



FCPS Audit Report: 24-1001 – Food and Nutrition Services Audit

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Executive Summary

The Office of Auditor General (OAG) conducted a performance audit of Food and Nutrition Services (FNS), a program within Fairfax County Public Schools (FCPS), in accordance with the Fiscal Year (FY) 2024 audit plan approved by the Fairfax County School Board.

FNS is a financially self-supporting program which provides a variety of healthy food choices to students and supports their readiness to learn. The program aims to prepare students and other stakeholders within greater Fairfax County with the knowledge and motivation necessary to value a healthy lifestyle and wellness. FNS receives federal funding for its participation in various federal programs and adheres to their requirements. The list of programs that FNS participates in or facilitates includes the National School Lunch Program (NSLP), the Summer Food Service Program (SFSP), the Child and Adult Care Food Program (CACFP), Food and Nutrition Programs, and Community Eligibility Provision (CEP) program.

The scope of this audit covered FNS' processes and operations from July 1, 2022, through July 31, 2023. The objectives of the audit were to:

- Examine compliance with federal, state, and FCPS requirements, including follow-up on recommendations from such audits (if applicable);
- Understand FNS business objectives and key performance measures, and evaluate if the information systems generate comprehensive and useful performance metrics;
- Benchmark whether FNS is optimally organized and staffed to carry out their mission;
- Evaluate whether FNS utilizes vendors (including procurement) and consultants (if any) effectively and efficiently;
- Determine how FNS monitors food waste, meal participation, and inventory turnover; and
- Evaluate the financial accountability in handling FNS related revenue and expenditure, including overtime and student debts.

As a result of this audit, OAG identified two moderate risk findings, one low risk finding, and two observations. FNS concurs with the findings and recommendations included in this report.

Finding 1 – Risks in Internal Control Environment (*Moderate risk*)

The current FNS' internal control environment allows for risks concerning: 1) the adequacy of separation of duties; 2) efficiencies with the information systems; and 3) effectiveness of monitoring by operations specialist.

Recommendation: OAG recommends FNS minimize manual processes through automation. Per OAG understanding, FNS has commenced the Request for Proposal (RFP) process to identify a new purchasing and receiving system.

Finding 2 – Benchmarking and Key Performance Indicators (*Moderate risk*)

FNS does not currently utilize effective benchmarking or Key Performance Indicators (KPIs) to measure program effectiveness. There is no documentation to support benchmarking efforts. OAG reviewed the performance indicators that were provided by FNS but was unable to determine who is responsible for reviewing the collected information, what purpose the information collected serves, and whether these measures are consistently communicated to FNS staff.

Recommendation: OAG recommends that FNS document their benchmarking efforts; establish measurable KPIs for assessing program effectiveness; and communicate the KPIs with the FNS staff.

Finding 3 – Updates to Food and Nutrition Services Regulations (*Low risk*)

Regulation 5007 *Food and Nutrition Services Manual* has not been updated since 2014 and references components that are no longer applicable. Specifically, the link to access the Food and Nutritional Services manual is no longer accessible.

Recommendation: OAG recommends FNS review and update regulations on a regular basis to ensure updated resources are readily available to employees.

OAG also identifies two observations in this audit. The first observation relates to staffing, where OAG recommends FNS work with HR to streamline the hiring and onboarding process of FNS applicants. The second observation relates student debt accountability, in which student debt balance for FY 2023 was approximately \$1.1M. OAG recommends FCPS leadership review the approach towards handling student debt to ensure that the growing debt will not hinder the FNS self-fund sustainability.

We appreciate the consultation, cooperation, and courtesies extended to our staff by FNS, Office of Comptroller, and kitchen managers and staff.

Background, Scope and Objectives, and Methodology

Background

Food and Nutrition Services (FNS) is a financially self-supporting program which provides a variety of healthy food choices to students and supports their readiness to learn. The program educates stakeholders in an ever-changing global society with the nutrition knowledge and skills necessary to value a healthy lifestyle and wellness and operates within established government regulations.

FNS is a centralized, federally funded, nutrition program that provides breakfast and lunch options to customers daily, consistent with the Healthy, Hunger-Free Kids Act of 2010, which includes breakfast and lunch meal patterns with evidence-based nutrition standards as published in the *Dietary Guidelines for Americans* published by United States Department of Agriculture (USDA). The menus are planned by registered dietitian nutritionists to meet students' personal, cultural, and therapeutic needs. Students are involved in food selection, menu planning, and nutrition education using student taste party events, surveys, and monthly customer report cards. The FNS All Star Breakfast and Lunch concept assists students in making their meal choices by highlighting available options for a complete, reimbursable meal. Menus also support the Virginia Farm to School initiative which includes seasonal, locally grown produce and food specifications that limit additives and preservatives, artificial flavors, and artificial colors.

FNS has approximately 1,300 school-based employees and 56 central employees and serves an average of 117,000 meals a day to students. During FY 2023, FNS received approximately \$64M in federal and state aid and had food sales of approximately \$32M.

FNS Meal Programs, Information Systems, and Offices and Sections

FCPS participates in federal programs which direct the nutrition requirements for the meals served to students, free and reduced meal (FRM) eligibility for families, reimbursement amounts for qualifying meals, instruction for reimbursements, and how funding is permitted to be spent. Information about the FNS program is captured in four separate information systems.

Meal Programs

- **The National School Lunch Program (NSLP)**
A federally assisted meal program operating in public and non-profit private schools and residential childcare institutions. It provides nutritionally balanced, low-cost, or free lunches to children each school day.
- **The Summer Food Service Program (SFSP)**
A federally funded, state-administered program. SFSP reimburses program operators who serve free healthy meals and snacks to children and teens in low-income areas.
- **The Child and Adult Care Food Program (CACFP)**
A federal program that provides reimbursements for nutritious meals and snacks to eligible children and adults who are enrolled for care at participating childcare centers, daycare homes, and adult daycare centers. CACFP also provides reimbursements for meals served to children and youth participating in afterschool care programs.
- **Food and Nutrition Programs**
FNS participates in additional meal programs throughout the year. These programs include preschool and School Age Child Care (SACC) snack preparation.
- **Community Eligibility Provision (CEP)**
A non-pricing meal service option for schools and school districts in low-income areas. CEP allows the nation's highest poverty schools and districts to serve

breakfast and lunch at no cost to all enrolled students without collecting household applications.

