



BUSINESS OF NUMBERS & NUTRITION

CHILD NUTRITION DIRECTORS
AND BUSINESS OFFICIALS

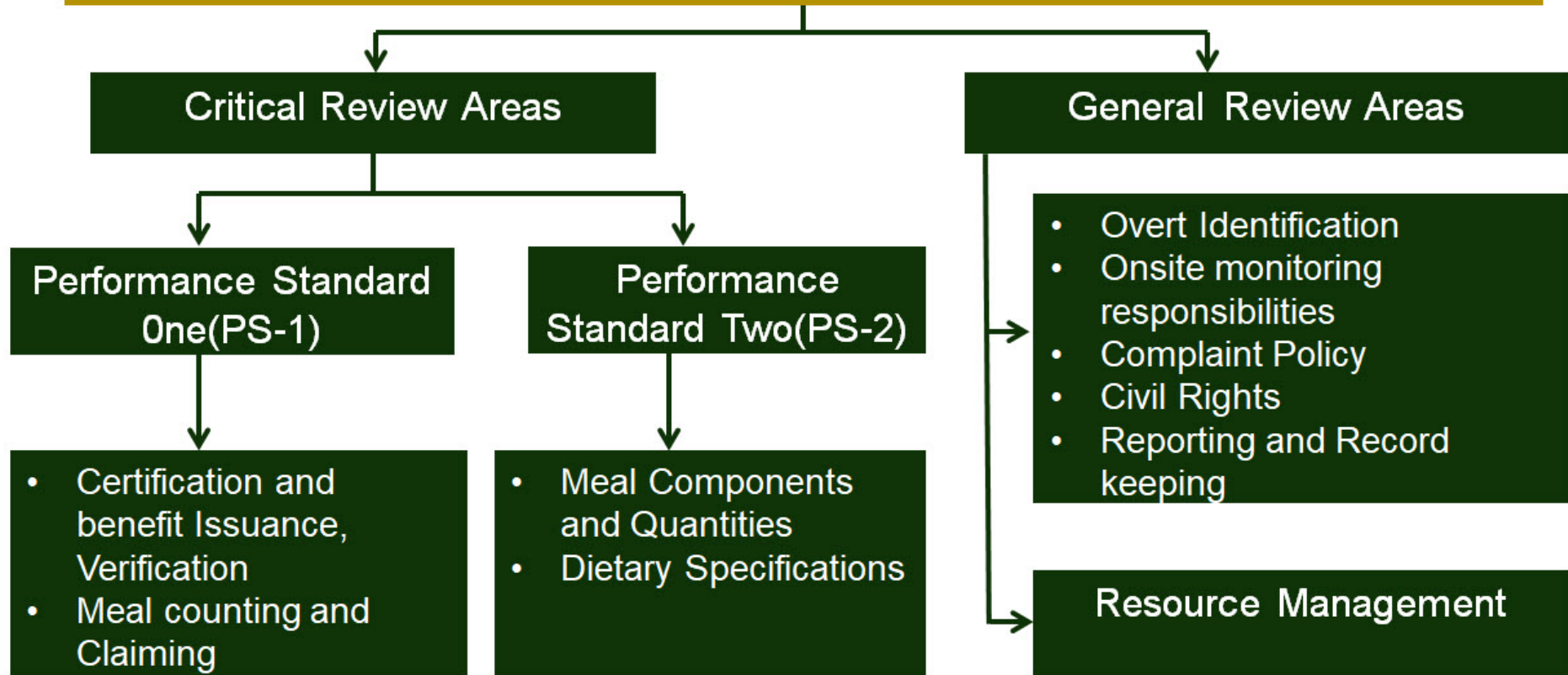
ADMINISTRATIVE REVIEW FINANCIAL
MANAGEMENT RISK ASSESSMENT

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Resource Management (RM) Overview

- ✓ General Review Area of the Administrative Review (AR)
- ✓ AR's occur every 3 years
- ✓ Designed by USDA to capture information from the School Food Authority (SFA) about its financial operations during the Resource Management (RM) Review Period

Administrative Review Areas



RM Overview

- ✓ Authorized by Healthy, Hunger-Free Kids Act of 2010
- ✓ USDA developed section titled Resource Management under the Administrative Review began in 2013.
- ✓ CE's that participate in Federal Meal Programs

Resource Management Summary (RMS) -Risk Based Assessment

- ✓ Determines increased risks based on code of federal regulations
- ✓ Assesses the comprehensive review of the four resource management areas:
 - Maintenance of the Nonprofit School Food Service Account
 - Paid Lunch Equity
 - Revenue from Non-Program foods
 - Indirect Costs

Key Information For The RMS

- CE's must complete the RMS and provide requested documentation 4 weeks prior to on-site review
- If the RMS is not received timely, a comprehensive review must be conducted on all four areas
- Supporting documentation must be provided with RMS

Resource Management Summary

Complete with required information.

