

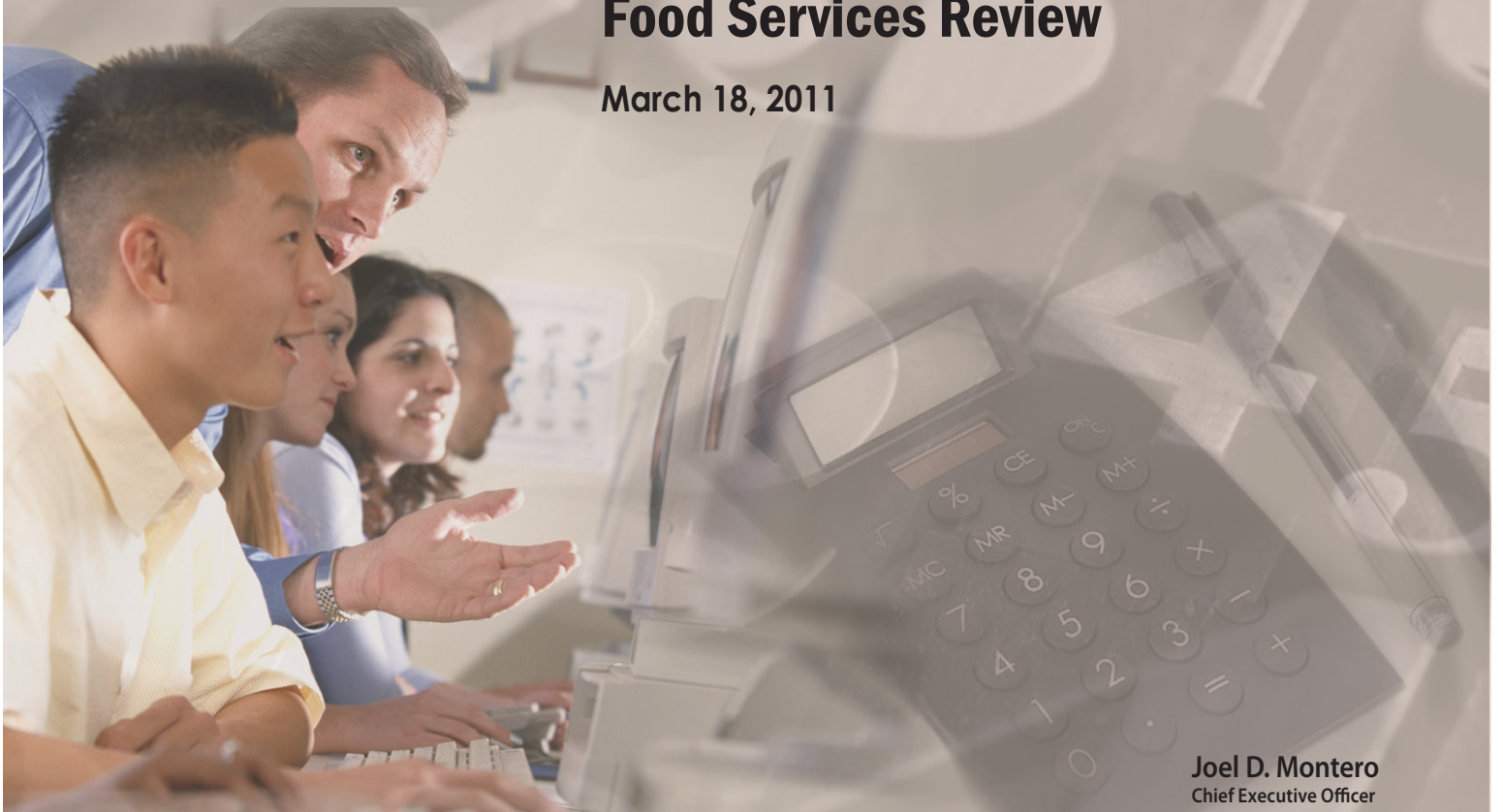


CSIS California School Information Services

Beverly Hills Unified School District

Food Services Review

March 18, 2011



Joel D. Montero
Chief Executive Officer





March 18, 2011

Richard Douglas, Ed. D. Superintendent
Beverly Hills Unified School District
255 South Lasky Drive
Beverly Hills, CA 90212-3697

Dear Superintendent Douglas:

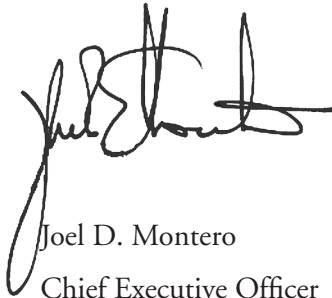
In December 2010, the Beverly Hills Unified School District and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for a study to perform the following:

The district is requesting the team to conduct an in-depth review of the district's Food Services Department. Conduct a review of the Beverly Hills Unified School District's current child nutrition program including food preparation, ordering, inventory, cash management, staffing, policies and procedures, federal and state compliance, menu planning; warehousing and food storage, purchasing and facilities. The team will provide recommendations for enhancing revenues or implementing changes to reduce the potential level of unrestricted general fund contribution needed to support the program and provide a more efficient operation.

FCMAT visited the district to conduct interviews, collect data, review documents, and visit facilities. This report is the result of those activities.

We appreciate the opportunity to serve you and extend thanks to all the staff and administration of the Beverly Hills Unified School District for their assistance and cooperation during the review.

Sincerely,



Joel D. Montero
Chief Executive Officer

FCMAT

Joel D. Montero, Chief Executive Officer

1300 17th Street - CITY CENTRE, Bakersfield, CA 93301-4533 • Telephone 661-636-4611 • Fax 661-636-4647
422 Petaluma Blvd North, Suite. C, Petaluma, CA 94952 • Telephone: 707-775-2850 • Fax: 707-775-2854 • www.fcmat.org
Administrative Agent: Christine L. Frazier - Office of Kern County Superintendent of Schools

Table of Contents

About FCMAT	iii
Introduction	1
Background	1
Executive Summary	3
Findings and Recommendations	5
Fiscal	5
Participation, Menu, and Program Production	11
Federal and State Compliance	19
Warehousing, Food Storage, Purchasing and Facilities	21
Staffing and Organizational Structure	23
Appendices	29

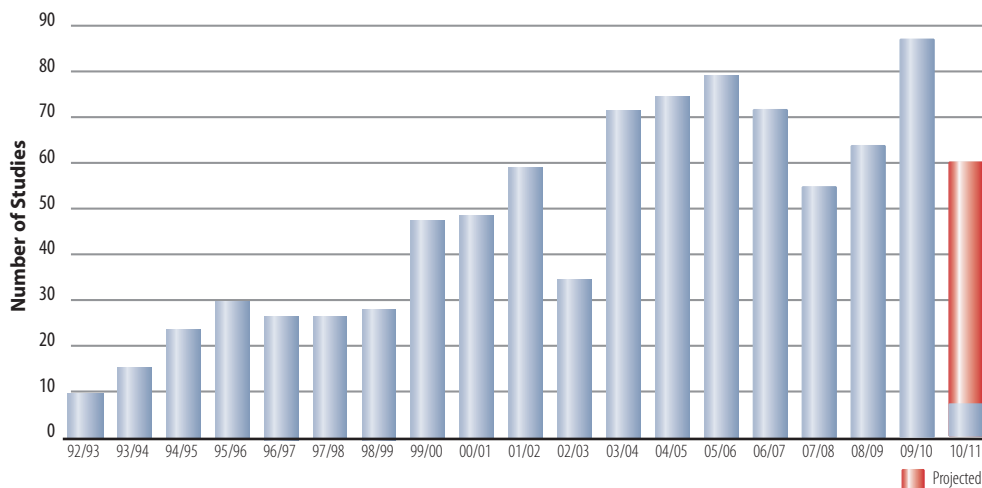
About FCMAT

FCMAT's primary mission is to assist California's local K-14 educational agencies to identify, prevent, and resolve financial and data management challenges. FCMAT provides fiscal and data management assistance, professional development training, product development and other related school business and data services. FCMAT's fiscal and management assistance services are used not just to help avert fiscal crisis, but to promote sound financial practices and efficient operations. FCMAT's data management services are used to help local educational agencies (LEAs) meet state reporting responsibilities, improve data quality, and share information.

FCMAT may be requested to provide fiscal crisis or management assistance by a school district, charter school, community college, county office of education, the state Superintendent of Public Instruction, or the Legislature.