Information Systems

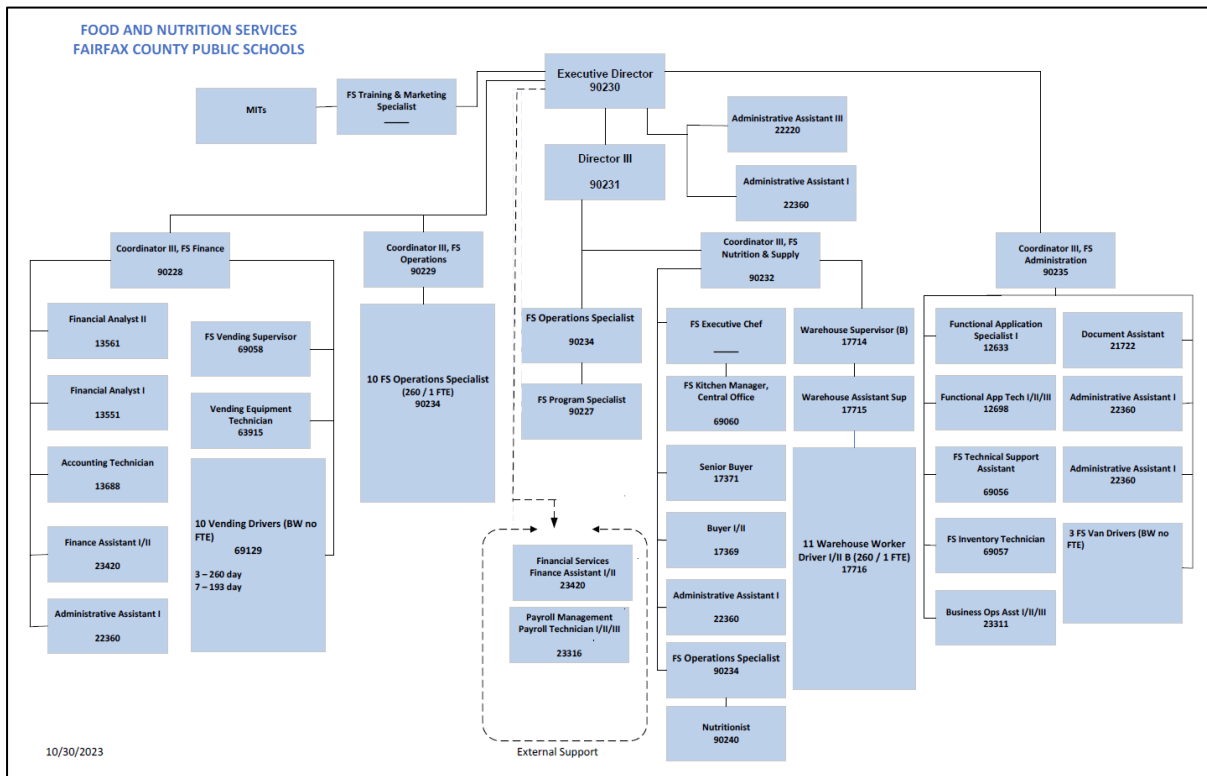
- **One Source**
One Source is the production system with three main objectives: (a) ordering of food and supplies by the central kitchen¹ for the finishing kitchens (though some with direct delivery vendors does not use it for all items); (b) inventory management (counted on a monthly basis by the kitchen manager and entered into *One Source*), and (c) production record (manually entered by the kitchen manager for all kitchen food usage). *One Source* has the capability to capture receiving information, but it is not currently being used.
- **WebSmartt (Point of Sale [POS])**
WebSmartt is the POS system with three reporting functions: (a) **Items sales** – a summary of the items sold, (b) **Edit check** – flags when the meals claimed by an individual student are getting close to the parameters of eligibility (i.e. Total claimed number of students is compared to the total number of eligible students in the schools per day and per meal. If the claimed numbers get close to the total eligible numbers, this report will flag the entry), and (c) **Transaction logs** – list of all transactions entered by the cashiers, including cancelled transactions.
- **EZ Par**
EZ Par is the FNS accounting system that is used to generate monthly profit and loss (P/L) reports. Once goods are received, the kitchen manager will input the total dollar received (per invoice) into EZ Par. A monthly inventory is conducted by the kitchen manager and month-end balances are validated by the operations specialists. Operations specialist will then enter the month-end balances into EZ Par. EZ Par will then be able to calculate the food used, with the revenue collected, to generate the P/L report.
- **FOCUS**
FOCUS is FCPS' financial management system. FNS uses this system to record bank deposits at the school level.

Offices and Sections

During FY 2024, the reporting structure for FNS was moved from Financial Services to the Chief Operating Office. This change did not impact the day-to-day FNS processes or procedures from previous fiscal years. The current FNS executive director joined FCPS in July 2023.

¹ Central kitchens are the “head” school in each pyramid that are responsible for ordering and disseminating food and supplies to the finishing schools. Finishing schools are the final receiver of food and supplies.

Office of Food and Nutrition Services Organizational Chart (FNS)



Key: MITs – Manager in Training. FS – Food Service. BW – Biweekly Pay.

Not shown in the above chart: As of October 18, 2023, 186 kitchen managers report to the FS Operations Specialists under FS Operations.

See **Appendix A** for list of FNS offices.

