

What to Expect from a Food Service Audit and Procurement Review

This presentation is to be informative and not to promote specific products, services companies, etc. Illinois ASBO Sponsored Programs are permitted to promote products and services in accordance with the Service Associate Ethics Policy and Code of Conduct.

Introductions

Kristina Shelton, Principal Consultant

Illinois State Board of Education (ISBE)

National School Lunch Program

School Meal Services Contracts

Nutrition Programs Division

(800) 545-7892

(217) 782-2491

kshelton@isbe.net

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- Moderators are given the authority to ask any attendee to leave if they become combative with presenters.
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Food Service Audit

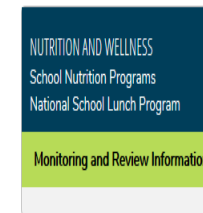
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Where to Find Review Information Website

Monitoring and Review Information:

<https://www.isbe.net/Pages/School-Nutrition-Monitoring-and-Review.aspx>

Home > Nutrition and Wellness > School Nutrition Programs > National School Lunch Program > Monitoring and Review Information



NUTRITION & WELLNESS

MONITORING AND REVIEW INFORMATION

Administrative Review Process

The Administrative Review is an assessment conducted by the Illinois State Board of Education (ISBE) of the School Food Authority's (SFA) administration of the NSLP and SBP, and other school nutrition programs. The objectives of the Administrative Review are to determine whether the SFA meets program requirements, provide technical assistance, secure any needed corrective action, and assess fiscal action, if applicable.

ISBE must conduct Administrative Reviews of all SFAs participating in the NSLP and/or SBP at least once during each three-year review cycle period, provided that each SFA is reviewed at least once every 4 years.

- [Administrative Review Checklist](#)
- [Dietary Specifications Assessment Tool](#)
- [Meal Compliance Assessment Tool](#)
- [Resource Management Assessment Tool](#)
- [Review Resource List](#)
- [School Meals Administrative Review Q & A](#)
- [Tentative List of SFAs to receive an Administrative Review in School Year 2017-18](#)
- [USDA Administrative Review Guidance](#)

The Code of Federal Regulations (CFR)

- 2 CFR Part 200
 - **UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS**
- 7 CFR Part 210
 - **NATIONAL SCHOOL LUNCH PROGRAM**

