

Assessment of the Administrative Review Process

Final Report

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Executive Summary

The Assessment of the Administrative Review Process study examines the extent to which the administrative review (AR) process for the school meal programs effectively identifies risk areas and noncompliance with program requirements by school food authorities (SFAs) operating the programs. In addition to examining results from a purposive sample of ARs, the study also describes how selected State agencies implement the AR process, and ways in which the process could be improved.

Background and Study Design

The National School Lunch Program (NSLP) and the School Breakfast Program (SBP) are Federally funded meal programs operating in public and nonprofit private schools and residential child care institutions. The Food and Nutrition Service (FNS) of the U.S. Department of Agriculture (USDA) administers these programs at the Federal level. At the State level, education, agriculture or human services agencies operate the programs through agreements with school food authorities (SFAs), which are the entities responsible for the administration of the school meal programs in their schools. This division of responsibilities and roles enables almost 98,000 schools and residential child care institutions to serve nutritious meals to almost 30 million children daily.¹

In their oversight role, State agencies are required to conduct periodic reviews of SFAs to determine compliance with program requirements and provide technical assistance and corrective action. Based on a requirement of the Healthy, Hunger-Free Kids Act of 2010 (P.L. 111-296), FNS developed a unified accountability system for reviews of the school meal programs to replace the previous Coordinated Review Effort (CRE) and School Meal Initiative (SMI) reviews.² FNS began implementing the new AR process in School Year (SY) 2013-2014; the AR process was in place in all State agencies by SY 2016-2017.

In general, the AR process incorporates program changes that occurred since CRE and SMI were implemented, and integrates the two previously separate review components. The AR process also

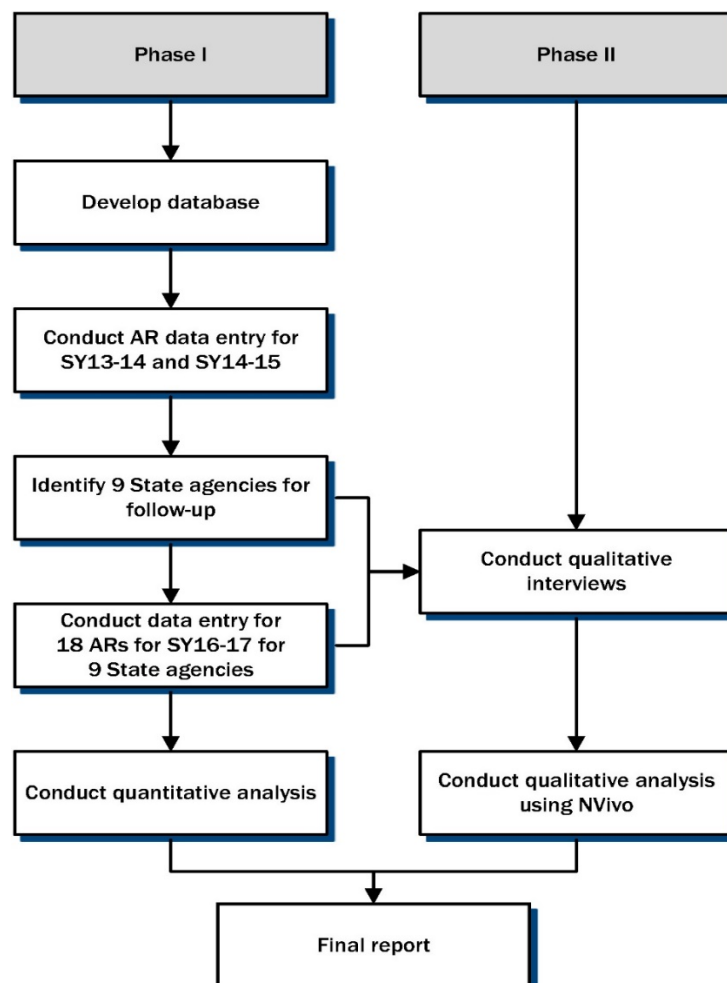
¹ <https://fns-prod.azureedge.net/sites/default/files/data-files/keydata-march-2019.pdf>

² See 42 U.S.C. 1769c.

uses risk-based procedures to focus reviews on identified or possible areas of concern, encourages SFA involvement in parts of the process, and includes an off-site component designed to involve specialized State agency staff in reviews, better prepare on-site reviewers to conduct a more robust review, and reduce State agency and SFA time and burden.

The study followed a two-phase approach, as shown in Figure ES-1. In Phase I, we developed a database and conducted a detailed data entry from two sets of AR forms submitted by each State agency utilizing the new AR process at the time. We identified nine State agencies that completed ARs on the same SFAs in both SY 2013-2014 and SY 2016-2017, collected those ARs and entered them into the database. In Phase II, we conducted in-person interviews with directors and key staff from the nine selected State agencies to collect data to describe the processes State agencies use for conducting ARs.

Figure ES-1. Overview of technical approach



The AR Process in Interviewed States

The nine State agencies selected to achieve diversity in size; FNS region; use of AR systems; and other factors were: Idaho, Illinois, Kentucky, Louisiana, Massachusetts, Montana, North Dakota, Oregon, and Virginia. The study interviews provided considerable information on how State agencies complete the AR:

- **Staffing.** State agencies use a variety of approaches to staff AR activities. The number of full-time equivalents (FTEs) conducting ARs ranges from 4.5 to 16, and the number of ARs these State agencies are required to conduct each year ranges from about 52 to 370. Five of the nine State agencies use contractors to help complete ARs, and many have staff that act as specialists for particular areas of the AR and are available to provide assistance when needed in their area of expertise. Only three State agencies reported having assigned staff that conduct specific parts of the AR in each reviewed SFA; all of these focus on the resource management review area.
- **Systems.** Seven of the nine State agencies have automated AR systems; one State agency uses a set of linked Excel workbooks to complete ARs; and one uses a manual process. The State agencies with automated systems include six with vendor-developed modules and one with a system built in-house.
- **Training.** State agencies conduct annual trainings for their review staff, and all use similar processes for training new review staff, which mostly focus on teaming a new reviewer with a seasoned review staff. Five of the nine State agencies suggested there were unmet training needs for State agency AR staff, including a request for another comprehensive training on the AR process, and training on specific review areas such as resource management and on review approaches. Besides a general request for better instructions and improvements to the AR forms used by SFAs, few State agencies suggested specific training needs for SFAs beyond what is already provided.
- **Review Timeline.** State agencies have developed review timelines to meet their needs. Notification of SFAs scheduled for review can happen as early as July or as late as October. Some State agencies provide off-site forms to all SFAs being reviewed at the same time, and expect completed forms to be submitted 30 days prior to the on-site review. Others provide the forms separately based on each SFA's review schedule. On-site visits generally occur from October through May. If review of the resource management section is conducted separately, the reviewer may go on-site at a different time but during the same school year.
- **State-Specific Policies and Procedures.** While all State agencies have developed their own processes for completing the AR, these processes closely follow the guidance provided in FNS's Administrative Review Manual. State agencies reported only a few examples of AR policies and procedures that are specific to their State.

State Agency Suggestions

State agencies offered several suggestions for FNS to consider to improve the AR process, including:

- **Making the breakfast observation optional for some or all SFAs.** This would reduce reviewer burden, especially in very small or remote schools.
- **Allowing reviewers the option to complete the simplified nutrient assessment instead of a full nutrient analysis when a site is determined to be high risk.** Performing nutrient analysis is time-consuming, and it is difficult for reviewers to be proficient with nutrient analysis software when they only use it infrequently.
- **Allowing additional reviewer flexibility in selected circumstances in the AR process.** Areas mentioned included triggers for the comprehensive resource management review and professional standards staff training hours.
- **Providing early updates to the AR process to State agencies.** Providing updates no later than February prior to the coming school year allows State agencies to train reviewers, notify SFAs and update software.
- **Providing guidance to State agencies on the national average salary for AR reviewers.** This could assist some State agencies in negotiating higher salaries, and help prevent some staff turnover.
- **Improving the AR forms to assist SFAs in completing them.** Cognitively test all forms provided to SFAs for completion, use fewer acronyms and potentially confusing terminology, and designate the type of SFA staff expected to answer each question.
- **Improving the AR forms to assist State agency reviewers.** Ensure all questions are single questions, embed additional background information in questions, create a place to record previous review findings, simplify form instructions, improve form layout on multi-tab worksheets, and create a separate form for review of the Fresh Fruit and Vegetable Program (FFVP).
- **Enhancing the AR Guidance Manual.** Provide additional background on why questions are asked, hyperlinks to reference materials, and flowcharts for review findings and how they lead to technical assistance, corrective action and/or fiscal action.

AR Outcomes

The analysis of outcomes for the key components of the AR uses two sets of data from the database: 194 ARs conducted on different SFAs by 52 State agencies collected for SYs 2013-2014 and 2014-2015, and 18 ARs conducted on the same SFAs in SYs 2013-2014 and 2016-2017,

collected from the nine State agencies interviewed for this study. The analysis of the data is somewhat limited due to the very small dataset (compared to the total number of ARs completed by State agencies each year) consisting of State-selected ARs. In addition, there were missing data for some data elements. The following results are for the 194 ARs from the first two years of data:

- **Meal Access and Reimbursement.** The most frequent application methodology used in the study ARs was the sample that produces a 99 percent confidence level (59.3% of SFAs) followed by a census of all applications (29.6% of SFAs). Although application errors were not uncommon among SFAs, the number of applications in error found at any one SFA was small, ranging between one and 35 errors in SY 2013-2014, and one and 42 errors in SY 2014-2015.

Across the two years, 63,317 applications were reviewed for the 121 SFAs for which data are available. Errors are small for the individual error types; never more than 0.4 percent. Missing information errors were found more frequently than miscategorization or benefit issuance errors. Overall 1.08 percent of applications had one or more application errors.

Table ES-1 presents a summary of application errors by SFA type. A total of 98.9 percent of all applications reviewed were from public school SFAs. While private school SFAs make up 13.4 percent of all SFAs in the database, these SFAs tend to be small and, therefore, accounted for only 1.1 percent of applications reviewed. The percentage of applications in error in public school SFAs was lower overall than the percentage in error for private school SFAs. Less than 1 percent of public school SFA applications had an error of any type, while 17.2 percent of private school SFA applications had an error of any type.

Table ES-1. Applications with errors by SFA type

Error type	Public (N=62,632)		Private (N=685)	
	# of applications with errors*	% of applications with errors**	# of applications with errors*	% of applications with errors**
Eligibility Certification: Missing Information	249	0.40%	63	9.20%
Eligibility Certification: Miscategorized	218	0.35%	22	3.21%
Benefit Issuance	114	0.18%	56	8.18%
Any Application Error	566	0.90%	118	17.23%

*A single application with multiple errors is only counted once.

** Percentages are presented to the second decimal place because the numbers are so small.

Meal Pattern and Nutritional Quality. Outcomes for this area of the AR are based on review of sampled schools, and not the entire SFA. Very few meal pattern errors of any type were reported for

the SBP. For ineligible and/or second meals counted at breakfast, 257 of 263 schools with data (97.7%) reported zero errors on the day of review. For meals served missing meal components, 244 of 264 schools (92.4%) reported zero errors on the day of error.

For the NSLP, the number of ineligible and/or second meals came almost entirely from a single SFA (1,908 of the 1,956 reported errors). Incomplete meal errors were also rarely found. For meals served missing components, just 7.0 percent (15 schools) had at least one missing meal component error in SY 2013-2014, and only 4.7 percent (10 schools) had this error in SY 2014-2015. When the error is found, total numbers of errors are not high. Total numbers of errors across SFAs ranged from 1 to 133 in Year 1, and 1 to 19 in Year 2.

Analysis of nutritional quality data was conducted using both Meal Compliance Risk Assessment Tool (MCRAT) and Dietary Specifications Assessment Tool (DSAT) scores. Table ES-2 presents an analysis comparing off-site and on-site DSAT scores by SFA type. A total of 158 schools in the database completed both portions of the DSAT; 86.1 percent of these were public school SFAs. The difference between average off-site and on-site DSAT scores was small for public school SFAs (43.13 off-site vs 43.19 on-site), and slightly larger for private school SFAs (44.95 off-site vs 47.59 on-site).

Table ES-2. DSAT: Off-site and on-site NSLP scores by SFA type

SFA type	Off-site			On-site		
	Number of schools	Total score	Average score per school	Number of schools	Total score	Average score per school
Private	22	989	44.95	22	1,047	47.59
Public	136	5,874	43.19	136	5,865	43.13
Total	158	6,863	43.44	158	6,912	43.75

Resource Management. Our analysis of resource management outcomes compared flagged risk areas from the risk assessment to findings from the comprehensive review. Table ES-3 shows how often a flag actually resulted in a finding for the four types of resource management risk areas. The areas that were most likely to have a flag result in a finding were revenue from nonprogram foods and indirect costs. For both these areas, 42.9 percent of flags resulted in a finding.

Table ES-3. Percent of resource management flags of SFAs in SY 2013-2014 and SY 2014-2015 that resulted in findings*

Risk flag type	# of flags	# of findings when flagged	% flags resulting in finding
Nonprofit School Food Service Account	34	8	23.5%
Paid Lunch Equity	27	7	25.9%
Revenue from Nonprogram Foods	28	12	42.9%
Indirect Costs	28	12	42.9%

*To be included in this table the State agency must have completed both a risk assessment tool and the Resource Management Comprehensive Review Form.

Fiscal Action. The analysis database has fiscal action workbooks for 112 ARs across the two years. Most fiscal action amounts were relatively small. Twenty-nine SFAs (25.9%) had reported fiscal actions that were over the \$600 disregard amount. Just three SFAs (2.7%) had fiscal actions over \$10,000.

Twice-Reviewed SFAs. As an additional analysis, completed AR worksheets and forms were collected from 18 SFAs that received two reviews, one in SY 2013-2014 and one in SY 2016-2017. Similar to the larger analysis, application errors for these ARs was very small, but did decline from the first review when 2 percent of applications had errors, to 1.3 percent in the second review. The resource management risk assessment resulted in 18 SFAs in the first review with 31 risk flags, but only one of the SFAs had three or more risk flags. That SFA was the only one to receive a comprehensive risk management review as part of the first AR and the SFAs four flags resulted in just one finding. In the second review, 14 SFAs had 23 risk flags. The subsequent comprehensive reviews for the flagged areas resulted in 11 SFAs with 12 findings. From this very small data set, it appears that the change to conducting a comprehensive review for each area flagged has resulted in more resource management findings than would have been found if comprehensive reviews were conducted only once the three-flag threshold was reached.

Other Models

Three programs in the U.S. Department of Health and Human Services (DHHS) have aspects of compliance monitoring that could be considered for adoption in the AR process. FNS could do as follows:

- **Explore a differential monitoring approach** that varies the frequency or depth of review for demonstrated high-performing SFAs. This would reduce State agency and SFA burden, and foster technical assistance. (See the Child Care Development Fund and Head Start Program).
- Further **streamline and organize review information** for State agencies and SFAs. (See the Health Centers Program).

1. Introduction and Study Background

1.1 Background

The National School Lunch Program (NSLP) and the School Breakfast Program (SBP) are Federally funded meal programs operating in public and nonprofit private schools and residential child care institutions. The Food and Nutrition Service (FNS) of the U.S. Department of Agriculture (USDA) administers these programs at the Federal level. At the State level, education, agriculture or human services agencies operate the programs through agreements with school food authorities (SFAs), which are the entities responsible for the administration of the school meal programs in their schools. This division of responsibilities and roles enables almost 98,000 schools and residential child care institutions to serve nutritious meals to almost 30 million children daily.³

In their oversight role, State agencies are required to conduct periodic reviews of SFAs to determine compliance with program requirements and provide technical assistance and corrective action. The long-time review system, the Coordinated Review Effort (CRE), was established by FNS in the early 1990s and changed very little over the following two decades. The school meal programs, however, experienced significant changes during this time. For example, new programs such as afterschool snacks and the Fresh Fruit and Vegetable Program were added, household-based free and reduced price applications and direct certification with the Supplemental Nutrition Assistance Program (SNAP) were mandated, and a new reimbursement process for SFAs and schools serving high proportions of children from low-income households, the Community Eligibility Provision, became available. Program nutritional requirements evolved over time as well, and FNS required State agencies to assess menu compliance through a School Meal Initiative (SMI) review of SFAs, separate from CRE. Finally, findings from the FNS Access, Participation, Eligibility and Certification (APEC) study⁴ and the requirements of the Improper Payments Information Act of 2002 (IPIA)⁵ and the Improper Payments Elimination and Recovery Act of 2010 (IPERA)⁶ brought added

³ <https://fns-prod.azureedge.net/sites/default/files/data-files/keydata-march-2019.pdf>.

⁴ U.S. Department of Agriculture, Food and Nutrition Service, Office of Research, Nutrition and Analysis, NSLP/SBP Access, Participation, Eligibility, and Certification Study – Erroneous Payments in the NSLP and SBP, Vol. I: Study Findings, by Michael Ponza, et al. Project Officer: John R. Endahl. Alexandria, VA: 2007.

⁵ P.L. 107-300, November 26, 2002, 116 Stat. 2350.

⁶ P.L. 111-204, July 22, 2010, 124 Stat. 2224.

importance to the review process. In recognition that these changes over time had led to a fragmented review system, the Healthy, Hunger-Free Kids Act of 2010⁷ amended the Richard B. Russell National School Lunch Act to require FNS to establish and implement a “unified accountability system” for the school meal programs.⁸ The purpose of the unified accountability system was to ensure that SFAs participating in the NSLP and SBP are complying with program requirements, including the nutrition requirements of each program. A joint workgroup of FNS and State agency representatives developed the new administrative review (AR) process over the course of more than a year. FNS first implemented the AR process beginning in School Year (SY) 2013-2014; it was in place in all State agencies by SY 2016-2017.⁹

1.2 Overview of ARs and the AR Process

The objectives of the AR are similar to the previous CRE process. They include:

- Determining whether the SFA meets program requirements;
- Providing technical assistance to the SFA;
- Securing any needed corrective action; and
- Assessing fiscal action and, when applicable, recovering improperly paid funds.

Since AR was introduced, State agencies must conduct ARs of all SFAs in the State on a three-year cycle, unless they have an approved waiver from FNS for a longer review cycle.¹⁰ ARs consist of two primary review components: Critical Areas of Review and General Areas of Review. Figure 1-1 provides a summary of the AR process organized by these two primary review components and the areas of review under each.¹¹

⁷ P.L. 111-296, December 13, 2010, 124 Stat. 3183.

⁸ See 42 U.S.C. 1769c.

⁹ The vast majority of States adopted the new AR process in SY 2013-14. A few State agencies opted to continue conducting CREs pending issuance of final regulations. The final rule requiring the AR process was published in the *Federal Register* on July 29, 2016, and became effective on September 27, 2016.

¹⁰ See 7 CFR 210.18(c) and FNS Memorandum SP 12-2019, *Flexibility for the Administrative Review Cycle Requirement*, February 22, 2019.

¹¹ Separate from the AR process but related to program oversight, FNS recently provided a tool to assist State agencies in conducting periodic procurement reviews of SFAs. While oversight of SFA procurement has always been a State agency responsibility, this tool is intended to facilitate these reviews.

Figure 1-1. The AR process

Critical Areas of Review	General Areas of Review
Meal Access and Reimbursement (Performance Standard 1) <ul style="list-style-type: none"> • Certification and benefit issuance • Verification • Meal counting and claiming 	Resource Management <ul style="list-style-type: none"> • Maintenance of the nonprofit school food service account • Paid lunch equity • Revenue from nonprogram foods • Indirect costs
Meal Pattern and Nutritional Quality (Performance Standard 2) <ul style="list-style-type: none"> • Meal components and quantities • Offer versus serve • Dietary specifications and nutrient analysis 	General Program Compliance <ul style="list-style-type: none"> • Civil rights • SFA on-site monitoring • Local school wellness policy and school meal environment • Smart Snacks in school • Professional standards • Water availability • Food safety, storage, and Buy American • Reporting and recordkeeping • SBP and Summer Food Service Program (SFSP)
	Other Federal Program Reviews <ul style="list-style-type: none"> • NSLP afterschool snack service • Seamless Summer Option • Fresh Fruit and Vegetable Program • Special Milk Program

In general, the AR process incorporates program changes that occurred since CRE and SMI were implemented, and integrates the two previously separate review components. The AR process also uses risk-based procedures to focus reviews on identified or possible areas of concern, encourages SFA involvement in parts of the process, and includes an off-site component designed to involve specialized State agency staff in reviews, better prepare on-site reviewers to conduct a more robust review, and reduce State agency and SFA time and burden. The AR process currently involves a set of 25 forms and tools, and an accompanying guidance manual, and requires significant time and staff resources for State agencies to complete. Table 1-1 provides a list of the AR forms and tools in use in SY 2018-2019, and the area(s) of review they cover. Note that not all of the forms are likely to be used by a State agency in an AR of one SFA, as use of particular forms is dependent on the particular characteristics and circumstances of the SFA under review.

Table 1-1. AR process forms and tools for SY 2018-2019 and review areas

AR form or tool name	Review area(s)
1. Off-site Assessment Tool	All Areas
2. On-site Assessment Tool	All Areas
3. Site Selection Worksheet	All Areas
4. Statistical Sample Generator	Meal Access and Reimbursement
5. Meal Compliance Risk Assessment Tool	Meal Pattern and Nutritional Quality
6. Dietary Specifications Assessment Tool	Meal Pattern and Nutritional Quality
7. Nutrient Analysis and Validation Checklist	Meal Pattern and Nutritional Quality
8. Nutrient Analysis Protocols	Meal Pattern and Nutritional Quality
9. Resource Management Comprehensive Review Form	Resource Management
10. Resource Management Risk Indicator Tool	Resource Management
11. Fiscal Action Workbook	Meal Access and Reimbursement Meal Pattern and Nutritional Quality
12. Non-Reimbursable Meal Allocation Form	Meal Pattern and Nutritional Quality
13. School Data and Meal Pattern Error Form (S-1)	Meal Access and Reimbursement Meal Pattern and Nutritional Quality
14. Other Meal Claim Errors (S-2)	Meal Access and Reimbursement Meal Pattern and Nutritional Quality
15. Eligibility Certification and Benefit Issuance Error Worksheet (SFA-1)	Meal Access and Reimbursement
16. Other Eligibility Certification and Benefit Issuance Errors Worksheet (SFA-2)	Meal Access and Reimbursement
17. SFA Data Summary Form (SFA-3)	All Areas
18. Special Provisions Non-Base Year and CEP Claiming Percentage/Funding Level Summary Form (SFA-1A)	Meal Access and Reimbursement
19. Community Eligibility Provision ISP and Claiming Percentage Validation Worksheet (SFA-2A)	Meal Access and Reimbursement
20. Seamless Summer Option School Data and Meal Pattern Error Form (SSO S-1)	Other Federal Program Reviews Meal Access and Reimbursement Meal Pattern and Nutritional Quality
21. Seamless Summer Option Eligibility Certification Form (SSO S-2)	Other Federal Program Reviews Meal Access and Reimbursement Meal Pattern and Nutritional Quality
22. Supplemental Seamless Summer Option Administrative Review Form	Other Federal Program Reviews
23. Supplemental Afterschool Snacks Administrative Review Form	Other Federal Program Reviews
24. Supplemental Special Milk Program Administrative Review Form	Other Federal Program Reviews
25. Infant and Pre-K Meal Pattern On-Site Validation Checklist	Meal Pattern and Nutritional Quality

Prior to initial implementation of the AR process in SY 2013-2014, FNS and the AR workgroup developed and delivered nationwide training on the new process for all State agencies, and FNS has continued to provide technical assistance to support the process. FNS annually refines the guidance, forms, tools, and procedures based on State agency feedback, and provides updated versions of these materials to State agencies. Relatively minor tweaks have included revising question wording on review forms, adding clarifications and references to the guidance manual, and fixing glitches and errors in the Excel-based tools. More significant changes included adding and eliminating review questions, modifying the procedures and focus areas for some risk based tools, and removing and

then re-instituting a summary review form. The overall revisions were more extensive in the first few years after implementation. Each time FNS provides updates, State agencies must incorporate them into their internal State procedures and train their reviewers, and in some cases SFAs, on the changes.

1.3 Study Purpose and Research Objectives

Given the importance of ARs and the AR process to school meal program integrity, and the significant resources State agencies must devote to ARs, FNS contracted with Westat to conduct this study, the *Assessment of the Administrative Review Process*. The study assesses the extent to which the AR process effectively identifies risk areas and noncompliance with program requirements by SFAs.

The two main research objectives for the study include:

- **Objective #1.** Review and analyze two years of AR forms that were submitted in lieu of the FNS-640 (SY 2013-2014 and SY 2014-2015), and identify nine State agencies to conduct further review. Choose one SFA in each identified State that (1) completed a review in SY 2013-2014 and SY 2016-2017; and (2) in which fiscal actions and/or corrective action plans were imposed.
- **Objective #2.** Evaluate the new AR process by conducting interviews with the nine State agencies identified in Research Objective #1 to obtain more details about the actions imposed.

Through two phases of targeted data collection and analysis, we examine the way State agencies conduct ARs, how much time it takes, and how they interact with SFAs during each stage of the AR process, including the pre-interview, the off-site review, the on-site review, the exit interview, and the final report. We also identify and explore existing oversight approaches and tools in use in three other Federal programs that FNS could learn from for the AR process.

1.4 Organization of This Report

In the following chapters of this report we describe the study methodology (Chapter 2); provide an overview of processes used by selected State agencies to conduct ARs (Chapter 3); present analysis of review results for ARs submitted by State agencies for the study (Chapter 4); and identify and describe Federal programs with existing oversight approaches and tools similar to the AR process (Chapter 5).

2. Study Approach and Methodology

This chapter describes the study approach and methodology, including data sources, database creation and abstraction of administrative reviews (ARs), State agency selection and interviews, and the analytic approach.

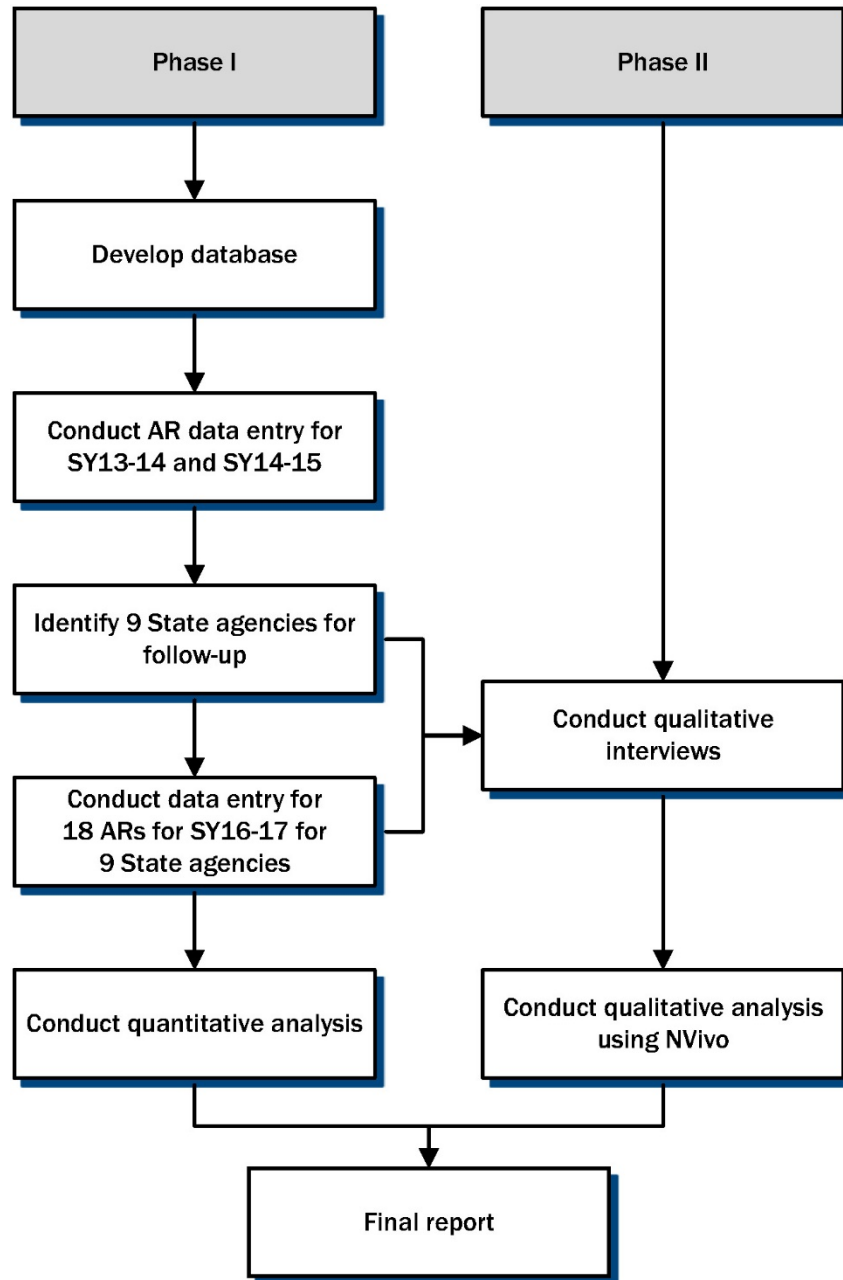
2.1 Data Sources and Approach

This study assessing the AR process examines data from selected ARs conducted by State agencies in School Years (SYs) 2013-2014, 2014-2015, and 2016-2017, and on-site interviews of nine State agency directors and their key staff.

