agency would review, since the previous program period is closed and sponsors would not know which month the State agency would select. The State agency also agreed to provide reviewers with more fiscal accountability training. While the State agency was opposed to maintaining supporting documentation for its reviews because staff thought it would be too burdensome, they agreed the State agency could develop a process to periodically verify the reviewers' determinations. Also, the State agency agreed to recover the unallowable costs from the sponsors.

To improve its ability to identify and monitor sponsor noncompliance issues, the State agency should expand its administrative review process and obtain sufficient information to evaluate SFSP sponsors' compliance. Further, the State agency should ensure corrective actions adequately address the underlying cause of sponsor noncompliance and follow up to ensure the corrective actions are effective. Additionally, the State agency should provide its staff with training on the sponsors' SFSP fiscal accountability requirements as well as maintain fiscal supporting documentation and document the basis of their administrative review determinations.

The State agency should also confirm the questionable and unsupported costs and reimbursements we identified, and recover the disallowed amounts. Further, the State agency should determine whether Sponsors B and E are seriously deficient. If the State agency determines these sponsors are seriously deficient, it should initiate the seriously deficient process based on FNS guidance.⁴³ Finally, the State agency should confirm each of the other OIG-identified sponsor noncompliance issues and take corrective action.

Recommendation 11

Advise the State agency of best practice to expand administrative review under certain circumstances in which the State believes it is necessary to obtain sufficient information to ensure SFSP sponsors' compliance with program requirements.

Agency Response

In its September 26, 2018, response, FNS stated:

FNS concurs with the recommendation. FNS acknowledges that CDE's current administrative review procedures meet the outlined regulatory requirements; however, FNS will encourage the State agency, as a best practice, to develop procedures to expand the administrative review in circumstances where the reviewer has determined that it is necessary to ensure SFSP sponsors'

⁴³ 7 C.F.R. § 225.11(c) prohibits State agencies from entering into any agreement with any applicant sponsor identifiable through its corporate organization, officers, employees, or otherwise, as an institution which participated in any Federal CNP and was seriously deficient in its operation of any such program.

compliance with program requirements. FNS will also encourage CDE to provide reviewers with updated training that reflects the procedures developed to expand the administrative review in certain circumstances.

FNS provided an estimated completion date of May 1, 2019, for this action.

OIG Position

We accept FNS' management decision on this recommendation.

Recommendation 12

Direct the State agency to develop and implement procedures to ensure SFSP sponsors' corrective actions adequately address the underlying cause of sponsors' noncompliance, and follow up to ensure the corrective actions are effective.

Agency Response

In its September 26, 2018, response, FNS stated:

FNS concurs with the recommendation. FNS will direct CDE to ask for detailed, step-by-step procedures that will address the underlying cause for each review finding, as well as training documents showing that sponsor staff are trained on those detailed procedures as part of the sponsor's corrective action. If the sponsoring organization participates the following summer, the agency will be reviewed to verify corrective action.

FNS provided an estimated completion date of June 15, 2019, for this action.

OIG Position

We accept FNS' management decision on this recommendation.

Recommendation 13

Direct the State agency to provide its staff responsible for conducting SFSP administrative reviews with training that is focused on the sponsors' SFSP fiscal accountability requirements.

Agency Response

In its September 26, 2018, response, FNS stated:

FNS concurs with the recommendation. FNS will direct CDE to ensure staff are trained on procedures for running the program in accordance with 7 CFR 225.6. FNS will also encourage CDE to provide training focused on the sponsor's SFSP fiscal accountability requirements.

FNS provided an estimated completion date of March 30, 2019, for this action.

OIG Position

We accept FNS' management decision on this recommendation.

Recommendation 14

Direct the State agency to develop and implement procedures to periodically verify the reviewers' determinations (for example, requiring the State agency reviewers to maintain fiscal supporting documentation for review).

Agency Response

In its September 26, 2018, response, FNS stated:

FNS concurs with the recommendation. FNS will direct CDE to maintain documentation supporting fiscal findings, as well as, develop and implement review procedures that include periodic verification of reviewers' determinations for the fiscal portion of the SFSP review.

FNS provided an estimated completion date of August 31, 2019, for this action.

OIG Position

We accept FNS' management decision on this recommendation.

Recommendation 15

Direct the State agency to confirm the sponsor questionable costs totaling \$215,476 identified by OIG, and recover any disallowed costs from the SFSP sponsors.

Agency Response

In its September 26, 2018, response, FNS stated:

FNS concurs with the recommendation. FNS will direct CDE to work jointly with FNS to follow-up on OIG identified unallowable costs for which recently provided OIG work papers clearly identify the costs in question. If unallowable costs are confirmed, CDE will follow-up accordingly to include appeal rights provided to the SFSP sponsor and attempt to recover the unallowable costs.

FNS provided an estimated completion date of June 30, 2019, for this action.

OIG Position

We accept FNS' management decision on this recommendation.

Recommendation 16

Direct the State agency to confirm the sponsor unsupported costs totaling \$100,536 identified by OIG, and recover any disallowed costs from the SFSP sponsors.

Agency Response

In its September 26, 2018, response, FNS stated:

FNS concurs with the recommendation. FNS will direct CDE to work jointly with FNS to follow-up on OIG-identified unsupported costs as delineated in the recently-provided OIG workpapers. If unsupported costs are confirmed, CDE will follow-up accordingly to include providing appeal rights to the SFSP sponsor and requesting that sponsors replenish any unsupported costs to their nonprofit food service account.

FNS provided an estimated completion date of June 30, 2019, for this action.

OIG Position

We accept FNS' management decision on this recommendation.

Recommendation 17

Direct the State agency to confirm the sponsor questionable meal claims totaling \$18,923 identified by OIG, and recover any disallowed SFSP reimbursements from the sponsors.

Agency Response

In its September 26, 2018, response, FNS stated:

FNS concurs with the recommendation. FNS will direct CDE to work jointly with FNS to follow-up on OIG identified questionable meal claims on as delineated in the recently-provided OIG workpapers. If any portion of the sponsors' claims are determined to be unallowable following the procedures outlined in 7 CFR 225.12, CDE will follow-up accordingly to include providing appeal rights to the SFSP sponsors and attempting to recover the unallowable reimbursements.

FNS provided an estimated completion date of June 30, 2019, for this action.

OIG Position

We accept FNS' management decision on this recommendation.

Recommendation 18

Direct the State agency to confirm the sponsor unsupported meal claims totaling \$44,639 identified by OIG, and recover any disallowed SFSP reimbursements from the sponsors.

Agency Response

In its September 26, 2018, response, FNS stated:

FNS concurs with the recommendation. FNS will direct CDE to work jointly with FNS to follow-up on OIG identified unsupported meal claims as delineated in the recently-provided OIG workpapers. If any portion of the sponsors' claims are determined to be unallowable following the procedures outlined in 7 CFR 225.12, CDE will follow-up accordingly to include providing appeal rights to the SFSP sponsors and attempting to recover the unallowable reimbursements.

FNS provided an estimated completion date of June 30, 2019, for this action.

OIG Position

We accept FNS' management decision on this recommendation.

Recommendation 19

Direct the State agency to determine whether Sponsors B and E are seriously deficient. If the State agency determines these sponsors are seriously deficient, it should initiate the seriously deficient process.

Agency Response

In its September 26, 2018, response, FNS stated:

FNS concurs with the recommendation. FNS will direct CDE to evaluate whether or not Sponsors B and E should be determined seriously deficient based their review of the workpapers recently provided by OIG. If CDE deems the sponsors seriously deficient, it will follow State agency procedures to initiate the seriously deficient process.

