

COMMUNITY NUTRITION conference



Teresa Cornett
Manager for PES

Budget Detail Allowable Costs

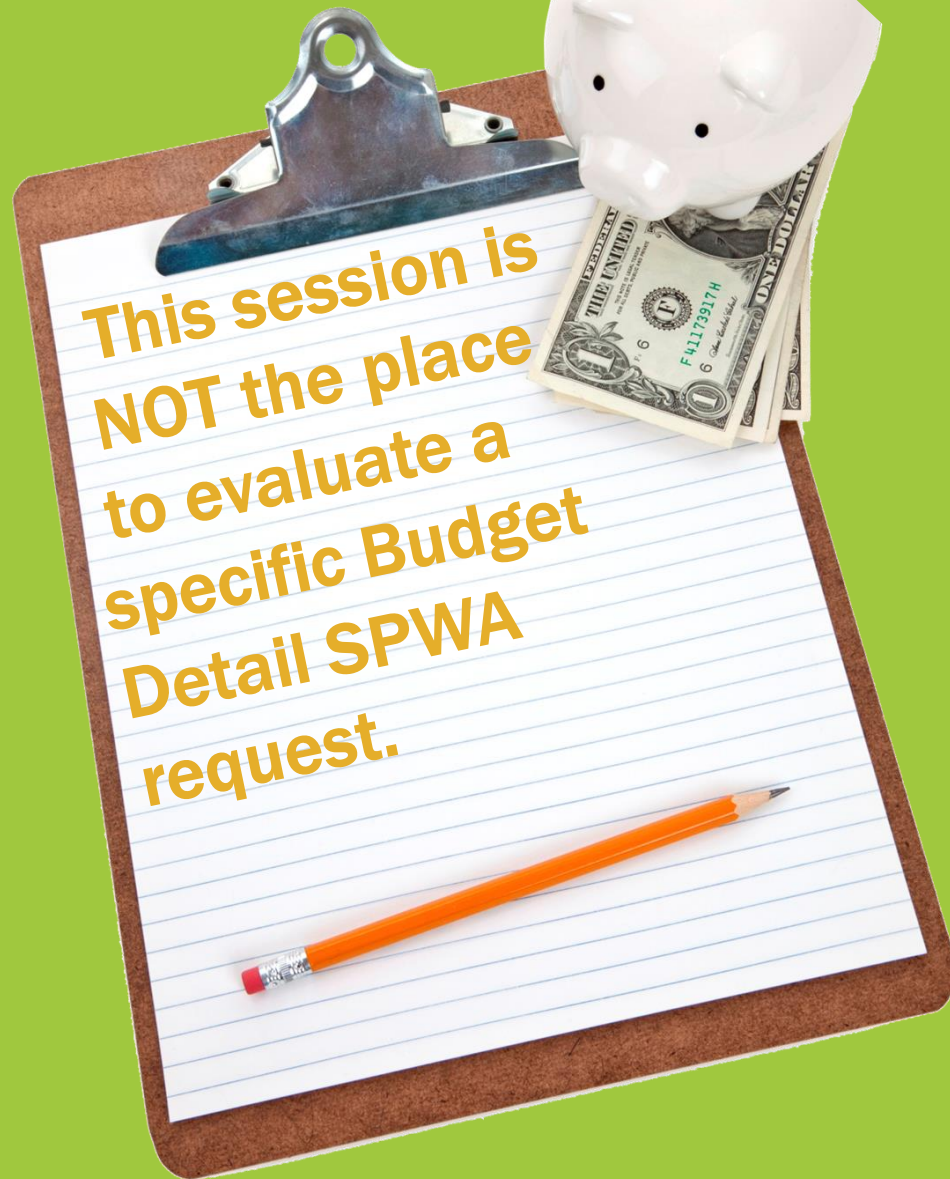
Costs that Require Prior, Specific Written or FNS Approval