The study followed a two-phase approach, as shown in Figure 2-1. In Phase I, we developed a database and conducted a detailed data entry of data from two sets of AR forms submitted by each State agency that utilized the new AR process for their reviews conducted in SY 2013-2014 and SY 2014-2015.¹² Among all State agencies with AR forms submitted for the same school food authorities (SFAs) in both SY 2013-2014 and SY 2016-2017, and in which fiscal actions and/or corrective action plans were levied, we then selected nine State agencies for inclusion in Phase II of the study. The ARs for SY 2016-2017 for these 18 total SFAs in the nine selected States were added to the database. In Phase II, we conducted in-person interviews with directors and key staff from the nine State agencies, and analyzed the qualitative data to identify themes and describe the processes the State agencies use for conducting ARs. Both the quantitative data from the database and the qualitative data from the State agency interviews contributed to the development of the final report.

¹²Food and Nutrition Service (FNS) requested the AR forms in lieu of State agency submission of the FNS-640 report while the FNS-640 form was being revised to reflect the AR process. To examine how the new AR process worked under various circumstances, FNS requested State agencies to submit AR forms from SFAs with certain characteristics (e.g., operating Community Eligibility Provision schools) or findings (e.g., fiscal action). These selection criteria help demonstrate how the AR process was used, but naturally lead to limitations in the data from the ARs.

Figure 2-1. Overview of technical approach



2.2 Phase I: Database Creation and Entry of ARs

Westat created a custom Microsoft Access database to facilitate the organization and analysis of the AR files from the State agencies. Upon receipt of the AR files from FNS, Westat data entry staff catalogued and entered data from each of the forms into the database. A rigorous quality control effort was employed at each stage of data entry, with 100 percent review by a separate data entry staff person, and review by a data entry manager of a randomly selected sample of 10 percent of each form. See Appendix A for a more detailed description of the database and data entry and quality control procedures.

Table 2-1 shows, by State and school year, the number of ARs included in the database. For each school year, the database contains 97 ARs. States with zero listed ARs in both school years opted to continue using the Coordinated Review Effort (CRE) system for reviews when the AR process was first implemented, so that they could update their systems to include the AR forms and tools or otherwise prepare to implement the new process.

Table 2-1. AR files in the AR database, by State and school year

State	SY 2013-2014	SY 2014-2015
Alabama	2	0
Alaska	2	0
American Samoa	0	0
Arizona	2	2
Arkansas	0	0
California	2	2
Colorado	2	2
Colorado ROAP	0	2
Connecticut	2	2
District of Columbia	2	2
Delaware	2	2
Florida	2	2
Georgia	2	2
Guam	0	0
Hawaii	2	2
Idaho	2	2
Illinois	2	2
Indiana	0	0
Iowa	2	2
Kansas	2	2
Kentucky	2	2
Louisiana	2	2

Table 2-1. AR files in the AR database, by State and school year (continued)

State	SY 2013-2014	SY 2014-2015
Maine	2	2
Maryland	2	2
Massachusetts	2	2
Michigan	2	2
Minnesota	2	2
Mississippi	2	2
Missouri	2	2
Montana	2	2
Nebraska	1	3
Nevada	2	2
New Hampshire	2	2
New Jersey	2	2
New Mexico	2	2
New York	2	2
North Carolina	2	2
North Dakota	2	2
Ohio	0	0
Oklahoma ED	2	0
Oklahoma DHS	2	2
Oregon	2	2
Pennsylvania	0	2
Puerto Rico	2	2
Rhode Island	2	2
South Carolina	2	2
South Dakota	2	2
Tennessee	2	2
Texas	0	2
Utah	2	2
Vermont	2	0
Virginia	2	2
Virgin Islands	2	2
Washington	2	2
West Virginia	2	2
Wisconsin	2	2
Wyoming	2	2
Total	97	97

Database Limitations

Analysis of data in the AR Database can provide useful information about the AR process and the performance of SFAs in the programs. However, it is important to keep in mind the limitations of the database, and the resulting limitations of the analysis:

- The ARs in the database are a nonrepresentative sample of SFAs, selected by State agencies based on FNS guidelines. The guidelines included SFAs operating Provision 2, Provision 3, or the Community Eligibility Program (CEP), those with fiscal and/or corrective action, and others.
- The quality of data submissions to FNS by State agencies was inconsistent, even with follow-up from FNS. In some cases, expected forms are missing from a particular AR. In addition, there is missing data due to incomplete forms. The database captures the information on the AR forms exactly as the State agency filled them out. At the time the forms were completed, the AR was a brand new process that State agencies were learning.
- AR forms and questions within forms changed over time as FNS received feedback from State agencies. This factor also contributes to the completeness of the data in the database and impacts analysis. For example, the current SFA-3 form, the *AR SFA Data Summary*, existed as a separate form in SY 2013-2014 and SY 2016-2017, but was not used in SY 2014-2015.¹³ Similarly, areas of review and questions within the review areas changed on the Resource Management Risk Indicator Tool and the Resource Management Comprehensive Review Form.

2.3 Phase II: State Agency Interviews

The interviews with nine State agencies provide information about their experiences and perceptions of the AR process. The overall purpose of the interviews was to gather information on the process State agencies are using to conduct AR, and to identify best practices, suggested process changes, and other recommendations from State agencies.

¹³Although most information on the SFA Data Summary Form is included on other AR forms, less complete data tended to be available when the Summary Form was not present.

State Agency Selection

We used information from the AR Database along with FNS administrative data and other information provided by FNS for State agency selection. The starting point for selection was all States in the continental United States, i.e., 48 States and the District of Columbia. To ensure that State agencies selected for on-site interviews had conducted ARs on the same SFAs in SY 2013-2014 and SY 2016-2017, we then removed the following State agencies from consideration:

- State agencies that did not use the new AR process for reviews conducted in SY 2013-2014 (five States);
- State agencies that had a waiver in place from FNS to conduct reviews on a cycle longer than three years (six States);
- State agencies from the remaining list of 38 States that FNS confirmed had not conducted an AR on the same SFAs as were included in the database for SY 2013-2014 (nine);¹⁴ and
- State agencies in which the ARs included in the database did not include fiscal action and/or corrective action plans (three).

In the second phase, we applied the following additional criteria to the remaining States (26) to ensure diversity in selection:

- **State Agency Size.** We used Fiscal Year (FY) 2017 data on State Administrative Expense (SAE) allocation amounts for school meal programs to categorize all State agencies as large (top third), medium (middle third), or small (bottom third). The SAE allocation is a good measure of program size because the allocation formula incorporates the number of meals served and number of SFAs in the State. We also included the number of SFAs in each State in FY 2017.
- **State Agency Review of Other FNS Programs.** We identified whether the ARs in the database included review of Afterschool Snacks, Seamless Summer, and/or Special Milk.
- **AR Systems.** Based on examination of the AR forms received from each State agency, we noted whether a State agency used an electronic system, MS Word/Excel/PDF filler with typewritten responses, or a paper-based system with handwritten responses. For those with electronic systems, we conducted additional research to try to identify the system vendor.

¹⁴This occurred for a variety of reasons, including in some cases SFAs that no longer operated the National School Lunch Program (NSLP)/School Breakfast Program (SBP).

- **FNS Region.** We identified each State’s FNS regional office to ensure representation from each of the seven regions.
- **Other Factors.** Based on feedback from FNS, we identified State agencies that were selected to participate in other school meal program studies for which interviews of State agencies were being conducted, to consider State agency burden in the selection process.

Examination of these factors led to the selection of the following nine State agencies, shown in Table 2-2, representing diversity in program characteristics, implementation of AR, and FNS region.

Table 2-2. States selected for interviews and their FNS region

State	FNS region
Idaho	Western
Illinois	Midwest
Kentucky	Southeast
Louisiana	Southwest
Massachusetts	Northeast
Montana	Mountain Plains
North Dakota	Mountain Plains
Oregon	Western
Virginia	Mid-Atlantic

ARs for SY 2016-2017

The selected State agencies provided AR files for SY 2016-2017 for the same SFAs they previously submitted for SY 2013-2014. When Westat received the files, we followed the inventory, data entry, and quality control process described in Appendix A. All nine State agencies provided their two requested ARs for SY 2016-2017, for a total of 18 ARs in the database for that SY.

Interview Process and Timing

Westat researchers went to the selected State agencies to conduct on-site, in-depth interviews with State directors and key staff. Interviews were conducted between June and August 2018. Prior to the site visit, a pre-visit telephone call was held with each of the State directors to prepare them for the on-site visit by describing the topics that would be covered on site. This enabled the State director to identify key staff to participate in the interviews, and to identify and provide any relevant State-developed documents prior to the interview. The pre-visit calls were also an opportunity for the research team to answer questions from the directors and discuss possible dates for the on-site visit. The interview guide included questions for discussion in both the pre-visit call and the on-site

interview. Table 2-3 shows the topic areas discussed during the pre-visit and on-site interviews. All pre-visit calls and on-site interviews were audio recorded and transcribed. Transcriptions were analyzed using NVivo software. In addition, following each site visit, the interviewer prepared a post-visit debriefing memorandum with high-level impressions and summary information about key issues.

Table 2-3. Topic areas discussed in the pre-visit and on-site interviews

Pre-visit interview topics	On-site interview topics
State size: <ul style="list-style-type: none"> • Number of SFAs • Number of ARs completed in a year 	Recap of State organizational structure, staffing, funding: <ul style="list-style-type: none"> • AR full-time employees (FTEs) and functions • Division of AR responsibilities
State organizational structure, staffing, funding: <ul style="list-style-type: none"> • Overall for Child Nutrition Programs • AR work units, FTEs, functions • Use of State employees vs. contractors • Division of AR responsibilities • Unmet staffing needs, funding, grants 	Systems: <ul style="list-style-type: none"> • Description, functionality, customization, reporting, integration, user support, security • Decisionmaking process for acquiring AR system
Training for AR: <ul style="list-style-type: none"> • Initial training vs. ongoing training, for State agency staff and SFAs • Unmet training needs 	Description of State agency's process for: <ul style="list-style-type: none"> • Pre-Review Planning • Off-Site Review • On-Site Review • Exit Interview • Final Report
Policies and procedures: <ul style="list-style-type: none"> • Extent and content of State-developed policies and procedures on AR • Reliance on FNS manual and other materials 	Specific SFA AR results: <ul style="list-style-type: none"> • Technical Assistance and Corrective Action • Other Comments on individual review results
On-site interview preparation: <ul style="list-style-type: none"> • Confirmation of date/time • State agency staff who will attend • Answer questions 	Recommendations for the AR process: <ul style="list-style-type: none"> • State agency experience with AR • Effectiveness of AR process
	Possible national AR system: <ul style="list-style-type: none"> • State agency input on functionality, cost, access, security for a national AR system

Limitations of Interview Information

The key limitation of the interview information is that we have data from only nine State agencies. While the State agencies were selected to represent a diverse set of characteristics and circumstances with regard to their current AR capabilities, they are not representative of the AR process in all States.

2.4 Analytic Approach

After reviewing the interview transcripts and post-visit debriefing memoranda, a detailed coding scheme and codebook were developed to facilitate the content analysis. All interview transcripts were uploaded to NVivo 11 (qualitative analysis software) along with the coding scheme. The team used the coding scheme to categorize and organize the data. After coding the data, queries of the data were run to produce code reports that mapped to the final report outline. Staff reviewed and analyzed the code reports to compile the data on each theme as well as any contradictory evidence. That analysis yielded a list of common themes, and provided insight into when and how processes differed among State agencies. Additional queries and matrix queries were run, as needed, to delve deeper into the data to explore particular themes and how they vary.

3. Description of the Administrative Review Process

The administrative review (AR) process, which started in School Year (SY) 2013-2014 in most States, is considerably more comprehensive than previous review efforts used by school meal programs. It consolidated the review process to include the School Breakfast Program (SBP), Afterschool Snacks in the National School Lunch Program (NSLP), the Seamless Summer Option (SSO), Special Milk Program (SMP), and the Fresh Fruit and Vegetable Program (FFVP). The AR process also incorporated new meal pattern and dietary specification requirements, and the performance-based cash assistance review, and shortened the review cycle from five to three years. The AR process includes five review areas:

- Meal access and reimbursement;
- Meal pattern and nutritional quality;
- Resource management;
- General program compliance; and
- Other Federal program reviews.

In completing an AR, State agency reviewers determine whether school food authorities (SFAs) meet program requirements; provide technical assistance to SFAs to help improve their programs; assign any needed corrective action; and assess fiscal action, if applicable. This chapter describes how the AR process is conducted by the nine State agencies interviewed for this study, focusing on variations and challenges in the process. It describes the resources needed to conduct the AR and presents State agency observations on effectiveness, the burden associated with particular tasks, how specific forms and worksheets might be improved, and general recommendations for program improvements.

3.1 Administering the AR

Table 3-1 presents characteristics of the nine State agencies interviewed for this study. At least one State agency was selected from each of the seven Food and Nutrition Service (FNS) regions; two were selected from the Western and Mountain Plains regions. The number of SFAs in these States

varied significantly. The State with the largest number (Illinois) has over seven times the number of SFAs (1,111 SFAs) than the State with the smallest number (Idaho). The number of SFAs does not always mirror the States' population. Virginia, which is the 12th most populous State in the country, had only 161 SFAs in 2017 because each county is a single school district in Virginia and charter schools cannot operate independently, but must be part of a school district. All State agencies interviewed for the study participate in the NSLP Afterschool Snack service and the FFVP. Seven of the nine have SFAs participating in the SMP, although Idaho has a very small program with only two participating SFAs. Six of the nine States participate in SSO.

Table 3-1. Characteristics of the nine State agencies interviewed

State	FNS region	Number of SFAs (2017)	State program includes			
			Afterschool snack	Seamless summer	Special milk	Fresh fruit and vegetable
Idaho	Western	157	✓		✓	✓
Illinois	Midwest	1,111	✓	✓	✓	✓
Kentucky	Southeast	193	✓	✓	✓	✓
Louisiana	Southwest	166	✓	✓		✓
Massachusetts	Northeast	467	✓		✓	✓
Montana	Mountain Plains	257	✓		✓	✓
North Dakota	Mountain Plains	204	✓	✓	✓	✓
Oregon	Western	270	✓	✓		✓
Virginia	Mid-Atlantic	161	✓	✓	✓	✓

In this section, we discuss elements of AR administration including State agency organization and structure; AR funding, staffing, and training; and the State agencies' timelines for completing ARs.

3.1.1 Organization and Structure

All State agencies selected for this study are housed in the States' education departments. Table 3-2 indicates the types of programs that are administered in the organizational group that houses AR staff. (That organizational group might be called a branch, section, or office.) Three of the nine selected State agencies have AR staff working in a "section" that administers school meal programs only. In two States, Montana and Louisiana, AR staff work in a section that includes school meal programs and the Summer Food Service Program (SFSP). Four States' AR staff—Idaho, Illinois, Massachusetts, and North Dakota—work in sections that include school meal programs, the SFSP, and the Child and Adult Care Food Program (CACFP).

Table 3-2. Organizational structure

State	AR staff in section that includes		
	School meal programs only	School meal and SFSP	School meal, SFSP, and CACFP
Idaho			✓
Illinois			✓
Kentucky	✓		
Louisiana		✓	
Massachusetts			✓
Montana		✓	
North Dakota			✓
Oregon	✓		
Virginia	✓		

3.1.2 Funding

Administration of the AR is funded through the FNS State Administrative Expense (SAE) allocation. Six of the nine study State agencies indicated that the SAE allocation they receive is sufficient for covering the expense of administering the AR in their States (see Table 3-3). When the SAE allocation did not cover the expense of administering the AR, State agencies faced different situations:

- State agencies pursued reallocated funds to maintain staffing levels;
- State agencies pursued reallocated funds to pay for computer system updates and maintenance; and
- State agencies did not pursue reallocated funds because State-specific issues such as hiring restrictions meant that additional funds would not solve their workload issues.

Table 3-3. Funding and grants received

State	SAE allocation sufficient for AR	Received reallocated funds for AR	Reported grants			
			ART II	Team nutrition	Farm to school	Other
Idaho	*	No	✓			
Illinois	Yes	No		none		
Kentucky	Yes	No		none		
Louisiana	Yes	No		none		
Massachusetts	Yes	No	✓			
Montana	No	Yes	✓			
North Dakota	No	**	✓		✓	✓
Oregon	Yes	**		none		
Virginia	Yes	No		✓	✓	✓

*Allocation insufficient but they are constrained by State hiring restrictions.

**Reallocated funds received but not used directly for AR.

One State agency received reallocated SAE funds even though they reported their SAE allocation was sufficient to support the AR. In this State, reallocated funds were used to support the U.S. Department of Agriculture (USDA) Foods program, developing training and resource materials for program sponsors and reviewers.

State agencies were asked about the grant funding they have received related to AR and school meal programs. Four State agencies (Illinois, Kentucky, Louisiana, and Oregon) indicated they have no grants. State agencies mentioned two reasons for this—their SAE allocation is large enough that they do not feel the need to seek out additional funds through grants, and the workload associated with the AR process does not leave time for grant activities. Idaho gave up their Team Nutrition grant because their workload did not allow them time for the grant’s activities.

Four States—Idaho, Massachusetts, Montana, and North Dakota—reported they have Administrative Review and Training (ART) II grants. Virginia reported having a Team Nutrition grant and North Dakota and Virginia reported having Farm to School grants. North Dakota also reported having a Professional Standards Training grant. Virginia mentioned having funds from other grant programs as well. Idaho, Oregon, and Virginia indicated that they may pursue Technology Innovation Grants when these grant funds become available. (Funding for these grants was not available at the time of the interviews.)

3.1.3 Staffing

State agencies use a variety of approaches to staff AR activities. Table 3-4 presents the number of staff conducting reviews in each State and the State agencies’ use of contractors and staff with specialized expertise. The number of staff conducting reviews ranges from 4.5 in Idaho to 16 in Illinois. These numbers are “lead reviewers” and do not include occasional or administrative staff that might be called in to assist with particularly large or more challenging SFAs. Review staff may be centrally located or located throughout the State with responsibility for reviews within a particular “territory.” Illinois’ 16 reviewers are located throughout the State and work from their homes covering an assigned territory. Virginia, and to a lesser extent Massachusetts, also regionalize their reviewers. Virginia has the second lowest number of SFAs, but the second highest number of review staff of the nine interviewed States.

Table 3-4. AR staffing

State	Estimated number of ARs each year*	No. of staff conducting reviews	Use contractors for AR?	Contractor activities	Use specialized staff for AR	Area assigned to specialized staff
Idaho	52	4.5	Yes	Menu review/ Nutrient Analysis	No	N/A
Illinois	370	16	Yes	To conduct reviews if needed	Yes	Resource Mgmt.; Nutrient Analysis
Kentucky	64	6	Yes	Completes 50% of reviews (including all CEP reviews)	No	N/A
Louisiana	55	5	Yes	To conduct reviews if needed; Nutrient Analysis and Smart Snacks	No	N/A
Massachusetts	156	5	No	N/A	Yes	Resource Mgmt.
Montana	86	7**	Yes	2 review staff are contractors	No	N/A
North Dakota	68	5	No	N/A	No	N/A
Oregon	90	5	No	N/A	Yes	Resource Mgmt.
Virginia	54	9	No	N/A	No	N/A

*Estimate based on total number of SFAs in 2017.

**Montana staff conducting reviews includes 2 contractors.

Five of nine State agencies reported using contractors to help conduct ARs. In Montana, two of their seven review staff are contractors. (Montana is the only State agency which included contractors in their count of AR staff. Unlike other State agencies, Montana's contractors are review specialists with the same responsibilities as other review specialist staff who work directly for the State.) In Kentucky, a contractor completes about 50 percent of AR reviews, including all Community Eligibility Provision (CEP) reviews. This has allowed Kentucky's AR review staff the time to develop new processes for completing the AR and they now do more work off-site than previously. Illinois and Louisiana use contractors to help staff conduct reviews when staff turnover leaves their offices short of reviewers. Louisiana also uses a nutrition research facility located within the State to help conduct nutrient analyses when needed and review Smart Snack lists. Idaho also uses a contractor to help complete the nutrient analysis part of the AR and the targeted menu review. Idaho AR staff tells the contractor the week of the menu review and they schedule their own on-site visit to complete menu review tasks. Oregon does not use contractors as the State's union contract does not allow the use of contractors for regular, recurring work.

Many State agencies have staff that act as specialists for particular areas of the AR and are available to answer questions or provide assistance when needed in their area of expertise. But only three States—Illinois, Massachusetts, and Oregon—reported having assigned staff that conduct specific parts of the AR in each SFA being reviewed. For instance, in Illinois the 16 reviewers do not complete the resource management portion of the AR. That is done by three specialized staff with financial expertise. Nutrient analysis, when needed, is also done by a single staff member, which allows Illinois to pay for only a single license for the software. Massachusetts and Oregon also use separate financial staff to conduct the resource management reviews.

3.1.4 Training

To keep reviewers up-to-date with changes to AR forms and requirements, State agencies conduct annual trainings for review staff before the start of the review season. That training has been described variously as a day-long session in the office reviewing program updates and changes to the computer system (in Idaho) or a three-day session in which reviewers discuss scheduling expectations and review the AR forms question by question (Illinois). Illinois has developed detailed trainings to encourage consistency in approach across reviewers. For each AR form, Illinois uses comment boxes to input guidance for each question. Copies are made for all reviewers, and these annotated forms are used in training.

All State agencies use similar processes for training new review staff, which involve review of AR materials, but mostly focuses on teaming a new reviewer with a seasoned review staff. Kentucky sends new staff to the Institute of Child Nutrition (ICN) for a week-long “foundational” training. This is followed by a lengthy period in which new staff shadow another reviewer. It can be six months or so before new staff perform an actual review. Illinois has used a mentoring strategy that has several stages: first new staff are paired with a seasoned reviewer and they go out on reviews together, with the new staff person watching how the seasoned reviewer does his or her work. Then, the roles are reversed and the new staff person will take the lead in a review, with the seasoned reviewer there to guide them if needed.

State agencies identified the following issues with training:

- Taking part in national or regional trainings can be challenging because in many States reviewers conduct reviews for the different child nutrition programs throughout the year. Reviews can get delayed if reviewers are held back for training.

- Training new staff can take considerable time and when seasoned staff are used for this process, the lowered productivity can impact a State agency's ability to meet the three-year review cycle.

Five of the nine interviewed State agencies suggested there were unmet training needs for AR staff (see Table 3-5). Idaho would like to see new national training on the AR given the changes that have been made to the process since it was first implemented. Illinois feels their reviewers would benefit from training or additional guidance on certification for performance-based cash assistance. They have tried to develop their own, but "it's been a challenge." Both Louisiana and Oregon suggested trainings in areas related to technical assistance: how to respond to problems without being punitive, and how to handle chronic underperformers. Virginia mentioned resource management as a weakness for them, particularly the area of indirect costs.

Table 3-5. Unmet AR training needs

State	Unmet AR training needs?	Training needed
Idaho	Yes	New overall AR training
Illinois	Yes	6-cent certification
Kentucky	No	
Louisiana	Yes	How to respond to problems without being punitive
Massachusetts	No	
Montana	No	
North Dakota	NR	
Oregon	Yes	How to handle chronic underperformance
Virginia	Yes	Resource management, particularly indirect costs

NR=Not reported.

State agencies that indicated that there were no unmet AR training needs often pointed out that in the last five years they have taken it upon themselves to "self-master the content areas." They feel comfortable with the knowledge base they have for completing ARs. Apart from the AR national training sessions, FNS regional offices have provided more targeted training and assistance to State agencies which has also helped State agencies answer specific questions that have arisen in the course of conducting ARs. State agencies were also asked about unmet training needs for SFAs. Besides a nonspecific need for better instruction or improvements to the forms that are provided to SFAs for completion, few State agencies suggested specific training needs for SFAs over and above what is already provided. One State mentioned that their workload issues require much SFA training to be conducted using online resources, but that SFAs prefer face-to-face training:

"I have heard the comment that we don't provide nearly as much training as we used to which is why we applied for an ART grant. We were trying to fill that gap with online

trainings, but mostly I hear ‘we [SFAs] like the face-to-face trainings,’ and we just do not have the physical capacity to implement those from a review team. We have another coordinator that will facilitate ICN [Institute of Child Nutrition] coming in and doing trainings and trying to make sure that we have those face-to-face opportunities. But like [NAME] said, with Team Nutrition going away[i.e., grant period ending], we don’t have more of the nutrition-specific types of training.”

Another State suggested that SFAs with challenges could benefit from more training than reviewers currently can provide:

“The thing is, the people that we struggle the most with really could use some training. Since we don’t have an extra pot of money for training, much less, a lot of time, I feel like we could solve a lot of review problems if we had more time and money for training. That we could focus on, ‘Okay, we’re going to have a little training, I don’t know, about production records. About CN labels, about whole grains.’ It just seems like we need more training time and money.”

Finally, one State noted that one type of training or instruction they would like to be able to provide to SFAs is how SFAs should organize the information State agency reviewers are asking for:

“In terms of the sponsors, I think one thing that I know I hear from sponsors a lot is, ‘How do you want us to have this stuff ready for you?’ And we have some pretty comprehensive, ‘Here’s what we need beforehand. Here’s what we’ll look at when they’re there.’ That information. But they want it to be as simple as possible, and that was just one thing [inaudible] on my mind, because it would be an opportunity if we did it. And I’m talking about for us to provide to the sponsors. Kind of a section for how to organize all the stuff we’ve been talking about.”

3.1.5 Review Timeline

State agencies have developed review timelines that work for them. Generally, State agencies interviewed did not provide sufficient information to create a complete timeline of their AR process, but the specific timeline information provided can be summarized as follows:

- **Notification of SFAs Scheduled for Review.** Notification can happen as early as July or as late as October. Most State agencies reported notifying SFAs in August.
- **Completion of Off-Site Forms.** Some State agencies provide off-site forms to all SFAs being reviewed at the same time, but expect completed forms to be submitted by a set deadline (for example, off-site assessment forms are due by early October in Montana and late September in Oregon). Other State agencies may provide the off-site forms to each SFA separately based on when their on-site review is scheduled. For example, Kentucky begins off-site assessments 12 weeks prior to the scheduled on-site visit.

- **On-Site Visits.** These are generally scheduled from October through May, although some State agencies will may not start on-site visits until November. Some State agencies prefer to complete visits to CEP, Provisions 2 and 3, or residential child care institution (RCCI) SFAs first. Louisiana conducts RCCI reviews in September; North Dakota conducts CEP and Provisions 2 and 3 SFAs in October. When the resource management review is conducted separately, the resource management reviewer may go on site at a different time. In Illinois, they try to schedule on-site resource management reviews within four weeks of the AR visit.
- **Final Report Submitted to SFA.** Some State agencies try to have their final report ready for the SFA at the end of the on-site visit. But at least one State agency allows their reviewers as much as four to six weeks after the on-site review to complete the final report.
- **Corrective Action and Review Closure.** Most State agencies provide SFAs 30 days to complete corrective action.