When a request or assignment is received, FCMAT assembles a study team that works closely with the local education agency to define the scope of work, conduct on-site fieldwork and provide a written report with findings and recommendations to help resolve issues, overcome challenges and plan for the future.

Study Agreements by Fiscal Year



FCMAT also develops and provides numerous publications, software tools, workshops and professional development opportunities to help local educational agencies operate more effectively and fulfill their fiscal oversight and data management responsibilities. The California School Information Services (CSIS) arm of FCMAT assists the California Department of Education with the implementation of the California Longitudinal Pupil Achievement Data System (CALPADS) and also maintains DataGate, the FCMAT/CSIS software LEAs use for CSIS services. FCMAT was created by Assembly Bill 1200 in 1992 to assist LEAs to meet and sustain their financial obligations. Assembly Bill 107 in 1997 charged FCMAT with responsibility for CSIS and its statewide data management work. Assembly Bill 1115 in 1999 codified CSIS' mission.

AB 1200 is also a statewide plan for county office of education and school districts to work together locally to improve fiscal procedures and accountability standards. Assembly Bill 2756

(2004) provides specific responsibilities to FCMAT with regard to districts that have received emergency state loans.

In January 2006, SB 430 (charter schools) and AB 1366 (community colleges) became law and expanded FCMAT's services to those types of LEAs.

Since 1992, FCMAT has been engaged to perform nearly 850 reviews for LEAs, including school districts, county offices of education, charter schools and community colleges. The Kern County Superintendent of Schools is the administrative agent for FCMAT. The team is led by Joel D. Montero, Chief Executive Officer, with funding derived through appropriations in the state budget and a modest fee schedule for charges to requesting agencies.

Introduction

Background

Located in Los Angeles County, the Beverly Hills Unified School District has an enrollment of approximately 4,800 students and is composed of four elementary schools, one high school and one continuation high school. The average class size is 27 students. The district employs approximately 320 certificated and 150 classified personnel, and students have consistently scored above the national averages on standardized achievement tests.

In December 2010, the district requested entered into a study agreement with the Fiscal Crisis and Management Assistance Team (FCMAT) for FCMAT to perform the following:

The district is requesting the team to conduct an in-depth review of the district's Food Services Department. Conduct a review of the Beverly Hills Unified School District's current child nutrition program including food preparation, ordering, inventory, cash management, staffing, policies and procedures, federal and state compliance, menu planning; warehousing and food storage, purchasing and facilities. The team will provide recommendations for enhancing revenues or implementing changes to reduce the potential level of unrestricted general fund contribution needed to support the program and provide a more efficient operation.

Study Guidelines

The Fiscal Crisis Management Assistance Team (FCMAT) visited the district on January 10 and 11, 2010 to conduct interviews with district staff, collect data, review documents and visit facilities. This report is the result of those activities and is divided into the following sections:

- I. Executive Summary
- II. Fiscal Issues
- III. Participation, Menu and Program Production
- IV. Federal and State Compliance
- V. Warehousing, Food Storage, Purchasing and Facilities
- VI. Staffing
- VII. Appendices

Study Team

The study team was composed of the following members:

Debi Deal, CFE
Fiscal Intervention Specialist
Los Angeles, CA

Judith E. Stephens
FCMAT Consultant
Nipomo, CA

Leonel Martínez
FCMAT Public Information Specialist
Bakersfield, CA

Executive Summary

The Beverly Hills Unified School District cafeteria program serves lunch at four elementary schools (K-8) and one high school and provides a nutrition break at the high school. The district has experienced declining enrollment since 2007-08 fiscal year; however, participation levels for the food service program have declined more than enrollment.

In March 2010, the district commissioned a study by UCLA Anderson School of Management after recognizing a severe decrease in student participation and substantial increase in the encroachment necessary to maintain the program. The objective of the study was to determine the financial and operational processes and issues that were causing these problems. Although the report offered short- and long-term recommendations, many have not been implemented.

Fiscal

Many procedures that involve cash handling and/or cash collections lack appropriate checks and balances, including separation of duties or acceptable custody of cash. The district has policies and procedures for cash handling at the school sites, but does not have any written cash handling procedures or protocols for food service. Internal control weaknesses are detailed later in this report, and recommendations are provided to help eliminate them.

These practices do not meet the standards outlined by generally accepted accounting principles and pose serious threats to the integrity of the internal control system governing cash. The district lacks proper separation of duties for the authorization, custody and record-keeping for the cash handling and management functions.

Participation, Menu and Program Production

The district's menu planning and nutrient analysis does not comply with federal or state guidelines, especially for items served during the nutrition break. Because the individual items are required to meet federal and state guidelines, the district could notify the State Department to change the nutrition break to a qualified breakfast program. The individual items provided may meet compliance standards when considered a complete meal.

During fieldwork, FCMAT observed violations of competitive food sales on the high school campus. All clubs are required to comply with the rules and regulations of the National School Lunch Program.

Meal participation is extremely low. Surveys of students, staff members and parents would help determine the types of food that would encourage participation.

The department offers salad bars with a wide variety, but they are underutilized, and many items are not popular with students. Reducing the number offerings would decrease waste and simplify preparation.

The staff expressed concern about food safety practices and the need for better training and procedures. FCMAT site visits suggested that there may be food safety issues. The staff indicated that salad bar leftovers are reused, which can cause cross-contamination.

Staffing and Organizational Structure

There is a lack of oversight and communication between food service staff and the district office manager that has several departmental responsibilities. The district would benefit from a director of food services that is devoted to the program full-time.

The district should ensure that employees in lead positions are provided with opportunities for professional development and training.

The food service program's meals per labor hour are substantially less than the industry average for districts of similar size and structure.

Subsequent Events

District staff continue to address many processes and internal control issues identified in this report.

After FCMAT's fieldwork, the district's business office addressed and implemented several internal control procedures including cash handling policies and delivery of the weekly deposit to the district office. Many new procedures are still in the planning stages as staff assess program issues.

Findings and Recommendations

Fiscal

Cash Handling and Cash Management

The Beverly Hills Unified School District cafeteria program serves lunch at four elementary schools (K-8) and one high school as well as providing a nutrition break at the high school. Many of the food service program's procedures that involve cash handling and/or cash collections lack appropriate checks and balances, separation of duties, or acceptable protocols for the custody of cash. Each week, several thousand dollars are delivered to the district office by an employee and subsequently picked up by an armored car service for delivery to the bank. If this employee is not accompanied by a security guard, a high degree of risk is incurred.

Cash handling and cash management practices do not meet acceptable standards as outlined by generally accepted accounting principles and therefore pose a serious threat to the integrity of the internal control system governing cash. The district does not have proper separation of duties for the authorization, custody and record keeping for the cash handling and management functions.

Policies and Procedures

The district has policies and procedures for general cash handling at the school sites, but does not have any written cash handling procedures or protocols for the Food Service Department. FCMAT also could not locate any board policies covering this area.

The district would benefit from developing a policy and administrative regulations to provide guidance in this area as well as a Food Service Department manual that includes a detailed section on specific cash-handling protocols and procedures.

At a minimum, these procedures should include proper separation of duties such as collecting, receipting and recording cash; double custody of cash counts; preparation of the daily deposit on prenumbered deposit slips; verification procedures from the bank to daily sales detail and monthly bank reconciliation.

Internal Controls

Internal controls are the foundation of sound financial management and help protect the district from material weaknesses, serious errors and fraud. An integral part of an organization's internal control system involves establishing effective preventive controls in each sector of operations. Because the Food Services Department handles substantial amounts of cash, a well-defined system of cash handling and cash management policies and procedures are vital.

Districts should apply the following basic concepts and procedures to their transactions and reporting processes to build a solid internal control structure:

System of checks and balances

Formal procedures should be implemented to initiate, approve, execute, record and reconcile transactions. The procedures should identify the employee responsible for each step and the time period for completion. Key areas of checks and balances include payroll, purchasing, accounts payable and cash receipts.

Separation of duties

Adequate internal accounting procedures should be implemented and changes made as needed to separate job duties and properly protect the district's assets. No single employee should handle a transaction from initiation to reconciliation, and no single employee should have custody of an asset (such as cash or inventory) and maintain the records of related transactions.

Staff cross-training

More than one employee should be able to perform each job. Each staff member should be required to use accrued vacation time, and another staff member should be able to perform those duties. Inadequate cross-training is often a problem even in the largest central business offices.

