



PUBLIC SCHOOLS OF NORTH CAROLINA

DEPARTMENT OF PUBLIC INSTRUCTION | June St. Clair Atkinson, Ed.D., *State Superintendent*

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Ms. Julie Brewer
Child Nutrition Policy and Program Development Division
Food and Nutrition Service
U.S. Department of Agriculture
3101 Park Center Drive, Room 1212
Alexandria, VA 22302-1594

Dear Ms. Brewer:

I appreciate the opportunity to submit comments on the Proposed Rule, *Administrative Reviews in the School Nutrition Programs*. I have served as a School Nutrition Director in North Carolina for 16 years and then as a Regional Operational Consultant with the School Nutrition Division of the North Carolina Department of Public Instruction (NCDPI) for the last nine years. Currently I have been assigned one of three newly created positions as Administrative Review Lead Reviewer for NCDPI. We in North Carolina have implemented the new Administrative Review (AR) Process since July, 2013. These comments are based on actual field experiences and lessons learned from conducting the new Administrative Review.

Technical Assistance during the Administrative Review

Prior to the release of the newly-revised AR procedures and forms in March, 2013, the NCDPI conducted a comprehensive Coordinated Review Effort (CRE) and School Meal Initiative (SMI) review in all SFAs every five years as required. The CRE included a comprehensive financial and resource management review, an extensive procurement review, and included reviews of all programs operated by the SFA, including the breakfast, lunch, after school snack, seamless summer and the fresh fruit and vegetable programs. The SMI review included an on-site comprehensive review of menus, recipes, production records, food labels and included a nutrient analysis for all SFAs. In the four years between the CRE and SMI Reviews, the department provided on-site technical assistance (TA) for all SFAs to (1) teach the regulations in a relaxed, hands-on environment while simultaneously observing employee performance as a means of providing coaching and feedback, (2) help SFA personnel achieve compliance with the regulations in their day-to-day operations, (3) establish an environment where School Nutrition Directors could ask State Consultants/Specialists for feedback on various practices without fear of retribution and (4) to assist SFA personnel in the implementation of School Nutrition best practices.

SCHOOL NUTRITION SERVICES

SAFE AND HEALTHY SCHOOLS SUPPORT DIVISION

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AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER

Technical Assistance provided during the high stress time for the SFA of an Administrative Review, the TA may correct a problem on the day it occurs at the one site, but the corrective action is seldom sustainable for the long-term, especially where complex errors are concerned. During the AR, SFA personnel are somewhat intimidated by the review process and are anxious about the review outcomes. This intense environment is not conducive to the teaching/learning process. In addition, a thorough review may take four days in a medium-size SFA. As a result, there simply is no time for quality technical assistance that promotes an adequate teaching/learning exchange during an AR.

It has been my experience as a Child Nutrition School Food Authority Director and as a NCDPI Operations and Management Consultant, in North Carolina where comprehensive, on-site technical assistance has, for decades, been provided for all SFAs, technical assistance prepares SFAs to achieve compliance with the regulations, especially in the critical performance standard areas. As a result of this level of on-site assistance, the State enjoys an administrative error rate of less than one percent.

It is my recommendation for SFAs with no critical area violations or findings that suggest the unallowable use of Federal funds we return them to the five year review cycle and SFAs with critical area violations and/or evidence of unallowable use of funds be required to undergo a review every three years for two cycles, or more frequently depending upon the serious nature of the review findings. This modified review cycle would enable State Consultants/Specialists to conduct quality technical assistance reviews, on-site in most SFAs on a regular basis. This modified review cycle would also help relieve the resource and time consuming burden of administrative reviews for SFAs that have a proven record of no critical violations; the modified review cycle would also ensure SFAs with critical violations have sufficient support to develop meaningful corrective action that is sustainable and ultimately permanently remedies the critical violations discovered during the ARs