Under the AR process, follow-up reviews are conducted at the discretion of the State agency. Even though they would like to continue to conduct follow-up reviews, almost all State agencies noted that they conduct fewer of these reviews than in the past due to lack of time and staff. An exception is Kentucky, which stated they conduct their follow-up and technical assistance visits in August and September.

3.2 AR Systems

The purpose of an electronic AR module is to facilitate ARs by automating to the extent possible the various tasks that comprise a review, and by locating the data and information needed to complete a review in one place. AR systems, particularly those developed by commercial vendors, generally have both browser-based and mobile software, allowing State agency reviewers to enter data on-site using laptops, tablets, or phones. Devices can then “sync up” with a web-based application to upload data into a central database. Offline data entry capabilities ensure that reviewers can enter data when internet access is unavailable. Electronic AR modules include components to support both State agency and SFA users.

Table 3-6 presents information about the electronic AR systems used in the nine State agencies that were interviewed. Of the nine State agencies, seven have automated AR systems, one uses a set of linked Excel workbooks to complete ARs, and one is using a manual process. The seven State

agencies with automated AR systems include six State agencies with vendor-developed modules, and one with an AR module that was developed in-house.

Table 3-6. AR electronic systems in selected State agencies

State	Has AR system	Vendor/In-house
Idaho	Yes	Vendor
Illinois	Yes	In-house
Kentucky	Yes	Vendor
Louisiana	No	N/A
Massachusetts	Yes	Vendor
Montana	Yes	Vendor
North Dakota	Yes	Vendor
Oregon	Excel	In-house
Virginia	Yes	Vendor

An important functionality of electronic AR systems is the ability to access data from other modules within the child nutrition management information system to help make the review process more efficient. Interviewed State agencies reported that their AR modules contain the following types of data connections that facilitate the AR process:

- Student enrollment data to randomly select students for certification review.
- Direct certification data to assist in removing directly certified students from the list of those randomly selected for certification review in ARs.
- SFA and school data from the State agency application process, which is pulled into the ARs for site selection and inclusion in AR review forms where needed.
- Claims data required for the claims review in ARs.
- Claims and application data necessary to calculate fiscal action.
- Connection to the State agency’s accounting system to report fiscal actions.

3.3 State-Specific Policies and Procedures

While all State agencies have developed their own processes for completing the AR, these processes closely follow the guidance provided in FNS’ *Administrative Review Manual*. Selected State agencies reported only a few examples of policies and procedures for completing the AR that are specific to their State. These are:

- North Dakota conducts a 100 percent Smart Snacks review, rather than reviewing the required 10 percent sample (see Section 3.6).

- Montana has a waiver that allows State agency reviewers to conduct a desk audit of an SFA's SBP in some locations instead of observing breakfast. Montana applied for the waiver because the fiscal action that resulted from observations of breakfast in small schools in remote locations was small compared to difficulties of early morning travel to these locations in winter.
- Montana also has enhanced the certification review task to ensure that all students who are direct certification eligible are receiving the free school lunch benefit. Reviewers engage clerks at the SFAs to review the names of all students on the direct certification list (not just those included in the review sample) to ensure they are free certified. They want to ensure that if a student qualifies, they are receiving the benefit even if they are not included in the AR sample. (There are no SFA findings associated with this activity.)
- Oregon's HB 3454 Lunch Shaming Ban includes procedures school districts must follow when communicating with a student and the student's parents or guardians about amounts owed for meals taken by the student. These procedures are expected to be included in the SFA's local meal charge policy. AR guidance requires reviewers to check if SFAs have a local meal charge policy, but reviewers are not responsible for evaluating the content or quality of the policy. Oregon's AR process reviews SFA's local meal charge policies for content and will recommend the SFA policy comply with the State lunch shaming statute if the SFA's policy does not. (Failure to comply with the Oregon law does not result in a finding; there is only a recommendation to comply.)

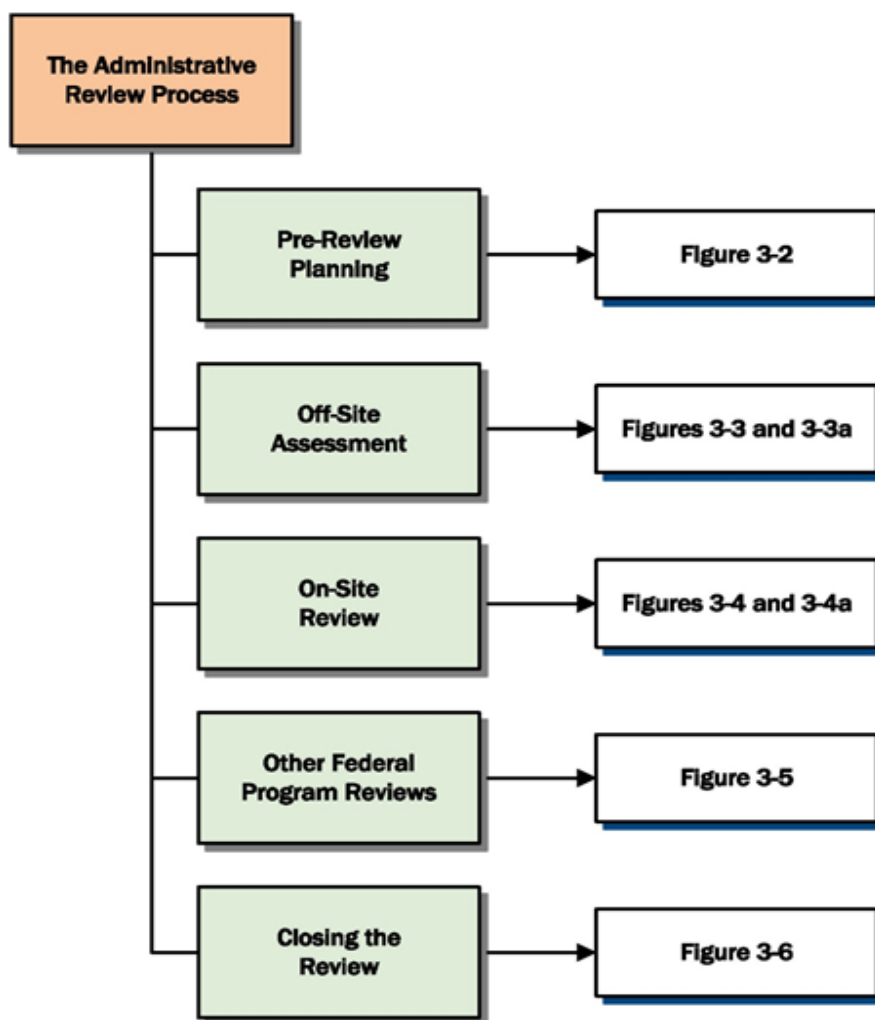
Some State agencies have laws or regulations related to the NSLP that are stricter than Federal requirements, but these State-specific requirements do not necessarily result in State-specific policies and procedures for the AR. For instance, both Massachusetts and Oregon have stricter Smart Snacks standards, but the State agencies follow the AR process and procedures for reviewing Smart Snacks. And although SFAs must meet the State standards rather than the Federal standards in these States, there is no recovery of Federal funds associated with SFA noncompliance with the stricter standards.

3.4 The AR Process

Through interviews with reviewers, we collected considerable information about how States complete the AR. In this section, we describe the components of the AR process, how processes may vary among the States, and the challenges reviewers face in completing review activities. To organize this information, we have created a series of flow charts. Figure 3-1 shows the five primary components of an AR: pre-review planning, the off-site assessment, the on-site review, review of other Federal programs, and closing the review. Each of these components has an expanded flow chart that contains the activities that are part of the component. Each activity is annotated with a

“process box,” which describes variations (if any) in the process for completing that activity. The expanded flow charts for each component are contained in the figure(s) listed to the right of each component in Figure 3-1.

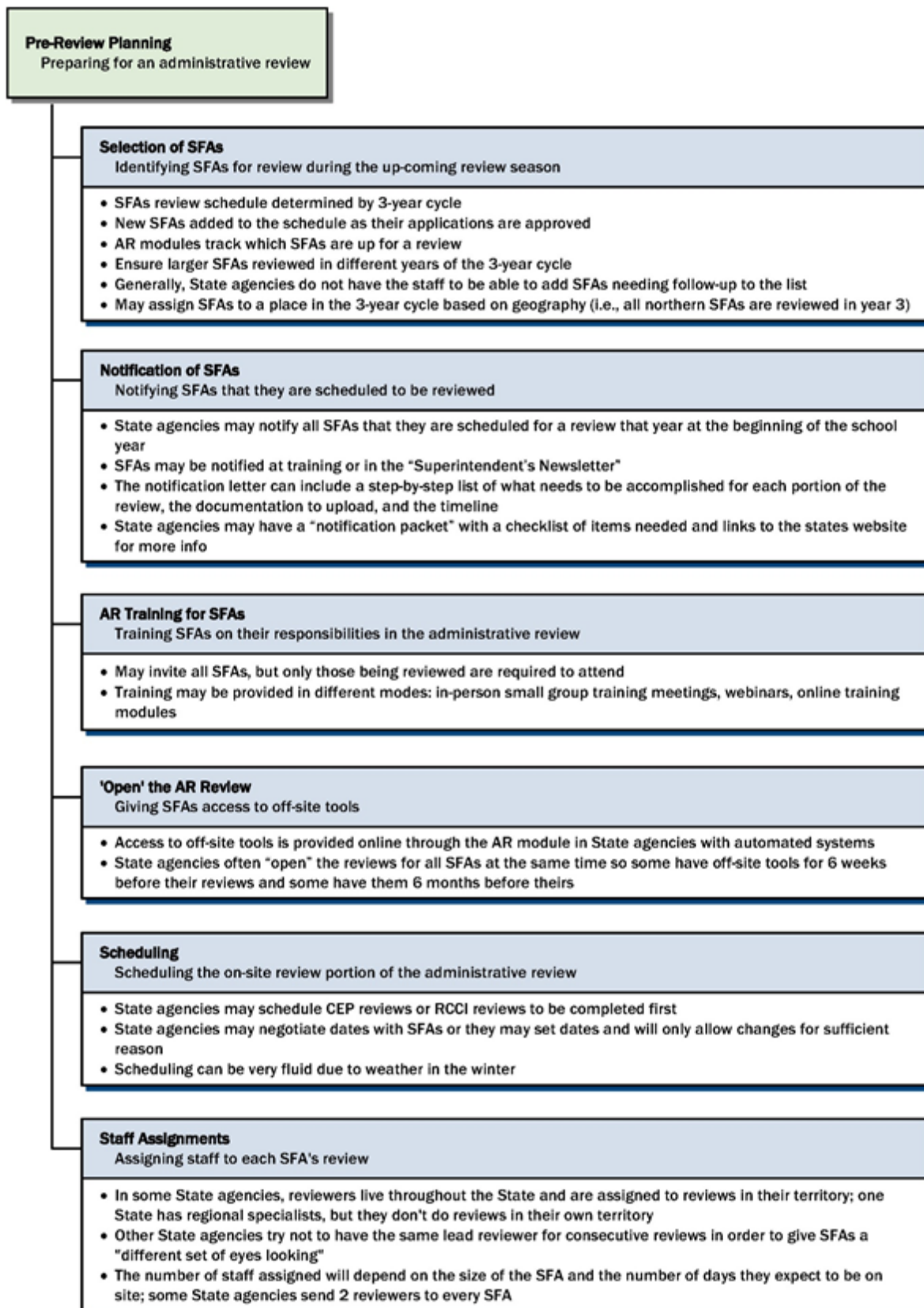
Figure 3-1. The administrative review process general flow chart



3.4.1 Pre-Review Planning

Prior to the start of the ARs in a given SY, State agencies must complete a number of planning activities to prepare reviewers and SFAs for the AR. Pre-review planning activities include selection, notification, and training of SFAs; “opening” the AR (i.e., providing access to the off-site tools through the AR module or other method); and on-site scheduling and staff assignments for each selected SFA. Figure 3-2 divides pre-review planning into six activities and presents a process box for each.

Figure 3-2. Pre-review planning



Scheduling. The biggest challenge for pre-review planning is scheduling all SFAs. At the time State agency reviewers were interviewed for this study, the AR was in the last year of its second three-year cycle. State agencies were having to add new SFAs to the schedule to ensure they received reviews in the current cycle. Idaho added seven additional SFAs to their schedule; Louisiana added eight to 10 new SFAs. For the most part these were new charter schools, and while these SFAs were small, all were new to the program and, therefore, could be expected to take more review time than others.

Notification Packages. State agencies generally send “notification packages” to selected SFAs with the information SFAs will need to prepare for their review. Each year, the notification package is updated to take into account FNS changes to forms and guidance. Some State agencies provide this package to all selected SFAs as early as possible so that SFAs can start collecting documentation early; others provide notification materials throughout the review season, generally four to six weeks prior to the on-site visit. Massachusetts noted that reviewers decide whether they want to notify SFAs all at once or individually. One problem with notifying SFAs all at once is that some SFAs will “continuously” contact their assigned reviewer up until the time of their review, which can be a burden to reviewers who need to be working with SFAs whose reviews are earlier on the schedule.

Notification Emails. Illinois has a set of templates for notification emails. There are customized templates for many possible situations, including single-site SFAs with 100 or less free and reduced price meal applications, single-site CEP SFAs, single-site SFAs with more than 100 free and reduced price meal applications, SFAs with two to five sites, SFAs that are a mixture of CEP and non-CEP, etc. The templates include a checklist of all the items reviewers will be looking for with links to the State agency’s website so SFAs can download sample forms and instructions.

Staffing Reviews. Each State agency has its own rules for staffing reviews. In most States, a single reviewer will conduct most reviews, receiving assistance from other reviewers only when two or more sites at the SFA are selected for review. Some State agencies send two reviewers to every review, trying to complete the on-site review more quickly. State agencies that send two reviewers to each review have reported that the two-reviewer approach is less stressful for reviewers and gives reviewers more time on site for technical assistance.

3.4.2 Off-Site Assessment

The AR process allows State agencies to conduct specified aspects of the AR off-site and other aspects on-site. Under the off-site assessment component of the AR, reviewers collect information from two sources: available data in the State Management Information System (MIS) and directly from the SFA. (They may also go online to a school district's website to find documentation as well.) This process allows reviewers to gain a better understanding of an SFA's operations prior to the on-site review, thus providing for a rigorous on-site review while decreasing the time reviewers spend on site. A general flow chart of the off-site assessment is shown in Figure 3-3. The off-site activities include site selection; completing the Off-Site Assessment Tool; completing the off-site components of the resource management review, certification and benefit issuance, and meal compliance review areas; and identifying findings. Each activity has been annotated with process notes in Figure 3-3(a). For the Off-Site Assessment Tool, resource management, certification and benefit issuance, and meal compliance activities, the process notes have been divided to present SFA and State agency activities separately.

The Value of the Off-Site Assessment. Not all State agencies agree on the value of the off-site assessment. (See Section 3.5 for a discussion of the State agencies' differing views of the off-site assessment.) There are issues related to the Off-Site Assessment Tool. It is time-consuming to complete and the questions can be difficult for an SFA to understand, which makes the tool less useful than it could be. Other components of the off-site tool are helpful in reducing the level of effort needed to complete a review on-site. Use of direct certification information is one of these components.¹⁵ During the interviews, we asked State agencies to describe their use of direct certification information as part of the AR, and found that the direct certification match to reduce the number of sampled students for application review can be completed in a variety of ways. State agencies that administer the school meal programs are not always responsible for conducting the direct certification match. Sometimes the match is done by a Statewide student enrollment system (Louisiana and North Dakota), the State's health and human services online system (Massachusetts)

¹⁵Direct certification identifies eligible children for free meals without the need for households to complete an application by matching student information to household participation data for the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance to Needy Families (TANF) and (in some States) Medicaid programs as well as foster care data.

or by the SFAs themselves (Virginia). When the State agency does the match, it can be done by a module within their MIS or by programming accomplished outside of the MIS.

Figure 3-3. The off-site assessment

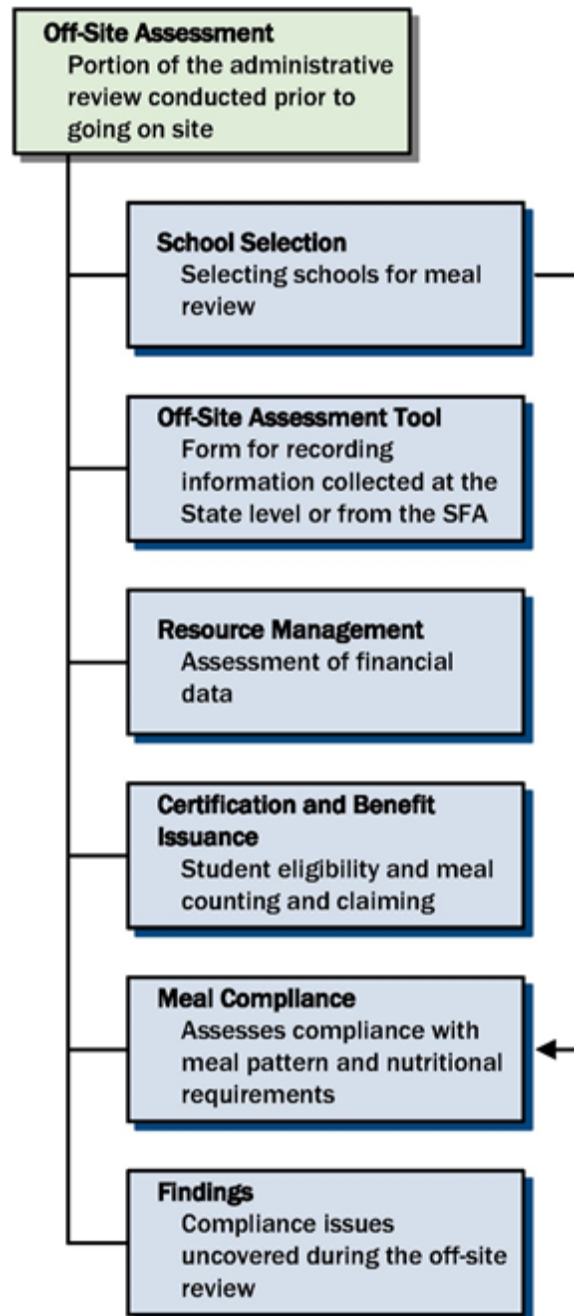


Figure 3-3a. The off-site assessment annotated with process notes

	<div data-bbox="259 304 1412 388"> School Selection Selecting schools for meal review </div> <div data-bbox="259 388 1412 619"> <ul style="list-style-type: none"> • Site selection process automated in AR module • Try to include sites not reviewed before, sites suggested by the food service director, or sites with new staff • Required to see site with Fresh Fruit and Vegetable Program but may not know which sites those are when sites are selected • High participation and sometimes low participation are given most weight • One State agency noted that the site selection worksheet never triggers any sites </div>
	<div data-bbox="259 693 1412 777"> Off-Site Assessment Tool Form for recording information collected at the State level or from the SFA </div> <div data-bbox="259 777 1412 955"> SFA Activities <ul style="list-style-type: none"> • SFAs may be given an off-site form with answers pre-filled from previous review and asked to make changes • Documentation such as the non-discrimination statement or professional development logs can be uploaded into the AR module </div> <div data-bbox="259 955 1412 1207"> State Agency Activities <ul style="list-style-type: none"> • The amount of attention paid to the completed off-site tool by reviewers varies; some reviewers find the tool "tedious" and repetitive of what is done on site • State agencies may have reviewers complete the Off-Site Assessment Tool; some reviewers will do it the day before the on-site to refresh their memory about the SFA • State agencies may add clarifying information and language to the form before providing it to SFAs for their completion • There may be significant back-and-forth between the State agency and SFA before the form is complete </div>
	<div data-bbox="259 1281 1412 1365"> Resource Management Assessment of financial data </div> <div data-bbox="259 1365 1412 1575"> SFA Activities <ul style="list-style-type: none"> • SFAs may complete the resource management questions on the off-site tool, which State agencies use to compete the Resource Management Risk Assessment Tool • State agencies may complete these questions during a phone call with the SFAs • Some State agencies ask that the previous year's financial reports be uploaded along with invoices and any back-up information </div> <div data-bbox="259 1575 1412 1795"> State Agency Activities <ul style="list-style-type: none"> • Reviewers may walk SFAs through their answers to the resource management questions if they believe they were answered incorrectly • State agencies complete the Resource Management Risk Assessment Tool • State agencies may complete the comprehensive review off-site • When conducted off-site, the comprehensive review is almost always done by a financial specialist and not the reviewer </div>

Continued on next page

Figure 3-3a. The off-site assessment annotated with process notes (continued)

	<div data-bbox="272 296 816 352"> Certification and Benefit Issuance Student eligibility and meal counting and claiming </div> <div data-bbox="272 380 1349 525"> SFA Activities <ul style="list-style-type: none"> • Master enrollment and benefit issuance data submitted two to four weeks in advance of on-site • For small SFAs, information may be provided when on-site with no direct certification match to remove names from the sample because the numbers are so small the match is not a time savings • SFAs pull applications for remaining sample and organize them as requested </div> <div data-bbox="272 552 1401 751"> State Agency Activities <ul style="list-style-type: none"> • Look at previous month's claim (or most recent claim submitted) to see how many free and reduced reported • Sometimes State agency is responsible for conducting the direct certification match to remove names from the sample; sometimes the match is done elsewhere • SFA provides list with direct certifications removed; include template for how to organize application information for remaining names </div>
	<div data-bbox="272 842 1008 898"> Meal Compliance Assesses compliance with meal pattern and nutritional requirements </div> <div data-bbox="272 919 1281 1092"> SFA Activities <ul style="list-style-type: none"> • Food service director picks week from review month • Uploads menus for selected week • Uploads production records, recipes, and labels • Sometimes Meal Compliance Risk Assessment Tool completed by SFA with help from reviewers • SFA completes off-site portion of DSAT for selected school </div> <div data-bbox="272 1117 1354 1260"> State Agency Activities <ul style="list-style-type: none"> • State agencies often use contractors or a specialized staff person to conduct the menu review • State agencies may do the Meal Compliance Risk Assessment Tool while completing site selection • Review staff make a list of items missing from uploaded menu review data that will be collected onsite • State agencies may do the targeted menu review offsite </div>
	<div data-bbox="272 1352 865 1409"> Findings Compliance issues uncovered during the off-site review </div> <div data-bbox="272 1436 1341 1579"> <ul style="list-style-type: none"> • State agencies may issue findings and work through corrective action after review of the off-site data collection; they try to get issues uncovered during off-site taken care of before going on-site; corrected items are still considered findings in the final corrective action plan • State agencies may not issue findings until problems can be confirmed on site; things that appear as potential problems often do not materialize on site because the SFA misunderstood the question </div>

Certification and Benefit Issuance. Reviewers noted that they like the change to an SFA-wide check of certification and benefit issuance instead of reviewing students from the selected sites only. One problem for reviewers has been the format of the benefit issuance roster they receive from the SFAs. While State agencies tend to have a template for how they would like the data to be submitted, SFAs do not always use it. If SFAs provide the data in, for example, a PDF file format,

the data cannot be manipulated in a way that makes it easy to select the sample for review. Sometimes SFAs do not provide the data for the correct time period. To avoid problems with the time period of the data, some reviewers try to time their data request to maximize the probability of getting the right data.

“We request it [the benefit issuance roster] six weeks out to come back in at least three weeks in advance.... It’s like shorter than that, they don’t have enough time – they have a really difficult time getting it into us in a timely manner. And more than that, it’s not the right data that we need.”

Targeted menu review. Currently, all nine of the interviewed State agencies use option 1 for the targeted menu review.¹⁶ One State, Kentucky, previously used option 4, but for SY 2018-2019 they planned to return to option 1. Their decision to change was based on both the issues they saw with option 4 and the advantages of option 1. They realized that they were utilizing their option 4 nutrient analysis tool only for compliance, when that really was not the purpose of the tool. In addition, the funds they used to purchase the software license needed for the nutrient analysis (Section 201 funds) were no longer available. They considered option 3 in which SFAs would provide a nutrient analysis they had conducted, but given all the different software packages SFAs could use for the purpose, it would not be possible for reviewers to easily understand the nuances of each software and be able to assess the nutrient analyses appropriately. Kentucky finally decided to use option 1 because they felt it was effective, risk-based, and could be done simply by both parties.

Documentation for the Meal Pattern and Nutritional Quality Review. One challenge State agencies have found with the meal pattern and nutritional quality review area is getting all the documentation needed for the targeted menu review in order. More than one State agency noted that they have found it easier to get hardcopy documents on site rather than trying to organize all the electronic files that have been uploaded by the SFAs. While the electronic files are good for record-keeping, they are not very efficient for organizing the information needed for a menu review. Illinois has had some success in helping SFAs prepare their documentation by sending them

¹⁶The AR Guidance Manual lists four options for targeted menu review. These are: (1) Complete the Dietary Specifications Assessment Tool (DSAT), (2) Validate existing nutrient analysis performed by an SFA or contractor, (3) Conduct a nutrient analysis performed by the state agency, and (4) Use an FNS-approved process utilizing *Menu Planning Tools for Certification for Six Cent Reimbursement*.

USDA’s “TIPS for Evaluating a Manufacturer’s Product Formulation Statement” as part of the off-site checklist and by asking SFAs to provide the menus to be reviewed in advance.

“... the Process Products Tips sheet, we send this to them, because we find one of our biggest, biggest struggles is having CN labels, Product Formulation Statements of menus that they select and we input into the menu worksheet. ... So we send this to try to alleviate some of that pain. We’ve had some monitors experiment with getting the menus, that week of menus, sent to them in advance. And they ask them to send production records and labels. Now that helps because then they can say, ‘Here is what you still need to obtain. Or here is what I’m missing.’ And then when I come on-site, then I’ll finish it – have it when I come on-site and then they finish up the process. ... That’s something I think we’ll probably try to do more this school year because they have had success with it.”

Effectiveness of the Meal Compliance Risk Assessment Tool (MCRAT). The State agencies that commented on the effectiveness of the MCRAT generally did not find it to be an effective tool and wondered about the relevance of some questions in terms of meal pattern compliance. They noted the following specifics about the tool:

- Asking what programs a site operates is often not effective because all the sites in the SFA tend to operate the same programs.
- Asking about grade groups is one of the more effective questions on the tool because if a site overlaps grade groups, the kitchen may want to serve the portions indicated for the oldest group only.
- Asking about Performance Standards 1 and 2 violations from the previous AR is not effective because (at least for some State agencies) the goal in site selection is not to visit the same schools every review. The chances are that the selected sites were not part of the previous AR.
- Asking about serving lines usually points to high schools since elementary and junior high schools tend to have only one serving line, which leads to always targeting the high school. The same is true of self-service stations.
- Asking about the cycle menus is also not effective because that will generally be the same for all schools in an SFA.
- Asking about the Healthier US School Challenge award was not seen as relevant.

Resource Management. State agencies are particularly concerned about getting answers from the SFA to the resource management questions on the Off-Site Assessment Tool before the on-site visit. One State agency includes the date of a phone call to discuss the resource management questions in their notification packet. If State agencies have not discussed the resource management

questions with the SFAs in advance of submitting the Off-Site Assessment Tool, reviewers find they often have to do a great deal of follow-up with SFAs to determine if these questions have been answered correctly. It is important for reviewers to know what review areas have been triggered so they can begin collecting documentation for the comprehensive review. It appears that a large majority of SFAs trigger the risk assessment tool in at least one area. Table 3-7 shows the components of the Resource Management Risk Indicator Tool that State agencies reported as the most frequently triggered. In most States, revenue from nonprogram foods is the most frequently triggered of the resource management components because almost all SFAs sell nonprogram foods. Montana and North Dakota mentioned that for SFAs in their States, the indirect cost component “never triggers.” The distribution of triggers has changed over time. One State agency noted that paid lunch equity triggered for nearly everyone five years ago, but now it triggers much less often as SFAs are more aware of the paid lunch equity rules.