FNS provided an estimated completion date of June 30, 2019, for this action.

OIG Position

We accept FNS' management decision on this recommendation.

Recommendation 20

Direct the State agency to confirm each of the OIG-identified sponsor noncompliance issues and ensure identified sponsors correct the deficiencies.

Agency Response

In its September 26, 2018, response, FNS stated:

FNS concurs with the recommendation. FNS will direct CDE to follow up on all documented non-compliance issues, including ensuring appropriate corrective actions are implemented, as applicable, utilizing the workpapers recently provided by OIG.

FNS provided an estimated completion date of June 30, 2019, for this action.

OIG Position

We accept FNS' management decision on this recommendation.

Section 2: SFSP Sponsor Controls

Finding 3: SFSP Sponsors Should Improve Training and Monitoring of SFSP Operations

The State agency reimburses SFSP sponsors, who may operate several sites based solely on the sponsors' site meal counts. During our site visits, we found that four of the five SFSP sponsors we reviewed did not operate some of their sites in accordance with SFSP regulations and requirements. Specifically, we counted 119 ineligible meals that sponsors' site staff recorded as reimbursable. This occurred because sponsors did not adequately train site staff or monitor site operations. As a result, the State agency reimbursed the four sponsors approximately \$427 in questionable SFSP reimbursements—18 percent of the sites' meals served on a single day. Therefore, the issues we identified could potentially represent significant deficiencies for these sites.

For SFSP meals to be reimbursable, sponsors must ensure sites count only eligible SFSP meals served to children in accordance with program requirements.⁴⁴ These reimbursement requirements include regulatory provisions as well as FNS instructions.⁴⁵ Additionally, FNS guidance outlines specific procedures to help ensure sponsors comply with reimbursement requirements.⁴⁶

We observed program noncompliance issues at 10 of the 13 sites we visited for the reviewed sponsors.⁴⁷ In total, we identified 25 instances of program noncompliance that included meals missing required components, meals consumed offsite, and improper documentation.⁴⁸ Three of these noncompliance issues contributed to the \$427 in questionable reimbursements we found. These noncompliance examples are described below. For more details on each of the examples, see Exhibit D at the end of this report.

Meals Missing Required Components

SFSP regulations require SFSP meals to include specific food components such as fruits and vegetables, milk, and meat.⁴⁹ During our site visits, we observed that 6 of the 13 sites served incomplete meals that did not include all the required food components. For example, one

⁴⁴ 7 C.F.R. § 225.6(e)(7), 7 C.F.R. § 225.6(c)(2)(L), 7 C.F.R. § 225.14(d)(4)(iii); FNS, *Summer Meal Program Meal Service Requirements Q&As—Revised*, Policy Memo No. SFSP 05-2015 (v.2) (Jan. 12, 2015).

⁴⁵ 7 C.F.R. § 225.9(d); FNS, *Nationwide Expansion of Summer Food Service Program Simplified Cost Accounting Procedures*, Policy Memo No. SFSP 01-2008 (Jan. 2, 2008).

⁴⁶ USDA FNS, *Administration Guide, Summer Food Service Program*, Chapter 9, "Program Costs and Reimbursements" (Mar. 2016).

⁴⁷ We visited 16 sites, but only observed SFSP meal services at 13 sites, which included 9 complete site visits (where we observed the sites' complete meal service), and 4 limited site visits (where we observed a portion of the sites' meal service). In total, these sponsors had 73 sites in 2016.

⁴⁸ The noncompliance issues also included food safety violations reported in *California's Controls Over Summer Food Service Program Interim Report* (Audit Report 27004-0001-41(1), Sept. 2017).

⁴⁹ Reimbursable SFSP meals must generally contain specific food components: (1) vegetables and fruits; (2) bread and bread alternates; (3) milk; and (4) meat and meat alternates.

site did not provide children with fruit unless the children specifically requested it.⁵⁰ Consequently, the children at these sites did not receive nutritious and well-balanced meals as intended by the program. Despite this, we found that these sites counted such meals as reimbursable. In total, these sites improperly counted 99 questionable meals that represented approximately \$379 of the \$427 in questionable SFSP reimbursements we found.

Incorrect Meal Count Forms

FNS guidance requires meal count forms to be completed based on the actual meal counts performed during meal services.⁵¹ During our site visits, one sponsor provided inaccurate meal count records for 3 of the 13 sites.⁵² The sponsor provided us with meal count forms that did not reflect the meal count forms we observed the day of our site visits. For example, we observed that one sponsor delivered meals to a site with no site staff to serve or record the meals on the meal count form, and no children were present during the entire meal service time. However, the sponsor subsequently provided a meal count form for this day that recorded eight meals (i.e., eight meals more than we observed onsite). Consequently, the sponsor's meal count form did not reflect the actual meal counts performed during meal service, as required. In total, for the day of our site visits, the sponsor provided inaccurate meal count forms for several sites that included 13 questionable, nonreimbursable meals, which represented about \$29, a portion of the entire \$427 in questionable SFSP reimbursements.

Meals Consumed Offsite

SFSP regulations require children to consume SFSP meals onsite.⁵³ During our site visits, we observed that 1 of the 13 sites improperly counted seven meals that were not consumed by children onsite for reimbursement that day. Consequently, the site had no assurance that eligible children consumed the meal or that the safety and quality of the meal was maintained as required. This represented the remainder that contributed to the \$427 in questionable SFSP reimbursements—approximately \$22.

The site noncompliance issues we identified occurred, in part, because the sponsors did not ensure site staff were knowledgeable of program requirements and able to carry out program responsibilities.⁵⁴ In 2016, three of the sponsors we reviewed did not ensure that 31 of their 72 sites had trained supervisors as required.⁵⁵ Additionally, site staff at four of the sites stated they did not receive any SFSP training from their two sponsors. At another four sites that received SFSP training, we determined the training was inadequate because the site personnel were not aware of basic program requirements.

⁵⁰ This site did not operate under FNS' "Offer vs. Serve" policy, so it was required to serve the fruit component with the meal.

⁵¹ USDA FNS, *Administration Guide, Summer Food Service Program*, Chapter 10, "Administrative Records" (Mar. 2016).

⁵² Sponsor E.

⁵³ 7 C.F.R. § 225.6(e)(15).

⁵⁴ 7 C.F.R. § 225.15(d)(1).

⁵⁵ Federal regulations require sponsors to provide training to site personnel and FNS guidance specifies that the training must include site supervisors as well as food service personnel.

The site noncompliance issues also occurred because sponsors did not adequately monitor site operations. Sponsors employed monitors to conduct site reviews and complete reports to ensure sites complied with SFSP requirements. However, some sponsors did not adequately train site monitors to assess site operations. For example, we observed a monitor assisting site staff where both parties were improperly serving SFSP meals that were missing milk (a required food component) and counting these questionable meals for reimbursement. Additionally, we reviewed sponsors' monitor reports and found that some of the monitors did not accurately identify noncompliance issues. For example, one site monitor inaccurately reported that the site supervisor received SFSP training even though the supervisor did not. Consequently, the monitors did not understand program rules nor ensure sites complied with SFSP requirements.

