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SCHOOL MEAL PROGRAM Performance Audit, January 2014 Report Highlights

Office of School Nutrition
 Department of Education

PURPOSE

Assess the Office of School Nutrition's (the OSN) oversight and administration of the School Lunch and Breakfast Programs (School Meal Program) in Colorado.

BACKGROUND

- The federally assisted School Meal Program provides nutritionally balanced and free or reduced-price lunches and breakfasts to eligible Colorado school children in pre-kindergarten through the twelfth grade.
- Participating school districts receive a federal reimbursement for each meal served. During the 2012-2013 School Year, school districts served a total of 61.6 million lunches and 24.8 million breakfasts to eligible children.
- In Fiscal Year 2013, the School Meal Program had expenditures of about \$175 million, with \$170.9 million coming from federal funds.
- The OSN is responsible for monitoring school districts' compliance with federal and state requirements related to the School Meal Program.

OUR RECOMMENDATIONS

The OSN should:

- Strengthen monitoring processes to ensure school district compliance with federal eligibility, nutritional, and financial requirements.
- Improve controls over the direct certification process.
- Ensure that school districts comply with state and federal requirements related to competitive foods and foods of minimal nutritional value.
- Increase and enhance its delivery of training and technical assistance to school districts.
- Ensure that it is maximizing its use of available federal funds to support oversight and administration of the School Meal Program.

The OSN agreed with these recommendations.

AUDIT CONCERN

There are opportunities for the Office of School Nutrition to improve its oversight of the School Meal Program and school districts' compliance with state and federal eligibility and nutritional requirements.

KEY FACTS AND FINDINGS

- The OSN did not have an effective monitoring process in place to ensure that school districts comply with School Meal Program requirements and that violations are corrected timely. Specifically:
 - OSN compliance reviews did not identify all errors that could result in critical area violations, such as incorrect income calculations and incorrect determinations of eligibility.
 - The OSN did not conduct compliance reviews and apply fiscal sanctions in a consistent manner across school districts.
 - The OSN did not conduct follow up reviews of school districts when violations were found, beyond those minimally required by the U.S. Department of Agriculture (USDA).
 - The OSN did not take fiscal action for violations, beyond those minimally required by the USDA.
- The OSN did not have an effective monitoring process in place to ensure that school districts comply with School Meal Program financial requirements related to operating balances, paid lunch equity, and non-program revenues.
- The OSN does not have effective controls and systems in place to ensure that Colorado meets federal direct certification performance targets. According to the USDA, Colorado had a 68 percent direct certification rate, which was well below the 80 percent performance target mandated by federal law.
- The OSN does not have effective controls in place to ensure that school districts comply with state and federal requirements related to competitive foods and foods of minimal nutritional value.
- Although the OSN has made positive changes to its training and technical assistance in recent years, further improvements are needed.
- The OSN does not make full use of the federal funds that are available to support its operations. During Federal Fiscal Years 2009 through 2012, the OSN returned almost \$700,000 in State Administrative Expense funds to the USDA from its original allocations.

For further information about this report, contact the Office of the State Auditor
 303.869.2800 - www.state.co.us/auditor