Table 3-7. State agency reports of most frequently triggered components of the Resource Management Risk Indicator Tool

State	Most frequently triggered components			
	Nonprofit food service account	Paid lunch equity	Revenue from nonprogram foods	Indirect costs
Idaho			✓	
Illinois	✓			
Kentucky			✓	
Louisiana			✓	
Massachusetts			✓	
Montana	✓			Never triggered
North Dakota*	✓		✓	Never triggered
Oregon			✓	
Virginia			✓	

*North Dakota reported two most frequently triggered components.

State agencies differed in their assessment of the effectiveness of the Resource Management Risk Indicator Tool. Some State agencies indicated that the tool was ineffective, citing that too many SFAs get triggered for a comprehensive review, but no findings result. Others like the tool and believe that it has been substantially improved over time. When asked how the tool might be made better, State agencies did not have suggestions for changes to the focus of the tool as much as wanting to change how questions are worded so that they can be more easily understood by SFAs.

State agencies’ discussion of the resource management review area is also included in the Section 3.5 (general comments), Section 3.6 (best practices), and Section 3.7 (recommendations).

Discussing Findings from Off-Site Data Collection. Not all State agencies use the off-site assessment information to discuss potential noncompliance issues with SFAs. Those State agencies that do discuss findings and provide technical assistance based on the off-site review document this information and make sure it is included in the final report even if the problem has been resolved by the time the on-site visit occurs. Other State agencies choose not to discuss noncompliance issues ahead of the on-site visit preferring to verify that the problem is “real” on site.

3.4.3 On-Site Review

The on-site portion of the AR is intended to validate the information collected off-site and provide an opportunity for reviewers to observe the operation of the meal service in selected schools. A general flow chart of the on-site review is shown in Figure 3-4. The on-site activities include the entrance conference; completing the On-Site Assessment Tool; completing the on-site components of the resource management, certification and benefit issuance, and targeted menu review areas; meal observation; general area reviews; and the exit conference. Each activity has been annotated with process notes in Figure 3-4(a). For the On-Site Assessment Tool, resource management, certification and benefit issuance, meal observation, and targeted menu review compliance activities, the process notes have been divided to present SFA and State agency activities separately.

Figure 3-4. The on-site visit

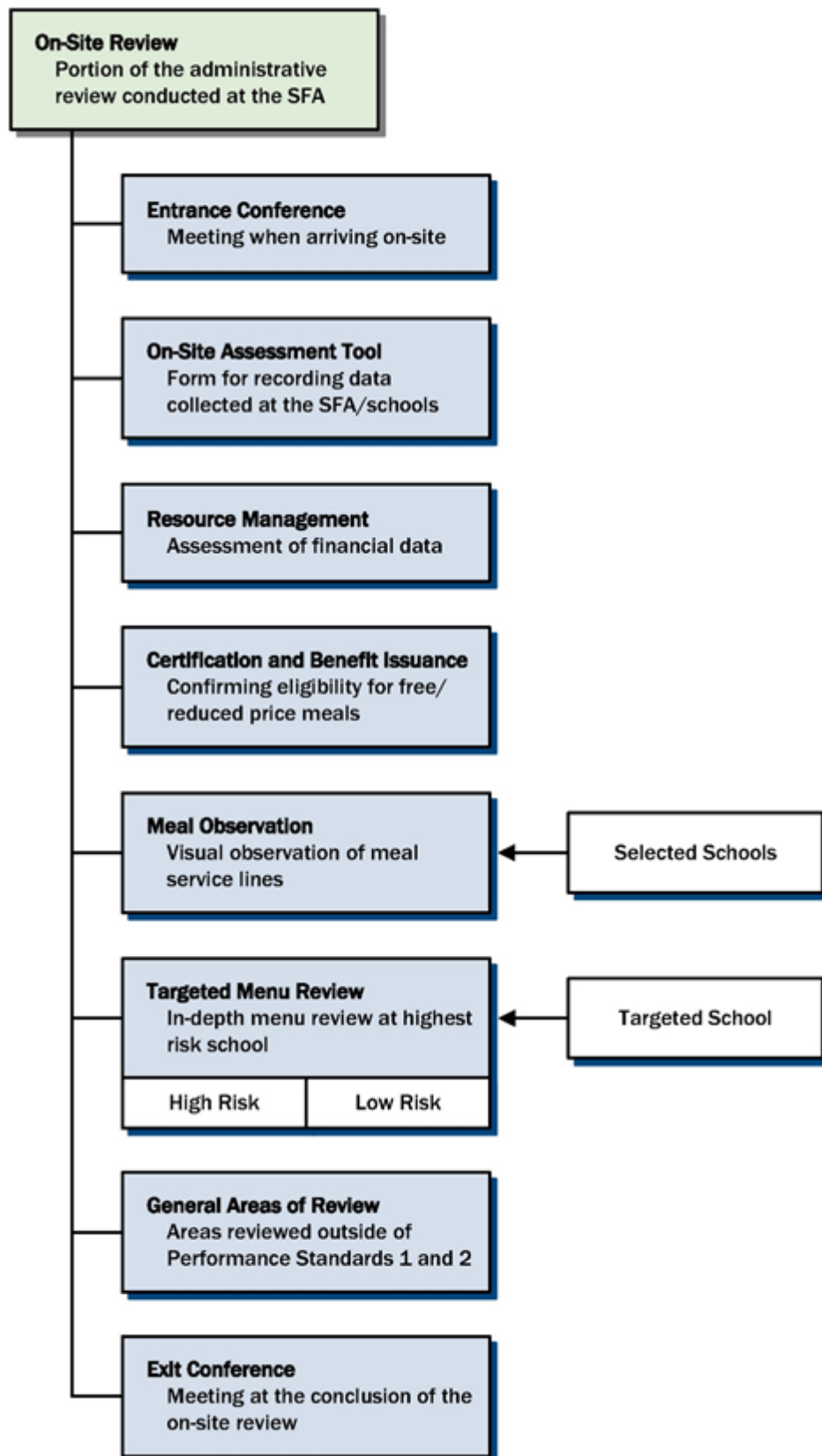


Figure 3-4a. The on-site review annotated with process notes

	<div data-bbox="282 327 513 357">Entrance Conference</div> <div data-bbox="305 359 626 388">Meeting when arriving on-site</div> <ul style="list-style-type: none"> Scheduled prior to visit State agencies may invite the superintendent, business office, and food service director; State agencies may let the food service director decide who should attend Answer questions and develop a "game plan" for the visit
	<div data-bbox="282 627 553 655">On-Site Assessment Tool</div> <div data-bbox="305 657 878 686">Form for recording data collected at the SFA/schools</div> <div data-bbox="282 722 433 749">SFA Activities</div> <ul style="list-style-type: none"> SFA does not complete this tool, but may respond to any questions the reviewer has when filling it out <div data-bbox="282 814 532 842">State Agency Activities</div> <ul style="list-style-type: none"> Reviewers complete the on-site assessment tool Some State agencies have created on-site "cheat sheets" that condense the on-site data collection form to fewer pages for ease of use and to guide on-site activities
	<div data-bbox="282 1024 539 1052">Resource Management</div> <div data-bbox="305 1054 621 1081">Assessment of financial data</div> <div data-bbox="282 1119 433 1146">SFA Activities</div> <ul style="list-style-type: none"> Work with business manager on-site to get needed financial information <div data-bbox="282 1213 532 1241">State Agency Activities</div> <ul style="list-style-type: none"> Reviewers complete the comprehensive review (if needed) State agencies may create their own forms to follow-up on triggered areas Financial information may be brought back to the office and the comprehensive review may be completed after returning from the on-site

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Figure 3-4a. The on-site review annotated with process notes (continued)

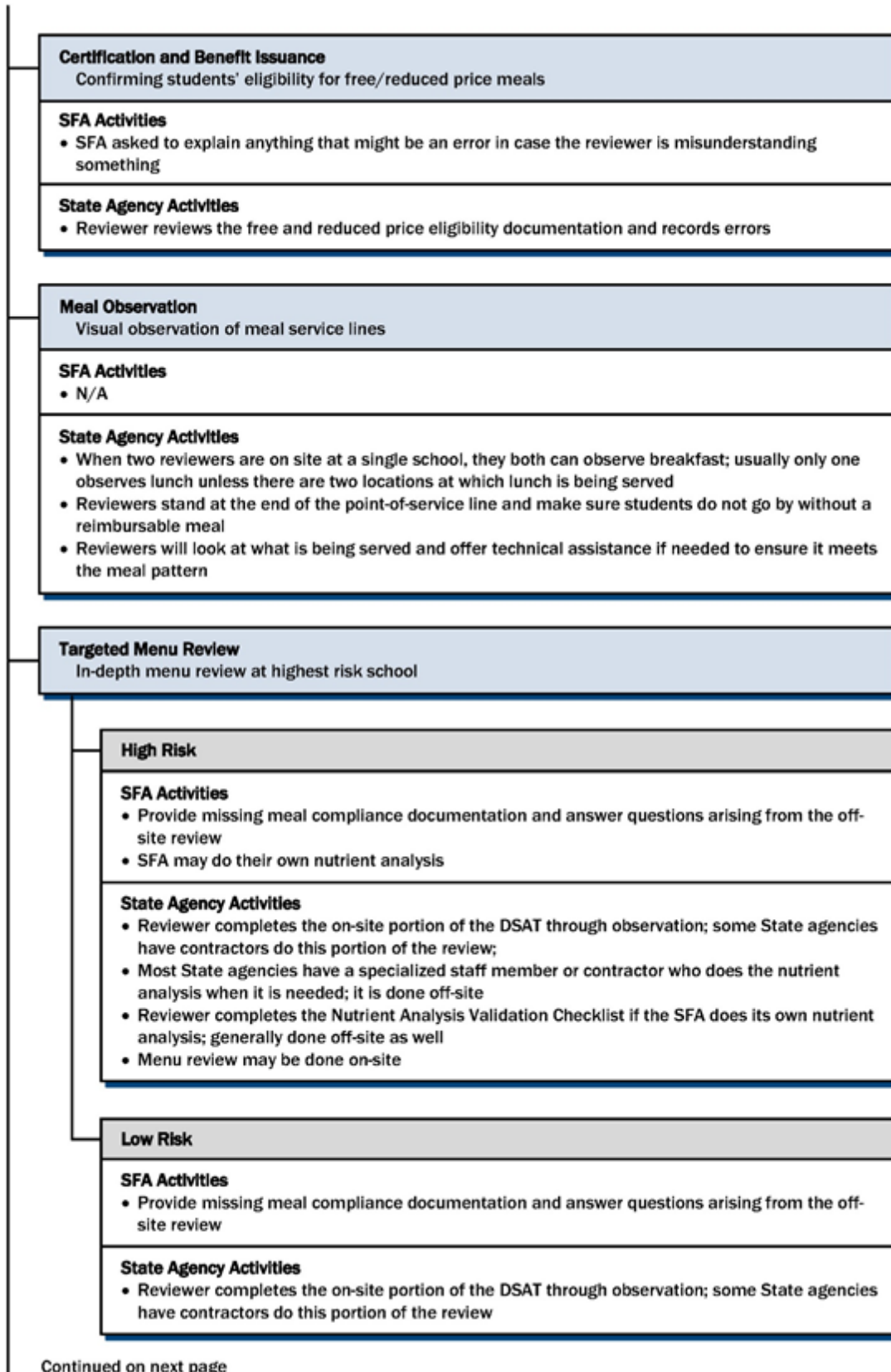


Figure 3-4a. The on-site review annotated with process notes (continued)

	<div data-bbox="251 325 1404 409"> General Areas of Review Areas reviewed outside of Performance Standards 1 and 2 </div> <div data-bbox="251 409 1404 588"> Civil Rights <ul style="list-style-type: none"> • SFAs complete civil rights portion of the Off-Site Assessment Tool • SFAs can have application non-discrimination statement approved by State agency before use • Reviewers check where poster is hung to ensure it can be seen; bring copies of the poster to the review in case a school needs one </div> <div data-bbox="251 588 1404 756"> Professional Standards <ul style="list-style-type: none"> • Encourage SFAs to use the USDA Professional Standards Tracker • Judicious review of hiring standards in locations where hiring is difficult; particularly for small and rural SFAs • May look at prior year training hours to determine compliance </div> <div data-bbox="251 756 1404 976"> Local School Wellness Policy <ul style="list-style-type: none"> • Conducted as desk review before going on-site • State agency may have approved School Board Association wellness policy template in advance and if the SFA uses that template, reviewers know it is compliant • May monitor implementation with a form where SFAs record how they are applying their wellness policy in each school • SFAs asked to upload a letter stating the year of their triennial wellness policy assessment </div> <div data-bbox="251 976 1404 1207"> Smart Snacks <ul style="list-style-type: none"> • SFAs may be asked to prepare a list of all items available for purchase by students during the school day • State agency required to review 10 percent of items, but at least one State agency reviews 100 percent of items • State agency may provide SFAs with a list of items that are Smart Snack compliant and ask SFAs to send photos or invoices to show they are stocking Smart Snack compliant items </div>
	<div data-bbox="251 1270 1404 1354"> Exit Conference Meeting at the conclusion of the on-site review </div> <div data-bbox="251 1354 1404 1617"> <ul style="list-style-type: none"> • Try to schedule so that the Superintendent can be there; one State agency schedules an "interim" exit conference at a time convenient for the Superintendent; one State agency schedules it the first day of the review to make sure people are available • Have all reviewers on-site to review the exit report before the exit conference • Some State agencies have the report ready for the exit conference, others only have notes or a summary sheet to provide attendees • Have the program representative sign the exit report (when report available) • Discuss commendations as well as problem areas </div>

It is clear from the discussion of the on-site review that some on-site tasks are more time-consuming than others. For some very time-consuming tasks, reviewers will collect information on site and bring it back to the office for review. For reviewers who are not financial specialists, the resource management comprehensive review can be particularly time consuming. One State agency noted that they spend a “bare minimum” of six hours on site completing the resource management comprehensive review. The nonprogram revenue tool can take the longest. SFAs do not always have separate documentation for nonprogram revenue so reviewers find themselves examining invoices and charge slips to complete the tool. Sometimes they just gather up invoices and bring them back to the office to complete the review. Benefit issuance and meal counting and claiming can also be time-consuming when SFAs use manual forms to complete this task.

“Oh, and it also depends on how they do their meal counting and claiming. Because we have some folks with manual forms and so sometimes we can’t get that done while we’re on-site either. We have to take all those forms back, and that’s another – well, it took two of us two days to do one review.”

Nutrient analysis is also time consuming to complete. While the interviewed State agencies noted that they do not often conduct full nutrient analyses, they are needed occasionally. State agencies have contractors or specialized staff who do nutrient analyses when one is needed so that regular reviewer staff do not have to carve out time to complete this task.

A challenge with the general areas of review (e.g., civil rights, professional standards, local school wellness policy, and smart snacks) is the lack of a financial enforcement mechanism. With no financial finding associated with these areas, State agencies report that SFAs can sometimes appear to be less interested in achieving compliance.

Use of “Cheat Sheets.” To help guide reviewers during the on-site visit, several State agencies we interviewed have developed on-site “cheat sheets” that consolidate and condense the AR forms to a set of essential items. The cheat sheets are a short reference tool for reviewers with the information and documentation that needs to be collected in order to complete the AR forms. (See Appendix B for an example.)

“I mean we’ve made up some cheat sheets, like this is like a site-level cheat sheet. We try to consolidate down because the USDA forms are kind of long. And so one, if you don’t want to use those and you want to enter directly into WINS [State MIS], this is kind of a one-stop, here’s everything you need to look at, here’s a place to make notes.”

Exit Conference. At the end of the on-site review, reviewers conduct an exit conference. The final report is not always ready at the time of the exit conference but in all cases, reviewers will discuss their findings with the food service director and others who attend the meeting (even if they are preliminary at the time). The reviewers we interviewed want to use findings, technical assistance, and corrective action to support SFAs in improving their programs and achieving compliance with program rules. They do not want to be punitive. For instance, reviewers go out of their way to avoid citing SFAs for incomplete meals during the meal observation. If they have reviewed menus off-site and find there is a shortage in a menu, they will communicate that to SFAs immediately. They want to make sure that if that menu reappears when observers are on site, the SFA does not serve an incomplete meal that day. Reviewers also like to arrive at the cafeteria 30 minutes before the meal starts so they can see what is on the serving line and give employees a heads up if they are missing something. Typically, that is noted as technical assistance, but if the kitchen does not resolve the problem, the meal service will be disallowed because they did not offer a complete meal.

The decision of technical assistance versus corrective action can be influenced by discussion with the food service director at the exit interview.

“Well, okay, so wellness policy might be an example. If we say, ‘Here’s our standard response to this type of corrective action.’ And they say, ‘There is no way we will be able to accomplish that because of the different number of people outside of food service that need to be involved in this process.’ Then we take that into consideration and say, ‘Can you get me maybe a downgraded?’ or even in some cases an upgraded because I’ve gone both directions with this. A food service director says, ‘I’m really having an issue with this principal, can you please put this in as a finding?’ where I might not have done that had they not requested it. And the flip side, ‘Okay, well, you’re not measuring the implementation of your wellness policy.’ And they say, ‘Well, we just do not have support for that.’ And I say, ‘Okay, tell me when you plan to meet about it?’ And that’s all I’m asking, ‘Can you please schedule a meeting and get a list of the attendees or something?’ Without actually following all the way through to give me the finalized updated policy language... Yeah. We start with the standardized response and then based on a food service director’s response to that, move forward.”

The exit interview can provide an important opportunity for interaction between reviewers, food service directors, and district superintendents in resolving issues.

Additional comments on-site review areas can be found in Sections 3.5 (general comments), 3.6 (best practices), and 3.7 (recommendations).

3.4.4 Other Federal Program Reviews

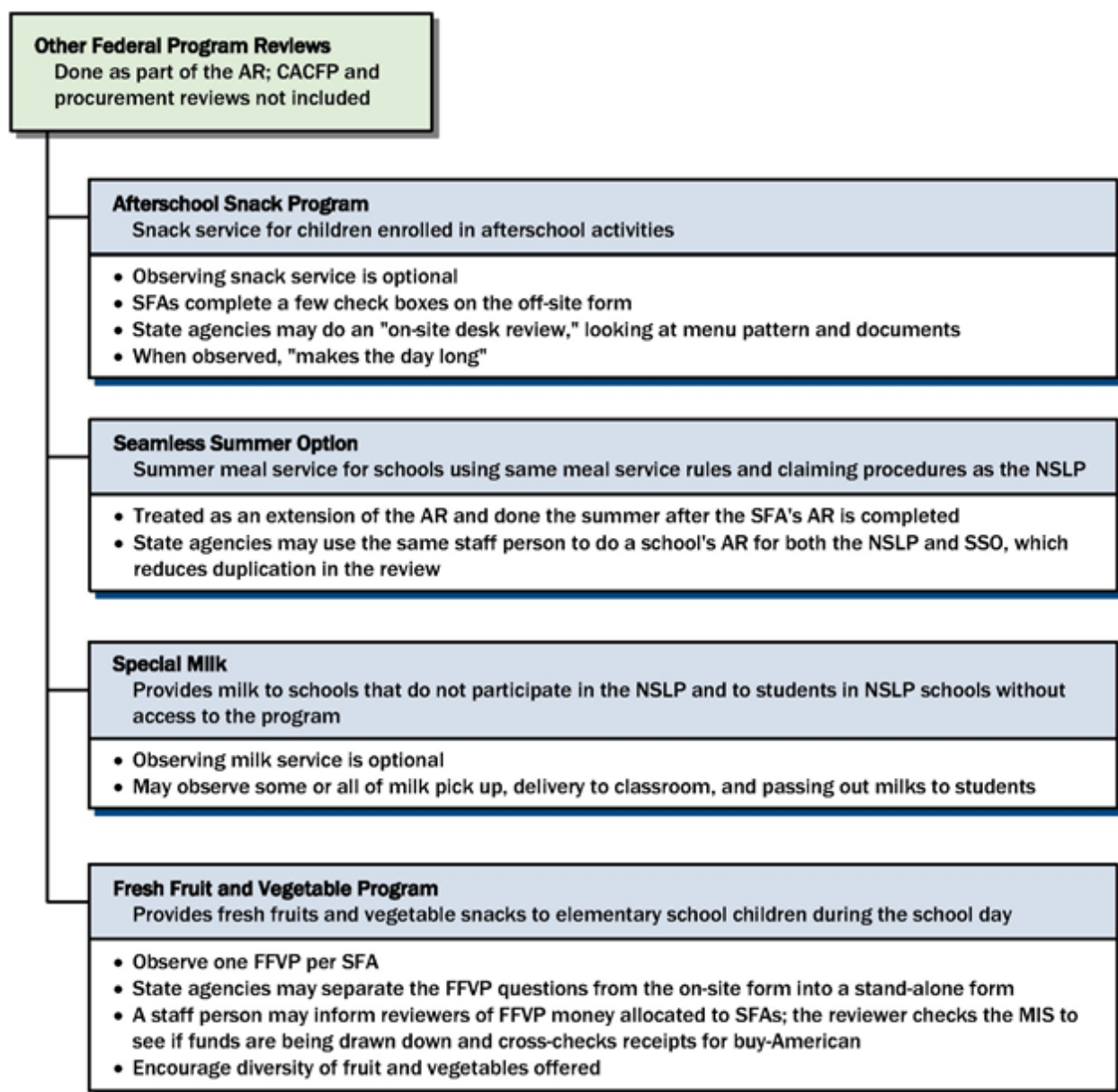
As part of the AR on-site visit, the State agency also reviews the other FNS programs operated by the SFA, including the NSLP afterschool snack service, SSO, FFVP, and SMP. Figure 3-5 shows the activities that are part of this review component and describes the review process. The biggest challenge associated with these reviews generally has to do with scheduling. Kentucky described a problem they have had with site selection and the FFVP. FFVP impacts site selection for the AR because reviewers must observe one school with FFVP. This can present a problem for reviewers when they do not know if schools will be participating in FFVP at the time of site selection. They may have selected their sites and notified the SFA before learning that the SFA has FFVP participating sites and none are included in the selected sites. Sometimes this requires reviewers to add an additional site to their review, which increases the burden on reviewers and SFAs. Kentucky noted that in the previous year they had to add 10 additional sites to their reviews to observe FFVP.

Even when the sites with FFVP are known in advance, the reviewers may be misinformed about when the distribution for the FFVP occurs or which school to go to for observation. They have had problems where they show up for a review on a Thursday to find that FFVP is only offered on Monday, Wednesday, and Friday. The afterschool snack service can also have observation difficulties. For instance, RCCIs can provide the afterschool snack as late as 7:00 p.m. or 8:00 p.m., and reviewers will not stay that late. This has less of an impact on reviewers, however, because the afterschool snack observation is optional under AR.

“...it’s ironic that our middle to larger size districts, they have a printout of a schedule or all of their programs, and so it’s a little bit easier to plan. But in your smaller schools – your smaller districts that may have two schools, ‘I don’t know what time the milk starts. I don’t know what time snack is. Let me call.’ They call the kitchen manager and they’re not answering the phone so now they’ve got to drive all the way over there and ask, but they were supposed to fax it back, it’s this weird thing where you’re sitting there and it’s all this communication for just a schedule.”

Sometime food service directors do not have a schedule for when Special Milk, FFVP, or afterschool snack service will occur and sometimes the information isn’t easily obtainable.

Figure 3-5. Other Federal program reviews

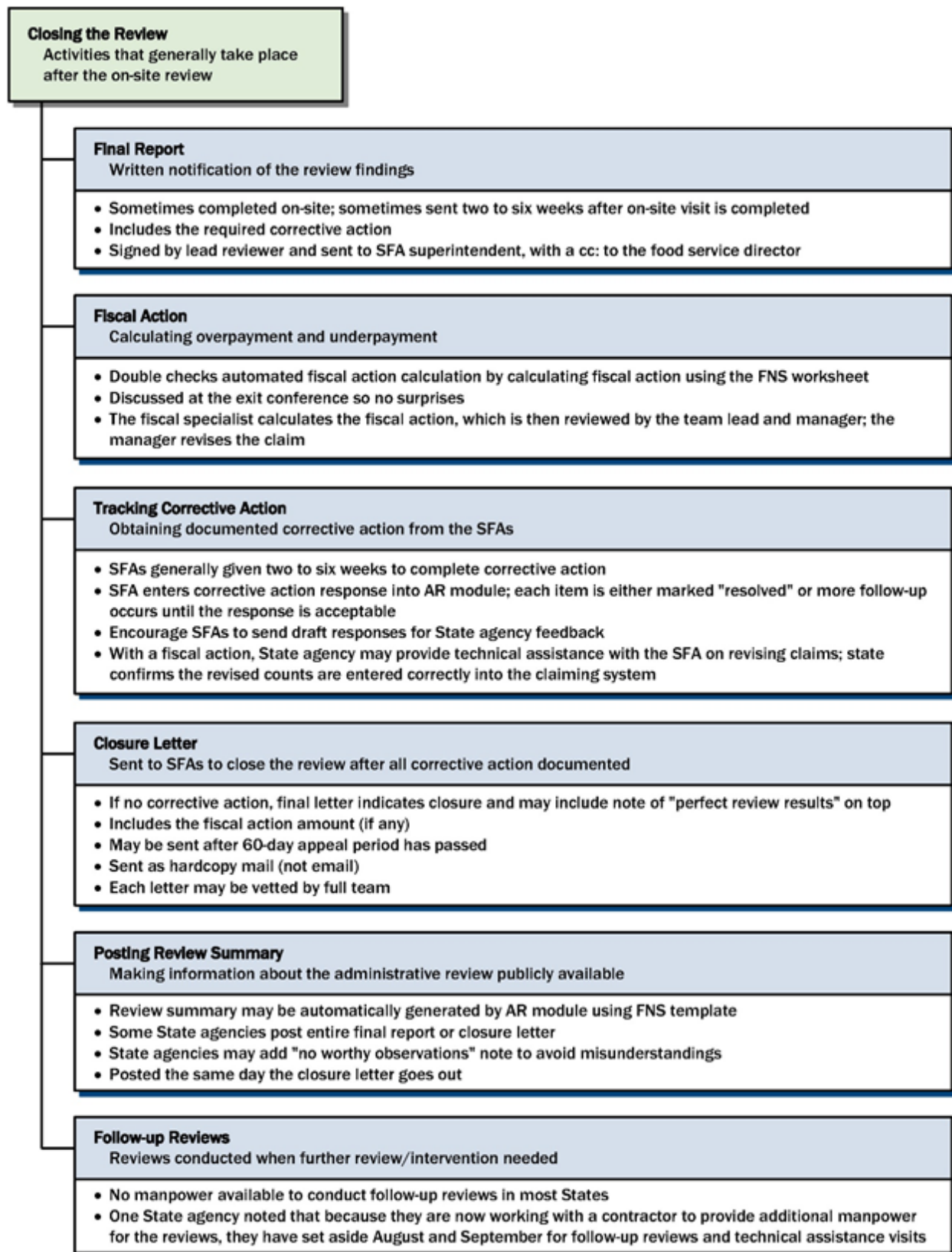


3.4.5 Closing the Review

Closing the review includes activities that generally take place after the on-site review.

(See Figure 3-6.) A large part of this activity for reviewers is preparing the final report and calculating fiscal action. By "final report," we are referring to the State agency's written notification of review findings. State agencies call this report different things including the final report, the exit report, and the Document of Administrative Findings (DAF). This report may be completed on-site

Figure 3-6. Closing the review



and be ready for signature at the exit conference or it may be completed after the reviewer returns to the office. In particular, the more findings that were discovered, the less likely it is that the final report will be ready on-site. And, if there is fiscal action, some reviewers have indicated that they prefer to calculate the fiscal action when they are in the office in order to focus on the task and make sure the calculation is done correctly.