Additionally, some sponsors did not ensure sites corrected noncompliance issues when identified. For example, one monitor identified a noncompliant issue in 2016 (i.e., the site served SFSP meals outside of the approved meal service times and improperly counted the meals for reimbursement), yet we found the same issue during our site visit in 2017. According to the site's sponsor, it had difficulty ensuring sites complied with program requirements because the sponsor did not have direct operational control over the sites.⁵⁶ Consequently, the sponsor may identify noncompliance issues and emphasize SFSP requirements, but the sponsor did not feel it could enforce the requirements. In total, two of the five sponsors we reviewed lacked direct operational control over all their sites.⁵⁷ This may have contributed to the sites' noncompliance issues.

Finally, sponsors did not monitor sites as frequently as required. Federal regulations require sponsors to conduct at least one monitoring review during "the first four weeks of operation" and then maintain a reasonable level of site monitoring throughout the program operation.⁵⁸ However, four of the reviewed sponsors only conducted formal monitoring reviews of their sites once during the 2017 program year, and two of these sponsors did not conduct all of their site reviews within the sites' first 4 weeks of operation. These sponsors did not maintain a reasonable level of site monitoring nor ensure sites complied with program requirements, as evidenced by 25 noncompliance issues we identified at 10 of the 13 sites we visited.

We discussed these issues with State agency officials who generally agreed with our findings. To improve sponsor oversight of SFSP operations, the State agency should direct the identified sponsors to provide: (1) additional, enhanced SFSP training to site personnel; (2) specialized SFSP training to monitors; and (3) more frequent, formally-documented monitoring reviews. The State agency should also monitor and assess the identified sponsors' additional SFSP training for their sites and monitors as well as the sponsors' increased level of site monitoring to ensure compliance. Further, the State agency should confirm whether the identified sponsors claimed any of the questionable, nonreimbursable meals we observed during our site visits, and recover these amounts from the sponsors if claimed.

⁵⁶ Sponsor E.

⁵⁷ Sponsors B and E.

⁵⁸ 7 C.F.R. § 225.15(d)(3)).

Recommendation 21

Require the State agency to direct identified sponsors to provide additional, enhanced SFSP training to site staff to ensure staff have sufficient knowledge of program requirements when operating sites and serving meals.

Agency Response

In its September 26, 2018, response, FNS stated:

FNS concurs with the recommendation. FNS will direct CDE to ensure affected sponsors are providing training to site staff in accordance with 7 CFR 225.15(d), which outlines sponsor responsibilities for training and monitoring site personnel and operations. In addition, FNS will direct CDE to require affected sponsors to provide additional, enhanced training to site staff to ensure compliance with meal service times, meal patterns, and congregate feeding.

FNS provided an estimated completion date of August 31, 2019, for this action.

OIG Position

We accept FNS' management decision on this recommendation.

Recommendation 22

Direct the State agency to direct identified sponsors to provide specialized training that includes monitors' duties and responsibilities—as prescribed by the FNS Sponsor Monitor's Guide—to site monitors that visit and monitor site operations.

Agency Response

In its September 26, 2018, response, FNS stated:

FNS concurs with the recommendation. FNS will direct CDE to ensure affected sponsors are providing training to site staff in accordance with 7 CFR 225.15(d), which outlines sponsor responsibilities for training and monitoring site personnel and operations. In addition, FNS will direct CDE to require affected sponsors to provide specialized training for site monitors to ensure duties are performed as prescribed by the FNS Sponsor Monitor's Guide.

FNS provided an estimated completion date of August 31, 2019, for this action.

OIG Position

We accept FNS' management decision on this recommendation.

Recommendation 23

Direct the State agency to direct identified sponsors to conduct formal, documented site reviews more frequently than once during the sites' operations.

Agency Response

In its September 26, 2018, response, FNS stated:

FNS concurs with the recommendation. FNS will work with CDE to ensure that their sponsors are meeting the sponsor monitoring requirements outlined in 7 CFR 225.15(d)(3). FNS will encourage CDE to require sponsors perform site reviews as federally required including additional reviews as necessary to ensure ongoing compliance throughout program operation.

FNS provided an estimated completion date of August 31, 2019, for this action.

OIG Position

We accept FNS' management decision on this recommendation.

Recommendation 24

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.

Agency Response

In its September 26, 2018, response, FNS stated:

FNS concurs with the recommendation. While there is no regulatory requirement to do so, FNS will encourage CDE to monitor and assess affected sponsors' implementation of enhanced site and monitor trainings as well as increased site monitoring.

FNS provided an estimated completion date of August 31, 2019, for this action.

OIG Position

We accept FNS' management decision on this recommendation.

Recommendation 25

Direct the State agency to confirm whether the sponsors claimed any of the OIG-identified questionable, non-reimbursable meals counted by the sites. If the sponsor claimed these meals, direct the State agency to recover the \$427 in questionable meal claims.

Agency Response

In its September 26, 2018, response, FNS stated:

FNS concurs with the recommendation. FNS will direct CDE to work jointly with FNS to follow-up on OIG identified questionable, non-reimbursable meals as delineated in the recently-provided OIG workpapers. If any portion of the sponsors' claims are determined to be unallowable following the procedures outlined in 7 CFR 225.12, CDE will follow-up accordingly to include providing appeal rights to the SFSP sponsors and attempting to recover the unallowable reimbursements.

FNS provided an estimated completion date of June 30, 2019, for this action.

OIG Position

We accept FNS' management decision on this recommendation.

Finding 4: SFSP Sponsors Should Improve Outreach Efforts

SFSP sponsors include school food authorities or public or private nonprofit organizations such as schools and community centers that may manage multiple State-approved sites. In 2016, California’s State agency had 220 sponsors participate in SFSP. These sponsors operated 2,622 sites. We found three of the five sponsors we reviewed did not ensure some of their sites complied with SFSP outreach requirements.⁵⁹ Specifically, we found that 10 of the 13 sites improperly restricted public access, posted public notices that appeared to limit SFSP participation, and did not display the required nondiscrimination posters.⁶⁰ This occurred because sponsors lacked sufficient monitoring of site outreach efforts, or issued unclear public notices. Therefore, the public would likely rely on the sponsors’ inaccurate advertisements. As a result, the public may not have been aware of the availability of SFSP services or the public’s rights under the program. Consequently, program outreach noncompliance may adversely affect children’s equal access to nutritious meals during the summer months.

Sponsors and sites must comply with program outreach requirements to increase participation and ensure children from low-income areas and/or low-income households have equal access to SFSP meal services and receive nutritious meals when school is not in session. Sites are eligible to participate in the program if they are located in low-income areas or if they serve children who meet eligibility requirements. Most sites are categorized as either *open*, with meals available to all children in the area, *restricted open*, when attendance is limited for safety or control reasons, or *closed enrolled*, where only specified groups of children are served. FNS guidance requires open sites to make SFSP meals available to all children in the area on a first-come, first-serve basis.⁶¹ Further, these sites should have no barriers (such as locked doors) that prevent children from receiving the SFSP meals.⁶² SFSP regulations also require sponsors to issue a media release each year that announces the availability of free meals in the area.⁶³ Similarly, FNS encourages open sites to display banners that publicize that SFSP meal services are open to the public.⁶⁴ Additionally, sponsors’ sites must prominently display the USDA nondiscrimination poster “And Justice for All” that states SFSP meals are available to all children regardless of race, color, national origin, sex, age, or disability.^{65, 66}

Sponsors advertise “open” (meals available to all children in the area) sites in their public notices, and sites are also advertised on SFSP meal finder services so the public will know where children can obtain free SFSP meals during the summer. However, three of the five sponsors we reviewed did not ensure some of their sites complied with these outreach requirements.⁶⁷ Specifically, one sponsor issued a media release regarding its open sites that incorrectly

⁵⁹ The State agency approved these three sponsors to operate 61 sites in 2017.