Scope and Objectives

The audit covered FNS processes and operations from July 1, 2022, through July 31, 2023.

The objectives of this audit were to:

- Examine compliance with federal, state, and FCPS requirements, including follow-up on recommendations from such audits (if applicable);
- Understand FNS business objectives and key performance measures, and evaluate if the information systems generate comprehensive and useful performance metrics;
- Benchmark whether FNS is optimally organized and staffed to carry out their mission;
- Evaluate whether FNS utilizes vendors (including procurement) and consultants (if any) effectively and efficiently;
- Determine how FNS monitors food waste, meal participation, and inventory turnover; and
- Evaluate the financial accountability in handling FNS related revenue and expenditure, including overtime and student debts.

OAG conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings, observations, and conclusions based on our audit objectives.

As required by GAGAS, OAG assessed whether internal control was significant to the audit objectives. OAG's assessment included the use of the Committee of Sponsoring Organizations of the Treadway Commission internal control framework. The framework includes five components: Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring; along with 17 related principles.

OAG's assessment also included the use of [The Standards for Internal Control in the Federal Government \(GAO\)](#) as well as federal, state, and FCPS' policies and procedures. These policies and procedures provide guidance as to how FCPS' FNS program is to be ran.

Methodology

To fulfil the audit objectives, the audit team performed the following:

- Reviewed relevant federal and state requirements;
- Reviewed applicable FNS policies and regulations;
- Reviewed external audit reports completed by federal and state governments;
- Conducted walkthrough meetings to gain an understanding of monitoring of food waste, meal participation, inventory turnover, and financial accountability, including student debt;
- Created and distributed a survey to FNS kitchen staff to identify strengths and challenges in FCPS' kitchens. The results were analyzed to determine sample size and to identify any risks;
- Reviewed FNS jobs descriptions and benchmarked against other school districts to compare staffing and organization;
- Conducted nine school visits to observe FNS operations;
- Assessed FNS activities and functions against regulations (federal and state); and
- Reviewed revenue and expenditures, including overtime and student debts.

The audit team also reviewed FCPS' food product vendors using FOCUS reports to determine if vendors were procured using FCPS' policies, and whether effective vendor monitoring is performed by FNS. We also reviewed FNS' vendor list to determine if vendors are being utilized effectively and efficiently across FCPS.

Sampling Plan

The audit team used a stratified sample methodology based on school level and school title level (i.e. Title I) to randomly select nine out of 200 schools and reviewed the following controls for operating effectiveness:

- Cash and MySchoolBucks (MSB) handling procedures at POS system and end of day accounting (risk),
- Staffing levels at school sites and the use of overtime and overbase hours,
- How student charges are being processed at POS, including student debts,
- Posting of meal requirements and menus for students and teachers,
- Monitoring and tracking of food waste and inventory turnover at the school site, and
- How meal participation for a la carte and FRM are captured.

Research, Benchmarking, and Surveys

Research

OAG reviewed federal and public leading practices and key performance indicators (KPI) for food and nutrition programs. The Fall 2017 [Journal of Child Nutrition and Management](#) presents the results of a research project conducted by The Institute of Child Nutrition entitled “Essential KPIs for School Nutrition Program Success”. The research contains three general areas for grouping KPIs to effectively manage their food programs:

- Meal counts and participation,
- Financial and inventory management, and
- Productivity and labor.

These three groupings contain additional areas to review such as meal equivalents (MEQ), average daily participation (ADP) revenue, and meal per labor hour (MPLH). Researchers recommend tracking KPIs to properly manage school food services.

Benchmarking

Benchmarking is comparing one’s performance with a similar organization to identify best practices and areas in need of improvement. FNS was not able to provide comparable KPIs to those of other school districts; therefore, OAG could only perform limited benchmarking, with higher education institutions, and K-12 educational organizations using the annual *Managing for Results* reports from the Council of Great City Schools. FNS has the capability to track measures like MEQ, ADP, and MPLH by school but did not provide comprehensive measures for the entire school district. It appears that the information is being used to manage individual school operations but not by FNS leadership (**Finding 2**). OAG was unable to translate the detailed raw data shared into comprehensive performance indicators for the entire school district.

OAG was also unable to benchmark against other educational organizations to determine if FCPS is optimally staffed (**Objective 3**); however, FNS provided verbal confirmation that internal benchmarking is conducted with Loudoun County Public Schools and other Food and Nutrition programs across the country. FNS also uses benchmarking data from the Washington Area Board of Education (WABE) to assess their staffing levels and levels of student debt. However, there was no documentation maintained to support benchmarking efforts by FNS.

Surveys

OAG administered a survey to all FCPS kitchen managers to obtain employee’s feedback and to identify strengths and challenges in FCPS’ kitchens. See **Appendix B** FNS Kitchen Staff Survey. Out of 214 sites contacted, 64 employee responses were received.

OAG Organization

OAG is free from organizational impairments to independence in our reporting as defined by government auditing standards. OAG reports directly to the Fairfax County School Board through the Audit Committee. We report the results of our audits to the Audit Committee and the reports are made available to the public via the FCPS website.

Audit Findings, Recommendations, and Management’s Responses

The finding(s) within this report has been attributed a risk rating in accordance with established risk criteria as defined in Table 1.

Table 1 – Risk Criteria

Type	Description
High	One or more of the following exists: <ul style="list-style-type: none"> • Controls are not in place or are inadequate. • Compliance with legislation and regulations or contractual obligations is inadequate. • Important issues are identified that could negatively impact the achievement of FCPS program/operational objectives.
Moderate	One or more of the following exists: <ul style="list-style-type: none"> • Controls are in place but are not sufficiently complied with. • Compliance with subject government regulations or FCPS policies and established procedures is inadequate, or FCPS policies and established procedures are inadequate. • Issues are identified that could negatively impact the efficiency and effectiveness of FCPS operations.
Low	One or more of the following exists: <ul style="list-style-type: none"> • Controls are in place but the level of compliance varies. • Compliance with government regulations or FCPS policies and established procedures varies. • Issues identified are less significant but opportunities exist that could enhance FCPS operations.

