



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

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COMMUNITY AND ECONOMIC
DEVELOPMENT DIVISION

MAY 22 1981

Mr. William Hoagland
Administrator, Food and
Nutrition Service
Department of Agriculture



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Dear Mr. Hoagland:

Subject: [Observations on Selected Aspects of
School Lunch Program Administration]

We recently completed a limited survey to obtain background information on selected aspects of school lunch program procedures for obtaining Federal reimbursement for lunches served. We did our work at the Food and Nutrition Service's Mid-Atlantic Regional Office in Robbinsville, New Jersey; the Pennsylvania Department of Education in Harrisburg, Pennsylvania; and three Pennsylvania school districts--Reading, Bristol Borough, and Southeast Delco. We do not plan to issue any further report on the results of our survey but will use the information obtained as a basis for future work. In the interim, we want to bring to your attention the following problems we observed and discussed with Service headquarters officials. We recommend that you take appropriate measures to resolve these problems.

1. In the Reading School District, all 13 elementary schools used monthly milk consumption records to determine the number of free lunches served during the month. Using such records could affect the accuracy of the count of free lunches. For example, milk that had spoiled during the month and been thrown out but not so recorded could be erroneously counted as being served as a component part of a free lunch and as representing a reimbursable meal served.

In commenting on this problem, Service headquarters officials said that the Reading School District used an envelope system to collect students' payments for full-paid or reduced-price lunches (students entitled to a free lunch turn in an empty envelope) and that this system could be modified and used to

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more accurately count the number of free, reduced-price, and full-paid lunches served. For example, the student would present the envelope--already coded as either free, reduced-price or full-paid--when a lunch was served. The envelopes would be marked for the day the lunch was served, counted as to the type of lunch served, and a daily tally recorded.

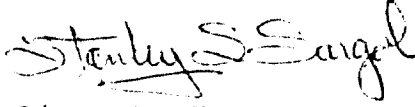
2. Both schools in the Bristol Borough School District were destroying meal tickets and daily tally sheets shortly after the meals were served, thereby making reported meal counts difficult to verify. Service officials said that the daily tally sheets showing the number of free, reduced-price, and full-paid meals served would normally be used to compute the monthly claim for Federal reimbursement and therefore should be retained. Service regulations generally require that records supporting claims for Federal reimbursement be retained for 3 years. Neither the regulations nor implementing instructions, however, specify the type of records that should be retained.
3. The Bristol Borough School District included as a cost of food used in its schools' menus the estimated value of donated Government commodities. Service officials said that including the estimated value of Government donated commodities as a cost of food used in school menus for purposes of Federal reimbursement is improper because the schools do not pay for the commodities. Only the costs that schools incur in shipping, storing, and processing the donated commodities are properly countable toward reimbursement.
4. The total salary costs of State employees who were only partially involved or who were not involved at all in activities properly chargeable to the State Administrative Expense (SAE) fund were charged to the fund. SAE funds are Federal funds provided to State agencies for use in meeting administrative expenses incurred in supervising the Federal school feeding and child care food programs. Also, the salary costs of some employees who were working part time on SAE activities were not charged to the fund. Service officials said that such charging and non-charging of salary costs was inaccurate and improper.

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We would appreciate being advised of any actions taken on these matters. We also appreciate the cooperation extended to us during our work.

Copies of this letter are being sent to the Assistant Secretary for Food and Consumer Services; the Administrator, Mid-Atlantic Region; and the Inspector General.

Sincerely yours,


for Oliver W. Krueger
Senior Group Director