

BUSINESS OF NUMBERS & NUTRITION

CHILD NUTRITION DIRECTORS
AND BUSINESS OFFICIALS

Resource Management Comprehensive Review

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Tools used by the Administrative Review Specialist (ARS)

The ARS will request information from the CE
via

- **Resource Management Summary (RMS) Form – Section 700**
- **Resource Management Comprehensive Review (RMCR)**

Timeline of Tools Submitted to the CE

- **Resource Management Summary (RMS) Form Section 700**
- **The CE will receive this as an attachment within the initial 12-Week Off-site Email**
- **Resource Management Comprehensive Review (RMCR)**
- **Dependent on the results of the RMS Form Section 700**
- **RMCR forms are emailed to the CE 1 to 4 weeks prior to the Day of Review**

Form Due Dates

Resource Management Summary (RMS) Form Section 700

- Due no later than the 4th week from the Day of Review (DOR).
- Can be submitted earlier than the 4th week from the DOR.
- If submitted after the 4th week from the DOR, a required Comprehensive Review will occur.
- RMS Form and all supporting documentation should be uploaded into TX-UNPS in “Review Attachments”

Form Due Dates

Resource Management Comprehensive Review (RMCR)

- Due date(s) will be set by the ARS.
- May have phone conversations with ARS to discuss due dates and timelines.
- May have sections that need to be reviewed on-site.
- Preferable to have completed by the DOR.
- RMCR and all supporting documentation should be uploaded into TX-UNPS in “Review Attachments”.

Best Practices

- **If possible, the Business Manager or Person in Charge of the Child Nutrition account attends the 12 week phone call.**
- **Seek technical assistance with the ESC.**
- **Ask ARS for more information.**
- **Review Guidance in Sections 14 & 15 in the Administrators Reference Manual (ARM).**

Definitions

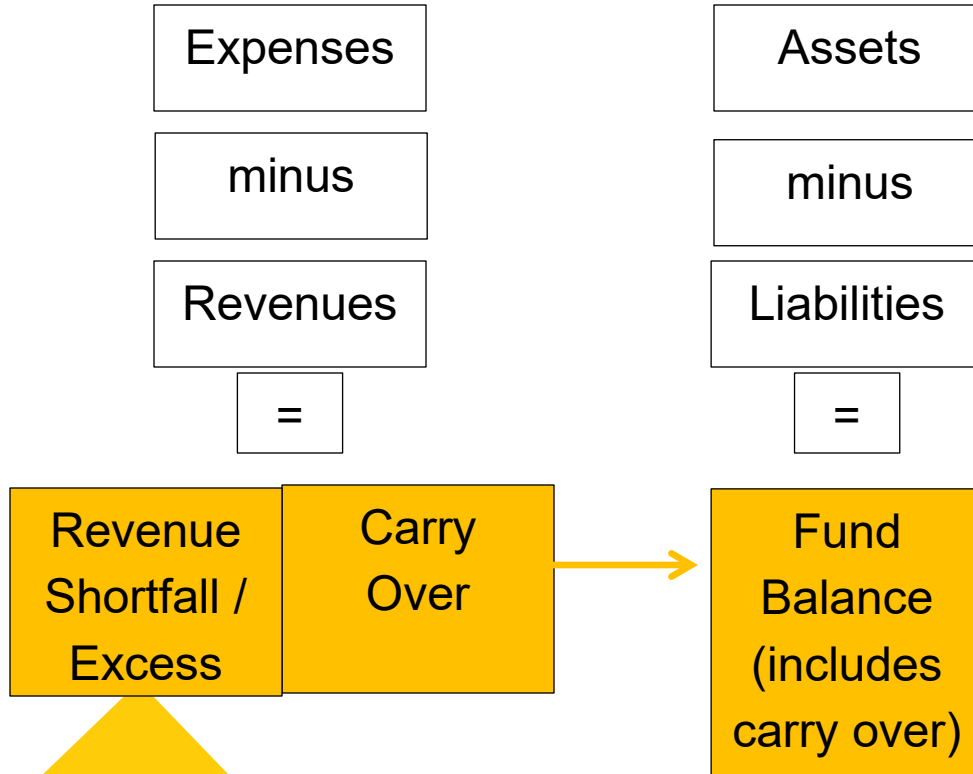
Assets A resource with economic value that an entity controls with the expectation that it will provide a benefit ie. cash, receivables, short term investments.

