



Management Alert

District of Columbia Public Schools Lack Important Information Needed to Efficiently Operate Food Services

February 12, 2016

A Management Alert from the Office of the District of Columbia Auditor
Kathleen Patterson, District of Columbia Auditor

007:16:JS:MH:cm:LP:KP

Kaya Henderson
Chancellor
D.C. Public Schools
1200 First Street, N.W.
Washington, D.C. 20002

Dear Chancellor Henderson:

The Office of the D.C. Auditor has been conducting a review of food services operations at D.C. Public Schools (DCPS) since August 2015. I write this Management Alert Letter today, and prior to the completion of our review, in order to inform you of an issue that we feel deserves your immediate attention: the lack of an accurate and comprehensive inventory of kitchen equipment.

In the conduct of our review, we have visited cafeterias at several schools in the District of Columbia and witnessed various meals being prepared and served. We interviewed cafeteria managers and staff workers. We toured the cafeterias and asked questions about the equipment we saw being used. We witnessed inefficiencies and waste including equipment that we were told had been broken for a year or longer. For example:

- At Luke C. Moore, the timers and temperature controls on both ovens do not work properly.
- We saw equipment not being used because it was not needed.
- The Cardozo Education Campus has an industrial-sized dishwasher that is not being used because, we were told, they do not have enough dishes to warrant using it.
- We saw equipment being used in ways for which it was not designed, such as at Malcolm X Elementary School at Green, where staff are using a broken oven to store spices and utensils.
- In more than one school, we saw kitchens and cafeterias that appeared to be built to serve many more students than actually attend the school.

In the conduct of our ongoing review of food services at DCPS, we learned that DCPS does not have a current inventory of the appliances and other equipment in its school kitchens. We made inquiries for such an inventory and have been told that it does not exist. A failure to maintain a complete and accurate inventory of kitchen equipment raises several important risks for your agency, including inefficient spending on food services, failure to anticipate maintenance and scheduled purchasing needs, and possible duplication of resources. Our visits to the schools confirm that these inefficiencies are indeed occurring, as indicated above.

Background

As you know, DCPS's Office of Food and Nutrition Services (OFNS) provides food services to over 40,000 children at 111 schools in the District of Columbia. Operating through three contract partners, OFNS

offers numerous meals every school day, including breakfast, lunch, and supper. In the 2014 school year, more than 9,000,000 meals were served.

OFNS has hired three vendors to provide these meals.¹ Vendor employees cook, assemble, and serve the meals to schoolchildren using kitchen facilities located at the schools and, in some cases, off-site. The vendors use equipment in school kitchens that are the property of DCPS. Some of this equipment was present before the vendors were selected, while some of it has been purchased since the decision to contract out. Each contract signed by each of the three providers required them to conduct an initial survey of the equipment and conditions of the kitchens in the schools where they would be responsible for serving meals.² This survey was to be provided to DCPS. In addition, all three contracts require the vendor to make equipment purchases on behalf of the agency, informing DCPS of all equipment purchased and tagging the equipment as DCPS property. It appears that these contract requirements have not been met.

Control Environment Weakness

OFNS's primary objective is to ensure that DCPS students receive nutritious meals. As with all government (and non-government) operations, OFNS, once having identified their objective, should put into place a control environment that will ensure that they are able to achieve this objective in an effective and efficient manner while at the same time minimizing any risks associated with the various activities required. The control environment includes policies and procedures as well as information systems to ensure that the organization stewards its resources in a prudent manner. In the case of food services, information required by managers could include number of students served, cost of food, number of employees required, and the kind and condition of equipment available for use by food service personnel to meet their primary objective. Without this information, OFNS managers cannot operate effectively, including minimizing costs while keeping risks low.

As indicated, the District's food service vendors are required to provide a list of kitchen equipment located at each school. The contracts also required DCPS to provide to the vendors a list of kitchen equipment existing in each school prior to the start of the contract. Requests to DCPS for these documents have not been answered.

The District of Columbia Office of the Chief Financial Officer requires all agencies to properly account for capital assets purchased by the agency, including equipment such as kitchen appliances. A listing of assets must be maintained, including information about location, cost, date acquired, etc. After numerous requests, we received a partial list of capital and inventory equipment associated with the Office of Food and Nutrition Services, but the list was missing key information, most notably where the equipment was located. In addition, it only included equipment purchases made between 2007 and 2015, and not information about already existing equipment.

¹ The vendors are Chartwells, Revolution Foods, and D.C. Central Kitchen.

² The contract numbers are GAGA-2012-C-0057A, GAGA-2012-C-0057B, and GAGA-2012-C-0057C.