TEXAS DEPARTMENT OF AGRICULTURE
COMMISSIONER SID MILLER



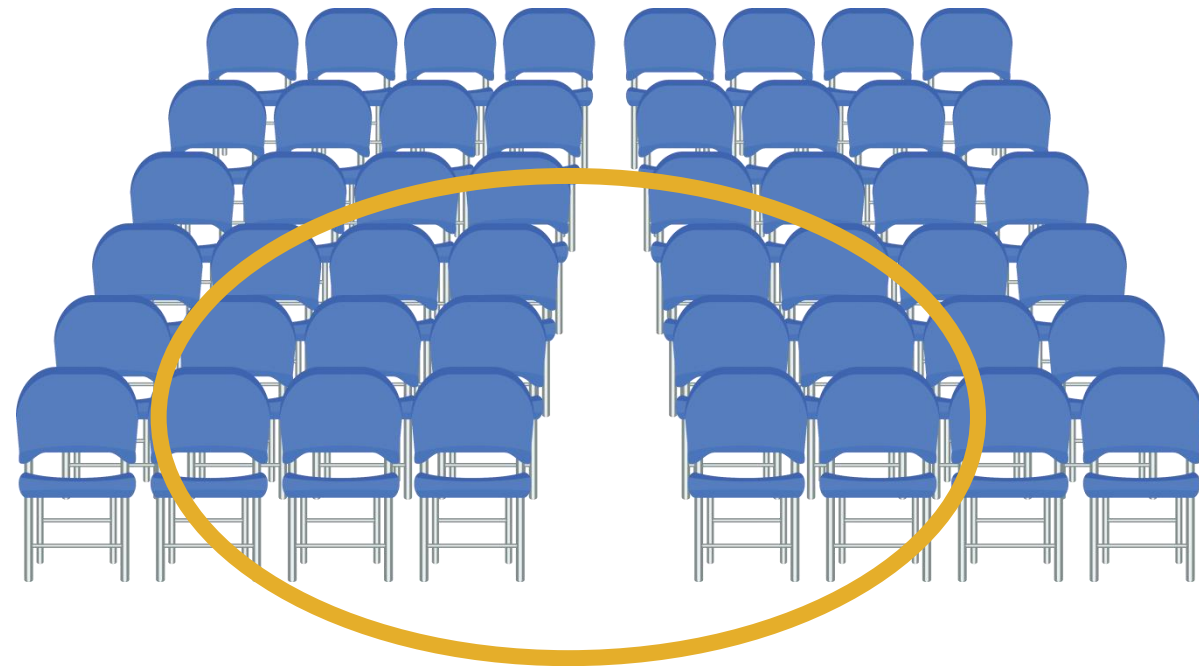
About This Class...



“

It is not all inclusive of all information contained in the resources. CE's are responsible for understanding and complying with the resource materials.

HOUSEKEEPING





01

Definitions

Prior Approval – All costs require prior approval before they can be incurred

Specific Written Prior Approval - Some costs require additional levels of approval as identified in FNS 796-2, Rev.4 (Exhibit I).

Related Party Transaction

is a transaction between:

- The institution and its parent corporation, corporate divisions, subsidiaries, an employee(s), officer(s), agent(s) of the institution members of their immediate family either directly or indirectly through corporations, trusts or similar arrangements in which they hold a controlling interest, no matter how represented.

Less-than-arms-length transaction -

Is one under which one party of the transaction is able to control or substantially influence the actions of the other(s).

Allowable costs – A cost may be allowable if:

It is determined to be necessary and reasonable



Prior Approval

All costs require prior approval before they can be incurred.

REQUIRED: The State agency's written permission must be obtained ahead of the expenditure.

Activity #1

- Today a sponsoring organization of centers has submitted costs in the TX-UNPS budget detail for a janitorial services.
- The contract is bona fide and the costs are necessary, reasonable and allowable.
- The contract was executed with a start date of December 15th, 2019.