Liabilities A legal financial debt or obligation that arises during the course of business operations. ie. Payables

Net Cash Resources: Assets excluding inventory minus liabilities.

Fund Balance Carryover balance from the previous year + (revenues - expenses)

Visual Formula



Resource Management Comprehensive Review (RMCR)

The Resource Management Comprehensive Review is comprised of four parts:

- Nonprofit School Food Service Account
- Paid Lunch Equity
- Revenue From Nonprogram Food
- Indirect Costs

Which of the four sections are reviewed?

“RISKS”

Higher risk determines which of the four sections will be reviewed when the Resource Summary (section 700) is completed.


700 Resource Management Risks

Risk Level: Comprehensive Review Required

Off-site Assessment

Maintenance of Nonprofit School Food Service Account




Risk Flag

Indicate the Resource Management review period to be used when answering Q700-705: 


Previous School Year Last Audited School Year

Note: Nonprofit school food service account means the restricted account in which all of the revenue from all food service operations conducted by the SFA principally for the benefit of school children is retained and used only for the operation or improvement of the nonprofit school food service. This account shall include, as appropriate, non-Federal funds used to support paid lunches as provided in §210.14(e), and proceeds from non-program foods as provided in §210.14(f).

T 700

Did the SFA have the ability to accurately track all revenues and expenditures for the nonprofit school food service separately from all other transactions?   

Yes No

If Yes, describe the method used. 

(i.e. having a separate account only for food service revenues and expenditures, identifying all financial transactions by a separate fund code, using a separate ledger or other system to track revenues and expenditures specific to food service.)

Comments:

RMCR Documentation

A RMCR must be completed for each RM area in which one or more risk indicators are assessed.

The Administrative Review Specialists (ARS) are expected to collect the information and documentation needed to answer the RMCR questions.

Documents for the RM comprehensive review should be gathered for the RM review period.

RMCR Flow Chart

700 Resource Management

Triggers



Section 1 - Nonprofit School Food Service Account

- Year End Balance
- Limitation on Net Cash Resources
- Internal Controls
- Allowable Costs
- Equipment Purchases
- Allowable Costs Test



Nonprofit School Food Service Account Revenue Shortfall / Excess - Year End Balance

**Fund balance or carryover from year prior to RM review period +
Total Revenues - Total Expenses = Revenue Shortfall or Excess**

**2017-18 balance or carryover
+
2018-19 Total Revenues** **—** **2018-19 Total
Expenses**

= Revenue Shortfall or Excess

Nonprofit School Food Service Account Year End Balance

What types of documents are used to assess compliance?

- **General Ledger with Trial Balances**
- **Statement of Revenues and Expenses**



