



## SNP Administrative Review Findings

### Program Year 2025

## MSD of Pike Twp (5350)

### MSD of Pike Twp (5350)

6901 Zionsville Road  
Indianapolis, IN 46268-2106

No. of Sites / Reviewed: 16 / 3  
Month of Review: October 2024

### Food Service Contact

Mrs. Natalie Lee Williams  
Food Service Director  
(317) 387-8301  
NLEE@pike.k12.in.us  
FSMC: Chartwells

### Executive Contact

Dr. Larry Young  
Superintendent  
(317) 387-2223  
LDYoung@pike.k12.in.us

### Commendations

- \* A nice variety of entrees was offered to students. Staff were friendly and accommodating during the administrative review.

### Technical Assistance

- \* At least two varieties of milk must be made available during the entire meal service. Staff should be trained to re-stock all milk varieties during service.
- \* Two of the schools reviewed (middle schools) did not utilize trays for lunch. It was difficult for students to select the full meal as offered, as they could not carry all items. The FSD for the FSMC and SFA were informed that trays are needed to allow for full meal selection.

### Meal Counting & Claiming - MSD of Pike Twp (5350)

314. SFA is following the approved SFA-SA agreement

#### Finding 9049: SFA not following the approved SFA-SA Agreement and/or Application.

The SFA is not following their approved SFA-State agency permanent agreement. Discrepancies between approved documentation and observations on-site: Some meals served for breakfast at College Park Elementary and Lincoln Middle School were not served using adequate point-of-sale procedures.

#### Corrective Action:

As corrective action, the following must occur:

- Explain the procedural changes established in writing to ensure meals are counted at the point-of-service.
- Submit 30 days of corrected meal counts for each site from the date of correction to determine if a recalculation of meals is required.
- Provide proof that staff were re-trained on point-of-service procedures.

### Resource Management Comprehensive Review - MSD of Pike Twp (5350)

750. Year End Available Balance

#### Finding 10187: Non-profit school foodservice account validation

The non-profit school foodservice account could not be validated. An explanation for the difference in account balances between the annual financial report and the accounting reports provided during the review could not be determined during the onsite review, requiring an expansion of balance review to prior program years. A balance discrepancy of over \$4,000,000 was noted between the ending balance of 2022 and the beginning balance of 2023.

#### Corrective Action:

As corrective action, detailed documentation explaining the difference in the non-profit school foodservice account starting and ending balances must be provided to the state agency. Failure to provide adequate documentation may require a restoration of funds to the non-profit school foodservice account using non-federal funds.

#### Technical Assistance:

The SFA finance contact mentioned that expenditures were likely missing from the AFR resulting in the discrepancy. In October 2022, the School Corporation began recording all concession activity to Fund 2180, Concessions – District. It would be prudent for the SFA to ensure funds from 0800 were not intermingled in the setup of the Fund 2180.



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#### 753. Internal Controls

##### Finding 10184: Internal Controls

Although written procedures were developed and implemented, unallowable costs continued to be charged to the 0800 account despite the implementation of a separate catering account. The explanation provided by the FSMC was that items were coded incorrectly on invoices. It should be noted that moving to a fixed price FSMC contract would eliminate the need for a detailed review of expenditures.

##### Corrective Action:

**Internal controls must be established to perform a detailed, documented review of underlying disbursement transactions billed to the School Corporation by the food service management company as well as procedures to verify and review that the food service management company adheres to federal and state procurement standards. To ensure effective oversight, a more detailed and robust FSMC invoice review procedure must be developed, submitted to the State Agency for input, and implemented each month going forward.**

##### Technical Assistance:

Suggestions for improving the FSMC invoice review procedure:

- Develop and utilize a coversheet to document the review of each invoice. Specify questionable and unallowable costs, proof of communication with the FSMC, and proof that only the allowable amount was paid.
- Perform a comparison of charges between 0800 and catering accounts, ensuring all costs are divvied correctly.
- Require documentation for all P-Card purchases rather than a sample.
- Require separate P-Cards for 0800 vs. the catering account.
- Identify categories of expenses frequently noted on audits and reviews as questionable or unallowable. Perform a check of all items in these categories.
- Identify source documents to be submitted by the FSMC, including invoices, proof of payment for vendor transactions, a schedule of employees, assigned locations, salaries, and hours to be worked for payroll transactions.

Procedures should always be adapted and improved as needed.