---Would you approve the budget amendment?
Why or why not?



CE did not submit the costs before incurring the costs as required by federal regulations.



02

SPWA

Specific Prior Written Approval

SPWA costs are entered into the SPWA Request form in TX-UNPS and are not entered into the budget detail in TX-UNPS until TDA or when needed, the USDA Regional office, have approved the SPWA costs.

Specific Prior Written Approval

- Expenses requiring SPWA may NOT be incurred until the CE has obtained written approval in advance from the State Agency.
- When an institution does NOT request specific prior written approval before incurring the cost, the cost must be disallowed and will result in a recovery of administrative funds.

03

Procurement



Rules and Regulations

Why we have them?

Procurement regulations ensure the best:

- food
- supplies
- equipment
- other goods and services

are obtained efficiently, at the best available price and without conflicts of interest.

Written Procurement policy

- A CE must use its own documented procurement procedures which reflect applicable state, local, and tribal laws and regulations, provided that the procurements conform to applicable federal law (2 CFR §§ 200.318 and 200.319(c)).

What is the foundation of sound procurement?

01

A Level Playing Field;
The Same Opportunity
For All Vendors

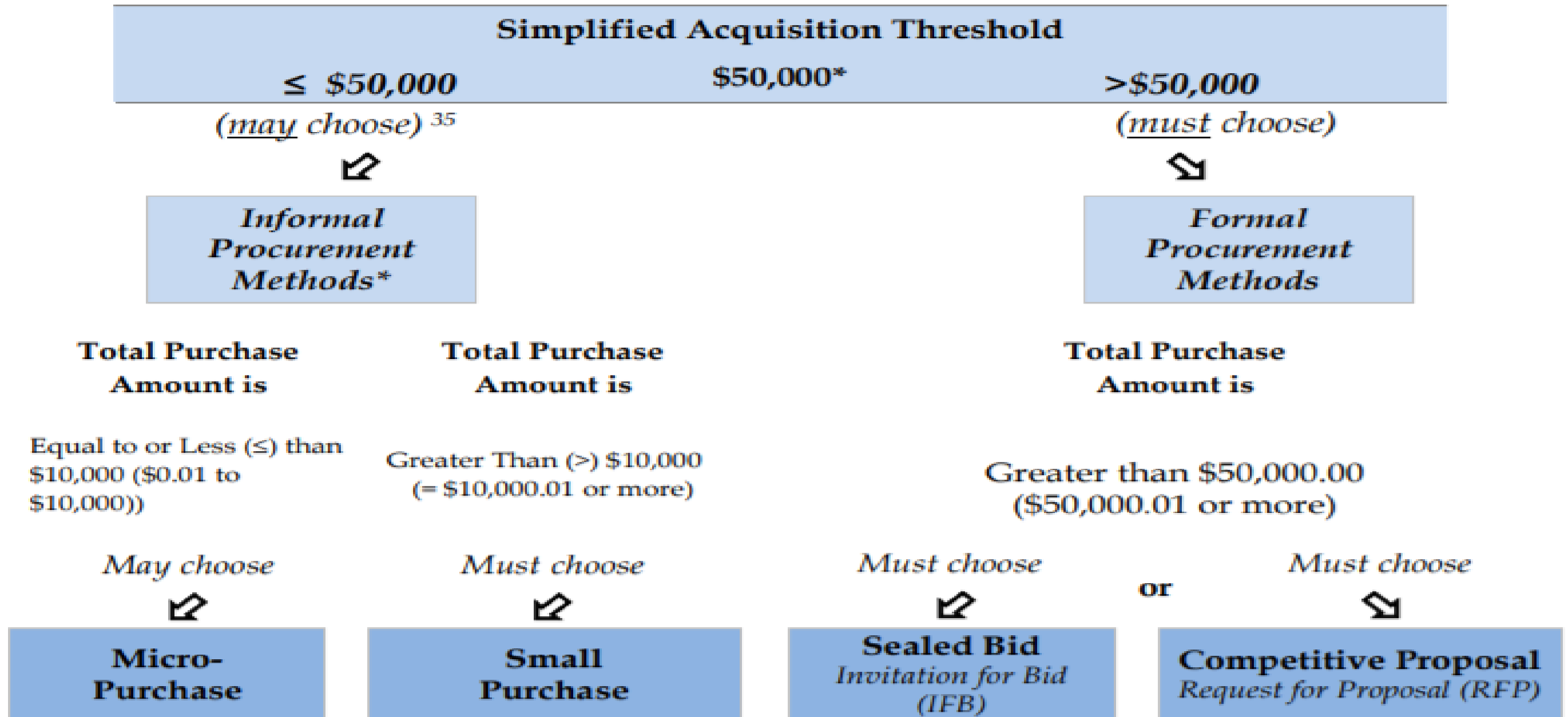
02

Quality Products
And Services ;
Lower Prices

03

Full and
Open
Competition

Overview of Procurement Methods



*While a CE is not required to follow formal procurement methods for purchases which do not exceed \$50,000, a CE may choose to use a formal procurement method.

Documentation need for Application Processing: **Micro Purchase**

Micro Purchase – Upload a copy
a copy of the lease or contract if
applicable in the TX-UNPS SPWA
request form.

Documentation need for Application

Small Purchase – requires a CE to obtain two price quotations from an adequate number of qualified sources.

Documentation need for Application

Small Purchase.

The price quotations must be uploaded in the SPWA request form.

Documentation need for Application Processing

Formal Procurement: All documentation must be uploaded in the SPWA request form based upon what type of formal procurement your organization is using whether :

- Competitive sealed bid - IFB
- Competitive proposal - RFP

Activity #2

- Today a sponsoring organization of centers has submitted costs in the TX-UNPS budget detail for a dietician to prepare menus for an adult day care center.