Types of Reviews



**School Food
Authority**



Health Inspections



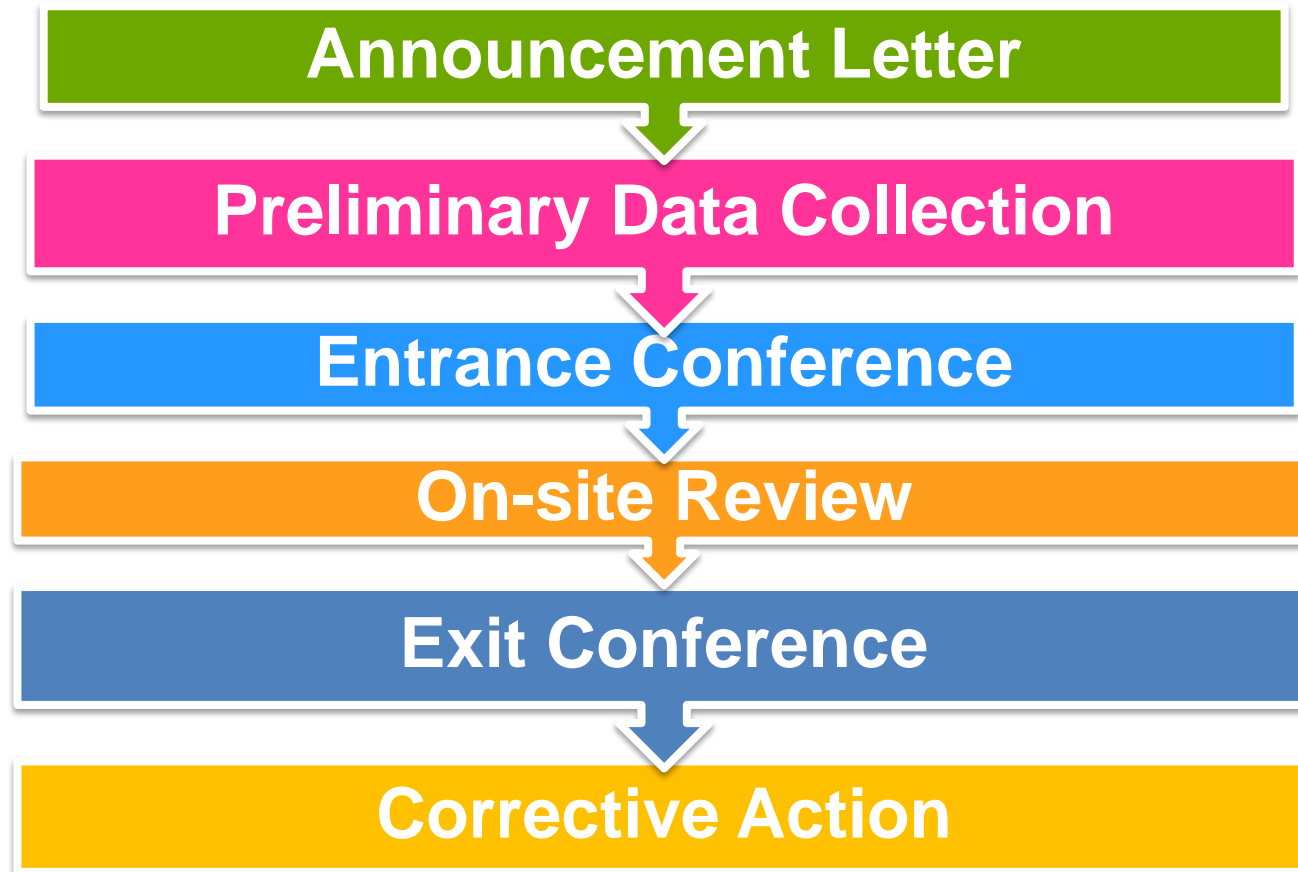
**State Agency
(ISBE)**

Purpose of the ISBE Administrative Review

- ✓ Assess compliance with program requirements
- ✓ Provide technical assistance
- ✓ Recommend corrective action
- ✓ Ensure the integrity of program payments



Overview of the Review Process



Administrative Review Checklist

Available online in
Monitoring and Review
Information section :

<https://www.isbe.net/Documents/nslp-admin-rev-checklist.pdf>

School Nutrition Programs Administrative Review Checklist

During the Administrative Review, the Illinois State Board of Education will review program records for compliance with state and federal regulations. This checklist will assist in preparing for the School Nutrition Programs (SNP) administrative review, which will include an evaluation of the National School Lunch Program, School Breakfast Program, Special Milk Program, Afterschool Snack Program, Fresh Fruit and Vegetable Program, and/or Seamless Summer Option. Records for the current fiscal year should be available for review.

The SNP Administrative Handbook is located on the Nutrition and Wellness Programs website at <https://www.isbe.net/Pages/Nutrition-and-Wellness.aspx>. On the website, in the upper left corner in the box titled, "Nutrition and Wellness," click on School Nutrition Programs. Scroll down and under the green program boxes, click on "Administrative Handbook."

Eligibility Documentation

- ___ Official Direct Certification reports will be evaluated.
- ___ Documentation of the extension of benefits will be evaluated. Click here for a sample form: [Extension of Benefits form](#)
- ___ The Direct Certification Notification Letter will be reviewed. Click here for a sample letter: [Direct Certification Notification Letter](#)
- ___ Income applications must contain the required information:
 - Names of all household members
 - All household income and how frequently received
 - Signature of an adult household member
 - Last four digits of the social security number of the adult household member who signs the application
- ___ Temporary Assistance for Needy Families (TANF) or Supplemental Nutrition Assistance Program (SNAP) applications must contain the required information:
 - Accurate case number. Click here for guidance: [SNAP/TANF Case # Guidance](#)
 - Signature of an adult household member