Use of prenumbered documents

An outside printer should print checks, sales/cash receipts, purchase orders, receiving reports and tickets. Physical controls should be maintained over the check stock, cash receipt books and tickets. It is not sufficient to simply use pre-numbered documents. A log of the documents and numbers should be maintained and reconciliation performed periodically.

Asset security

Cash should be deposited daily, computer equipment should be secured, and access to supplies/stores, food stock, tools and gasoline should be restricted to designated employees.

Timely reconciliations

Bank statements and account balances should be reconciled monthly by an employee independent from the original transaction and recording process. For example, the employee who processes payroll should not maintain the check stock.

Comprehensive annual budget

The annual budget should include revenues and expenditures by school site, department and resource in sufficient detail to identify variances and determine whether financial goals were achieved. Material variances in revenues and expenditures should be investigated promptly and thoroughly.

Inventory records

Inventory records should be maintained that identify the items and quantities purchased and sold or designated as surplus. Physical inventory should be taken periodically and reconciled with inventory records. Inventoried items typically include computer equipment, warehouse supplies, food service commodities, maintenance and transportation parts, and student store goods.

To help prevent theft of cash, separations of duties over the record-keeping, custody and authorization is essential. For proper separation of duties, an internal control plan should include components on the following preventive control measures:

- Receiving cash from individual cashiers and other school sites
- Preparing the bank deposit

- Delivering the deposit to the bank
- Verifying the receipted deposit from the bank
- Posting cash receipts in the financial system
- Reconciling the bank statement

Receiving Cash from Cashiers and School Sites - The team tested a random sample of the district's cash transactions and observed cash handling procedures during nutrition break and after lunch at Beverly Hills High School. Each cashier prepared an individual count of the cash drawer contents and itemized the count on a count sheet. The cash and count sheets are submitted to the accounting technician, who recounts each drawer in the presence of the cashier to verify the count sheet. Once the second count is verified, the funds are immediately placed in a locked safe.

The delivery driver collects the daily cash from each school site in the afternoon and delivers the cash to the accounting technician at the high school. The technician recounts the sealed cash bags in the presence of another food service worker and places them in the locked safe.

The locked safe is in the accounting technician's office and is unlocked only when the accounting technician places recounted cash from school sites or individual cashiers in it, or a cashier needs change. The only other employee with the safe combination is the director of budget and food services. According to the accounting technician, there is no second count of the cash in the safe even though there has been considerable discussion of this topic. These procedures could be strengthened by performing a second count of the safe contents at random times throughout the week.

This component of the internal control system has the appropriate elements of proper separation of duties that include double custody over the verification of cash count from individual cashiers and school sites with the exception of an independent count of the safe's contents.

Preparation of the Bank Deposit/Delivery of the Deposit to the Bank - Prior to January 2011, the practice was that the armored truck went directly to the high school to collect the funds. This procedure was changed to strengthen internal controls after the director of food services resigned. The original plan included security to escort the accounting technician to the district office which unfortunately did not occur. The district's current revised process is as follows:

1. Account technician verifies deposits at high school.
2. Account technician seals deposit and places it in locked safe.
3. Account technician is escorted by security to district office where deposits are reconciled by district accountant and / or director of food services.
4. Deposits are locked in district safe.
5. Armored vehicle collects deposits.

The weakness in this component of the internal control system is the accounting technician routinely carries large sums of money and is therefore at some risk of harm. To decrease the risk, the district could require the district office employee to perform the following:

- Verify the deposit at the high school.
- Seal the deposit and place it in the locked safe.

- Have the armored car service collect the cash at the high school.

In addition, the district office could strengthen procedures by verifying that the total amounts from the individual school sites and daily deposits from cashiers agree with the total weekly deposit prepared by the accounting technician.

Verifying the Receipted Deposit from the Bank - Once the deposit has been delivered to the bank, a verification of deposit is sent directly to the accounting technician. The annual audited financial statements for the period ending June 30, 2010 includes a finding of internal controls for the Food Service Department as follows:

Cash receipts are not reconciled with deposits. Upon review of individual deposits, we noted differences between daily deposits and cash receipts.

The auditors cite the “lack of control and oversight over receipt of cash” and the lack of a sales recap to reconcile the numbers of meals served and the number of meals sold. FCMAT found no indication that the following audit team recommendation has been implemented:

We recommend that the district implement policies and procedures to ensure that the following are performed:

1. All deposits made by the school cafeteria sites are reconciled to cash receipts issued by an appropriate member of management and any differences be investigated and documented.
2. Nutritional sales recap reports are utilized, reviewed, and reconciled with cash receipts to ensure that the number of meals served is appropriate based on the number of meals sold and cash collected.

Interviews with the accounting technician indicate that the bank verification is compared with the recorded deposit in the system and the daily school site cash receipts; however, FCMAT was unable to verify this information.

This is a clear violation of proper internal controls for separation of duties. The process could be improved by sending the bank verification directly to the district office instead of the accounting technician at the high school. The employee who prepares the deposit should not be the same as the one who receives the bank deposit verification.

Posting Cash Receipts in the Financial System/Reconciling the Bank Statement - Cash deposits are recorded in the district’s PeopleSoft financial system at the district office. Only the accounting technician has access to the Lunchbox point-of-sale (POS) system. This system is utilized in each cafeteria to properly identify students and record sales data, but is not an accounting software program.

To assist the district office with timely and accurate revenue and expense information for the food services operations, the district could consider implementing the PeopleSoft accounting software at the high school and training the accounting technician to use it to record daily sales data and batch accounts payable for processing.

Recommendations

The district should:

1. Develop board policy and administrative regulations specifically related to cash handling and cash management.
2. Develop a Food Service Department manual that includes a detailed section on specific cash handling protocols and procedures.
3. Conduct an independent count of the cash in the safe.
4. Require the employee from the district office to verify the deposit at the high school, seal it, place it in the locked safe, and instruct the armored car service to collect that cash at this location.
5. Implement the external auditor recommendations for reconciliation of sales receipts and sales data.
6. Send the bank verification directly to the district office.
7. Consider implementing the PeopleSoft accounting software at the high school and training the accounting technician to use the system to record daily sales data and batch accounts payable for processing.

Participation, Menu and Program Production

Participation, Menu Planning and Ordering

The district participates in the National School Lunch Program, offering lunch at all sites and a nutrition break at the high school, but does not participate in a breakfast program. Because the district is located in an affluent community, only 6% of district enrollment qualifies for free or reduced meals, and only 43% of these students actually take advantage of these meals daily. A low percentage of free and/or reduced students is a major financial challenge for the Food Service Department because reimbursement rates are significantly higher for needy meals served. These meals also qualify the district for a higher ratio of commodity foods, reducing food costs. Only 7% of the district's enrollment participates in the food service program and pays full price for meals.

From 2007-08 through 2009-10, district enrollment declined by 362 students, or 7% of its total population, and has decreased by approximately 150 students in the current year, according to district management. This will also prompt a decline in program participation. The table below shows the number of meals served in October 2010 compared with October 2009. Districtwide participation decreased by 26%, according to district data and information reported on federal and state reimbursement claim forms, considerably more than enrollment.