Contracting Entity No.:	Completed by Name:
CE Name:	Title:
Fund Type:	Telephone #:
General Fund:	Enterprise:
	Email:

<p>Indicate Special Provision status, if applicable:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Community Eligibility Provision (CEP), district-wide <input type="checkbox"/> CEP, partial <input type="checkbox"/> Provision 2 (P2), district-wide <input type="checkbox"/> P2, partial <input type="checkbox"/> Universal Free Feeding 	<p>Documents to provide with completed form:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Chart of Accounts <input type="checkbox"/> Detailed General Ledger showing total revenues and expenditures for the nonprofit school food service account <input type="checkbox"/> Adult Meal Price Calculation Method
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Note: Nonprofit school food service account means the restricted account in which all of the revenue from all food service operations conducted by the School Food Authority (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 and proceeds from non-program foods.

****Please complete based on the most recent closed fiscal year****

Maintenance of Nonprofit School Food Service Account

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 below.

(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.)

Attach detailed general ledger for most recent completed fiscal year.

Comments:

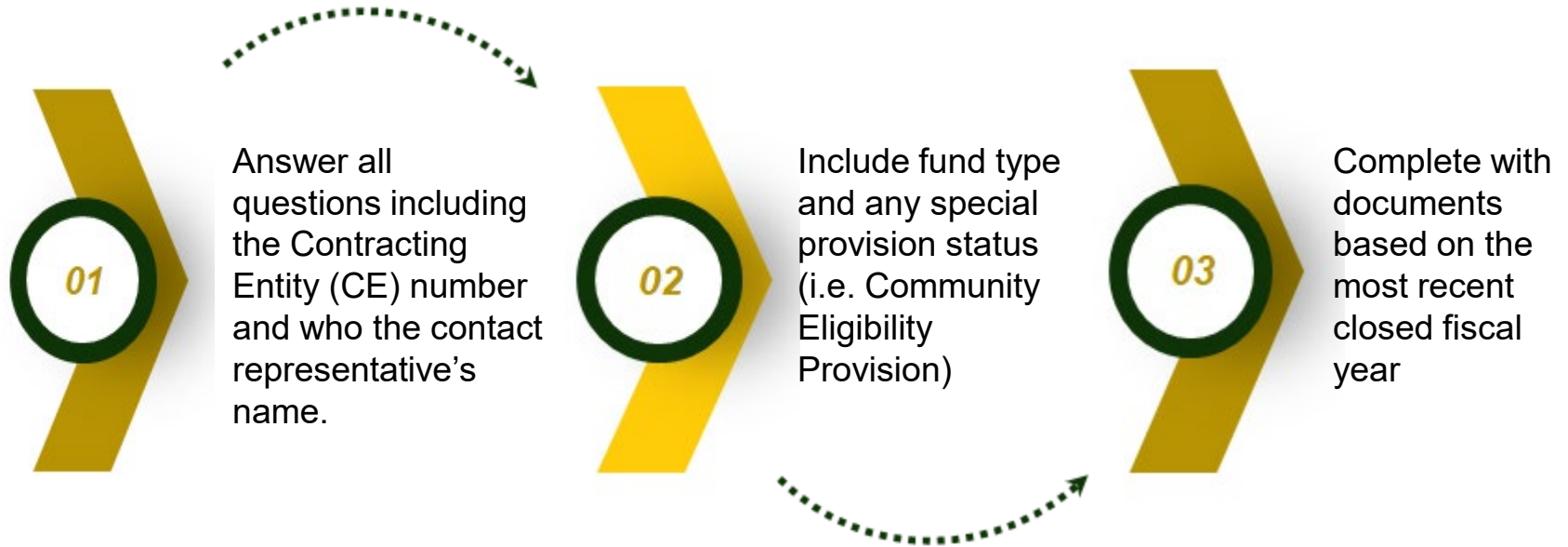
Resource Management Summary (RMS)

Key Information For The Resource Management Summary (RMS)

- ✓ Risk level is based on the discussion and documentation provided by the CE and/or interview with the CE contact
- ✓ TDA will review the CE's previous years financial documentation

Where to Start?

Completing the RMS



Maintenance of Nonprofit School Food Service Account Q. 700

- Q. 700 Did the SFA have the ability to accurately track all revenue and expenditures for the nonprofit school food service separately from all other transactions? If yes, describe the method used below.

Intent: Can we follow the money? Is the CE following generally accepted accounting principles and can TDA validate revenue and expenditure amounts?

