



Module 1 – Overview and Financial Management

Target Audience

- Designated Officials/Authorized Representatives
- Summer Food Service Program (SFSP) Administrators

Estimated Time Required

- 20 minutes

Objectives

- To summarize the SFSP operational requirements
- To provide an overview of Financial Accountability so sponsors can develop and maintain proper financial management techniques
- To explain the differences between allowable and unallowable SFSP costs

Tasks

- Read materials
- Review Web sites and resources
- Complete and submit the online quiz



Purpose

The SFSP provides free, nutritious meals and snacks in low income areas to children when they are out of school for at least 15 continuous school days. During the school year many children receive free and reduced-price meals through the National School Lunch Program and/or School Breakfast Program. When school is out, children often miss nutritious meals. A well balanced diet is important to a child's growth and development. Providing children with a nutritious meal during the summer helps them to return to school ready to learn and succeed. The SFSP fills this need.

Module one of the SFSP training provides a general overview of program administration and required financial management. Modules two through eight provide more detailed guidance for program operations.

Program Structure

The following bullets provide an overview of which agencies and individuals administer the SFSP:

- Funded by the U.S. Department of Agriculture (USDA)
- Administered by the Nevada Department of Agriculture (NDA)
- Operated locally by approved sponsors

The SFSP operates on a federal fiscal year, from October 1 through September 30

Eligible Sponsors

The following organizations or agencies are eligible to become SFSP sponsors:

- Public or Private, Non-Profit Schools
- Indian/Tribal Governments
- State, City, and County Governments
- Private Non-Profit Agencies defined as tax exempt in the Internal Revenue Service Code IRS 501(c)



Site Types

Sponsors are able to operate the program at three different site types:

Open Site

- Must be located in an area where at least 50 percent of the children participating in meal service are eligible for free or reduced-price school meals.
- Offers meal service to all children attending the site. Sponsors are reimbursed for meals served to all children without the need of additional paperwork or enrollment required of the other two site types.

Closed-Enrolled Site

- Offers a program that provides activities for a specific group of children.
- Serves meals to enrolled children or to an identified group of children, as opposed to the community at large.
- May claim meals served to all children when 50 percent are income-eligible as demonstrated by area eligibility or household income applications.

Camp Site

- Offer regularly scheduled food service as part of an organized program for enrolled children in residential or nonresidential day camps. Residential camp participants spend the duration of the organized program in a 24-hour supervised care setting and receive a regularly scheduled food service as part of the program.
- May claim only meals served to children who meet the SFSP income eligibility guidelines.

A more comprehensive explanation of site types is available in the “Site Eligibility” section of the USDA’s Administrative Guidance for Sponsors manual as described in the guidance materials below.



Health and Sanitation

When sponsors have determined their prospective meal production processes, meal distribution methods, and meal service sites, they must notify the local health department in writing of all prospective site locations and arrange for prompt and regular trash removal. Sponsors preparing their own meals will need a health permit to operate their kitchen.

As part of the annual SFSP application process, a sponsor must submit to the State agency a copy of the letter notifying the local health department of their intention to provide food service at specific times at planned sites.

Meal Service

During the meal service, sponsors and sites must:

- Serve the same meal to all children
- Ensure all participating children eat meals on site
- Ensure all children receive one meal before anyone receives a second meal
- Adhere to local health and sanitation regulations
- Make adequate arrangements for inclement weather
- Claim ONLY meals served during the operating dates and times APPROVED by the NDA

Obtaining Meals

Sponsors have two options for providing meals to their sites:

1. *Vended sponsors* establish contracts to obtain meals from:
 - A school district or;
 - A commercial food vendor or;
 - Another current SFSP sponsor
2. *Self-Preparation* sponsors prepare their own meals



Program Reimbursement

Reimbursement rates for the SFSP are available on the NDA's Child Nutrition Programs (CNP) Web page <http://nvcnp.doe.nv.gov>

Program Requirements

Sponsors must:

- Follow all management responsibilities as outlined in the federal regulations governing the program (Title 7, *Code of Federal Regulations, Part 225*) and guidance material which may be obtained from the USDA Web site at <http://www.fns.usda.gov/sfsp/regulations>. Select Part 225—Summer Food Service Program.
- Maintain all required SFSP paperwork for review and audit purposes for three years past the current program year. These items may include, but are not limited to, contracts, invoices and daily meal counts.
- Train all SFSP administrative staff on in-house procedures, and have them attend training offered by the NDA.

Guidance Materials

The following USDA SFSP guidance materials are available to assist sponsors with program implementation.

