



What's in your OATs?



Exploring the Offsite Assessment Tool 700 Resource Management Questions

Presented by
Resource Management Unit
November 2017



TOM TORLAKSON
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Learning Objectives

- Federal and state laws and regulations governing the School Nutrition Program (SNP) Administrative Reviews (AR)
700 Resource Management section
- Mandatory documents for the review
- Additional documents that are required for a Resource Management Comprehensive Review



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Reference

The information on this presentation is derived from the U.S. Department of Agriculture's (USDA) AR Manual

Effective School Year 2017–18





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Federal Regulations

Title 7, *Code of Federal Regulations* (7 *CFR*), Section 210.18(a), **administrative reviews**, states:

(a) ... To conduct a program review, the State agency must gather and assess information off-site and/or on-site, observe the school food service operation, and use a risk-based approach to evaluate compliance with specific program requirements.



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SNP AR



Objectives:

- 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



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Off-Site Assessment Tool

- Information from the off-site review is **recorded** in the Off-site Assessment Tool (OAT)
- The information gathered informs the **scope of the on-site portion** of the AR
- The **on-site portion** of the AR is intended to **validate** the information collected on the OAT





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700 Resource Management

Resource Management (RM) relates to ensuring the **overall financial health** of an SFA's nonprofit school food service account (NSFSA or Cafeteria Fund).





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Resource Management Risk Indicator Tool (OAT, 700 Series)

The Resource Management section and the Risk Indicator Tools target:

- **Technical assistance**
- **Corrective action**





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Resource Management OAT Requirements

- Data collected is from **prior closed year**
- Completion requires **collaboration** between SFA and possibly other departments within the LEA





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Resource Management OAT Requirements

- The 700 Series OAT and Risk Indicator Tool must be completed **prior** to the on-site review
- Must be collected no less than **8 weeks** in advance
- **If not completed at least 8 weeks in advance of the AR**, a comprehensive review of all four RM areas could take place

Resource Management Monitoring Areas



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The four areas that are **integral to the financial health** of the SFA's school food service:

- Maintenance of the NSFSA
- Paid Lunch Equity
- Revenue from Nonprogram Foods
- Indirect Costs

SY 2016–17 CNIPS Offsite Assessment Tool, 700 - Resource Management Questions

	Question	Response	Comments
700	Did the SFA have a separate financial account designated for the nonprofit school food service?		
701	Did the SFA conduct a year-end review of total revenues and expenses to determine the school food service's nonprofit status?		
702	After including the beginning fund balance, did the SFA have year-end expenses in excess of revenues, requiring a general fund transfer to cover the balance?		
703	Did the SFA transfer funds out of the nonprofit school food service account to support other school operations during, or at the end of, the school year?		
704	Did the SFA complete a process to ensure its compliance with the net cash resources limitation to a level at or below three months' average expenses?		
705	Did the SFA have internal control procedures in place to ensure that only allowable costs were charged to the nonprofit school food service account?		
706	Did the SFA charge the weighted minimum average paid lunch price at all sites or use the USDA Paid Lunch Equity Tool to evaluate the need to raise its paid lunch prices?		
707	Did the SFA use non-federal funds to support its paid lunch prices?		
708	Did the SFA have a State agency exemption to the Paid Lunch Equity requirement during the resource management review period/previous school year?		
709	Did the SFA increase its paid lunch prices at the level required by the USDA Paid Lunch Equity Tool or comparable mechanism? (YES/NO/NA) If yes, explain which mechanism was used to address the required raise in prices and provide detail on how much the SFA raised its paid lunch prices and/or how much in non-Federal funds the SFA transferred into its nonprofit school food service account to comply with the PLE requirements.		
710	Did the SFA sell nonprogram foods including, but not limited to, a la carte foods (e.g., milk; 2nd entrees; Smart Snacks), catering (e.g., foods/beverages for school board meetings; foods for outside entities & programs), and/or adult meals (e.g., meals for teachers, parents, etc.)?		
711	Were indirect costs charged to the SFA's nonprofit school food service account?		

SY 2017–18 CNIPS OAT (Effective December 29, 2017)

700 - Resource Management Questions

	Question	Response	Comment
700	Did the SFA have the ability to accurately track all revenues and expenses transferred in and out of the nonprofit school food service account?		
701	Did the SFA have a fund balance in excess of three months average expenditures?		
702	Did the SFA transfer funds other than approved indirect costs out of the nonprofit school food service account to support the General Fund or for other nonfood service-related expenses?		
703	If the SFA purchased equipment costing \$5,000 or more during the previous school year, did it received prior approval from the State agency either directly or via State's pre-approved equipment list?		
704	Did the SFA have any financial findings related to the child nutrition programs on previous administrative reviews, A-133, OIG, or other state audits within the past three years?		
705	Did the SFA have internal control procedures in place to ensure that only allowable costs were charged to the nonprofit school food service account?		
706	Did the SFA use the USDA Paid Lunch Equity Tool or a comparable mechanism to evaluate the need to raise its paid lunch prices? (YES/NO/NA, SFA is an RCCI or otherwise does not charge for lunches at any sites within the SFA / No, the SFA received a PLE exception from the State during the RM review period.)		
707	Did the SFA use non-Federal funds to support its paid lunch prices? (YES/NO/NA, SFA is an RCCI or otherwise does not charge for lunches at any sites within the SFA)		
708	Did the SFA increase its paid lunch prices at the level required by the USDA Paid Lunch Equity tool or comparable mechanism?		
709	Did the SFA sell second meals, Smart Snacks, and/or catering (e.g., foods/beverages for school board meetings; foods for outside entities and programs)?		
710	If the SFA provided adult meals for teachers and/or parent, did it charge and collect reimbursement from the adults receiving the meals or from the General Fund to cover the costs of the meals?		
711	If the SFA charged for adult meals, were the meal prices charged in compliance with FNS Instruction 782-5, Rev.1?		13
712	Were indirect costs charged to the SFA's nonprofit school food service account?		