As a result of this audit, OAG identified **two moderate risk findings, one low risk finding, and two observations.**

Finding 1 – Risks in Internal Control Environment

Risk Rating: *Issues are identified that could negatively impact the efficiency and effectiveness of FCPS operations.*

Condition:

The current internal control environment of FNS allows for risks concerning the adequacy of separation of duties, efficiencies with the information systems, and effectiveness of monitoring by operations specialist. Specifically, OAG noted the following:

1. **Adequacy of segregation of duties** – The kitchen managers are responsible for monitoring food waste, operating the POS when necessary, and completing the end of day bank deposits. This situation poses a critical segregation of duties risk for schools. The risk further increases when a school is not fully staffed and the kitchen manager may have to take on the role as cashier as well as other required duties. This increases the risk of errors, or opportunity for data manipulation.
2. **Efficiencies with information systems** – There are three internal FNS information systems (outside of *FOCUS*²), capturing critical FNS operation data. These three systems do not fully integrate with each other. Manual workarounds are required to allow inventory (*One Source*), point of sales (*WebSmartt*) and accounting information (*EZ Par*) to connect with each other. Please see **Appendix C** for FNS Process Ownership Flowchart.

While the FNS Central Office has developed effective controls to detect potential errors or irregularities, the capabilities of all systems are not being fully utilized. For example, currently the receiving function within *One Source* is not being used. According to the FNS Central Office, since not all the vendors are using *One Source*, the ordering and receiving are performed separately. The kitchen managers order the goods (i.e. food, supplies and equipment) and when the goods are received, they manually enter their receipt in *EZ Par*, by entering the total amount received without identifying the specific items. On a monthly basis, the kitchen managers count inventory against a system report, which is verified by the operations specialist afterwards for reasonableness. The kitchen managers then input the on hand inventory items to *One Source*. The operations specialist manually enters the total inventory amount into *EZ Par*.

Since it is challenging to implement proper segregation of duties at every site (see Point 1 above), further automating the inventory process and connecting the internal FNS information systems will minimize opportunity of food misappropriation, enhance financial accountability, and help mitigate risks.

3. **Effectiveness of monitoring by operations specialists** – Currently there are nine operations specialists responsible for monitoring the food operations of schools for their assigned pyramid. Each pyramid contains between 20 and 25 schools. Monitoring by the operations specialists includes analysis of data such as labor hours, inventory levels, and meal participation rates. However, this requires the operations specialists to export data from the various information systems and manually enter the data into the format needed to conduct their data analysis. The need to manually transfer data takes time and increases the burden on specialists, reduces the effectiveness of monitoring, and may result in inadvertent errors. If the information systems were integrated, effectiveness of monitoring would improve at a lower cost.

² FOCUS is the FCPS central accounting system.

Criteria:

The Standards for Internal Control in the Federal Government³ (Green Book 2014 Revision) states the following in reference to addressing a manual environment.

10.06 – “Control activities can be implemented in either an automated or a manual manner. Automated control activities are either wholly or partially automated through the entity’s information technology. Manual control activities are performed by individuals with minor use of the entity’s information technology. Automated control activities tend to be more reliable because they are less susceptible to human error and are typically more efficient. If the entity relies on information technology in its operations, management designs control activities so that the information technology continues to operate properly.” Page (P.) 49

Green Book states the following in reference to addressing control activities design:

10.03 – “Management establishes activities to monitor performance measures and indicators. These may include comparisons and assessments relating different sets of data to one another so that analyses of the relationships can be made and appropriate actions taken. Management designs controls aimed at validating the propriety and integrity of both entity and individual performance measures and indicators.” P. 47

10.04 – “Control activities can be either preventive or detective. The main difference between preventive and detective control activities is the timing of a control activity within an entity’s operations. A preventive control activity prevents an entity from failing to achieve an objective or address a risk. A detective control activity discovers when an entity is not achieving an objective or addressing a risk before the entity’s operation has concluded and corrects the actions so that the entity achieves the objective or addresses the risk.” P. 49

Green Book states the following in reference to addressing segregation of duties:

10.03 – “Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.” P. 47

10.14 – “If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process.” P. 51

Cause:

FNS internal systems are inefficient due to inadequate system integration and do not effectively meet the needs of FCPS. Current systems allow for risks in segregation of duties as well as the effectiveness of FNS information systems and the monitoring by operations specialists. Systems not being linked causes inefficiencies in the FNS processes, putting

³ Standards set forth by [US Government Accountability Office](#) provides the overall framework for establishing and maintaining an effective internal control system. The Green Book may be adopted by state, local, and quasigovernmental entities, as well as not-for-profit organizations, as a framework for an internal control system.

additional burden on the operations specialists and kitchen managers who must manually enter data into the system to complete monthly reports and monitoring.

Effect:

Data that is not linked or integrated between systems enables departments to work in silos. This lack of connectivity between systems does not allow for the department to have a complete picture of the business' performance. Manual processes and lack of segregation of duties could lead to the misappropriation of information and accountability risks.

Recommendation:

FNS Central Office has developed effective controls⁴ to detect irregularities in the FNS data processed by school kitchen. However, OAG recommends FNS minimize the use of manual processes by automating their processes and monitoring tools. This will minimize the opportunity of information misappropriation and enhance financial accountability.

FNS recently issued an RFP and is currently reviewing potential companies for an all-inclusive software system which will include inventory, point of sales and accounting functions. FNS anticipates awarding the contract in and begin transitioning to the new software in spring of 2024.

Management Responses:

FNS concurs with these findings and recommendations.