- Administrative Guidance for Sponsors
- Monitor's Guide
- Site Supervisor's Guide (available in English and Spanish)
- Nutrition Guidance for Sponsors
- Food Buying Guide
- Food Buying Guide Online Calculator

The USDA SFSP guidance materials are available in the SFSP Resource section on the NV CNP system <http://nvcnp.doe.nv.gov>, and on the USDA's SFSP Resource Web page under "Handbooks" on the <http://www.fns.usda.gov/sfsp/sfsp-faqs-about-sponsors-0>.

The Food Buying Guide is available on USDA's Web page at <http://www.fns.usda.gov/tn/foodbuying-guide-child-nutrition-programs>.



The Food Buying Guide Calculator is available on National Food Service Management Institute's (NFSMI's) Web page at <http://fbg.nfsmi.org/>.

Throughout the year, the NDA provides updates and policy changes on SFSP operations in the form of Management Bulletins, training, and other guidance materials. These items are available on NDA's CNP online application system at <http://nvcnp.doe.nv.gov>.

Financial Management

Sponsors are required to demonstrate that they have the necessary financial and administrative capability to comply with Program requirements. Sponsors must accept final financial and administrative responsibility for all of their sites.

According to Food and Nutrition Service (FNS) INSTRUCTION 796-4 Food and Nutrition Service REV. 4, financial management is that aspect of management that is directed to the effective control over, and accountability for, all funds, property, and other assets to assure that they are safeguarded and used efficiently to fulfill authorized purposes. Financial management includes such activities as budgeting, accounting, costing standards, management of revenues, management of property, procurement standards, and fiscal audits. Records of these activities must be supported by source documents to accurately and completely disclose the sources and applications of funds.

The sponsor must maintain documentation of all revenues received and expenses paid from the account (i.e., balance sheet). Since only allowable costs may be funded from the nonprofit food service account, these costs must be necessary, reasonable, and properly documented. The determination that the food service account is nonprofit does not result from simply comparing costs and rates. Rather, it requires a determination that all costs charged to the account were allowable and that all funds accruing to the account were properly identified and recorded as nonprofit food service revenue. This does not mean the program must break even or operate at a loss, but that all income must be used for the sole purpose of operating a nonprofit food service.



Financial Management Standards

(FNS Instruction 796-4, Rev. 4)

At a minimum, a sponsor's financial management systems shall provide:

- Accounting records that are supported by source documents.
- Records that show the source and application of funds and contain information pertaining to reimbursement funds (e.g., authorization, obligations, unobligated balances, assets, liabilities, and outlays) and income.
- Accurate, current, and complete disclosure of the financial transactions of the program.
- Effective control over, and accountability for, all funds, property, and other program assets to assure that they are safeguarded and used solely for authorized purposes.
- Comparison of actual outlays against budgeted amounts.
- Organization-wide audits to determine, at a minimum, the fiscal integrity of financial transactions and reports, and compliance with laws, regulations, and administrative requirements.
- A systematic method to assure timely and appropriate (including organization-wide) resolution of all audit findings and recommendations.

Records maintained in support of the cost of purchased food used shall include at a minimum:

- Receiving reports prepared at sites or wherever food is received from suppliers and signed by receiving personnel.
- Purchase invoices received from food suppliers.
- Records reflecting costs of processing, distributing, transporting, storing, and handling of purchased food when such costs are invoiced separately from the original purchase invoice(s).
- Records of returns, allowances, cash discounts taken, and other credits when they are not reflected on purchase invoices.
- Canceled checks or other forms of receipts for payment.



- Inventory records that show the food items on hand at the end of a period, the quantity of each item, the dollar value assigned to each food item, and the total value of the inventory.
- Records of major inventory adjustments, as defined by the State Agency (SA), showing the same kinds of information as inventory records.
- Billings by site from the school or company, less returns, allowances, discounts, and rebates for the program meals delivered to sponsors that contract with schools or food service management companies to provide all meals, including supplements.

Allowable Operating Costs

(7 CFR Section 225.2 definitions and FNS Instruction 796-4, Rev. 4)

Operating costs are allowable costs incurred by the sponsor for preparing and serving meals to eligible children and program adults. Program adults assist with the meal service. These costs include, but are not limited to, food, labor, nonfood supplies, and the rental or lease of space for the food service program. All costs must be fully documented and they must represent actual program costs. For foods that sponsors prepare onsite, inventory records must show the kinds of food items on hand at the beginning and end of the inventory period, the quantity of each item the sponsor purchased, documented major inventory adjustments and the total value of the beginning and ending inventory.

Labor operating costs are allowable when the amounts claimed are based upon hourly rates that are reasonable for the services provided and documented by payroll records. Hourly rates will be considered reasonable to the extent that they are consistent with rates paid for similar work in the area in which the sponsor is located.