- The contract is bona fide and the costs are necessary, reasonable and allowable.

---Would you approve the budget amendment?
Why or why not?





NOT ALLOWABLE

- **This cost requires Specific Prior Written Approval and should not have been entered into the budget detail in TX-UNPS without SPWA approval from TDA. (FNS 796.2 Rev 4 24 a pg 56)**



04

TX-UNPS

H. Additional Questions

Is there a rental agreement, lease, or contract associated with any of the non-food costs listed above?

☐ Yes ☒ No

Does your organization have any Less-Than-Arms-Length transactions or expenses?

☐ Yes ☒ No

Does your budget include any procurement?

☐ Yes ☒ No

Does the budget include any of the following items? (Note: All of these items require specific prior written approval and/or Food and Nutrition Service Regional Office (FNSRO) approval.)

☐ Yes ☒ No

Communications

Labor Costs

Contributions & Donation Costs

Overtime, Holiday Pay, and Compensatory Leave,
and Severance Pay

Depreciation and Use Allowance

Legal Expenses & Other Professional Services

Employee Morale, Health, & Welfare Costs & Credits

Management Studies

Expensing Equipment and Other Property

Meetings & Conferences

Facilities & Space Costs

Membership, Subscriptions, & Professional
Organization Activities

Insurance

Proposal Costs

Interest, Fund Raising, & Other Financial Costs

Purchased Services - Other

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Does the budget include any of the following items? (Note: All of these items require specific prior written approval and/or Food and Nutrition Service Regional Office (FNSRO) approval.)

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Labor Costs

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Overtime, Holiday Pay, and Compensatory Leave,
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Legal Expenses & Other Professional Services

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Insurance

Proposal Costs

Interest, Fund Raising, & Other Financial Costs

Purchased Services - Other

Child and Adult Care Food Program

TX-UNPS 

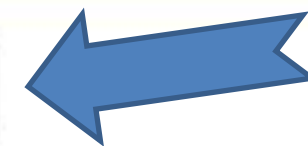
[Applications](#)[Claims](#)[Compliance](#)[Reports](#)[Security](#)[Search](#)[Programs](#)[Year](#)[Help](#)[Log Out](#)

[Applications](#) > [Request for SPWA](#) >

Program Year: 2016 - 2017

Specific Prior Written Approval Requests

Action	SPWA ID	Version #	Program	Program Year	Received Date	Status
No data to display.						