#### 755. Allowable Costs

##### Finding 9117: Unallowable general expenses charged to the nonprofit school food service account. \*Repeat Finding

Based on the student listing balance of accounts report provided to the state agency dated October 31, 2024, total negative meal debt for both active and inactive accounts was \$239,491.46. Of that amount, \$148,143.07 was for inactive accounts. An updated report generated on March 20, 2025, shows a current negative balance of \$238,571.62. This is a repeat finding from the sponsor's 2022 administrative review, as well as in violation of the school corporation's bad debt policy. Moreover, as the sponsor is currently in the third year of operation of the community eligibility provision and prior to that, all students received free meals for two years due to COVID-19 pandemic waivers, the meal debt has been in the non-profit school foodservice account for over 5 years.

##### Corrective Action:

Due to the large amount of time the negative debt has been on account, the negative debt is no longer collectable, and uncollectable debt is not an allowable cost to the non-profit school foodservice account. **As corrective action, non-federal funds must be credited to the non-profit school foodservice account in the amount of \$238,571.62 to cover the cost of the bad meal debt. The LEA may then continue to pursue bad debt using non-federal resources. Provide proof of the journal entry as corrective action.**

##### Technical Assistance:

It should be standard practice and outlined in the meal debt policy that a la carte items cannot be purchased unless there is enough money in the student account to cover the cost of the purchase. The charge policy currently states that if a student has a significant negative lunch account balance, the student shall not be permitted to charge any à la carte food or beverage items, implying that à la carte items can be charged if the negative lunch account balance is not significant.



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### Program Year 2025

#### 757. Allowable Costs Test

##### **Finding 9000: FSMC Invoice Review- Unallowable Costs**

During the invoice validation for the month of review, it was found that unallowable costs were charged to the SFA from the Food Service Management Company (FSMC). The scope of the review was expanded to the entire 23-24 school year. Unallowable costs found during the review include but are not limited to: catering expenses such as flowers, ice sculpture, table cloths; travel to and from other districts; personal device stipends; concession costs such as paper goods, labor, advertising; sales tax; fees charged by the FSMC that must be covered by the administrative fee charged to the school corporation.

Unallowable expenditures noted during the review totaled \$93,508.17. The total of all unallowable expenditures must be restored to the non-profit school food service account using non-federal funds.

##### **Corrective Action:**

**As corrective action, submit the monthly FSMC invoice to the state agency prior to payment for each month of program year 25-26. The invoice must be submitted with a summary of the SFA's review of the invoice, including disallowed costs and questioned costs, as well as communication with the FSMC requesting documentation to back up questioned costs. The SFA must also take into consideration whether labor is accurately reported between the two different accounts.**

##### **Technical Assistance:**

Please note that many expenses under the categories of catering and concessions were initially charged to the school nutrition invoice, then removed and subsequently charged back again, often in a different location on the invoice. The FSMC provided an explanation stating the charges were accidental due to coding errors. To prevent accidental charges of catering and concessions expenses to the food service invoice, consider requiring separate P-cards for each account type. **As recommended in this and previous reviews, the State Agency highly recommends MSD of Pike Township to pursue a fixed price contract with the FSMC, as the charges and monitoring of the cost reimbursable contract continue to result in misuse of Federal Funds. All parties must operate as good stewards of federal funds, which are meant to be used exclusively for providing high-quality, nutritious meals for MSD of Pike Township students.**

#### 757. Allowable Costs Test

##### **Finding 9118: Questionable Costs from audits**

During previous audits, unallowable and questioned costs were identified. The State Agency requested documentation of fund restoration for unallowable relocation costs without a response from the SFA. The SFA was advised to seek guidance from the State Agency regarding questioned costs found during the SFA's independent audit required as a result of the 2021 SFSP Follow-Up Review. The State Agency was not consulted. Additionally, documentation was requested by independent auditors and was not provided. The most recent interim report from the independent audit noted that the Agreed Upon Procedures had not been completed, and the SFA was to reach out to IDOE to request a shortened review period.