1. FNS understands that our kitchen managers are currently completing multiple tasks that could otherwise be delegated if fully staffed. FNS is currently in the process of creating a traded position within HR for an Employment Specialist. School food services are a critical component of a student's educational experience, and the success of this department heavily relies on its staff. Currently, FNS is experiencing a large occurrence of staffing shortage – with roughly 15% of our positions either vacant or on leave. To ensure the smooth operation of food services, it is crucial to have an expert dedicated to hiring, retaining, and developing the right talent. An Employment Specialist can play a pivotal role in addressing staffing challenges and ensuring the department is adequately staffed. FNS anticipates employing this position by February 2024.

2. As stated above, FNS has been working on releasing an RFP for an all-inclusive food service software. FNS has been working with three separate information software systems which create duplications of effort, that may lead to human error. These software systems are not supported via new updates. FNS is currently utilizing funds to maintain the current capacities that were created over a decade ago. Development of this RFP has been in the works for over three years and was released in October, with hopes for awarding in Spring 2024. Since this software will be new to all FNS staff, FNS is aware there will be a transitional period needed to bring all staff and systems on board. This new software system should streamline processes to assist with mitigating risks, automate inventory processes, and enhance financial accountability. FNS anticipates awarding the contract and begin transitioning to the new software by May 2024.

3. FNS is aware that our operations specialists have been stretched beyond sustainable capacity. FNS is currently in the process of hiring additional operations specialists to assist in alleviating the workload of our current staff. Our new software system should also assist in eliminating some of the manual data entry and monitoring. FNS anticipates filling the 3.0 open FTE operations specialist positions by February 2024.

⁴ Detective controls are designed to find errors or problems after a transaction has occurred.

Finding 2 – Benchmarking and Key Performance Indicators

Risk Rating: Moderate – *Issues are identified that could negatively impact the efficiency and effectiveness of FCPS operations.*

Condition:

FNS does not currently utilize effective benchmarking or Key Performance Indicators (KPIs) to measure program effectiveness.

Regarding benchmarking, FNS indicated that they conduct internal benchmarking against Loudoun County Public Schools for a la carte sales, and other Food and Nutrition programs across the country for software usage. FNS also indicated that they are conducting internal benchmarking for menu design and scratch cooking but did not clarify who they are benchmarking with. FNS uses benchmarking data from the Washington Area Board of Education (WABE) to assess their staffing levels and student debt levels. However, OAG was not provided with documentation to support the benchmarking effort.

OAG reviewed FNS documentation regarding any performance indicators they are currently using and found that they are tracking participation counts, a la carte sales, meals per labor hours (MPLH), and meal equivalents (MEQ). However, it is unclear who is reviewing the information collected, what purpose the information collected serves, and whether these measures are consistently communicated to FNS kitchen staff.

Criteria:

The Standards for Internal Control in the Federal Government (Green Book 2014 Revision) states the following in reference to measuring performance.

6.07 – “Management determines whether performance measures for the defined objectives⁵ are appropriate for evaluating the entity’s performance in achieving those objectives. For quantitative objectives, performance measures may be a targeted percentage or numerical value. For qualitative objectives, management may need to design performance measures that indicate a level or degree of performance, such as milestones.” P. 36

10.03 – “Management establishes activities to monitor performance measures and indicators. These may include comparisons and assessments relating different sets of data to one another so that analyses of the relationships can be made, and appropriate actions taken. Management designs controls aimed at validating the propriety and integrity of both entity and individual performance measures and indicators.” P. 47

Cause:

Recent changes in management in FY 2024 and the development of the new 2023-2030 FCPS Strategic Plan.

Effect:

Without proper documentation of benchmarking and measurable and communicated KPIs, FNS will be unable to properly measure the success of their operations.

⁵ An entity’s objectives can be classified as operations objectives (effectiveness and efficiency of operations), reporting objectives (reliability of reporting for internal and external use), and compliance objectives (compliance with applicable laws and regulations).

Recommendation:

OAG recommends that FNS document their benchmarking efforts and establish measurable KPIs for assessing program effectiveness.

Management Responses:

FNS concurs with these findings and recommendations.

In July the FNS Leadership Team internally assessed to see what Key Performance Indicators (KPI) we would like to measure going forward. FNS is aware that we are an enterprise fund that must be sustainable, flexible, and retrospective. FNS has begun developing KPIs specifically to monitor average daily meal participation (ADP), non-program sales, meals per labor hour (MPLH), and inventory rates.

FNS has begun to monitor this data weekly. This data is reviewed to understand our revenue streams and ensure fiscal responsibility.

FNS will continue building out our KPIs to be able to view our operations on both a macro and micro level to begin the comparison of like-schools within FCPS to facilitate better practices.

The tentative completion date is November 2024.

Finding 3 - Updates to Food and Nutrition Services Regulations

Risk Rating: Low – *Compliance with FCPS regulations and established procedures varies.*

Condition:

Regulation 5007 *Food and Nutrition Services Manual* has not been updated since 2014 and references components that are no longer applicable. Specifically, the link to access the Food and Nutritional Services Manual is no longer accessible.

Criteria:

Regulation 1102 *Procedures for Maintenance of Directives* states that "By state mandate, policies must be reviewed by appropriate staff members at least every five years and updated as necessary. Regulations are reviewed and updated every five years or sooner. Notices with short-term effective dates (less than one year) are reviewed and reissued as necessary. The School Board Office will monitor review dates for directives and notify appropriate staff." Additionally, the office within the department of primary responsibility indicated on the directive will "Review and update directives as needed and in a timely manner."

Cause:

The regulations have not been reviewed or updated as required.

Effect:

Outdated regulations prevent FNS resources from being easily accessible as the links in the regulation no longer exist.

Recommendation:

OAG recommends FNS review and update regulations on a regular basis to ensure updated resources are readily available to employees.

Management Responses:

FNS concurs with these findings and recommendations.