“Now what we have done, after we identified that this was a great issue we were facing in that as the person who looks at all of the findings reports before they are issued, they need to be consistent. From SFA to SFA, if you have this issue, you should see the same findings and the same finding reports. And not just that, but with transparency requirements and us posting to the website, they need to say the same thing if it was the same issue. So what we have in our software is the ability to create basically pre-prepared or pre-canned findings. So what we have done is we have broken that process down ... into basically what we call findings and evidence. So we have for most every question..., we have what we call pre-canned or pre-prepared finding. And it is the reference to the regulation. So what we did is, [we say] ... in accordance with policy memo, or in accordance with 7 CFR 210. ... Then as a reviewer you come in behind that and are able to add to that same statement that is the evidence to that finding. So we click the finding. It populates. We put in the finding that says, ‘You accepted the wrong documentation for verification of.’ And then same way for corrective action. We have pre-prepared, pre-canned – not for everything, not for every situation, but for that.”

Consistency Across Reviewers. A challenge for State agencies is ensuring consistency among final reports. State agencies often want their reviewers to be able to discuss findings in the same way and to ensure this they have created canned text for use in final reports.

On the other hand, reviewers may want more independence to write what they feel is needed, providing more detail on what took place. After spending time in internal meetings discussing what is technical assistance and what is not, one State agency decided the “automated response” approach to findings was not going to work for them. They prefer to have some flexibility to address situations on a case-by-case basis.

Posting the Review Summary. The final step in closing a review is to publically post the review summary. This has been somewhat of a challenge as well. State agencies have expressed concern about putting review results online without the context needed to understand them. Several State agencies indicated that they post review summaries the same day the finding letter is sent to the SFA or the day the review is closed. One State agency noted that they post the review summary within 30 days of finalizing the review.

3.5 State Agency Comments on the AR Process

State agency reviewers discussed the AR process, its strengths and challenges at length. The reviewers are clearly committed to the programs and to the AR, understand the importance of each review area, and are dedicated to helping SFAs improve their child nutrition programs. Their experience conducting ARs has given them a great deal of insight into issues that impact the process. In this section, we present the most significant comments from their interviews.

Interviewees commented about difficulties concerning compliance with training hours for professional standards, connecting Seamless Summer Option to an SFA's AR, and the formula for charging indirect costs to the meal program. On these topics, interviewees noted the following:

- **Compliance with Training Hours.** The professional standards training hour requirements can be difficult for SFAs to meet, particularly when there are staff who work in the meal service only a few hours a week. When breakfast is served in the classroom, teachers take the meal count and distribute the breakfasts. Requiring them to have four hours of training can be viewed negatively by teachers and teacher unions. But often there are issues with breakfasts in classrooms including incomplete meals and failure to take a meal count. If four hours of training is too much to ask for teachers who are doing this task, State agency reviewers suggested the requirement could be scaled back to just two hours, including 30 minutes of civil rights and 90 minutes on meal counting and components.

Also, some small SFAs do not have a food service director. When that is the case, it can be challenging to find someone to assume the 12 hours of training required for that position. For the people who are sharing the food service director's tasks, food service is not their first priority and 12 hours of training can seem too much.

- **Connecting Seamless Summer Option to an SFA's AR.** Review of the Seamless Summer Option is completed in the same year as the SFA's AR for the NSLP and SBP, but reviewers find it awkward to "connect" the two reviews. They do not want to hold an AR report for an SFA open until summer when they do not know that the SFA will be participating in the Seamless Summer Option. If a fiscal action results from the Seamless Summer Option review, it has to be combined with any fiscal action from the AR to determine if the total amount is over the \$600 disregard threshold. Some Seamless Summer Option programs start right after school's out and may run for as little as two weeks. For review staff to learn who is participating and get to the site to observe the meal service before it is over can be a challenge.
- **Indirect Cost Formula.** Indirect cost collections appear to be on the rise, and that is likely a result of CEP bringing more money into food service at a time when many school districts are finding their funding getting tighter. Reviewers have found an increase in "double-dipping" in which an expense already included in the indirect cost rate food service pays to the school district is also directly charged to the program. One

State agency has asked their Department of Education's district support staff to help ensure school district business offices know what is included in the indirect cost rate. The guidance and formula are often not clear to district staff. Those interviewed also provided their thoughts on the three-year review cycle, those components of the review that could be viewed as beyond what should be expected of the AR, the value of the off-site assessment (on which views differed), and which components of the AR are most burdensome for SFAs and SAs.

The Three-Year Review Cycle. The change to the three-year cycle has not been viewed entirely positively. Most State agencies reported that the number of reviews that must be conducted each year given the three-year cycle means they have no time to conduct follow-up reviews. Oregon noted that with the advent of the AR process, the mix of staff time spent on review activities versus training and technical assistance shifted from a rough balance to a mix that is now about 90 percent review activities. The reduction in training and technical assistance has resulted in second cycle reviews with more problems than expected. This is a result, they believe, of being unable to spend time with SFAs when it is not their review year. They are seeing more problems in menu planning in the second cycle, which was surprising because reviewers believed at the end of the last cycle that SFAs were understanding the new meal patterns. They feel that the rush of the three-year cycle caused them to move on before the new rules were solidly in place with the SFAs. Other State agencies also commented that the three-year cycle was requiring them to spend the same amount of time with high- and low-performing SFAs. As one State agency commented:

"We would prefer more of a risk-based approach instead of this three-year cycle deal. And not necessarily to get away from three years of certain sponsor organizations. But shoot, we've got schools out there with 50 kids in them. And to try to go do that every three years takes just as much time as it does somebody with maybe, I don't know, a bigger-sized school because of the—I mean, it's almost the same amount of time, but the effort for 50 kids is—whereas that could be done on a five-year cycle, or something, would be easier. That would give us the time mechanisms that we would need, or to free up staff to be able to get more training, I guess. Or be able to work with people more. And also to be able to provide more assistance to school districts versus trying to meet three-year cycles. By not adding staff, what we lost was the ability for staff to go out and actually work with school districts an extra day or two on topics, or to help them do things. The timeline has got so tight those are one of the things we have to back off just to beat the numbers."

Components of the Review That Could Be Viewed As Beyond What Should Be Expected of the AR. There are three components of the AR that have been described by State agencies as being somewhat beyond what should be expected of the AR. These are review areas that reviewers themselves find difficult; areas in which they sometimes feel themselves to be at a disadvantage when talking to SFA staff. The three areas are:

- **The Local Wellness Policy.** One of the struggles with the Local Wellness Policy is that it asks the food service director to take responsibility for something that is district-wide and can only be implemented with the cooperation of others outside of the meal service. Trying to convince a school Superintendent about the importance of a wellness policy when they have other, more pressing issues to attend to can be difficult. Some of the State agencies interviewed for this study have reported some success in increasing compliance with the Local Wellness Policy requirement, but for others, the Local Wellness Policy is a consistent topic in exit interview discussions and is something they feel they may have little influence over.
- **Hiring Standards.** Trying to enforce hiring standards is another difficult conversation for reviewers. One reviewer noted:

“And then additionally professional standards is another place where we’re kind of stepping into something that’s not really our scope. It’s not what I’ve been trained on. In terms of going out, I have no HR background. I have no ground to stand on to say, ‘You can’t hire that person. And your district’s decision to hire that person is wrong.’ And we’re expected to do that if they didn’t meet hiring standards. So that’s a difficult conversation to have. ... But the difficulty of keeping up with hiring practices, if you have such a high level of turnover in districts and limitations in qualified candidates based on rural areas of the State. It’s a different – it’s a difficult conversation to have. Almost from any angle. I think the professional development we’re providing to districts is wonderful. It’s really given us an opportunity to beef up the training. And we do administer an administrative review and training grant. So that’s something that we can provide to our sponsors. But staying on top of hiring standards is – it’s difficult.”

- **The Resource Management Comprehensive Review.** Despite the importance of the resource management component of the AR, the depth to which reviewers are expected to assess financial information can be difficult for those who are not financial specialists. (Several State agencies interviewed do use financial specialists for this task.) As one reviewer described it:

“Often times it’s like, ‘Okay. A cursory review of the financials.’ Even though you know that’s critical, we’re being asked to put ourselves in a space of the – facing a business manager and an accounting professional. Where I have all the things that are critical like meal counting and claiming and ensuring that their benefit issuance is accurate. Those things that equate to dollars and reimbursement. But when I have to sit and go through a hundred pages of a financial report looking to find something that’s not going to jump off the page and say, ‘Hey, pick me.’ And then you sit in front of a business manager because you’ve identified a few things, the first thing you’re going to get is pushback.”

Because you're now telling that business manager that the way you're handling your accounting processes is not appropriate for this program. They're not happy with you. So it's – that is a difficult position to be put into."

The Value of the Off-Site Assessment. State agencies' views of the usefulness of the off-site assessment differed greatly, ranging from "it would be very helpful if we didn't have to do that off-site tool" to "we're doing most of it [the AR] off site." Those State agencies that see little value in the off-site see the Off-Site Assessment Tool as time-consuming for SFAs to complete and for State agencies to review. As one State agency noted:

"Yeah. I mean quite honestly, not much of it [the Off-Site Assessment Tool] is really very useful [laughter]. I hate to say that, but it will be the last thing I will do at a review. You know how I set that sometimes – we'll ask them to email it to us but they don't. We don't get all bent out of shape about it or anything and, quite honestly, when I actually go to – when I am conducting a review, quite honestly, it's the last thing I do because... Well, why do I care who approves the applications? When I am reviewing the applications, I will see who's approving it. If I have problems, I'm going to seek somebody out and they're going to point me to who approved it. Why do I have to gather that? I don't know. I'm going to figure out really quickly ... whether they use an electronic or manual system. How does that help me prepare? I'm not sure. I don't know."

Other State agencies think the off-site assessment form would be good to analyze, but admit they just do not have the time. Still others appreciate the flexibility of being able to conduct parts of the review off-site and think the Off-Site Assessment Tool can make reviewers feel more prepared for the on-site review, giving the reviewer an idea of an SFA's true grasp of the program and its requirements. One State agency noted that they do as much of the AR off-site as they can. They believe getting problems worked out in advance of the on-site visit is less stressful for SFAs. The off-site has allowed them to completely change their approach to the AR, which has resulted in reviews getting closed more quickly. They describe their approach to the off-site as follows:

"...so let's say they're doing all this in the off-site with a 12-week out, 14-week out, kind of thought. When they run into these issues that the reviewers can't resolve, we do weekly one-on-one status meetings. And they bring their questions into me at that point – and all reviewers do this – and they bring those questions into me. If I can't answer them, it gives me time to be able to get with the leadership here and us all come together with a consistent answer. Right? And to be able to better, number one, assist our reviewers. But, number two, be consistent in what we will do moving forward in this same situation. So reviewers now can start this process well in advance, bring issues to administration, have those issues and answers to provide the sponsor, create the finding, have the sponsor complete corrective action, and then us be able to review it."

Problems found during the off-site review are still findings, but reviewers can offer technical assistance and review corrective action before going on-site. On-site reviewers verify answers, observe the meal service, and validate corrective action has been taken. It all results in closing reviews much more quickly than when most of the AR work is done on-site.

The Most Burdensome Aspects of the AR for SFAs and State Agencies. State agencies noted the following aspects of the AR as being difficult for SFAs:

- The number of questions the AR expects SFAs to answer can be overwhelming. Often SFAs are unable to complete the off-site assessment by the deadline given.
- The revenue from nonprogram foods calculation requires “way more documentation” than many SFAs, particularly smaller ones, have available to them.
- SFAs in rural locations often have difficulty meeting hiring standards.
- One reviewer noted that trying to complete a resource management comprehensive review on-site is “the single most disruptive thing” for SFAs.
- A State agency that has SFAs maintain the certification workbooks for their menus has heard from their advisory council that food service directors do not want to change their menus because it is too much work to update the workbooks.

Two things stood out as most burdensome for State agencies—the requirement to observe breakfast and the overall level of effort required to conduct the ARs on a 3-year cycle. The burden of the breakfast observation is mostly an issue for large, rural States. Getting to SFAs in time to observe breakfast has meant many more overnight trips for reviewers, which is a burden that has led to staff turnover in some States. The overall workload associated with the AR has also been a burden for State agencies. It is not a problem all State agencies can resolve through hiring. Some State agencies either do not have enough SAE funding to allow them to hire more staff or there is a State-government cap on the number of full-time equivalent staff they can employ. To manage the AR workload State agencies have had to cut back on time spent on technical assistance, follow-up reviews, and grant activities. Several of the State agencies interviewed will not pursue new grants because they do not have the time for the grant activities.

3.6 AR Process Best Practices

The discussion of review best practices uncovered many small things that reviewers do to make the review process easier for themselves or for SFA staff, such as taking photos of service lines or signage during reviews. The photos help them remember what they have seen and document good practices that can be shared with others. In this section, however, we focus on best practices described by one State agency that address challenges described by another.

Obtaining Uniform Financial Information for the Resource Management Comprehensive Review.

- **Challenge.** The financial records provided by SFAs for the Resource Management Comprehensive Review can be daunting for reviewers without financial backgrounds to wade through. The problem is compounded when every SFA has a different way of reporting their financials. One reviewer noted “Even if they [the financial records] are fine line detailed, we have to figure out where they’re putting their revenue and their expenses and I mean, it can be all strangely mixed in there. Well, it’s sort of standardized, it really is. But they have 20 different systems that show it differently.”
- **Best Practice.** In Massachusetts, the Resource Management Comprehensive Review is conducted by a separate team of financial staff. This team has created a set of forms that the SFAs in Massachusetts have to upload to the State agency system, including a balance sheet and profit and loss statement. The forms are designed to show exactly what the AR is looking for in the resource management review and to help SFAs maintain their own ledger for just the school meal programs. This best practice increases review efficiency and helps SFA business managers conduct their recordkeeping in a manner that facilitates review of program financial rules.

Making the Resource Management Comprehensive Review Useful to SFAs.

- **Challenge.** Some reviewers have expressed dissatisfaction with the usefulness of resource management review findings for SFAs in general, and for food service directors in particular. What is necessary for the compliance review is not always seen as also being helpful to SFA staff in terms of providing information that can be used to improve their programs. Reviewers have noted the comprehensive review can be very time-consuming and disruptive to SFAs, and then, after all the work that is done to complete the review, the reviewer says to the SFA “Yes, you passed, don’t worry about it,” which does not help SFAs in improving the business end of their school meal programs. SFAs will provide reviewers with invoices and paperwork, but the SFAs do not analyze this information themselves and the resource management review does not encourage it. Many food service directors do not have a clear understanding of what they are spending on food or how they could analyze their data to do a better job. One reviewer noted:

“We wish we had more time where we could analyze their per meal cost and show them how much they’re actually spending on a lunch. I mean, we’re talking this one place kicked in \$147,000. They could have hired two teachers with that money. And we wish we had more time to talk about that. But that’s not a real question. So, it’s very odd. You go through hoops trying to fill out that nonprogram revenue tool for selling six cartons of milk. Things that matter, we just don’t have time for.”

- **Best Practice.** One thing Massachusetts has done to increase familiarity with the tools used in resource management is that every year during renewal, they require SFAs to upload a nonprogram revenue tool and a paid lunch equity tool to monitor nonprogram foods and support their paid lunch prices. While this is outside of the AR, this annual technical assistance has helped to empower the food service directors, who now have a better understanding of the financial side of their programs. They understand what information they should be getting from the business manager so they can be more accountable and more competent in running the business end of their program. It also makes the resource management review process easier during the AR because the forms and their purpose have become familiar to the SFA staff.

A Template for the Local School Wellness Policy.

- **Challenge.** Compliance in the area of the local school wellness policy can be a struggle for reviewers and for SFA staff since policy development and implementation requires the involvement of others. Even if the food service directors have written a good wellness policy, they need others in their districts to cooperate to make it meaningful. Small districts in particular, where the food service director wears multiple hats, have trouble getting the resources together to develop and implement this policy. And, it is hard for reviewers to enforce compliance with this requirement since there is no associated financial finding. If at the exit conference the SFA is told their local wellness policy is noncompliant, the SFA is not going to be able to prepare a fully developed policy as part of their corrective action plan. It is more likely that they will be providing meeting minutes or a meeting agenda to show that the policy is being worked on. The AR timeframe is not amenable to the length of time developing and implementing a school wellness policy requires.
- **Best Practice.** Idaho has successfully helped SFAs with the implementation and monitoring of school wellness policies in Idaho schools. When the wellness policy went into final rule form, a policy analyst for the Idaho School Board Association (ISBA) contacted the State agency and asked if they would be willing to review a template school wellness policy the ISBA had developed. Reviewers worked with the ISBA to make sure their template was meeting USDA requirements. Now when reviewers go to an SFA that is participating with the ISBA, they look at the wellness policy and ask if they adopted it as provided by ISBA. If they have, reviewers already know that it is compliant. Many districts have adopted the template and reviewers have seen wellness policies “drastically improving.” They are now focusing more on monitoring implementation. The State agency used grant funding to help develop a form for SFAs to record how they are applying the wellness policy to each school in their district. State agency staff start conversations about the wellness policy during the renewal process, so SFAs without compliant policies have the opportunity to start working on them before

their review. Reviewers can now offer SFAs a resource instead of issuing a finding with no support to help address it.

Ensuring the School Superintendent Is Involved.

- **Challenge.** Reviewers in some State agencies report that school superintendents are missing exit interviews more often. One part of the problem is the many responsibilities school superintendents have, but another issue is how late in the day reviews often run. When reviews are not finished until after 5:00 p.m. or 6:00 p.m., the superintendent will already be gone for the day. One reviewer estimated that a superintendent is in attendance at his exit interviews just 10 percent of the time. Others have estimated that superintendents attend about half the time. It is a problem when issues arise that require collaboration among district staff to resolve.
- **Best Practice.** A reviewer in Idaho noted that when a superintendent is going to be unavailable for the exit conference, the reviewer often offers to meet the superintendent earlier in the day and have a conversation on what has been found so far or on the direction the review is going. The reviewer acknowledged that the offer to meet before the review is complete might be seen as a risk, but it has generally worked so far for this reviewer. Sometimes, it allows the superintendent to ask questions they might not have been willing to pursue during the exit interview, for instance, questions about Provision 2 or the CEP. If this type of meeting occurs, the reviewer notes in the documentation that the superintendent was not present at the exit interview and then adds a note that a separate conference occurred at some point in the afternoon.

100 Percent Smart Snacks Review.

- **Challenge.** The requirement for Smart Snacks review is that a minimum of 10 percent of the foods and drinks available for students to purchase during the day outside of the lunch program (that is, items available a la carte or sold in vending machines) must be reviewed to ensure they meet Smart Snacks requirements. While some reviewers appreciated the flexibility in the requirement to review a minimum of 10 percent of the available snacks, others noted that reviewing only 10 percent did not really achieve the intention of the regulation. Some State agencies actually have tighter regulations on what food can be sold in schools than the Smart Snacks regulations.
- **Best Practice.** North Dakota looks at 100 percent of snacks sold in schools. They were encouraged to do this when they heard of SFAs that had passed a 10 percent review telling other SFAs that everything they sold was “approved” by the State. The 10 percent review was giving SFAs the wrong impression of what is allowed. So North Dakota looks at every item in the school store or vending machines. The SFA is given a list of what is noncompliant, but then they are also given a list of things that are very similar to what they are selling, but that are Smart-Snacks compliant. Reviewers request corrective action, but do not require the SFA to remove noncompliant snacks from inventory; they can finish selling what they have. When they have finished selling what they have, they are asked to send reviewers photographs of the store shelves or vending machines stocked with the new inventory. The State agency has created a Smart Snacks assessment tool that they give to SFAs with instructions to complete the form for every

school building. The tool has been positively received by SFAs. North Dakota has also set a limit of three exempt fundraisers per year per site. This was done after surveying SFAs and in collaboration with the North Dakota State Superintendent and North Dakota School Board Association.

Reviewing the Previous Year's Training Hours.

- **Challenge.** As part of the professional standards review, reviewers determine “that documentation demonstrates that all school nutrition program personnel have met or will meet annual training requirements.” Reviewers have found that during the AR, SFAs will sometimes say they will meet the requirements for annual training, but then do not necessarily do it.
- **Best Practice.** Illinois, in particular, discussed the challenge of bringing SFAs into compliance with the training requirements. They noted that asking SFAs to answer questions about training hours on the Off-Site Assessment Tool was essentially allowing SFAs to self-report their compliance and that was not working. After a few years of looking at SFA plans for training as reported on the Off-Site Assessment Tool to monitor compliance with training requirements, they found they were never issuing any citations in this area. Illinois decided they would review the actual hours spent in training in the previous year and base findings on that data. As a result, they started issuing findings and have seen an improvement in compliance with training hour requirements.

Annotated Forms.

- **Challenge.** A common complaint about the AR off-site and on-site assessment tools are that they are not always easy for users (both SFA staff and State agency reviewers) to understand. While this has improved over time, when new people are hired, it is still a challenge to bring them up to speed with the review process.
- **Best Practice.** Oregon has transferred the AR tools into Excel spreadsheets. In the spreadsheets, they have added comments to every question to help people understand what the question is looking for, what is an appropriate response, and what follows from the reported answer. Figure 3-7 shows an example of how Oregon has annotated the AR tools. This is an example is of the S-1, School Data and Meal Pattern Error Form.

Figure 3-7. The S-1 as annotated in Excel by Oregon

S-1 Administrative Review School Data and Meal Pattern Error Form			
<input type="checkbox"/> 1st Review <input type="checkbox"/> Follow-Up			
SFA:		Date of Review:	
School:			
Address:			
Name/Title of Person(s) Interviewed:			
Reviewers:			
1. Type of School (check all that apply) <input type="checkbox"/> Public <input type="checkbox"/> Private <input type="checkbox"/> Charter <input type="checkbox"/> Regular <input type="checkbox"/> Boarding <input type="checkbox"/> RCCI <input type="checkbox"/> Other: <input type="checkbox"/> Pricing <input type="checkbox"/> Non-Pricing <input type="checkbox"/> Closed Campus <input type="checkbox"/> Open Campus <input type="checkbox"/> Traditional Schedule # Days/week: <input type="checkbox"/> Year Round Schedule <input type="checkbox"/> Single Track <input type="checkbox"/> Multi-Track # of Tracks: <input type="checkbox"/> Special Provision Option: <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> Base Year <input type="checkbox"/> Non-Base Year SFA Calculated Claiming % or Funding Level: Free % or \$ Red % or \$ SA Calculated Claiming % or Funding Level: Free % or \$ Red % or \$ <input type="checkbox"/> Community Eligibility Provision District-wide <input type="checkbox"/> SFA Calculated ISP: SA Verified ISP:			
2. Fill in for this school/review site only. Indicate the type of school by check <input type="checkbox"/> apply. If this site is a Provision 2 school, complete Special Provision Option section for claiming percentages. <input type="checkbox"/> For CEP schools, refer to Approval Spreadsheet for site ISP and Claiming % <input type="checkbox"/> Complete SFA-1A, SFA-2A, Special Provision Options tab in eAR as needed.			
2c. Check if either apply <input type="checkbox"/> Vended <input type="checkbox"/> Food Service Management Company Name:			
2d. Nonprogram Foods (check all that apply) <input type="checkbox"/> Adult Foods <input type="checkbox"/> A la Carte <input type="checkbox"/> Vending to other CN program sites <input type="checkbox"/> Other <input type="checkbox"/> Catering			
2e. Offer vs. Serve <input type="checkbox"/> Yes # of items required: <input type="checkbox"/> No			
2f. Was this school the Targeted Menu Review site for the review? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, was the school high or low-risk according to the Dietary Specifications Analysis Tool?			
2a. Check [X] all types of meal service which apply to this review site for both breakfast and lunch meal service. 2b. Check [X] the Child Nutrition Programs that are offered at this school. CNPweb site information sheet will show all but FFVP. Check FFVP sites folder in SHP/Administrative Review. If needed, complete 2c. Check [X] if meal service is provided by a food service management company or meals are vended and enter the name(s) of the company(ies). 2d. Check question 711 on the Off-site. Indicate whether the school offers Nonprogram foods. Check [X] all that apply. Validate through observation on-site. 2e. If YES, enter the number of required items for a reimbursable meal. Grades 9-12 are required, exception request required if not 0v5. 2f. Did the Meal Compliance Risk Assessment Tool show this site as the Targeted Menu Review Site? If YES, indicate whether the school was classified as high or low-risk from the Dietary Specification Assessment Tool (Off-site section) and which targeted menu review method was selected.			

3.7 Recommendations for Improvement

Recommendations for improvements to the AR process suggested by interviewed State agencies generally are one of two types: (1) specific recommendations in which reviewers identified a problem and offered a suggestion for overcoming it; and (2) overarching recommendations in which reviewers indicated that they would like to see a change, but may not have had suggestions for how to make these changes come about. Note that these recommendations do not necessarily represent a consensus among all State agencies interviewed. Some of these recommendations may have been suggested by just one State agency and others by most of them.

3.7.1 Specific Recommendations

Specific recommendations offered by those interviewed include the following:

- Breakfast Observation: Make the breakfast observation optional for some or all SFAs.** Reviewers must observe 5 percent to 25 percent of meals served on each reimbursable meal service line in the selected sites, which means that reviewers have to conduct a breakfast observation when the SFA is part of the SBP. Having to be at a school for a breakfast observation in a remote location may mean that the reviewers had to travel to the area the night before or be on the road early in the morning, which on

winter mornings means driving in the dark on unfamiliar roads. And, these schools may have small numbers of students receiving breakfast, so a large burden is being placed on the reviewer when the magnitude of any potential finding is small. This burden could be mitigated by making breakfast observation optional for some or all SFAs.

- **The Simplified Nutrient Assessment: Allow reviewers the option to complete the simplified nutrient assessment instead of the full nutrient analysis when a site is determined to be high risk.** As discussed earlier, there are four options for conducting the dietary specification and nutrient analysis review. All of the interviewed State agencies use option 1, in which sites that are determined to be high risk for non-compliance with dietary specification regulatory requirements must receive a nutrient analysis. A full nutrient analysis is completed using specialized software. Because a full nutrient analysis is required infrequently, reviewers often have not used the software enough to become proficient with it. Using the software becomes a long, drawn-out process as reviewers have to re-familiarize themselves with the software every time they use it. As an alternative, reviewers could use the simplified nutrient assessment spreadsheet that is already part of the certification of compliance worksheets. This assessment is not as detailed as a nutrient analysis, but is felt to be adequate to the task.
- **Timing of AR Updates: Ensure updates for the coming SY are provided to State agencies no later than the February prior to the start of the SY.** Reviewers understand that with any new process there will be changes as the new process works itself out. But there is a feeling that for the AR process the annual changes have made it difficult for reviewers to become as skilled with the process as they need to be. The timing of the annual updates exacerbates this situation. When updates are received too close to the start of the review season, there is no time to develop and test changes to AR software, adequately train reviewers on the changes, or inform SFAs. One State agency suggested changes be provided to State agencies no later than February, another felt changes should be provided one year in advance, and a third felt that no changes should be made during a three-year cycle. State agencies found the number of changes and the timing of AR updates to be a particularly frustrating part of AR implementation.
- **Guidance on State Agency Salaries: To assist States in preventing staff turnover over salary issues, provide State agencies with guidance on the national average salary for AR reviewers.** State agencies are subject to their States' hiring rules and salary schedules. One State agency noted that their salaries as State employees were substantially below what staff could make working in school districts or even as a reviewer in an adjacent State. Since the AR process and the school meal programs are Federally funded, they felt there may be an opportunity to influence salaries in their program if FNS provided guidelines or a national average best practices for AR reviewer salaries. This could help State agencies make a case for higher salaries, which in turn could reduce staff turnover of skilled reviewers.
- **Professional Judgement: Allow the flexibility needed for reviewers to use their professional judgement in selected circumstances.** Areas mentioned where the flexibility to use professional judgement would be beneficial are the Resource Management Risk Assessment Tool, where reviewers could decide whether a trigger on

that tool should result in a comprehensive review, and the staff training requirement, where reviewers could determine if the hours required are applicable for the staff in question.