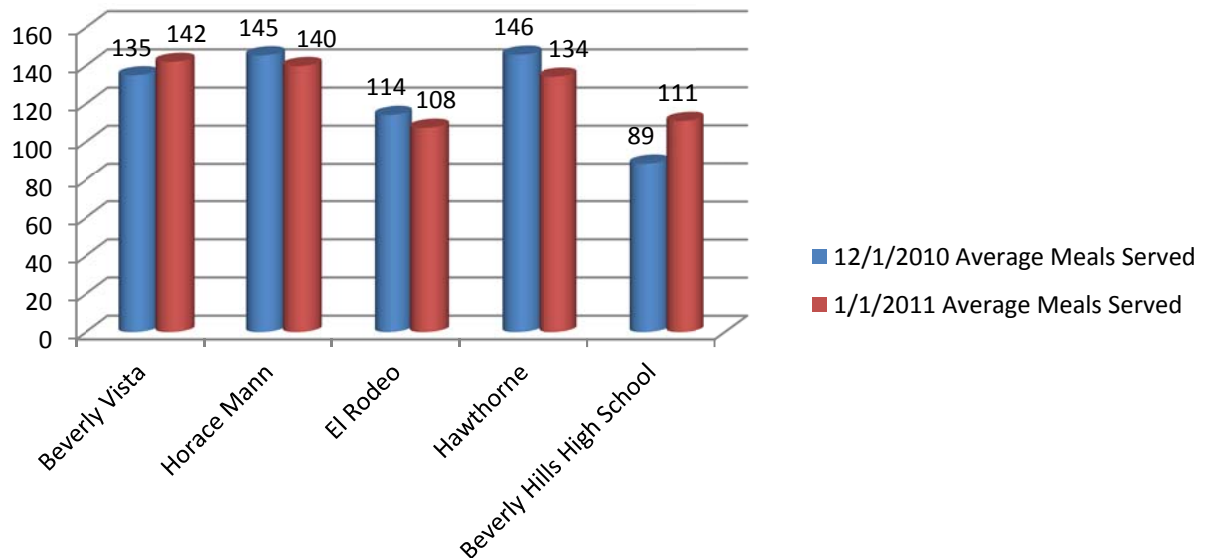
Comparison of Meals Served by School Site

October 2009 to October 2010

School Site	Lunch Box - Meals Per Month	Lunch Box-Total Meals Per Day	Percentage Decline
Beverly Hills High School			
Oct 2010	2,345	112	-19%
Oct 2009	2,891	138	
Beverly Vista			
Oct 2010	3,185	152	-10%
Oct 2009	3,546	169	
El Rodeo			
Oct 2010	2,464	117	-33%
Oct 2009	3,691	176	
Hawthorne			
Oct 2010	2,908	138	-34%
Oct 2009	4,402	210	
Horace Mann			
Oct 2010	2,809	134	-29%
Oct 2009	3,974	189	
District Totals			
Oct 2010	13,711	653	-26%
Oct 2009	18,504	881	

The district collected individual school data for December 2010 and January 2011. The following charts illustrate the most current participation levels at each school site.

Comparison of Average Daily Meals Served By School Site December 2010 and January 2011



More significant is the percentage of participation to enrollment at each school site. As demonstrated in the table below, the participation levels are extremely low as a percentage of enrollment at each school.

Percentage of Participation By School Site January 2011

School	January 2011 Enrollment	Average Meals Served	Percentage of Participation
Beverly Vista	667	142	21.3%
Horace Mann	566	140	24.7%
El Rodeo	627	108	17.2%
Hawthorne	602	134	22.2%
Beverly Hills High School	1,934	111	5.7%

As illustrated on the above tables, declining enrollment, low eligibility for free and/or reduced meals, and low participation by students in the food service program hinder revenue generation and the department's ability to be financially self-supporting. The district should evaluate ways to increase participation and/or make significant reductions in program costs.

Menu Planning and Program Production

The district follows the USDA Enhanced Food Based Menu Planning Option for an offer-versus-serve lunch program. This method is enhanced by adding vegetable, fruits, grains and breads utilizing food components and food items, changing the meal pattern for lunches. Meals are required to meet standards for calories, proteins, fats and certain vitamins and minerals for various age groups. The following table describes the caloric and nutrient requirements for the Enhanced Food Based Menu Planning Approach.

Lunch Calorie and Nutrient Standards for Grade Levels

Enhanced Food Based Menu Planning Options

Calories and Nutrient Levels for School Lunch

(Average School Week)

Nutrients and energy allowances	Preschool	Grades K-6	Grades 7-12	Option Grades K-3
Energy Allowances (calories)	517	517	825	633
Total Fat (g) ³	171	221	281	211
Total Saturated Fat (g) ³	62	72	92	72
Protein (g)	7	10	16	9
Calcium (mg)	267	286	400	267
Iron (mg)	3.3	3.5	4.5	3.3
Vitamin A (RE)	150	224	300	200
Vitamin C (mg)	14	15	18	15

- Total fat is not to exceed 30 percent over a school week
- Saturated fat is to be less than 10 percent over a school week
- Grams of fat will vary depending on the actual level of calories

In addition to the nutrient and energy allowances described above, the Enhanced Food Based Menu program option is required to offer designated portions of meat, breads, fruits, vegetables and milk. At least three are required to count as a reimbursable meal. A complete USDA guideline for each food group is available online at:

www.fns.usda.gov/cnd/menu/menu_planning.doc

National School Lunch Program

Offer Versus Serve

Enhanced Food Based Menus

- All five food items must be offered to all students.
- Serving sizes must equal the minimum required quantities for the appropriate grade group.
- Lunch must be priced as a unit.
- Students have the option of which item(s) to decline.
- Students must take a full portion of at least three of the five food items:

One serving of meat, meat alternative, milk or grains/breads and

Two servings of vegetables and fruits.

A la carte sales that are separate from the Food Based Menu planning program are also required to meet standards for calories, fats, saturated fats and sugar. A la carte items must be 250 calories or less and not more than 35% of fat and sugar for snacks and 400 calories or less and no more than 36% fat for entrees. Observations of the high school nutrition break found that many items do not comply with these requirements. Entrees should be part of the meal program to be legitimately sold a la carte. Since the district has no breakfast program, breakfast entrees at nutrition break do not comply because they are sold individually. Furthermore, most entrées exceed calorie and/or fat allowances for a la carte sales.

The US Department of Agriculture recently announced plans to the overhaul nutrition standards for meals that are subsidized by the federal government. The proposed rule, released on January 31, 2011, is the first major revision to the standards in more than 15 years and includes the following:

- A decrease in the amount of starchy vegetables such as potatoes, corn and green peas.
- A requirement to serve only unflavored 1% milk or fat-free flavored or unflavored milk.
- An increase in offerings and in the variety of fruits and vegetables
- An increase in whole grains substantially. There is no requirement at present.
- A requirement to use products that have zero grams of trans fat per serving.
- A reduction of the sodium in meals over the next 10 years that would eventually reduce overall levels by more than 50%.
- The establishment of calorie maximums and minimums, instead of maximums only, by grade level.

President Obama has signed into law a nutrition bill that will help schools pay for healthier food offerings. Therefore, this may be an opportune time to for districts to revamp menus and prepare to receive additional revenue.

Observations by FCMAT indicate that meals use correct portions, but this could not be substantiated through meal production records. District records are incomplete, and a computerized nutritional analysis is unavailable; therefore, the team was unable to verify that food items served are within the quantitative limits provided by the guideline as well as the program's nutritional and caloric requirements. These records are important in ensuring the district complies with the program. Another important reason for keeping production records is to purchase the correct amount of food, preventing unnecessary waste.

The director of food services resigned approximately one year ago, and the high school food service production specialist prepares menus in the director's absence. These menus are repetitious and recycled from year-to-year. The lack of variety in entrée options could contribute to the district's low participation rate. Some menu items are not popular with Beverly Hills Unified students such as the fish nuggets and sandwiches served at the elementary level each month. Other choices include the Caesar salad and pasta primavera generally served as main entrées at the high school.

The middle school students are served the same menu as the elementary students as well as three types of pizza daily. Both elementary and middle school students can choose the entrée of the day or pick from the following alternate meal choices daily:

- A cup of yogurt and fruit
- A Smucker's Uncrustable (peanut butter & jelly) sandwich
- Three types of kosher sandwiches
- A full-service salad bar
- Two types of locally purchased kosher burritos

This is an excessive number of choices. The program could benefit from substantially reducing the number of alternative offerings and researching the possibility of making homemade peanut butter sandwiches, especially if commodity peanut butter is used.

Hot entrees, including burgers and burritos, could be popular among middle school students. All sites have elaborate salad bars in addition to daily entrees. The salad bar offers a couple of dozen healthy selections, but they are consumed by relatively few students, making it expensive and labor intensive. A salad bar that is much simpler and more appealing to children will meet student needs and reduce staff preparation time and food cost.

Yogurt is listed as an entrée choice on the menu, yet small cartons of expensive pro-biotic kosher yogurt are available in the salad bar. The team observed students taking yogurt in addition to another entrée, which is expensive and does not conform to the posted menu. This practice could be avoided by placing the yogurt with other daily entrée items as an option, not an addition.

According to the food service staff, leftover salad bar items are saved for the next day. Reusing open containers of self-serve food is a health violation.