##### **Corrective Action:**

**As corrective action, please complete the following:**

- Questioned costs resulting from the 2023 independent audit and 2024 SBOA audit, if applicable, must be reviewed further by the sponsor, and documentation must be requested from the FSMC. Documentation found to include unallowable costs or those not available from the FSMC must be disallowed and restored. Documentation of these efforts must be submitted to the State Agency.**
- The SFA must schedule technical assistance with SCN Finance to review the results of the most recent audits and to discuss the allowability of FSMC charges, such as taxes, insurance, etc., within the next 30 days. Provide proof of the technical assistance meeting with SCN Finance.**
- The SFA must consult with the SCN State Agency regarding the outstanding independent audit to determine if the audit can be shortened or if the audit must resume as initially required as corrective action for the 2021 SFSP Follow-Up review within the next 30 days. Provide proof of the consultation request with the SCN State Agency.**

##### **Technical Assistance:**

The following comments were noted in previous audits:

Independent Audit, 2023: The length of time that was required to obtain requested documents, as well as the need for the District to reach out to Chartwells for additional explanation or clarification for some charges creates concerns over the controls in place to review charges prior to payment.



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SBOA Audit, 2024: We noted there was not an internal control in place by School Corporation personnel to obtain and view the underlying support of transactions charged by the food service management company to verify the transaction was for a business purpose. The School Corporation did not obtain and review source documents, such as invoices or proof of payment for vendor transactions or a schedule of employees, assigned locations, salaries, and hours to be worked for payroll transactions submitted by the food service management company for reimbursement.

### 773. Proper Classification of Costs (Direct/Indirect)

#### **Finding 9138: Costs not consistently classified as direct or indirect**

The school food service accounts are charged directly for expenses that are included in the indirect cost pool (double dipping). Costs charged as direct expenses that are also included in the indirect cost pool: waste management. Designated dumpsters for foodservice were never obtained and, therefore, cannot be charged directly.

#### **Corrective Action:**

**As corrective action, the school corporation may no longer charge waste management and any other expenditures that meet the definition of an indirect cost directly to the non-profit school foodservice account (NPSFA). Going forward, waste management expenditures may only be paid for with food service funds as calculated through indirect costs. Please explain control measures that will be taken to ensure indirect costs will not be charged directly.**

**Additionally, the amount of indirect costs (waste management) charged directly was \$152,484.68 and must be restored to the non-profit food service account. Please submit proof of the journal entry as corrective action.**

**Technical Assistance:** Indirect costs are incurred for the benefit of multiple programs, functions, or other cost objectives, and therefore cannot be identified readily and specifically with a particular program or other cost objective. Alternatively, direct costs (for school foodservice) would be incurred specifically for the school food service program and allocable (traceable) to an activity that received the benefit of the cost.

## General Program Compliance - MSD of Pike Twp (5350)

*1007. On-site observations validate Off-Site Assessment Tool responses to Local School Wellness Policy questions and responses demonstrate compliance with FNS requirements*

#### **Finding 10140: Wellness Policy Review and Update**

The following findings were noted regarding the review and update of the local school wellness policy: It was unclear whether the review and update of the local school wellness policy included stakeholders. The results of the most recent assessment of the local school wellness policy were not provided to the State Agency.

#### **Corrective Action:**

**As corrective action, the following must occur:**

- LEAs must assess the wellness policy every 3 years, at a minimum. This assessment will determine compliance with the wellness policy, how the wellness policy compares to model wellness policies, and progress made in attaining the goals of the wellness policy. The local school wellness policy must be reviewed and updated by the wellness committee. A copy of the assessment and updated wellness policy must be submitted to the State Agency.**
- The LEA must permit participation by the public and the school community in the review and update of the wellness policy. The policy must be re-assessed with input from all interested stakeholders as through the wellness committee. Provide documentation of notification used to inform households of the re-assessment of the local school wellness policy. Once the re-assessment occurs, provide documentation of the assessment.**
- Provide proof that the results of the most recent assessment have been communicated to the public, including progress toward meeting the goals of the policy.**

#### **Technical Assistance:**

Wellness policy resources can be found at the following website: <https://www.in.gov/doe/nutrition/wellness-policies/>.



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**SNP Administrative Review Findings**  
*Program Year 2025*

**MSD of Pike Twp (5350)**

*1403. Review of agricultural food components indicates violations of the Buy American provision*

**Technical Assistance: USDA Buy American Provision Updated Policy Guidance**

USDA has recently updated guidance to program sponsors regarding Buy American requirements to become effective PY 2025-2026 school year. For additional information, go here: <https://www.fns.usda.gov/cn/buy-american-provisions>.

To watch a recorded webinar on updates to the Buy American requirements, go here: <https://www.fns.usda.gov/cn/buy-american-provisions/webinar>.

