



U.S. Department of Agriculture
Office of Inspector General
Western Region
Audit Report

Food and Nutrition Service
Child and Adult Care Food Program
Los Angeles Unified School District's
Administration of the CACFP



Report No.
27010-23-SF
September 2001



UNITED STATES DEPARTMENT OF AGRICULTURE

OFFICE OF INSPECTOR GENERAL

Western Region - Audit

75 Hawthorne Street, Suite 200

San Francisco, California 94105

TEL: 415-744-2851 FAX: 415-744-2871



DATE: September 28, 2001

REPLY TO

ATTN OF: 27010-23-SF

SUBJECT: Food and Nutrition Service, Child and Adult Care Food Program,
Los Angeles Unified School District's Administration of the CACFP

TO: Allen Ng
Regional Administrator
Western Region
Food and Nutrition Service

This report presents the results of our audit of the Child and Adult Care Food Program (CACFP) in child care centers operated by the Los Angeles Unified School District (LAUSD). LAUSD receives funds to administer the program from the U.S. Department of Agriculture (USDA) through the Food and Nutrition Service (Federal Agency) and the California Department of Education (State Agency). The objectives of our audit were to determine if the meals served in the Centers met the nutritional standards of the program and if LAUSD accurately supported its claims for USDA funds to operate the program.

We concluded that the meals served in the Centers met the nutritional standards of the program and we have no findings or recommendations in this area. While we found some minor problems related to the support for claims for reimbursement from USDA funds, we concluded that these problems would not materially impact the accuracy of the claims. These problems are discussed in the Findings and Recommendations section below.

BACKGROUND. The CACFP is designed to ensure that children and adults in nonresidential day care facilities, such as day care homes or child care centers, receive nutritious meals. LAUSD received \$5.9 million (8.3 percent) of the \$71.4 million in program funds disbursed to centers in the State of California in fiscal year 2000.

LAUSD operates 167 child care centers throughout the city. The centers are usually located on or adjacent to LAUSD school sites. The district claims meals under the CACFP for both preschool children enrolled at its centers and school-age children served meals outside the hours they attend school. Participating facilities receive a

specified amount per meal served to enrolled children. The amount per meal varies depending on the type of meal and the child's eligibility category (based on household size and income).

OBJECTIVES. Our objectives were to determine whether meals served met program nutritional standards and whether LAUSD's claims were accurate and supported.

SCOPE AND METHODOLOGY. The audit scope included LAUSD's administration of the CACFP for Federal fiscal year 2001.

We selected LAUSD for review because it is the largest recipient of CACFP funds in the State. As part of our review, we conducted on-site reviews at six LAUSD-operated centers we judgmentally selected based on meal claiming patterns. We initially limited our sample size to six centers, and because our review of these sites did not disclose any material findings, we did not expand our audit coverage to include additional sites.

We performed audit fieldwork from January through March 2001 at the following California locations: the Food and Nutrition Service Regional Office in San Francisco, California Department of Education offices in Sacramento, and at LAUSD sites in Los Angeles (district offices, central kitchen, and six of its centers). (see exhibit A)

To accomplish our objectives, we (1) reviewed district records to evaluate the accuracy of claims submitted to the State agency and to select a sample of centers to visit; (2) visited LAUSD's central kitchen to assess the district's controls to ensure that meals met CACFP nutritional requirements; and (3) visited six of LAUSD's centers to observe one or more meal services and evaluate each center's compliance with nutritional requirements, the accuracy of its meal counting and eligibility determination procedures, and its compliance with other program requirements.¹

The audit was conducted in accordance with generally accepted government auditing standards.

FINDINGS AND RECOMMENDATIONS. Although the following finding did not materially impact LAUSD's Claims for Federal Reimbursement, we believe these problems need to be addressed.

FINDING NO. 1:

Accuracy of Center Meal Counts and Retention of Records. LAUSD's centers did not always accurately record the number of meals they served, resulting in minor inaccuracies in the data the district uses to compile its claims for reimbursement. Also, one center did not maintain all records required to support its meal counts. We attributed this to center staff not always being fully aware of the requirements for accurately recording and keeping records of meals served under the program.

¹ The evaluation of eligibility determination procedures was not performed at one of the six centers visited.

At most sites, meals were delivered by cafeteria staff from an adjacent school. The meals were provided by the LAUSD central kitchen or prepared at the school's cafeteria. The cafeteria manager submitted weekly reports² of the number of meals served to LAUSD headquarters, from which the district compiled and submitted monthly claims for reimbursement to the State agency.