The high school lunch menu offers a fairly wide variety of choices, but these may not be student preferences. The daily menu consists of the hamburgers, chicken breast sandwiches and pizzas with a salad and soup bar available, but with an excessive variety of items. The team observed large quantities of unsold food and low participation by the students. The daily menu offers the following:

- Super Soup and Salad Bar: A full assortment of fresh fruit and vegetables and specialty salads along with four choices of soup.
- Pizza Place: A daily choice of cheese, pepperoni and vegetable pizza.
- The Grill: A choice of hamburgers, chicken breast sandwich and a weekly special
- International Exhibition Explosion: A freshly prepared international cuisine.
- Grab 'N' Go: A variety of salads, sandwiches and other healthy options sold a la carte.

The food is not well presented. For example, in the Grab 'N' Go section, food items are wrapped in containers or wrappers that do not clearly show the contents. The International Exhibition Explosion is a home-cooked special of the day that is served in a cafeteria line, but is not well merchandised since one menu item takes up the entire line. There is a wide variety throughout the month, but the offerings are not regularly evaluated to determine student preferences. This age group typically does not prefer menu items such as ratatouille pasta and chicken piccata and may instead be interested in teriyaki rice bowls, orange chicken, raviolis, burritos, enchiladas, a taco bar or barbecue. The menu also indicates that the exhibition features foods prepared to order as the student waits even though this no longer occurs.

Food service programs are under great pressure to meet nutritional guidelines and offer healthy choices. Some district are partnering with local growers to bring farm-to-school programs that feature locally grown and/or organic pesticide free seasonal fruits and produce. This is one way to meet the nutritional requirements and meet the expectations of the community, parents and students. The district can also apply for grants as the Fresh Fruit & Vegetable Grant to offset some food costs.

Because high school students typically socialize at lunch, it may be more efficient to offer prepackaged specialty salads and soups in the Grab 'N' Go section rather than a self-serve bar. At present, the same Pizza and Grill Specials are repeated every day for the entire week rather than offering a different type of pizza or grilled item each day. A survey of students to determine the types of food and service they prefer would allow the food service program to customize its offerings accordingly. The district could also consider merchandising the Grab 'N' Go salads and sandwiches in containers that have clear lids and transparent wrappers.

The high school cafeteria serving area has sufficient space to create a food court style of service with different food themes in several lines offering items that students can quickly purchase and consume, similar to restaurant service.

One possibility is offering brand-name foods or imitations that appeal to students and fully utilize the existing staff. Many districts offer Papa John's Pizza, Jennie-O Deli Sandwiches, Loco Chicken and other brand name products. Making semiprepared foods produces aromas that can draw additional customers. Some examples include the following:

- Baking cookies from a premade (rather than prepackaged) dough.
- Baking fresh sandwich rolls for submarine sandwiches from ready to proof and bake dough.
- Heating partially baked soft bread sticks and dinner rolls.

Since many high school students leave campus or participate in sports during lunchtime, it would be beneficial to explore having a mobile meal service at the edge of campus or in the athletic field area where students congregate. This could be accomplished with mobile carts or golf carts with wireless computers to record sales and combinations of food items that qualify for reimbursement. This effort could capture more revenue and serve additional students.

The high school nutrition break offers a variety of breakfast-type entrees and a la carte items sold at the main cafeteria's Grab 'N' Go counter and from two mobile carts in the quad area. As mentioned previously, many items individually do not comply with la carte sales regulations. However, they could be included in a breakfast program served during the nutrition break, qualify for reimbursement, and meet the Enhanced Food Based Menu program requirements. Before initiating a breakfast program, the district is required to submit a program change to the state. This is a simple process that can be completed online through the State Nutrition Services Child Nutrition Information and Payment System (CNIPS).

Any breakfast program is required to comply with nutritional standards and meals and be tracked by point-of-sale computers similarly to the lunch program. If more computers were purchased, they could be used on the food carts located in the downstairs quad area. This will require a wireless connection.

The mobile carts used for a la carte sales are actually utility vehicles similar to those commonly used by custodial departments. While the staff did not indicate that theft is an issue, the open style and accessibility of the food items can be problematic when several students are around the cart, waiting for service. Mobile carts specifically designed for school food sales are readily available from several vendors. Placed in strategic locations throughout the campus, these carts could enhance sales.

The high school has considerably higher lunch prices than those at other comparable districts with similar demographics throughout the state. The combination of high pricing and unappealing menu offerings could be a main reason for the decline in student participation and program revenue. An evaluation of the pricing structure and adjust menu offerings could help increase sales. The table below demonstrates that the district's pricing structure at all grade levels greatly exceeds that of similar districts.

Comparative Lunch Pricing

District	Elementary Lunch Price	Middle School Lunch Price	High School Lunch Price
Beverly Hills Unified School District	\$4.00	\$4.75	\$5.00
Manhattan Beach Unified School District	\$3.25	\$3.75	\$3.75
Santa Monica-Malibu Unified School District	\$3.00	\$3.50	\$3.50
Novato Unified School District	\$2.75	\$3.00	\$3.25

Revenue from a la carte sales is low even at the high school, averaging \$376 per day despite an enrollment of almost 2,000 students. This amounts to 19 cents per student, yet capturing only \$1 per student would make a huge impact on revenue. An evaluation of la carte choices should focus on student popularity and cost. One example is the large cup of fresh fruit (approximately 16 ounces); including fresh pineapple, three types of melon and grapes; that sells for \$3. Students indicated that they felt this item was too expensive; therefore, a smaller fruit cup for a lower price could sell better. This type of item is labor intensive and expensive, and the district could consider these factors in its pricing structure. Choices for a la carte sales are limited by the federal and state regulations, but some of the allowable choices could bring in revenue such as water, electrolyte beverages, freshly baked cookies and packaged snacks. The department already sells these items, but could benefit from more sales carts in strategic locations throughout campus where students congregate.

Because of the low participation in the meal program districtwide, student and family input would be valuable. The district could conduct carefully designed surveys of families and students to determine what would increase participation. Food choices as well as meal prices should be included.

Recommendations

The district should:

1. Ensure that production records are complete and a computerized nutritional analysis is available
2. Evaluate ways to increase participation of meals served and/or make drastic reductions in program costs.
3. Ensure that menus are periodically updated and menu items are periodically changed.
4. Substantially reduce the number of alternative offerings and research the possibility of making homemade peanut butter sandwiches using commodity peanut butter.
5. Investigate farm-to-school programs that feature locally grown and/or organic pesticide free seasonal fruits and produce.
6. Survey students for the types of food they prefer and pricing structures.
7. Merchandise food selections for the Grab 'N' Go salads and sandwiches in containers that have clear lids and transparent wrappers.
8. Consider offering brand name foods that will appeal to students and fully utilize the existing staff.

9. Evaluate the possibility of offering a breakfast program at the elementary schools before school or during recess to generate additional revenue to support the existing staff loads. It is essential that no additional staff members be added for this change.
10. Evaluate the pricing structure and adjust menu offerings to attract customers and increase sales.
11. Place sales carts in strategic locations throughout campus where students congregate.
12. Survey families and students to determine what would prompt more students to participate. Food choices as well as meal prices should be included.
13. Assign the staff to determine the quantities of foods actually use on the salad bar daily and limit amounts to those levels.
14. Revise salad bars to offer a basic selection of fruits and vegetables that are student favorites.
15. Consider making revisions in the presentation of the food at the high school to make meals more appealing to students, including changes in the serving lines to a food court style.
16. Switch to fresh baked cookies and bread items so that the aroma can draw more customers.
17. Analyze menus to ensure compliance to program nutritional standards. This should be performed or reviewed by a registered dietitian or nutrition professional.
18. Apply to the state for a breakfast program instead of a nutritional break.
19. Review the regulations for a la carte food sales and ensure all items sold a la carte comply.
20. Immediately cease the practice of reusing open containers of self-serve food. This is a health violation.
21. Ensure the International Exhibition Explosion menu does not indicate that the exhibition features foods prepared to order as the student waits since this is no longer the case.

Federal and State Compliance

Coordinated Review Effort

In February 2010, the district had a regularly scheduled state program review referred to as the Coordinated Review effort (CRE.) The district was cited for several serious noncompliance issues involving eligibility regulations. The eligibility regulations allow students to carry over prior year eligibility through the first 30 days of the new, providing the food service staff with time to process the new applications. Students that have not submitted a current-year application are required to be dropped from free or reduced status after the 30th day.

The compliance team noted that in fall 2009, students were not dropped after the 30th day, and the district was cited and fined \$10,000 for revenue that was inappropriately collected. The state team determined that the probable cause was the Lunchbox POS system; therefore, the corrective action plan directed the district to work with system programmers to immediately identify and correct the problem.

