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# **CITY OF SAN ANTONIO**

## **OFFICE OF THE CITY AUDITOR**



Audit of Pre-K 4 SA

Food Services Contract

Project No. AU19-C04

June 10, 2019

Kevin W. Barthold, CPA, CIA, CISA  
City Auditor

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## Executive Summary

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As part of our annual Audit Plan approved by City Council, we conducted an audit of the Pre-K 4 SA department, specifically the food service contract. The audit objectives, conclusions, and recommendations follow:

**Determine if the food service contract between Pre-K 4 SA and the San Antonio Food Bank is adequately managed.**

The food service contract between Pre-K 4 SA and the San Antonio Food Bank (Food Bank) is adequately managed. We determined that Pre-K 4 SA has adequate controls to ensure that those who handle food at the Pre-K 4 SA centers and the Food Bank are certified food handlers. In addition, the Food Bank adheres to menus that follow the USDA meal pattern criteria and that payments made to the Food Bank are reviewed and approved for accuracy. Finally, we verified the accuracy of meal reimbursements requests made to the Texas Department of Agriculture (TDA).

We make no recommendations regarding the Pre-K 4 SA food services contract with the San Antonio Food Bank; consequently, no management responses are required. Management's acknowledgement of these results is in Appendix B on page 5.

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## Background

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In 2012, voters approved the development of Pre-K 4 SA to provide high quality pre-kindergarten service for 4-year olds in the San Antonio area. The goal of Pre-K 4 SA is to change the educational and workforce trajectories of San Antonio in one generation through high-quality early learning for every four year old. Pre-K 4 SA achieves this goal through various aspects of the program including the operation of four education centers serving 2,000 students, and ongoing family outreach and engagement initiatives.

One of the goals of Pre-K 4 SA is to establish healthy eating habits for young children. To accomplish this goal, Pre-K 4 SA implemented family style meals where children are encouraged to serve themselves. Family style meals benefit students with self-help skills, language development, social skills, and math skills. Additionally, family style meals provide opportunities for children to learn about food, develop independence and engage in collaborative conversation.

In 2018, Pre-K 4 SA entered into a 5-year agreement with the San Antonio Food Bank (Food Bank) to provide breakfast, lunch, and two snacks daily to students. Contract inception was July 1, 2018 and Pre-K 4 SA has the option to renew for two additional one-year terms. The contract has the following maximum allocated payments to the Food Bank per contract year:

Contract Year	Academic Year	Maximum Allocated
1	2018-2019	\$2,395,314
2	2019-2020	\$2,491,806
3	2020-2021	\$2,547,780
4	2021-2022	\$2,636,335
5	2022-2023	\$2,723,265
	<b>Total</b>	<b>\$12,794,500</b>

The meals prepared by the Food Bank comply with the Texas Department of Agriculture's (TDA) Child and Adult Care Food Program meal patterns for four-year-olds qualifying Pre-K 4 SA for monthly meal reimbursements from the TDA for a portion of meal costs. On average, Pre-K 4 SA is reimbursed 61% of meal costs as detailed in the chart below:

Month	Food Bank Payments	TDA Reimbursements	%
September	\$259,928	\$159,168	61%
October	290,836	179,805	62%
November	222,665	137,454	62%
December	180,467	110,562	61%
January	235,838	143,875	61%
<b>Total</b>	<b>\$1,189,733</b>	<b>\$730,864</b>	<b>61%</b>

## Audit Scope and Methodology

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The audit scope was from contract inception of July 1, 2018 through February 28, 2019 and includes monitoring of the Food Bank by Pre-K 4 SA to ensure compliance with contract terms.

We interviewed kitchen and program staff at each of the four Pre-K 4 SA centers and at the Food Bank. We reviewed monthly menus, as well as Metro Health facility inspection reports and food handler certificates. Furthermore, we verified that Pre-K 4 SA payments to the Food Bank were accurate, did not exceed contract amounts, and were reviewed and approved by management prior to payment. Moreover, we examined the TDA claim reimbursement process for accuracy and completeness.

Testing criteria included the contract between Pre-K 4 SA and the Food Bank, Child and Adult Care Food Program (CACFP) Meal Patterns for 4-year-olds, Texas Department of State Health Services (DSHS) Licensing of Food Handlers, and TDA CACFP 2018-2019 reimbursement rates.

We relied on computer-processed data in SAP to validate the receipt of TDA reimbursements and the entry and payment of Food Bank invoices. Our reliance was based on performing direct tests on the data rather than evaluating the system's general and application controls.

We also relied on computer-processed data in the Aries enrollment database and the Minute Menu CX database. Our reliance was based on performing direct tests on the data rather than evaluating the system's general and application controls. Our direct testing included verifying that a monthly reconciliation was performed between the two databases in order for Pre-K 4 SA to submit an accurate TDA reimbursement claim. We do not believe that the absence of testing general and application controls had an effect on the results of our audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Audit Results and Recommendations

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The food service contract between Pre-K 4 SA and the San Antonio Food Bank (Food Bank) is adequately managed.

We determined that Pre-K 4 SA has adequate controls to ensure that those who handle food at the Pre-K 4 SA centers and the Food Bank are certified food handlers. The Food Bank and all four Pre-K 4 centers also have current Metro Health facility inspections.

In addition, the Food Bank adheres to menus that follow the USDA meal pattern criteria and are verified by a registered dietician. Furthermore, we determined that payments to the Food Bank are verified for accuracy, do not exceed the annual payment amount allowed under the contract, and are approved by Pre-K 4 SA management prior to payment.

Finally, Pre-K 4 SA performs a monthly reconciliation between the Aries enrollment database and the Minute Menu CX database to ensure accurate reimbursements are filed with the Texas Department of Agriculture (TDA). Pre-K SA fiscal staff also verifies that the correct reimbursement amount is received from TDA.

There are no findings. Consequently, we make no recommendations to Pre-K 4 SA management.

## **Appendix A – Staff Acknowledgement**

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Gabe Trevino, CISA, Audit Manager  
Sheryl Wardashki, CPA, Auditor in Charge

## Appendix B – Management Response

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### CITY OF SAN ANTONIO

SAN ANTONIO, TEXAS 78203-3888

May 15, 2019

Kevin W. Barthold, CPA, CIA, CISA  
City Auditor  
San Antonio, Texas

RE: Management's Acknowledgement of its Review of the Audit of the Pre-K 4 SA Food Services Contract

Pre-K 4 SA has reviewed the audit report and provided its comments to the auditors. As there are no recommendations for management, no management responses are required.

Pre-K 4 SA:

☒ Fully Agrees

☐ Does Not Agree (provide detailed comments)

Sincerely,

Handwritten signature of Sarah Baray in black ink.

Sarah Baray  
CEO  
Pre-K 4 SA

Handwritten signature of Carlos Contreras in black ink.

Carlos Contreras  
Assistant City Manager  
City Manager's Office

05/15/2019  
Date

5/21/19  
Date