We observed 13 meal services at the 6 centers. At each site, we noted discrepancies between the number of meals we observed being served and the number the center eventually recorded on its weekly report. In total, we observed 1080 meals being served to children, but the centers recorded a total of 1092 meals.

State agency policy requires that the number of meals served be recorded daily at the point of service (i.e., at the time that the meal is served to the child).³ However, we found that three of the centers (Centers A, D, and F⁴) did not record point-of-service counts for one or more of the meals we observed (see exhibit B). At two other centers (Centers B and E), we found that meal counts were recorded at the point of service, but this information was not used to complete the weekly report. In each case, we found these methods resulted in inaccuracies. We were unable to determine the cause of errors noted at one center (Center C).

Most of the discrepancies we found related to the snack service. We concluded that the breakfast and lunch counts tended to be more accurate because (1) breakfast and lunch counts were usually made by cafeteria staff, who reported directly to the cafeteria manager; and (2) the district had a well-designed form for recording breakfast and lunch counts (breakfast/lunch form),⁵ which facilitated accurate counting. At most centers, children were served concurrently in multiple classrooms, with several tables in each room. The breakfast/lunch form provided space to record separate counts, table by table, for each room. This one form could be used to record counts at each table, add the counts together, and compute totals to be transferred directly to the weekly report.

In contrast, because cafeteria staff were generally unavailable to perform the counts at the time snacks were served, counts were made by center staff, who we concluded sometimes did not fully understand the meal counting requirements. Also, the district snack form was not set up to allow counts by room or table, providing only one space for recording a meal count total.

We concluded the guidance provided by LAUSD to staff counting meals was not fully effective in ensuring that accurate meal counts were taken. Guidance included annual

² The Weekly Report Form 4 is used to report meal counts. The report details, for each day, the number of meals served, by meal type.

³ California Department of Education, Sponsors of Child Care Centers Administrative Manual, Sections 321 and 323, dated October 1998.

⁴ See exhibit B for identification of sites.

⁵ Children's Center Daily Meal Record is used to record breakfast, lunch, and supper meal counts.

training provided to cafeteria managers' supervisors, and issuance of a memo⁶ to some staff outlining meal counting procedures and responsibilities. We noted that many of the supervisor review reports for the centers we visited also noted problems with meal counts.

At the six centers visited, we also reviewed records for November 2000 to evaluate whether the weekly reports could be traced back to supporting documents. Federal regulations require that such records be maintained for at least 3 years after the claim has been submitted.⁷ We found that one of the centers (Center D) had already discarded its supporting records for the month of November 2000.

We also found that three of the six centers reviewed (Centers B, C, and E) had November 2000 reports that were inaccurate due to math errors made in totaling the breakfast/lunch counts. State agency policy requires that claims be supported by records, including meal counts, which have been verified for accuracy.⁸

Meals Served in Excess of Licensed Capacity. LAUSD included in its claims meals served by two centers (Centers A and F) in excess of their licensed capacities. In one case, this occurred because controls in a district computer system intended to prevent such overclaims were circumvented. In the other case, the center improperly filed two separate meal count reports, precluding the system from detecting and preventing the overclaim. As a result, LAUSD was overreimbursed for a small number of breakfasts and snacks.

Federal regulations prohibit reimbursement for meals served in excess of a center's authorized (licensed) capacity.⁹ In California, licenses are issued by the California Department of Social Services (DSS) and specify each capacity on the license it issues to each center.

One site (Center A) claimed meals in excess of its licensed capacity of 19 on 3 occasions between October and December 2000 (17 meals overclaimed on October 25, and 15 meals overclaimed each day on October 31 and December 14), for a total overclaim of 47 breakfasts. Normally, this site has separate morning and afternoon sessions, but on these days, both sessions attended in the morning and were served breakfast.

Because the room was not large enough to accommodate both sessions, some of the children were served outside. However, according to a DSS official, the center still exceeded its licensed capacity, because the capacity was determined from factors other than just the physical space available (such as number of staff available).

⁶ "Meeting the Needs of Children's Center Programs," dated April 11, 2000.

⁷ 7 CFR 226.10(d), dated January 1, 1999.

⁸ California Department of Education, Sponsors of Child Care Center Administrative Manual, Section 320, dated October 1998.

⁹ 7 CFR 226.17(b)(4), dated January 1, 1999.

Although the computer system used by the district to compile claim data had been input with site capacities to prevent overcapacity claims, the control had been overridden by doubling this site's capacity in the system in case both sessions were served the same meal (allowable if not attending concurrently). However, on the occasions we cited, the children were in attendance and served meals concurrently, so the center exceeded its capacity and excess meals were claimed.