- **Improve Forms, Instructions, and Guidance.** While noting that the forms have improved over the years, those interviewed gave many examples of ways to improve forms, instructions, and guidance. Suggestions for improving forms fell into several categories. Below we list the categories and provide some examples of suggested improvements.
 - **Providing Context.** Adding information about who is expected to answer specific questions would be helpful to SFAs. Sometimes SFAs do not recognize who should answer which questions. One State agency suggested that questions could be organized by who is expected to answer the question and instructions would say (for example) “questions one through 10 are for your cook.”
 - **Reducing the Use of Acronyms and Program-Specific Terminology.** SFAs sometimes have trouble with the term “certification and benefit issuance.” They do not always recognize that the form is asking about the roster of students receiving free and reduced-price meals. It is further confusing because the word “certification” is also used in other areas of the review (i.e., direct certification, and food safety certification in professional standards). In another example, the first question on the Off-Site Assessment Tool asks if the SFA is a Provision 2/3, RCCI, or CEP SFA. Sometimes, if the SFA is not any of these things, the person completing the form will not recognize these terms.
 - **Re-Wording Questions to Make the Wording Applicable to All SFAs.** Question 112 on the Off-Site Assessment Tool says “Does the benefit issuance system identify how eligibility was determined?” The use of the word “system” can be confusing to SFAs that do not have an electronic system for tracking their roster of free and reduced-priced students.
 - **Reformatting Multiple Questions that Pose As a Single Question.** The follow-up to question 110 on the Off-Site Assessment Tool asks “If no, does the letter contain all required information, and is it approved by the State agency?” Response options are yes, no, and n/a. This question is actually two questions— “Does the letter contain all required information?” and “Is the letter approved by the State agency?”—and should be presented as such or respondents have difficulty choosing one response option when the answer to the two questions is not the same.
 - **Making Questions More Specific When That Can Help Guide the Reviewer Towards Technical Assistance.** The follow-up question to Question 110 on the Off-Site Assessment Tool— “If no, does the letter contain all required information, and is it approved by the State agency?”—is also an example of a question that is too broad. If instead there was a set of questions that asked specifically about components of the letter, reviewers would be guided toward the

technical assistance that SFAs need to write a letter that complies with requirements.

- **Add Missing Questions or Alternatives.** The review forms do not have a place to input previous review findings, which would be helpful when determining if a finding is a repeat finding. They also do not have a question about the self-evaluation of the SFA's USDA Foods storage, even though SFA's self-evaluation is a requirement.

In addition, the forms do not always allow for all alternatives. For example, certification of benefit issuance review allows you to categorize specific errors of missing information or the miscategorization of the eligibility determination. But other problems might occur such as a systemic error in the application approval process. Some State agencies wondered how that should be recorded on the SFA-1 form and how a finding related to it would be classified.

- **Improving Form Layout.** Some of the forms that are presented as worksheets have too many tabs. Having to move from tab to tab can be time consuming, particularly when looking for specific questions. It is not easy to search for a word or question among all the tabs. The multiple tabs can also cause reviewer confusion and errors. The paid lunch equity tool is an example of a multi-tabbed tool that could benefit from being on fewer tabs.

A second layout issue is the use of drop-down responses in worksheets. These may be helpful for SFAs when completing the worksheet, but can be laborious to State agency reviewers who are completing the form multiple times for the SFAs they review.

Reviewers also mentioned that it would be helpful to have a stand-alone form for the FFVP since they are only observing one FFVP site per SFA. They do not need these questions on a review form for all sites.

Reviewers also pointed to some areas where instructions could be improved, including:

- Areas of the review where the approach taken by SFAs can vary

“And I would like instructions on every flexibility. Particularly, what’s coming to mind is CEP. The CEP instructions are only written for a single site CEP, it’s not written for what you’re to do if it’s at district level, and it’s not written for what you do if it’s a group. So I can figure out what I’m supposed to do with the review, and yay if it passes, but if it doesn’t, I don’t know what to do. It’s like, ‘How much fiscal action do I take?’”

Instructions for the fiscal action workbook:

“But just detailed instructions on the fiscal action workbook would be beneficial. ... It would be really helpful. The fiscal action workbook is really – yeah, the whole process for fiscal action, there’s not much guidance. I’d say that’s definitely a weakness for us.”

The guidance FNS provides garnered both positive and negative comments from reviewers.

Reviewers liked that FNS provides highlights for the updates, which allows reviewers to focus their efforts on that list of changes. Within the AR guidance manual, reviewers have found the discussion of corrective action as part of each review area to be “quite useful.” They also make good use of the “For additional information” section of each review area, which lists memos or manuals that can be used as a reference.

Reviewers offered several recommendations for improving the AR manual, including:

- Provide information that will help reviewers understand why a question is being asked:

“Well, it would be in terms of interpreting what the question is trying to ask. So if I’m trying to explain to a sponsor this is the information I’m wanting to gather from you, and I go to the AR manual. It never gives me the kind of the level that I actually explain in the question.”

“You can’t find the question verbiage in the AR manual. It’s about processes. It’s about when you’re looking at this module, here’s the data to collect. Here’s somewhat of a structure on how to proceed forward in the process. But if you have a question about what is this actual question trying to get at, it’s not in the AR manual. And there may be another place that are resourced that I’m not accessing, but the AR manual doesn’t get to that granular level of interpreting questions within the administrative review.”

- Include flowcharts of how review findings lead to technical assistance, corrective action, and fiscal action

“And if I could make one suggestion for the manual it would be, ‘Would you just please do some flowcharts on technical assistance, corrective action, and fiscal action that applies to performance standard one, performance standard two, and general areas of review.’ Because trying to ferret that out from the administrative manual, you’re looking at three places. And for me, flowcharts make more sense with the reference of the page, so I can go check it out, and it might be a way to standardize it across the country rather than people trying to figure it out.”

- Include hyperlinks for referenced materials in the electronic version of the AR manual.

Reviewers also mentioned the challenge of dealing with updates to policy memos instead of having the actual memo revised to include the update. Reviewers did not have a recommendation to address this, but it could be remedied in part by including additional context and a more thorough explanation of how the change impacts the previous policy. Reviewers commented:

“I do find doing research in certain topic areas of our program can be a challenge. A memo will come out, something will come out later that say it supersedes this part of that memo. So you’re never quite sure how far back you need to go.”

“I mean, because what they do is every time they update something, they just give you an update; they never go back and fix the original. So there’s no original guidance. Everything is an update, so, “Refer to the memo in 1982 that updated this.” Well, if you just go back to the original guidance and you were following that, how would you even know that there’s been an update?”

- Lastly, reviewers suggested two ways of testing forms to improve their usability:

Consider how a review will be conducted when creating forms. In particular, the review forms for the afterschool snack service and SMP do not take into account that observation of these activities is optional. Specifically, the forms do not flow so that the questions that need to be answered only when the service is observed are placed together.

Conduct cognitive testing of the Off-Site Assessment Tool and others that are provided to SFAs to complete.

“I think first and foremost, if the USDA questions stayed the same but were rewritten to be more user friendly, the way that we would explain it in conversation as maybe you’d use the term, but then explain it a little farther within the question. That would be helpful. Thinking about the end user when they’re reading those off-site questions. Sometimes that’s pretty confusing for them.”

3.7.2 Overarching Recommendations

Overarching recommendations offered by those interviewed include the following:

- **Differential Monitoring.** Consider how the review process can be revised to include differential monitoring so that SFAs at lower risk for noncompliance are reviewed less often and/or with less intensity than SFAs at high risk for noncompliance. State agencies want the ability to spend more time with poor-performing SFAs, providing them with the direct technical assistance they need to improve their program operations. For most State agencies, the only realistic option for obtaining more time for this type of technical assistance is to spend less time with well-performing SFAs. This implies differential monitoring. (See Chapter 5 for additional discussion of differential monitoring.)

- **The Funding Allocation.** Consider revisions to the SAE funding allocation formula. Of the nine State agencies interviewed for this study, six felt their AR programs to be adequately funded. Some of these returned allocated funds that could not be used. Three States— Montana, North Dakota, and to a lesser extent, Idaho—had difficulty covering their AR expenses with the SAE funds. One reviewer noted that the SAE allocation formula treats State agencies as if “one size fits all” when it comes to the AR, but that is not the case. A State like Montana will not have enough SAE funds to fund compliance monitoring based on the number of meals served given that they are faced with greater expenses in terms of travel and staff hours for getting to and from SFA locations.
- **Making the Reviews More Useful to SFAs.** Consider ways to increase the usefulness of the AR to SFAs. While the purpose of the AR is to ensure SFAs comply with program requirements, it is possible that the approach to ensuring compliance could be modified to further support program improvement. (This is not about increasing technical assistance, but rather about using AR questions and processes that achieve the dual purposes of ensuring compliance and improving the SFAs’ programs.) There are two areas of the AR that State agencies suggested could be modified to make the AR more useful to SFAs: resource management and dietary specifications.

For instance, as noted earlier with regard to resource management, one reviewer noted that the review process does not help food service directors see how their program could save money. Instead, as long as general funds cover any deficit, SFAs do not have to raise their prices, and there is no pressure to find good ways to curb spending. In another example, the nonprogram revenue tool makes ensuring compliance with the related requirement complicated and difficult for SFAs to understand its purpose. The nonprogram revenue calculator calculates the amount of additional revenue SFAs must obtain from the sale of nonprogram foods in order to meet the nonprogram foods regulatory requirements. However, how the nonprogram revenue calculator computes results is not clear to SFAs. More importantly, the tool does not provide SFAs with any indication of where to consider raising prices to comply with the requirement, so additional guidance in this area could be helpful. Instead of the current tool, State agencies suggested that reviewers could instead ask for a list of nonprogram foods sold, the purchase price of each item, the number purchased, the sale price of each item, and the number sold. Such a list would tell SFAs where they might want to raise prices to cover their costs if they need to obtain additional revenue from nonprogram foods.

The current process for monitoring menu compliance is also seen by some State agencies as being less useful to SFAs than it could be. Reviewers spend time and effort reviewing documentation to determine if menus have enough grains, meats, vegetables, etc. But the resulting information does not tell SFAs where their meals stand on dietary specifications such as sodium content and calories.

Though State agencies acknowledged that conducting a nutrient analysis was time-consuming under the prior review process, it also gave SFAs information they could use. One reviewer noted:

“We feel – I guess, we feel like we’ve put a lot of effort into this review, but we don’t leave them with as good of information as it had before when we gave them that nutrient analysis. And USDA will say well, you’re always free to do that. Well, fine, we can barely finish this three-year cycle. We’re not about to start doing things that aren’t even required.”

How to make the menu review/dietary specification process more useful to SFAs without overburdening reviewers is not clear, but reviewers would like the AR to leave SFAs with information they can use in this area.

A Single AR Process for All Child Nutrition Programs. Consider revising program rules to allow for a single AR process that would work for all child nutrition programs. A reviewer noted:

“I think the first thing that FNS needs to do is streamline all the programs so that there’s an administrative review for all programs, because it’s ridiculous to have completely different set of rules for every program and to have to do a review of each of those programs using different guidelines.”

State agencies realize this would be a long-term goal, and that there are parts of the streamlining process that may be more doable than others.

4. AR Outcomes

The analysis of administrative review (AR) outcomes uses the database of completed AR forms and worksheets described in Chapter 2. We use two sets of data from the database: 194 ARs conducted by 52 State agencies¹⁷ collected for School Years (SYs) 2013-2014 and 2014-2015, and 18 ARs collected from the nine State agencies interviewed for this study for SYs 2013-2014 and 2016-2017. Each of the 194 ARs in the first set was conducted for a different SFA. In the second set, the 18 ARs represent two ARs for each of nine school food authorities (SFAs), which allows us to look at AR outcomes for these SFAs over two consecutive reviews. (See Section 4.6 for this analysis.)

The ARs in the database were selected by State agencies to submit to the Food and Nutrition Service (FNS), based on FNS guidelines which included SFAs operating Provision 2, Provision 3, the Community Eligibility Provision, those with fiscal and/or corrective action, and others. These ARs are a very small percent of the total number of SFAs State agencies review in any given year. In addition, because the database captured data exactly as provided by State agencies on the forms, and some questions on the AR forms changed over time, data for any particular form or data element in the database may be missing. We note the number of forms and any missing data as appropriate in the analysis.

Using data from the 194 SFAs, we present outcomes for each of the following AR components:

- Meal access and reimbursement;
- Meal pattern and nutritional quality;
- Resource management;
- Fiscal action; and
- Corrective action and technical assistance.

¹⁷Five State agencies did not implement AR during the study period and thus, did not provide data for the study: American Samoa, Arkansas, Guam, Indiana, and Ohio.

The data for this analysis were collected for two SYs, 2013-2014 and 2014-2015. Table 4-1 shows the number of SFAs with ARs in each year. The number of SFAs is divided equally over the two years with 97 SFAs with an AR in the database each year.

Table 4-1. Number of SFAs by school year of review

School year	Number of SFAs
SY 2013-2014	97
SY 2014-2015	97
Total	194

Table 4-2 presents the number and percent of SFAs in the database by SFA characteristics, with a comparison to national data on SFAs. These data were obtained from the SY 2014-2015 FNS-742, Verification Summary Report. The characteristics include SFA type (i.e., public or private); size based on student enrollment in which enrollment is divided into five categories that vary from less than 500 students for the smallest SFAs to over 10,000 students for the largest SFAs; and claiming provision. SFAs have been categorized into three types of claiming provisions:

- **Community Eligibility Provision (CEP)**, under which schools and local educational agencies (LEAs) in low-income areas serve free breakfast and lunch to all students and receive Federal reimbursement based on the number students directly certified for free meals;
- **Provision 2 or 3**, program options for low-income school and LEAs that provide free meals to all students, reduce free and reduced price application burdens, and simplify meal counting and claiming procedures; and
- **Traditional (or nonspecial provision) meal service** that requires annual determinations of eligibility for free and reduced price school meals; and daily meal counts by type (free, reduced price, and paid meals) at the point of service.

Table 4-2. SFA characteristics

Characteristic	SFAs in database with characteristic		National SFA population in SY 2014-2015	
	#	%	#	%
SFA Type				
Private	26	13.4%	4,132	21.5%
Public	168	86.6%	15,108	78.5%
Size (Student enrollment)				
< 500	56	28.9%	8,812	45.8%
500-999	16	8.3%	3,033	15.8%
1,000-4,999	57	29.4%	5,412	28.1%
5,000-9,999	22	11.3%	1,048	5.5%
10,000+	43	22.2%	935	4.9%
Claiming Provision				
CEP	48	24.7%	3,523	18.3%
Provision 2/3	27	13.9%	525	2.7%
Traditional	119	61.3%	15,192	79.0%
Total	194	100%	19,240	100%

A large majority (86.6%) of SFAs in the database are part of public school districts, which is similar to the national proportion of 78.5 percent. Our sample of SFAs ranges in size from small (less than 500 students) to very large (over 10,000 students), with the largest number of SFAs falling in the 1,000 to 4,999 size group (29.4%) and the less than 500 size group (28.9%). Nationally, nearly half of SFAs have less than 500 students and less than five percent have over 10,000 students, which means that our sample of SFAs contains a higher proportion of large SFAs. Most SFAs in the database (61.3%) use the traditional meal claiming provision, although the data set has 48 CEP SFAs (24.7%) and 27 Provision 2 and Provision 3 SFAs (13.9%). This is not comparable to the national data, where nearly 80 percent of SFAs used the traditional meal claiming provision.

In comparing AR outcomes by SFA characteristic, we use SFA type only. Almost all private school SFAs are of small size (24 of 26), but the real driver of difference in outcomes appears to be SFA type, not size. For example, in an analysis based on application errors, we determined that small public school SFAs have outcomes that are more closely in line with larger public school SFAs than private schools SFAs.

The analysis of AR outcomes uses data from SFAs where a completed form or worksheet exists. The number of missing forms differs by form type. The form may be missing because it was not needed as part of the AR for that particular SFA and so was never completed, or it was completed but not submitted. In either case, we consider the data to be missing and have not imputed zeros when data elements are left blank.

4.1 Meal Access and Reimbursement

The meal access and reimbursement area of the AR reviews SFA certification of student eligibility for free or reduced price meals, and validates SFA claims for reimbursement. From an SFA's benefit issuance document (i.e., their master roster of students receiving free or reduced price meals), the State agency selects students for review. The State agency may select all students in the SFA or a statistically valid sample of students. Table 4-3 presents the sampling methods State agencies used in the AR database compared to the distribution of sampling methods the FNS Special Nutrition Program Operations Study (SN-OPS) found.¹⁸ Using a sample that produces a 99 percent confidence level was the most frequently used sampling methodology for both this AR study and the SN-OPS study.

Table 4-3. SFAs by sampling methodology, AR Study and SN-OPS study

Sampling methodology	AR study total SFAs*	%	SN-OPS study total SFAs	%
100%	40	29.6	1,080	25.9
95% confidence	15	11.1	369	8.9
99% confidence	80	59.3	2,714	65.2
Total	135		4,163	

*Numbers do not include SFAs with missing sampling methodology information.

For each student selected for review, reviewers examine whether the student's eligibility for free or reduced price meals was completed properly. Missing information or errors in determining eligibility and benefit issuance are documented on the SFA-1 form, the Eligibility Certification and Benefit Issuance Error Worksheet. The data set includes 64 completed SFA-1s for SY 2013-2014 (Year 1) and 57 for SY 2014-2015 (Year 2). A brief summary of the application error data is presented in Table 4-4. For each SY, the tables show the number of SFAs with at least one application error for each of three error types, and for all application error types combined. The error types include:

- Missing information errors that occur as part of the eligibility certification (e.g., the application did not contain the last four digits of the adult's social security number).

¹⁸SN-OPS is the Special Nutrition Program Operations Study, which is data collected from SFA directors and State CN directors about the Child Nutrition (CN) programs offered in schools. The data presented here are from the report for SY 2013-2014. <https://www.fns.usda.gov/special-nutrition-program-operations-study-school-year-2013-14>.

- Miscategorization errors that occur as part of the eligibility certification (e.g., a student eligible for free meals was miscategorized as being eligible for reduced price meals).
- Benefit issuance errors that occur when eligibility information is transferred to the benefit issuance document.

Table 4-4 shows that in Year 1, 65.6 percent of SFAs had at least one application with an application error. The number was slightly higher in Year 2 with 73.7 percent of SFAs having at least one application with an application error. These errors were not uncommon, but the number of errors found at any one SFA were small ranging between one and 35 errors in Year 1, and one and 42 errors in Year 2. Data from the two years were similar.

Table 4-4. Application error data for SFAs with at least 1 error

Error type	SY 2013-2014 (Year 1)			SY 2014-2015 (Year 2)		
	# of SFAs with at least 1 error	% of SFAs with at least 1 error	Low/high count of errors	# of SFAs with at least 1 error	% of SFAs with at least 1 error	Low/high count of errors
Eligibility Certification: Missing Information	26	40.6%	1 – 26	20	35.1%	1 – 40
Eligibility Certification: Miscategorized	32	50.0%	1 – 11	28	49.1%	1 – 42
Benefit Issuance	20	31.3%	1 – 9	22	38.6%	1 – 36
Applications with Any Error	42	65.6%	1 – 35	42	73.7%	1 – 42

Table 4-5 shows the number and percent of applications with errors for five missing information errors, four miscategorization errors, and four benefit issuance errors by SY and in total. Across the two years, 63,317 applications were reviewed for the 121 SFAs with completed SFA-1 forms. Errors are small for the individual error types; never more than 0.4 percent. Missing information errors were found more frequently than miscategorization or benefit issuance errors. Of missing information errors, missing income or source were found the most frequently, though in only 0.33 percent of reviewed applications over the two years, and missing case number errors were found the least frequently on only 0.01 percent of reviewed applications. Benefit issuance errors were found less frequently than both missing information and miscategorization errors. Overall, 1.08 percent of applications had one or more application errors.

While the overall number of errors found was small, missing information errors were found more frequently than miscategorization or benefit issuance errors. Of missing information errors, missing income or source were found the most frequently.

Table 4-5. Applications with errors by school year

Error type	SY 2013-2014 (N=25,967)		SY 2014-2015 (N=37,350)	
	# of errors	% of applications with an error*	# of errors	% of applications with an error*
Eligibility Certification: Missing Information				
A2-5A. Child or Household Name	20	0.08%	5	0.01%
A2-5B. Case Number	2	0.01%	7	0.02%
A2-5C. Income Amount or Source	61	0.23%	146	0.39%
A2-5D. Social Security #	83	0.32%	18	0.05%
A2-5E. Adult Signature	7	0.03%	4	0.01%
Applications with Any Missing Information Error	144	0.55%	168	0.45%
Eligibility Certification: Miscategorized				
A2-6A. Free -> Reduced Price	57	0.22%	42	0.11%
A2-6B. Free -> Paid	27	0.10%	39	0.10%
A2-6C. Reduced price -> Paid	10	0.04%	29	0.08%
A2-6D. Reduced price -> Free	18	0.07%	18	0.05%
Applications with Any Miscategorization Error	112	0.43%	128	0.34%
Benefit Issuance				
A2-7A. Free -> Reduced Price	18	0.07%	9	0.02%
A2-7B. Free -> Paid	18	0.07%	62	0.17%
A2-7C. Reduced price -> Paid	11	0.04%	32	0.09%
A2-7D. Reduced price -> Free	7	0.03%	14	0.04%
Applications with Any Benefit Issuance Error	54	0.21%	116	0.31%
Applications with Any Application Error	276	1.06%	408	1.09%

* Percentages are presented to the second decimal place because the numbers are so small.

Table 4-6 presents the application errors by SFA type. A total of 98.9 percent of all applications reviewed were reviewed for public school SFAs. While private school SFAs make up 13.4 percent of all SFAs in the AR database, these SFAs tend to be small and, therefore, accounted for only 1.1 percent of applications reviewed. The percentage of applications in error for public school SFAs was lower overall than that for private school SFAs. Less than one percent of public SFA applications had an error of any type, while 17.2 percent of private SFA applications had an error of any type.

While private school SFAs make up 13.4 percent of all SFAs in the AR database, these SFAs tend to be small and, therefore, accounted for only 1.1 percent of applications reviewed. ... Less than 1 percent of public SFA applications had an error of any type, while 17.2 percent of private SFA applications had an error of any type.

Table 4-6. Applications with errors by SFA type

Error type	Public (N=62,632)		Private (N=685)	
	# of applications with errors*	% of applications with errors	# of applications with errors*	% of applications with errors
Eligibility Certification: Missing Information	249	0.40%	63	9.20%
Eligibility Certification: Miscategorized	218	0.35%	22	3.21%
Benefit Issuance	114	0.18%	56	8.18%
Any Application Error	566	0.90%	118	17.23%

*A single application with multiple errors is only counted once.

For comparison purposes, we also looked at findings from Regional Office Review of Applications (RORA) studies for data collected in SY 2013-2014¹⁹ and SY 2014-2015.²⁰ The RORA series examined administrative errors incurred during the SFAs' household application approval process, on a nationally representative sample of applications. Overall, the percent of applications in error in RORA was somewhat higher than the percent of applications in error in the AR database, though both were low. This holds true for all of the data we examined: certification errors overall, application missing information errors, and benefit issuance errors.

4.2 Meal Pattern and Nutritional Quality

In the meal pattern and nutritional quality review area, reviewers examine whether meals claimed for reimbursement contain appropriate meal components and quantities. Results for this area of the AR are based on review of the sampled schools, and not the entire SFA, making it more difficult to interpret results. During an AR, meal pattern errors are recorded for the day of review (based on observation) and for the review period (based on menu review). Information on the review period was not recorded consistently on the S-1, the School Data and Meal Pattern Error Form, and the information that was available suggested that review periods vary²¹ substantially and, therefore, data could not be easily combined across SFAs as a result. Meal pattern errors are also reported

¹⁹U.S. Department of Agriculture, Food and Nutrition Service, Office of Policy Support. (May 2015), *Regional Office Review of Applications (RORA) for School Meals 2014* by Mustafa Karakus, Allison Roeser. Project Officer, Dennis Ranalli. Alexandria, VA: Author.

²⁰U.S. Department of Agriculture, Food and Nutrition Service, Office of Policy Support. (July 2016). *Regional Office Review of Applications (RORA) for School Meals 2015* by Mustafa Karakus, Allison Roeser. Project Officer, Jinee Burdug. Alexandria, VA: Author.

²¹Available data on the number of serving days in the review period ranged from 11 to 22 days.

separately for the School Breakfast Program (SBP) and the National School Lunch Program (NSLP). For the SBP, very few errors were reported for any error type. For ineligible and/or second meals counted at breakfast, 257 of 263 schools with data (97.7%) reported zero errors on the day of review. For meals served missing meal components, 244 of 264 schools with data (92.4%) reported zero errors on the day of review. Therefore, we focused the analysis on day of review errors in the NSLP.

Most NSLP day of review error data elements contained very little data. The error of ineligible and/or second meals counted appeared at first to contain a substantial number of errors. However, the number of errors recorded for this data element came almost entirely from a single SFA. That SFA was responsible for 1,908 of the 1,956 ineligible and/or second meals counted errors in the database. Given this, we decided not to include this error type in the analysis. Incomplete meal errors were also rarely found. Reviewers reported milk type errors in just two schools, food quantity errors in three schools, and whole grain-rich foods errors in zero schools.

Meals served missing meal components is the one meal pattern error that has usable data for analysis. Table 4-7 provides a brief summary of NSLP day of review meals served with missing meal components data for schools and SFAs with at least one error. These data come from 214 schools in 80 SFAs in Year 1, and 215 schools in 83 SFAs in Year 2. Meals served missing meal components errors are infrequently observed. Just 7.0 percent (15 schools) had at least one missing meal components error in Year 1, and just 4.7 percent (10 schools) had this error in Year 2. When the error is found, total numbers of error are not high. Total numbers of errors across SFAs ranged from 1 to 133 in Year 1, and 1 to 19 in Year 2.

Table 4-7. NSLP day of review meal error data for schools and SFAs with at least one error

Type of error	Total N	SY 2013-2014 (Year 1)			Total N	SY 2014-2015 (Year 2)		
		# with at least 1 error	% with at least 1 error	Low/high count of errors		# with at least 1 error	% with at least 1 error	Low/high count of errors
Meals Served Missing Meal Components								
Schools with errors	214	15	7.0%	1 – 133	215	10	4.7%	1 – 16
SFAs with errors	80	14	17.5%	1 – 133	83	7	8.4%	1 – 19

We calculated the percent of errors per students with meal access for the error of missing meal components on the day of review, shown in Table 4-8. Because we do not know the total number of meals observed on the day of the review, we used the number of students with meal access as a

proxy. Meals served with missing meal components were observed in approximately 0.2 percent of all meals reviewed across the two years of data.

Table 4-8. NSLP day of review meal error rates

Type of error	Total errors	Students with meal access	% of errors per student
Meals Served Missing Meal Components	441	287,345	0.2%

We also looked at meal counting and claiming consolidation counts and errors, which document errors when the SFA and reviewer meal counts differ. These errors are reported separately for day of review and review period. They are also reported separately for the SBP and NSLP. For the day of review, the State agency reviewer observes the meal service and records complete meals at the point of service. These are then compared to the meal count from the cashier and any differences are recorded on the AR form. For the review period, the State agency reviewer looks at SFA records of meal counts for the given time period to ensure that the counts are comparable to the day of review meal counts and do not exceed the number of eligible students by reimbursement category (free, reduced price, and paid). Table 4-9 presents the number and percent of schools with consolidation errors by SY. Again, the number of schools with errors is small regardless of program type.

Table 4-9. Number and percent of schools with consolidation errors (any type)

Year and program	Day of review		Review period	
	#	%	#	%
SY 2013-2014 (Year 1)				
NSLP	7	6.5%	16	18.2%
SBP	5	7.1%	9	15.3%
Any Consolidation Error	9	8.3%	16	18.2%
SY 2014-2015 (Year 2)				
NSLP	4	2.3%	15	8.3%
SBP	6	4.4%	14	9.5%
Any Consolidation Error	8	4.7%	20	11.0%

As part of the review of the nutritional quality of the food served, State agency reviewers complete the Meal Compliance Risk Assessment Tool (MCRAT) for each selected school within an SFA undergoing review. The tool screens schools to determine if they have error-prone areas such as multiple meal service lines, multiple age-grade groups, and alternate meal service locations and results in a score that quantifies the school's risk for violations. The higher the score the greater the risk of meal compliance violations. The school with the highest MCRAT score in an SFA receives a targeted menu review. Table 4-10 presents data for all schools with a completed MCRAT and for

schools with the highest MCRAT score in their SFA by SFA type. A total of 369 schools had completed MCRATs in the database. Almost all of these (97.3%) were public school SFAs. The average MCRAT score across all schools was 33.5 (out of a total of 100), which did not differ significantly between public school SFAs and private school SFAs. When looking at schools with the highest MCRAT scores in their SFA, the overall average rises to 38.2. The relatively small difference between the average MCRAT score and the average high MCRAT score suggests the meal compliance risk presented by the highest scoring schools is not greatly different from that of schools overall.

