



United States Department of Agriculture



OFFICE OF INSPECTOR GENERAL

## **IMPORTANT NOTICE**

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



# Florida's Controls Over Summer Food Service Program

## Audit Report 27004-0001-31

We reviewed the Florida 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 Florida had adequate controls in place to reasonably ensure that SFSP was operating under program requirements. Specifically, our objective was to evaluate the adequacy of the State agency's controls over SFSP sponsors and 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 25 site visits during the SFSP meal service in 2017.

### RECOMMENDS

We recommend that FNS direct the State agency to improve its sponsor and site application review processes, strengthen its administrative and site review procedures to identify and address sponsor noncompliance, and improve its monitoring of site outreach efforts.

### WHAT OIG FOUND

The Summer Food Service Program (SFSP) provides nutritious meals for children in low-income areas when school is not in session. Florida's State agency, the Florida Department of Agriculture and Consumer Services, oversees and reimburses sponsors for serving the Food and Nutrition Service's (FNS) SFSP meals. In Florida, during the summer of fiscal year (FY) 2016, SFSP provided over \$40.9 million to serve meals and snacks to children at over 4,200 sites.

In our review of five Florida SFSP sponsors, we found that all five sponsors did not always comply with program regulations and that the State agency's review process was not robust enough to correct the following issues:

- Due to an application process that needs improvement, the State agency accepted two incomplete SFSP sponsor applications and allowed four sponsors to improperly add additional sites;
- None of the five sponsors we reviewed fully complied with SFSP regulations. As a result, in 2016, the sponsors overclaimed \$467,693 in unsupported or inaccurate reimbursements and allocated \$27,063 in questionable costs;
- Four of the five sponsors claimed reimbursement for meals that violated program requirements—80 percent of the meals served at 11 of the 25 sites we reviewed were questionable; and
- Despite the State agency's investment of over \$3.3 million in outreach efforts from 2014 through 2017, none of the five sponsors consistently ensured that all sites complied with FNS requirements and guidance related to outreach.

The issues we identified could impair program integrity and interfere with SFSP's effectiveness in providing nutrition to needy children during the summer months. FNS concurred with our recommendations and we accepted management decision on all 24 recommendations.





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



DATE: August 26, 2019

AUDIT  
NUMBER: 27004-0001-31

TO: Pam Miller  
Administrator  
Food and Nutrition Service

ATTN: Mark Porter  
Director  
Office of Internal Controls, Audits and Investigations

FROM: Gil H. Harden  
Assistant Inspector General for Audit

SUBJECT: Florida's Controls Over Summer Food Service Program

This report presents the results of the subject review. Your written response to the official draft is included in its entirety at the end of the report. We have incorporated excerpts from your response, and the Office of Inspector General's (OIG) position, into the relevant sections of the report. Based on your written response, we are accepting management decision for all 24 audit recommendations in the report, and no further response to this office is necessary. Please follow your internal agency procedures in forwarding final action correspondence to the Office of the Chief Financial Officer (OCFO).

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. For agencies other than the Office of the Chief Financial Officer (OCFO), please follow your internal agency procedures in forwarding final action correspondence to OCFO.

We appreciate the courtesies and cooperation extended to us by members of your staff during our audit fieldwork and subsequent discussions. This report contains publicly available information and will be posted in its entirety to our website (<http://www.usda.gov/oig>) in the near future.



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## Background and Objectives

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### 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.<sup>1</sup> In fiscal year (FY) 2016, SFSP provided \$472 million to serve more than 153 million meals and snacks to needy children at nearly 48,000 sites. In FY 2016, a total of 153 sponsors participated in Florida's SFSP. In total, these sponsors operated over 4,200 sites and received over \$40.9 million in SFSP reimbursements, ranking Florida second in terms of highest State SFSP funding, after New York. In Florida, SFSP is also known as the Summer BreakSpot Program.

**Figure 1: Summer BreakSpot Program Promotional Sign Displayed Outside a Site Serving Lunch to Children.**  
*Photo by OIG.*



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 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, that examine program records and observe site meal service operations to ensure staff meet SFSP requirements; and

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<sup>1</sup> In 1946, Congress signed into law the National School Lunch Act, now the Richard B. Russell National School Lunch Act, which first established the National School Lunch Program. The Act has been amended several times, most recently in 2018. In 1968, Section 13 was amended to establish SFSP as a pilot program, which became permanent in 1975.

- Providing sufficient technical assistance, training, and guidance to SFSP sponsors.

In Florida, the Florida Department of Agriculture and Consumer Services (FDACS, or State agency) is responsible for performing the activities described above. The State agency reimburses SFSP sponsors for serving meals—breakfast, lunch, supper, or snacks—that meet SFSP meal requirements.<sup>2</sup> The reimbursements are based on the number of eligible served meals, multiplied by a designated rate.<sup>3</sup>

SFSP sponsors manage sites that provide SFSP meals to children. Sponsors include school food authorities or public or private nonprofit organizations (such as schools and community centers) 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 SFSP funds and ensuring program costs are allowable;
- Maintaining accurate records that justify all costs and meals claimed for 3 years;
- Claiming reimbursement only for SFSP meals that meet SFSP requirements;
- Monitoring site compliance with SFSP requirements;
- Meeting training requirements for administrative and site personnel;
- Maintaining proper sanitation and health standards, in accordance with State and local laws;
- Retaining financial and administrative responsibility for their SFSP operations; and
- Meeting SFSP outreach requirements.

The sponsors' sites provide SFSP meals free to children. Sites are eligible to participate in SFSP if they are located in low-income areas or serve children who meet eligibility requirements.<sup>4</sup> 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 Florida had adequate controls in place to reasonably ensure that SFSP was operating under program requirements. Specifically, our

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<sup>2</sup> SFSP 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).

<sup>3</sup> 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.

<sup>4</sup> "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.

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 California, New York, and Texas. During the course of these State reviews, we issued interim reports to provide results regarding SFSP sponsor compliance with program regulations and policies related to State and local food safety requirements.<sup>5</sup>

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.<sup>6</sup> Upon completion of the State audits, the Office of Inspector General (OIG) will consider the results along with the issues we identified in our FNS audit and provide an assessment of the overall program in a final audit for this series.<sup>7</sup>

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<sup>5</sup> *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); *Texas' Controls Over Summer Food Service Program Interim Report* (Audit Report 27004-0004-21(1), Sept. 2017); *New York's Controls Over Summer Food Service Program Interim Report* (Audit Report 27004-0001-23(1), Nov. 2017).

<sup>6</sup> *FNS Controls Over Summer Food Service Program* (Audit Report 27601-0004-41, March 2018).

<sup>7</sup> *Consolidated Report of FNS and Selected State Agencies' Controls Over SFSP* (Audit Report 27601-0005-41, in progress).

## Section 1: State Controls

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### Finding 1: The State Agency Needs to Improve its Application Review Process

During our examination of five SFSP sponsors in Florida, we found that the State agency accepted two incomplete sponsor applications and allowed four of the five sponsors to improperly add additional SFSP sites. This occurred because State staff did not ensure that sponsors fully responded to application questions and did not adequately review information on applications before approving new sponsors and sites. Without reviewing adequate information about sponsor financial processes, the State agency increased the risk of selecting sponsors with potential financial challenges. Also, due to problems with the application review process, the State spent SFSP funds on meals served at sites prior to those sites being approved. Further, it increased the risk of SFSP service overlap, where some sites could potentially serve the same children, as well as the risk that other children in needy areas may not have access to SFSP meals.

SFSP's primary purpose is to provide food service to children from needy areas during the summer when area schools are not in session.<sup>8</sup> To be part of the program, SFSP sponsors must demonstrate financial and administrative capability for program operations and sponsors' financial management systems must be sufficient to establish that funds have been used according to Federal requirements.<sup>9</sup> Before sponsors can be reimbursed for meals served at a particular site, the sponsor must receive written notification that the site has been approved for SFSP.<sup>10</sup> The regulations also require State agencies to ensure that proposed SFSP sites do not serve the same children in the same area as other SFSP sites, which means that sites generally should not be in close proximity to one another.<sup>11</sup>

Our sample included sponsors that entered SFSP since 2015. We reviewed the initial SFSP applications for these sponsors. We also reviewed the five sampled sponsors' site applications submitted in the State agency's new data system for SFSP.<sup>12</sup> We determined that: (1) the State agency accepted two sponsor applications that did not detail how they would claim only documented allowable costs; (2) two sponsors claimed reimbursement for meals served at sites prior to the State approving those sites for SFSP; and (3) four sponsors had sites approved even though the sites were too close to other sites or did not otherwise meet State agency standards.

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<sup>8</sup> 7 C.F.R. § 225.1.

<sup>9</sup> 7 C.F.R. § 225.14 (c)(1) and 2 C.F.R. § 200.302 "Subpart D—Post Federal Award Requirements: Standards for Financial and Program Management."

<sup>10</sup> 7 C.F.R. § 225.9 (d).

<sup>11</sup> 7 C.F.R. § 225.6 (d).

<sup>12</sup> Due to the implementation of the State agency's new data system in 2016, we expanded the scope of our application reviews to include 2016 and 2017 applications. The prior process was no longer applicable.

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### *The State Agency Had Insufficient Guidance to Ensure New Sponsors Demonstrated SFSP Financial Management Capability*

Federal regulations and SFSP guidance require sponsors to have procedures that ensure accountability of SFSP funds.<sup>13</sup> In response to the State agency's questions, sponsor applications included documentation to demonstrate financial viability and capability, such as organizational by-laws, organizational charts, balance sheets, and employee resumes.<sup>14</sup> However, two sponsors did not fully respond to the State agency's question asking sponsors to "describe in detail how only creditable meals and documented allowable costs will be claimed." Both applications described meal counting processes, but provided limited or no descriptions of the sponsors' cost accounting processes in response to the second part of the question.<sup>15</sup> FNS has issued financial management standards;<sup>16</sup> however, State agency officials told us the standards are not well-defined.

Since the State agency approved applications without the questions fully answered, we concluded that the State agency did not require sponsors to answer all aspects of the application question concerning allowable costs.<sup>17</sup> Thus, the State agency lacked the information necessary for determining whether the new sponsors could properly account for all SFSP funds. To help prevent the use of SFSP funds for unallowable costs, the State agency needs to ensure that sponsors have processes for charging only documented allowable costs to SFSP.

### *Two Sponsors Claimed Reimbursement for Meals Served Prior to Site Approval*

Two sponsors operated SFSP sites and claimed reimbursements for up to 3 weeks of meals served prior to the State agency's approval of those sites. This occurred because the State agency did not have a procedure in place to identify retroactive start dates on site applications, and the State agency's data system did not synchronize the sites' start

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<sup>13</sup> Sponsor applicants must have financial management systems that provide effective control over, and accountability for, all funds to ensure that SFSP funds are used solely for authorized purposes. FNS Instruction 796-4 Rev. 4 *Financial Management—Summer Food Service Program for Children* (Apr. 14, 1994) and 2 C.F.R. § 200.302(b), which also requires 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.

<sup>14</sup> FNS has not issued guidance regarding how States should assess SFSP applicants' financial capabilities during the application process.