Adequate eligibility for foster children must be on file. Documentation may

Where to Find Review Information

Administrative Handbook

Reviews

- School Food Authority Reviews
- On-Site Review Requirements
- After-School Care Program
- Local Health Department Reviews
- Illinois State Board of Education Reviews

**School Nutrition Programs
Administrative Handbook**



**Illinois State Board of Education
Nutrition and Wellness Programs Division
800.545.7892 or 217.782.2491
Fax: 217.524.6124
www.isbe.net/nutrition
cnp@isbe.net**

ISBE
Review

Administrative Review (AR)

- Minimum every 3 years
- Staff of 16 monitors/reviewers

School Food Authority

On-site Reviews

- Conduct by February 1 each school year when more than one feeding site
 - Lunch – each site, every year
 - Breakfast – 50% sites each year, each site at least once every 2 years

School Food Authority

- After-school snack service
 - Two snack reviews during school year
 - Snack review #1 - first 4 weeks of operation
 - Snack review #2 - After first 4 week of operation, prior to program ending

School Food Authority

- Health Inspections
 - Two inspections at each school by local health department every SCHOOL year
- Post most recent inspection in prominent location viewable by the general public

Health Inspections

- SFA must take initiative to encourage Health Department to conduct 2 inspections per school year.
- If a school has not received 2 inspections by March 31, then contact health department.

For More Information on Administrative Reviews contact:

Judy Foster, Principal Consultant
Nutrition Division
Illinois State Board of Education
100 North First Street, Springfield, IL 62777
800/545-7892
jfoster@isbe.net
www.isbe.net/nutrition

Procurement reviews

This presentation is to be informative and not to promote specific products, services companies, etc. Illinois ASBO Sponsored Programs are permitted to promote products and services in accordance with the Service Associate Ethics Policy and Code of Conduct.

Objectives

- Participants will be able to successfully complete the USDA Procurement Review Tool.
- Provide suggestions for employee to effectively and efficiently implement purchasing procedures and practices in order to appropriately and best utilize supplies and USDA Foods to meet menu requirements and comply with all Federal, State, and local regulations.

The Code of Federal Regulations (CFR)

- 2 CFR Part 200
 - **UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS**
- 7 CFR Part 210
 - **NATIONAL SCHOOL LUNCH PROGRAM**

Definitions and Acronyms

- LEA (local education agency): your district or charter school.
- Procurement: multi-step competitive process to obtain most responsive products and services at best price.
- SFA (school food authority): the district or charter school that operates the School Nutrition Programs within the LEA.

Why is there a new review?

- Federal Procurement
 - Uniform Guidance on Grant Administration 2014
 - Super circular developed 2 CFR 200
 - USDA ensuring compliance
 - Procurement is a major responsibility of each SFA
 - Procurement has a major impact on financial stability of the SFA's nonprofit school food service account

Why is there a new review?

- SFAs are required to
 - follow federal, state and local rules for free and open competition to procure any goods and services
 - monitor their contractors to ensure all contract provisions are carried out

Overview

- ISBE is required to monitor SFAs to ensure all contracts meet Federal statutes/executive orders, and ensure federal regulations are followed (7 CFR 210.21(c)).
- Requirements (2 CFR 200) apply to all federal grants
- Procurement reviews could be in the same cycle as the Administrative Review (AR) but could be reviewed separately.
- Procurement review may occur off-site or off and on-site

Step One

- All SFAs were sent a letter and questionnaire in May 2017.
- All SFAs were required to submit the questionnaire and required policies and procedures
- All SFA had to complete the questionnaire for SY15-16
- Follow up letters were sent and funding was set up to be withheld for noncompliance.