General Ledger Example

Obj	SObj	Org	Period	GL Sour	GL Category	Vend	Invoice Num	Check Num	Sum of Debit	Sum of Credit	Sum of Total
6246	00	984	2/18/2018	Payables	Purchase Invoices	BRIGGS	INV1117051	5076205	210.00	0.00	210.00
6246	00	984	2/18/2018	Payables	Purchase Invoices	BRIGGS	INV1117092	5076205	370.98	185.49	185.49
6246	00	984	2/18/2018	Payables	Purchase Invoices	BRIGGS	INV1125470	5076627	1702.36	0.00	1,702.36
6246	00	984	3/18/2018	Payables	Purchase Invoices	BRIGGS	INV1023090	5079145	65.00	0.00	65.00
6246	00	984	3/18/2018	Payables	Purchase Invoices	BRIGGS	INV1023095	5079145	65.00	0.00	65.00
6246	00	984	3/18/2018	Payables	Purchase Invoices	BRIGGS	INV1023097	5079145	100.00	0.00	100.00
6246	00	984	3/18/2018	Payables	Purchase Invoices	BRIGGS	INV1126699	5079145	415.79	0.00	415.79
6246	00	984	3/18/2018	Payables	Purchase Invoices	BRIGGS	INV0916789	5079145	485.00	0.00	485.00
6246	00	984	3/18/2018	Payables	Purchase Invoices	BRIGGS	INV1138659	5079145	768.17	0.00	768.17
6246	00	984	3/18/2018	Payables	Purchase Invoices	BRIGGS	INV1126618	5079145	1984.79	0.00	1,984.79
6246	00	984	6/18/2018	Payables	Purchase Invoices	BRIGGS	INV1236726	5086055	538.51	0.00	538.51
6246	00	984	6/18/2018	Payables	Purchase Invoices	BRIGGS	INV1237170	5086055	7481.13	0.00	7,481.13
6246	00	984	6/18/2018	Payables	Purchase Invoices	BRIGGS	INV1209505	5085866	112.00	0.00	112.00
6246	00	984	6/18/2018	Payables	Purchase Invoices	BRIGGS	INV1209505	5085866	280.00	0.00	280.00
6246	00	984	6/18/2018	Payables	Purchase Invoices	BRIGGS	INV1209505	5085866	300.00	56.60	243.40
6246	00	984	6/18/2018	Payables	Purchase Invoices	BRIGGS	INV1209505	5085866	1842.00	89.60	1,752.40
6246	00	984	6/18/2018	Payables	Purchase Invoices	BRIGGS	INV1209505	5085866	2373.00	72.80	2,300.20
6246	00	984	6/18/2018	Payables	Purchase Invoices	BRIGGS	INV1236963	5085866	3274.00	0.00	3,274.00
6246	00 Total								22367.73	404.49	21,963.24
6246 Total									22367.73	404.49	21,963.24
6247	00	984	2/18/2018	Payables	Purchase Invoices	W & B S	100562097	106612	420.61	0.00	420.61

General Ledger Example

GJ	180388	10-31-2017	10	CAFE SUPPLIES	-15.56				
EN	180358	10-31-2017	10	SAM'S CLUB DIRECT	15.56				
CK	004167	10-31-2017	10	SAM'S CLUB DIRECT	-15.56		15.56		
CK	004190	11-09-2017	11	CITIBANK	-53.34		53.34		
GJ	180029	02-12-2018	01	MOVE FOOD TO NONFOOD 9/17-1/			-2,233.36		
GJ	180029	02-12-2018	01	MOVE FOOD TO NONFOOD 9/17-1/			2,233.36		
GJ	180029	02-12-2018	01	MOVE FOOD TO NONFOOD 9/17-1/			2,233.36		
GJ	181072	03-28-2018	03	FEB/MARCH FOOD SERVICE	778.51				
GJ	181072	04-03-2018	03	FEB/MARCH FOOD SERVICE	-778.51				
EN	181023	04-03-2018	03	LABATT FOOD SERVICE	778.51				
CK	004753	04-06-2018	04	LABATT FOOD SERVICE	-778.51		778.51		
CK	005190	08-31-2018	08	LABATT FOOD SERVICE			297.99		
		** Ending			-3,000.00	0.00	3,378.76	378.76	
<hr/>									
240	35	6344	00	999 8 99 0 00	USDA DONATED COMMODITIES				
				** Beginning		0.00	0.00	0.00	0.00
GJ	MB2F01	09-01-2017	09	OPENING ENTRY	-12,000.00				
GJ	180241	10-06-2017	10	COMMODITY STORAGE		202.40			
GJ	180241	10-06-2017	10	COMMODITY STORAGE	-202.40				
EN	180214	10-06-2017	10	U.S. FOOD SERVICE		202.40			
CK	004084	10-06-2017	10	U.S. FOOD SERVICE	-202.40		202.40		
GJ	180840	01-30-2018	01	COMMODITY STORAGE/DISTRIBU		478.24			
GJ	180840	01-30-2018	01	COMMODITY STORAGE/DISTRIBU	-478.24				
EN	180795	01-30-2018	01	U.S. FOOD SERVICE		478.24			
CK	004576	02-06-2018	02	U.S. FOOD SERVICE	-478.24		478.24		
GJ	181102	04-09-2018	04	COMMODITY DELIVERY		251.94			