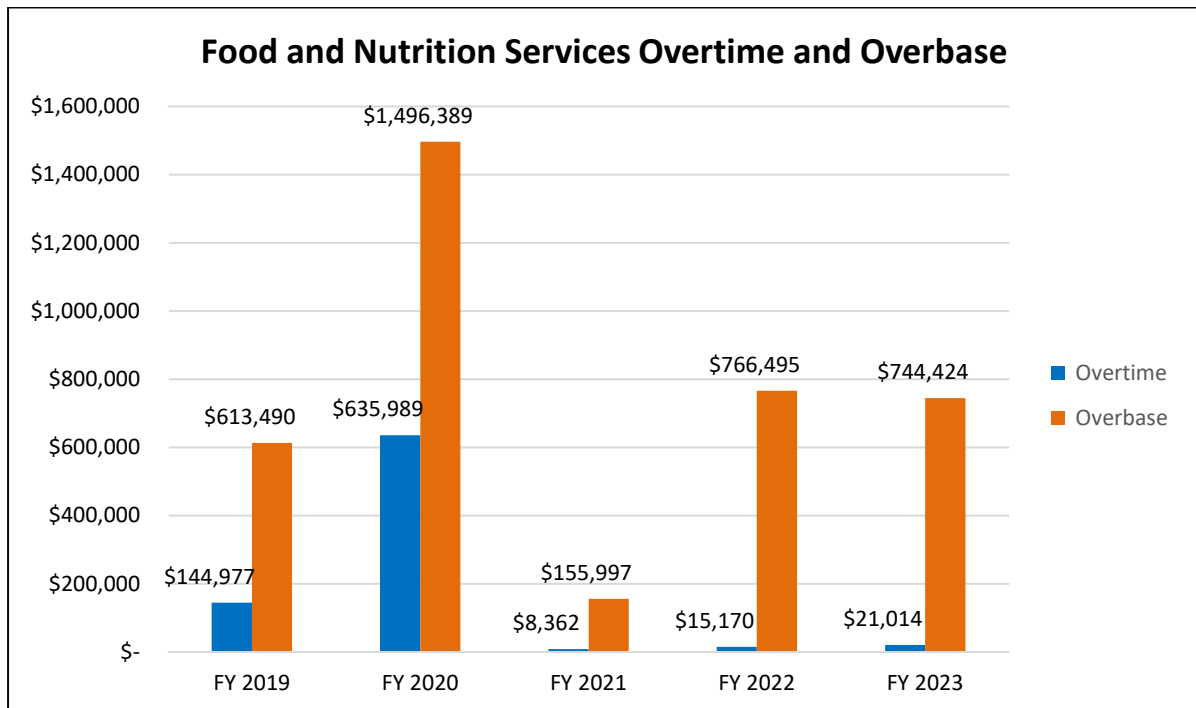
FNS is aware that the current Food and Nutrition Services Manual has not been updated since 2014. FNS is undergoing a change in operations and its leadership is currently reviewing all former practices and policies and will be updating the manual once the FNS leadership has finalized their review. The new software system will also play a critical role in this manual update.

FNS anticipates the completion of the Food and Nutrition Services Manual regulation by March 2025. This timeline includes extensively embedding the new software program into the manual. Time is needed to embed the new software processes successfully into the manual due to the RFP anticipated being awarded in Spring of 2024.

Observation 1 – Food and Nutrition Services Staffing Analysis

FNS has approximately 1,300 school-based employees and 56 central employees. Staffing at school sites is determined using a formula based on the meals per labor hour and the types of programs that are provided at schools. Currently, FNS has approximately 1,160 employees and 150 employee vacancies for both school-based and central office workers.

When a school is understaffed, overtime⁶ and overbase⁷ hours are accumulated by staff in order to meet the needs of the schools. OAG analyzed FOCUS reports, provided by the FNS financial team, for overtime and overbase trends over the past five years and noted approximately \$4.6M⁸ in overtime and overbase expenditure. FY 2020 and 2021 are outliers due to Covid-19 in which schools closed in March 2020 and did not reopen till FY 2022. FY 2022 and 2023 showed an increase of one percent in overtime and overbase usage from FY 2019.



FNS is working to fill all vacant positions through hiring events and regular FCPS marketing initiatives. However, FNS is facing challenges in filling many of the positions due to the tight labor market and the limited access to technology prevent them from completing the Human Resources (HR) onboarding processes. Additionally, the current hiring process allows for applicants to choose which school they want to work at leaving some schools in FCPS with fewer applicants. This causes a strain on the school kitchens as they implement new processes such as scratch cooking and salad bars.

⁶ Overtime is time worked by an employee that exceeds 40 hours per week unless the employee is exempt. Pay for any hours over 40 is time and a half of the employee’s regular rate of pay.

⁷ Overbase is time worked over the employee’s contracted hours and are paid at the employee’s regular rate. These hours do not exceed 40 hours per week.

⁸ \$4.6M is the accumulated total of all overtime and overbase over the past five years. FY 2020 and 2021 are outliers due to Covid-19 in which schools closed in March 2020 and did not reopen till FY 2022. Beginning in March 2020, FNS staff were classified as critical personnel per Regulation 4810 *Administrative Leave Emergency*. For the FNS staff worked on the meals grab-and-go, they received pay for their regular hours plus overtime pay (1.5) of their hourly rate. This provided employees pay at 2.5 for the hours worked. During FY 2021, FCPS received ESSER III grant funding that was used towards employee payroll; therefore, it was not captured as an FNS payroll expenditure.

The current hiring process increases the risk of losing qualified candidates because of the lead time required for a new hire to start work. In addition, the lack of adequate staffing at school kitchens may result in heavier workloads (which affect the ability to retain employees), food loss, and the potential for higher worker compensation claims due to injuries. Furthermore, inadequate staffing could affect the wait time for the breakfast and lunch services and the quality of food preparation.