⁶⁰We conducted 16 site visits, which included 9 complete site visits (where we observed the sites’ complete meal service), 4 limited site visits (where we observed a portion of the sites’ meal service), and 3 other site visits (where we did not observe the sites’ meal service).

⁶¹ USDA FNS, *FNS Administrative Guide, Summer Food Service Program* (2016).

⁶² USDA FNS, *FNS State Agency Monitor Guide, Summer Food Service Program* (2016).

⁶³ 7 C.F.R. § 225.15 (e).

⁶⁴ FNS Policy Memo SFSP 05-2017, *Summer Food Service Program Questions and Answers* (Dec. 1, 2016).

⁶⁵ Sites may also display an FNS-approved substitute poster.

⁶⁶ USDA FNS, *FNS Site Supervisor’s Guide, Summer Food Service Program* (2016).

⁶⁷ Sponsors B, C, and E.

suggested children had to be enrolled members to receive SFSP meals.⁶⁸ The other two sponsors inaccurately advertised some of their sites as open. We visited 10 of these sponsors’ open sites and found that 2 of these sites were located in secure apartment buildings behind locked gates and 4 sites only permitted enrolled children (children enrolled in the site’s non-SFSP activities) on the premises. Furthermore, the sponsors told us that several of the sites they advertised as open were not actually operational and did not provide any SFSP meal service at all.⁶⁹ The public is likely to have relied on the sponsors’ inaccurate advertisements and to have gone to sites that were not actually open to the public. Consequently, children would not have been able to receive SFSP meals.

We also found that these sponsors did not ensure their sites properly displayed notices.⁷⁰ For example, 3 of the 10 sites we visited did not display the “And Justice for All” poster in a prominent place as required to inform parents, site staff, and the public that institutions participating in SFSP are prohibited from discriminating based on race, color, national origin, sex, religious creed, disability, age, or political beliefs. Some sites also did not post SFSP signs onsite that made it clear that free SFSP meals were available to all children in the area.⁷¹ Without these notices, the sponsors did not make the public aware of their rights under the program or that SFSP sites existed in their neighborhoods.

Table 1 summarizes the outreach noncompliance issues we identified.

Table 1: Sponsor/Site Outreach Noncompliance Issues

Noncompliance Issue	Sponsor B		Sponsor C		Sponsor E						Total
	Site B1	Site B2	Site C1	Site C2	Site E1	Site E2	Site E3	Site E4	Site E5	Site E6	
Restricted Public Access					X	X	X	X	X	X	6
Unclear Public Notices	X	X	X	X		X	X	X	X	X	9
Non-Discrimination Posters Not Displayed		X					X		X		3
Total	1	2	1	1	1	2	3	2	3	2	18

The outreach noncompliance issues identified above occurred because sponsors did not have sufficient monitoring of their site outreach efforts. Specifically, the sponsors did not adequately train their site monitors to assess and identify program outreach noncompliance. Several of the sponsors’ 2017 site monitoring reports did not identify the noncompliance issues we found during our site visits. The sponsors also did not timely address site changes or ensure their public notices were clear.

⁶⁸ The media release stated the sponsor offered a variety of “affordable” non-SFSP programs and activities to children 5–18 years old, and that SFSP meals would be available to “all attending children.” These combined statements could wrongly imply that the sites were closed and only enrolled children “attending” the non-SFSP programs and activities could receive SFSP meals.

⁶⁹ These sponsors inaccurately advertised 11 of 51 sites (nearly 22 percent) as open that were not operational in 2017.

⁷⁰ Sponsors B, C, and E.

⁷¹ Display of SFSP banners at feeding sites is a suggested FNS best practice; it is not an FNS requirement.

In order to improve sponsor outreach efforts, FNS should direct the State agency to require that identified sponsors develop and implement specialized training for site monitors to ensure they properly identify program outreach noncompliance issues. FNS should also direct the State agency to require that identified sponsors develop and implement procedures to properly classify open and closed sites and timely update the status of non-operational sites in the State agency system. Further, FNS should direct the State agency to require that the identified sponsor revise its media release to ensure the release clearly communicates that free meals are available to the public and not restricted to enrolled members. Lastly, FNS should direct the State agency to confirm the identified sponsors implemented these actions.

Recommendation 26

Direct the State agency to require identified sponsors to develop and implement specialized training for site monitors to ensure they properly identify program outreach noncompliance issues.

Agency Response

In its September 26, 2018, response, FNS stated:

FNS concurs with the recommendation. While there is no regulatory requirement to do so, FNS will encourage CDE to require affected sponsors to provide specialized training for site monitors, to ensure they properly identify program outreach noncompliance. This action will be taken once CDE completely reviews all the workpapers and associated documentation from OIG supporting this finding.

FNS provided an estimated completion date of June 30, 2019, for this action.

OIG Position

We accept FNS' management decision on this recommendation.

Recommendation 27

Direct the State agency to require identified sponsors to develop and implement procedures to properly classify sites, and update the status of non-operational sites timely in the State system.

Agency Response

In its September 26, 2018, response, FNS stated:

FNS concurs with the recommendation. FNS will direct CDE to work with affected sponsors to implement procedures to properly classify sites (as open, restricted open, closed enrolled, or camp), and make timely updates within CNIPS on non-operational status.

FNS provided an estimated completion date of June 15, 2019, for this action.

OIG Position

We accept FNS' management decision on this recommendation.

Recommendation 28

Direct the State agency to consult with FNS to ensure Sponsor C's future media releases clearly communicate that free meals are available to the public and not restricted to enrolled members, and ensure the revised media releases are adequate prior to approving the sponsor's application.

Agency Response

In its September 26, 2018, response, FNS stated:

FNS concurs with the recommendation. While Sponsor C's media release and website is fully compliant with Program regulations, FNS agrees that the language used may have been unclear. FNS will advise the State agency to ensure Sponsor C removes the word "attending" from all materials containing the phrase "all attending children" to ensure clear communication that free meals are available to the public.

FNS completed this action on August 30, 2018.

OIG Position

We accept FNS' management decision on this recommendation.

Recommendation 29

Direct the State agency to confirm the identified sponsors implemented the additional monitoring from Recommendations 26, 27, and 28.

Agency Response

In its September 26, 2018, response, FNS stated:

FNS concurs with the recommendation. While there is no regulatory requirement to do so, FNS will encourage CDE to confirm affected sponsors have implemented all required additional monitoring per Recommendations 26, 27, and 28.

FNS provided an estimated completion date of August 31, 2019, for this action.

OIG Position

We accept FNS' management decision on this recommendation.

Scope and Methodology

We conducted an audit of the State of California’s administration of SFSP. The scope of our audit work covered program activities from FYs 2014 through 2016 and site observations from June through August 2017. We began fieldwork in California in May 2017. To accomplish our objective, we performed fieldwork at the State agency (the California Department of Education) office in Sacramento and at 16 non-statistically selected sites (operated by five non-statistically selected sponsors). Of the 16 site visits, 9 were complete announced and 7 were confirmation site visits.^{72, 73}

We non-statistically selected 5 of California’s 220 sponsors in 2016, based on SFSP reimbursement amounts, sponsor types, site types, site locations, and food service operations. Ultimately, we randomly selected one sponsor from each of the following categories:

- a sponsor that was a school food authority (Sponsor A);
- a non-profit sponsor that had rural, open sites (Sponsor B);
- a non-profit sponsor that had urban, open sites (Sponsor C);
- a non-profit sponsor that had vended, open sites (Sponsor D); and
- a non-profit sponsor that had self-prep, open sites (Sponsor E).

