

December 5, 2022

Ms. Lisa Ridgway, Business Administrator
Glassboro Public School
560 Joseph L Bowe Blvd
Glassboro NJ 08028-9637

Agreement # 015-01730

Dear Ms. Ridgway:

The New Jersey Department of Agriculture, Division of Food and Nutrition ("NJDA"), has engaged PKF O'Connor Davies to complete the Procurement Review of your School Food Authority's (SFAs) School Nutrition Program in accordance with Federal Regulation (2 Part 200.317 – 200.326) for the Fiscal Year 2020-2021 (July 1, 2020, through June 30, 2021).

The objective of the review of your School Nutrition Program was to identify opportunities for improvement as it relates to the procurement process. Areas of focus included:

- Procurements selected for review were made in a full and open competitive manner, where required;
- The district formally adopted a Code of Conduct for Procurement for all employees involved in the procurement of goods and services pertaining to the School Food Service Account;
- The district formally adopted Procurement Procedures governing the procurement of goods and services for the School Food Service Account;
- Formal procurements selected for review included required specifications, as identified in the federal procurement review tool; were properly advertised, when required; bids and quotations were properly evaluated when received; contracts were properly awarded by the district, and contracts selected for review were monitored by the district;
- District employees monitored the operations of the Food Service Management Company ("FSMC"), if applicable; and,
- Program-related requirements, as identified in the federal procurement review tool, were met and properly documented.

Please note that the Federal Procurement Review Tool questionnaire and procedures performed, including sections pertaining to general procurement procedures, micro-purchases, small purchases, formal procurements, food service management company contracts, and USDA commodity processing contracts, as applicable. Each section includes numerous questions and sub-questions that may or may not apply to your SFA. Therefore, the following only includes those sections/questions that require a comment, technical assistance (TA), or a Corrective Action Plan (CAP). The questions that were not applicable to your district/school have not been included in this report. The review

included SFA records that were requested by and submitted to PKF O'Connor Davies for review.

AREAS INCLUDED IN THE REVIEW

PROCUREMENT REVIEW AREA: General Procurement Practices

Regulation: 2 CFR 200.318 (a)

The Non-Federal entity must use its own documented procurement procedures, which reflect applicable State, Local, and Tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards as identified in the regulation. No exceptions noted.

PROCUREMENT REVIEW AREA: Micro-purchases

Regulation: 2 CFR 200.320 (a) Procurement by micro-purchases.

Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount that does not exceed the micro-purchase threshold (\$200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price reasonable.

One micro-purchase with Elmer Schultz. was reviewed with no exceptions noted.

PROCUREMENT REVIEW AREA: Small Purchases

Regulation: 2 CFR 200.320(b)

Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. One procurements with Edvocate School Support was reviewed with no exceptions noted.

PROCUREMENT REVIEW AREA: Formal Procurements (IFB or RFP)

2 CFR 200.320(b) requires that procurement by formal procedures are those formal procurement procedures; Request for Proposals or Invitation for Bids methods used for securing services, supplies, or other property that are at or exceed the \$250,000 threshold. This section was not applicable as the SFA did not report any formal procurements on the SFA Procurement Table, and the SFA's Vendor Payment History did not report any individual procurements more than the appropriate threshold amount.

PROCUREMENT REVIEW AREA: Food Service Management Company Contracts–Chartwells

Regulation: 7 CFR 210.16(a)

Any school food authority may contract with a food service management company to manage its foodservice operation in one or more of its schools. However, no school or school food authority may contract with a food service management company to operate an a la carte food service unless the company agrees to offer free, reduced price and paid reimbursable lunches to all eligible children. Any school food authority that employs a food service management company in the operation of its non-profit school food service shall comply with outlined contract provisions as detailed in the federal procurement tool.

Regulation: 7 CFR 210.21(f) (iv)

The contractor must identify the amount of each discount, rebate, and other applicable credit on bills and invoices presented to the school food authority for payment and individually identify the amount as a discount, rebate, or in the case of other applicable credits, the nature of the credit. If approved by the State agency, the school food authority may permit the contractor to report this information on a less frequent basis than monthly, but no less frequently than annually.

PROCUREMENT REVIEW AREA: Food Service Management Company Contracts– Payroll Protection Program (NJDA – CPR Unit Memo - February 25, 2021 - Payroll Protection Plan (PPP) Loan Guidance/Clarification)

If a Food Service Management Company received a PPP loan and used the funds to pay allowable billed expenses related to the Child Nutrition Program, such as labor expenses, which was then charged as normal to the SFA, and the loan was subsequently forgiven, the same expenses cannot be paid for with both forgiven PPP funds and Child Nutrition Programs funds. The Child Nutrition Programs funds used to pay for the same expenses paid for by forgiven PPP funds must be returned to the SFA school food service account.

Comments/Technical Assistance:

As part of the TA, the SFA should review with the FSMC if they received any PPP loan funds from either round one or round two of the programs and the status of those loans. The SFA should obtain copies of the PPP loan application and the supporting documentation. As applicable, as part of the SFA's TA, the SFA must document that any forgiven PPP funds due to the SFA have been requested and received

Regulation: 7 CFR 250.54. (c) USDA Commodity - *Review requirements for the recipient agency.*

The recipient agency must ensure that the food service management company complies with the requirements of this part through its monitoring of the foodservice operation, as required in 7 CFR parts 210, 225, or 226, as applicable. The FSMC should provide monthly reports and certify the amounts on the report. The recipient agency must also conduct a reconciliation at least annually (and upon the termination of the contract) to ensure that the food service management company has credited it for the value of all donated foods received for use in the recipient agency's food service in the school or fiscal year, including, in accordance with the requirements in §250.51(a), the value of donated foods contained in processed end products. No exceptions were noted.

Regulation: 7 CFR 210.21(d)(2)(i) Buy American Provisions – Technical Assistance

For all SFA's and any entity that procures food for an SFA, the following sections of the Buy American Provisions apply and should be reviewed to ensure compliance going forward.

As Part of our TA, the SFA should review the following additional compliance areas:

- Did the entity include the Buy American Provisions in accordance with 7 CFR 210.21 (d) (2)(i) in all bid and quotation specifications and contracts?
- Did the SFA review vendor purchase records to ensure compliance with the Buy American Provision?
- Did the SFA monitor the receipt of foods/inventory to verify that all products were in compliance with the Buy American provisions?
- Did the FSMC certify the percentage of 51% U.S. content in the products supplied to the SFA?
- Did the FSMC use alternative domestic foods prior to requesting SFA approval to purchase non-domestic foods?
- Did the FSMC or third-party entity submit and document the request for an exemption prior to purchasing non-domestic foods?

PROCUREMENT REVIEW AREA: Processing Contracts for USDA Commodities

The examination of records included a review of the USDA Food Commodity Acceptance Report in determining the extent that the SFA utilized its USDA commodity entitlements. The review determined that the SFA utilized its entitlement.

SUMMARY

We received the complete cooperation of all the Glassboro Public School Education officials and Chartwells and Affiliates. We greatly appreciate the courtesies extended to the members of our team. If you have any questions regarding this report, please do not hesitate to contact David Gannon at 908-967-6855 or dgannon@pkfod.com or Douglas Triplett at 864-561-0508 or dtriplett@pkfod.com.

Sincerely,

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Cranford, New Jersey