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Mandatory Documents to Review

All SFAs need to submit the following documents:

- 1. Unaudited Actuals (Form 13) or equivalent document** for the most recent closed year
- 2. Net Cash Resources (NCR) Calculation**

On the CDE's Child Nutrition Information and Payment System (**CNIPS**), you may access the NCR form on the Download Forms section, Form **SNP 57**



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Mandatory Documents for Review

3. Internal control procedures for onsite review:

- Unpaid meals charge policy
 - Mandatory effective July 1, 2017
- Capital expenditure purchase procedures
- Time and effort documentation
- Procedures for separating revenues and expenditures between programs



CDE MB SNP 03-2017
USDA Policy Memos SP 46-2016 and SP 57-2016



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Maintenance of the NSFSA

- Revenues and expenses are in accordance with **7 CFR, Section 210.14**
- Expenses must be **allowable**
- **Net cash resources** may not exceed three months' average operating expenses

SY 2017–18 CNIPS OAT

Effective December 29, 2017

700 - Resource Management Questions

	Question	Response	Comment
700	Did the SFA have the ability to accurately track all revenues and expenses transferred in and out of the nonprofit school food service account?	YES	Upload to CNIPS
		NO	
701	Did the SFA have a fund balance in excess of three months average expenditures?	YES	
		NO	Upload SNP 57 to CNIPS
702	Did the SFA transfer funds other than approved indirect costs out of the nonprofit school food service account to support the General Fund or for other nonfood service-related expenses?	YES	
		NO	
703	If the SFA purchased equipment costing \$5,000 or more during the previous school year, did it received prior approval from the State agency either directly or via State's pre-approved equipment list?	YES	
		NO	
		N/A	No action needed
704	Did the SFA have any financial findings related to the child nutrition programs on previous administrative reviews, A-133, OIG, or other state audits within the past three years?	YES	
		NO	
705	Did the SFA have internal control procedures in place to ensure that only allowable costs were charged to the nonprofit school food service account?	YES	Upload to CNIPS or provide during your on-site
		NO	



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Maintenance of the NSFSA Comprehensive Review Documents Public School Districts

The following need to be provided by **public school districts** (in addition to the mandatory documents):

1. **General ledger.** This data will be for the prior closed fiscal year, SY 2016–17, using the standardized account code structure (SACS) format
2. **Chart of accounts.** List of all account codes to define each class of items cross-referenced with the SACS



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Maintenance of the NSFSA Comprehensive Review Documents Public School Districts

3. Payroll documentation. This data will be for the prior closed fiscal year, SY 2016–17,

Labor Distribution Report for the entire district. The report must include all payroll transactions for each individual employed by the district. Entries must be reported using the SACS format



EMPLOYEE	EMPLOYEE NUMBER	EMPLOYEE NAME	EMPLOYEE ADDRESS	EMPLOYEE CITY	EMPLOYEE STATE	EMPLOYEE ZIP	EMPLOYEE PHONE	EMPLOYEE FAX	EMPLOYEE EMAIL	EMPLOYEE TITLE	EMPLOYEE GRADE	EMPLOYEE SALARY	EMPLOYEE BENEFIT	EMPLOYEE TAX	EMPLOYEE OTHER	EMPLOYEE TOTAL
1001	1001	JOHN DOE	12345	LOS ANGELES	CA	90001	555-555-5555			TEACHER	1	12586.20	1000.00	1000.00	1000.00	15586.20
1002	1002	JANE SMITH	67890	SAN FRANCISCO	CA	94102	555-555-5555			TEACHER	2	15000.00	1200.00	1200.00	1200.00	18400.00



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Maintenance of the NSFSA Comprehensive Review Documents Private Schools (PS), Charter Schools (CS), & Residential Child Care Institutions (RCCI)

The following documents need to be provided:

- 1. Detailed general ledger** for the prior closed fiscal year, SY 2016–17
- 2. Detailed financial summaries or budget reports** from SY 2016–17



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Maintenance of the NSFSA Comprehensive Review Documents PS, CS & RCCIs (continued)

3. Most recent Unaudited Actuals (Form 13) or equivalent financial documentation showing other funding sources are tracked and recorded