Nonprofit School Food Service Account Limitation on Net Cash Resources

Nonprofit School Food Service Account and Limitation on Net Cash Resources



Step 1a **Calculate net cash resources:** Using the SFA's year-end Balance Sheet (or comparable documentation) for the RM review period, subtract the SFA's current liabilities from its current assets (excluding inventories) to obtain the SFA's net cash resources.



Step 2a **Calculate net adjusted total operating expenses:** Using the SFA's Statement of Revenues and Expenses for the RM Review period, determine the SFA's total operating expenses (minus depreciation).



Step 3a **Calculate average monthly expenses:** Divide the total operating expenses (calculated in Step 2a) by the number of the SFA's operating months (typically 9 or 10 months) to obtain the SFA's average monthly expenses.



Step 4a **Calculate average expenses for 3 month period:** Multiply the SFA's average monthly expense amount (calculated in Step 3a) by 3 to obtain the SFA's 3 month average monthly expenses.



Document calculations for Step 1a through Step 4a.

Step 5a **Determine compliance with 3 month net cash resource limitation:** Compare the SFA's net cash resource amount calculated in Step 1a of this section to the SFA's three month average monthly expenses calculated in Step 4a.



Nonprofit School Food Service Account Limitation on Net Cash Resources

Identify the net cash resources: assets - liabilities

Step 1--Identify current assets excluding inventory and subtracting liabilities.

Step 2--Determine the CE's total operating expenditures for the review period.

Step 3--Calculate the average monthly expenses.

Step 4--Calculate the average expenses for 3 months.

Step 5--Determine compliance with 3 month net cash resource limitation.

The total in step 1 should not exceed the total in Step 4.

Nonprofit School Food Service Account Internal Controls

What internal controls has the CE implemented to maintain oversight over federal funds and allowable charges?

- **Training, Separation of Duties, Electronic POS**
- **Physical Controls**
- **Review of receipts and Profit and Loss Statements**

How often does your CND review the General Ledger?

Nonprofit School Food Service Account Internal Controls

**If Did the CE provide non-reimbursable meals free of charge?
reimbursable meals ?**

How is the nutrition account reimbursed for the free meals?

Nonprofit School Food Service Account Allowable Costs

Did the CE carry over student / adult meal charges from the previous school year?

ARS will review at least 10% of all expenses or review 100% of expenses for one month and request receipts for sampled expenses.

Were all purchases reasonable and necessary?

Nonprofit School Food Service Account Equipment Purchases

In reviewing allowable costs the ARS will look for expenditures exceeding \$5,000.



Section 2 - Paid Lunch Equity

- Each year, a CE must evaluate their lunch pricing structure
- A CE must determine if the cost and income from lunch meals are equitably distributed amongst free, reduced-price and paid meals
- This section does not apply to CE's or sites operating Non-Pricing Universal Free Federal Feeding Programs



Paid Lunch Equity Assessed in RM 700

The PLE section will request the following information:

- Which mechanism was utilized to assess paid meal prices (Paid Lunch Equity tool or comparable mechanism)?**
- What the paid meal prices were for the selected school year?**
- Were non-federal funds utilized to off-set or eliminate the need to raise paid meal prices during the selected school year?**
- Were the paid meal prices set at or above the required amount as indicated by the selected mechanism?**

Paid Lunch Equity Assessed in RMCR

If the PLE section triggers a risk indicator, the ARS will request the following documentation:

- **The Previous School Year's PLE Tool**
- **The Previous School Year's Meal Prices**
- **The Current School Year's Meal Prices**
- **The Current School Year PLE Tool**
- **The nutrition account balance as of 12/31/2018**

Did the CE Have a Zero or Positive Balance as of December 31, 2018?