Duplication within the Administrative Review forms

For years, the NCDPI has conducted monitoring and compliance reviews for all School Nutrition Programs, regardless of whether there was a Federally-established monitoring tool. For example, the NCDPI has always conducted a review of the School Breakfast Program given the department's commitment to safeguard Federal funds and ensure these funds are used for allowable purposes only. While the newly developed AR attempts to minimize the paperwork supporting the compliance monitoring process, there remain many areas where the review forms repeat the same review questions. Such repetition is frustrating to the reviewer as it lengthens the amount of time State Consultants/Specialists must spend in completing the AR forms, wasting valuable time and financial resources. If a general review area is addressed in one portion of the AR, it should not be duplicated in another. The same recommendation applies to the special programs such as the Seamless Summer Option (SSO) or the Fresh Fruit and Vegetable Program (FFVP); the forms utilized are duplicative across the programs and should be streamlined for efficiency. AR questions should not be repeated in

these individual modules if they are included in the general review questions. Additionally, there is redundancy in verifying performance-based certification, The Healthier US School Challenge, nutrient analysis requirements and more which should be further addressed and simplified. As an AR Specialist, I strongly recommend the USDA specifically ask State agency directors to identify areas of duplicity so they may be eliminated from the AR forms before the forms are finalized.

In an effort to reduce the administrative burdens, as an Administrative Review Specialist I recommend streamlining the Administrative Review forms, including but not limited to other federal program reviews such as the SSO and FFVP, as a means of eliminating duplication of effort during the AR process. I encourage USDA to ask State agency directors to identify areas of redundancy in the AR forms as a means of increasing the efficiency and effectiveness of the review process.

Critical Areas of Review

While the proposed rule addresses the critical areas of the review (Performance Standards 1 and 2), the proposed rule does not address other areas that directly impact the financial integrity of the School Nutrition Programs in the same manner. The impact of errors or violations in the financial management of the School Nutrition Program can be quite significant. Errors in the assessment of indirect cost, the funding of personnel whom are dually employed within the Local Education Agency (LEA), the assessment of Worker's Compensation premiums/payments and other areas often constitute an unallowable use of Federal funds and should be treated with the same fidelity as the PS 1 and 2 violations.

I recommend the Resource Management component of the AR be treated similarly to the PS 1 and 2 violations because administrative errors in these areas compromise the integrity of the program to the same degree as the PS 1 and 2 violations. Any situation where SFAs are assessed fees for expenses or other items by the LEA that are unallowable under the Federal award constitute a critical violation of the program's limited resources. Further, the use of Federal School Nutrition funds should be included in the Federal Compliance Circular used by local independent auditors to ensure Federal funds are used only for allowable purposes. Including resource management in the single audit supports State agencies in achieving the goal that all School Nutrition funds are used in a manner consistent with the Federal award.

In addition, the Resource Management component of the AR should be strengthened to include areas where the program's resources are vulnerable to error, such as validation that any funds due to the non-profit School Nutrition account are actually returned to the account; salaries and benefits for personnel dually-employed by the SFA and other programs within the LEA are pro-rated based on the actual percentage of time devoted to a specific program; and expensing worker's compensation premiums and payments to the School Nutrition account.

Risk Indicators

The proposed rule indicates State agencies will use updated tools to conduct the AR. In the case of Risk Assessment Tools, it is my opinion the assessment levels are low and seldom trigger more comprehensive reviews that, if conducted, would reveal areas that require corrective actions.

I recommend examining the various Risk Assessment Tools to determine whether they establish a desired level of review. As in previous recommendations, it is suggested the USDA communicate directly with State agency directors to determine the relative risk required by the Risk Assessment Tools in order to strengthen the indicators or “trigger factors” within the tools.

Timing of Reviews

The proposed rules would require State agencies to complete an AR within the school year in which the review was begun. This requirement would technically preclude reviews during the months of April, May and June as it is impossible to conduct, write, review and issue a Final AR report to a SFA in fewer than 90 days.

I recommend a provision that allows each State agency to establish an AR timeline that is consistent with their AR procedures, the number of ARs to be conducted and the number of State staff available to conduct ARs. The department also recommends State agencies submit their individual timelines to their respective USDA Regional Offices to apprise them of the State’s timeline and procedures. Clearly, the State’s timeline should be reasonable and sufficient for SFAs to complete corrective actions in a timely manner.

I thank you for the opportunity to comment on the proposed rule. I would welcome the opportunity as would my colleagues in NCDPI to work with the USDA on these important issues and other important School Nutrition-related matters in a manner that enables SFAs to achieve compliance with the Federal regulations and overall program success. My goal is to ensure the nutritional, operational and financial integrity of School Nutrition programs.

Sincerely,



Myra Mayse
Administrative Review Specialist
School Nutrition Division
North Carolina Department of Public Instruction

c: Dr. Lynn Harvey, Chief, School Nutrition Division, NC Department of Public Instruction