During the follow up review in October 2010, the problem had not been corrected, and as a result, the compliance team assessed a second citation. Since then, the district has hired a consultant to work directly with the programmers at Lunchbox to identify and correct this problem.

The district management could monitor the progress of the consultant to ensure that these programming errors are immediately resolved to avoid additional penalties. Computer programs have inherent limitations and sometimes errors occur. The district would benefit from developing a process or system designed to test a sample of student eligibility after the 30th school day to ensure data accuracy.

Competitive Food Sales

Participation in the National Lunch Program requires that the district strictly enforce competitive food sales throughout campus in accordance with the regulations established in the Education Code. Many student organizations and clubs plan fundraising events to generate revenue, and these plans often include selling food items. The guiding principle is that no other department, organization or club can directly compete with the food service program. This includes selling items that are sold during that school day by the food service program.

In addition to the National Lunch Program regulations, new state laws affecting food sales to students, SB 12 and SB 965, became effective July 2007. These new laws restrict sales to those approved by the governing board and require them to comply with California Health Code regulations. The regulations apply to all cafeteria sales, student and organization sales and vending machines during the school day and up to a half-hour after the end of the school day. An overview of these regulations is attached to the appendix section of this report.

During fieldwork, FCMAT observed violations of competitive food sales at the high school campus. One club sold items that were on the food service menu and did not meet the caloric and beverage limitations included in SB 12 and SB 965. The club advisor indicated that she knew only about the requirement to notify the Food Service Department at the school site, and the request to host a fundraising event was submitted and approved.

Recommendations

The district should:

1. Immediately comply with federal and state regulations regarding student eligibility. Otherwise, additional fines could be imposed.
2. Develop a process or system designed to test and evaluate the POS system to ensure the validity of student eligibility. The district management should monitor the consultant's progress to ensure that these programming errors are immediately resolved .
3. Require all requests for fundraising events to be processed by the district office personnel familiar with the rules, regulations and requirements of the National Lunch Program, SB 12 and SB 965.
4. Provide all school administrators and ASB club advisors with copies of the National Lunch Program and Education Code regulations that pertain to child nutrition and campus food sales.
5. Ensure all requests for fundraising events are processed through district office personnel to ensure compliance with the National School Lunch Program.
6. Provide each school site administrator and ASB club advisor with a complete copy of the competitive food sales regulations and pertinent sections of the Education Code. Strict enforcement by the district is a mandatory program requirement. Violations could jeopardize reimbursements from both the federal and state child nutrition programs

Warehousing, Food Storage, Purchasing and Facilities

Food purchases should ideally represent around 40% of total revenue. An analysis of the district's unaudited actuals for 2009-2010 showed that food costs were 61.3% of total revenue, and the first-interim current-year projection estimates these costs to be 38.9%.

First interim projections for 2010-11 projected food cost at 38.9% of total revenue. The team compared current year projections with prior year actuals and found that food purchases decreased by \$350,976, representing an overall decrease of 60%. Although the percentage of current year food costs is within the expected range, there is no correlated reduction in revenues to suggest that food costs would be 60% less than the prior year. The district should carefully analyze the projection for food costs and adjust the budget accordingly.

A review of invoices for the purchase of food suggests that overall the district receives reasonable pricing on most food items. However the prices for the following stand out as excessive:

- The department uses prebaked and wrapped chocolate chip cookies that cost 34 cents each. Switching to ready-to-bake dough could save approximately nine cents each. These cookies are fresher, and the aroma from preparing them could draw more students.
- Smucker's peanut butter sandwiches cost 57 cents each. Utilizing existing labor and commodity peanut butter would cost pennies and provide considerable savings.
- The high school offers four types of soup daily at an average cost of \$3 a pound. There is an excessive amount of waste because of the extremely low participation levels. The district could serve one soup choice daily and preparing it from scratch.
- Kosher sandwiches and burritos are purchased from a local vendor and are quite expensive varying from \$2.50 to \$4 each. The district should assess the demand for kosher alternatives and determine student favorites. Fewer daily selections could help balance customer appeal with costs.

Recommendations

The district should:

1. Review the current food budget, current expenditures and expected needs to ensure adequate amounts have been projected.
2. Review the recommendations above for food changes such as the following:
 - Switching to ready-to-bake cookie dough instead prebaked and wrapped cookies for a savings of nine cents each.
 - Using existing labor and commodity peanut butter to make peanut butter sandwiches. This could help realize considerable savings over the cost of Smucker's peanut butter sandwiches.
 - Reevaluating the necessity of offering relatively expensive items such as kosher sandwiches and burritos. Fewer selections could lead to cost savings.

Staffing and Organizational Structure

Structure

A school district's organizational structure should establish the framework for leadership and the delegation of specific duties and responsibilities. As the district's enrollment increases or declines, the organizational structure should adapt as necessary to the changes. The district should be staffed according to basic, generally accepted theories of organizational structure and the standards used in other school agencies of similar size and type. The most common theories of organizational structure are span of control, chain of command, and line and staff authority.

Span of Control

Span of control refers to the number of subordinates reporting directly to a supervisor. While there is no agreed-upon ideal number of subordinates for span of control, it is generally agreed that the span can be larger at lower levels of an organization than at higher levels because subordinates at the lower levels typically perform more routine duties, and therefore can be more effectively supervised.

Chain of Command

Chain of command refers to the flow of authority in an organization and is characterized by two significant principles. Unity of command suggests that a subordinate is only accountable to one supervisor, and the scalar principle suggests that authority and responsibility should flow in a direct vertical line from top management to the lowest level. The result is a hierarchical division of labor.

Line and Staff Authority

Line authority is the relationship between supervisors and subordinates. It refers to the direct line in the chain of command. Staff authority is advisory in nature. Staff personnel do not have the authority to make and implement decisions, but act in support roles to line personnel. The organizational structure of local educational agencies contains both line and staff authority.

The district has operated the food service program without a director of food services for almost one year, shifting this responsibility to the director of budget. However, this employee has limited background in food service and no previous food service production experience.

The district employs 25 food service workers for five school sites. Thirteen of these employees work at the high school, leaving three positions for each of the K-8 schools. In addition, the food service fund supports one full-time clerical position and pays for 40% of the cost of the director of budget.

Food Service Work Schedules Beverly Hills High School Nutrition Break 9:30 a.m.-9:40 a.m. Lunch 1 p.m.-1:30 p.m.			
POSITION	Total Hours	Work Schedule	Meals Covered
Production Specialist	8	6:00-2:30	Break/Lunch
Food Service Asst/Receiver	8	5:30-2:00	Break/Lunch
Food Service Assistant	5	5:30-11:00	Break/Lunch
Cook	5.5	6:00-12:00	Break
Food Service Assistant	6	7:30-2:00	Break/Lunch
Food Service Assistant	6	8:00-2:30	Break/Lunch
Food Service Assistant	5.5	8:30-2:30	Break/Lunch
Food Service Assistant	3.5	10:30-2:00	Lunch
Food Service Assistant	3.5	10:30-2:00	Lunch
Food Service Assistant	3.5	11:00-2:30	Lunch
Food Service Assistant	3.5	11:00-2:30	Lunch
Food Service Assistant	3	10:30-1:30	Lunch
Food Service Assistant	3	10:30-1:30	Lunch
Total High School Hours	64		
Number Positions	13		
Beverly Vista/El Rodeo/Hawthorne/Horace Mann Identical Staffing Patterns at all K-8 Schools Nutrition Break (6-8th) 9:30 a.m.-10 a.m. Lunch Break 11:30 a.m.-1 p.m.			
POSITION	Total Hours	Work Schedule	Meals Covered
Food Service Lead	6	7:30-2:00	Break/Lunch
Food Service Assistant	3.5	9:30-1:00	Break/Lunch
Food Service Assistant	3	10:30-1:30	Lunch
Total Hours Per School	12.5		
Number Positions per School	3 Positions		
Total Elementary Hours	50		
Total K-8 Positions	12		
Total District Hours	114		
Total Food Service Employees	25		

The district needs an active, full-time, director of food service to properly oversee the department's day-to-day operations including nutrient analysis, menu planning, purchasing, inventory control, cash handling, training and employee supervision. The director of budget is located at the district office and has many other responsibilities; lacking the time to effectively perform these additional functions.