The average MCRAT score across all schools was 33.5 (out of a total of 100). When looking at schools with the highest MCRAT scores in their SFA, the overall average rises to 38.2.

Table 4-10. Meal compliance risk assessment tool score by SFA type

Risk assessment tool score	SFA type		Total
	Public	Private	
# of Schools w/MCRAT	359	10	369
Sum of Scores	12,060	313	12,373
Average Score	33.6	31.3	33.5
# of Schools w/Highest Score MCRAT	109	9	118
Sum of Highest Scores	4,205	298	4,503
Average High Score	38.6	33.1	38.2

Schools with the highest MCRAT score in their SFA receive a targeted menu review. In most States that review is conducted using Option 1, the Dietary Specifications Assessment Tool (DSAT), which captures information about operational and menu planning practices and allows reviewers to further examine if a school is at risk for noncompliance with required dietary specifications. The DSAT has both off-site and on-site review elements. The off-site review is completed by reviewers through a documentation review and an interview with the SFA. If the off-site DSAT indicates that the school is at low risk for menu violations, the tool is validated on-site through observation.

Table 4-11 compares off-site and on-site DSAT scores by SFA type. A total of 158 schools in the database completed both portions of the DSAT; 86.1 percent of these were public school SFAs. The difference between average off-site and on-site DSAT scores was small for public school SFAs (43.13 off-site vs 43.19 on-site), but larger for private school SFAs (44.95 off-site vs 47.59 on-site), suggesting that the off-site tool was less able to predict the actual DSAT score for private school SFAs than for public school ones.

The difference between average off-site and on-site DSAT scores was small for public school SFAs (43.13 off-site vs 43.19 on-site), but larger for private school SFAs (44.95 off-site vs 47.59 on-site), suggesting that the off-site tool was less able to predict the actual DSAT score for private school SFAs than for public school ones.

Table 4-11. DSAT: Off-site and on-site NSLP scores by SFA type

SFA type	Off-site			On-site		
	Number of schools	Total score	Average score per school	Number of schools	Total score	Average score per school
Private	22	989	44.95	22	1,047	47.59
Public	136	5,874	43.19	136	5,865	43.13
Total	158	6,863	43.44	158	6,912	43.75

If the DSAT is completed and the school is deemed to be high-risk, or if the State agency has opted not to use Option 1, the targeted menu review requirement must be satisfied by validating an existing nutrient analysis (Option 2), or conducting a new nutrient analysis using USDA-approved software (Option 3). The State agency will use the Nutrient Analysis Validation Checklist (NAVC) tool as well as menus, production records (detailing what was offered to students), standardized recipes and product formulation statements in order to perform a nutrient analysis on one week of the targeted school's menus, on each menu type (breakfast and lunch) offered to each age/grade group.

There were a total of 64 schools across 56 SFAs with completed NAVC's in the database. Some State agencies conducted nutrient analysis for all schools in an SFA, and not just for those with the highest MCRAAT score. Only 4 of the 64 schools with completed NAVC's had high-risk scores from a completed DSAT, suggesting that State agencies used Options 2 or 3. Although the AR database does not contain the actual nutrient analyses, the NAVC provides information about what State agencies found in their reviews.

The results of the 64 NAVC's were:

- 34 (53%) of the schools had at least one problem in conducting or validating their nutrient analysis, as noted on the NAVC:
 - 18 schools were out of compliance with meal pattern requirements
 - Four schools required immediate corrective action from the AR before they could validate/conduct their nutrient analysis
 - 20 schools did not have all required source documentation
- Of the 20 State agencies that were validating existing nutrient analyses, 8 (40%) answered at least one validation question negatively which required a new nutrient analysis to be conducted:
 - One school did not have all required source documentation
 - Three schools used inappropriate Age/Grade groups
 - Four schools failed to reanalyze menus based on changes in student selections and participation
 - Five schools had issues validating the weighting of their previous nutrient analysis.

4.3 Resource Management

The resource management review area monitors the financial health of an SFA's food service program through a review of four specific areas related to financial health:

- The maintenance of the nonprofit school food service account;
- Paid lunch equity;
- Revenue from nonprogram foods; and
- Indirect costs.

Reviewers complete the Resource Management Risk Indicator Tool (RMRIT) to determine if an SFA's financial practices may result in noncompliance in this area. In SYs 2013-2014 and 2014-2015, the RMRIT contained questions about the four areas listed above and two additional questions also thought to indicate increased risk that asked whether the SFA had enrollment over 40,000 students

and whether the SFA had previous financial findings. Our analysis focuses on the four areas listed above because it is in these areas that a comprehensive review can result in a finding.

Table 4-12 shows the distribution of SFAs by the number of risk flags resulting from the RMRIT. Each area on the tool can have more than one question to assess, but how those questions are answered can result in only one flag for each area. So based on the risk tool, SFAs can receive up to four flags indicating the SFA is at risk for violations. Risk flag data come from the RMRIT and from the resource management questions on the Off-Site Assessment Tool. The questions are the same on both tools. We included the data from the resource management questions on the Off-Site Assessment Tool in this analysis for SFAs whose AR submission did not include a RMRIT. Using the combined data sources, 165 SFAs had usable resource management risk assessment data across the two SYs. A large majority of these SFAs, 89.7 percent, had at least one risk flag. Only 10.3 percent had no flags.

Table 4-12. Distribution of SFAs by number of risk flags

Number of risk flags	# of SFAs	% of SFAs
0 Flags	17	10.3%
1 Flag	59	35.8%
2 Flags	66	40.0%
3 Flags	20	12.1%
4 Flags	3	1.8%
Total	165	100.0%

Table 4-13 presents the number and percent of SFAs with a risk flag by flag type. The nonprofit school food service account area was the area most often flagged with 51.5 percent of SFAs receiving a flag in this area. Paid lunch equity was the least often flagged; 32.7 percent of SFAs received a paid lunch equity flag.

A large majority of these SFAs, 89.7 percent, had at least one risk flag. Only 10.3 percent had no flags.

Table 4-13. Number of SFAs in SY 2013-2014 and SY 2014-2015 with resource management risk flags by flag type

Risk flag type	# of SFAs with risk flag (Total N = 165)	% of SFAs with risk flag
Nonprofit School Food Service Account	85	51.5%
Paid Lunch Equity	54	32.7%
Revenue from Nonprogram Foods	67	40.6%
Indirect Costs	57	34.5%

In the two years covered by this data, the resource management review instructions required a comprehensive review for SFAs with three or more flags (including flags for the two questions mentioned above but not included in this analysis). The comprehensive review covered all areas of resource management, not just those that received a flag. This instruction was later changed to require comprehensive reviews for only those particular areas that received a flag on the RMRTT. Table 4-14 shows how often a flag resulted in a finding for the four flag types.²² For instance, for the nonprofit school food service account area, 34 risk assessments resulted in flags for this area and the subsequent comprehensive reviews resulted in eight findings when this area was flagged. Therefore, 23.5 percent of nonprofit school food service account flags resulted in a finding. The areas that were most likely to have a flag result in a finding were revenue from nonprogram foods and indirect costs. For both these areas, 42.9 percent of flags resulted in a finding.

Table 4-14. Percent of resource management flags of SFAs in SY 2013-2014 and SY 2014-2015 that resulted in findings*

Risk flag type	# of Flags	# of Findings when flagged	% Flags resulting in finding
Nonprofit School Food Service Account	34	8	23.5%
Paid Lunch Equity	27	7	25.9%
Revenue from Nonprogram Foods	28	12	42.9%
Indirect Costs	28	12	42.9%

*To be included in this table the State agency must have completed both a risk assessment tool and the Resource Management Comprehensive Review Form.

Because three or more flags resulted in a comprehensive review of all areas in these two SYs, it was possible for an SFA to have a finding in an area where no flag was triggered. Table 4-15 shows how often this happened. The first data column shows the total number of findings in each area resulting from the comprehensive review. The second data column shows the number of these findings that did not have an associated risk flag. A substantial percentage of findings were uncovered in areas without a risk flag. This happened most frequently in the area of indirect costs where 40.0 percent of findings were uncovered when no risk flag was assessed. Although this might be an indication that the indirect cost area should be reviewed across all SFAs (without a risk tool assessment), the numbers

The resource management areas that were most likely to have a flag result in a finding were revenue from nonprogram foods and indirect costs. For both these areas, 42.9 percent of flags resulted in a finding.

²²Findings were determined based on State responses in the Resource Management Comprehensive Review Form.

from the AR database are so small they should not be used to make changes to the AR process without additional exploration of the issue on a larger scale.

Table 4-15. Percent of resource management findings of SFAs in SY 2013-2014 and SY 2014-2015 without a flag*

Risk flag type	Total # of findings	# of Findings without flag	% Without flag
Nonprofit School Food Service Account	12	4	33.3%
Paid Lunch Equity	11	4	36.4%
Revenue from Nonprogram Foods	17	5	29.4%
Indirect Costs	20	8	40.0%

*To be included in this table a State agency must have completed both a risk assessment tool and the Resource Management Comprehensive Review Form.

4.4 Fiscal Action

Fiscal action is the recovery of overpayment (or underpayment) from SFAs that have inaccurately counted or claimed meals. The AR database has Fiscal Action Workbooks for 112 ARs across the two SYs (SYs 2013-2014 and 2014-2015). Table 4-16 shows the distribution of SFAs by fiscal action amount. A few SFAs (4.5%) had negative reported fiscal actions, suggesting they were underpaid by the program. Another 17.0 percent had no fiscal action. A majority of SFAs (52.7%) had positive fiscal actions less than \$600. These fiscal actions were below the \$600 disregard amount and it is likely that the reviewers took no action to collect the fiscal action amount in these cases. (We do not have consistent information about fiscal action outcomes; see Section 4.5.) Twenty-nine SFAs (25.9%) had reported fiscal actions that were over the \$600 disregard amount. Just three SFAs (2.7%) had fiscal actions over \$10,000.

Table 4-16. Number of SFAs by total NSLP and SBP fiscal action

Fiscal action amount	# of SFAs	% of SFAs
< \$0 (underpayments)	5	4.5%
\$0	19	17.0%
> \$0 - \$600	59	52.7%
\$601 - \$1,000	7	6.3%
\$1,001 - \$10,000	19	17.0%
> \$10,000	3	2.7%
Total	112	100.0%
Number with Fiscal Action above \$600 Disregard Amount	29	25.9%

Table 4-17 provides a summary of fiscal action data for fiscal action amounts greater than \$0, by SY and program. In general, when SFAs had a fiscal action for the NSLP, they also had it for the SBP.

Of the 28 SFAs that had SBP fiscal action in Year 1, 27 also had NSLP fiscal action. Of the 44 SFAs that SBP fiscal action in Year 2, 40 also had NSLP fiscal action. A large majority of SFAs in both years had some fiscal action amount reported: 72.5 percent of SFAs in Year 1 and 83.6 percent in Year 2. This is not unexpected given that fiscal action was one of the selection criteria FNS provided to State agencies in selecting ARs to submit for the study. The reported amounts varied widely, with the lowest total fiscal action amount reported being just \$0.81 and the highest \$17,168.

Table 4-17. Fiscal action data for fiscal actions greater than \$0, by school year

Program	SY 2013-2014 (Year 1)			SY 2014-2015 (Year 2)		
	# of SFAs with FA > \$0	% of SFAs with FA > \$0	Low/high FA amount	# of SFAs with FA > \$0	% of SFAs with FA > \$0	Low/high FA amount
NSLP	36	70.6%	\$0.36 – \$8,882	47	77.0%	\$0.81 – \$10,868
SBP	28	54.9%	\$2.56 – \$1,137	44	72.1%	\$3.30 – \$6,230
NSLP and SBP	37	72.5%	\$3.37 – \$10,018	51	83.6%	\$0.81 – \$17,168

Table 4-18 presents the total fiscal action and the amount of fiscal action not disregarded for combined NSLP and SBP by selected SFA characteristics. Private school SFAs were responsible for a disproportionate amount of the total fiscal action not disregarded. In Year 1, private school SFAs were 13.7 percent of SFAs with a fiscal action, but were responsible for 47.5 percent of the fiscal action not disregarded. In Year 2, the numbers were 18.0 percent and 28.2 percent, respectively. Small SFAs were also responsible for a disproportionate share of the fiscal action not disregarded. This was partially due to the fact that private school SFAs most often have small student enrollments, but in Year 2, small public school SFAs also contributed significantly to the total fiscal action not disregarded.

Private school SFAs and small SFAs with fewer than 500 enrollment disproportionately contributed to the total fiscal action not disregarded in Year 1 and Year 2.

Table 4-18. Fiscal action and fiscal action not disregarded by SFA characteristics

SY 2013-2014 (Year 1)	# of SFAs	Total fiscal action	Fiscal action not disregarded*
Total NSLP+SBP Fiscal Action	51	\$26,239	\$21,104
SFA Type			
Public	44	\$15,246	\$11,086
Private	7	\$10,993	\$10,018
SFA Size (Student Enrollment)			
<500	13	\$13,249	\$12,195
500-999	6	\$644	\$0
1,000-4,999	17	\$4,309	\$2,186
5,000-9,999	3	\$1,036	\$678
10,000+	12	\$7,001	\$6,045

Table 4-18. Fiscal action and fiscal action not disregarded by SFA characteristics (continued)

SY 2013-2014 (Year 1)	# of SFAs	Total fiscal action	Fiscal action not disregarded*
Claiming Provision			
CEP	7	\$1,934	\$678
Provision 2/3	6	-\$8	\$0
Traditional	38	\$24,314	\$20,426
Total NSLP+SBP Fiscal Action	61	\$79,768	\$73,361
SFA Type			
Public	50	\$58,241	\$52,702
Private	11	\$21,528	\$20,659
SFA Size (Student Enrollment)			
<500	22	\$47,839	\$45,276
500-999	6	\$10,201	\$9,658
1,000-4,999	15	\$14,424	\$12,592
5,000-9,999	6	\$1,932	\$1,142
10,000+	12	\$5,372	\$4,693
Claiming Provision			
CEP	21	\$12,999	\$10,591
Provision 2/3	6	\$10,387	\$9,743
Traditional	34	\$56,383	\$53,027

*Fiscal action not disregarded is the sum of fiscal action amounts that exceeded \$600 per SFA.

4.5 Corrective Action and Technical Assistance

Except for the fiscal action workbook, the AR process does not have a form or other way to consolidate and catalog types of technical assistance and corrective action in a simple manner. The instructions in the Off-Site and On-Site Assessment Tools state that “the SA [State agency] should document any technical assistance provided and any corrective action implemented by the SFA,” but how this is accomplished is left up to the discretion of the State agency. Ultimately, the information is included in their final report and closeout letter as a request to the SFA to develop a corrective action plan. The Administrative Review Guidance Manual provides guidance on how to develop a corrective action plan. Corrective action plans were not often included in the AR documentation provided for the study and documentation of technical assistance provided or corrective action required is not consistently included in the forms that were submitted.

In SY 2013-2014, each section of the On-Site Assessment Tool had an Off-Site Assessment Tool validation question—Question 123 (Certification and Benefit Issuance), 206 (Verification), 313 (Meal Counting and Claiming), 808 (Civil Rights), 1007 (Local School Wellness Policy), 1103 (Smart Snacks), 1602 (SBP and SFSP Outreach), and 2112 (Special Provision Options). As an example, question 123 is worded as follows:

For each question on the Off-Site Assessment Tool (Questions 100-122), do the responses provided demonstrate compliance with FNS requirements and reflect current practices?

If NO, explain.

In SY 2014-2015, and in all future versions of the On-Site Assessment Tool including SY 2018-2019, there is one catch-all validation question which replaces and consolidates the previous separate questions:

For each question on the Off-Site Assessment Tool, do the responses provided demonstrate compliance with FNS requirements and reflect current practices?

If NO, explain technical assistance and/or corrective action provided.

Table 4-19 below compares the number of findings and comments from the off-site validation question(s) in SYs 2013-2014 and 2014-2015. Some reviewers included a detailed list of findings and the technical assistance provided/corrective actions required. Others simply stated “see the corrective action document.” Clearly, the change in format for off-site validation question resulted in less information provided on the On-Site Assessment Tool.

Table 4-19. Number of off-site validation findings, by school year

Off-site validation question	SY 2013-2014	SY 2014-2015
Certification and Benefit Issuance	12	N/A
Verification	10	N/A
Meal Counting and Claiming	6	N/A
Civil Rights	18	N/A
Local School Wellness Policy	30	N/A
SBP and SFSP Outreach	9	N/A
Special Provision Options	2	N/A
Off-site Validation (SY 2014-2015)	N/A	19
Total	87	19

The DSAT also has space for a technical assistance/corrective action comment on each question. In the 216 DSAT forms submitted across both years, only eight forms had a combined total of 20 comments. It appears that technical assistance and corrective action are not consistently recorded on the review forms themselves.

The Oregon State agency developed a Microsoft Excel workbook of AR forms and worksheets that their reviewers use to facilitate and streamline the AR process. The workbook contains a “Findings” tab, which lists each question whose answer could result in the need for technical assistance or corrective action, and how the question was answered. Each question in the tab is linked to its original form or worksheet. When the question is answered on the original form, the answer is automatically listed in the “Findings” tab as well. The “Findings” tab presents an easy way to consolidate information on findings across forms and worksheets. At least one of the programmed AR modules has a similar function that helps automate technical assistance or corrective action lists for final reports and corrective action plans.

4.6 Comparing AR Results for Consecutive Reviews

As an additional analysis, completed AR worksheets and forms were collected from the 18 SFAs that received two reviews and are in the AR database, one in SY 2013-2014 and one in SY 2016-2017. Data were collected from two SFAs in each of the nine State agencies interviewed for this project. Reviews were analyzed to see if any insight could be gained into how changes in the AR over time impacted the review process and review results. Analysis of the data included two activities:

- Input of the data into the Westat’s AR database followed by quantitative data analysis.
- Discussions with State agency reviewers about some of the specifics of these reviews during the on-site interviews.

State agency reviewers had difficulty remembering the specifics of any particular review, as they had occurred several years prior to the interview. Copies of the reviews were provided for the discussion and reviewers had studied the AR documents prior to the interview, but were unable to elicit much information about the specific reviews being considered.

Table 4-20 presents SFA characteristics for this sample of 18 SFAs for ARs conducted in SY 2013-2014 and SY 2016-2017. For the two reviews, these SFAs did not change in terms of SFA type or size; however, there were changes in claiming provision as CEP became more popular. The number of SFAs in our sample of 18 using the CEP claiming provision grew from four in SY 2013-2014, to 10 in SY 2016-2017.

Table 4-20. SFA characteristics, SY 2013-2014 and SY 2016-2017

Characteristic	SFAs with characteristic (SY 2013-2014)		SFAs with characteristic (SY 2016-2017)	
	#	%	#	%
SFA Type				
Private	3	16.7%	3	16.7%
Public	15	83.3%	15	83.3%
Size (Student Enrollment)				
< 500	5	27.8%	5	27.8%
500-999	0	0.0%	0	0.0%
1,000-4,999	8	44.4%	8	44.4%
5,000-9,999	2	11.1%	2	11.1%
10,000+	3	16.7%	3	16.7%
Claiming Provision				
CEP	4	22.2%	10	55.6%
Provisions 2 or 3	0	0.0%	0	0.0%
Traditional	14	77.8%	8	44.4%

Table 4-21 presents the number and percent of applications by type of error and SY for the subgroup of SFAs with two reviews. Note that the total number of applications reviewed for the 18 ARs was less for the second review than the first. (The number of applications reviewed fell from 4,114 in the first review to 3,540 in the second.) The smaller number of applications reviewed likely reflects the increase in SFAs using the CEP claiming provision as students enrolled at CEP schools do not submit applications. Errors are small in both years, but did decline for the second review.

Table 4-21. Application errors by type and school year for SFAs with two ARs

Error type	SY 2013-2014 (N=4,114)		SY 2016-2017 (N=3,540)	
	# of applications with errors*	% of applications with errors**	# of applications with errors*	% of application with errors**
Eligibility Certification Error: Missing Information	48	1.17%	8	0.23%
Eligibility Certification Error: Miscategorized	34	0.83%	32	0.90%
Benefit Issuance Error	12	0.29%	7	0.20%
Any Type of Application Error	84	2.04%	45	1.27%

* A single application with multiple errors is only counted once.

**Percentages are presented to the second decimal place because the numbers are so small.

Note: 14 SFAs from each school year had application errors reported on the SFA-1.

There was a significant change in the process for the resource management review between the two review years in this analysis. For SY 2013-2014, an SFA with three or more flags was required to undergo a full comprehensive resource management review of all four resource management areas. If the resource management risk assessment triggered fewer than three flags, no comprehensive review was required. In SY 2016-2017, this process changed. Requiring three flags to trigger a comprehensive review was ended in favor of a process in which a comprehensive review was conducted only for those particular areas in which a risk flag was triggered.

Table 4-22 shows the number of risk flags triggered in each of the two review years by risk flag type. Risk flag information was available for all 18 SFAs in SY 2013-2014, but only 14 in SY 2016-2017.

As noted by reviewers during the interviews, the types of flags triggered most frequently have changed over time. In the SY 2016-2017 reviews, revenue from nonprogram foods was triggered for 71.4 percent of SFAs, making it the most commonly triggered flag in that year by a substantial margin.

The types of risk flags triggered most frequently have changed over time. This was noted by reviewers during the interviews and can be seen in the data in Table 4-23.

The most commonly triggered flag in SY 2013-2014 was the nonprofit school food service account area. The low number of flags in the indirect cost area was due to the reviewed SFAs not paying indirect costs from the food service account, which was confirmed by two State agency interviews which indicated the practice was uncommon in their States.

Table 4-22. Number of SFAs with risk flags by flag type for twice-reviewed SFAs

Risk flag type	SY 2013-2014 (N = 18 SFAs)		SY 2016-2017 (N = 14 SFAs)*	
	# of SFAs with risk flag	% of SFAs with risk flag	# of SFAs with risk flag	% of SFAs with risk flag
Nonprofit School Food Service Account	10	55.6%	5	35.7%
Paid Lunch Equity	6	33.3%	6	42.9%
Revenue from Nonprogram Foods	9	50.0%	10	71.4%
Indirect Cost	6	33.3%	2	14.3%

*RMRT information was submitted for only 14 SFAs in SY 2016-2017.

The resource management risk assessment resulted in 18 SFAs in the first review with 31 risk flags, but only one of the SFAs had three or more risk flags. That SFA was the only one to receive a comprehensive risk management review as part of the first AR and the SFA's four flags resulted in just one finding. In the second review, in SY 2016-2017, 14 SFAs had 23 risk flags. The subsequent comprehensive reviews for the flagged areas resulted in 11 SFAs with 12 findings. From this very

small dataset, it appears that the change to conducting a comprehensive review for each area flagged has resulted in more resource management findings than would have been found if comprehensive reviews were conducted only once the three-flag threshold was reached.

Lastly, we looked at differences in fiscal action by SY for the 18 SFAs with two ARs. Table 4-23 shows the number of SFAs with fiscal actions greater than zero and the total and average fiscal action for the NSLP and SBP. The number of SFAs with a fiscal action did not change much over the two reviews and average fiscal actions were relatively small in both SYs.

Table 4-23. Positive fiscal action by school year for twice-reviewed SFAs

Fiscal action results	SY 2013-2014	SY 2016-2017
NSLP		
Number of SFAs with NSLP fiscal action >\$0	5	7
Total NSLP fiscal action	\$826	\$1,822
Average NSLP fiscal action per SFA	\$165	\$260
SBP		
Number of SFAs with SBP fiscal action >\$0	4	6
Total SBP fiscal action	\$268	\$358
Average SBP fiscal action per SFA	\$67	\$60

5. Alternative Models of Compliance Monitoring

In this chapter we present and discuss three programs, all housed in the U.S. Department of Health and Human Services (DHHS), that have aspects of compliance monitoring that could be considered by the Food and Nutrition Service (FNS) for adoption in the administrative review (AR) process:

- Child Care and Development Fund;
- Head Start Program; and
- Health Centers Program.

We examined several programs with some similarities to the National School Lunch Program (NSLP)/the School Breakfast Program (SBP), either in their structures, in the overall approach to compliance monitoring or in parts of the monitoring process that are similar to the AR process. This information may be helpful to FNS as it continually improves the AR process based on feedback from State agencies, to lessen burden on reviewers and school food authorities (SFAs) and ensure that limited State resources are focused appropriately.

For each of the three programs we provide background that includes a brief overview of the program's purpose, scope and structure, and information on similarities and differences to the school meal programs and/or the AR process. We then describe what aspects of the program's monitoring may be considered for the AR process.

5.1 Child Care and Development Fund

The Child Care and Development Fund (CCDF) is Federal block grant funding for States to pay for child care assistance for income-eligible families where the parent(s) are employed, receiving job training, or attending school. CCDF is administered by the Administration for Children and Families' Office of Child Care (OCC), part of the DHHS. More than \$8.1 billion was provided to States through CCDF in Fiscal Year (FY) 2018.²³

²³<https://www.acf.hhs.gov/occ/resource/fy-2018-ccdf-allocations-based-on-appropriations>.

Similar to the school meal programs, CCDF is directly overseen by State agencies, and the Federal agency (OCC) oversees State agencies. Because CCDF funds are provided through a block grant, States have some flexibility in how the program is operated and service provision is monitored. States must complete a State Plan, which describes the program the State will administer. The submission of the State Plan is the primary mechanism by which OCC determines that States are in compliance with Federal requirements. State agencies are responsible for ensuring payments for child care services are made appropriately and must employ the CCDF error rate methodology to determine if a child's eligibility was properly determined and whether any improper payments were made. Each State completes the error rate review and submits reports on its results to OCC every three years.

States are also required to conduct at least one annual on-site inspection of all child care providers who receive CCDF funds, through their licensing agencies. Under CCDF, States are able to use monitoring strategies that allow for more streamlined reviews by using a subset of requirements to determine compliance, i.e., “differential” monitoring. Differential monitoring can determine the *frequency of the review* (how often to visit) or the *depth of the review* (what to examine) based on an assessment of the organization's history of compliance with the rules. It can allow reviewers to increase the frequency of monitoring reviews for organizations with low levels of compliance, identify those in need of technical assistance, and help States use staff resources more effectively. The differential approach may be a useful model to consider for ARs, particularly given the challenges some State agencies have experienced using the current comprehensive AR process within the three-year review cycle, and the desire they have to have time to provide technical assistance to SFAs.

For CCDF, States have used two methods for determining the subset of critical requirements for compliance—key indicators and risk assessment:

- **Key indicators** is an approach that focuses on identifying and monitoring rules that statistically predict compliance with all rules. This approach is frequently used to determine which rules to include in an abbreviated review form or checklist.
- **Risk assessment** is an approach that focuses on identifying and monitoring rules that place children at greater risk if violations occur. This approach is most often tied to categorizing violations.

To apply this approach to AR, FNS would have to identify the key indicators or program requirements that are most critical to successful operation of the school meal programs. A good starting point would be Performance Standards 1 and 2, as these capture the core purpose of the program: serving eligible meals to children, and properly assigning eligibility and counting and claiming these meals.

For State licensing agencies, there is a methodology for *key indicators* that many use to determine which rules to include in an abbreviated review. Some States use a statistical methodology for these key indicators, while others determine key indicators based on a “consensus” of licensing program officials. States that choose a *risk assessment* approach determine whether to assign a risk category to all rules, or to only a selected set of rules (similar to what is currently done in the AR process for Resource Management).