We also non-statistically selected two sites for each sponsor based on SFSP reimbursement amounts and the corresponding site location and food service characteristics, if possible. For example, for Sponsor B, we selected two rural sites that had the highest SFSP reimbursements in 2016. If a selected site was not operational at the time of our visit, we selected an alternative site with similar characteristics, if possible.⁷⁴ If there was no alternative site with similar characteristics, then we selected a site based on the highest SFSP reimbursement. During our fieldwork, one of our five sponsors selected for review only had one operational site. Consequently, we conducted 9 site visits in all instead of 10.

For our selected sponsors, we also conducted additional site confirmation visits based on sites that were operational at the time of our fieldwork and within the time/distance parameters of our selected sites, which was approximately a 10-mile or 10-minute travel radius. In total, we conducted seven confirmation site visits for three of the five sponsors selected for review. Four of these confirmation site visits occurred during SFSP meal service, and the remaining three confirmation site visits did not occur during SFSP meal service.

In developing the findings for this report, we:

- Reviewed applicable laws, regulations, and Federal and State policies and procedures concerning SFSP.

⁷² For a list of sampled sponsor locations, see Exhibit B.

⁷³ “Complete announced visits” means site visits where auditors observed the sites’ complete meal service and where sponsors and site supervisors were notified of the date and time of our visits. “Confirmation site visit” means site visits where auditors conducted limited site visits to confirm if the sites are operational.

⁷⁴ Selected sites may not have been operational due to the timing of our fieldwork and the site’s period of operations or the sponsor may not operate the selected site in 2017.

- Developed three checklists that included specific procedures to assess State administration and sponsor and site compliance with program guidelines.
- Interviewed the State agency officials regarding their administration of SFSP and oversight of sponsors and sites.
- Reviewed and assessed State records and supporting documentation such as sponsor/site SFSP applications and State SFSP administrative reviews for selected sponsors.
- Interviewed selected sponsors' staff regarding their administration and oversight of SFSP.
- Visited sponsor central kitchens and observed SFSP meal preparations.
- Conducted site visits and observed onsite SFSP meal services.
- Interviewed selected sites' staff regarding their administration of SFSP meal services.
- Reviewed and assessed sampled sponsors' records and supporting documentation such as financial statements, receipts, and meal count sheets to evaluate the permissibility of sponsor costs, accuracy of claims submitted, and sponsor and site compliance with SFSP regulations and requirements.

During the course of our audit, we did not solely rely on information from any agency information systems. While we conducted limited verification of information generated by the State agency's computer system, we make no representation regarding the adequacy of this system or the information generated from it because evaluating the effectiveness of the information system (or information technology controls) was not part of the audit objective.

We conducted this performance audit in accordance with generally accepted government auditing standards. 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. We believe the evidence we obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Abbreviations

CDE.....	California Department of Education
CNIPS	California Nutrition Information and Payment System
CSAM	California School Accounting Manual
CNP.....	Child Nutrition Program
C.F.R.....	Code of Federal Regulations
COE.....	County Office of Education
FSU	Field Services Unit
FNS	Food and Nutrition Service
FY	fiscal year
ME.....	Management Evaluation
NSLA	Richard B. Russell National School Lunch Act
OIG	Office of Inspector General
PSD	Public School District
SA	State Agency
SFSP.....	Summer Food Service Program
SMU.....	Summer Meals Unit
USDA.....	United States Department of Agriculture

Exhibit A: Summary of Monetary Results

Exhibit A summarizes the monetary results for our audit report by finding and recommendation number. The table displays questioned costs resulting from our audit work.

Finding	Recommendation	Description	Category	Amount
2	15	Questionable SFSP Costs	Questioned Costs, Recovery Recommended	\$215,476
2	16	Unsupported SFSP Costs	Unsupported Costs, Recovery Recommended	\$100,536
2	17	Questionable SFSP Reimbursements	Questioned Costs, Recovery Recommended	\$18,923
2	18	Unsupported SFSP Reimbursements	Unsupported Costs, Recovery Recommended	\$44,639
3	25	Questionable SFSP Reimbursements	Questioned Costs, Recovery Recommended	\$427
Total Monetary Results				\$380,001

Exhibit B: Audit Sites Visited

Exhibit B lists the name and location of the State office and all sponsors and sites visited.

NAME	LOCATION
California Department of Education	Sacramento, CA
Sponsor A	[REDACTED]
Site A1	[REDACTED]
Sponsor B	[REDACTED]
Site B1	[REDACTED]
Site B2	[REDACTED]
Site B3	[REDACTED]
Sponsor C	[REDACTED]
Site C1	[REDACTED]
Site C2	[REDACTED]
Sponsor D	[REDACTED]
Site D1	[REDACTED]
Site D2	[REDACTED]
Site D3	[REDACTED]
Site D4	[REDACTED]
Sponsor E	[REDACTED]
Site E1	[REDACTED]
Site E2	[REDACTED]
Site E3	[REDACTED]
Site E4	[REDACTED]
Site E5	[REDACTED]
Site E6	[REDACTED]

Exhibit C: Sponsor Noncompliance Issues

Exhibit C summarizes the sponsor noncompliance issues we identified.

No.	Issue	Sponsor A	Sponsor B	Sponsor C	Sponsor D	Sponsor E
1	Questionable/Unsupported Costs	X	X	X		X
2	Questionable/Unsupported Reimbursements		X			X
3	Did Not Maintain Non-Profit Food Service*		X			X
4	Overestimated Budgets		X	X	X	X
5	Overestimated Site Attendance		X	X	X	X
6	Misclassified Sites		X	X		
7	Site Training Deficiencies		X	X	X	X
8	Unused Reimbursements Not Properly Tracked**	X	X			X
9	No SFSP Inventory Maintained***	X	X			X

* According to FNS policy, “a sponsor is operating a nonprofit food service if the food service operations are principally for the benefit of participating children and all of the program reimbursement funds are used solely for the operation or improvement of such food service.” FNS Policy Memo SFSP 05-2017, *Summer Food Service Program Questions and Answers*, Dec. 1, 2016.

** Sponsors may have “unused reimbursements” if their SFSP reimbursements exceed their actual program expenditures.

*** Sponsors needed to support the cost of food purchased for SFSP, which include inventory records that show the kinds of food items on hand at the end of a period, the quantity of each item, the dollar value assigned to each food item, and the total value of the inventory.

Exhibit D: Site Noncompliance Issues

Exhibit D summarizes the site noncompliance issues we observed during our site visits.

Noncompliance Issue	Sponsor A	Sponsor B	Sponsor C	Sponsor D	Sponsor E	Total
Meals missing required food components (such as milk, or fruits and vegetables)		1	2		3	6
Inaccurate meal count forms					3	3
Meals consumed offsite	1					1
Meals served outside of approved meal service times			1		3	4
Food safety violations*			1			1
No site personnel present					1	1
Meals improperly counted			1		3	4
Inaccurate delivery receipts			1		4	5
Total	1	1	6	0	17	25
* This noncompliance issue was reported in Audit Report 27004-0001-41(1), <i>California's Controls Over Summer Food Service Program Interim Report</i> , Sept. 2017.						