Procurement Procedure Form (1)

Illinois School food Authority (SFA) Information Off-site review

Today's Date: _____

Name _____

RCDT/agreement number: _____

| | | |
|-------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|----------------|
| Name of School Food Authority (SFA) and ID #: | _____ | _____ |
| Address: | | |
| List the name(s) and contact information for the individual(s) who are responsible for procurement on behalf of the LEA/SFA. | | |
| Name: John Doe | E-Mail: Johndoe@mail.com | (303) 123-4567 |
| Name: Jane Doe | Email: Janedoe@mail.com | (303) 678-1234 |

| | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| Has the district submitted the AFR for School Year (SY) 15-16 to (yes or no) | Yes or No | |
| What is the LEA/SFA's capital equipment threshold? <small>(Federal threshold is >\$5,000)</small> List the amount below | What is the LEA/SFA's small purchase threshold? List the amount below | <i>Please consult your district purchasing policy regarding school nutrition purchases</i> |
| \$ _____ | \$ _____ | |
| Written Standards of Conduct | District written code of conduct/policy reference: | <i>Attach district's written code of conduct/policy</i> |
| Does the SFA/LEA have written codes of conduct that include prohibiting conflicts of interest for employees engaged in selection, award, and administration of contracts that is written specifically for the district? (yes or no) | Yes or No | |
| Does the district's code of conduct prohibit soliciting or accepting gratuities, favors or anything of monetary value from contractors or parties of subcontracts? (yes or no) | Yes or No | |
| Does the code of conduct include disciplinary actions for violations? (yes or no) | Yes or No | |
| Procurement Procedures & Procurement Practices | District written procurement procedures/policy reference: | <i>Attach district's procurement procedure/policy</i> |
| Does the LEA/SFA's have documented Procurement Procedures specific to their district? (yes or no) | Yes or No | |
| Does the LEA/SFA's procurement procedures include requirements to conduct cost or price analysis for all formal bids and/or contract modifications? (yes or no) | Yes or No | |
| Does the LEA/SFA take steps to assure that small, minority and women's businesses enterprises and labor surplus firms are used when possible? (yes or no) | Yes or No | |
| Contract Management | Explain procedures below: | |

ISBE Procurement Review Process

ISBE sent procurement off-site questions to public SFAs to complete

SFA completes off-site questions and submits to designated email



ISBE uses USDA chart to determine sample of contracts to review

SFA submits requested documentation



ISBE Reviews documentation sent in by SFA

Focus of review is on areas of the selected contracts

Focus Areas

The USDA has stated that the focus of the procurement/ contract review by ISBE will be in the following areas:

1. Written Detailed Procedures
2. Written Code of Conduct
3. SFA's Contract:
 - a) Solicitation
 - b) Evaluation and Award
 - c) Management



Procurement Procedure Form (1)

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Name _____

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| Name of School Food Authority (SFA) and ID #: | _____ | _____ |
| Address: | | |
| List the name(s) and contact information for the individual(s) who are responsible for procurement on behalf of the LEA/SFA. | | |
| Name: John Doe | E-Mail: Johndoe@mail.com | (303) 123-4567 |
| Name: Jane Doe | Email: Janedoe@mail.com | (303) 678-1234 |

| | | |
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| Does the LEA/SFA take steps to assure that small, minority and women's businesses enterprises and labor surplus firms are used when possible? (yes or no) | Yes or No | |
| Contract Management | Explain procedures below: | |

Steps to completing the off-site portion of the review:

The SFA/LEA needs to submit:

- Purchasing/Procurement Procedures
- Standards of Conduct
- Completed off-site questions

Email completed questions and copies of required materials to NutritionProcurement@ISBE.net

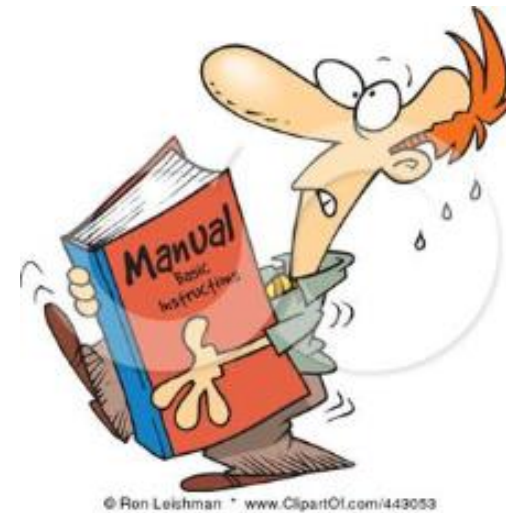
Procurement Questions

- What is the SFA/LEA's capital equipment threshold?
 - The federal capital equipment threshold is \$5,000
 - A local threshold can be set at a lesser amount
 - Please check the SFA's policy and list the threshold amount