The National Center on Child Care Quality Improvement (NCCCQI), through OCC, issued a paper that provides a more detailed overview of the approaches and issues to consider for each. It also includes specific State examples of how the approaches are applied for licensing, and links to sample materials from State agencies.²⁴

5.2 Head Start Program

Head Start is a Federal grant-funded school-readiness program for children birth to age 5 from income-eligible families. It is administered by the Administration for Children and Families’ Office of Head Start (OHS), part of the DHHS. OHS provided \$8.8 billion in grant funding and oversight to approximately 1,600 public and private nonprofit and for-profit agencies that provide Head Start services in FY 2017.²⁵

Head Start Program Performance Standards define standards and minimum requirements for the array of Head Start services grantees provide. OHS completed a significant reorganization and streamlining of the performance standards in 2016. Under the standards, Head Start grantees must serve meals and snacks to children that comply with the nutrition requirements for National School

²⁴Contemporary Issues in Licensing, Monitoring Strategies for Determining Compliance: Differential Monitoring, Risk Assessment and Key Indicators (National Center on Child Care Quality Improvement, July 2014).

²⁵Head Start Early Childhood Learning & Knowledge Center. (n.d.). Retrieved from <https://eclkc.ohs.acf.hhs.gov/about-us/article/about-office-head-start>.

Lunch Program (NSLP)/School Breakfast Program (SBP) or the Child and Adult Care Food Program (CACFP), and use the reimbursement from these programs as the primary source of funding for meal service.²⁶

Unlike the school meal programs, which are directly overseen by State agencies, oversight of local Head Start grantees is conducted at the Federal level through OHS and 12 Head Start regional offices. The Head Start monitoring system is called the Aligned Monitoring System (AMS) 2.0, an update of the initial AMS system made to bring monitoring into line with the newly released performance standards. Reviews are conducted through a combination of off-site and on-site activities, similar to AR. OHS maintains an online portal where grantees can login to find information about their reviews and upload documents.

Similar to CCDF, under its previous monitoring system (AMS), OHS employed a differential monitoring approach to streamline reviews for well-performing grantees.²⁷ Since Head Start is directly administered by OHS, the monitoring process is uniform across all Head Start grantees. Under this approach, Head Start had two different review processes based on the grantee's history—the Comprehensive Monitoring Process and the Differential Monitoring Process.

The Comprehensive Monitoring Process consisted of five individual review “events” that cover all aspects of the grantee's Head Start program: (1) Environmental Health and Safety; (2) Fiscal Integrity and Eligibility; (3) Leadership, Governance and Management Systems; (4) CLASS reviews (classroom observation); and (5) Comprehensive Services and School Readiness. Individual review “events” focused only on the given content area, providing the grantee and reviewer an opportunity to go in-depth in that particular area. Review “events” were spread out over the course of the grant period, with completion of all five events within the five-year grant period.

²⁶Head Start Performance Standard Section 1302.44, Child Nutrition.

²⁷AMS 2.0 further streamlines reviews by reducing the number of review “events” for each grantee, and continuing to support time-limited, five-year-grants by providing OHS with information to assess grantees when their grants are up for renewal.

Grantees with a demonstrated history of compliance could receive Differential Monitoring instead of Comprehensive Monitoring. To be eligible, first Head Start determined that the grantee met all of the following six criteria:

- No findings on the previous review cycle.
- No fiscal findings in the past two review cycles.
- No findings in annual audits.
- No significant program changes (e.g., changes in program leadership).
- No concerns identified through input from the Head Start regional office.
- No Designation Renewal System (DRS) criteria met.²⁸

If these six criteria were met, the grantee received a Head Start Key Indicators-Compliant (HSKI-C) review. HSKI-C is a research-based monitoring instrument with an abbreviated version of the protocols used in the Comprehensive Monitoring Process. It consists of a subset of compliance measures in three of the five review “event” areas above, selected by Head Start for how strongly they differentiated between high- and low-performing grantees. It covered the following event areas: (1) Leadership, Governance, and Management Systems; (2) Comprehensive Services and School Readiness; and (3) Fiscal Integrity. If a grantee was successful in the HSKI-C review, it received only two of the five review “events” during the five-year grant period: Environmental Health and Safety and CLASS reviews (classroom observation). During the next grant period, it received a Comprehensive Monitoring.

As noted above, differential monitoring could be considered for the AR process, specifically the Head Start two-step process for determining a sponsor’s eligibility for differential monitoring. Many of the same criteria Head Start used in step 1 are readily available or could be easily obtained by State agencies, including findings and fiscal action from prior reviews and audits, and significant leadership or other program changes at the SFA. The second step could involve a streamlined off-site review tool designed to gather information about key aspects of school meal program administration to determine compliance or risk for noncompliance. Those “passing” step 2 of the

²⁸DRS is the process for determining whether a Head Start grantee will be subject to an open competition at the end of their five-year grant period, or whether they will be awarded the grant noncompetitively. DRS determines whether the grantee delivers high-quality and comprehensive services to the families they serve. Any grantee that meets one of the DRS “criteria” during the grant period must compete for the next five-year grant award.

process would receive an abbreviated on-site review from the State agency which included some number of meal observations and document review of only key aspects of program operations relating to meal counting and claiming (Performance Standard 1) and menus (Performance Standard 2). This would allow State reviewers to shorten reviews, but still provide a level of oversight for critical areas and technical assistance to help SFAs improve their operations.

5.3 HRSA's Health Center Program

DHHS's Health Resources and Services Administration (HRSA) operates the Health Center Program, which provides funding to community health centers that apply to become a Federally Qualified Health Center (FQHC).²⁹ HRSA funds nearly 1,400 health centers operating approximately 12,000 service delivery sites providing primary care to more than 27 million people³⁰ through the Health Center Program. In 2017, FQHCs received more than \$4.6 billion to provide these services.

New health centers receive an onsite visit from HRSA during the first 10-14 months of their “project period.” After the first period is complete, health centers are visited once per project period. The length of the project period is based on an assessment of a health center's compliance with program requirements. When HRSA reviewers determine that a health center is out of compliance with a requirement, health centers have a condition placed on their award and become part of the program's “progressive action” process, which is implemented through HRSA's Electronic Handbook system. The system tracks compliance with conditions placed on health center awards, communicating conditions to health centers and documenting health center response to the conditions.

HRSA produces a compliance manual that is a consolidated resource listing all program requirements. It also produces a site visit protocol, which is a tool designed to provide the information HRSA needs to perform its oversight responsibility. The site visit protocol is aligned with the compliance manual. For each review area, the protocol designates the type of reviewer that

²⁹A Medicare/Medicaid designation administered by the Centers for Medicare & Medicaid Services. Eligible organizations include organizations receiving grants under section 330 of the Public Health Service Act, “look-alike” organizations that qualify but do not receive Federal funding, and certain tribal organizations.

³⁰HRSA Health Center Program. (n.d.). Retrieved from <https://bphc.hrsa.gov/sites/default/files/bphc/about/healthcenterfactsheet.pdf>.

will cover the area: governance/administrative expert, fiscal expert, or clinical expert. In some cases, there is a secondary reviewer listed. Similar designations could be useful for the AR process, with types of reviewers to include administrative/policy expert, meal service/nutrition expert, and fiscal expert.

In addition, there are at least two resources used to review health centers that could be considered for the AR process to assist State agencies and SFAs in managing reviews. In some cases, State agencies have developed similar tools to facilitate the AR process, though this is not universal and there is not currently an FNS form or tool to cover these areas. The *Consolidated Documents Checklist for Health Center Staff* is a comprehensive list, by review area, of all of the documents that HRSA staff will review during the pre-site visit and the on-site visit. This consolidated list helps health centers to properly prepare for the review. The *Onsite Visit Exit Conference Tracking Resource* lists all compliance elements, by review area, and whether the health center demonstrated compliance (Yes/No response). There is also a “notes” column for documenting information about noncompliance. The form is used as a guide during the on-site visit exit conferences with the health center officials. It could be used for that purpose in AR, but also could be useful to summarize findings for the final report. Having State agencies consolidate findings/corrective action items could also facilitate eventual FNS access to the information.

6. Conclusions

The administrative Review (AR) process plays a critical role in ensuring that school food authorities (SFAs) are following program requirements in the almost 98,000 schools and institutions where meals are served. The AR process, which has been implemented by all State agencies since School Year (SY) 2016-2017, is much more comprehensive than previous review efforts, and involves significant State agency resources to implement. State agencies face a variety of circumstances in their oversight of the school meal programs using the AR process, including program staffing, funding, size and number of SFAs, among others. State agencies have put processes and procedures in place to conduct ARs that reflect their particular circumstances.

Moving forward, the Food and Nutrition Service (FNS) may wish to consider ways to further improve the AR process, including:

- **Soliciting Continuous Feedback from State Agencies.** FNS efforts to encourage feedback from State agencies on challenges they are experiencing with the AR process, from detailed recommendations on form or worksheet questions and guidance to more high-level challenges and concerns that arise, have been well received. Receiving continuous feedback from on-the-ground reviewers could help ensure the AR process is capturing what is intended as well as what is important.
- **Continuing to Make Improvements to the AR Process to Streamline Reviews and Increase Transparency for SFAs Being Reviewed.** Many State agencies have developed tools that assist their reviewers or SFAs in the AR process. FNS could consider facilitating the sharing of these materials and consider adopting versions for the national AR process. Several tools used in the National Health Center Program of the U.S. Department of Health and Human Services (DHHs) may also be useful.
- **Managing Changes to the AR Process Carefully.** Changes to the AR process can have a significant impact on State agencies, as they must update their systems (electronic or otherwise) and materials, and ensure their reviewers and SFAs are trained. Therefore, even relatively small changes take some time for most States to make. Preparations for the review season typically begin in the preceding summer or earlier. Announcing changes several months in advance of when they must be implemented could help ensure the changes can be put in place timely and correctly.

- **Providing Training in a Variety of Formats.** As new reviewers continue to be hired by State agencies over time, having training materials and other resources on the AR process available in an easily-accessible online format could help ensure their success. FNS could also consider periodic in-person training sessions, at the national or regional levels, to allow the valuable cross-State exchange of information this provides.
- **Considering Flexibilities in the Three-Year Review Cycle for ARs, or Other Ways to Reduce State Agency Burden.** Allowing differences in the frequency of reviews or the depth of reviews of SFAs that have demonstrated good performance could help ease burden on State agency reviewers and ensure that State agencies have the time and resources to provide needed technical assistance to SFAs that need it.

Appendix A

AR Database Processes

Appendix A

AR Database Processes

This appendix describes in more detail the database development and storage processes used for the study.

The Food and Nutrition Service (FNS) provided the State agency administrative reviews (ARs) for the study to Westat in a combination of hard-copy files and electronic files, depending on how State agencies submitted them to FNS. Electronic files were transferred via a secured FTP site. Westat had hard-copy materials picked up from FNS offices by a secure courier and delivered to the study team in lockboxes.

Upon receipt, Westat's data entry team catalogued each document and created an inventory list of all materials. The inventory included State, school food authority (SFA) name, and school year (SY) covered by the AR—initially SY 2013-2014 and SY 2014-2015.³¹ All ARs received in hard copy were scanned and stored on the secure project drive with the electronic AR files from FNS. FNS conducted follow-up with State agencies with missing ARs, and was able to obtain most of the needed files.

Westat created a custom Microsoft Access database to facilitate the organization and analysis of the AR files from the State agencies. We designed the database to assign a unique identifier to each AR for a particular SFA and SY, as well as present the forms to data entry staff in a format as close to the original documents as possible. In addition, the database contained several convenience features for the organization of the data entry process, including custom notes to capture information handwritten on the margins of the AR forms, and automatic recording of which forms were entered into the database, to allow the data entry staff to view reports of their progress. The database was programmed to accommodate form modifications that were implemented by FNS between the various SYs being entered in order to ensure that all data could be entered into the database accurately.

³¹ARs for SY 2016-2017 were obtained after the nine State agencies were selected for in-depth interviews.

Prior to the initiation of data entry activities, Westat conducted a training for all data entry staff. This training included an overview of the purpose of the AR process, detailed instructions on the use of the Access database, and a review of each specific form and the type of data it contained. Data entry staff were directed to enter data exactly as it appeared on the AR form, even if the form appeared to be completed incorrectly by the reviewer. Data entry activities were initiated immediately upon the completion of training.

Table A-1 provides counts of the number of SFAs with each of the AR forms in the database for each of the school years in the database. State agencies completed some forms multiple times for the same AR, though the table below only counts each SFA once. (An example of this would be the S-1, which is completed for each reviewed school.) In addition, note that not all forms were required by all SFAs, depending on the characteristics of the SFAs and their reviewed schools, participation in specific programs, and other circumstances of their AR. This helps explain why some forms have lower numbers than others.

Table A-1. Number of SFAs with at least 1 AR form in AR database, by form and school year

Admin review form	SY 2013-2014 (N = 97)	SY 2014-2015 (N = 97)	SY 2016-2017 (N = 18)
Off-Site Assessment Tool	94	90	15
On-Site Assessment Tool	95	94	17
Site Selection Worksheet	9	40	7
Meal Compliance Risk Assessment Tool	65	54	11
Dietary Specifications Assessment Tool	83	89	17
Nutrient Analysis Validation Checklist	35	22	3
Appendix B of the NAVC	32	11	0
Dietary Specifications Assessment Tool/Nutrient Analysis Validation Checklist	89	90	17
Resource Management Risk Indicator Tool	74	70	14
Resource Management Comprehensive Review*	39	26	11
SFA-1, Eligibility Certification and Benefit Issuance Error Worksheet	64	57	14
SFA Summary Information/SFA-3	61	13**	9
S-1, School Data and Meal Pattern Error Form	80	83	17
Fiscal Action Workbook	51	61	12
SFA-1A, Special Provisions Non-Base Year and CEP Claiming Percentage/Funding Level Summary Form	26	38	8
SFA-2, Other Eligibility Certification and Benefit Issuance Error Worksheet	32	27	8
SFA-2A, CEP Identified Student Percentage and Claiming Percentage Validation Worksheet	12	34	10
Nonreimbursable Meal Allocation Form	3	1	0

Table A-1. Number of SFAs with at least 1 AR form in AR database, by form and school year (continued)

Admin review form	SY 2013-2014 (N = 97)	SY 2014-2015 (N = 97)	SY 2016-2017 (N = 18)
Supplemental Seamless Summer Option	4	12	0
Supplemental Special Milk Program	1	2	1
Supplemental Food Service Management Company	16	18	1
Supplemental Afterschool Snack Program	33	41	8
Seamless Summer Option, SSO S-1	61	17	9
Seamless Summer Option, SSO S-2	2	4	0
Statistical Sample Generator	51	42	6

*In these fiscal years, SFAs with three or more risk flags received a Resource Management Comprehensive Review.

**The SFA Summary Information form was not required in SY 2014-2015, and the State agencies that completed it did so using the SY 2013-2014 version of the form.

During the data entry process, any issues encountered by data entry staff were recorded on a Problem Log. The Problem Log was reviewed at least weekly and the database programmer addressed issues related to the database itself. The Principal Investigator of the study addressed issues related to the AR forms. Solutions were recorded on the Problem Log and used as a reference tool for data entry staff. A rigorous quality control effort was employed at each stage of data entry. Data entry received 100 percent review from a different data entry staff person, with an additional review by project management staff of a 10 percent randomly generated sample of abstracts for each AR form.

Appendix B

AR Cheat Sheet Example

Appendix B

AR Cheat Sheet Example

Must check labels on the foods in various on and off site storage facilities		
Food items categories to check	on site or off site only check 2-3 items each category	On-site and off-site combination Check 1-2 items in each category at both on-site and off-site locations
Bakery, pasta and miscellaneous (flour, cornmeal, sugar, rice, etc)	Wg Pasta, Tortilla Chips, Cereal Mix	
Condiments (salad dressing, mustard, ketchup)	Garlic Salad, Salsa, Slinger	Mayo, Peanut Salad
Herbs and Spices		
Canned fruit and fruit juice	Fruit Mixture, Apple Sauce, Mand Orange Cups	
Canned Vegetables and Vegetable Juice	Peas, Salsa, Beans	
Frozen Fruit and Fruit Juice		
Frozen Vegetables and juice	Variety Frozen Fruit, Veg	
Frozen Meats/entrees	Turkey, Egg Patty	
Refrigerated Foods (produce, butter/margarine, other items)	cream cheese, string cheese	Fruit/Veg Variety

Menu

[407a] School complied with the planned menu for the day: ☒ Yes / ☐ No L: Yes / ☐ No

[407b] If substitutions, are they acceptable? B: Yes / ☐ No L: Yes / ☐ No

Record:

[400a,b] Are all required meal components available on each line prior to AND during meal service?
Observe 5-25% of meals served on each service line. Record number of disallowable in following 5-1 section.

Breakfast Menu K-5 / 6-8 / 9-12 grade level/weekly (daily) requirement (5 day pattern)

Grain 7(1) / 8(1) / 9(1) Fruit 5(1) / 5(1) / 5(1) Milk 5(1) / 5(1) / 5(1)

B. Pizza HS Fruit: Oranges White P/o

Lemon Crunch ES/MS Ban Yogurt HS 4oz Choc Skim

Lunch Menu K-5 / 6-8 / 9-12 grade level/weekly (daily) requirement (5 day pattern)

M/MA 8(1) / 9(1) / 10(2) G 8(1) / 8(1) / 10(2) F 2 1/2 (1/2) / 2 1/2 (1/2) / 5(1) V 3 3/4 (3/4) / 3 3/4 (3/4) / 5(1) M 5(1) / 5(1) / 5(1)

Condiments:

[406] If serving multiple menus and/or age/grade groups, evaluate whether the meal's service is properly structured to meet the meal requirements. NA ☒ Yes ☐ No

A la carte items & prices: Milk _____ Adult B _____ Adult L _____ Other: _____

\$ 1.00 Pizza for Elem

Non-allowable items (per Smart Snacks):

[403a] Two or more milk varieties available ☒ Yes ☐ No 1% Plain ☒ NF Plain ☒ NF Flavored / Other:

[403b] If milk substitutions, are they allowable: ☒ NA / Yes / ☐ No If No, gather more information:

Observe waste: Minimal / Unremarkable / Excessive

Share table: ☒ Yes ☐ No Process used to ensure food safety:

Production Records Review production records for review day & request a copy when completed.

3 years + current year saved: Yes / ☐ No Location: Site / SFA Office / Other

Temps of food on PR: Yes / ☐ No Leftover plan: Yes / ☐ No

[404] Daily requirements for components/items met: L: Yes / No B: Yes / No Repeat Finding? Yes / No																																																									
[402] Portion sizes meet the requirements: L: Yes / No B: Yes / No Repeat Finding? Yes / No																																																									
Offer vs Serve In-Site																																																									
[500] Offer vs Serve implemented properly by the reviewed school: <i>Required during HS lunch, ES at SD discretion</i> B: <u>Yes</u> / No L: Yes / No																																																									
[501] Cafeteria staff trained on Offer vs Serve: <u>Yes</u> / No Date of training(s): Agenda: <u>Yes</u> / No Sign-in sheets: Yes / No																																																									
Certification and Benefits Issuance																																																									
[136b] Free and reduced eligible students required to work for their meals: Yes / No Student workers claimed at their eligibility? Yes / No																																																									
Meal Counting and Claiming On-Site																																																									
[317b] Separate dining areas, meals service times or serving lines based on students' eligibility: Yes / <u>No</u>																																																									
[317c] School limit choice of reimbursable meals based on student's eligibility: Yes / <u>No</u>																																																									
[317d] Different mediums of exchange based on student's eligibility status: Yes / <u>No</u>																																																									
[318] Each service line provides an accurate count of student's eligibility at the POS: <u>Yes</u> / No																																																									
[317] Meal counting system prevent overt identification: Yes / <u>No</u> <i>screen is visible to all</i>																																																									
Meal counting system: <u>Electronic / Manual</u> <i>Both</i>																																																									
[320] Meals count totals combined and recorded correctly: Yes / No <i>May need to be done at district office</i>																																																									
Day of Review Meal Count: Breakfast: F _____ R _____ P _____ Lunch: F _____ R _____ P _____ <i>Verify cashier totals for today's F, R, and P numbers. Obtain copy of the daily printout from automated system</i>																																																									
S-1																																																									
[L12/B12] Number of ineligible and/or second meals observed: Breakfast: _____ Lunch: _____																																																									
[L13/B13] Number of meals served missing components: Breakfast: _____ Lunch: _____																																																									
[L14/B14] Incomplete meals missing: Milk: _____ Whole-grain rich: _____ Veg-sub group: _____ Food quantities: _____ Dietary specifications: _____																																																									
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Review Period Meal Counts</th> <th rowspan="2">Breakfast</th> <th rowspan="2">Lunch</th> <th rowspan="2"></th> <th colspan="3"></th> </tr> <tr> <th>Free</th> <th>Reduced</th> <th>Paid</th> </tr> </thead> <tbody> <tr> <td>Free Low</td> <td></td> <td></td> <td rowspan="6" style="text-align: center; vertical-align: middle;"> <div style="display: flex; justify-content: space-between;"> <div>Review Period B</div> <div>Review Period L</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Mo. of Rev. B</div> <div>Mo. of Rev. L</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Day of Rev. B</div> <div>Day of Rev. L</div> </div> </td> <td></td> <td></td> <td></td> </tr> <tr> <td>Free High</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Reduced Low</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Reduced High</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Paid Low</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Paid High</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="3"></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>				Review Period Meal Counts	Breakfast	Lunch					Free	Reduced	Paid	Free Low			<div style="display: flex; justify-content: space-between;"> <div>Review Period B</div> <div>Review Period L</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Mo. of Rev. B</div> <div>Mo. of Rev. L</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Day of Rev. B</div> <div>Day of Rev. L</div> </div>				Free High						Reduced Low						Reduced High						Paid Low						Paid High												
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Civil Rights										
[803] Civil rights procedure: Yes / No		Civil rights complaint log: Yes / No								
[805 off-site] Children with special dietary needs accommodated: NA / Yes / No										
Medical Statement Form used: NA / Yes / No										
[811 on-site] During meal service, program benefits are available to all children without discrimination: Yes / No										
[806] Civil rights Training: Yes / No		Date of training(s):								
Sign-in sheets Yes / No		Agenda covered required topics Yes / No								
<i>Agenda topics: Collection and use of data, effective public notification systems, complaint procedures, compliance review techniques, resolution of noncompliance, reasonable accommodations, requirements for language assistance, conflict resolution, and customer service</i>										
Professional Standards										
Were any Directors New Hires after July 1, 2015?				<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 33%;">Yes</th> <th style="width: 33%;">No</th> <th style="width: 33%;">N/A</th> </tr> <tr> <td colspan="3" style="height: 20px;"></td> </tr> </table>	Yes	No	N/A			
Yes	No	N/A								
Comments:										
Check if training is documented	Classification	Tracking log completed and location								
		SFA	LEA	Notes						
	Nutrition program manager									
	manager									
	Staff ≥ 20 hours/week									
	Staff < 20 hours/week									
Does the log contain minimum requirements: Employee first and last name, hiring date, position, required hours of training, training title, training date, length, school year applied to, completed hours to date?				<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 33%;">Yes</th> <th style="width: 33%;">No</th> <th style="width: 33%;">N/A</th> </tr> <tr> <td colspan="3" style="height: 20px;"></td> </tr> </table>	Yes	No	N/A			
Yes	No	N/A								
Comments:										
COMMENDATIONS										
<div style="font-family: cursive; font-size: 1.2em;"> Hood dating Great job meeting water requirements. Stickers for Nat. Break Week </div>										

SMART SNACKS						
Check if food/bev. are sold to students	Location	Entity Responsible				
		SFA	LEA	If LEA, Contact Name		
	Cafeteria					
	Vending machines					
	School store(s)					
	Snack/coffee bar					
	Concession Stand					
	Fundraisers					
	Other (please specify) (e.g., booster club, football coach)					
Comments:						
[1105a] Do foods and beverages sold to students during the school day (defined as 12 am on				Yes	No	N/A
<i>Review nutrition information for a minimum of 10% of food and beverage items sold in schools</i>						
[1106] Does the school hold fundraisers? If so, did schools observe the State-defined limit on fundraisers?				Yes	No	N/A
<i>If NO, explain:</i>						
[1107] Are exempt leftover NSLP entrees only sold the same day, or the day after, they are initially offered?				Yes	No	N/A
<i>If NO, explain:</i>						
Beverage			Food			
Grades			Complaint if served as NSLP entrée today or yesterday			
K-5	6-8	9-12	<i>Must be one of the following: a) Whole grain-rich; OR b) 1st ingredient is fruit, veg, protein, or dairy; OR c) Combo food with at least ¼ cup fruit or veg; AND meet the following nutrient standards</i>			
≤ 8 oz	≤ 12 oz	≤ 12 oz				
Milk	Milk	Milk	Side/Snack	Entrée		
100% fruit juice	100% fruit juice	100% fruit juice	<200 Calories	<350 Calories		
9-12 only: Flavored beverages, carbonated or non-carbonated, can include caffeine.			<200 mg Sodium	<480 mg Sodium		
			<35% Cal from Fat	<35% Cal from Fat		
			<10% Cal from Sat. Fat	<10% Cal from Sat. Fat		
			<35% Sugar	<35% Sugar		

Serving it Safe
11/22/16. 12hrs.

Food Safety Training - various Aug dates
HACCP - efb 8/16

CR 8/15/16 + various dates.
Cart-Hatch. 9/13/16.

ASSP			
Time Snack Served:		Location:	
Area Eligible: Yes / No	Charges: All Free	Reduced (.15 max)	Paid
[1700] Were any areas identified requiring technical assistance or corrective action: Yes / No			
[1701] Documentation maintained: Yes / No			
[1703] Are POS snack counts by student/benefit category maintained: Yes / No			
[1704] a. Are POS snack counts properly counted and claimed: Yes / No			
S-1, line 24: Day of Review Count: F _____ R _____ P _____		Are correct portion sizes served: Yes / No	
Snack Menu/portion size (2 items):		M/MA 1 oz meat,cheese,nuts / ½ c Yogurt / 2 Tbsp nut butter G 1 serving / ½ c rice or pasta / 1 cup or 1 oz eq cereal F 6 oz (3/4 cup) V 6 oz (3/4 cup) M 8 oz (1 cup)	
[1706] Review Production Records for minimum 5 days from Review Period			
Production records are completed daily and maintained for a minimum of 3 years: Yes / No			
Do production records list each meal component and reflect that the planned portion sizes meet the meal pattern component requirements: Yes / No			
Does it appear that each snack claimed for reimbursement met the 2 component per student requirements: Yes / No			
[1707] Has the program been monitored within the first 4 weeks of operation each year Yes / No Date: _____			
[1708] Snack program conduct acceptable education enrichment activities before, during, or after the snack: Yes / No			
[1709] Are snacks properly prepared, held, served, and stored within proper food safety practices: Yes / No			
[1710] "And Justice for All" poster: Yes / No			
[1711] Day of Review: Missing Meal Components - Meal Service Line/POS for F _____ R _____ P _____ Total _____			
Review Period: Missing Meal Components – Production Records for F _____ R _____ P _____ Total _____			
FFVP			
Participation (Elementary Students and Teachers in Classroom):		# Days/Week offered:	
[1905] Unallowable products offered during the FFVP meal service: Yes / No			
<i>frozen, canned, and other types of processed fruits/vegetables; fruit/vegetable juice, nuts, cottage cheese, trail mix, fruit/vegetable pizza, smoothies, fruit strips, fruit drops, fruit leather, jellied fruit, or carbonated fruit</i>			
[1907] Is Dip fat-free, no greater than 2 T, for vegetables only: Yes / No			
[1908] Cooked veg: Yes / No If Yes, nutrition education: Yes / No & Only 1 X week Yes / No			
[1910] HACCP principles followed: Yes / No		Leftover Plan: _____	
S-1 23. FFVP Over claims/Under claims:		Day of Review:	Review Period:
SPECIAL MILK			
[2000] Does the milk purchase price reflect prices on invoice: Yes / No			
[2001] Do count records support the most recent claim: Yes / No (S1, line23)			
[2002] Do counting procedures yield accurate milk counts: Yes / No (S1, line23)		[2004] POS: _____	
[2003] Are records retained for 3 years+: Yes / No			
[2005] Count for day of review: _____		Count for previous 5 days: _____ Comparable: Yes / No	
[2007] HACCP principles, sanitation, and health standards followed: Yes / No			