Production

FCMAT visited three district schools, Beverly Hills High School, Horace Mann and Beverly Vista to observe meal service and talk to staff. Observations indicated that participation at all sites is low, and staffing is excessive.

Analyzing the number of meals served compared to labor hours is a valuable tool for evaluating productivity and staffing needs for each school site. The meal counts used in the labor analysis were derived from the average number of meals served per site from September 2010 through November 2010. Meals per labor hour (MPLH) is an industry-recognized tool used to calculate appropriate staffing levels compared with the total number of meals served each day. Calculations may vary depending on the types of menu items that are served and the production methodology. Food service departments that prepare meals or some items from scratch instead of using prepackaged meals or heat-and-serve items will require more labor hours. Beverly Hills Unified does not prepare meals from scratch; therefore, the expected industry average would be 30 meals for each labor hour.

The team collected information based on the district's reimbursement claim forms. Data for a la carte sales was taken from the revenue reports generated from the Lunchbox POS system. Because the department has experienced recurring problems with the Lunchbox software, the accuracy of this data is somewhat questionable.

To properly calculate MPLH, all meals and a la carte items must be converted to a meal equivalent to determine a cost based on a standard unit of production. The meal per labor hour calculation normally includes daily breakfast and lunch meal totals for school sites as well as an a la carte meal equivalent factor. Since the district does not have a breakfast program, only lunch counts and a la carte sales were used in the calculation.

Several methods can be used to calculate the a la carte equivalent. The most common method and the one used in this analysis divided the total a la carte dollars per day by the average district meal cost (\$4.50) to arrive at the a la carte equivalent. The meal equivalent is added to daily lunch totals to arrive at the total meal equivalents per day. The daily meal equivalents are then divided by the total number of staff hours allocated to the each individual school site to calculate the MPLH.

The table below shows the MPLH calculation for each school site during a three month period within the current fiscal year. As shown in the table below, the district ranged from 3 to 14 MPLH - well below normal ranges. This data suggests that the program operates very inefficiently.

Average Meals Per Labor Hour Calculation

September 2010 through November, 2010

	Beverly Hills High	Beverly Vista	El Rodeo	Hawthorne	Horace Mann
Average Lunches Per Day	111	147	107	139	128
Average A La Carte Sales Per Day	\$376	\$103	\$71	\$108	\$86
A La Carte Equivalents	84	23	16	24	19
Total Meals and Meal Equivalents	194	170	123	163	147
Labor Hours	64	12.5	12.5	12.5	12.5
Meals Per Labor Hour	3	14	10	13	12

- A la carte sales: three-month average at Beverly Hills High School, two-month at K-8
- A la carte equivalents: A la carte sales/day/4.5
- Data obtained from reimbursement claim forms and cash sales records from Lunchbox

The MPLH analysis clearly indicates overstaffing at each school site. An insufficient number of meals is served to justify the level of cafeteria employees.

Beverly Hills High School scored the lowest numbers, averaging 111 meals a day with a student enrollment of 1,934 and \$376 daily a la carte sales. This site is allocated 64 labor hours each day, resulting in only three meals per labor hour. As previously noted, 5.7% of the students eat lunch the school, and 920 meals would need to be served to justify 64 labor hours at this site. This information suggests that only major adjustments in the program would significantly increase participation and/or reduce staffing hours.

All the district's K-8 schools have three staff members and 12.5 labor hours. The number of lunches served at these sites ranges from 107 to 147 per day. With these low numbers and some adjustments in the menu selection, the district could operate the program with two employees. The district could consider converting the K-8 schools into satellite kitchens where food would be prepared and delivered from the high school campus.

Classified salary ranges are within normal ranges compared with other districts. Food service workers salaries range from \$11 to \$14 per hour, and food service leads from \$12 to \$15 per hour. Employees are entitled to health insurance benefits provided they work more than four hours per day. Approximately half the food service workers are eligible for health insurance benefits.

Another measurement to test overstaffing is the cost of labor. Best practice suggests that labor costs should be no more than 40% to 45% of revenue. The district's 2009-2010 unaudited actuals shows that salaries and benefits were 71.4% of total revenue. The first interim report shows 67.5% labor cost to revenue. Both fiscal years are substantially more than the recommended levels.

Operations

According to the 2009-10 unaudited actuals for the cafeteria fund, the district had an encroachment of \$534,477 equivalent to 46.8% of total revenue. The first interim report for 2010-11 projects an encroachment of \$186,235, a decrease of \$348,242. The table below is a comparative analysis these two reports.

Comparative Analysis

2009-10 Unaudited Actuals to 2010-11 First Interim Report

Description	Unaudited Actuals 2009-10	First Interim Report 2010-11	Difference
Beginning Fund Balance	(\$4,244)	\$50,498	\$46,254
Federal Revenue	\$112,304	\$60,000	(\$52,304)
State Revenue	6,911	15,000	8,089
Food Service Sales	1,017,345	1,000,000	(17,345)
Other Local Revenue	6,327	4,378	(1,949)
Total Revenue	\$1,142,887	\$1,079,378	(\$63,509)
Classified Support Salaries	\$471,154	\$381,584	(\$89,570)
Classified Supervisor Salaries	67,992	113,032	(45,040)
Classified Clerical Salaries	45,144	18,112	(27,032)
Benefits	232,084	215,948	(16,136)
Materials/Supplies/Noncapitalized Equipment	26,592	6,988	(19,604)
Food	700,976	420,000	(280,976)
Services and Operating	133,422	109,949	(23,473)
Total Expenditures	\$1,677,364	\$1,265,613	(\$411,751)
General Fund Transfer	\$589,218	\$143,150	(446,068)
Actual Encroachment	\$534,477	\$186,235	(348,242)
Ending Fund Balance	\$50,498	\$7,413	(\$43,085)

The projection for food service sales revenue in the current year does not reflect the actuals trends year-to-date. An analysis of this category would allow district management to adjust budget projections accordingly. Adjusting revenues with new projections will increase general fund encroachment. Another category of concern is a 60% decrease in food costs. If revenue is projected to stay relatively stable, food costs will generally do the same. It would be beneficial for the district to carefully analyze revenue and expenditure projections.

Declining revenue directly correlates with the decline in participation, and high encroachment reflects overstaffing. The food service program goal should be able to offer a quality, nutritious meal at a reasonable cost and be self-supporting. Taking immediate steps to reduce costs, increase participation and improve the food quality will require an experienced director of food service.

Recommendations

The district should:

1. Immediately hire a director of food services.
2. Review staffing levels at each school site to ensure maximum productivity levels.
3. Avoid creating new positions or extra hours. Any vacancies should be frozen or eliminated to reduce cost.
4. Consider converting the K-8 schools into satellite kitchens with food prepared and delivered from the high school campus.
5. Reduce program cost particularly in salaries and benefits if participation does not significantly increase. This would necessitate program changes.
6. Analyze food service sales revenue in the current year, and adjust the budget projections accordingly. These sales do not reflect the actuals trends year-to-date.

7. Analyze food costs projections. These costs decreased 60% compared to the prior year with no similar reduction in revenue.

Food Production Alternatives

FCMAT was asked to research alternative methods of operating the Food Service Department that might reduce cost or create a better program for students. Food service management companies offer limited advantages to districts in California. Legislation governing food service management companies restricts their services to consulting. These firms are prohibited from any managerial or supervisory functions.

Education Code 45103.5 states in part:

A contract for food service management consulting services shall not cause or result in the elimination of any food service classified personnel or position. A contract for food service management consulting services shall not cause or result in any adverse effect upon any food service classified personnel or position with respect to wages, benefits, or other terms and conditions of employment.

A contract made ... shall not provide for or result in the supervision of food service classified personnel by the food service management consultant.

Hiring a food service management company will not necessarily be a cost savings for the district. Because the district cannot reduce the workforce with a management company, a supervisor will still be needed to evaluate and reprimand staff; provide training; oversee cash and internal control functions and provide guidance to the food service workers. A management company can help with menu planning, recipes and purchasing contracts, but will charge a fee for services in addition to existing costs.

There are several food service management companies throughout California. Some companies provide paying students with meal options similar to those of a takeout restaurant. Parents can use the Internet or a telephone to order lunches that will be delivered to their students at lunchtime. They specialize in healthy, organic, homemade items; however, this is not a substitute for the National School Lunch Program. Students that qualify for free and/or reduced lunch would not be able to participate, but the district would still be required to serve them. Other companies take over menu planning and purchasing, offering the same service as a director of food services.