Program labor costs may include documented amounts of wages and fringe benefits, including Social Security withholding taxes and retirement benefits paid or incurred during the reporting period. Do not claim the costs of donated-labor (e.g., volunteers, or labor funded through other federal, State, or local government programs).

The costs associated with personnel who work only part time for the SFSP must be prorated based on the hours worked for the program. In order to establish the proportionate costs that may be claimed as program labor, a daily log or other valid record (i.e., Personal Activity Report—PAR) must document the amount of time spent by each person on SFSP food service duties. Supplement the log or statistical data with existing payroll documentation.



Allowable Administrative Costs

(7 CFR §225.2 definitions, FNS Instruction 796-4, Rev 4)

Administrative costs are costs incurred by the sponsor for activities related to planning, organizing, and administering the program. Generally, costs incurred for these activities are labor costs for administrative activities such as rental costs for offices, office equipment, vehicles, insurance, and travel. Maintain records that document the amount and purpose of all administrative costs attributed to SFSP. The USDA SFSP Administrative Guidance for Sponsors manual describes allowable costs in detail. The USDA SFSP guidance materials are available in the SFSP Resource section on the NV CNP system <http://nvcnp.doe.nv.gov>. and on the USDA's SFSP Resource Web page under "Handbooks" on the <http://www.fns.usda.gov/sfsp/sfsp-faqs-about-sponsors-0>.

Unallowable Costs

(FNS Instruction 796-4, Rev. 4)

Unallowable costs are types of costs that do not support the services or operation of the program.

These costs include, but are not limited to the following:

- Costs for excess meals ordered or prepared but not served to eligible children, i.e., meals in excess of legitimate program adult meals and reimbursable meals, unless specifically approved by the State agency
- Meals served in violation of program requirements; e.g. additional foods served that are not compliant with the meal patterns, meals or components consumed off-site, second meals served in excess of the two percent tolerance
- Rental costs for periods beyond the close-out date for program operations
- Any other costs incurred that program officials determine to be in violation of applicable laws or regulations
- The cost to purchase food (including coffee, etc.) for use outside of the SFSP
- The cost of meals served to administrative adult personnel, or any other adults that are not working the operation of the food service
- Cost of spoiled or damaged meals



- For vended sponsors, the cost of meals delivered by a food service management company to a non-approved site, or for meals not delivered within the agreed upon delivery time, meals served in excess of the approved cap, spoiled or unwholesome meals, or meals that do not meet meal requirements or quality standards
- Bad debts, which are any losses arising from non-collectible accounts and other claims and related costs
- Repayment of over-claims of meals served and other federal debts
- Contributions and donations including contingency reserves, USDA-donated foods and other donated food, labor, and supplies
- Fines or penalties resulting from violations of, or failure to comply with federal, State, or local laws and regulations
- Entertainment and fundraising costs
- Interest on loans, bond discounts, costs of financing and refinancing operations, and legal and professional fees paid in connection with program operations
- Costs resulting from an under-recovery of costs under other grant agreements
- Direct capital expenditures for acquisition of land or any interest in land; acquisition or construction of buildings or facilities, or the alteration of existing buildings or facilities; non-expendable equipment of any kind; repairs that materially increase the value or useful life of buildings, facilities, or non-expendable equipment; and other capital assets, including vehicles



Example Documents

Sponsors must keep accurate time and attendance records for all labor costs that are attributed to the SFSP. A sample Staff Time Report (SFSP activity report) for administrative, food service, and site staff is shown below and is included in the USDA Administrative Guidance for Sponsors manual, Reference Section, Attachment 25 and 26.

The documentation of labor must be actual time worked by staff for the SFSP. Without proper documentation of staff wages, these expenses cannot be written off as a program allowable expense.

Attachment 25

TIME REPORT – Administrative Staff*										
Sponsor name: _____					Sponsor Number: _____					
Sponsor address: _____										
Week of: _____										
Hours Worked in SFSP Administration										
Name	Hours Per Day							Total Hours Weekly	Hourly Wage	Total Claimable
	S	M	T	W	T	F	S			
I understand that this information is being given in connection with the receipt of Federal funds and that deliberate misrepresentation may subject me to prosecution under applicable State and Federal criminal statutes.										

Supervisor's signature _____

Date _____

*Use this form for administrative staff performing **administrative** cost tasks, that is, tasks related to the **administration** of the Program (e.g. monitors, book keepers, office staff, directors).



Below is a sample of a individualized budget expense report that provides for greater detailing as it relates to a sponsor’s initial budget estimation and actual program costs. It is broken out by month.

