

Financial Management

Part I

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MISSISSIPPI
DEPARTMENT OF
EDUCATION

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Topics



- Maintenance of Records
- Fund Balance/ Net Cash Procedure
- Loaning of Food Service Funds
- In-Kind Meals
- Meal Prices
- Revenue Contracts
- On-site review overview (NSLP/SBP/ASCP/SSO)

Regulations

- 7 CFR PART 210.2
- 7 CFR PART 210.8
- 7 CFR PART 210.14
- 7 CFR PART 210.19



Record Retention

What records must I keep?



Participation Records

- Meal applications
- Verification
- Enrollment
- Absentee



Claims Review Process Records

- Daily Reports
- Edit Checks



Financial Records

- General Ledgers
- Time Sheets
- Bank Statement



Required Planning and Production Records



Other pertinent information

Such as:

- Personnel Records
- Board Minutes
- Training

Federal Requirement-Records must be kept on file by the SFA for at least **three (3) years** after the close of the fiscal year to which they pertain.

State requires the documents to be retained for **five (5) years**. Follow your district policy as it might be more restrictive.



Program Funds

Use of Funds

Child Nutrition Program Funds are for CN Only!

Child Nutrition Program Funds can not be used for:

- Bad Debts
- Fines and Penalties
- Interest and Financial Costs
- Direct labor costs for administrative personnel who do not have direct program responsibility
- Capital Expenditure
- Construction projects



- State Agency is required to monitor your fund balance.
- The SFA fund balance cannot exceed three months average expenditures.
- If there is an excess balance, the State Agency will require the SFA to take action to reduce the excess balance.

Loans may be made only when the following conditions apply:

- Food service must be fully funded (if the loan puts CN into the negative, they cannot borrow money)
- **Prior approval** must be granted by the SA
- Competitive interest rate.
- Short duration (No more than one year within the same fiscal year).

In-Kind Meals

- Food Service personnel who are responsible for preparing, serving and operating kitchen equipment are allowed a free meal (that does NOT mean it will be reimbursed by the SA).
- All other Adult Meals are not allowable as in-kind and must pay.
- The adult or district is required to pay for any ineligible in-kind meals.

Student Meal Charges

- Meal charges for paid students must be set by the school district and approved by the school board:
 - The SFA must utilize the Paid Lunch Equity Tool (unless a waiver is applied)
 - Required Reduced breakfast (\$.30) reduced lunch (\$.40)
 - Reduced ASCP (\$.15)

Adult Meal Prices

- Adult meal charges are determined by the SFA, meals must be priced to recover costs – (portion sizes of meals same as high school students).
- Any adult loss incurred must be paid back to Child Nutrition from another funding source other than the Food Service Account.
- While implementing SSO, SFAs may use the NSLP/SBP rates to determine adult meal price. Please reference the most recent adult meal price memo from the SA (Dec 2020)

Agreement to Furnish Foods for the School Nutrition Programs (SNPs)

This agreement is made and entered into between _____
Name of Organization Providing Meals

and _____ WHEREAS the _____
Name of Contracting Organization Name of Organization Providing Meals

The FSMC agrees to supply meals (inclusive/exclusive) of milk to the Organization for the prices herein listed:

_____ for the rates herein listed:
Name of Contracting Organization

Price per Meal	Meal Type	X	# Meals Needed Per Day	X	# of Operating Days for Contract Period*	=	Estimated Total Cost of Food Service Contract	
\$	Breakfast	X		X		=	\$	
\$	AM Snack	X		X		=	\$	
\$	Lunch	X		X		=	\$	
\$	PM Snack	X		X		=	\$	
\$	Supper	X		X		=	\$	
							Total Estimated Cost of Food Service for Contract Period	\$

*The contract period should not extend beyond one year. Therefore, the number of operating days should equal the total number of days the site(s) will be open for food service during the school year.

It is further agreed that _____, pursuant to the provisions of the _____

Organization
 SNP Federal regulations, 7 CFR Part 210.10 and 7 CFR Part 220.8 food components and quantities required in the lunch, attached copies of which are part of this agreement, will ensure the meals/snacks meet the minimum meal pattern requirements, including creditable components and accurate portion sizes, and will maintain complete and accurate records that, at a minimum, include details regarding the preparation and delivery of meal/snacks ordered. Said records will be provided to _____

School/School District/Institution
 promptly by the last calendar day of each month to meet its responsibility. It is further understood that the **School/School District/Institution** is ultimately responsible for meeting accurate record keeping requirements and submission of all monthly claims for reimbursement in accordance with 7 CFR 210.8 and 7 CFR 220. _____ acknowledges its responsibility to pay for all

Contracting Organization
 meals/snacks delivered in accordance with this Agreement and federal regulations.