<sup>15</sup> One sponsor's application stated that it would maintain documents to justify all costs, but did not mention allowable costs nor describe how it would claim only allowable costs. Another did not respond to the second part of the two-part question by describing its cost accounting processes.

<sup>16</sup> FNS Instruction 796-4 Rev. 4 *Financial Management—Summer Food Service Program for Children* (Apr. 14, 1994).

<sup>17</sup> FNS instructions state that sponsors do not have to report their costs under simplified cost accounting procedures, but must continue to maintain records of their costs and make them available for review. FNS, *Nationwide Expansion of Summer Food Service Program Simplified Cost Accounting Procedures*, Policy Memo No. SFSP 01-2008 (Jan. 2, 2008). FNS published proposed rules on the simplified cost accounting procedures in Federal Register Vol. 78, No. 134 (July 12, 2013). FNS published the final rule on June 1, 2018.

dates to the date of State approval. As a result, the State paid over \$73,000 for meals served prior to the State agency's approval of 11 sites in 2016.<sup>18</sup>

The State agency's standard operating procedures direct its staff to check the "start date, end date, start time, end time, and serving days of all meals." While this procedure instructs staff to check the start date, it does not explicitly direct staff to check for any possible retroactive start dates. Furthermore, the State agency's data system allowed its staff to approve site applications after the planned start date. For instance, the system permitted staff to approve an application on July 27 with a start date of July 9, which effectively allowed the retroactive approval of sites.

When we spoke to State agency officials about this problem, they stated that this retroactive approval error occurred because they were implementing a new process with new staff. They explained that they implemented data system enhancements to match the approved sites' start dates with the State agency's approval date, which would address the problem of the retroactive approval of sites. However, due to the State agency's implementation timeline, we could not test nor verify the effectiveness of this enhancement.

OIG maintains that, as FNS moves forward, it should ensure that the State agency verifies that its data system enhancement is effective to prevent retroactive site approvals. The State agency should also test whether retroactive site approvals occurred with any other sponsors before the implementation of this data system enhancement.<sup>19</sup> Additionally, FNS should ensure that the State agency follows up on any other identified occurrences and recover any improperly paid reimbursements, as applicable.<sup>20</sup>

#### *Four Sponsors' Sites Were Approved Even Though the Sites Conflicted with Standard Operating Procedures on Proximity and Public Access*

Four sponsors had sites approved even though these sites were too close to other sites, not open to the public, or did not otherwise meet the criteria in the State agency Standard Operating Procedures. For example, of the 51 new sites approved in 2016, the State agency approved 22 that were either in close proximity (0.25 miles) of another site or not open to the public (i.e., closed enrolled sites, where only specified groups of children are served) without justifications as required. This occurred because the State agency did not always follow its procedures for approving sites by ensuring proximities and closures were properly justified and implemented.<sup>21</sup>

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<sup>18</sup> The State agency retroactively approved 11 sites by the selected sponsors in 2016, and then again approved 1 retroactively in 2017.

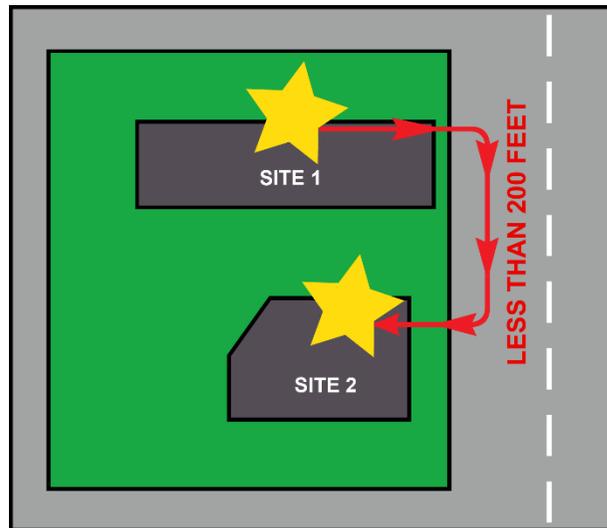
<sup>19</sup> Including the 5 sponsors we sampled, there were 153 SFSP sponsors in Florida in 2016, and 155 sponsors in 2017.

<sup>20</sup> To avoid overlap with financial recoveries recommended under Finding 2, we did not recommend recovery of the \$73,000 paid for retroactively approved meals in Finding 1.

<sup>21</sup> The State agency's procedure is to check whether new proposed sites are in close proximity (0.25 miles or under) to existing sites and obtain justification for why a new site is needed in close proximity to another site. FDACS, *Summer BreakSpot Standard Operating Procedures Manual* (Mar. 16, 2017). The procedure for closed enrolled sites is to ensure the application for a closed enrolled site explains why the site would not be an open site and to

For example, a sponsor operated two sites in close proximity—an open school site next to a closed enrolled school site. The State agency approved each of these sites to claim over 160 meals. Both sites would serve children in the same age range and at the same meal times.

**Figure 2: Graphical representation of sites that were opened very close to one another. The site entrances are less than 200 feet apart, with no physical barrier. Figure by OIG.**



A total of 11 sites were approved that violated the State agency’s rules regarding proximity.

Additionally, the State agency allowed two sponsors to operate 11 sites that would be “closed enrolled”—not open to the public, including schools or other sites, without justifications as required. Sponsors provided no justifications or sometimes claimed that proximate sites might have open enrollment and the other might be closed to the public. For example, when the State agency requested a justification for the two sites located very close to one another, the sponsor explained that one school site “will only feed children that is [sic] enrolled in its program.”<sup>22</sup> However, State agency procedures prohibit closed school sites. In other instances, the sponsor justified the close proximity of sites by telling the State agency that they would be closed enrolled sites, but the sites were instead still classified in the State agency’s data system as open sites. We determined that State agency staff approved the sites without first confirming that the sponsors performed the corrective action they proposed (i.e., modifying the site’s classification). We noted that the State agency procedures simply require staff to obtain justifications. The procedures do not instruct staff to verify that the sponsors made proposed corrections nor that sponsors’ justifications meet all requirements.

prohibit schools from being closed sites. FDACS, *Summer BreakSpot Standard Operating Procedures Manual* (Mar. 16, 2017). See also 7 C.F.R. § 225.14 (d)(2).

<sup>22</sup> Based on FNS guidance, sponsor explanations may include differences in the population of children the sites intend to serve or physical barriers, such as a busy highway.

When we spoke to State agency officials about these problems, they emphasized that the close proximity procedure was new in 2017. Officials explained that they planned to review every site for close proximity in 2018. In future years, they planned to review all new sites.

We concluded that the State agency needs to ensure that it is enforcing its procedures regarding proximate sites and sites closed to the general public as soon as the procedures take effect. Also, the procedures should be further updated to specify that corrective actions, such as closures, must be verified before a site's approval. Implementation should include training staff to enforce the enhanced procedures.

During our review, we found that two sponsors expanded their participation by over 240 percent within 3 years, largely by adding new sites approved by the State agency. These additions included sites discussed above.<sup>23</sup> For example, one sponsor tripled its number of sites and received approval to almost quadruple its previous year's reimbursements. Such expansion puts an increased amount of SFSP funds at risk of misuse due to the increased outlays.

Following our discussions with the State agency, the State agency reviewed the sponsors and declared them both *seriously deficient*, due to multiple findings.<sup>24</sup> Sponsor officials explained that SFSP includes "many moving parts" and that officials "had to learn on the spot."<sup>25</sup> A sponsor stated that it had overextended itself and was "unable to implement all the necessary steps to ensure full compliance with the guidelines for the smooth and efficient operating of the program."

When we asked State agency officials whether SFSP sponsors doubling their sites or meals should also demonstrate increased capability, State agency officials told us that there is no basis for the State to prevent sponsors from expanding rapidly. Although we acknowledge that rapid expansion does not violate SFSP requirements, we maintain that the State agency should consider increasing its oversight and guidance if sponsors propose to add multiple new sites within short timeframes, with FNS' advice on best practices for doing so.

Overall, we concluded that FNS should assist the State agency as it improves its controls over the SFSP application review process. FNS should direct the State agency to ensure that sponsors fully answer all application questions with detailed responses. The State agency should also consider additional oversight over SFSP sponsors proposing additional sites to ensure that sponsors have the necessary capability. Finally, the State agency should provide its staff with training on the enhanced application procedures addressing our concerns.

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<sup>23</sup> Together, two sponsors operated 11 retroactively-approved sites in 2016 and 18 sites, which were improperly approved in 2017, as discussed above.

<sup>24</sup> The *seriously deficient* process is intended to ensure compliance with FNS regulations and guidance and to protect SFSP integrity. Through this process, a State agency can terminate for cause a sponsor's participation in SFSP if the sponsor has not corrected noncompliance issues.

<sup>25</sup> In 2016, a State administrative review found that required files were incomplete, resulting in a penalty.

## **Recommendation 1**

Direct the State agency to ensure SFSP sponsors fully address all application questions before the State agency approves their applications.

### **Agency Response**

FNS concurs with the recommendation. The FDACS has updated its standard operating procedures for approving summer applications to ensure SFSP sponsors fully address all application questions before their applications are approved. The FDACS has trained its staff on the updated procedures, which will be reviewed and enhanced as needed, but not less than annually.

The final completion date was February 18, 2019.

### **OIG Position**

We accept FNS' management decision for this recommendation.

## **Recommendation 2**

Direct the State agency to test and verify its data system enhancement to prevent retroactive site approvals.

### **Agency Response**

FNS concurs with the recommendation. FNS will direct the FDACS to test and verify that the enhancement to its data system prevents retroactive site approvals.

The estimated completion date is September 30, 2019.

### **OIG Position**

We accept FNS' management decision for this recommendation.

## **Recommendation 3**

Direct the State agency to test whether retroactive site approvals occurred with any other SFSP sponsors prior to implementation of the data system enhancement. If retroactive site approvals are identified, take the appropriate corrective actions.

### **Agency Response**

FNS concurs with this recommendation, but due to the extensive labor and costs associated with completing this testing, FNS believes it should be for a limited time period only. The time and

resources that would be required to complete the recommended action for all current SFSP sponsors would place an undue burden on the FDACS's personnel as they are fully engaged with ensuring the integrity of current program operations.

FNS will direct the FDACS to test whether retroactive site approvals occurred with any SFSP sponsors in fiscal year 2019. If retroactive site approvals are identified, the FDACS will take the appropriate corrective actions.

The estimated completion date is September 30, 2019.

### **OIG Position**

We accept FNS' management decision for this recommendation.

### **Recommendation 4**

Direct the State agency to consistently implement its standard operating procedures for SFSP site application reviews by ensuring staff obtain adequate justifications for close proximities and for why sites are not classified as open, and ensuring that summer school sites are open sites.

### **Agency Response**

FNS concurs with the recommendation. The FDACS has updated its standard operating procedures for SFSP site application reviews to ensure staff obtain adequate justifications for sites in close proximity, adequate justifications for why sites are not classified as open, and ensure SFSP schools with academic summer school programs are open sites. The FDACS has also trained its staff on the updated procedures, which will be reviewed and enhanced as needed, but no less than annually.

The final completion date was February 18, 2019.

### **OIG Position**

We accept FNS' management decision for this recommendation.

