



April 22, 2025

Mr. Les Wells, Principal
Mullan School District
345 Park Street
Mullan, ID 83846

Dear Superintendent Wells,

From January 17 through April 18, 2025, State Department of Education (SDE) Director Lynda Westphal conducted a Desk Administrative Review of Mullan School District for the following United States Department of Agriculture (USDA) programs:

- Special Milk Program (SMP)

The State agency (SA) would like to thank Cathy Anderson for her hard work operating the Special Milk Program.

OVERVIEW

The Richard B. Russell National School Lunch Act, amended by the addition of Section 201 to the Healthy Hunger Free Kids Act of 2010, requires a unified accountability system designed to ensure that participating school food authorities (SFA) comply with USDA requirements. The objectives of the Administrative Review are to:

- Determine whether the SFA meets program requirements
- Provide technical assistance
- Secure any needed corrective action
- Assess fiscal action and, when applicable, recover improperly paid funds

These were the SA determined findings and the SFA response to the findings: N/A

FINDINGS AND CORRECTIVE ACTION PLAN (CAP)

Finding 1 – Certification and Benefit Issuance

All children on the Benefit Issuance list were validated. One application of the two uploaded was missing one of the incomes in the calculation. This resulted in the child going from Free to Reduced status. The Benefit Issuance list also listed the Medicaid Reduced children as free in the list and claim. Out of 40 reviewed students, five were in error resulting in a 12.5% error

rate. This will require your school to conduct a second review of all applications until the next review is conducted.

CAP: Upload a benefit issuance list for all students demonstrating that they have been moved to reduced status.

Complete and upload the NSLP Corrective Action Procedure Form describing a plan to ensure that the benefit issuance/point of service software accurately reflects benefits and eligibility dates.

Due Date: March 26, 2025; Completed March 26, 2025

Response: The District Clerk uploaded a corrected benefit issuance list where the students were appropriately changed to reduced. Also, a Corrective Action Procedure was uploaded and described a plan which started in February 2025 to ensure the benefit issuance list accurately reflects the student benefit and eligibility dates.

Finding 2 – Meal Counting and Claiming - Breakfast

While reviewing the September 2024 claim for the Special Milk Program and comparing it to the number of milks purchased, there was a discrepancy. Upon further investigation they claimed meals taken, not milk taken. This resulted in a discrepancy between the number of milks purchased and the number claimed. The claim sheet also included the Reduced children in the claim for free milk. Only the Free children can be counted for free milks. The rest (both Reduced and Paid) must be counted in the paid column. The overclaim in milks for August-December totaled \$199.64 which will be discussed at the end of this letter.

CAP: Complete the NSLP Corrective Action Procedure Form outlining the process for checking the claim for accuracy prior to submission to the SA. Include in this procedure who will be responsible for submitting the claim.

Due Date: March 24, 2025; Completed March 13, 2025

Response: The District Clerk completed a Corrective Action Procedure Form that states the claim will only include free children and that meal counting for the Special Milk Program will only include those children that took and consumed milk that day.

COMMENDATIONS

While communication timelines presented some challenges, the review team remained committed to ensuring a thorough and objective evaluation. We appreciate the opportunity to engage and look forward to continued collaboration moving forward.

TECHNICAL ASSISTANCE (TA)

Reporting and Recordkeeping

It is a requirement to retain all USDA Programs documents, both NSLP and Special Milk, for three years plus the current year. Paperwork for 20-21 and earlier may be destroyed and is no longer required to be retained.

Fluid Milk Substitute Requirements

Per 7 CFR 215.7a(b) A school food authority may offer fluid milk substitutes based on a written request from a child's parent or guardian, a State licensed healthcare professional, or registered dietician. If a student with a documented milk allergy requires a milk substitution, the substitution must be made available to the student.

Verification Report

The Verification report that was uploaded was completed inaccurately, even though it is not required for Special Milk Sponsors. All students that were Directly certified were listed in section 3-2. There were 12 students who were Medicaid Free that should have been listed in column 3-3 and 3 students who were certified as Medicaid Reduced are not listed separately in the current report format. This is to be updated by USDA in the future. If the school desires to start a School Lunch and Breakfast program, this report will be monitored closely to ensure its accuracy.

National School Breakfast and Lunch Program (SBP, NSLP)

Once your board decides whether Mullan desires to start the SBP and NSLP at the beginning of a school year, advise the State agency right away. The process to become a new sponsor is generally 4-6 months. Most sponsors start the process in January or February to be approved for the subsequent school year and attend the required annual mandatory training in August. The approval process would be very similar to what you did for SY17-18. Since that time, the State agency has divided the new sponsor process into 6 phases in which a district moves to the next phase upon completion of the proceeding one. The State agency is aware that Mullan School District operated NSLP in the past, but the approval process must start over again once a sponsor has dropped the NSLP. A new menu certification is required due to changes in the meal pattern regulations.

Allowable and Unallowable Costs

It was noted that the staff and other departments were purchasing food and other items from the URM which was not being charged sales tax. *IDAHO ADMINISTRATIVE CODE IDAPA 35.01.02 State Tax Commission Idaho Sales & Use Tax Administrative Rules*

On the Idaho State Tax Commission website it states:

A school that Idaho law defines as an educational institution can buy everything exempt from sales tax. Educational institutions are non-profit, offering a diversified course of study in the usual branches of learning.

The purchases for staff, unless Idaho Sales and Use Tax is reported to the State of Idaho Tax Commission for these purchases, is putting your tax exempt status in jeopardy. The staff purchasing the food should pay sales tax and a mark-up for the food being purchased using the districts tax exempt status.

Fiscal Action

Fiscal Action in the amount of \$199.64 is below the threshold of \$600 and will be disregarded.

YOUR REVIEW IS NOW CLOSED.

If you wish to discuss this review, please contact me at (208) 332-6825. Thank you for your continued support of the Child Nutrition Programs.

Sincerely,



Lynda Westphal, MHS, SNS
Child Nutrition Director

cc: Cathy Anderson, District Clerk, Mullan School District

Civil Rights Statement

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To file a program discrimination complaint, a complainant should complete a Form AD-3027, USDA Program Discrimination Complaint Form, which can be obtained online at [AD-3027](#) (PDF, 351 KB), from any USDA office, by calling (866) 632-9992, or by writing a letter addressed to USDA. The letter must contain the complainant's name, address, telephone number, and a written description of the alleged discriminatory action in sufficient detail to inform the Office of the Assistant Secretary for Civil Rights (OASCR) about the nature and date of an alleged civil rights violation. The completed AD-3027 form or letter must be submitted to USDA by:

mail:

U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410; or
email: program.intake@usda.gov

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