

Food Service Facts Table of Contents

15. Reviews & Audits

Reviews	15-1
Coordinated Review Effort (CRE)	15-1
School Meals Initiative (SMI).....	15-4
Supervisory Technical Assistance Reviews (STAR).....	15-5
Technical Assistance.....	15-6
Audits.....	15-6
Appeals of Review and Audit Findings	15-6

15. Reviews & Audits

Each sponsor that participates in Child Nutrition Programs is subject to review by the Kansas State Department of Education (KSDE), the United States Department of Agriculture (USDA) and in some situations, by independent auditors.

Reviews

KSDE is responsible for oversight of Child Nutrition Programs (CNP) in Kansas. Review findings may result in corrective and/or fiscal action. Reviews are completed by KSDE's child nutrition consultants and/or USDA personnel. There are three different types of reviews:

- ◆ Coordinated Review Effort (CRE)
- ◆ School Meals Initiative (SMI)
- ◆ Supervisory Technical Assistance Reviews (STAR)

In addition to the formal review process, the KSDE staff provides training and technical assistance to school food service employees and administrators upon request. Audits of CN Programs are completed by KSDE's Fiscal Auditing staff or by Certified Public Accountants.

Coordinated Review Effort (CRE)

Public Law 101-147 instructed USDA to develop a unified review system to ensure that school sponsors comply with the provisions of the National School Lunch Act. Under Coordinated Review Effort (CRE) guidelines:

- ◆ State agencies and regional offices of USDA coordinate review activity to make sure efforts are not duplicated.
- ◆ A standard review form is used to assure that all "critical areas of review" are evaluated the same way for all schools.

Critical Areas of Review

Performance Standard One: All lunches claimed for reimbursement are served to eligible children and are counted, recorded, consolidated and reported through a system which yields correct claims.

Does the sponsor:

- ◆ Approve each child's eligibility for reduced price or free lunches correctly?
- ◆ Have a system to notify families and to update the eligibility of children approved for reduced price or free lunches?
- ◆ Correctly record and report lunch counts on the monthly claim for reimbursement?
- ◆ Base claims for reimbursement on accurate lunch counts taken, by category, at the point of service?
 - Are lunch counts taken at the end of the serving line? Morning classroom counts, tray counts, and backing out counts (subtracting number of reduced price and free lunches served from total lunch count to get the paid lunch count) are NOT acceptable.
 - Does the meal counting system prevent overt identification of children receiving reduced price/free lunches?
 - Are rosters of eligible students up-to-date?

Performance Standard Two: Lunches claimed for reimbursement contain food or menu items as required by regulations.

Does the sponsor:

- ◆ Serve lunches that contain the required food or menu items?
- ◆ Implement "Offer or Serve" correctly?

Financial Adjustments will be calculated for:

- ◆ **All meal application approval errors:** In addition, if an application is approved correctly but incorrect benefits are being claimed, fiscal action may be necessary. Over-claims are calculated from the beginning of the review month to the date of correction or from the date of approval to the end of the school year if no correction is made.
- ◆ **Meal counting errors:** This includes meal count consolidation errors and meal claim errors. Over-claims for an accountability system that is not point-of-service are recalculated from the first day of school until a correct system is implemented.
- ◆ **Menu errors:** Over-claims are calculated for the day of the review and month of the review if all required food or menu items are not offered. Over-claims for repeated errors are calculated from the beginning of the school year.

General Areas of Review

Does the sponsor:

- ◆ Follow the procedures identified in the Program Agreement and *Food Service Facts* for approving reduced price and free meal applications?

- ◆ Verify the correct number of applications by the deadline (i.e. November 15) and keep copies of all documentation and verification records?
- ◆ Keep complete written menus and food production records that document required amounts of food were provided?
- ◆ Make sure that no child is denied benefits or discriminated against because of race, color, national origin, age, sex or disability?
- ◆ Complete the on-site reviews of each school's meal counting system by February 1 (for sponsors with more than one meal serving site)?
- ◆ Complete the required edit checks to be sure each school's lunch counts are accurate?
- ◆ Double check all reports and keep records as required?
- ◆ Implement the Hazard Analysis Critical Control Point (HACCP) plan fully?
- ◆ Implement the Wellness Policy?

Other Findings

Findings outside the scope of the critical and general areas of review may result in corrective action. The in-depth [CRE Self-Evaluation Tool](#) (Form 15-A) can help a sponsor determine if its program is in compliance with CRE requirements. The evaluation tool includes questions that address all critical and general areas of the CRE review process.