- If the CE maintained a positive or zero balance as of December 31, 2018, the CE may chose to complete a PLE tool.
- If the CE did not have a positive or zero balance as of December 31, 2018, a PLE tool should be used to identify minimum paid lunch amounts.

Paid Lunch Equity Assessed in RMCR

Did the CE increase their paid meal prices in accordance to the PLE tool or comparable mechanism?

Were meal prices increased appropriately?

Were non-federal funds used to support paid meal prices?

Were non-federal funds allowable and of a sufficient amount?

Were the correct values entered into the PLE tool?

Mid Presentation Questions and Comments

Are there concerns or comments regarding the Administrative Review process?

Difficulties uploading, understanding handouts, meeting timelines?

Section 3 - Revenue from Nonprogram Foods

nd/Re	
mbursement Rate	
eed Breakfast Rate	
ederal Funds Received	\$
Local Student Price Charged	
im Adult Breakfast Charge	\$

Assessing revenue from Nonprogram foods the ARS will request the following items:

- ✓ General Ledger with Trial Balance
- ✓ Adult Meal Calculator
- ✓ USDA Nonprogram Food Revenue Tool
- ✓ Multi Day Reference Tool

Revenue From Nonprogram Foods

Nonprogram Revenue and Costs – What categories of Nonprogram foods does the CE have?

- **Adult Meals**
- **Catering / Meals supplied to other districts**
- **A-la-carte**
- **Vending Machines**
- **Fundraisers and School Stores**

Revenue From Nonprogram Foods

- **Adult Meals**
- **Catering / Meals supplied to other districts**
- **A-la-carte**
- **Vending Machines**
- **Fundraisers and School Stores**

How does the CE ensure all proceeds from the sale of Nonprogram foods are deposited into the nonprofit food program account?

Revenue From Nonprogram Foods Catering

If the CE used funds, foods or resources for any catering activity, the ARS will ask to see how catering activities are tracked.

- **General Ledger catering activities, debits and credits.**
- **Copies of catering invoices and receipts.**
- **How did the CE price the catering event / activity?**

Revenue From Nonprogram Foods Adult Meals

Are adult meals priced in a manner which sufficiently covers the cost of producing the meal?

- **Adult Meal Calculator**
- **Method 1 and Method 2**
- **ARM**

Method 1 Lunch	
Federal Funds/Reimbursement Rate	Amount CE Receives
Paid Reimbursement Rate	
Performance-Based Reimbursement	
Severe Need Lunch Rate	
USDA Foods Rate	
Total Federal Funds Received	\$ -
Highest Local Student Price Charged	
Minimum Adult Charge	\$ -

Method 1 Breakfast	
Federal Funds/Reimbursement Rate	Amount CE Receives
Paid Reimbursement Rate	
Severe Need Breakfast Rate	
Total Federal Funds Received	\$ -
Highest Local Student Price Charged	
Minimum Adult Breakfast Charge	\$ -

Method 2 Lunch	
Federal Funds/Reimbursement Rate	Amount CE Receives
Free Reimbursement Rate	
Performance-Based Reimbursement	
Severe Need Lunch Rate	
USDA Foods Rate	
Total Federal Funds Received	\$ -
Minimum Adult Charge	\$ -

Method 2 Breakfast	
Federal Funds/Reimbursement Rate	Amount CE Receives
Free Reimbursement Rate	
Severe Need Breakfast Rate	
Total Federal Funds Received	\$ -
Minimum Adult Breakfast Charge	\$ -