OAG recommends FNS collaborate with HR to streamline the hiring and onboarding process of FNS applicants. Specifically, FNS should consider assessing ways to attract food service staff and consider whether hiring should be done by location or utilizing a hiring pool to assign the candidates location. Additionally, FNS and HR should consider providing an employee orientation for FNS employees that provides the selected FNS candidates with access to technology to complete the onboarding process as well as adequate interpretation services for those candidates whose first language is not English.

Observation 2 – Student Debt Accountability

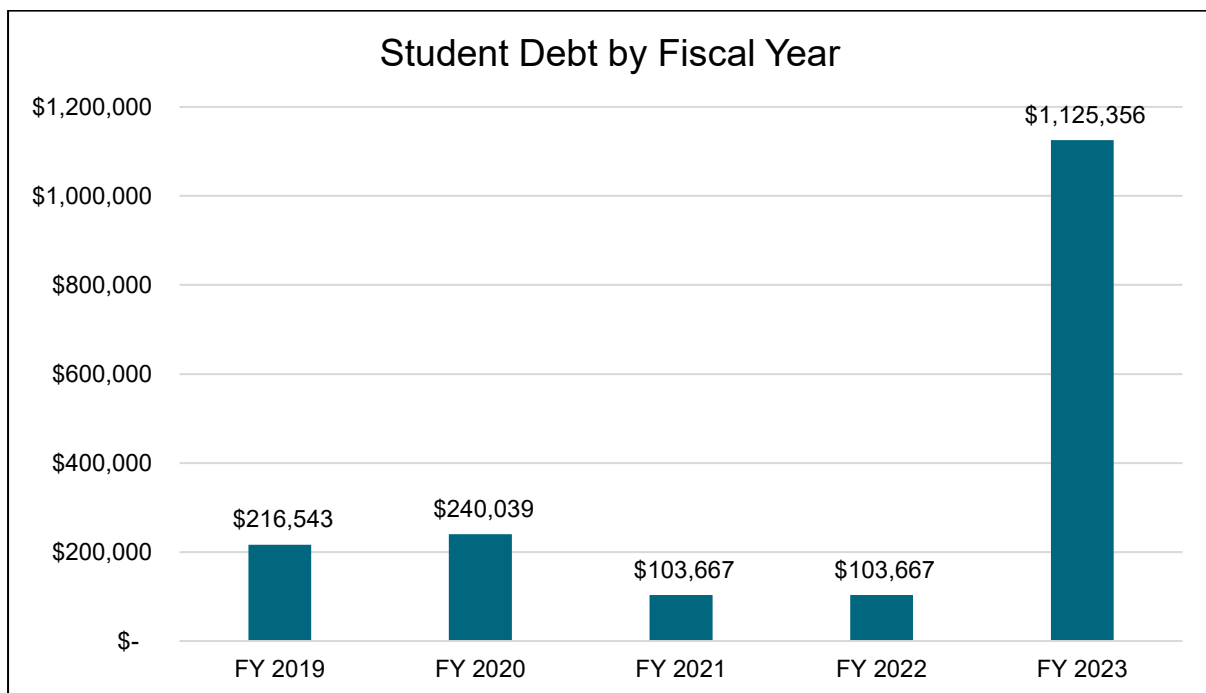
FCPS participates in federal and state Food and Nutrition programs, including National School Lunch Program, Healthy, Hunger-Free Kids Act of 2010, Child and Adult Care Food Program, and Community Eligibility Provision (CEP). These programs dictate the nutrition requirements for the meals served in schools, FRM qualifiers for families, reimbursement amounts for qualifying meals, instruction for reimbursements, and how funding is permitted to be spent.

FCPS also has policies in place, such as the *Meal Charge Policy*, that allows all students to receive two reimbursable meals daily regardless of FRM status. As of October 31, 2022, 34 percent of FCPS students qualify for FRM. Students who do not qualify for FRM are charged \$1.25 for breakfast and \$3.25 for elementary students and \$3.50 for middle and high school lunches.

FCPS participates in the CEP program through the U.S. Department of Agriculture (USDA). This program is for low-income areas and allows for the entire school to offer free meal service for all students who attend the school regardless of FRM status. FCPS has 44 CEP schools for the FY 2024 school year.

Student debt is accumulated by the families of students who are unable or unwilling to pay for school meals but do not qualify for FRM. FNS makes multiple attempts to collect payments for outstanding student debt by contacting parents through mailing letters to the home, weekly emails, and automated telephone calls. *Section 22.1-79.7 of the Code of Virginia* prohibits the school board from filing suit against parents and students for meal debt. Additionally, FCPS' *Meal Charge Policy* prohibits schools to communicate debt to students and requires direct communication relating to student meal debt be communicated to the parent/guardian.

Student debt has increased over the last five years. During FY 2021 and 2022, FCPS used USDA pandemic grants to pay for all student meals; therefore, no additional debt was accumulated. OAG noted an increase of approximately \$1M over the last FY due to FCPS reinstating the school meal program and families not reapplying for FRM.



Student debt is rolled over each year. Once a student is no longer associated with FCPS, whether through graduating or withdrawing from the district, the amount of student debt for those students is written off. The remaining student debt is carried over to the next FY. FNS is not allowed to use the funding from USDA to cover student debt. For FY 2023, FCPS wrote-off approximately \$120,000 (\$68,000 graduated students, and \$52,000 students not affiliated with FCPS).

As of October 2023, FCPS has received approximately \$22,000 in donations to be applied to the FY 2024 student debt balance.

Without proper accountability, student debt will continue to grow and could hinder FNS from being able to pay liabilities in the future.

OAG recommends that accountability for student debt be reviewed to ensure that the growing debt does not hinder the sustainability of FNS. OAG understands that FNS has implemented measures to seek payments on student meal debts; however, FCPS, as a division, is lacking a formal process of how to collect student debts. OAG recommends FCPS management review this topic and consider what the division could do to potentially reduce the student meal debts.