Coordinated Review Effort (CRE)

Q-1 *How often will a CRE be conducted?*

A A CRE will be conducted at least once every five years.



Q-2 *What if a sponsor fails a Critical Area of the CRE review?*

A All sponsors that fail a Critical Area of the CRE review are eligible for a follow-up CRE review. The scope of the follow-up CRE review expands to include the School Breakfast Program, Special Milk Program and After School Care Snack Program, if applicable.



School Meals Initiative (SMI)

Public Law 103-448 requires school lunch and breakfast programs to comply with the current recommendations of the *Dietary Guidelines for Americans*. The requirements of this law are referred to as the *School Meals Initiative for Healthy Children (SMI)*. The SMI underscores the responsibility of schools to provide healthy school meals. To meet SMI nutrition goals, school meals must:

1. Provide the *Recommended Dietary Allowances (RDA)* on average, over a week:
 - ◆ 1/4 RDA for students at breakfast
 - ◆ 1/3 RDA for students at lunch
2. Meet calorie goals appropriate for age/grade groups
3. Comply with *Dietary Guidelines for Americans*

The term School Meals Initiative (SMI) for Healthy Children is often used as an all-inclusive term for the regulations and policies that address the nutrition standards and the various menu planning systems. While the purpose and goals are the same, the procedures followed by KSDE for assessing progress towards meeting the nutrition standards depend on the menu planning system used by the sponsor.

SMI Review of Food Based Menu Planning System

When a sponsor uses Food Based Menu Planning System, KSDE will complete a nutrient analysis of one week's menus for breakfast and lunch. The sponsor will provide KSDE with the information needed to complete most of the nutrient analysis prior to the on-site review. This nutrient analysis is the basis for determining if the sponsor meets the nutrition goals established by USDA.

If any of the nutrition goals are not met, KSDE will provide technical assistance and the sponsor may be required to implement an improvement plan.

SMI Review of a Nutrient Standard Menu Planning System (NSMP)

When a sponsor uses Nutrient Standard Menu Planning, during the SMI review KSDE will evaluate the nutrient analysis completed by the sponsor as a part of the menu planning process. Processes and accuracy of data entered, as well as compliance with SMI nutrition goals as shown by the nutrient analysis will be reviewed.

If any of the nutrition goals are not met, KSDE will provide technical assistance and the sponsor may be required to implement an improvement plan.

For more detailed information on the School Meals Initiative for Healthy School Meals refer to Chapters 17 and 18 of *Food Service Facts* and the *Menu Planning Book for Healthy School Meals* provided by KSDE.

SMI Reviews

Q-1 *How often will the SMI review be conducted?*

A The SMI review will occur at least once every five years.



Q-2 *What if a sponsor fails to meet the nutrition goals of the School Meals Initiative?*

A If the nutrient analysis of one week's menus shows that one or more of the nutrition goals were not met, a KSDE Child Nutrition Consultant will provide assistance to ensure progress is made toward meeting the established targets. Sponsors will be required to implement an improvement plan if any of the goals are not met.



Supervisory Technical Assistance Reviews (STAR)

In years when neither a CRE nor an SMI review is conducted of a sponsor, KSDE may conduct a Supervisory Technical Assistance Review (STAR). The scope of the review will include:

- ◆ Approval/denial of applications for Child Nutrition Program benefits
- ◆ Verification of eligibility
- ◆ Accountability procedures
- ◆ Reimbursement claims
- ◆ Safety and sanitation procedures
- ◆ Menus, food production records and related serving practices
- ◆ Purchasing procedures
- ◆ Civil rights
- ◆ Student/parent involvement activities and nutrition education
- ◆ Food safety training plans for school food service professionals
- ◆ Local wellness policies

If errors are found during the STAR review, fiscal action may be taken back to the beginning of the review month or to when the error was first made.

The goal of the STAR review is to assure the sponsor meets all state and federal requirements. KSDE provides technical assistance to the sponsor if any requirements are not met.

Technical Assistance

KSDE will provide technical assistance to sponsors upon request. Technical assistance may be provided during an on-site visit, over the phone, using e-mail, or by sending resources through regular mail. KSDE's regional child nutrition consultants may be reached at the office addresses and phone numbers listed in Chapter 1 of *Food Service Facts*.