### **Recommendation 5**

Direct the State agency to update its standard operating procedures for site application reviews so that staff verify SFSP sponsors implement proposed changes and provide acceptable justifications before site applications are approved.

## **Agency Response**

FNS concurs with the recommendation. The FDACS has updated its standard operating procedures for site application reviews so that staff verify SFSP sponsors implement proposed changes and provide acceptable justifications before site applications are approved. The FDACS has also trained its staff on the updated procedures, which will be reviewed and enhanced as needed, but no less than annually.

The final completion date was February 18, 2019.

## **OIG Position**

We accept FNS' management decision for this recommendation.

## **Recommendation 6**

Advise the State agency on best practices to ensure that SFSP sponsors have the financial and administrative capability necessary to operate their sites and, if applicable, expand their programs.

## **Agency Response**

FNS concurs with the recommendation. FNS acknowledges that FDACS' current procedures for evaluating sponsors [sic] financial and administrative capability meet the outlined regulatory requirements; however, FNS will encourage the FDACS, as a best practice, to continue developing procedures to ensure that SFSP sponsors have the financial and administrative capabilities to [sic] necessary to operate their sites. We will also encourage States' exchange as a best practice.

The FDACS contracted with a Certified Public Accountant [sic] (CPA) firm for Financial Risk Mitigation Services for SFSP. The CPA firm advised the FDACS on practices to ensure SFSP sponsor financial and administrative responsibility, which has been promulgated in an administrative rule. In addition, the FDACS requested and received several new full-time positions in State Fiscal Year 2019-2020 to focus on fiscal accountability and program integrity in the SFSP and all other federal nutrition programs administered by the FDACS.

The final completion date was May 2, 2019.

## **OIG Position**

We accept FNS' management decision for this recommendation.

## **Recommendation 7**

Direct the State agency to provide its staff with training on the enhanced application procedures addressing concerns we identified on SFSP site applications.

### **Agency Response**

FNS concurs with the recommendation. The FDACS has trained its staff on all enhanced application procedures that address the concerns identified on SFSP site applications. These enhanced procedures will be reviewed as needed, but no less than annually.

The final completion date was February 18, 2019.

### **OIG Position**

We accept FNS' management decision for this recommendation.

## Finding 2: The State Agency Needs to Strengthen its SFSP Administrative Reviews

None of the five SFSP sponsors we reviewed fully complied with SFSP program regulations. For example, sponsors were reimbursed for unsupported expenses and questionable costs, such as clothing, a traffic ticket, and improper kitchen rent expenses. This occurred because State agency officials did not, during their required administrative reviews, sufficiently review, document, and validate sponsor records to identify all instances of noncompliance. As a result, in 2016, the five sponsors claimed unsupported or inaccurate SFSP reimbursements totaling \$467,693 and allocated \$27,063 in questionable costs to SFSP. When SFSP sponsors spend financial resources in this manner, they reduce the resources that could be spent on nutritious meals for children from low-income households.

SFSP regulations require the State agency to review sponsors and sites to ensure compliance with program regulations and any other applicable instructions issued by the Department. They also require the State to conduct SFSP administrative reviews for each sponsor—at least once every 3 years—to monitor sponsor and site compliance with SFSP requirements. These administrative reviews include an examination of sponsor SFSP costs, meal count records, and other documentation. FNS guidance requires that State agencies review sufficient records to determine whether sponsors complied with SFSP requirements and allows State agencies to expand their reviews beyond FNS’ established minimum 1-month period.<sup>26</sup>

To meet SFSP requirements, the State agency conducted administrative reviews of the sponsors, as shown in Table 1, below.

**Table 1: State Administrative Reviews of Selected Sponsors by Year**

	2014	2015	2016
Sponsor	X		
Sponsor			X
Sponsor		X	X
Sponsor		X	X
Sponsor			X

Though the State agency reviewed selected sponsors multiple times from 2014 through 2016, its reviews were not sufficient to identify nor prevent multiple instances of noncompliance. Our review of these sponsors identified eight noncompliance issues, presented in Exhibit C.<sup>27</sup> In general, we found that the State agency’s administrative reviews did not include sufficient records to determine how staff concluded that sponsors were in compliance regarding fiscal matters, such as receipts and program expenses, and did not resolve the problems previously identified by the State agency, such as meal count issues.

<sup>26</sup> USDA FNS, *State Agency Monitor Guide: Summer Food Service Program* (May 2016).

<sup>27</sup> Within this finding, we provide examples to explain some of the noncompliance issues presented in Exhibit C. The State agency’s established review period was 1 month. OIG’s review of the selected sponsors’ 2016 records included documents, such as their July meal count records.

### *The State Agency Did Not Keep Sufficient Documentation from Administrative Reviews*

Generally, a complete reimbursable SFSP meal (e.g., breakfast, lunch, or supper) must contain specific food components, such as milk.<sup>28</sup> We found that one of the five sponsors we reviewed did not have enough milk receipts to support the total SFSP meals it claimed in 2016.<sup>29</sup> Without support for the meals' milk component, we determined that \$385,301 of the sponsor's reimbursements were unsupported. However, the State agency's administrative review did not detect this issue. According to State agency officials, they reviewed 1 month of records, filled out a milk count worksheet, and did not retain copies of the supporting documents because their 2016 review identified no issues.

Documentation from the State agency's review did not provide information to lead third-party reviewers to conclude that the sponsor's milk purchases complied with SFSP requirements. For example, during our review, the sponsor provided evidence to support over 15,000 servings of milk for its entire 2016 summer program. However, the State agency's milk count review form shows that the sponsor provided support for over 60,000 servings of milk for July 2016. Since State agency officials did not retain documentation to support their conclusion, we cannot determine what caused the discrepancy.

Additionally, documentation from the State agency's review did not provide information to lead third-party reviewers to conclude that the sponsor's receipts were not comingled with other sponsors or other Child Nutrition Programs. The sponsor provided us with receipts for over 8,000 servings of milk that had another operating sponsor's name printed on them.<sup>30</sup> The State agency told us it put the other, concurrently operating Child Nutrition Program on its review schedule due to these concerns. We maintain that, when the State agency conducts its review of the other sponsor, it should confirm that the other sponsor's costs, including its meal component purchases, are supported.

State agency officials told us that, in 2016, the sponsor provided different documentation to State reviewers. We could not verify what invoices or receipts—including costs or vendors—the sponsor provided to the State agency in 2016 because the State agency's practice is to retain support only when State agency reviewers identify issues. Because State agency staff records did not contain information to lead third-party reviewers to the State agency's conclusion that there were "no findings" in the program expenses section

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<sup>28</sup> 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.

<sup>29</sup> The sponsor was not an "offer versus serve" program. Another sponsor also did not provide us with documentation showing it purchased as many milks as meals claimed in 2016. However, we are not taking exception to its purchase of over 8,000 fewer milks than meals claimed because the sponsor was approved to use the "offer versus serve" policy at some sites. We could not determine whether the sites offered all components and children declined the milk in 2016.

<sup>30</sup> The sponsor provided us with receipts that had another, concurrently operating Child Nutrition Program's name on them. A sponsor official was listed as the administrative director for both SFSP and also the other summer program. We did not consider the receipts for the over 8,000 milk servings with the other sponsor's name on them as support for the SFSP costs.

of this sponsor's 2016 review, State agency staff's conclusions could not be supported. Further, the State agency cannot evaluate the performance of its staff to identify instances of noncompliance and provide training when necessary. We concluded that the State agency should ensure that it maintains adequate review documentation to support its determinations.

#### *State Agency Reviews Did Not Prevent Meal Count Issues from Recurring*

SFSP regulations require that sponsors maintain accurate records that justify all meals claimed. Our review of the sampled SFSP sponsors' daily meal count sheets for July 2016 identified net overclaims or underclaims by three sponsors. This occurred because the State agency did not ensure that its SFSP sponsors were always properly counting and consolidating meal claims for submission. Previous State agency reviews of these 3 SFSP sponsors identified meal count issues, but corrective actions were not sufficient to prevent a total of \$82,392 worth of count consolidation errors from recurring.

We determined that one SFSP sponsor underclaimed meals for July 2016 due to errors made when staff consolidated the meal counts, while a second sponsor overclaimed due to meal count consolidation errors. The third sponsor overclaimed meals for July 2016 because it lacked meal count forms for over 65 percent of meal services claimed. The State agency reviewed each of these SFSP sponsors in the summer of 2016. In two instances, corrective actions required by the State agency may not have taken effect by July because the State agency had not yet reported its results to the sponsors reviewed. In the third instance, the sponsor made a subsequent consolidation error when correcting a State agency-identified issue.

We concluded that the State agency should review the SFSP sponsors' meal claim records, remedy underpayments, and recover unsupported reimbursements, as applicable.

Since corrective actions from prior reviews (such as recommending second-party meal count processes and requiring claims to be revised) did not always fully resolve instances of noncompliance, the State agency should ensure that corrective actions address the underlying causes of the noncompliance issues. For example, to better prevent lost meal count forms, one sponsor transitioned its meal count procedures to a digital system for its 2017 operations.

#### *State Agency Reviews Did Not Identify Unallowable Costs*

In addition to the unallowable cost issues identified for new SFSP sponsors in Finding 1, we identified that two of the remaining three sponsors used \$27,063 in SFSP funds for unallowable costs in 2016. For example, a sponsor improperly charged a walk-in cooler to SFSP. Not only is such equipment unallowable under SFSP, the cooler was located at a non-SFSP site, but charged to SFSP because it was purchased in the summer.

Prior to 2017, the State agency's administrative reviews of selected SFSP sponsors found no unallowable costs for three of the four sponsors for which we identified

unallowable costs—the State agency identified approximately \$1,400 in unallowable costs for only one sponsor. This occurred because the State agency’s review scope validates 1 month of costs even though unallowable costs can occur throughout the summer.

While the State agency stated that it complied with FNS’ suggested guidance and reviewed the previous month of SFSP sponsor records, it did not expand the reviews to verify that all SFSP funds were used only for allowable SFSP expenses.<sup>31</sup> Since State agency officials did not retain documentation to support the SFSP expenses they validated, we could not resolve the discrepancy between the amounts they validated and unallowable costs we identified for the same months.

After we raised concerns regarding these SFSP sponsor compliance issues, the State agency conducted administrative reviews and declared sponsors *seriously deficient*. Because the State agency’s prior administrative reviews did not identify multiple issues identified through our review, we concluded that the State agency should strengthen its administrative reviews by establishing controls that will provide an audit trail. Such controls could help ensure that the State agency can identify SFSP sponsor noncompliance and record retention issues, as well as provide support to effectively monitor how well the State agency is performing these reviews.

We discussed these issues with State agency officials and they indicated that they were willing to improve. They emphasized, however, that their reviews complied with SFSP’s minimum requirements. They stated that they needed FNS guidance to develop detailed processes for evaluating financial management systems. They also told us that it would potentially require additional staff resources, including time and additional expertise. They explained that reviewers were primarily “generalists” who had varying levels of fiscal accountability experience and therefore lacked the knowledge needed to fully identify all issues of SFSP fiscal noncompliance.