To download a copy of the USDA Buy American tool, go here:

<https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Ffns-prod.azureedge.us%2Fsites%2Fdefault%2Ffiles%2Fresource-files%2FSP23-2024a.xlsx&wdOrigin=BROWSELINK>.



## SNP Administrative Review Findings

MSD of Pike Twp (5350)

### Program Year 2025

#### College Park Elementary (5354)

6901 Zionsville Road  
Indianapolis, IN 46268-2106

#### Food Service Contact

Mrs. Refugio Serrato  
Kitchen Manager  
(317) 347-7415

Month of Review: October 2024

Date of Onsite Review: November 20, 2024

### Meal Components & Quantities - College Park Elementary (5354)

*400. Day of Review- all required meal components were available to all students during the entire meal service*

#### Technical Assistance: Share Table Implementation

It's recommended that a share table be implemented for breakfast, as many students throw away unopened items in the trash. This will help reduce waste and provide students who are still hungry with extra food options.

*500. Day of Review- Offer vs. Serve was properly implemented*

#### Technical Assistance: Non-Food Service Employees with Offer Vs. Serve Requirements

Teachers who help coach students through the line should be instructed on correct offer vs. serve (OVS) verbiage and requirements. Some teachers instructed students to go back and get extra when the student's plate was already compliant with OVS requirements. Ensure that teachers understand that a fruit or vegetable must be taken for OVS.





## SNP Administrative Review Findings

MSD of Pike Twp (5350)

### Program Year 2025

#### Lincoln Middle School (5355)

6901 Zionsville Road  
Indianapolis, IN 46268-2106

#### Food Service Contact

Mrs. Janet Weaver  
Kitchen Manager  
(317) 216-5085

Month of Review: October 2024

Date of Onsite Review: November 20, 2024

### Meal Components & Quantities - Lincoln Middle School (5355)

401. Day of Review- all meals observed and counted for reimbursement contained all of the required meal components

#### Finding 9000: Breakfast Service

Many meals were non-reimbursable during the breakfast in the classroom service because the meals did not meet the minimum requirements when using OVS. Reviewers were unable to determine the correct number of reimbursable meals selected. As a result, a recalculation of meals may need to be performed to determine accurate claims.

#### Corrective Action:

The SFA had previously identified reimbursable meal issues with breakfast in the classroom service and had a plan established to fix the issues. **As corrective action, explain how breakfast service procedures were changed to ensure only reimbursable meals were claimed.**

Provide the following:

- Proof that staff were re-trained on reimbursable meal requirements for breakfast.
- The updated, written procedure for breakfast service.
- The SFA must submit to the state agency 30 days of accurate meal counts for breakfast service. Additionally, rosters and corresponding software reports must be submitted.

500. Day of Review- Offer vs. Serve was properly implemented

#### Finding 9078: School is not properly implementing Offer vs. Serve.

As observed on the Day of Review, one or more cashiers did not demonstrate a clear understanding of OVS and its requirements. Meals were counted as reimbursable using OVS when a meal was incomplete due to missing the minimum number of required meal components.

#### Corrective Action:

**As corrective action, retrain cashiers in OVS requirements, including the daily enforcement of OVS requirements. Provide written documentation for the training, including the date, the agenda, and a sign-in sheet of attendees.**

#### Technical Assistance:

The school was provided with technical assistance during the on-site visit.



**SNP Administrative Review Findings**  
**Program Year 2025**

**MSD of Pike Twp (5350)**

**New Augusta North Public Academy  
(5380)**

6901 Zionsville Road  
Indianapolis, IN 46268-2106

**Food Service Contact**

Mrs. Stacey Scott  
Kitchen Manager  
(317) 388-7785

Month of Review: October 2024

Date of Onsite Review: November 21, 2024

**General Program Compliance - New Augusta North Public Academy (5380)**

*1409. On-site or off-site storage violations were observed*

**Finding 9150: Storage violations were observed.**

The SFA must ensure that all facilities for the handling, storage, and distribution of purchased and donated foods are properly safeguarded against theft, spoilage, and other loss. Potentially hazardous foods that were refrigerated, prepared, or opened and held for more than 24 hours were not date-marked.

**Corrective Action:**

**As corrective action, provide proof that staff were trained in date-marking procedures. Upload a dated agenda and sign-in sheet.**