



United States Department of Agriculture

Food and Nutrition Service Western Regional Office

90 Seventh St. Suite 10-100 San Francisco, CA 94103

March 30, 2015

Ike Santos, Administrator Federal Programs Division Guam Department of Education P.O. Box DE Hagatna, GU 96932

Dear Mr. Santos:

This letter is to confirm the scheduling of our Financial Management Review (FMR) of the Child Nutrition Program (CNP) the week of May 18-22, 2015. The review will cover Federal Fiscal Year (FFY) Fiscal operations for the period October 1, 2012 through March 31, 2015. The review will cover the following Programs' Fiscal operations:

- FFY 2013 CNP State Administrative Expenses (SAE)
- FFY 2014 Q1-Q6 CNP State Administrative Expenses (SAE)
- FFY 2014 Child Nutrition Program (CNP) Block-CJL
- FFY 2013 Child and Adult Care Feeding Program Sponsor Admin (CACFP SAE)
- FFY 2013 National School Lunch Program Equipment (NSLPE)

The purpose of this review is to evaluate the state agency's compliance with established financial policies, regulatory requirements, and quality standards. It will be conducted in accordance with the FNS FMR Guide. The FMR review will be conducted by Nick Richardson of my staff. The entrance conference will be held on May 18, 2015. The scope of this review will include, but not be limited to, all areas covered in the FNS FMR Guide.

In order to prepare for the upcoming review, we will be sending a set of initial questions regarding fiscal matters for completion at the State office. The purpose of the initial questions is to gain a general understanding of the program's fiscal policies and processes prior to the on-site visit. Answers may be brief and informal, or left blank if uncertain of how to respond. Please complete and send your responses via the FMR Tool System no later than April 17, 2015. You can log in to review the questions at: https://wic.fns.usda.gov/metool.

In addition to the above, please provide the raw data for all transactions pertaining to the aforementioned programs during Federal Fiscal Year (FFY) 2014 for the period October 1, 2012 through September 30, 2014. By raw data, we mean the record of the expenditure and exactly how it is recorded in your database. Please provide this data in Excel if possible. The raw data can be provided to FNS in a CD-ROM disk, email, or upload to PartnerWeb. It should include,

but not necessarily be limited to, the following data fields: (1) purchase orders/contract numbers, dates, and amounts. (2) invoices numbers, dates, and amounts. (3) vendor names. (4) transaction dates. (5) check or ACH numbers. FNS will analyze this data using data mining software which facilitates the verification of financial reports and allows us to obtain a sample of items for verification with source documentation. Please provide this data no later than 30 days from the date of this letter.

Also, in order to do as much work as possible prior to our week on-site, we ask that you send the information outlined in Attachments A-C to our office by April 20, 2015. The information in these attachments comes from Chapters IV. VIII, and X of the FMR Guide.

We look forward to working with you in the upcoming months. If you have any questions, please feel free to contact Nick Richardson at 415-645-1931 and nick richardson at fins usda.gov.

Sincerely

Rebecca Hobbs

Financial Management Director

Western Regional Office

Ce: Ronna Bach, Child Nutrition Program Director

Young Ihm, National School Lunch Program Team Lead

Franklin Cruz, Program Coordinator III

File Code: FMR-0000628-GU

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ATTACHMENT A

FMR GUIDE CHAPTER IV GENERIC PROCEDURES FOR REVIEWING GRANTEE ADMINISTRATIVE COSTS

GENERAL DOCUMENTATION:

- 1. A copy of the organization charts for both Fiscal and Program staff, including the names of appropriate individuals;
- 2. State agency accounting and cost center codes;
- 3. State agency chart of accounts and organization code listing.

STATE AGENCY WRITTEN PROCEDURES:

- 1. State agency procedures for charging staff compensation to the Program, including how fringe benefits are assigned;
- 2. State agency procedures for training and employee development of Program employees;
- 3. State agency travel procedures/regulations;
- 4. State agency procedures for preparing the FNS federal financial reports.

FORMATTED FILES OR LISTS (from which the review team will sample)

- 1. List of employees that are charged 100 percent to the Program;
- 2. List of any advances provided to staff for travel purposes.

ITEMS TO HAVE AVAILABLE UPON REVIEWER'S ARRIVAL

Please ensure appropriate staff are available during the on-site review week so the reviewer can interview and/or observe the processes referenced above.

ATTACHMENT B

FMR GUIDE CHAPTER VIII CHILD NUTRITION PROGRAM (CNP)

STATE AGENCY WRITTEN PROCEDURES:

- 1. State agency procedures on preparation of the FNS-777, FNS-777 SAE and SF-425 reports as applicable;
- 2. State agency procedures on establishing and recovering incorrect payments made to vendors and participants discovered during audits and reviews.

FORMATTED FILES OR LISTS (from which the review team will sample)

- 1. A list of State Administrative expenditures for the period being reviewed;
- 2. A list of all CNP employees, including those that split their time between multiple programs.

ITEMS TO HAVE AVAILABLE UPON REVIEW TEAM'S ARRIVAL:

- 1. Please ensure that appropriate staff are available during the on-site review week so the team can interview and/or observe the processes referenced above;
- 2. CNP program data such as participation data, meal reimbursement data, claim summary records, etc;
- The State agency's approved Indirect Cost Rate Agreement or Cost Allocation Plan;
- 4. The source data used to prepare the FNS-777, FNS-777 SAE and SF-425 reports for the period being reviewed;
- 5. A chart of prior year fund balances that have been recovered due to audits or reviews;
- 6. A payment voucher listing reflecting non-payroll costs reported on the FNS-777 for the period being reviewed.

ATTACHMENT C

FMR GUIDE CHAPTER X GENERAL ADMINISTRATIVE REQUIREMENTS

STATE AGENCY WRITTEN PROCEDURES:

- 1. State agency procedures for making LOC draws for the Program and for accounting for cash receipts generated by the Program;
- 2. State agency procedures for processing claims or other requests for payments submitted by subgrantees;
- 3. State agency procedures for managing advances, particularly as they relate to Not-For-Profit Organizations;
- 4. State agency procedures for managing audits of subgrantees;
- 5. State agency procedures for all procurements. Also needed are specific procedures and/or copies of State agency Program training agendas with evidence of any training and technical assistance provided to subgrantees on procurement;
- 6. State agency procedures for all property management, including a description of how federal property is disposed of. Also needed are specific procedures and/or copies of State agency Program training agendas with evidence of any training and technical assistance provided to subgrantees on property management;
- 7. State agency procedures for establishing claims against subgrantees when warranted.

FORMATTED FILES OR LISTS (from which the review team will sample)

- A Program property inventory listing including: 1) a separate list of any Program capital property that has been disposed of since October 1, 2012, please include the fair market value of each item, if known, and 2) a separate list of any Program property that has been transferred from one program area to another since October 1, 2012;
- 2. A list of small purchases made by the Program and separate list of Program sole source purchases.

ITEMS TO HAVE AVAILABLE UPON REVIEW TEAM'S ARRIVAL:

Please ensure that appropriate staff are available during the on-site review week so the team can interview and/or observe the processes referenced above.