We noted, however, that cost validations are already a component of the administrative review and that the State agency could expand its reviewer training on fiscal accountability requirements. By expanding its administrative review training to include additional fiscal training, the State agency can strengthen its administrative review process.

We concluded that FNS should ensure that the State agency strengthens its administrative reviews so that these reviews are capable of identifying sponsor noncompliance with SFSP requirements.

## **Recommendation 8**

Request the State agency to strengthen its guidance on how agency staff are to support conclusions made during administrative reviews. The guidance should include procedures to document what records or transactions they tested to verify the adequacy of sponsor processes or provide the basis for its staff’s conclusions that sponsors complied with SFSP regulations.

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<sup>31</sup> FNS guidance states all SFSP claims for the FY may be reviewed to verify a sponsor’s non-profit food service and to determine the extent of any noncompliance. USDA FNS, *State Agency Monitor Guide: Summer Food Service Program* (May 2016).

## **Agency Response**

FNS concurs with the recommendation. The FDACS will document support for findings and identify the accompanying protocol that documents the basis of review conclusion/decisions by review staff. In addition, the administrative review form will be amended to include an inventory documentation form, to show what documents were reviewed as part of the administrative review. The FDACS has purchased portable scanners to preserve documents that support review conclusions as needed for potential findings.

The estimated completion date is July 31, 2019.

## **OIG Position**

We accept FNS' management decision for this recommendation.

## **Recommendation 9**

Direct the State agency to review Sponsor [REDACTED] unsupported meal claims, which we identified as totaling \$385,301, and recover disallowed reimbursements, as applicable.

## **Agency Response**

FNS concurs with the recommendation. The FDACS reviewed Sponsor [REDACTED] unsupported meal claims for the 2016 SFSP. The FDACS identified, and will attempt to recover, unsupported meal claims totaling \$432,800.41. Additionally, Sponsor [REDACTED] has been notified that they have been found seriously deficient.

The estimated completion date is December 31, 2019.

## **OIG Position**

We accept FNS' management decision for this recommendation.

## **Recommendation 10**

Direct the State agency to complete its review of the sponsor whose milk receipts were commingled with Sponsor [REDACTED] and take action, as appropriate.

## **Agency Response**

FNS concurs with the recommendation. FNS will direct the FDACS to complete its review of the sponsor whose milk receipts were commingled with Sponsor [REDACTED] and take action, as appropriate. The FDACS has initiated, but not yet completed, its review [of] the sponsor whose milk receipts were commingled with Sponsor [REDACTED]

The estimated completion date is September 30, 2019.

### **OIG Position**

We accept FNS' management decision for this recommendation.

### **Recommendation 11**

Direct the State agency to review Sponsor [REDACTED] for its unsupported reimbursements based on meal count errors, which we identified as totaling \$80,806, and recover disallowed reimbursements, as applicable.

### **Agency Response**

FNS concurs with the recommendation. The FDACS reviewed Sponsor [REDACTED] unsupported meal claims for the 2016 SFSP. The FDACS identified, and will attempt to recover, unsupported meal claims totaling \$212,600.90. Additionally, Sponsor [REDACTED] has been notified that they have been found seriously deficient.

The estimated completion date is December 31, 2019.

### **OIG Position**

We accept FNS' management decision for this recommendation.

### **Recommendation 12**

Direct the State agency to review Sponsor [REDACTED] for its meal count errors that led to a net underclaim, which we identified as \$1,586, and remedy the underpayment, as applicable.

### **Agency Response**

FNS concurs with the recommendation. FNS will direct the FDACS to review Sponsor [REDACTED] using OIG's records, to determine if meal count errors led to a net underclaim, and remedy the underpayment, if applicable and as appropriate. If unallowable costs are confirmed, FDACS will follow-up accordingly to include appeal rights provided to the SFSP sponsor and attempt to recover unallowable costs from the SFSP sponsor.

The estimated completion date is September 30, 2019.

### **OIG Position**

We accept FNS' management decision for this recommendation.

### **Recommendation 13**

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

#### **Agency Response**

FNS concurs with the recommendation. FNS will direct the FDACS to implement procedures to ensure that SFSP sponsors' corrective actions adequately address the underlying cause of sponsors' noncompliance, and follow up to ensure the corrective actions are effective. The FDACS has promulgated administrative rules to ensure that SFSP sponsors' corrective actions adequately address the underlying cause of sponsors' noncompliance, and will follow up to ensure the corrective actions are effective.

The estimated completion date is December 31, 2019.

#### **OIG Position**

We accept FNS' management decision for this recommendation.

### **Recommendation 14**

Direct the State agency to review Sponsor [REDACTED] and [REDACTED] questioned costs, which we identified as totaling \$27,063, and replenish the disallowed costs to the program, as applicable.

#### **Agency Response**

FNS concurs with the recommendation. The FDACS reviewed Sponsor [REDACTED] questioned costs. The FDACS identified \$78,181.44 that was improperly coded for Child Nutrition Programs non-profit food service account. Sponsor [REDACTED] has corrected the improper object codes and replenished the \$46.50 in unallowable costs identified by the FDACS. The FDACS has initiated its review of the Sponsor [REDACTED] and will take appropriate corrective action based on the identified findings. If unallowable costs are confirmed, FDACS will follow-up accordingly to include appeal rights provided to the SFSP sponsor and attempt to recover unallowable costs from the SFSP sponsor.

The estimated completion date is September 30, 2019.

#### **OIG Position**

We accept FNS' management decision for this recommendation.

## **Recommendation 15**

Direct the State agency to review Sponsor [REDACTED] and [REDACTED] records of allowable costs to determine if they support their remaining adjusted 2016 reimbursements and replenish the disallowed costs to the program, as applicable.

### **Agency Response**

FNS concurs with the recommendation. The FDACS reviewed Sponsor [REDACTED] and [REDACTED] records of allowable cost to determine if they support their remaining adjusted 2016 reimbursements. The FDACS identified, and will attempt to recover, \$212,600.90 from Sponsor [REDACTED] and \$432,800.41 from Sponsor [REDACTED]. Both Sponsor [REDACTED] and [REDACTED] have been notified that they have been found seriously deficient.

The estimated completion date is December 31, 2019.

### **OIG Position**

We accept FNS' management decision for this recommendation.

## **Recommendation 16**

Direct the State agency to train its review staff on how to implement the above recommendations and expand its training on SFSP financial accountability requirements.

### **Agency Response**

FNS concurs with the recommendation. The FDACS has trained its staff on how to implement the above recommendations and has expanded its training on SFSP financial accountability requirements.

The final completion date was June 5, 2019.

### **OIG Position**

We accept FNS' management decision for this recommendation.

### Finding 3: The State Agency Should Strengthen its Enforcement of SFSP Site Requirements and Deter Inflated Meal Claims

During our 2017 site visits, we found that 4 of the 5 sponsors claimed reimbursement for meals that violated program requirements at 11 of the 25 sites. This occurred because SFSP sponsors did not follow SFSP requirements and the State agency review process was not robust enough to deter the submission of inflated meal claims. As a result, 80 percent of the meals at these 11 sites were questionable—totaling \$2,430 for just our site visit days.

The State agency reimburses SFSP sponsors based on the sponsors’ site meal counts. To be eligible for reimbursement, meals must be served with all required components and within approved meal times.<sup>32</sup> Non-reimbursable meals include meals claimed in excess of the number of children in attendance at the time of meal service.<sup>33</sup> The State agency must conduct site reviews to ensure compliance with SFSP regulations and disallow meals observed to be in violation or in excess.<sup>34</sup> Additionally, it is State agency policy to disallow meals that do not meet SFSP requirements.<sup>35</sup>

Based on observing meals during site visits and reconciling meal count forms for these sites, we determined that a total of 708 out of 883 meals (80 percent) for our site visit days were questionable and should not have been reimbursed (see Table 2).

**Table 2: Questioned Meals Identified by OIG’s 2017 Site Reviews**

	Number of Sites with Questionable Meals	Percentage of Questionable Meals
Sponsor [REDACTED]	2	100%
Sponsor [REDACTED]	3	55%
Sponsor [REDACTED]	1	5%
Sponsor [REDACTED]	5	100%
<b>TOTAL</b>	<b>11</b>	<b>80%</b>

We concluded that claimed meals violated SFSP requirements for a variety of reasons, such as: meals missing required food components (e.g., milk, bread, or fruits and vegetables); meals served outside of approved times (e.g., meals served 30-90 minutes early, or meal service not started until approximately 1-hour or later after the scheduled start time); inaccurate meal counts at point of service; and inflated meal counts. We also observed violations, such as: second meals served prior to first meals, 5 days of meal count forms unavailable at sites, and

<sup>32</sup> SFSP regulations require SFSP meals to include specific quantities of food components, such as fruits and vegetables, meat, and milk, as outlined in 7 C.F.R. § 225.6 and § 225.16(d)(1-3).

<sup>33</sup> FNS, Summer Meal Program Meal Service Requirements Q&As - Revised, Policy Memo No. SFSP 05-2015 (v.2) (Jan. 12, 2015); USDA FNS, Administration Guide, Summer Food Service Program (Mar. 2016); 7 C.F.R. § 225.11(e).

<sup>34</sup> 7 C.F.R. § 225.7(d)(2); 7 C.F.R. § 225.11(e).

<sup>35</sup> FDACS, *Meal Disallowances for the Summer Food Service Program (SFSP)* (Aug. 5, 2015).

misclassified sites. Exhibit D delineates the sites we deemed questionable, by category and sponsor.

For example, of the 11 sites where we questioned meals, we identified 3 sites that served meals that were ineligible because they lacked a full serving of all required meal components. One sponsor operated sites where children were served meals lacking the grain component and less than the required 8 ounces of milk (Figures 3 and 4, below).

**Figures 3 and 4 show meals we observed by two different sponsors. Figure 3 shows a reimbursable SFSP meal with a full serving of all meal components. Figure 4 shows a non-reimbursable SFSP meal lacking sufficient amounts of required components, such as milk.**

*Photos by OIG.*

Figure 3



Figure 4



Consequently, children at these sites did not receive nutritious and well-balanced meals, as intended by SFSP. In total, we questioned 270 of the sponsor's meals for this reason.

After our in-person site visits, we performed a review of meal count records for the meal services we observed, which revealed that a sponsor or sites were inflating meal counts for SFSP meals that we directly monitored. For example, one SFSP sponsor inflated counts and claimed excessive meals for all five sites we visited. During a visit to the sponsor's main site, we observed no children or meal service during the entire approved lunch time. Sponsor officials stated they did not know where the children were; they explained that perhaps the children were on a field trip. Nevertheless, this sponsor provided a meal form to the State agency that claimed over 100 meals for this meal service. At another of the sponsor's sites, we observed 11 children that received lunch;<sup>36</sup> however, this sponsor claimed over 70 meals for this meal service.

We discussed these discrepancies with the State agency, which then reviewed the sponsor and found significant deficiencies. The sponsor stated that it did not have sufficient time to review the meal count sheets before handing them over on the day of the review. The sponsor accepted that there were errors in the counts and made corrections to reduce its claims.

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<sup>36</sup> We arrived prior to the approved time and remained through the entire lunch service. We observed that the meal was served to the 11 children completely outside of the approved meal times.