[< Back](#)[Submit Requests](#)[Create New Request](#)

This SPWA applies to my: ☒ CACFP Centers Budget Item(s)
 ☐ Day Care Homes Budget Item(s)

Prior to completing a request for SPWA you must certify that you are aware of all of the following (must check boxes to attest to certification):

- ☐ Costs requiring specific prior written approval must be submitted to the Texas Department of Agriculture (TDA) for review and possible approval **prior** to incurring the cost and inclusion in the CACFP Budget.
- ☐ The Contracting Entity (CE) must specifically identify and request approval of these costs **prior** to inclusion of the cost in the CACFP Budget.
- ☐ Approval of a budget line item does not constitute adequate specific written prior approval for these costs. The State agency must approve or deny the requested cost.
- ☐ TDA may request additional information as part of the review process.

If you have any questions regarding any of the information noted above please contact your local Education Service Center representative for technical assistance in reference to SPWA. You may also request technical assistance to complete this Request for SPWA form.

Note: All questions must be answered. You cannot incur the cost before the SPWA has been approved.

General Information

1. Do you have an invoice for the cost/item or service?

☐ Yes ☐ No

2. Total Cost:

0.00

3. Total from CACFP:

0.00

4. Describe Method used to Allocate Cost:

5. Program Year(s) the Cost Applies to:

SPWA Information

6. What is the cost/item or service requiring specific written prior approval?

7. Why is this cost/item or service necessary for CACFP operations?

8. Explain how you determined that this cost/item or service is (potentially) allowable.

9. Is this cost/item a less-than-arms-length transaction?

☐ Yes ☐ No

- a. Explain the relationship.

- b. Why was this source chosen over others?

Certification

☐ I certify that the information on this form, and supporting documents, is true and correct and that I will immediately report to the Texas Department of Agriculture any changes that occur to the information submitted. I understand that this information is being given in connection with receipt of federal funds. The Texas Department of Agriculture may verify information; and the deliberate misrepresentation or withholding of information may result in prosecution under applicable state and federal statutes.

Attachments

You MUST upload all supporting documentation for the SPWA. Supporting documentation may consist of quotes, written statements and clarifications, etc.

Action	File Name	Description	Date	User
No data to display.				

Total Attachments: 0

Add Attachment

Exhibit I

Costs Requiring Additional Approvals:

Items Requiring Prior Approval, Specific Prior Written Approval, and FNSRO Approval
(All Sections refer to VIII, I)

<i>Topic or Cost</i>	<i>Section</i>	<i>Page #</i>	<i>Description</i>	<i>Prior Approval</i>	<i>Specific Prior Written SA Approval</i>	<i>Specific Prior Written FNSRO Approval</i>
Advertising & Public Relations Costs	3 a (2)	19	Public relation costs for pamphlets, news releases and other information services	YES		
Communications	8 a (1)	21	Cellular phones and pagers owned or leased by the institution – SAs must impose specific prior written approval		YES	
Contributions & Donation Costs	10 a	22	Costs required to make goods or services donated to the institution usable for the Program		YES	
DCH Licensing Standards Costs	12 a (1,2 & 3)	26	Supplies such as smoke detectors & fire extinguishers; minor alterations such as adding handrails; and the costs of fire & safety inspections & licensing fees that are required to permit an income eligible day care home to meet licensing approval standards		YES	
Depreciation and Use Allowance	13 b	28	All space and facility depreciation methods other than 30-year straight line or method used and accepted for Federal income tax reporting purposes		YES	