**FNS'
RESPONSE TO AUDIT REPORT**



**United States
Department of
Agriculture**

Food and
Nutrition
Service

3101 Park
Center Drive

Alexandria, VA
22302-1500

DATE: September 26, 2018

AUDIT
NUMBER: 27004-0001-41

TO: Gil H. Harden
Assistant Inspector General for Audit

FROM: Brandon Lipps /s/
Administrator
Food and Nutrition Service

SUBJECT: California's Controls over Summer Food Service Program

This letter responds to the official draft report for audit number 27004-0001-41, California's Controls over Summer Food Service Program (SFSP). Specifically, the Department of Agriculture's Food and Nutrition Service (FNS) is responding to the 29 recommendations in the report.

FNS acknowledges the importance of State agency (SA) controls in order to maintain public trust in the program and to ensure that the full value of program resources are used to serve nutritious meals to children.

In working with the California Department of Education (CDE) to prepare this response, given that several of the recommendations pertained to CDE improving its Administrative Review (AR) process, the SA wanted to ensure that OIG and the readers of this report understand the difference between an AR and a performance audit, such as this one performed by OIG.

There are different expectations and resource requirements of ARs compared to performance audits conducted in accordance with *Government Auditing Standards* (GAS). An AR is an assessment designed to ensure that all participating sponsors and agencies comply with the federal and state program requirements of the SFSP. The AR process is intended to provide technical assistance balanced with an assessment of program compliance conducted in a condensed time frame. Accordingly, ARs are completed with focused procedures and smaller sample sizes.

A performance audit conducted in accordance with GAS is an examination-level engagement designed to provide findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. A performance audit generally includes larger sample sizes spanning a longer time period with more comprehensive

procedures. Additionally, performance audits typically require significantly more staff resources to perform than are available for the performance of ARs.

The AR process is intentionally designed to be limited in scope and breadth when compared to a performance audit conducted in accordance with GAS. Therefore, the results and supporting documentation are not comparable and should not be expected to reflect the same outcomes or level of detail.

OIG 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.

FNS Response:

FNS concurs with the recommendation. FNS will direct CDE to institute internal procedures to more closely review the SFSP budgets for sponsors that are operating multiple Child Nutrition Programs (CNPs) in order to ensure they are correctly prorating costs among the multiple CNPs. Additionally, FNS will provide onsite technical assistance focused on budget review.

CDE has already instituted the following changes to its budget review process:

- The Nutrition Services Division Data Management Unit (DMU) will provide the Summer Meals Unit (SMU) an annual report by March 15 of every SFSP sponsor operating multiple CNPs.
- Sponsors identified as operating multiple CNPs will be flagged for additional budget review. This additional review will include SMU analysts examining each sponsor's current year Child and Adult Care Food Program (CACFP) budget for similar costs being charged to both programs. SMU analysts will then work with the sponsor to ensure that costs are being allocated appropriately.

Estimated Completion Date:

May 1, 2019

OIG Recommendation 2:

Direct the State agency to develop the financial management standards as required by SFSP regulations and specified in FNS Instruction 796-4.

FNS Response:

FNS concurs with the recommendation, noting that CDE already has financial management standards for all Public School Districts (PSDs) and County Offices of Education (COEs) approved to operate the SFSP as they are required to follow the financial management standards described in the *California School Accounting Manual (CSAM)*. FNS will direct CDE to provide financial management standards to all remaining SFSP sponsors.

Estimated Completion Date:

May 1, 2019

OIG Recommendation 3:

Direct the State agency to communicate its financial management standards (developed in Recommendation 2) and the current Federal financial management requirements to SFSP sponsors in its State-sponsor agreements.

FNS Response:

FNS concurs with the recommendation. FNS will direct CDE to communicate the standards and the financial management requirements to affected SFSP sponsors via a Listserv and management bulletin, as well as incorporate the recommendations in the State-sponsor agreement by applicable management bulletin reference. Additionally, FNS will direct CDE to incorporate the financial management standards/requirements in the annual SFSP sponsor training as well as analyze compliance with standards during the sponsor application process.

For PSDs and COEs, the CDE already communicates financial management standards through the *CSAM* and policy guidance (e.g., CDE Definitions, Instructions, & Procedures webpage [<https://www.cde.ca.gov/fg/ac/sa/>] and management bulletin [see SNP 06-2014]).

Estimated Completion Date:

May 1, 2019

OIG Recommendation 4:

Confirm the State agency developed and implemented procedures to include the use of the State agency's sponsor administrative review results as part of the application assessment.

FNS Response:

FNS concurs with the recommendation and had directed CDE to incorporate review results accordingly during our FY 2017 SFSP Management Evaluation (ME). CDE has

since established (beginning June 2018) a Cross-Division Communication and Accountability Group. One of the first focus areas being addressed by the accountability group is the communication of review findings from the Field Services Unit (FSU) to the program units. This communication will equip staff, including those in SMU, with the information required to deny the application of sponsors that have been declared seriously deficient and eliminate the vulnerability of sponsors with operational problems identified during administrative reviews being approved for additional meal sites in subsequent program years.

Estimated Completion Date:

May 1, 2019

OIG Recommendation 5:

Direct the State agency to develop and implement procedures to ensure its staff verify key SFSP sponsor-provided application information (such as site classifications) that affects SFSP reimbursements and site eligibility.

FNS Response:

FNS concurs with the recommendation. FNS will direct CDE to develop procedures to comprehensively validate application information, including area eligibility as well as rural-urban and food-preparation designations.

Beginning this summer, SMU analysts validated the area eligibility of all SFSP sites. In future years, on March 1, the Data Management Unit (DMU) will provide the SMU manager a report listing the area eligibility for all sites approved the prior year, including the eligibility start and end dates. The Area Eligibility Report will be used by SMU analysts to identify sites that have area eligibility information that expired or is nearing expiration and work with sponsors to ensure the area eligibility information is accurately updated.

SMU analysts will validate the area eligibility of all new SFSP meal sites prior to their approval to participate in the program using census and school eligibility data. The SMU will prioritize the use of census data to establish area eligibility in the SFSP. In instances where an area is not census eligible, the SMU analyst will work with sponsors to clearly identify the school attendance zones for SFSP meals sites using the CA Hometown Locator - California Schools, School Attendance Zones, District Boundaries and Maps webpage located at <https://california.hometownlocator.com/schools/>.

Once area eligibility is verified, the SMU analyst will perform one of the following two procedures to confirm site eligibility:

- If school data is used to establish area eligibility, then the SMU analyst will confirm the school data by cross-checking the school's free and reduced-price (F/RP)

information with the Student Poverty F/RP Meal Data webpage at <https://www.cde.ca.gov/ds/sd/sd/filesfp.asp>.

- If census data is used to establish area eligibility, then the SMU analyst will confirm the census data by locating the site location/geo identification number on the Area Eligibility map on the USDA FNS webpage at <https://www.fns.usda.gov/areaeligibility>.

Estimated Completion Date:

March 1, 2019

OIG Recommendation 6:

Direct the State agency to develop and implement procedures to document the State agency's assessment of SFSP sponsors' applications and the basis for the State agency's conclusions/approvals.

FNS Response:

FNS concurs with the recommendation. FNS will direct CDE to document the SA's assessment of SFSP sponsor applications and the basis for the SA's conclusions, including possibly utilizing their current automated system's comment function to note items for further follow up. While CDE's Child Nutrition Information and Payment System (CNIPS) has some documentation functionality, it is currently limited to what the SMU analyst can upload to the database. Thus, CDE will assess the cost and time necessary to update CNIPS in order to determine if sufficient resources are available for this modification. If no electronic solution is available, then the SMU analyst will print a hard copy of the documentation and have it saved to the program operator's permanent file.