Overall, we concluded that the SFSP sponsors claimed meals that should not have been reimbursed because the sponsors did not ensure site staff were knowledgeable of SFSP requirements and were able and willing to carry out program responsibilities.<sup>37</sup> We also maintain that the State agency should do more to deter this sort of sponsor behavior. State agency officials told us that they regularly provided technical assistance during site visits and kept a log of disallowed meals. However, the log the State agency provided us for 2016 did not demonstrate that site reviewers disallowed any meals, based on State agency site review observations.

Following our discussions with the State agency, the State agency reviewed sponsors' operations, disallowed meals, and declared both sponsors *seriously deficient*. State agency officials stated that they expand reviews when they appear merited and staff resources are available. However, previous State agency reviews did not always disallow non-reimbursable meals. We reviewed State agency site review forms for the five selected sponsors and found that, in 2016, State agency reviewers observed, but did not disallow, at least \$307 worth of meals that did not meet SFSP requirements.<sup>38</sup> We concluded that the State agency should enforce SFSP sponsor compliance by disallowing non-reimbursable meals.

We also noted that previous State agency reviews did not always expand when site reviews disclosed multiple issues nor ensure that corrective actions remained in effect. In 2016, the State agency conducted site reviews at the sponsor's sites. The State agency reviewer determined that this sponsor's sites were not serving the number of meals the sites were approved to serve and had, in fact, claimed to serve, the previous month. For example, in 2016, the State agency reviewer observed a site serve more than 10 meals when an average of over 100 meals per day had been claimed the previous month. The State agency reviewer required the sponsor to lower the number of meals allowed to be served by updating the site applications to reflect the actual participation at the site, but did not expand the review to include more site visits due to time constraints and because the required site review minimum had been met. The sponsor lowered the site's maximum attendance to three times the number that the State agency review had observed for the rest of the summer of 2016. In 2017, the sponsor raised the site's maximum attendance to triple the number of meals. In 2017, we found 52 excess meals claimed at the same site.

Additionally, a previous State agency site review and follow-up reviews at another sponsor's sites also identified multiple instances of noncompliance. The State agency required corrective actions, such as an updated site application, to reflect the actual participation at the site, but later retroactively approved the meal service level to be raised again.

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<sup>37</sup> 7 C.F.R. § 225.15(d)(1), FNS guidance, and State agency policy require SFSP sponsors to provide training. Based on sponsor documentation, the sponsors we reviewed did not ensure that 84 of their 154 total sites had trained site supervisors in 2016, as required.

<sup>38</sup> In 2016, the State agency conducted 27 site reviews at our sampled sponsors' sites. We identified that six of the State agency site review forms documented meals served at an unauthorized field trip or meals served outside the meal service time. None of the meals were disallowed during the site visits, even though notations on the forms indicated that at least 111 meals were questionable, non-reimbursable meals worth \$307. The State agency noted that although meals were served outside of approved times, the State agency reviewer was on-site during the meal service and observed other reimbursable meals being served and so did not disallow meals.

We concluded that, in these instances, the State agency's actions in 2016 did not prevent issues from recurring. In 2017, our SFSP site visits found similar problems. When we discussed why the State agency had approved more meals at these sites, State agency officials told us that it would be too burdensome to check whether approved SFSP meal service levels should be adjusted for all sites. However, we concluded the State agency should consider tracking specific sites for which it has required meal service maximums to be lowered, since this may be an indicator that sites are not meeting SFSP requirements. The State agency should require justifications if those specific sites submit requests to raise them again.

We concluded that enforcement of the meal disallowance policy can better prevent future SFSP violations. The State agency should improve its enforcement of SFSP requirements by sponsors and State agency reviewers to help ensure site compliance and the use of SFSP funds only for reimbursable meals. It can accomplish this by requiring SFSP sponsors to better supervise their staff and training State agency site review staff to disallow non-reimbursable meals in addition to providing technical assistance. The State agency should consider strengthening its oversight of sites where it has required the sponsors to lower meal service levels. Further, the State agency should confirm whether the sponsors received reimbursements for the questionable, non-reimbursable meals we identified, and recover these amounts from the sponsors, as applicable.

### **Recommendation 17**

Direct the State agency to train its State agency site review staff to disallow non-reimbursable meals in addition to providing technical assistance.

### **Agency Response**

FNS concurs with the recommendation. The FDACS has trained its site review staff to disallow non-reimbursable meals in addition to providing technical assistance. Under certain circumstances, the FDACS uses its judgment to allow collaborative compliance to help program sponsors avoid program violations if on-site technical assistance or immediate corrective action will resolve the issue.

The final completion date was June 5, 2019.

### **OIG Position**

We accept FNS' management decision for this recommendation.

### **Recommendation 18**

Direct the State agency to enforce meal disallowances, as required by SFSP regulations and State agency policies.

## **Agency Response**

FNS concurs with the recommendation. The FDACS has trained its site review staff to disallow non-reimbursable meals as required by SFSP regulations and FDACS policies.

The final completion date was June 5, 2019.

## **OIG Position**

We accept FNS' management decision for this recommendation.

## **Recommendation 19**

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

## **Agency Response**

FNS concurs with the recommendation. The FDACS will continue to require all sponsors to annually attend FDACS training and require that they train all administrative staff and site staff before they undertake their responsibilities.

The final completion date was January 18, 2019.

## **OIG Position**

We accept FNS' management decision for this recommendation.

## **Recommendation 20**

Direct the State agency to review and confirm whether the SFSP sponsors received \$2,430 for reimbursements for identified non-reimbursable meals. The State agency should recover any reimbursements paid to sponsors, as applicable.

## **Agency Response**

FNS concurs with the recommendation. FNS will direct the FDACS to review and confirm whether the SFSP sponsors received \$2,430 for reimbursements for identified non-reimbursable meals. Utilizing audit work papers that will be provided by OIG regarding specifically which sponsor, site, and meal type were identified as having questionable meals, the FDACS will review and confirm whether the SFSP sponsors received \$2,430 for reimbursements for

identified non-reimbursable meals. If unallowable costs are confirmed, FDACS will follow-up accordingly to include appeal rights provided to the SFSP sponsor and attempt to recover unallowable costs from the SFSP sponsor.

The estimated completion date is December 31, 2019.

### **OIG Position**

We accept FNS' management decision for this recommendation.

### **Recommendation 21**

Direct the State agency to review whether the SFSP sponsors received \$307 for reimbursements that should have been disallowed during State agency site reviews in 2016. The State agency should recover any reimbursements paid to sponsors, as applicable.

### **Agency Response**

FNS concurs with the recommendation. FNS will direct the FDACS to review whether the SFSP sponsors received \$307 for reimbursements that should have been disallowed during FDACS site reviews in 2016. Utilizing audit work papers that will be provided by OIG regarding specifically which sponsor, site, and meal type were identified as having disallowed meals, the FDACS will review and confirm whether the SFSP sponsors received \$307 for reimbursements that should have been disallowed during FDACS site reviews in 2016. If unallowable costs are confirmed, FDACS will follow-up accordingly to include appeal rights provided to the SFSP sponsor and attempt to recover unallowable costs from the SFSP sponsor.

The estimated completion date is December 31, 2019.

### **OIG Position**

We accept FNS' management decision for this recommendation.

### **Recommendation 22**

Advise the State agency of the best practice to strengthen its oversight of SFSP sites for which State agency reviewers have required the corrective action of lower meal service levels, such as tracking the specific sites where reviewers have required maximum meal service levels to be lowered and requiring justifications from sponsors or sites that request to raise them again.

### **Agency Response**

FNS concurs with the recommendation. The FDACS no longer utilizes Average Daily Attendance in its assessment of site Program compliance; however, the FDACS will complete a follow-up review of sites when the number of meals served as observed by the department is

significantly lower than the number of meals claimed by a site on a prior day of the current year as stated in Rule 5P-3, Florida Administrative Code.

The final completion date was May 2, 2019.

### **OIG Position**

We accept FNS' management decision for this recommendation.

## Section 2: Sponsor Controls

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### Finding 4: SFSP Sponsors Need to Improve Their Outreach Efforts

Although the State agency invested over \$3.3 million in outreach efforts from 2014 through 2017, we found that all five sponsors we reviewed could improve their outreach efforts. Specifically, these five sponsors did not consistently ensure that all sites complied with FNS requirements and guidance related to outreach, promote Summer BreakSpot effectively, or serve meals as announced in the State media campaign. This occurred because SFSP sponsors did not sufficiently monitor their site outreach efforts. As a result, the public did not receive accurate information about SFSP meal services and may not be aware of meal availability at local sites. Furthermore, low-income children who are eligible for SFSP may have missed meals when school was not in session.

The State agency, sponsors, and sites must take specific actions to inform the general public, potentially eligible households, and referral sources about SFSP.<sup>39</sup> SFSP sponsors and sites must display required nondiscrimination posters and inform potentially eligible participants of changes in the program. They must convey the message of equal opportunity in all graphics used to provide SFSP-related information. FNS guidance requires meals at sites categorized as open to be available to all children in the area on a first-come, first-served basis.<sup>40</sup> Further, these sites should have no barriers (such as locked doors) that could prevent children from receiving SFSP meals.<sup>41</sup>

The State agency made outreach an important priority through its Summer BreakSpot campaign. This campaign included multiple forms of advertising, as well as a public hotline that provided information about the nearest meal site locations, times, and dates. The State agency ensured that SFSP sponsors and sites received nondiscrimination posters. The State agency also provided extensive outreach resources, including vinyl banners, yard signs, stickers, and posters to sites and sponsors, free of charge.

We found, however, that despite these efforts, the SFSP sponsors and sites did not always do their part. During our fieldwork visits at 25 sites, we observed the following outreach-related issues, detailed in Table 3.

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<sup>39</sup> USDA FNS, *Civil Rights Compliance and Enforcement: Nutrition Programs and Activities*, FNS Instruction 113-1 (Nov. 8, 2005).

<sup>40</sup> Sites can also be categorized as “restricted open,” when attendance is limited for safety or control reasons, or “closed enrolled,” where only specified groups of children are served. USDA FNS, *Administration Guide, Summer Food Service Program* (Mar. 2016).

<sup>41</sup> USDA FNS, *State Agency Monitor Guide: Summer Food Service Program* (May 2016).

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**Table 3: Outreach Issues by Sponsor**

	Sponsor A	Sponsor B	Sponsor C	Sponsor D	Sponsor E	Total
Sites without a required nondiscrimination poster			1		3	4
Open sites with other signage issues	3	3	3	1	4	14
Open sites that restricted public entry		1	1		1	3
Open sites turning away unenrolled children				1		1
Number of sites not serving within advertised times		2	2		3	7

For the State agency’s outreach effort to have the most effect, SFSP sponsors must improve how they oversee site-level outreach. In order to ensure sponsors improve these outreach efforts, the State agency should enhance its training on outreach and strengthen its monitoring during site reviews.