Method 1 Lunch	
Federal Funds/Reimbursement Rate	Amount CE Receives
Paid Reimbursement Rate	
Performance-Based Reimbursement	
Severe Need Lunch Rate	
USDA Foods Rate	
Total Federal Funds Received	\$ -
Highest Local Student Price Charged	
Minimum Adult Charge	\$ -

Revenue From Nonprogram Foods Adult Meals

Method 1 Lunch

Highest Student Paid Price

+

Paid Reimbursement (.31)

+

Commodity Value (.345)

+

Meal Certification (.06) = Minimum Adult Charge

* .02 if supplemental reimbursement received

Method 1 Breakfast	
Federal Funds/Reimbursement Rate	Amount CE Receives
Paid Reimbursement Rate	
Severe Need Breakfast Rate	
Total Federal Funds Received	\$ -
Highest Local Student Price Charged	
Minimum Adult Breakfast Charge	\$ -

Revenue From Nonprogram Foods Adult Meals

Method 1 Breakfast

Highest Student Paid Price

+

Paid Reimbursement (.31)

+

Severe Need (.35) = Minimum Adult Charge

Method 2 Lunch	
Federal Funds/Reimbursement Rate	Amount CE Receives
Free Reimbursement Rate	
Performance-Based Reimbursement	
Severe Need Lunch Rate	
USDA Foods Rate	
Total Federal Funds Received	\$ -
Minimum Adult Charge	\$ -

Revenue From Nonprogram Foods Adult Meals

Method 2 Lunch

Free Student Reimbursement Rate
(3.31)
 +
Commodity Value (.345)
 +
Meal Certification (.06) = Minimum
Adult Charge

* .02 if supplemental reimbursement received

Method 2 Breakfast	
Federal Funds/Reimbursement Rate	Amount CE Receives
Free Reimbursement Rate	
Severe Need Breakfast Rate	
Total Federal Funds Received	\$ -
Minimum Adult Breakfast Charge	\$ -

Revenue From Nonprogram Foods Adult Meals

Method 2 Breakfast

**Free Student Reimbursement Rate
(1.79)** = Minimum Adult Charge**

**** .35 if supplemental reimbursement received**

Revenue From Nonprogram Foods

Revenue Cost Ratios

Did the CE accurately calculate the amount of Nonprogram food revenues and expenses?

- **USDA Nonprogram Food Revenue Tool**
- **Multi - Day Reference Period**

Revenue From Nonprogram Foods USDA Tool

Nonprogram foods should be priced so program food sales do not inadvertently subsidize the costs of producing the Nonprogram foods.

Program/Nonprogram Cost and Revenue Proportion Calculation Worksheet

Contracting Entity (CE) Name:

Date:

Before Using This Form: You will need records that indicate program and nonprogram food cost and revenue.

Auto-populating Form: This form is designed (1) to auto-populate cells that have numbers that are used more than one time and (2) to auto-calculate all formulas. Cells which auto-populate when the form is completed electronically are marked with an ^. Please note, all cells which are auto-populated or auto-calculate are locked. For example, one a number is entered for A Total Program Food Cost, the same number will automatically appear in cells marked G and J. Similarly, once a formula is applied and the result autopopulates a cell, that result will automatically appear in all cells where the same result is used.

Definitions for This Form: *Program Food* means reimbursable meals. *Nonprogram Food* means all food and beverages sold other than a reimbursable meal. *Cost* includes only the purchase of food, not the labor or other costs of producing meals.

Step 1: Determine the total food cost of program and nonprogram foods and the total program and nonprogram revenue.

- **Cells A, B, & C** - Sum the *Total Program Food Cost* to the *Total Nonprogram Food Cost* to calculate the *Total Food Cost*.
- **Cells D, E, & F** - Sum the *Total Program Revenue* to the *Total Nonprogram Revenue* to calculate the *Total Revenue*.