<i>Topic or Cost</i>	<i>Section</i>	<i>Page #</i>	<i>Description</i>	<i>Prior Approval</i>	<i>Specific Prior Written Approval</i>	<i>Specific Prior Written FNSRO Approval</i>
	13 a (1)	28	For publicly owned buildings, the amount assigned as the acquisition cost		YES	
	13 d(1)(a)	29	All equipment depreciation methods other than 15-year straight line depreciation or method used and accepted for Federal income tax reporting purposes		YES	
	13 d (1)(c)	30	Unknown acquisition cost		YES	
Employee Morale, Health, & Welfare Costs & Credits	14	32	All costs in this category		YES	
Expensing Equipment and Other Property	16 a	34	The Program's share of the cost for most equipment and improvements can be directly expensed (NOTE: See item 16 b for unallowable costs.)		YES	
Facilities & Space Costs	17 a (3)	38	The costs for rearrangement & alterations to facilities owned by the institution that are necessary for efficient and effective Program operations but do not result in capital improvements (NOTE: See 17 b for unallowable costs.)		YES	
Insurance	21 a (2)(a)	37	Costs of other insurance, not required by the SA, that is maintained by the institution in connection with the general activities of the Program when the type, extent, and cost of coverage are in accordance with general State or local government policy and sound business practices		YES	

<i>Topic or Cost</i>	<i>Section</i>	<i>Page #</i>	<i>Description</i>	<i>Prior Approval</i>	<i>Specific Prior Written Approval</i>	<i>Specific Prior Written FNSRO Approval</i>
	21 a (2) (b)	37	Costs of insurance or contributions to any self insurance reserve covering the risk, loss, or damage to Federal Government property to the extent that the institution is liable for such loss or damage		YES	
	21 a (2) (c)	37	Cost of directors and officers insurance provided that the insurance policy actually provides liability coverage related to the CACFP and, if the policy also provides coverage for non-CACFP liability, the CACFP share of the cost is properly allocated		YES	
	21 a (2) (d)	37	Contributions to a reserve for self insurance to the extent that the reserve meets State insurance requirements and the type of coverage, extent of coverage, and the rates and premiums would have been allowed had insurance been purchased to cover the risks		YES	
Interest, Fundraising, & Other Financial Costs	22 a (1) (a) i	38	Stop payment charges for facility advance and reimbursement payments and other Program disbursements, whether by check or EFT		YES	
	22 a (1) (a) ii	38	Program account reconciliation and analysis fees, including the allocated share of fees charged for commingled accounts		YES	

<i>Topic or Cost</i>	<i>Section</i>	<i>Page #</i>	<i>Description</i>	<i>Prior Approval</i>	<i>Specific Prior Written Approval</i>	<i>Specific Prior Written FNSRO Approval</i>
	22 a (2)	38	Interest incurred after 10/1/98, for nonprofit private institutions and after 10/1/80, for public institutions on institutional debt used to acquire or replace allowable equipment or other property or make allowable improvements (NOTE: See unallowable costs.)		YES	
	22 c (1)	40	Arms-length transactions involving loans or financial transactions (NOTE: See section on information required when requesting specific prior written approval.)		YES	
	22 c (2)	40	Less-than-arms-length transactions involving loans or financial transactions (NOTE: See section on information needed when requesting specific prior written approval.)		YES	YES
Labor Costs	23 d (1)	48	Compensation to members of nonprofit institutions, trustees, directors, associates, officers or the immediate families thereof		YES	
	23 d (2)	48	Stipends to compensate board members for the costs of attending corporate meetings when Program business is conducted		YES	