*Sites Without Required Nondiscrimination Posters*

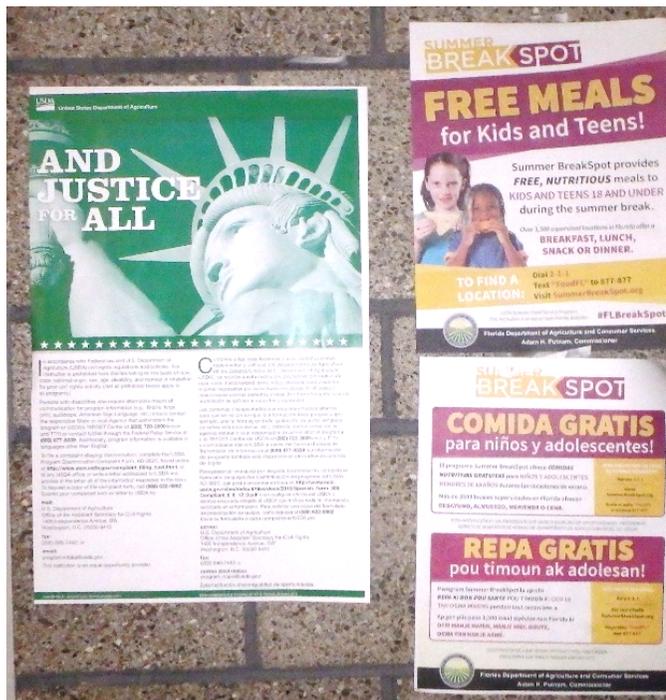
Although the State agency distributed “And Justice for All” nondiscrimination posters, as shown in Figure 5, we found that two sponsors—at four sites, total—did not ensure their sites displayed the poster in a prominent place, as required. These posters are intended to inform the public that institutions participating in SFSP are prohibited from discriminating based on race, color, national origin, sex, age, or disability.<sup>42</sup>

SFSP sponsor officials were aware of the requirements and stated that they had a system in place to ensure that each site displayed posters. However, during our site visits, site officials stated that sponsors either did not provide the “Justice for All” poster, or that the site had simply not posted it.

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<sup>42</sup> The nondiscrimination poster also includes information related to the Civil Rights Act of 1964 that offers protection against discrimination, as well as instructions for filing complaints with USDA.

**Figure 5 shows a required nondiscrimination poster appropriately displayed at an SFSP site, as well as Summer Breakspot posters.**  
*Photo by OIG.*



*Sites Lacked Signs and Restricted Public Entry*

FNS encourages open sites to display banners that publicize that SFSP meal services are open and available to the public, such as posting “Florida Summer BreakSpot” signs.<sup>43</sup> To assist SFSP sponsors in this outreach, the State agency provides extensive outreach resources to sponsors free of charge.

However, we found that all five sponsors reviewed (at 14 open sites) did not ensure all of their sites clearly identified that SFSP meals were available to all children in the area. Specifically, we observed:

- No exterior signs to notify the public about summer meal service at eight of the open sites; and
- Exterior signs about summer programs at six open sites that did not specify that the meal service was open to all area-eligible children and not restricted to children enrolled in the site’s program. These signs did not make it clear that all children in the area would be fed, regardless of whether they participate in other activities at the site.

<sup>43</sup> FNS Policy Memo SFSP 05-2017, *Summer Food Service Program Questions and Answers*, Dec. 1, 2016.

Without SFSP outreach signs, the public may not have been aware that these SFSP sites existed in their neighborhoods and that all eligible children could receive free SFSP meals.

Additionally, three of the unmarked, open sites also restricted public entry due to locked doors or gates. SFSP open sites should have no barriers (such as locked doors) that could prevent children from receiving SFSP meals. However, at one unmarked open site, the audit team arrived at the approved meal time and attempted to enter the site only to find it locked. We gained entry only after ringing the doorbell and knocking for several minutes.

At a different open site, the State agency had only provided us an address for a large office building, but no suite number. After searching another building in the complex, we found a directory with the site name and suite number. After finding the correct door, we determined that there were no signs and that the door was locked. We knocked, but the door remained unanswered and locked. The audit team was eventually able to enter the site through an unmarked, rear loading dock after noticing children being dropped off there. We concluded that the public would find it difficult to locate and enter this site.

#### *Sites Turned Away Children and Did Not Serve at Advertised Times*

Through its BreakSpot hotline number, the State agency refers the public to the nearest open site locations and provides necessary dates and times. Sponsors can submit requests for changes to site operations throughout the summer and the system updates when the State agency approves changes. However, one sponsor erroneously listed a site as “open” when, in fact, it was closed. As a result, this site was turning away children by referring them to other open sites in the area.<sup>44</sup> Children who arrived at this site may not have received a meal at all if they did not have the means to visit another site.

Further, seven sites operated by two sponsors were not serving meals within the approved times advertised by the State agency referral system. Instead, they served meals up to 2 hours late in some instances.<sup>45</sup> Since the public relies on information in the State agency’s data system to be accurate, children arriving at the approved mealtimes could have less time to participate in the meal service, miss the meal service entirely, or experience other meal timing issues, such as lengthy waits.

While occasional delivery issues may be unavoidable, one SFSP site official told us that deliveries to that site were routinely late. Officials at other sites told us that the information in the State agency’s data system was not accurate. When we discussed the meal time issues with SFSP sponsors, they told us that meal deliveries are occasionally late due to traffic, weather, or problems with the delivery route. They also acknowledged

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<sup>44</sup> Open sites are sites at which meals are made available to all children in the area on a first-come, first-served basis. Sponsors of open sites must take the necessary steps to allow meal service access to all children requesting a meal at those sites. USDA FNS, *Administration Guide, Summer Food Service Program* (Mar. 2016).

<sup>45</sup> We arrived at least 90 minutes prior to meal time and observed the full meal service at 2 sites per sponsor (10 total sites). We arrived prior to or during the meal service times to confirm operations at 3 sites per sponsor (15 total sites).

that there was a process in place to update meal times in the State agency's data system and that they have the ability to do so, based on feedback from SFSP sites.

When we discussed the meal time issues with the State agency, State agency officials said that if they see that SFSP sites served an otherwise compliant meal outside of mealtime, they would not disallow the meals because it goes against the purpose of the program, which is to feed children. State agency officials told us that they regularly provided technical assistance during site visits. They said that they instruct sponsors to contact the State agency to communicate the barriers to providing meals within the meal service time. When we reviewed the prior year site reviews, we found that five reviews showed that meals were served outside of approved meal service times. Three of the five reviews included corrective actions or technical assistance and none disallowed the meals served outside of approved times.

To support improvements to SFSP sponsor outreach efforts at sites, we determined the State agency should provide additional sponsor training on SFSP site-level outreach. The State agency should also strengthen its enforcement actions during site reviews, as discussed in Finding 3.

We also determined that the State agency should better monitor site outreach by enhancing or improving its SFSP site review tools. For instance, we identified that the State agency conducted a site review in 2017 at one of the sites we identified as not displaying a nondiscrimination poster. The form includes a question about whether a poster is displayed in a prominent place, but the reviewer did not record an answer. To aid monitoring and identification of potentially recurring issues, the State agency should ensure that all SFSP site review questions are answered. We concluded the State agency should also consider adding additional questions related to outreach to its site review tool, querying whether open sites are identifiable as SFSP sites from the exterior.

## **Recommendation 23**

Request the State agency to consider taking additional actions to ensure that SFSP sponsors make it clearer to the public that meals at their sites are available to all children residing in the area.

## **Agency Response**

FNS concurs with the recommendation. The FDACS included outreach training for SFSP sponsors at its annual required training in January 2019. The training provided guidance, requirements and direction on all outreach and advertising activities. The FDACS uses its Summer Administrative Funds (SAF) to provide sponsors with Program outreach and advertising to promote SFSP throughout the state at no charge. This includes flyers, posters, yard signs and banners to identify sites and ensure site locations have signage and materials to make it clear to the public that free meals are available to children. The FDACS also promotes site locations through radio advertising, TV commercials, digital media buys, billboards, texting, mobile app, website, 211 referral services, and more. The FDACS has a mobile app and website that is powered by Google Maps API and the Florida Automated Nutrition System (FANS). The

mobile app updates site locations on a daily based [sic] from the information provided by sponsors in FANS. Sponsors are encouraged to ensure their site details are correct in FANS so that it displays correctly on the mobile application and website. The FDACS believes sufficient outreach is provided on behalf of its sponsors to meet the requirements for Public Notification in FNS 113-1.

The final completion date was January 15, 2019.

### **OIG Position**

We accept FNS' management decision for this recommendation.

### **Recommendation 24**

Direct the State agency to improve monitoring for “And Justice for All” poster display by ensuring that all questions are answered on the site review tool.

### **Agency Response**

FNS concurs with the recommendation. The FDACS has trained its site review staff to improve monitoring for “And Justice for All” poster display by ensuring that all questions are answered on the site review tool.

The final completion date was June 5, 2019.

### **OIG Position**

We accept FNS' management decision for this recommendation.

## Scope and Methodology

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We conducted an audit of Florida’s administration of SFSP. The scope of our audit work covered program activities from FY 2014 through 2016 and included site observations conducted from June through August 2017. Due to the implementation of a new State data system for SFSP, our audit also covered 2017 applications. We began fieldwork at the FDACS (State agency) office in Tallahassee, Florida, and visited 5 sponsors and 25 sites (10 full site visits and 15 confirmation site visits). We began field work in May 2017.

From FY 2014 to 2016, sponsors operating SFSP sites in Florida received over \$103 million in reimbursements. We identified the five sponsors to observe in 2017, based on 2016 sponsor information. In FY 2016, 153 sponsors operated 4,206 sites in Florida and received over \$40.9 million in reimbursements. We non-statistically selected 5 of the 153 sponsors based on 2016 reimbursement amounts, sponsor types, site types, and food service operations.<sup>46</sup> Ultimately, we non-statistically selected one sponsor from each of the following categories:

- Sponsor [REDACTED] a school food authority;
- Sponsor [REDACTED] a non-profit sponsor that had at least one rural, open site;
- Sponsor [REDACTED] a non-profit sponsor that had at least one urban, open site;
- Sponsor [REDACTED] a non-profit sponsor that had at least one vended, open site; and
- Sponsor [REDACTED] a non-profit sponsor that had at least one self-prepared, open site.

In total, our five selected sponsors received over \$3.8 million in reimbursements, from 2014 to 2016.<sup>47</sup>

We selected five sites from each SFSP sponsor for field visits. Specifically, we selected the two open sites that received the highest reimbursements in 2016—that the sponsor was also operating in 2017—for full site visits to observe complete meal services. We then selected three sites for limited site visits to confirm if those sites were operational. We selected the three sites based on proximity and information in the State agency’s data system that indicated they were operational at the time of our fieldwork. Confirmation site visits occurred during SFSP meal service times indicated by the State agency’s data system.

To accomplish our audit objectives, we:

- Reviewed applicable laws, regulations, and Federal and State policies and procedures concerning SFSP;
- Developed three checklists that included specific procedures to assess State administration and sponsor and site compliance with SFSP guidelines;
- Interviewed State agency officials regarding their administration of SFSP and oversight of sponsors and sites;

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<sup>46</sup> We limited sponsor types to one school food authority and four non-profits with at least one open site; site types included rural or urban, and food service operations included vended or self-prepared.

<sup>47</sup> The 5 selected sponsors operated 154 sites and received over \$1.7 million in reimbursements in 2016.