In response to our request for an inventory of kitchen equipment at DCPS schools the Chief Operating Officer (COO) said, "there are not documents associated with the requests (sic)." The director of OFNS asserted that the information requested is "very technical" and not "easily translatable without expertise and understanding the full spectrum." Both officials declined to provide documentation. As mentioned, we did receive a partial list from the agency's accounting officer, one that does not contain the information that food service managers need for effective and efficient operations.

The fact that DCPS apparently does not have an inventory of kitchen equipment in its schools has several negative implications. First, OFNS managers cannot make informed decisions about how to allocate budget dollars. Without knowing what equipment is installed where, and what operating condition it is in, it is difficult to make plans or otherwise efficiently manage the provision of food services. Menus cannot be properly designed or implemented if managers do not know what equipment is available to prepare or serve the food. Staff cannot be efficiently allocated. Meaningful purchasing and scheduled maintenance budgets cannot be created.

Recommendation:

I recommend that DCPS immediately undertake a comprehensive inventory of the appliances and other kitchen equipment in its schools, including information about the number, kind, and condition of the equipment. This information should be analyzed and used to ensure that each school has the equipment it needs, old and damaged equipment is replaced in an orderly and efficient manner, and that the labor allocation at each school matches the equipment that is present.

Please provide your comments to this Management Alert by **February 26, 2016** at which time we will put this information and your response on the public record. Your response should include: 1) actions taken or planned; 2) dates for completion of planned actions; and 3) reasons for any disagreement with the issue and recommendations presented.

Thank you for your consideration of this information and recommendation and I am happy to answer any questions about this information.

Sincerely yours,

Kathleen Patterson
District of Columbia Auditor

cc: The Hon. David Grosso, Chairperson, Council Committee on Education
Jennifer Niles, Deputy Mayor for Education
Betsy Cavendish, General Counsel, EOM

Agency Comments



February 26, 2016

Kathleen Patterson
District of Columbia Auditor
717 14th Street, N.W.
Suite 900
Washington, DC 20005

RE: Management Alert Regarding DCPS Food Services

Dear Ms. Patterson:

The District of Columbia Public Schools (DCPS) is in receipt of your February 12, 2016 Management Alert entitled "District of Columbia Public Schools Lack Important Information Needed to Efficiently Operate Food Services." Your Management Alert contains numerous observations and a recommendation. DCPS appreciates the feedback and welcomes the opportunity to provide additional information that enhances the transparency of our food service operations with the goal of improving the efficiency and effectiveness of those operations on behalf of the DCPS students.

Your Management Alert recommends that: "DCPS immediately undertake a comprehensive inventory of the appliances and other kitchen equipment in its schools, including information about the number, kind, and condition of the equipment." You further state that "[t]his information should be analyzed and used to ensure that each school has the equipment it needs, old and damaged equipment is replaced in an orderly and efficient manner, and that the labor allocation at each school matches the equipment that is present."

DCPS acknowledges your observations and has already taken steps to implement your recommendation. DCPS last conducted a full inventory of our kitchen equipment at the commencement of the most recent contract terms in 2012. During the course of your review, your staff requested a current equipment inventory. Although DCPS intended to conduct a comprehensive inventory at the close of the current contracts which expire in the summer of 2016, we have accelerated that process to accommodate your request. We anticipate having the inventory completed and results provided to you by March 18, 2016.

We acknowledge your observation that there may be some instances where equipment in schools is not being fully utilized. We are working to minimize unused equipment and, where our regular monitoring process does identify excess equipment, we have a process for disposing of such equipment as surplus. Since June 2013, the Office of Contracts and Procurement (OCP) has sold \$93,121.83 worth of excess equipment. The associated funds are deposited in the District's general fund.

We also recognize that you identified certain instances of inoperable kitchen equipment. DCPS regularly monitors its kitchen equipment for operability and, while we may not have identified all instances of inoperable equipment in every school, we do conduct regular equipment checks (e.g. all of our cooking equipment and refrigeration is on a preventive maintenance schedule and repair plan and 100% of our



equipment is checked and serviced each year to ensure that all items are in their proper operating condition). These efforts further reduce costs to the District as the useful life of the equipment we rely on each day to produce the millions of meals served throughout DCPS is extended.

Thank you again for allowing us the opportunity to provide additional information that supports our continual efforts to improve food service operations at DCPS. We look forward to your final report and the associated recommendations.

Sincerely,

Nathaniel Beers, MD, MPA, FAAP
Chief Operating Officer

cc: The Hon. David Grosso, Chairperson, Council Committee on Education
Jennifer Niles, Deputy Mayor for Education
Betsy Cavendish, General Counsel, EOM