<i>Topic or Cost</i>	<i>Section</i>	<i>Page #</i>	<i>Description</i>	<i>Prior Approval</i>	<i>Specific Prior Written Approval</i>	<i>Specific Prior Written FNSRO Approval</i>
	23 d (3)	48	Any change to an institution's compensation policy that results in a substantial increase in the institution's level of compensation to an individual or all employees		YES	
	VI D 3	7	Excess funds from an institution's nonprofit food service account used for increases in salaries or fringe benefit costs to improve food service operations, principally for the benefit of the participants.		YES	
Overtime, Holiday Pay, and Compensatory Leave	23 h	50	Payment of overtime, holiday pay for work performed on a non-work holiday and compensatory leave (NOTE: See section regarding exceptions.)		YES	
	23 i	51	Incentive payments and awards (except for awards of minimal value, see item 23 i(6)).		YES	
Severance Pay	23 j	52	Severance pay when it does not constitute excess compensation and is required by law, written employer/employee agreement, written policies of the institution, or the terms of a negotiated written labor relations agreement		YES	
	23 k (11)	55	Amendments or modification to approved deferral plans		YES	
Legal Expenses & Other Professional Services	24 a (1)	56	The sponsoring organization's cost to pursue administrative and judicial recovery of funds due from sponsored facilities		YES	

<i>Topic or Cost</i>	<i>Section</i>	<i>Page #</i>	<i>Description</i>	<i>Prior Approval</i>	<i>Specific Prior Written Approval</i>	<i>Specific Prior Written FNSRO Approval</i>
	24 a (2)	56	The institution's costs for services performed by individuals who are not officers, employees or members of the institution (NOTE: See section for additional information.)		YES	
Management Studies	26 a	58	The cost of studies directly related to the Program that are performed by entities other than the institution itself		YES	
Materials & Supplies	27	58	SAs may establish specific prior written approval requirements for durable supply acquisitions		SA decision	
Meetings & Conferences	28 a (1)	59	Travel & registration fees for attending meetings and conferences devoted solely to the CACFP	YES		
	28 a (2)	59	allocated share of travel & registration fees when CACFP is only a portion of a larger child and adult care-related agenda		YES	
Membership, Subscriptions, & Professional Organization Activities	29 a (4)	60	Costs of public and not for profit institution memberships in civic or community organizations			YES
Participant Training & Other Participant Support Costs	30 a (1)	61	Training-administrative costs (NOTE: See section for a list of these costs.)	YES		

<i>Topic or Cost</i>	<i>Section</i>	<i>Page #</i>	<i>Description</i>	<i>Prior Approval</i>	<i>Specific Prior Written Approval</i>	<i>Specific Prior Written FNSRO Approval</i>
	30 a (2)	62	Training-operating costs (NOTE: See section for a list of these costs.)	YES		
	30 a (3)	62	Facility appeal costs (NOTE: See section for more information.)	YES		
Proposal Costs	32	64	Costs of preparing proposals on potential FNS Child Nutrition Programs grants		YES	
Publication, Printing, & Reproduction	33	64	All allowable costs	YES		
Purchased Services – Other	34 a (1) (a)	65	Arms-length transactions for the maintenance, repair or upkeep of administrative and food service equipment that neither adds to its permanent value nor prolongs its intended life	YES		
	34 a (1) (b)	65	Costs of utilities, purchased security and janitorial service, etc., not included in space or labor compensation costs	YES		
	34 a (2)	65	All less-than-arms-length transactions; maintenance and service repair contracts on Program equipment; and all other purchased service costs needed for Program operation		YES	
Rental Costs	36 d	68	Special lease arrangements – capital leases, sale-with-lease-back leases, less-than-arms-length transactions involving space/building rental, and lease with option-to-purchase (NOTE: see section for more information.) These also require special consideration.		YES	



THANK YOU

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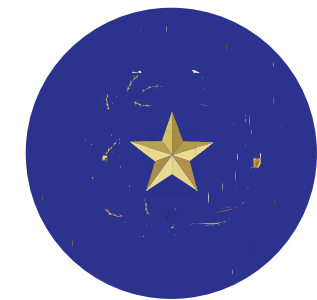
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Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410;

fax: (202) 690-7442; or email: program.intake@usda.gov.

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