School/School District/Institution / Contracting Organization
 understands that neither USDA, nor the Mississippi Department of Education, Office of Child Nutrition assumes any liability for payment of meals/snacks delivered, or the differences between the number of meals/snacks delivered and the number of meals/snacks served or claimed for reimbursement; nor does the Mississippi Department of Education or USDA assume liability for the School/School District/Institution's non-payment for meals.

Revenue Contracts (Selling Meals to Non-School Sites and Catering)

- Written Agreement is required and must include
 - The services to be provided
 - The price to be charged
 - The person who will be responsible for paying
- All costs must be recovered when providing contract meals or meals for special functions.
- Food Service may not incur a loss for either special functions or contract meals.
- Typically, meals sold to another school or a Head Start Program
- Unlike special functions, usually the same menus are served



Special Functions

- Food services provided to school groups outside the regular breakfast and lunch programs.
- Food Service must charge for all meals prepared, even if fewer are served/consumed.
- Well Documented
 - Copy of the menu
 - Number of meals prepared
 - Detailed Cost Analysis
 - Include all items (food, paper goods, salaries, benefits, etc.)
 - Add an amount or percentage to make a profit

Revenue Contract/Special Function Documentation:

- Comparison of the cost of the meal vs. meal charge (even the things you can't see like spices/labor hours)
- Number of meals delivered/served daily
- Billing documentation
- Payment receipts/deposits
- Anything you sell – YOU MUST MAKE A PROFIT!
 - Profit should accrue to **Nonprofit School Food Service Account (NPSFSA)**, NOT the LEA or a third party!
- Anything you produce must be served as part of a reimbursable meal or sold for a profit. You aren't a free catering service for ANYONE! No matter how worthy the cause.

- NOT FOR PERSONAL USE! (ex. personal catering business, your family reunion, etc)
- Everything you purchase on state bid should either:
 - Produce a reimbursable meal
 - Produce a non-program food that is sold FOR A PROFIT that ACCRUES TO THE **Nonprofit School Food Service Account (NPSFSA)**
- Do not purchase from state bid and turn around and sell to your district or another third party at cost. You (CN) should make a profit.

- If you purchase an item from a State Bid vendor, and that item is NOT on our State Bid Order Guide, you are responsible for:
 - Following procurement plan (getting quotes/formal bids)
 - Checking Buy American

- Should be clearly indicated on invoicing and payment receipts
- Price Charged includes
 - Food cost
 - Supply cost
 - Transportation cost
 - Labor cost (don't forget employee benefits!)
 - PROFIT MARGIN

NSLP/SBP On-Site Reviews

Must be completed yearly with some exceptions!

When must the on-site review be completed?

- By February 1st of each school year (NSLP/SBP)
- SFA's with more than one school site
- 100% of sites operating the NSLP including satellites
- On-site reviews of 50% School Breakfast Program
 - SBP must be reviewed at least once every two years
- Afterschool snack program must be reviewed twice yearly as well (Once in the first 4 weeks of operation and the other before operations end).
- If Corrective action is needed it must be completed within 45 days of the violation.

SCHOOL BREAKFAST PROGRAM ON-SITE REVIEW

The following questions are recommended at a minimum to complete the on-site review requirement:

YES	NO	MEAL COUNTING AND CLAIMING SYSTEM		
<input type="checkbox"/>	<input type="checkbox"/>	1. Is the method used for counting reimbursable meals in compliance with the approved point of service requirement? (Meal counts must be taken at the location(s) where complete meals are served to children.)		
<input type="checkbox"/>	<input type="checkbox"/>	2. Is the point of service meal count used to determine the school's claim for reimbursement?		
<input type="checkbox"/>	<input type="checkbox"/>	3. Is the person responsible for monitoring and counting meals correctly identifying reimbursable meals?		
<input type="checkbox"/>	<input type="checkbox"/>	4. Is the school correctly implementing policies for handling the following (as applicable):		
		Yes	No	N/A
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	Incomplete meals?
		<input type="checkbox"/>	<input type="checkbox"/>	Second meals?
		<input type="checkbox"/>	<input type="checkbox"/>	Lost, stolen, misused, forgotten or destroyed tickets, tokens, IDs, etc.?
		<input type="checkbox"/>	<input type="checkbox"/>	Visiting student meals?
		<input type="checkbox"/>	<input type="checkbox"/>	Adult and non-student meals (and identifying program vs non-program)?
		<input type="checkbox"/>	<input type="checkbox"/>	A la carte?
		<input type="checkbox"/>	<input type="checkbox"/>	Student worker meals?
		<input type="checkbox"/>	<input type="checkbox"/>	Field Trips?
		<input type="checkbox"/>	<input type="checkbox"/>	Charged and/or prepaid meals?
		<input type="checkbox"/>	<input type="checkbox"/>	Offer vs Serve?
		<input type="checkbox"/>	<input type="checkbox"/>	Unpaid meal charges
<input type="checkbox"/>	<input type="checkbox"/>	5. Is there a method of identifying non-reimbursable meals (i.e., not meeting meal pattern requirements, seconds, adult meals, etc.) and distinguishing them from reimbursable meals?		