Maintenance of Nonprofit School Food Service Account Q. 701

- Q. 701 At the end of the SFA's RM review period, did the food service have net cash resources that exceed three month's average expenditures?

Net Cash Resources = End of review period assets - End of review liabilities

Intent: Can we follow the money? Is the CE following generally accepted accounting principles and can TDA validate revenue and expenditure amounts?

Maintenance of Nonprofit School Food Service Account Q. 702 and 703

- *Q. 702 Did the SFA transfer funds other than approved indirect costs out of the food service account to support general school district expenses or non-food service-related activities?*
- *Q. 703 Excluding the purchase of equipment using equipment grant funds, if the SFA used food service funds to buy equipment during the school year under review, did it receive prior approval from the State agency either directly or via the State's pre-approved equipment list?*

Intent: *Are there any unallowable expenses pertaining to these areas?*

Maintenance of the Nonprofit School Food Service Account Q. 704 and 705

- Q. 704 *Did the SFA have any financial findings related to unallowable costs or financial mismanagement in the child nutrition programs on a previous administrative review or as part of an audit [for example, OIG, Single Audit (previously called A-133 audits), Legislative Budget Board ,TEA Audits and other state audits] within the past three years?*

If Yes, explain below.

- Q. 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?*

Intent: *Are there any unallowable expenses pertaining to these areas?*

The PLE Tool

➤ What does Paid Lunch Equity mean?

Regulations at 7 CFR 210.14 require CE's to ensure sufficient funds are provided to the nonprofit school food service account for meals served to students not eligible for free or reduced price meals.

USDA developed the Paid Lunch Equity tool to determine the price increase necessary to meet the requirement.



Paid Lunch Equity Q. 706

- *Q. 706 Did the SFA use the Paid Lunch Equity Tool or a comparable mechanism to evaluate its need to raise its paid lunch prices?*

Intent: *Is the CE pricing adequately for paid lunch prices?*

Paid Lunch Equity Q. 707 and 708

- Q. 707 Did the SFA receive a transfer of non-federal funds into the food service account to reduce or eliminate the need to raise paid lunch prices? If yes, indicate the amount of non-federal funds added to the food service account to support paid lunch prices below.
- Q. 708 Did the SFA adjust its paid lunch prices for the RM Review Period at the level at or above what was required by the USDA Paid Lunch Equity tool or comparable mechanism?

Intent: *Is the CE pricing adequately for paid lunch prices? If not, did the CE supplement the school food service account sufficiently and correctly?*

Revenue from Non-Program Foods

Q. 709 and 710

- Q. 709 With the exception of milk, did the SFA sell Smart Snacks, second entrees, and/or catering? (e.g. foods/beverages for school board meetings, foods for outside entities and programs)
- Q. 710 If the SFA provided adult meals for teachers and/or parents, did it obtain full payment from the adults receiving the meals and/or recover the cost of those meals by some other means (general fund transfer, etc.)? Please indicate how the cost of the adult meals was recovered.

Adult meals must not be supplemented by any federal reimbursement.

Adult Meal Calculator tool can be completed to ensure adult meals are sufficiently priced.

Intent: *Is the CE adequately charging for Non-Program foods?*

Revenue from Non-Program Foods Q. 711

- Q. 711 If the SFA charged for adult meals, were the meal prices sufficient to cover the overall cost of the meals? (Indicate how adult meal prices were calculated and the dollar amount charged)

Intent: *Is the CE adequately charging for Non-Program foods? Including Adult meals? If not, what steps did the CE take to correct the issue?*

Common Errors In Calculations From Non-Program Foods

- Calculating Program Foods vs. Non-Program Foods

Revenue Ratio = (Non-program food revenue / total program + non-program revenue)

>=

Food Cost Ratio = (Non-program food costs / total program foods + non-program food costs)

Non-program revenue must be greater than Non-program food cost

Intent: *Is the CE adequately correctly calculating the proportion of revenue to food cost for Non-Program foods?*

Indirect Costs Q. 712

- Q. 712 Were indirect cost charged to the non-profit school food service account?

Intent: *Did the CE charge indirect cost?*

Indirect Cost Rate Proposal must be provided by TEA. More information in the comprehensive portion of the resource management summary.

Best Practices

- ✓ Complete the Resource Management Summary (RMS) within required time frame
- ✓ Be aware that completing the RMS is a team effort between the Child Nutrition Director and Business Manager
- ✓ Provide all required documentation
- ✓ Explain your financial story as it relates to each question
- ✓ Be prepared to answer any additional questions from the Administrative Review Specialist

Questions?





TEXAS DEPARTMENT OF AGRICULTURE
COMMISSIONER SID MILLER

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