Appendix A – FNS Offices

- **Administration:**

Plans, manages, and coordinates multifaceted program activities and personnel of food services administration; manages risk and compliance to regulations, policies, and procedures; ensures that technology systems are kept current and tracks data integrity for accurate reporting; oversees ordering systems and inventory; exercises leadership to design, create, implement, assess, and revise programs or activities of the office.
- **Finance:**

Plans, manages, and coordinates multifaceted program activities and personnel of the food services financial operations; manages Food Services financial reporting; monitors data integrity; audits financial account activity and reconciliations; ensures compliance with regulation, policies, and procedures; provides professional development to staff; exercises leadership to design, create, implement, assess, and revise programs or activities of the office.
- **Operations:**

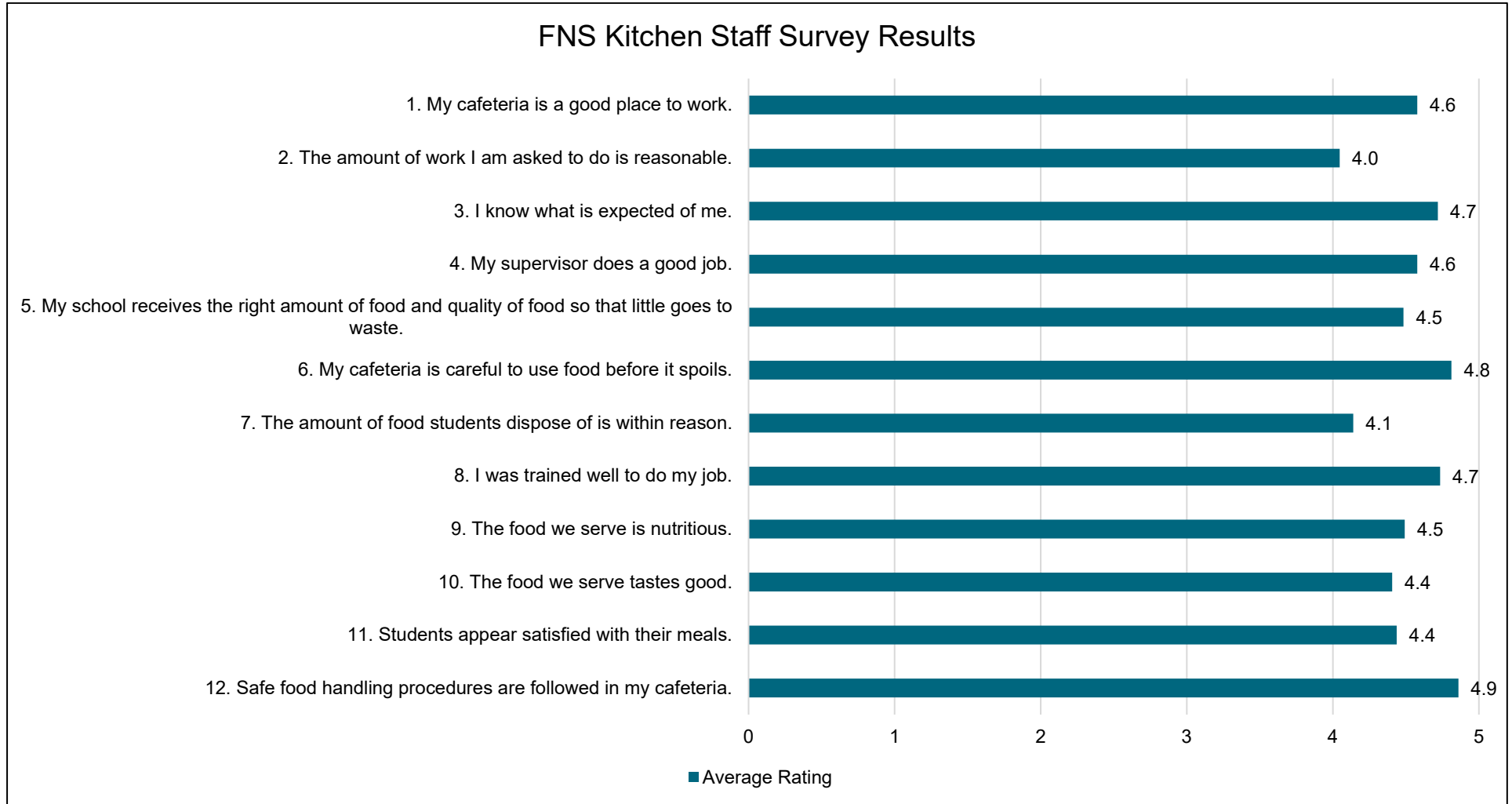
Plans, manages, and coordinates multifaceted program activities and the daily operations of personnel for food services; provides professional development to food services staff to ensure compliance with regulations and codes; develops and implements best practice policies and procedures; exercises leadership to design, create, implement, assess, and revise programs or activities of the office.

 - **Food Services Operations Specialist:**

Performs the full range of professional duties required to review, analyze, and evaluate the food service operations of current, new, and/or renovated elementary, middle, high, and secondary schools and centers; oversees one or more centralized special secondary programs; and/or administers and oversees USDA Child Nutrition Programs. Additionally, operations specialists visit assigned schools regularly to provide technical supervision to school food services managers, conducts operational audits, and provides technical guidance and direction.
- **Supply Services:**

Plans, manages, and coordinates program activities and personnel of the food services nutrition and food supply section; oversees and manages USDA, VDOE, and Health Department regulations pertaining to all school menus and recipes; leads in food services procurement and inventory of food, supplies, and small equipment; collaborates within the Division and provides information to students, families, community groups, and outside vendors; exercises leadership to design, create, implement, assess, and revise programs or activities of the office.

Appendix B - FNS Kitchen Staff Survey



Appendix C - FNS Process Ownership Flowchart