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- Reviewed and assessed State records and supporting documentation, such as sponsor/site SFSP applications and State agency administrative reviews for selected SFSP sponsors;
- Interviewed selected sponsors' staff regarding their administration and oversight of SFSP;
- Visited sponsor central kitchens and sites and observed SFSP meal preparation;
- Conducted site visits and observed site SFSP meal services;
- Interviewed selected sites' staff regarding their administration of SFSP meal services; and
- 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 data system, including site application revision histories, we make no overall representation regarding the adequacy of this system or the information generated from it because evaluating the effectiveness of the information system and its controls was not one of the audit objectives.

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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Abbreviations

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C.F.R.	Code of Federal Regulations
FDACS	Florida Department of Agriculture and Consumer Services (State agency)
FNS	Food and Nutrition Service
FY	fiscal year
OIG	Office of Inspector General
SFSP	Summer Food Service Program
USDA	U.S. Department of Agriculture

## Exhibit A: Summary of Monetary Results

Exhibit A summarizes the monetary results for our audit report, by finding and recommendation. The table below displays questioned costs as the result of our audit work.

Finding	Recommendation	Description	Category	Amount
2	9	Unsupported SFSP Reimbursements to Sponsor █	Unsupported Costs, Recovery Recommended	\$385,301
2	11	Unsupported SFSP Reimbursements to Sponsor █	Unsupported Costs, Recovery Recommended	\$80,806
2	12	Underpayment to Sponsor █	Other: Underpayments and Overcollections	\$1,586
2	14	Unallowable/Questionable SFSP Costs by Sponsors █ and █	Questioned Costs, Recovery Recommended	\$27,063
3	20	Questionable SFSP reimbursements based on non-reimbursable meals claimed for 2017	Questioned Costs, Recovery Recommended	\$2,430
3	21	Questionable SFSP reimbursements based on non-reimbursable meals claimed for 2016	Questioned Costs, Recovery Recommended	\$307
<b>Total Monetary Results</b>				<b>\$497,493</b>

## **Exhibit B: Sampled State Agency, Sponsor, and Site Visit Locations**

This exhibit shows the name and location of the State agency office and all SFSP sponsors and sites visited.

NAME	LOCATION
Florida Department of Agriculture and Consumer Services	Tallahassee, Florida
<b>Sponsor A</b> Site A1, Site A2, Site A3, Site A4, Site A5 <b>Sponsor B</b> Site B1, Site B2, Site B3, Site B4, Site B5 <b>Sponsor C</b> Site C1, Site C2, Site C3, Site C4, Site C5 <b>Sponsor D</b> Site D1, Site D2, Site D3, Site D4, Site D5 <b>Sponsor E</b> Site E1, Site E2, Site E3, Site E4, Site E5	[REDACTED] Florida  [REDACTED] Florida  [REDACTED] Florida  [REDACTED] Florida  [REDACTED] Florida

## Exhibit C: Sampled Sponsor Noncompliance Issues

This exhibit summarizes noncompliance issues we identified for the five sampled Florida SFSP sponsors.

No.	Issue					
1	Financial management system did not demonstrate all minimum requirements established in FNS Instruction. <sup>48</sup>	X	X	X	X	X
2	Unallowable/questionable costs	X	X	X	X	X
3	Unsupported reimbursements—insufficient milk to support meals claimed					X
4	Documents not retained			X	X	X
5	Unsupported reimbursements—meal claim consolidation errors		X	X		X
6	Significant level of meal count red flags			X	X	X
7	Improper tracking of unused reimbursements/inaccurate “Program Income Excess Funds” form	X	X	X	X	X
8	Site training deficiencies	X	X	X	X	X

<sup>48</sup> FNS Instruction 796-4 Rev. 4 *Financial Management—Summer Food Service Program for Children* (Apr. 14, 1994).

## Exhibit D: Site Noncompliance Issues

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This exhibit summarizes noncompliance issues we identified at the five sampled Florida SFSP sponsors' sites.

Noncompliance Issue	Total
Meals missing required food components (such as milk, bread, or fruits and vegetables)	3
Meal service outside of approved times	7
Inflated meal counts	5
Inaccurate meal counts at point of service	4
Second meals served prior to first meals	2
Five days of meal count forms unavailable at sites	6
Misclassified site	1
<b>Total</b>	<b>28</b>

## Exhibit E: Interim Report

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Copies of Audit Report 27004-0001-31(1), *Florida's Controls Over Summer Food Service Program—Interim Report*, issued September 2017, are available on the OIG website at [https://www.usda.gov/oig/webdocs/27004-0001-31\(1\).pdf](https://www.usda.gov/oig/webdocs/27004-0001-31(1).pdf).



**AGENCY'S  
RESPONSE TO AUDIT REPORT**





**United States  
Department of  
Agriculture**

Food and  
Nutrition  
Service

3101 Park  
Center Drive

Alexandria, VA  
22302-1500

DATE: July 11, 2019

AUDIT  
NUMBER: 27004-0001-31

TO: Gil H. Harden  
Assistant Inspector General for Audit

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

SUBJECT: Florida's Controls Over Summer Food Service Program

This letter responds to the official draft report for audit number 27004-0001-31, Florida's Controls Over Summer Food Service Program. Specifically, the Food and Nutrition Service (FNS) is responding to the 24 recommendations in the report.

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

In working with the Florida Department of Agriculture and Consumer Services (FDACS) to prepare for some of the recommendations pertaining to FDACS improving its Administrative Review (AR) process, the State agency 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 ensure SFSP sponsors fully address all application questions before the State agency approves their applications.

**FNS Response:**

FNS concurs with the recommendation. The FDACS has updated its standard operating procedures for approving summer applications to ensure SFSP sponsors fully address all application questions before their applications are approved. The FDACS has trained its staff on the updated procedures, which will be reviewed and enhanced as needed, but not less than annually. Based on our review of the FDACS' supporting documentation (provided to OIG under a separate cover), we are requesting closure of this recommendation upon issuance of the final report.

**Estimated Completion Date:**

Complete as of February 18, 2019

**OIG Recommendation 2:**

Direct the State agency to test and verify its data system enhancement to prevent retroactive site approvals.

**FNS Response:**

FNS concurs with the recommendation. FNS will direct the FDACS to test and verify that the enhancement to its data system prevents retroactive site approvals.

**Estimated Completion Date:**

September 30, 2019

**OIG Recommendation 3:**

Direct the State agency to test whether retroactive site approvals occurred with any other SFSP sponsors prior to implementation of the data system enhancement. If retroactive site approvals are identified, take the appropriate corrective actions.

**FNS Response:**

FNS concurs with this recommendation, but due to the extensive labor and costs associated with completing this testing, FNS believes it should be for a limited time period only. The time and resources that would be required to complete the recommended action for all current SFSP sponsors would place an undue burden on the FDACS's personnel as they are fully engaged with ensuring the integrity of current program operations.

FNS will direct the FDACS to test whether retroactive site approvals occurred with any SFSP sponsors in fiscal year 2019. If retroactive site approvals are identified, the FDACS will take the appropriate corrective actions.

**Estimated Completion Date:**

September 30, 2019

**OIG Recommendation 4:**

Direct the State agency to consistently implement its standard operating procedures for SFSP site application reviews by ensuring staff obtain adequate justifications for close proximities and for why sites are not classified as open, and ensuring that summer school sites are open sites.

**FNS Response:**

FNS concurs with the recommendation. The FDACS has updated its standard operating procedures for SFSP site application reviews to ensure staff obtain adequate justifications for sites in close proximity, adequate justifications for why sites are not classified as open, and ensure SFSP schools with academic summer school programs are open sites. The FDACS has also trained its staff on the updated procedures, which will be reviewed and enhanced as needed, but no less than annually. Based on our review of the FDACS' supporting documentation (provided to OIG under a separate cover), we are requesting closure of this recommendation upon issuance of the final report.

**Estimated Completion Date:**

Complete as of February 18, 2019

**OIG Recommendation 5:**

Direct the State agency to update its standard operating procedures for site application reviews so that staff verify SFSP sponsors implement proposed changes and provide acceptable justifications before site applications are approved.

**FNS Response:**

FNS concurs with the recommendation. The FDACS has updated its standard operating procedures for site application reviews so that staff verify SFSP sponsors implement proposed changes and provide acceptable justifications before site applications are approved. The FDACS has also trained its staff on the updated procedures, which will be reviewed and enhanced as needed, but no less than annually. Based on our review of the FDACS' supporting documentation (provided to OIG under a separate cover), we are requesting closure of this recommendation upon issuance of the final report.

**Estimated Completion Date:**

Complete as of February 18, 2019

**OIG Recommendation 6:**

Advise the State agency on best practices to ensure that SFSP sponsors have the financial and administrative capability necessary to operate their sites and, if applicable, expand their programs.

**FNS Response:**

FNS concurs with the recommendation. FNS acknowledges that FDACS' current procedures for evaluating sponsors financial and administrative capability meet the outlined regulatory requirements; however, FNS will encourage the FDACS, as a best practice, to continue developing procedures to ensure that SFSP sponsors have the financial and administrative capabilities to necessary to operate their sites. We will also encourage States' exchange as a best practice.

The FDACS contracted with a Certified Public Accountant (CPA) firm for Financial Risk Mitigation Services for SFSP. The CPA firm advised the FDACS on practices to ensure SFSP sponsor financial and administrative responsibility, which has been promulgated in an administrative rule. In addition, the FDACS requested and received several new full-time positions in State Fiscal Year 2019-2020 to focus on fiscal accountability and program integrity in the SFSP and all other federal nutrition programs administered by the FDACS. Based on the actions described above and our review of the FDACS'

supporting documentation (provided to OIG under a separate cover), we are requesting closure of this recommendation upon issuance of the final report.

**Estimated Completion Date:**

Complete as of May 2, 2019

**OIG Recommendation 7:**

Direct the State agency to provide its staff with training on the enhanced application procedures addressing concerns we identified on SFSP site applications.

**FNS Response:**

FNS concurs with the recommendation. The FDACS has trained its staff on all enhanced application procedures that address the concerns identified on SFSP site applications. These enhanced procedures will be reviewed as needed, but no less than annually. Based on our review of the FDACS' supporting documentation (provided to OIG under separate cover), we are requesting closure of this recommendation upon issuance of the final report.

**Estimated Completion Date:**

Complete as of February 18, 2019

**OIG Recommendation 8:**

Request the State agency to strengthen its guidance on how agency staff are to support conclusions made during administrative reviews. The guidance should include procedures to document what records or transactions they tested to verify the adequacy of sponsor processes or provide the basis for its staff's conclusions that sponsors complied with SFSP regulations.

**FNS Response:**

FNS concurs with the recommendation. The FDACS will document support for findings and identify the accompanying protocol that documents the basis of review conclusion/decisions by review staff. In addition, the administrative review form will be amended to include an inventory documentation form, to show what documents were reviewed as part of the administrative review. The FDACS has purchased portable scanners to preserve documents that support review conclusions as needed for potential findings.

**Estimated Completion Date:**

July 31, 2019

**OIG Recommendation 9:**

Direct the State agency to review Sponsor [REDACTED] unsupported meal claims, which we identified as totaling \$385,301, and recover disallowed reimbursements, as applicable.