YES	NO	MEAL COUNTING AND CLAIMING SYSTEM CONT.		
<input type="checkbox"/>	<input type="checkbox"/>	6. Is someone trained as a backup for the monitor and the meal counter?		

<input type="checkbox"/>	<input type="checkbox"/>	7. Are there procedures for meal counting and claiming when the primary counting and claiming system is not available? Do staff know when and how to implement them?	
<input type="checkbox"/>	<input type="checkbox"/>	8. Are daily counts correctly totaled and recorded?	
<input type="checkbox"/>	<input type="checkbox"/>	9. If claims are aggregated, are the meal counts correctly totaled and consolidated?	
<input type="checkbox"/>	<input type="checkbox"/>	10. Are internal controls (edits, monitoring, etc.) established to ensure that daily counts do not exceed the number of students eligible or in attendance and that an accurate claim is made?	
		<i>Record today's meal counts by category and compare to the total number of students eligible by category</i>	
		Number of Students Approved by Category	Today's Meal Counts by Category
		Free:	Free:
		Reduced Price:	Reduced Price:
		Paid:	Paid
<input type="checkbox"/>	<input type="checkbox"/>	11. Does the system prevent overt identification of children receiving free or reduced-price meals?	
NOTE: The following two questions are for all SFAs <u>except</u> for SFAs on Provision 2 or 3 in non-base years, CEP, or RCCIs with only residential children			
YES	NO		
<input type="checkbox"/>	<input type="checkbox"/>	12. Is a current eligibility list kept up-to-date and used by the meal counting system to provide an accurate daily count of reimbursable meals by category (free, reduced price, paid)?	
<input type="checkbox"/>	<input type="checkbox"/>	13. If applicable according to 7 CFR 220.11(d) are comparisons of daily free, reduced price and paid breakfast counts against data which will assist in the identification of breakfast counts in excess of the number of free, reduced price and paid breakfasts served each day to children eligible for such breakfasts completed?	

YES	NO	READILY OBSERVABLE GENERAL AREAS	
<input type="checkbox"/>	<input type="checkbox"/>	1. Were any issues readily observed in relation to resource management?	
		YES	NO
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	2. Were any issues readily observed in other general areas?	
		YES	NO
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>

SBP CORRECTIVE ACTION PLAN (for any “YES” answers above):

ASCP On-site Review Example

Mississippi Office of Child Nutrition ASCP On-Site Review

Directions: The School Food Authority (SFA) must review each after school care snack site two times per school year. The first review is to be conducted during the first four weeks of the snack programs operation, and reviewed before end of program operations. Use this form for documenting the completion of both the first and second review and maintain on file for audit/review purposes.

Name of School System/Sponsoring Agency: _____

Name and Address of School/Site: _____

Name and Title of Person Interviewed: _____

Date of Operation of Snack Program: _____

Indicate if Site is Pricing or Non-Pricing
Indicate if Site is Area Eligible or Not Area Eligible
What site was used for Area Eligible if Non-Pricing: _____

	1 st Review Date			2 nd Review Date			
	Y	N	N/A	Y	N	N/A	
1. Is the program operating after school hours?							
2. Is an education or enrichment activity included?							
3. a) Are attendance records being maintained?							
b) Do they support the claim?							
4. a) Are snack counts taken at the point of service?							
b) If the site is not "area eligible," does the system to record snacks provide an accurate count of snacks served by eligibility category?							
c) Were daily income records maintained after cash collected?							
5. a) Is documentation of snack menus maintained?							
b) Do menus for all snacks offered, meet or exceed the minimum meal pattern requirements?							
6. Are only those snacks served that meet or exceed the meal pattern requirements counted for reimbursements?							
7. Do production records/delivery receipts support the number of snacks claimed?							
8. Is there an overt identification of a student's eligibility category at any time during the snack process? (i.e., Serving, recording of counts, payment collection procedures of ticket distribution in a non-area eligible site, especially if a pricing program)							
9. Were claims for reimbursement filed correctly?							
1 st Review Compliance Determination Yes No				2 nd Review Compliance Determination Yes No			
Comments:				Comments:			
Signature of Reviewer				Signature of Reviewer			

This institution is an equal opportunity provider.

- **Failure to Conduct and Document On Site reviews NSLP/SBP by required deadline will result in finding**
- **Failure to Conduct both ASCP reviews will result in finding**
- **Failure to conduct follow up reviews will result in finding**
- **Improper use of funds could be a triple threat! AR or PR finding, Jeopardize Accreditation, Office of State Auditor (OSA) investigation**
- **Failure to maintain records will result in finding**
- **Not generating a profit on non-program foods is a finding, and if large enough to constitute unallowable cost (giving away non-program foods at no cost), could be fiscal action.**



What Questions Do You Have?





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