A Total Program Food Cost	+	B Total Nonprogram Food Cost	=	C [^] Total Food Cost
<input type="text"/>		<input type="text"/>		\$0.00
D Total Program Revenue	+	E Total Nonprogram Revenue	=	F [^] Total Revenue
<input type="text"/>		<input type="text"/>		\$0.00

Step 2: Determine the percentage of total food cost for program and nonprogram foods.

- **Cells G, H & I** - Divide the *Total Program Food Cost* by the *Total Food Cost* to calculate the *Total Program Food Cost Percentage*.
- **Cells J, K, & L** - Divide the *Total Nonprogram Food Cost* by the *Total Food Cost* to calculate the *Total Nonprogram Food Cost Percentage*.

G [^] Total Program Food Cost	÷	H [^] Total Food Cost	=	I [^] Total Program Food Cost Percentage
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Revenue From Nonprogram Foods USDA Tool

Step 1: Determine the total food cost of program and nonprogram foods and the total program and nonprogram revenue.

- **Cells A, B, & C** - Sum the *Total Program Food Cost* to the *Total Nonprogram Food Cost* to calculate the *Total Food Cost* .
- **Cells D, E, & F** - Sum the *Total Program Revenue* to the *Total Nonprogram Revenue* to calculate the *Total Revenue* .

A Total Program Food Cost	+	B Total Nonprogram Food Cost	=	C[^] Total Food Cost
				\$0.00
D Total Program Revenue	+	E Total Nonprogram Revenue	=	F[^] Total Revenue
				\$0.00

Step 1 – Identify total Program and NonProgram Food Costs and Revenues.

Revenue From Nonprogram Foods USDA Tool

A
Total Program Food Cost

+

B
Total Nonprogram Food Cost

=

C^A
Total Food Cost

A - Food costs resulting from producing reimbursable meals. (food receipts)

Food costs and revenues from catering, vended meals, or purchasing for other entities during the reference period is not required.
B - Nonprogram food means any food (other than reimbursable meals) or beverages purchased using nonprofit school food service account funds.

Revenue From Nonprogram Foods USDA Tool

B

Total Nonprogram Food Cost

What is the reference period?

ARS will ask for the previous year's worth of Nonprogram food costs.

Nonprogram food costs may be difficult to obtain.

Revenue From Nonprogram Foods USDA Tool

If records do not separate program and Nonprogram food costs, CEs are required to identify:

- (a) all Nonprogram foods sold during the reference period and
- (b) for each Nonprogram food sold, identify the cost per serving/item by the quantity sold as a Nonprogram food.

Revenue From Nonprogram Foods USDA Tool

$$\begin{aligned} & \text{Food cost for nonprogram item \# 1} \\ & \text{(cost per serving X quantity sold as nonprogram food)} \\ & \quad + \\ & \text{Food cost for nonprogram item \# 2} \\ & \text{(cost per serving X quantity sold as nonprogram food)} \\ & \quad + \\ & \text{Food cost for nonprogram item \# 3} \\ & \text{(cost per serving X quantity sold as nonprogram food)} \\ & \quad + \end{aligned}$$

How many different Nonprogram food item types are sold in a given month? In a year?

Revenue From Nonprogram Foods USDA Tool

- **What if the CE utilizes a FSMC with fixed price contract?**
- **The FSMC should annually provide information on food costs and revenues.**
- **The information must include food cost for reimbursable meals, food cost for non-program foods, revenue from non-program foods, and total revenue.**
- **Nonprogram foods include: a la carte; catering; vending; and student stores operated, or any other sales generated through the nonprofit school food service account.**

Revenue From Nonprogram Foods USDA Tool

D
Total Program Revenue

+

E
Total Nonprogram Revenue

=

F^A
Total Revenue

\$0.00

D - Food revenues resulting from providing reimbursable meals.

E - Nonprogram food revenue as determined by the CEs point of sale system.