Estimated Completion Date:

May 1, 2019 (for final determination of using either CNIPS, or if CNIPS is not a viable solution, implementation of adding hard copy documentation to file)

OIG Recommendation 7:

Direct the State agency to ensure the State agency staff are sufficiently trained on the new application procedures (in Recommendations 1 through 6).

FNS Response:

FNS concurs with the recommendation. FNS will direct CDE to ensure staff are trained on procedures for running the program in accordance with 7 CFR 225.6.

CDE has already implemented and trained SMU analysts on the new procedures to verify site and area eligibility. The remaining procedures and training have an anticipated target completion date of April 2019.

Estimated Completion Date:

April 1, 2019

OIG Recommendation 8:

Direct the State agency to implement procedures that ensure sites do not serve the same children in the same area.

FNS Response:

FNS concurs with the recommendation. FNS will direct CDE to independently verify the relative location of approved summer meal sites to one another to ensure that the area is not already served by another site that is serving the same eligible children.

CDE is currently evaluating the .25 mile criteria and looking at potential technological solutions to independently verify the relative location of approved summer meal sites to one another. One possible solution the CDE will explore is using Google mapping to automatically upload the address for all approved summer meal sites and then have it issue a report that will flag any summer meal sites that are within 0.25 mile of one another. Another possible solution is to expand the functionality of the Summer Meals phone application to provide SMU staff with another data source showing the location of approved sites in relation to one another.

Estimated Completion Date:

May 1, 2019 (for final determination and implementation of technological solution that best meets CDE's needs)

OIG Recommendation 9:

Direct the State agency to carefully evaluate the eligibility of the two sponsors that lacked adequate financial management capabilities (Sponsors B and E) if they chose to return to the program and document the basis of its determinations to ensure the weaknesses identified by OIG have been corrected.

FNS Response:

FNS concurs with the recommendation. FNS will direct CDE, prior to approval, to ensure the financial management portion of the two sponsors' application packets receive extensive review, including focused review of the each sponsor's budget and management plan to determine if items of cost are reasonable and allowable.

CDE plans to use the OIG data and analysis from OIG's recently provided workpapers to confirm and issue findings for both sponsors once the final audit report is issued.

Estimated Completion Date:

June 30, 2019*

* Dependent upon finalization of OIG report and full FNS/CDE review of OIG workpapers received by FNS in late August 2018.

OIG Recommendation 10:

Direct the State agency to calculate and recover any unallowable reimbursements paid to Sponsors B and C resulting from their site misclassifications.

FNS Response:

FNS will work with the State agency to clarify SFSP Sponsor B and C's classifications as self-preparation or rural. FNS will direct CDE to develop and provide additional training and guidance to sponsors, as well as CDE staff on site classification, and incorporate the appropriate review of systems in their monitoring. If reimbursements received by the sponsors are confirmed to be unallowable, CDE will begin recovery from the SFSP sponsors including appeal rights.

Estimated Completion Date:

June 30, 2019*

*Dependent upon finalization of OIG report and full FNS/CDE review of OIG workpapers received by FNS in late August 2018.

OIG Recommendation 11:

Advise the State agency of best practice to expand administrative review under certain circumstances in which the State believes it is necessary to obtain sufficient information to ensure SFSP sponsors' compliance with program requirements.

FNS Response:

FNS concurs with the recommendation. FNS acknowledges that CDE's current administrative review procedures meet the outlined regulatory requirements; however, FNS will encourage the State agency, as a best practice, to develop procedures to expand the administrative review in circumstances where the reviewer has determined that it is necessary to ensure SFSP sponsors' compliance with program requirements. FNS will also encourage CDE to provide reviewers with updated training that reflects the procedures developed to expand the administrative review in certain circumstances.

Estimated Completion Date:

May 1, 2019

OIG Recommendation 12:

Direct the State agency to develop and implement procedures to ensure SFSP sponsors' corrective actions adequately address the underlying cause of sponsors' noncompliance, and follow up to ensure the corrective actions are effective.

FNS Response:

FNS concurs with the recommendation. FNS will direct CDE to ask for detailed, step-by-step procedures that will address the underlying cause for each review finding, as well as training documents showing that sponsor staff are trained on those detailed procedures as part of the sponsor's corrective action. If the sponsoring organization participates the following summer, the agency will be reviewed to verify corrective action.

Estimated Completion Date:

June 15, 2019

Recommendation 13:

Direct the State agency to provide its staff responsible for conducting SFSP administrative reviews with training that is focused on the sponsors' SFSP fiscal accountability requirements.

FNS Response:

FNS concurs with the recommendation. FNS will direct CDE to ensure staff are trained on procedures for running the program in accordance with 7 CFR 225.6. FNS will also encourage CDE to provide training focused on the sponsor's SFSP fiscal accountability requirements.

CDE has already tentatively scheduled its first training for March 30, 2019.

Estimated Completion Date:

March 30, 2019

Recommendation 14:

Direct the State agency to develop and implement procedures to periodically verify the reviewers' determinations (for example, requiring the State agency reviewers to maintain fiscal supporting documentation for review).

FNS Response:

FNS concurs with the recommendation. FNS will direct CDE to maintain documentation supporting fiscal findings, as well as, develop and implement review procedures that include periodic verification of reviewers' determinations for the fiscal portion of the SFSP review.

Estimated Completion Date:

August 31, 2019

Recommendation 15:

Direct the State agency to confirm the sponsor questionable costs totaling \$214,441 identified by OIG, and recover any disallowed costs from the SFSP sponsors.

FNS Response:

FNS concurs with the recommendation. FNS will direct CDE to work jointly with FNS to follow-up on OIG identified unallowable costs for which recently provided OIG work papers clearly identify the costs in question. If unallowable costs are confirmed, CDE will follow-up accordingly to include appeal rights provided to the SFSP sponsor and attempt to recover the unallowable costs.

Estimated Completion Date:

June 30, 2019*

*Dependent upon finalization of OIG report and full FNS/CDE review of OIG workpapers received by FNS in late August 2018.

Recommendation 16:

Direct the State agency to confirm the sponsor unsupported costs totaling \$100,536 identified by OIG, and recover any disallowed costs from the SFSP sponsors.

FNS Response:

FNS concurs with the recommendation. FNS will direct CDE to work jointly with FNS to follow-up on OIG-identified unsupported costs as delineated in the recently-provided OIG workpapers. If unsupported costs are confirmed, CDE will follow-up accordingly to include providing appeal rights to the SFSP sponsor and requesting that sponsors replenish any unsupported costs to their nonprofit food service account.

Estimated Completion Date:

June 30, 2019*

*Dependent upon finalization of OIG report and full FNS/CDE review of OIG workpapers received by FNS in late August 2018.

Recommendation 17:

Direct the State agency to confirm the sponsor questionable meal claims totaling \$18,923 identified by OIG, and recover any disallowed SFSP reimbursements from the sponsors.

FNS Response:

FNS concurs with the recommendation. FNS will direct CDE to work jointly with FNS to follow-up on OIG identified questionable meal claims on as delineated in the recently-provided OIG workpapers. If any portion of the sponsors' claims are determined to be unallowable following the procedures outlined in 7 CFR 225.12, CDE will follow-up accordingly to include providing appeal rights to the SFSP sponsors and attempting to recover the unallowable reimbursements.