The district would benefit from evaluating all options and determining the best alternative for its students and staff. Some sample districts evaluated for this report have creative and appealing menus offering healthy meals. Some districts are also involved in farm-to-district programs that provide organic food choices.

Recommendations

The district should:

1. Explore the types of foods preferred and costs families are willing to pay and try to provide these.
2. Use marketing to increase participation from all economic groups.

Appendices

**LAWS REGARDING FOOD SALES TO STUDENTS
FOOD AND BEVERAGE REQUIREMENTS SB 12 & SB 965
EFFECTIVE JULY 2007**

FOOD SALES AT ALL SITES

- Must have sales approved by the Governing Board
- Must comply to the California Health Code Regulations
- May not be prepared on campus or in private homes (only commercially prepared and packaged food)
- Must meet the Food and Beverage requirements in SB 12 & SB 965 if sold during school day (see below)
- Foods that do not meet SB12 & SB965 may be sold either off campus or 1/2 hour after end of school day
- Laws apply to cafeteria sales, student and organization sales and vending machines

ELEMENTARY SCHOOLS

- No food sales at lunch or lunch recess
- Limited to 4 sales/year and one food item per sale.
- Food item cannot duplicate food sold in school cafeteria on that day.

SB 12 / SB 965:

Restricts food & beverages sales
during the school day to the following:

Full Meals or:

A la carte items, (individual portion sizes) of

- Nuts/seeds, eggs, cheese, fruit, & non-fried vegetables.

Dairy and grain products

(e.g., yogurt, ice cream, muffins granola bars)
may be sold a la carte, if:

Maximum of:

- 175 calories
- 35% of calories from fat
- 10 % of calories from saturated fat
- 35% of weight from sugar

Beverages:

- Water with no sweeteners added
- Low fat or non fat milk, including flavored milk
- Vegetable & fruit juice: min. 50% juice & no added sweeteners

MIDDLE & HIGH SCHOOLS

- 1 organization per day (e.g., student store/ASB) may sell everyday (no more than 3 types of foods.)
- 4 days during the year, multiple organizations may sell approved foods (all on the same 4 days).
- Food item cannot duplicate food sold in school cafeteria on that day

SB 12 / SB 965:

Restricts a la carte food & beverage sales
during the school day to the following:

SNACKS are limited to a maximum of:

- 250 calories per item.
- 35% of calories from fat (exception of nuts, nut butters, seeds, eggs, single serving cheese, fruit, & non-fried vegetables)
- 10% of calories from saturated fat
- 35% of weight from sugar

ENTREES are limited to maximum of:
(except in a reimbursable meal)

- 400 calories
- 4 grams of fat per 100 calories (36% fat)
- Must be categorized in the National School Lunch or breakfast program as an entrée.

Beverages:

- Same as elementary plus:
Electrolyte replacement beverage
(max 42 grams sugar/20 oz.)

FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

CSIS California School Information Services

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM STUDY AGREEMENT Revised December 17, 2010

The FISCAL CRISIS AND MANAGEMENT ASSISTANCE TEAM (FCMAT), hereinafter referred to as the Team, and the Beverly Hills Unified School District, hereinafter referred to as the District, mutually agree as follows:

1. BASIS OF AGREEMENT

The Team provides a variety of services to school districts and county offices of education upon request. The District has requested that the Team provide for the assignment of professionals to study specific aspects of the Beverly Hills Unified School District operations. These professionals may include staff of the Team, County Offices of Education, the California State Department of Education, school districts, or private contractors. All work shall be performed in accordance with the terms and conditions of this Agreement.

In keeping with the provisions of AB1200, the County Superintendent will be notified of this agreement between the District and FCMAT and will receive a copy of the final report. The final report will be published on the FCMAT website.

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

The scope and objectives of this study are to:

The District is requesting the Team to conduct an in depth review of the District's Food Services Department. Conduct a review of the Beverly Hills Unified School District's current child nutrition program including food preparation, ordering, inventory, cash management, staffing, policies and procedures, federal and state compliance, menu planning; warehousing and food storage, purchasing and facilities. The team will provide recommendations for enhancing revenues or implementing changes to reduce the potential level of unrestricted general fund contribution needed to support the program and provide a more efficient operation.

B. Services and Products to be Provided

- 1) Orientation Meeting - The Team will conduct an orientation session at the School District to brief District management and supervisory personnel on the procedures of the Team and on the purpose and schedule of the study.
- 2) On-site Review - The Team will conduct an on-site review at the District office and at school sites if necessary.
- 3) Exit Report - The Team will hold an exit meeting at the conclusion of the on-site review to inform the District of significant findings and recommendations to that point.
- 4) Exit Letter - The Team will issue an exit letter approximately 10 days after the exit meeting detailing significant findings and recommendations to date and memorializing the topics discussed in the exit meeting.
- 5) Draft Reports - Sufficient copies of a preliminary draft report will be delivered to the District administration for review and comment.
- 6) Final Report - Sufficient copies of the final study report will be delivered to the District administration following completion of the review.
- 7) Follow-Up Support – Six months after the completion of the study, FCMAT will return to the District, if requested, to confirm the District's progress in implementing the recommendations included in the report, at no cost. Status of the recommendations will be documented to the District in a FCMAT Management Letter.

3. PROJECT PERSONNEL

The study team will be supervised by Anthony L. Bridges, CFE, Deputy Executive Officer, Fiscal Crisis and Management Assistance Team, Kern County Superintendent of Schools Office. The study team may also include:

A. Deborah Deal, CFE

FCMAT Fiscal Intervention Specialist

B. Judith E. Stephens

FCMAT Consultant

Other equally qualified consultants will be substituted in the event one of the above noted individuals is unable to participate in the study.

4. **PROJECT COSTS**

The cost for studies requested pursuant to E.C. 42127.8(d)(1) shall be:

- A. \$500.00 per day for each Team Member while on site, conducting fieldwork at other locations, preparing and presenting reports, or participating in meetings.
- B. All out-of-pocket expenses, including travel, meals, lodging, etc. The District will be invoiced at actual costs, with 50% of the estimated cost due following the completion of the on-site review and the remaining amount due upon acceptance of the final report by the District.

Based on the elements noted in section 2 A, the total cost of the study is estimated at \$7,000.

- C. Any change to the scope will affect the estimate of total cost.

Payments for FCMAT services are payable to Kern County Superintendent of Schools - Administrative Agent.

5. **RESPONSIBILITIES OF THE DISTRICT**

- A. The District will provide office and conference room space while on-site reviews are in progress.
- B. The District will provide the following (if requested):
 - 1) A map of the local area
 - 2) Existing policies, regulations and prior reports addressing the study request
 - 3) Current or proposed organizational charts
 - 4) Current and two (2) prior years' audit reports
 - 5) Any documents requested on a supplemental listing
 - 6) Any documents requested on the supplemental listing should be provided to FCMAT in electronic format when possible.
 - 7) Documents that are only available in hard copy should be scanned by the district and sent to FCMAT in an electronic format.
 - 8) All documents should be provided in advance of field work and any delay in the receipt of the requested documentation may affect the start date of the project.
- C. The District Administration will review a preliminary draft copy of the study. Any comments regarding the accuracy of the data presented in the report or the practicability of the recommendations will be reviewed with the Team prior to completion of the final report.

Pursuant to EC 45125.1(c), representatives of FCMAT will have limited contact with pupils. The District shall take appropriate steps to comply with EC 45125.1(c).

6. **PROJECT SCHEDULE**

The following schedule outlines the planned completion dates for key study milestones:


<i>Orientation:</i>	<i>January 24, 2011</i>
<i>Staff Interviews:</i>	<i>to be determined</i>
<i>Exit Interviews:</i>	<i>to be determined</i>
<i>Preliminary Report Submitted:</i>	<i>to be determined</i>
<i>Final Report Submitted:</i>	<i>to be determined</i>
<i>Board Presentation:</i>	<i>to be determined</i>
<i>Follow-Up Support:</i>	<i>If requested</i>


7. **CONTACT PERSON**

Name of contact person: Alex Cherniss

Telephone: (310) 551-5100 x 2218 FAX: _____

E-Mail: acherniss@bhusd.org

 12/17/10
Dick Douglas, Superintendent
Beverly Hills Unified School District
Date

 December 17, 2010
Anthony L. Bridges, CFE
Deputy Executive Officer
Fiscal Crisis and Management Assistance Team
Date