The other center (Center F) exceeded its capacity on 10 occasions during November 2000 for a total overclaim of 21 snacks. Like many LAUSD centers, in addition to its preschoolers, this center also provided care to school-age children attending outside school hours. The center's license listed two capacities: no more than 70 preschool children, and no more than 116 preschool and school-age children combined.

If there are more school-age children in attendance than the license allows, LAUSD policy is to care for some of the school-age children on the school grounds instead of at the center, and meals served at the school are to be reported on a separate weekly report.

November 2000 records showed that, on 10 days during the month, the center claimed as many as 120 snacks. This was not detected by the computer system because the site filed two reports, one for the center and one for the adjacent school. However, only one report should have been filed since all the children were served at the center.

Although we reviewed only six centers, we found that two of the centers had exceeded their licensed capacities, resulting in the overclaiming of meals. For this reason, we believe LAUSD should review the capacities entered in the system for all its sites to ensure they are in compliance with program and licensing requirements.

We discussed the above findings with district officials during the audit, and were advised that corrective actions on some issues had already taken place or were being developed.

Recommendation No. 1. Instruct the State agency to advise LAUSD to emphasize in its training and monitoring processes, the requirements relating to (1) meal counting and reporting procedures, particularly the requirement to take point-of-service meal counts; (2) verification of meal count totals; (3) record retention; and (4) compliance with licensed capacities.

FNS Response

In its written response to the draft report, dated September 12, 2001, FNS stated,

FNS concurs with the finding and recommendation. We will instruct the CADOE to advise LAUSD to emphasize in its training and monitoring processes the problems found relating to meal counting and reporting and

record retention. We will instruct CADOE to implement the corrective actions, after we receive the final audit report.

OIG Position

In order to reach management decision, please provide the proposed completion date for implementation of the corrective action.

Recommendation No. 2. Instruct the State agency to recommend that LAUSD improve its forms and instructions by (1) revising its snack count form to facilitate accurate counts; and (2) developing and disseminating or making available to all staff involved in counting meals, instructions for taking and documenting the counts.

FNS Response

In its written response to the draft report, dated September 12, 2001, FNS stated,

FNS concurs with the finding and recommendation and will instruct the CADOE to require LAUSD to correct the problems found on the forms and instructions. We will instruct CADOE to implement the corrective actions, after we receive the final audit report from our office.

OIG Position

In order to reach management decision, please provide the proposed completion date for implementation of the corrective action.

Recommendation No. 3. Require the State agency to ensure that LAUSD has (1) corrected the capacity for Center A in its computer system; and (2) required Center F to report all meals served at the center on one report, and only submit a separate report to reflect meals served at the adjacent elementary school, should this occur.

FNS Response

In its written response to the draft report, dated September 12, 2001, FNS stated,

FNS concurs with the finding and recommendation and will instruct the CADOE to require LAUSD to correct the capacity for Center A and in its computer and require Center F to file one report of all meals served. We will instruct CADOE to implement the corrective actions, after we receive the final audit report from your office.

OIG Position

In order to reach management decision, please provide the proposed completion date for implementation of the corrective action.

Recommendation No. 4. Require the State agency to instruct LAUSD to review the licensed capacity in its computer system for all centers, and correct any errors found.

FNS Response

In its written response to the draft report, dated September 12, 2001, FNS stated,

FNS concurs with the finding and recommendation and will instruct the CADOE to require LAUSD to review all of its centers' licensed capacity and correct any errors. We will instruct CADOE to implement the corrective

OIG Position

In order to reach management decision, please provide the proposed completion date for implementation of the corrective action.

CONCLUSIONS AND REQUIRED AGENCY ACTIONS:

Your written response to the draft report is included as exhibit C with excerpts and the Office of Inspector General's (OIG) position incorporated into the relevant sections of the report. For acceptance of your management decisions on the report's recommendations, please provide the information described in the OIG Position sections of the report.

In accordance with Departmental Regulation 1720-1, please furnish a reply within 60 days describing the corrective action taken or planned and the timeframe for implementation of the recommendations for which a management decision has not yet been reached. Please note that the regulation requires a management decisions to be reached on all recommendations within a maximum of 6 months from report issuance. Follow your internal agency procedures in forwarding final action correspondence to the Office of the Chief Financial Officer.

We appreciate the assistance your staff provided to our auditors during our review.