**FNS Response:**

FNS concurs with the recommendation. The FDACS reviewed Sponsor [REDACTED] unsupported meal claims for the 2016 SFSP. The FDACS identified, and will attempt to recover, unsupported meal claims totaling \$432,800.41. Additionally, Sponsor [REDACTED] has been notified that they have been found seriously deficient (supporting documentation provided to OIG under separate cover).

**Estimated Completion Date:**

December 31, 2019

**OIG Recommendation 10:**

Direct the State agency to complete its review of the sponsor whose milk receipts were commingled with Sponsor [REDACTED] and take action, as appropriate.

**FNS Response:**

FNS concurs with the recommendation. FNS will direct the FDACS to complete its review of the sponsor whose milk receipts were commingled with Sponsor [REDACTED] and take action, as appropriate. The FDACS has initiated, but not yet completed, its review the sponsor whose milk receipts were commingled with Sponsor [REDACTED]

**Estimated Completion Date:**

September 30, 2019

**OIG Recommendation 11:**

Direct the State agency to review Sponsor [REDACTED] for its unsupported reimbursements based on meal count errors, which we identified as totaling \$80,806, and recover disallowed reimbursements, as applicable.

**FNS Response:**

FNS concurs with the recommendation. The FDACS reviewed Sponsor [REDACTED] unsupported meal claims for the 2016 SFSP. The FDACS identified, and will attempt to recover, unsupported meal claims totaling \$212,600.90. Additionally, Sponsor [REDACTED] has been notified that they have been found seriously deficient (supporting documentation provided to OIG under separate cover).

**Estimated Completion Date:**

December 31, 2019

**OIG Recommendation 12:**

Direct the State agency to review Sponsor [REDACTED] for its meal count errors that led to a net underclaim, which we identified as \$1,586, and remedy the underpayment, as applicable.

**FNS Response:**

FNS concurs with the recommendation. FNS will direct the FDACS to review Sponsor [REDACTED] using OIG's records, to determine if meal count errors led to a net underclaim, and remedy the underpayment, if applicable and as appropriate. If unallowable costs are confirmed, FDACS will follow-up accordingly to include appeal rights provided to the SFSP sponsor and attempt to recover unallowable costs from the SFSP sponsor.

**Estimated Completion Date:**

September 30, 2019

**Recommendation 13:**

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

**FNS Response:**

FNS concurs with the recommendation. FNS will direct the FDACS to implement procedures to ensure that SFSP sponsors' corrective actions adequately address the underlying cause of sponsors' noncompliance, and follow up to ensure the corrective actions are effective. The FDACS has promulgated administrative rules (supporting documentation provided to OIG under a separate cover) to ensure that SFSP sponsors'

corrective actions adequately address the underlying cause of sponsors' noncompliance, and will follow up to ensure the corrective actions are effective.

**Estimated Completion Date:**

December 31, 2019

**Recommendation 14:**

Direct the State agency to review Sponsor [REDACTED] and [REDACTED] questioned costs, which we identified as totaling \$27,063, and replenish the disallowed costs to the program, as applicable.

**FNS Response:**

FNS concurs with the recommendation. The FDACS reviewed Sponsor [REDACTED] questioned costs. The FDACS identified \$78,181.44 that was improperly coded for Child Nutrition Programs non-profit food service account. Sponsor [REDACTED] has corrected the improper object codes and replenished the \$46.50 in unallowable costs identified by the FDACS. The FDACS has initiated its review of the Sponsor [REDACTED] and will take appropriate corrective action based on the identified findings. If unallowable costs are confirmed, FDACS will follow-up accordingly to include appeal rights provided to the SFSP sponsor and attempt to recover unallowable costs from the SFSP sponsor.

**Estimated Completion Date:**

Complete as of May 9, 2019 (Sponsor [REDACTED])  
September 30, 2019 (Sponsor [REDACTED])

**Recommendation 15:**

Direct the State agency to review Sponsor [REDACTED] and [REDACTED] records of allowable cost to determine if they support their remaining adjusted 2016 reimbursements and replenish the disallowed costs to the program, as applicable.

**FNS Response:**

FNS concurs with the recommendation. The FDACS reviewed Sponsor [REDACTED] and [REDACTED] records of allowable cost to determine if they support their remaining adjusted 2016 reimbursements. The FDACS identified, and will attempt to recover, \$212,600.90 from Sponsor [REDACTED] and \$432,800.41 from Sponsor [REDACTED]. Both Sponsor [REDACTED] and [REDACTED] have been notified that they have been found seriously deficient (supporting documentation provided to OIG under separate cover).

**Estimated Completion Date:**

December 31, 2019

**Recommendation 16:**

Direct the State agency to train its review staff on how to implement the above recommendations and expand its training on SFSP financial accountability requirements.

**FNS Response:**

FNS concurs with the recommendation. The FDACS has trained its staff on how to implement the above recommendations and has expanded its training on SFSP financial accountability requirements. Based on our review of the FDACS' supporting documentation (provided to OIG under a separate cover), we are requesting closure of this recommendation upon issuance of the final report.

**Estimated Completion Date:**

Complete as of June 4-5, 2019

**Recommendation 17:**

Direct the State agency to train its State agency site review staff to disallow non-reimbursable meals in addition to providing technical assistance.

**FNS Response:**

FNS concurs with the recommendation. The FDACS has trained its site review staff to disallow non-reimbursable meals in addition to providing technical assistance. Under certain circumstances, the FDACS uses its judgment to allow collaborative compliance to help program sponsors avoid program violations if on-site technical assistance or immediate corrective action will resolve the issue. Based on our review of the FDACS' supporting documentation (provided to OIG under a separate cover), we are requesting closure of this recommendation upon issuance of the final report.

**Estimated Completion Date:**

Complete as of June 4-5, 2019

**Recommendation 18:**

Direct the State agency to enforce meal disallowances as required by SFSP regulations and State agency policies.

**FNS Response:**

FNS concurs with the recommendation. The FDACS has trained its site review staff to disallow non-reimbursable meals as required by SFSP regulations and FDACS policies. Based on our review of the FDACS' supporting documentation (provided to OIG under a separate cover), we are requesting closure of this recommendation upon issuance of the final report.

**Estimated Completion Date:**

Complete as of June 4-5, 2019

**Recommendation 19:**

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

**FNS Response:**

FNS concurs with the recommendation. The FDACS will continue to require all sponsors to annually attend FDACS training and require that they train all administrative staff and site staff before they undertake their responsibilities. Based on our review of the FDACS' supporting documentation, including power point slides from the training (provided to OIG under a separate cover), we are requesting closure of this recommendation upon issuance of the final report.

**Estimated Completion Date:**

Complete as of January 18, 2019

**Recommendation 20:**

Direct the State agency to review and confirm whether the SFSP sponsors received \$2,430 for reimbursements for identified non-reimbursable meals. The State agency should recover any reimbursements paid to sponsors, as applicable.

**FNS Response:**

FNS concurs with the recommendation. FNS will direct the FDACS to review and confirm whether the SFSP sponsors received \$2,430 for reimbursements for identified non-reimbursable meals. Utilizing audit work papers that will be provided by OIG regarding specifically which sponsor, site, and meal type were identified as having questionable meals, the FDACS will review and confirm whether the SFSP sponsors received \$2,430 for reimbursements for identified non-reimbursable meals. If unallowable costs are confirmed, FDACS will follow-up accordingly to include appeal rights provided to the SFSP sponsor and attempt to recover unallowable costs from the SFSP sponsor.

**Estimated Completion Date:**

December 31, 2019

**Recommendation 21:**

Direct the State agency to review whether the SFSP sponsors received \$307 for reimbursements that should have been disallowed during State agency site reviews in 2016. The State agency should recover any reimbursements paid to sponsors, as applicable.

**FNS Response:**

FNS concurs with the recommendation. FNS will direct the FDACS to review whether the SFSP sponsors received \$307 for reimbursements that should have been disallowed during FDACS site reviews in 2016. Utilizing audit work papers that will be provided by OIG regarding specifically which sponsor, site, and meal type were identified as having disallowed meals, the FDACS will review and confirm whether the SFSP sponsors received \$307 for reimbursements that should have been disallowed during FDACS site reviews in 2016. If unallowable costs are confirmed, FDACS will follow-up accordingly to include appeal rights provided to the SFSP sponsor and attempt to recover unallowable costs from the SFSP sponsor.

**Estimated Completion Date:**

December 31, 2019

**Recommendation 22:**

Advise the State agency of the best practice to strengthen its oversight of SFSP sites for which State agency reviewers have required the corrective action of lower meal service

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levels, such as tracking the specific sites where reviewers have required maximum meal service levels to be lowered and requiring justifications from sponsors or sites that request to raise them again.

**FNS Response:**

FNS concurs with the recommendation. The FDACS no longer utilizes Average Daily Attendance in its assessment of site Program compliance; however, the FDACS will complete a follow-up review of sites when the number of meals served as observed by the department is significantly lower than the number of meals claimed by a site on a prior day of the current year as stated in Rule 5P-3, Florida Administrative Code. Based on our review of the FDACS' supporting documentation (provided to OIG under a separate cover), we are requesting closure of this recommendation upon issuance of the final report.

**Estimated Completion Date:**

Complete as of May 2, 2019

**Recommendation 23:**

Request the State agency to consider taking additional actions to ensure that SFSP sponsors make it clearer to the public that meals at their sites are available to all children residing in the area.

**FNS Response:**

FNS concurs with the recommendation. The FDACS included outreach training for SFSP sponsors at its annual required training in January 2019. The training provided guidance, requirements and direction on all outreach and advertising activities. The FDACS uses its Summer Administrative Funds (SAF) to provide sponsors with Program outreach and advertising to promote SFSP throughout the state at no charge. This includes flyers, posters, yard signs and banners to identify sites and ensure site locations have signage and materials to make it clear to the public that free meals are available to children. The FDACS also promotes site locations through radio advertising, TV commercials, digital media buys, billboards, texting, mobile app, website, 211 referral services, and more. The FDACS has a mobile app and website that is powered by Google Maps API and the Florida Automated Nutrition System (FANS). The mobile app updates site locations on a daily based from the information provided by sponsors in FANS. Sponsors are encouraged to ensure their site details are correct in FANS so that it displays correctly on the mobile application and website. The FDACS believes sufficient outreach is provided on behalf of its sponsors to meet the requirements for Public

Notification in FNS 113-1. Based on our review of the FDACS' supporting documentation (provided to OIG under a separate cover), we are requesting closure of this recommendation upon issuance of the final report.

**Estimated Completion Date:**

Complete as of January 15, 2019

**Recommendation 24:**

Direct the State agency to improve monitoring for "And Justice for All" poster display by ensuring that all questions are answered on the site review tool.

**FNS Response:**

FNS concurs with the recommendation. The FDACS has trained its site review staff to improve monitoring for "And Justice for All" poster display by ensuring that all questions are answered on the site review tool. Based on our review of the FDACS supporting documentation, we are requesting closure of this recommendation upon issuance of the final report.

**Estimated Completion Date:**

Complete as of June 4-5, 2019

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