

September 19, 2017

Michelle Baker, Director of Finance and Operation  
Harwood Unified Union School District  
340 Mad River Park, Suite 7  
Waitsfield, VT 05673

Dear Michelle:

On May 16<sup>th</sup>, 2017, I, Rachel Floyd, conducted a procurement review of Washington West's Child Nutrition Programs.

Procurement reviews are new reviews conducted by state agencies on behalf of USDA. This is the first year that the Vermont Agency of Education has conducted these reviews, so we thank you for your patience throughout this process. The procurement review is also an opportunity for the State Agency (SA) to provide technical assistance to the School Food Authority (SFA). The review covers how the SFA conducts purchases and manages contracts on behalf of their Child Nutrition Programs.

With this letter, I outline the corrective actions that are needed for compliance with the procurement requirements for the federal Child Nutrition programs. I have also noted what documentation needs to be submitted for each finding. Please submit this to me, Rachel Floyd, within 30 days from the date of this letter.

### **Finding 1. Codes of Conduct and Conflicts of Interest**

#### **Standard:**

The SFA must have written codes of conduct that include prohibiting real, or apparent conflicts of interest for employees engaged in selection, award, and administration of contracts? If so, does it prohibit officers, employees and agents from soliciting or accepting gratuities, favors or anything of monetary value from contractors or parties of subcontracts? Does it also provide for disciplinary actions for violations by officers, employees, or agents? [2 CFR 200.318(c)(1)]



**Finding:**

When visiting Harwood Union High School, the staff were wearing branded hats from Red Hen Baking. When I asked the food service director, Paul said that the hats were given to the school for free. Because the SU was using Red Hen as a primary bread vendor, the staff wearing these hats gives the appearance of a conflict of interest. Technical assistance was provided the day of review.

**Corrective Action Required:**

Review your codes of conduct and conflict of interest policy. Please ensure that all employees are informed of your SFA's policy and are trained to guard against both conflicts of interest and the appearance of conflicts of interest. If there needs to be an amendment to the policy or procedures, please consider adding/modifying your micro-purchase procedures to mirror your small purchase procedures to avoid the appearance of a conflict of interest (e.g. giving all local sugar makers the chance to sell their syrup to your cafeteria, not just the sugar maker who is married to the principle.)

**Documentation to Submit:**

Please submit an action plan outlining how you will bring your procurement methods into compliance.

**Finding 2. Informal Procurements****Standard:**

The SFA must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications. [2 CFR 200.323(a)]

**Finding:**

The SFA's procurement procedures outline that every procurement under the simplified acquisition threshold be connected to a cost or price analysis. However, the SFA does not have a documented record to hold that this practice is used in conjunction with every procurement. Proper procurement procedures are not being conducted at Crossett Brook, Harwood, Fayston, or Warren. I provided technical assistance on the day of review to all food service directors as well as a USDA guide on procuring local foods. All four directors need more training to be comfortable and proficient with the process, but they also need more time to do this. The majority of their purchases are procured for them by the FDA, but with pressure to do more "Farm to School" and to serve more local food, it can take additional time to procure food properly.



**Corrective Action:**

The reviewer provided technical assistance in how to conduct and document cost or price analyses. Informal and micro-purchase procedures must be followed and subsequent purchases documented with every purchase under \$25,000 or outside of the FDA. Further, it is also recommended that menu planning and menu forecasting be a topic of future training when food service directors in the district next meet. Resources on this topic can be found at [thelunchbox.org](http://thelunchbox.org).

**Documentation to Submit:**

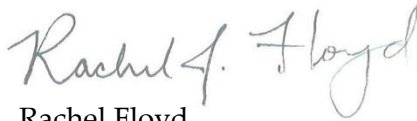
Please submit an action plan outlining how you will bring your procurement methods into compliance.

The corrective action documentation as requested above will be due within 30 days of the date of this letter, unless a different timeline has been noted.

Please feel free to contact me at (802) 479-1234 or [rachel.floyd@vermont.gov](mailto:rachel.floyd@vermont.gov) if you have any questions about the procurement review, the findings, or the corrective action.

Again, thank you for the assistance provided during the review and we commend you for your hard work and support of child nutrition programs in our Vermont Schools.

Sincerely,



Rachel Floyd  
Child Nutrition Consultant