\s\
SAM W. CURRIE
Regional Inspector General
for Audit

EXHIBIT A – SITES VISITED

SITES VISITED	LOCATION
FNS Regional Office	San Francisco, California
California Department of Education	Sacramento, California
Los Angeles Unified School District (district offices and central kitchen)	Los Angeles, California
<p><i>Centers:</i></p> <p>Alfonso Perez Special Education State Preschool</p> <p>Castelar Children’s Center</p> <p>Dacotah Children’s Center</p> <p>Dayton Heights Children’s Center</p> <p>Joan Elam Children’s Center</p> <p>95th Street Children’s Center</p>	<p>Los Angeles, California</p> <p>Los Angeles, California</p> <p>Los Angeles, California</p> <p>Los Angeles, California</p> <p>Sepulveda, California</p> <p>Los Angeles, California</p>

EXHIBIT B – SUMMARY OF FINDINGS BY CENTER

Meal Count And Record Retention Findings	CENTERS					
	A	B	C	D	E	F
Findings Based On Observations:						
Meal counts for meals observed not taken at point of service.	X			X		X
Meal counts reported for meals observed not based on point-of-service documents completed.					X	
Children claimed exceeded licensed capacity.	X					X
Findings Based On Record Review:						
November 2000 meal counts not based on point-of-service documents completed.		X			X	
November 2000 meal count data contained math errors.		X	X		X	
November 2000 supporting records not retained.				X		

Legend

- A - Alfonzo Perez Special Education State Preschool
- B - Castelar Children's Center
- C - Dacotah Children's Center
- D - Dayton Heights Children's Center
- E - Joan Elam Children's Center
- F - 95th Street Children's Center

EXHIBIT C – FNS' RESPONSE TO THE DRAFT REPORT

Page 1 of 2



United States Department of Agriculture
Food and Nutrition Service

Western Region

Reply to
Attn of:

Subject: Audit 27010-23-SF, Food and Nutrition Service - Los Angeles
Unified School District's Administration of the CACFP

To:

Sam W. Currie
Regional Inspector General
Office of Inspector General

SEP 12 2001

This responds to your August 29, 2001 memorandum requesting a response to the official draft subject report. As my FM staff discussed with Ken Stevenson of your staff, Food and Nutrition Service (FNS) concurs with the findings and recommendations of the report. Our proposed actions to be taken for the recommendations are described below.

Recommendation No. 1

Instruct the State agency (SA) to advise Los Angeles Unified School District (LAUSD) to emphasize in its training and monitoring processes, the requirements relating to (1) meal counting and reporting procedures, particularly the requirement to take point-of-service meal counts; (2) verification of meal count totals; (3) record retention; and (4) compliance with licensed capacities.

FNS Response

FNS concurs with the finding and recommendation. We will instruct the CADOE to advise LAUSD to emphasize in its training and monitoring processes the problems found relating to meal counting and reporting and record retention. We will instruct CADOE to implement the corrective actions, after we receive the final audit report from your office.

Recommendation No. 2

Instruct the SA to recommend that LAUSD improve its forms and instructions by (1) revising its snack count form to facilitate accurate counts; and (2) developing and disseminating or making available to all staff involved in counting meals, instructions for taking and documenting the counts.

EXHIBIT C – FNS' RESPONSE TO THE DRAFT REPORT

Page 2 of 2

FNS Response

FNS concurs with the finding and recommendation and will instruct the CADOE to require LAUSD to correct the problems found on the forms and instructions. We will instruct CADOE to implement the corrective actions, after we receive the final audit report from your office.

Recommendation No. 3

Require the SA to ensure that LAUSD has (1) corrected the capacity for Center A in its computer system; and (2) required Center F to report all meals served at the center on one report, and only submit a separate report to reflect meals served at the adjacent elementary school, should this occur.

FNS Response

FNS concurs with the finding and recommendation and will instruct the CADOE to require LAUSD to correct the capacity for Center A and in its computer and require Center F to file one report of all meals served. We will instruct CADOE to implement the corrective actions, after we receive the final audit report from your office.

Recommendation No. 4


Require the SA to instruct LAUSD to review the licensed capacity in its computer system for all centers, and correct any errors found.

FNS Response

FNS concurs with the finding and recommendation and will instruct the CADOE to require LAUSD to review all of its centers' licensed capacity and correct any errors. We will instruct CADOE to implement the corrective actions, after we receive the final audit report from your office.

If you have any questions, please call Etta Britton at (415) 705-1332, extension 225.

Sincerely,


Kathy D. Burks
Regional Director
Financial Management
Western Region

cc: Janet Allen, RD, SNP, WRO