Procurement Questions

- What is the SFA's small purchase threshold?
List amount
 - Federal and state small purchase threshold is \$150,000
 - According to 105 ILCS5/10-20.21, the threshold is \$25,000 on most items.
 - Formal procurement procedures would need to be used for anything that cost more than \$25,000 as listed in The Illinois School code.
 - If a local small purchase threshold is more restrictive, this threshold would need to be applied

What are the SFA's procurement policies and procedures?



Written Standards of Conduct

- Does the SFA/LEA have written codes of conduct that include prohibiting conflicts of interest for employees engaged in selection, award, and administration of contracts?
 - Does the code of conduct prohibit soliciting or accepting gratuities, favors or anything of monetary value from contractors or parties of subcontracts?
 - Does the code of conduct include disciplinary actions for violations?

Submit copies of the above from the district and board policies

Procurement Procedures & Procurement Practices

- Does the LEA/SFA have documented Procurement Procedures?
- Do they include:
 - a) Requirements to conduct cost or price analysis for all formal bids and/or contract modifications?**
 - b) Steps to assure that small, minority and women's businesses enterprises and labor surplus firms are used when possible?**

Submit copies of above

Contract Management



| | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|--------------------------------------------------|
| Does the SFA/LEA have written codes of conduct that include prohibiting conflicts of interest for employees engaged in selection, award, and administration of contracts that is written specifically for the district? (yes or no) | Yes or No | Attach district's written code of conduct/policy |
| Does the district's code of conduct prohibit soliciting or accepting gratuities, favors or anything of monetary value from contractors or parties of subcontracts? (yes or no) | Yes or No | |
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| Does the LEA/SFA take steps to assure that small, minority and women's businesses enterprises and labor surplus firms are used when possible? (yes or no) | Yes or No | |
| Contract Management | Explain procedures below: | |
| How does the LEA/SFA ensure, each vendor complies with all contract provisions prior to approving vendor invoices for payment? | | |
| How does the LEA/SFA confirm that vendors have not been debarred, suspended or otherwise excluded or ineligible for participation in Federal programs or activities? | | |

Procurement Questions: Contract Management

- How does the SFA/LEA ensure the contractor complies with all contract provisions prior to approving contractor invoices for payment?

Explain how the SFA monitors that all contract provisions are followed before invoices are paid.

What are the procedures to ensure this?

Procurement Questions: Contract Management

- How does SFA confirm that vendors have not been debarred, suspended or otherwise excluded or ineligible for participation in Federal programs or activities?

All SFAs must verify that the vendor(s) have not been debarred, suspended or otherwise excluded or ineligible for participation in Federal programs or activities. There are three methods to use:

(a) Check <https://www.sam.gov/portal/SAM/##11> or

(b) Collect certification from vendor; or

(c) Add clause/condition to the covered transaction with vendor

SFA Procurement Table (2)

Date: 4/18/2018

Complete the following table for all purchases made in the SY 15-16 using food service funds:

| Please select category from drop down (make sure all goods and services are listed) | Name of vendor(s) | Type of Purchase: Micro purchase, small informal purchase, or formal purchase | If a procurement group was used: Type of Purchase: cooperative agreement, agent, for third party (GPO) | Name of cooperative agent or GPO | Estimated annual amount spent on vendor(s) | If formal solicitation was used (IFB) was the solicitation advertised? (yes or no) | Micro-Purchase only: Were purchases spread equally among all qualified vendors? (yes or no) | Please list the date the solicitation was released. Please list the date the solicitation was due? | # of vendors contacted | # of vendor responses received | Written Contract? (yes or no) |
|----------------------------------------------------------------------------------------------|-------------------|-------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|----------------------------------|--------------------------------------------|------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|------------------------|--------------------------------|-------------------------------|
| <i>EXAMPLE:</i> Paper | IL Paper Supply | Small | cooperative agreement | Central IL Cooperative | \$ 15,000.00 | NA | NA | NA | NA | NA | yes |
| Milk | | | | | \$ - | | | | | | |
| Canned/Frozen/Groceries | | | | | \$ - | | | | | | |
| Bread | | | | | \$ - | | | | | | |
| Produce - no DOD included | | | | | \$ - | | | | | | |
| Produce - DOD only | | | | | \$ - | | | | | | |
| Beverages | | | | | \$ - | | | | | | |
| Specialized Items (delivered pizza, sandwiches, etc.) | | | | | \$ - | | | | | | |
| Contract Services (guest speakers, consulting for food and nutrition related services, etc.) | | | | | \$ - | | | | | | |
| Chemical/Cleaning | | | | | \$ - | | | | | | |
| Equipment | | | | | \$ - | | | | | | |
| Technology/Software | | | | | \$ - | | | | | | |
| (Other: type in description) | | | | | \$ - | | | | | | |
| (Other: type in description) | | | | | \$ - | | | | | | |
| (Other: type in description) | | | | | \$ - | | | | | | |
| (Other: type in description) | | | | | \$ - | | | | | | |

Group Purchasing Organizations, Group Buying Organizations and Third Party Entities

Did the SFA pay a membership fee, join at no cost, or otherwise enter into an agreement with a Group Purchasing Organization (GPO), Group Buying Organization (GBO) or third party entity? Yes or No

Name of Group: Begin and end date of contract:

Food Service Management Company (FSMC)

Did the SFA enter into a Food Service Management Company? Yes or No

Name of FSMC: Begin and end date of contract:

Other procurement agreements

List any other procurement arrangements/agreements

Name of Organization in agreement:

Name of Organization in agreement:

Review of LEA/SFA's Purchasing and Solicitations in SY15-16

Information for all school food service purchases from SY15-16

1. Category of purchase: food by type (milk, bread, groceries, produce, etc.) supplies, equipment, services, contractors, and others
2. Name of each vendor in each category
3. Amount spent by vendor in category – a single vendor might cover several categories

Summary of all SY15-16 Food Service Purchases

4. Type of purchase: Informal, bid, RFP or micro purchase followed by questions specific to purchase type.
5. Number of vendors contacted and number of responses.
6. Contract start date and any renewals or changes.
7. Method for vendor selection.

Procurement Questions

- Does the LEA/SFA have a signed agreement with a school food service purchasing cooperative (co-op)?
 - *If the SFA purchases food and/or supplies with a group purchasing organization, co-op or combines with other schools, please list the groups and the annual amount spent with each group.*

What comes next?



Next Steps

- SFA emails completed off-site questions, copies of Procurement Procedures and Standards of Conduct to NutritionProcurement@ISBE.net
- ISBE will review off-site question responses
- ISBE will notify the SFA which contracts have been selected for review
- SFA will submit a copy of the solicitation, the awarded contract, and amendments made to the awarded contract

What will ISBE Review?



Solicitation Review

- SFA Solicitations will be requested for review per the USDA selection chart
- ISBE will assess SFA selected solicitation documents according to federal procurement requirements
- ISBE will send a report with technical assistance and any corrective action to the SFA

Results from SY 15-16 Pilot review

Areas that might need updating and improved documentation:

- Procurement Procedures are not personalized to the specific district.
- Details on the work flow and approval is not outlined in procurement procedures.
- Code of conduct doesn't include disciplinary actions for violations
- Missing steps to use small, minority and women's businesses enterprises and labor surplus firms when possible
- Showing that a cost/price analysis was conducted to estimate the cost of goods or services prior to soliciting?
- Steps ensuring compliance with "Buy American" regulation
- Lack of competitive purchasing for all purchases

Questions and Answers

We thank you for your time!

Presenters:

PANELISTS INFO :

Kristina Shelton, Principal Consultant

Illinois State Board of Education (ISBE)

National School Lunch Program

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Nutrition Programs Division

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