Revenue From Nonprogram Foods USDA Tool

Determining Food Cost Percentages

E Total Nonprogram Revenue	/	D Total Program Revenue	+	E Total Nonprogram Revenue	= Revenue Ratio
<input type="text"/>		<input type="text"/>		<input type="text"/>	>=
B Total Nonprogram Food Cost	/	A Total Program Food Cost	+	B Total Nonprogram Food Cost	= Cost Ratio
<input type="text"/>		<input type="text"/>		<input type="text"/>	

Revenue Ratio = (Nonprogram Food Revenue/Total program + Nonprogram revenue)
>=

Food Cost Ratio = (Nonprogram food costs/Total program foods + Nonprogram food costs)

Section 4 – Indirect Costs

- ✓ **Indirect Cost Rate Agreement**
- ✓ **Correct Rate / Base Calculation**
- ✓ **Indirect Cost Consistency Documentation**
- ✓ **General Ledger with Trial Balance**

Indirect Costs

Indirect Cost Rate Agreement

Effective as of school year 2018–2019, ISDs must request an indirect cost rate each year by completing and submitting the Indirect Cost Rate Proposal (ICRP) Additional Costs Workbook (ACW) to TEA.

Indirect Costs

Indirect Cost Rate Agreement

- The submitted workbook will provide approximately 10% of the data required in a completed ICRP.
- TEA will obtain approximately 90% of the data needed to populate the ICRP from an ISD's certified Public Education Information Management System (PEIMS) data.

Indirect Costs

Indirect Cost Rate Agreement

- If the ISD does not submit a completed ICRP ACW, TEA will not calculate or issue a rate for that ISD for the 2019–2020 school year.

Indirect Costs

Indirect Cost Rate Agreement

TEA's Delegation Agreement of 2018–2019

- Prohibits indirect cost rate extensions
- Rescinds all current indirect cost rate extensions
- Requires that rates be requested by independent school districts (ISDs) every year
- Requires that TEA calculates rates every year
- Requires 3 years of financial data to calculate the one-year rate

Indirect Costs

Correct Rate / Base Calculation

The ARS will request the base calculation the CE applied the indirect cost rate.

\$0.00 – Do not provide a single figure amount as detailed supportive documentation will be needed to support the direct cost base.

ARS will review documentation for unallowable costs, ensure the correct indirect cost rate was applied and ensure the direct cost base does not contain unallowable expenses.

Indirect Costs

Indirect Cost Consistency Documentation

Was an proportionate indirect cost rate applied to other federally funded programs?

Was a reduced indirect cost charged?

Indirect Cost Consistency Documentation

Fund	Fund Description	Indirect Cost	Charged	Start Date	End Date
206	TEXSHEP	2.516	2.516%	9/1/2017	8/31/2018
211	Title I Part A Impr. Basic Prog.	2.516%	2.516%	9/1/2017	6/30/2018
211	Title I Part A Impr. Basic Prog.	2.21%	2.21%	7/1/2018	8/31/2018
240	School Nutrition	12.25%	12.25%	9/1/2017	6/30/2018
240	School Nutrition	15.10%	15.10%	7/1/2018	8/31/2018
224	IDEA-B Formula	2.516%	0.000%	9/1/2017	6/30/2018
224	IDEA-B Formula	2.21%	0.00%	7/1/2018	8/31/2018
225	IDEA-B Pre-School	2.516%	0.000%	9/1/2017	6/30/2018
225	IDEA-B Pre-School	2.21%		7/1/2018	8/31/2018

Indirect Cost Loan / Forgiveness Documentation

February 1, 2019

**Does the CE
maintain a loan or
forgiveness
agreement?**

ISD did not charge the maximum unrestricted indirect cost rate to the nonprofit food service account for fiscal year 2018.

The allowable IDC based on ISD's unrestricted rate was \$5,028,985.

The difference between the indirect cost amount charged in 2018 and the maximum allowable IDC will be forgiven.

What can we discuss?





TEXAS DEPARTMENT OF AGRICULTURE
COMMISSIONER SID MILLER

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