Audits

Fiscal audits are required for Child Nutrition Programs and provide a factual, objective and systematic review and appraisal of programs and operations to determine whether:

- ◆ Program operations are effective and desired results and objectives are being achieved.
- ◆ Policies, plans, systems, and procedures are adequate, conform to applicable laws and regulations, and are being followed.
- ◆ Resources are fully accountable, adequately safeguarded, protected from fraud and abuse, and managed and used in an economical and efficient manner.
- ◆ Cash management practices and financial operations are properly conducted and financial reports are presented fairly.
- ◆ Appropriate internal accounting and administrative controls have been established and effectively implemented.

Sponsors that spend more than \$500,000 per year in federal funds from all sources are required to have an A133 audit conducted by a Certified Public Accountant (CPA). Sponsors that spend \$500,000 or less annually in federal funds will have a limited scope audit conducted by a KSDE fiscal auditor.

When the audit has been completed, the auditor discusses any findings, questioned costs, recommendations and other concerns of the audit with the authorized representative of the sponsor. If necessary, the auditor requests a corrective action plan.

The *School Nutrition Program Audit Guide* is available on the KSDE web site, www.ksde.org.

Appeals of Review and Audit Findings

Sponsors that disagree with review or audit findings have the right to appeal. Please refer to the following procedures for instructions on how to appeal.

School Nutrition Programs Appeal Procedures

Step 1 – Audit or Review Letter:

KSDE will send a letter reporting the audit or review findings to the sponsor by certified mail, return receipt requested. The letter will state the grounds for the finding(s), any actions that will be taken by KSDE, and any actions the sponsor must take.

Step 2 - Request for Review:

The sponsor may request a review of the findings by mailing or delivering a letter to KSDE not later than 15 calendar days from receipt of the audit or review letter. The sponsor's letter must specify whether the sponsor wants to refute the findings: (1) by submitting written documentation and/or (2) through a hearing. A hearing will be held ONLY if requested by the sponsor. KSDE will acknowledge receipt of the request for review of findings within 10 calendar days.

Step 3 - Review/Hearing Process:

Any information on which KSDE's audit or review findings are based will be available to the sponsor for inspection from the date of receipt of the letter requesting a review.

KSDE will appoint a review/hearing official (Official). The Official will be an employee or officer of KSDE who is not accountable to any KSDE employee responsible for operation of the School Nutrition Programs.

The Official's determination will be based on information provided by KSDE and the sponsor; and on SNP regulations and policies.

- **Review of Written Documentation:**

The sponsor may refute the findings in the audit/review letter by providing written documentation to the Official not later than 30-calendar days after the sponsor receives the audit or review letter.

- **Hearing:**

If the sponsor requests a hearing, at least 10-calendar days advance written notice of the time and place of the hearing will be sent by certified mail, return receipt requested.

The sponsor's representative(s) may attend the hearing in person. The sponsor may retain legal counsel or may be represented by another person. Failure of the sponsor's representative to appear at a scheduled hearing will constitute the sponsor's waiver of the right to a personal appearance before the Official, unless the Official agrees to reschedule the hearing.

Representative(s) of KSDE shall be allowed to attend the hearing to respond to the sponsor's testimony and to answer questions posed by the Official.

KSDE's review or audit findings shall remain in effect during the appeal process. However, the participating sponsor and facilities may continue to operate under the SNP during an appeal of termination, unless the finding(s) is/are based on imminent dangers to the health or welfare of participants. If a sponsor or facility has been terminated for this reason, KSDE must so specify in its review or audit letter. A sponsor electing to continue operating while appealing an intent to terminate will be reimbursed for any eligible meals served during the period of the appeal.

Step 4 - Determination:

Within 60 calendar days of KSDE's receipt of the Request for Review, the Official must inform KSDE and the sponsor of the determination of the review of written documentation and/or the hearing. The determination by the Official is the **final administrative determination** afforded the sponsor.

Appeal Process Time-Line

Calendar Days	Actual Date	The Sponsor will....
Day 1		Receive KSDE's audit or review letter.
No later than Day 15		Mail or deliver to KSDE a written Request for Review of written information and/or a hearing.
No later than Day 30		Provide written documentation to the KSDE Official.
Calendar Days	Actual Date	KSDE will . . .
****		Send review or audit letter by certified mail, return receipt requested.
No later than 10 days from receipt of Request for Review		Confirm to sponsor the receipt of Request for Review.
Upon receipt of Request for Review		Make available to sponsor for inspection any information on which KSDE's review or audit findings were based.
10 days prior to hearing		Provide sponsor with written notice of hearing time and place.
No later than 60 days from receipt of Request for Review		KSDE Official informs KSDE and sponsor of the review/hearing determination.