Summer Food Service Program
Budget Form for _____ Year

Sponsor Name						CNIPS Number	
	Budget (Estimated) (1)	May Actual (2)	June Actual (3)	July Actual (4)	August Actual (5)	Total (May thru Aug) (6)=(2+3+4+5)	Difference (1-6)
Administrative							
Labor						\$0.00	\$0.00
Employee Benefits						\$0.00	\$0.00
Travel						\$0.00	\$0.00
Purchased Services						\$0.00	\$0.00
Rent						\$0.00	\$0.00
Purchased Services						\$0.00	\$0.00
Professional Services						\$0.00	\$0.00
Supplies						\$0.00	\$0.00
Training						\$0.00	\$0.00
Equipment Depreciation						\$0.00	\$0.00
Indirect Costs						\$0.00	\$0.00
Other						\$0.00	\$0.00
Total Administrative Expense	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Operational							
Labor						\$0.00	\$0.00
Employee Benefits						\$0.00	\$0.00
Food							
Contracted Food						\$0.00	\$0.00
Food						\$0.00	\$0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Equipment Purchases (< \$5,000)						\$0.00	\$0.00
Equipment Rental						\$0.00	\$0.00
Facility Rental						\$0.00	\$0.00
Purchased Services						\$0.00	\$0.00
Supplies						\$0.00	\$0.00
Transportation/Freight						\$0.00	\$0.00
Equipment Depreciation						\$0.00	\$0.00
Other						\$0.00	\$0.00
Total Operational Expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Grand Total: Administrative and Operational Expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00



Retention of Records

(7 CFR Section 225.8(a))

- Retain all relevant documentation related to the SFSP for three years after the program year has ended.
- Records must be accessible to federal and State agency personnel for audit and review purposes.
- If your agency is in the middle of an audit during the three year retention, the sponsor must maintain all documentation until the audit is closed.
- A Checklist of Records form is summarized in the USDA Administrative Guidance for Sponsors manual as Attachment 22. Please use this form as a tool to help determine what records to keep and for how long.

Agreement for Distribution of Donated Foods

The Food Distribution Program (FDP) offers USDA foods to SFSP sponsors that:

- Prepare their own food
- Have a food service vending contract with a school food authority
- Have a food service vending contract with another SFSP sponsor
- Procure their meals from the same FSMC as in the NSLP

In order to participate in the FDP SFSP sponsors are required to:

- Mark the commodity foods box on the last page of the Permanent Agreement and submit the updated page to the SFSP Coordinator.
- Have adequate facilities to store, inventory, and maintain all USDA Foods according to USDA regulations
- Meet current local and/or state health regulations pertaining to the operation of meal service sites, meal service distribution centers, and meal self-preparation kitchens



Examples of USDA Foods that may be available for the SFSP include:

- Protein—chicken, deli meats, peanut butter, beans
- Fruits and Vegetables—canned, frozen, and dry varieties
- Grains—pasta and rice
- Dairy—cheese

Processed Foods – pizza, burritos

Nutrition Education in the SFSP

Summer leaves many children in low-income communities at greater risk for food insecurity *and* obesity. Helping kids build healthy habits requires a year-round focus. Nutrition education and summer meal programs are perfect partners. This partnership enables summer meal providers to:

- Compliment serving healthy meals with information to help children and their families make healthy choices.
- Provide activities at summer meal sites that are engaging and fun.
- Initiate nutrition education plans that can be continued and expanded during the school year.
- Create opportunities to engage community partners and volunteers.

Studies show that children gain more than *twice* as much weight during the summer than they do during the school year, a likely consequence of too little physical activity and poor nutrition during the break. Be sure to select the kind of nutrition education that is easy to offer at your site. Fun, healthy activities will also encourage families to come to your site; which will increase your meal participation.

One way to keep activities fresh is by using rotating themes on a weekly or monthly basis. You can vary the activities within the theme, and then change your theme. Remember to keep the nutrition messages simple, practical and positive, and focused on concrete ideas. Research shows that school-age children learn best when they can be active and work together on an activity that they can use right away in their lives.



The document “Tips for Including Nutrition Education in Summer Meal Programs” can be found on the (California) Afterschool Network’s Web page

at http://www.afterschoolnetwork.org/sites/main/files/file-attachments/nutrition_education_in_summer_meal_programs.2.27.2012.final_version.pdf. This document provides nutrition and health education ideas and includes information on selecting appropriate materials, steps to great nutrition education, and provides multiple resources.

Program Staff Contacts

Your Summer Meals contacts at the Food and Nutrition Division of the Nevada Department of Agriculture are the best resources for questions about SFSP requirements.

Karen Vogel, Nutrition Programs Professional

E-mail: kvogel@agri.nv.gov

Phone: 702-668-4581

Tammy Kratz, Program Officer

E-mail: tkratz@agri.nv.gov

Phone: 702-668-4584