

SUBJECT: Reviews and Audits

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**A. Purpose.** To establish a review system to assess the operational capability of agencies receiving USDA commodities and ensure that they are abiding by State and Federal Regulations.

**B. Scope.** This policy applies to all recipient agencies (RAs) and warehouses.

**C. Authority.** Title 7 CFR, 250.19 directs that the State establish review procedures encompassing eligibility, food ordering procedures, storage practices, inventory controls, reporting and record keeping requirements and compliance with nondiscrimination provisions.

**D. Review Schedules.**

1. An on-site USDA commodity review will be conducted at least once every five years by the Bureau or the Florida Department of Education, Food and Nutrition Management, for the following RAs:

National School Lunch Program and Summer Food Service Program.

- (1) County School Food Service Authorities (Program Numbers 01000-01999).
- (2) Private Schools (Program Numbers 02001 - 02999).
- (3) Charitable Institutions (Program Number 04001)
- (4) Private Residential Child Care Institutions (Program Numbers 24001 - 24999).
- (5) State Residential Child Care Institutions (Program Numbers 25001 - 25999).
- (6) State Laboratory Schools (Program Numbers 52001 - 52999).
- (7) State Correctional Institutions with inmates under 21 years of age (Program Numbers 72001 – 72999).
- (8) County Correctional Institutions with inmates under 21 years of age (Program Numbers 82001 - 82999).

2. On-site reviews for the following RAs, and the food service management companies under contract with them, will be performed whenever the Bureau identifies actual or probable deficiencies in program administration through audits, investigations of complaints, reports submitted by RAs, or any other information available to the Bureau which, at the direction of the Bureau, warrants an on-site review; or at the request of the USDA:
  - (a) Summer Camps for Children that participate in the SFSP (Program Numbers 14001 - 14999 and 15001 - 15999).
  - (b) Any other recipient agency as determined by the Bureau.
3. An on-site review will be conducted every year for State-contracted warehouses, school-owned warehouses and commercial warehouses contracted by the recipient agency.
4. Every year, the Bureau must conduct an on-site review of 50% of the processors whose total operations are conducted solely within the State of Florida. This means that a review of all 'in-state' processors must be completed every two years. The two-year review requirement does not apply to on-site reviews of multi-state processors. Reviews of multi-state processors, i.e., those processors that operate in more than one state and/or those that have their business office and processing plants in different states, are planned and conducted by USDA.

#### **E. Report of Review Findings, Recommended Actions and Sanctions.**

1. Report of Review Findings. The Bureau will submit a report of review findings to each entity reviewed. The report will include:
  - (a) A description of each deficiency found.
  - (b) The particulars contributing to each deficiency.
  - (c) Recommendations for required corrective action, including timetables for completions and/or claims action to be pursued, if any.
  - (d) Means for evaluating the effectiveness of corrective actions.
2. Recommended Corrective Action Plan. Recommended corrective action plans will be prepared whenever an entity is found by the Bureau to be significantly out of compliance with a performance standard or any other provision of this manual. The recommended corrective action plan will delineate the corrective actions needed and the time frames allowed for correcting the deficiencies. The plan will be written, signed by the proper entity official and submitted to the Bureau within 30 days after

the reviewed entity receives notification of a deficiency from the Bureau. Extensions beyond 30 days may be made, for cause, with written justification and approved by the Bureau.

3. The Bureau will monitor progress toward completion and the effectiveness of actions taken in eliminating program deficiencies.
4. Sanctions.
  - (a) Failure of an entity to respond to the Bureau's Report of Review Findings could result in the suspension of the allocation of commodities on order for the reviewed entity. Such withholdings would be cancelled if the Bureau receives a corrective action plan within 30 days of the notice of suspension to the reviewed entity.
  - (b) Any entity that has failed to comply with the provisions of this manual or any instructions issued in connection with it or any agreements entered pursuant to it, may, at the discretion of the Bureau and approved by USDA, be disqualified from further participation in any USDA food distribution program. Reinstatement may be made at the option of the Bureau.

**F. Forms Used in Conducting Reviews.** The following forms are used by the Bureau in conducting performance reviews:

1. Exhibit Q. Review of School Food Service Central Office.
2. Exhibit R. Review of Individual School.
3. Exhibit S. School Central Warehouse or Commercial Warehouse.

**G. Audits.**

1. Required Audits. Organizations that receive \$500,000 or more in Federal Financial Assistance (FFA) must have a single audit, or a program-specific audit if expended under one Federal program or program cluster. Organizations expending less than \$500,000 in FFA in a fiscal year are exempt from Federal audit requirements for that year. The audit must be submitted to the Bureau within 9 months from the end of the fiscal year to which it pertains.
2. Child Nutrition (CN) Clusters. The CN Cluster includes participants in the National School Lunch Program (NSLP), School Breakfast Program (SBP), Special Milk Program (SMP), Child and Adult Care Food Program (CACFP), Summer Food Service Program (SFSP), Nutrition Education and Training (NET) Program and commodities for these programs.

3. Frequency. Audits must be conducted annually by the Auditor General's Office or by a certified public accountant, whichever is appropriate, according to the standards established by OMB Circular A-133, Audits of States, Local Governments and nonprofit organizations.
4. Reporting to the Bureau. A copy of each audit report must be submitted to the Bureau. If the audit is conducted by the Auditor General's Office, the Auditor General usually provides a copy to the Bureau. All other RAs must ensure that a copy of the audit report is sent to the Bureau. The report must be submitted to the Bureau within 9 months after the close of the fiscal year to which it pertains.