Estimated Completion Date:

June 30, 2019*

*Dependent upon finalization of OIG report and full FNS/CDE review of OIG workpapers received by FNS in late August 2018.

Recommendation 18:

Direct the State agency to confirm the sponsor unsupported meal claims totaling \$42,860 identified by OIG, and recover any disallowed SFSP reimbursements from the sponsors.

FNS Response:

FNS concurs with the recommendation. FNS will direct CDE to work jointly with FNS to follow-up on OIG identified unsupported meal claims as delineated in the recently-provided OIG workpapers. If any portion of the sponsors' claims are determined to be unallowable following the procedures outlined in 7 CFR 225.12, CDE will follow-up accordingly to include providing appeal rights to the SFSP sponsors and attempting to recover the unallowable reimbursements.

Estimated Completion Date:

June 30, 2019*

*Dependent upon finalization of OIG report and full FNS/CDE review of OIG workpapers received by FNS in late August 2018.

Recommendation 19:

Direct the State agency to determine whether Sponsors B and E are seriously deficient. If the State agency determines these sponsors are seriously deficient, it should initiate the seriously deficient process.

FNS Response:

FNS concurs with the recommendation. FNS will direct CDE to evaluate whether or not Sponsors B and E should be determined seriously deficient based their review of the workpapers recently provided by OIG. If CDE deems the sponsors seriously deficient, it will follow State agency procedures to initiate the seriously deficient process.

Estimated Completion Date:

June 30, 2019*

*Dependent upon finalization of OIG report and full FNS/CDE review of OIG workpapers received by FNS in late August 2018.

Recommendation 20:

Direct the State agency to confirm each of the OIG-identified sponsor noncompliance issues and ensure identified sponsors correct the deficiencies.

FNS Response:

FNS concurs with the recommendation. FNS will direct CDE to follow up on all documented non-compliance issues, including ensuring appropriate corrective actions are implemented, as applicable, utilizing the workpapers recently provided by OIG.

Estimated Completion Date:

June 30, 2019*

*Dependent upon finalization of OIG report and full FNS/CDE review of OIG workpapers received by FNS in late August 2018.

Recommendation 21:

Require the State agency to direct identified sponsors to provide additional, enhanced SFSP training to site staff to ensure staff have sufficient knowledge of program requirements when operating sites and serving meals.

FNS Response:

FNS concurs with the recommendation. FNS will direct CDE to ensure affected sponsors are providing training to site staff in accordance with 7 CFR 225.15(d), which outlines sponsor responsibilities for training and monitoring site personnel and operations.

In addition, FNS will direct CDE to require affected sponsors to provide additional, enhanced training to site staff to ensure compliance with meal service times, meal patterns, and congregate feeding.

Estimated Completion Date:

August 31, 2019

Recommendation 22:

Direct the State agency to direct identified sponsors to provide specialized training that includes monitors' duties and responsibilities as prescribed by the FNS Sponsor Monitor's Guide to site monitors that visit and monitor site operations.

FNS Response:

FNS concurs with the recommendation. FNS will direct CDE to ensure affected sponsors are providing training to site staff in accordance with 7 CFR 225.15(d), which outlines sponsor responsibilities for training and monitoring site personnel and operations.

In addition, FNS will direct CDE to require affected sponsors to provide specialized training for site monitors to ensure duties are performed as prescribed by the FNS Sponsor Monitor's Guide.

Estimated Completion Date:

August 31, 2019

Recommendation 23:

Direct the State agency to direct identified sponsors to conduct formal, documented site reviews more frequently than once during the sites' operations.

FNS Response:

FNS concurs with the recommendation. FNS will work with CDE to ensure that their sponsors are meeting the sponsor monitoring requirements outlined in 7 CFR

225.15(d)(3). FNS will encourage CDE to require sponsors perform site reviews as federally required including additional reviews as necessary to ensure ongoing compliance throughout program operation. CDE already plans to require sponsors to conduct formal, documented site reviews more frequently than once during each site's annual operations.

Estimated Completion Date:

August 31, 2019

Recommendation 24:

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.

FNS Response:

FNS concurs with the recommendation. While there is no regulatory requirement to do so, FNS will encourage CDE to monitor and assess affected sponsors' implementation of enhanced site and monitor trainings as well as increased site monitoring.

Estimated Completion Date:

August 31, 2019

Recommendation 25:

Direct the State agency to confirm whether the sponsors claimed any of the OIG-identified questionable, non-reimbursable meals counted by the sites. If the sponsor claimed these meals, direct the State agency to recover the \$430 in questionable meal claims.

FNS Response:

FNS concurs with the recommendation. FNS will direct CDE to work jointly with FNS to follow-up on OIG identified questionable, non-reimbursable meals as delineated in the recently-provided OIG workpapers. If any portion of the sponsors' claims are determined to be unallowable following the procedures outlined in 7 CFR 225.12, CDE will follow-up accordingly to include providing appeal rights to the SFSP sponsors and attempting to recover the unallowable reimbursements.

Estimated Completion Date:

June 30, 2019*

*Dependent upon finalization of OIG report and full FNS/CDE review of OIG workpapers received by FNS in late August 2018.

Recommendation 26:

Direct the State agency to require identified sponsors to develop and implement specialized training for site monitors to ensure they properly identify program outreach noncompliance issues.

FNS Response:

FNS concurs with the recommendation. While there is no regulatory requirement to do so, FNS will encourage CDE to require affected sponsors to provide specialized training for site monitors, to ensure they properly identify program outreach noncompliance. This action will be taken once CDE completely reviews all the workpapers and associated documentation from OIG supporting this finding.

Estimated Completion Date:

June 30, 2019*

*Dependent upon finalization of OIG report and full FNS/CDE review of OIG workpapers received by FNS in late August 2018.

Recommendation 27:

Direct the State agency to require identified sponsors to develop and implement procedures to properly classify sites, and update the status of non-operational sites timely in the State system.

FNS Response:

FNS concurs with the recommendation. FNS will direct CDE to work with affected sponsors to implement procedures to properly classify sites (as open, restricted open, closed enrolled, or camp), and make timely updates within CNIPS on non-operational status.

Estimated Completion Date:

June 15, 2019

Recommendation 28:

Direct the State agency to consult with FNS to ensure Sponsor C's future media releases clearly communicate that free meals are available to the public and not restricted to enrolled members, and ensure the revised media releases are adequate prior to approving the sponsor's application.

FNS Response:

FNS concurs with the recommendation. While Sponsor C's media release and website is fully compliant with Program regulations, FNS agrees that the language used may have been unclear. FNS will advise the State agency to ensure Sponsor C removes the word "attending" from all materials containing the phrase "all attending children" to ensure clear communication that free meals are available to the public.

Estimated Completion Date:

FNS has advised the CDE accordingly on August 30, 2018. Sponsor C's media release will be updated by April 30, 2019.

Recommendation 29:

Direct the State agency to confirm the identified sponsors implemented the additional monitoring from Recommendations 26, 27, and 28.

FNS Response:

FNS concurs with the recommendation. While there is no regulatory requirement to do so, FNS will encourage CDE to confirm affected sponsors have implemented all required additional monitoring per Recommendations 26, 27, and 28.

CDE already plans to send follow-up letters to identified sponsors requesting corrective actions for the audit findings. Since the identified sponsors are problematic sponsors, CDE will complete an administrative review immediately following receipt of the sponsor's corrective action to ensure those sponsors have implemented corrective actions to address their audit findings.

Estimated Completion Date:

August 31, 2019

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