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Paid Lunch Equity

If an SFA's weighted minimum average paid lunch price is less than the reimbursement difference, the SFA must **increase prices for paid lunches or add financial support from an allowable non-federal source to the nonprofit school food service account** [(7 *CFR*, Section 210.14(e))]



Paid Lunch Equity

SY 2017–18 CNIPS OAT (Effective December 29, 2017) 700 - Resource Management Questions

	Question	Response	Comments
706	Did the SFA use the USDA Paid Lunch Equity Tool or a comparable mechanism to evaluate the need to raise its paid lunch prices? (YES/NO/NA, SFA is an RCCI or otherwise does not charge for lunches at any sites within the SFA / No, the SFA received a PLE exception from the State during the RM review period.)	YES	
		NO	
		N/A	
707	Did the SFA use non-Federal funds to support its paid lunch prices? (YES/NO/NA, SFA is an RCCI or otherwise does not charge for lunches at any sites within the SFA)	YES	
		NO	
		N/A	
708	Did the SFA increase its paid lunch prices at the level required by the USDA Paid Lunch Equity tool or comparable mechanism?	YES	
		NO	
		N/A	



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PLE Comprehensive Review Documents

The following documents need to be provided:

- 1. USDA Paid Lunch Equity (PLE) Tool or equivalent document**

The **PLE Tool** is available as an attachment to **USDA Policy Memo SP 09-2016**, located on the USDA Paid Lunch Equity: Guidance for School Year 2016–17 Web page.



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PLE Comprehensive Review Documents

2. **Supporting documentation to show at least one of the following:**
 - a. **Increase of paid lunch prices to meet the PLE requirements**
 - b. **Allowable nonfederal sources of revenue used to offset the required paid lunch price increase**



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Revenue from Nonprogram Foods

7 CFR, Section 210.14(f), states:

Nonprogram foods are those foods and beverages:

- (i) Sold in a participating school other than reimbursable meals and meal supplements; and
- (ii) Purchased using funds from the nonprofit school food service account



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Revenue from Nonprogram Foods

Nonprogram foods include: a la carte items, adult meals, items purchased with cafeteria funds for vending machines, fundraisers, school stores, catered and vended meals

Adult meals must be priced sufficiently to **cover the overall cost of meals**



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Revenue from Nonprogram Foods

7 *CFR*, Section 210.14(f) requires SFAs to ensure the **revenue ratio** for nonprogram foods is greater than or equal to the food cost ratio as follows:

$$\frac{\text{Nonprogram food revenue}}{\text{Total program and nonprogram revenue}} \geq \frac{\text{Total Nonprogram food costs}}{\text{Total program and nonprogram food costs}}$$

Revenue from Nonprogram Foods

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	Question	Response	Comments
709	Did the SFA sell second meals, Smart Snacks, and/or catering (e.g., foods/beverages for school board meetings; foods for outside entities and programs)?	YES	
		NO	
710	If the SFA provided adult meals for teachers and/or parents, did it charge and collect reimbursement from the adults receiving the meals or from the General Fund to cover the costs of the meals?	YES	
		NO	
		N/A	
711	If the SFA charged for adult meals, were the meal prices charged in compliance with FNS Instruction 782-5, Rev.1?	YES	
		NO	
		N/A	29



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Revenue from Nonprogram Foods Comprehensive Review Documents

The following documents need to be provided:

- **USDA Nonprogram Food (NPF) Revenue Calculator Tool for SY 2016–17**

The NPF Tool may be accessed on the USDA Guidance on Paid Lunch Equity and Revenue from Nonprogram Foods Web page, located at <https://www.fns.usda.gov/guidance-paid-lunch-equity-and-revenue-nonprogram-foods>



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Revenue from Nonprogram Foods Comprehensive Review Documents

- Journal entries for the reference period will be verified during the **onsite** review.
- Support documentation provided during the **onsite** review, if the SFA sells a limited number of nonprogram foods (i.e, milk) that has an identifiable per-serving cost



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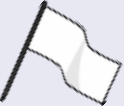


Indirect Costs

- Indirect costs are **incurred for the benefit of multiple programs, functions, or other cost objectives**
- The CDE annually calculates a **statewide average rate** for use by LEAs
- The food service programs **limit indirect costs to the lesser of the LEA's approved rate or the statewide average rate**

Indirect Costs

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	Question	Response	Comments
712	Were indirect costs charged to the SFA's nonprofit school food service account?	YES	
		NO	
		N/A	33



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Indirect Costs Comprehensive Review Documents

The following documents are required and can be provided to the RMU by e-mail:

- 1. Unaudited Actuals, Indirect Cost Rate Worksheet (Form ICR)**
- 2. Unaudited Actuals, Exhibit A: Indirect Cost Rates Charged to Programs (Form ICR):**
documentation evidencing the charges to Fund 13 as well as all other programs within the district



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Questions?





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Contact Information

For additional resources or if you have any questions, please contact the **RMU** by e-mail at snpcafundquestions@cde.ca.gov





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Thank You



The CDE is an equal opportunity provider.