

Off-Site Questions – These are answered by CDE staff	
Maintenance of the Nonprofit School Food Service Account - Last Audited School Year (SY 2022-23)	
700.	<p>Question: Did the SFA have the ability to accurately track all revenues and expenditures for the nonprofit school food service separately from all other transactions?</p> <p><b>Tips:</b> SFAs should have the ability to monitor funds available for food service operations, identify shortfalls, and budget appropriately.</p> <p>In CO public SFAs are required to annually report food service activity in a separate fund (Fund 21) while following the <a href="#">CDE Chart of Accounts</a>.</p> <p>Nonpublic SFAs are allowed to commingle funds but must have the ability to track their nonprofit food service account revenue and expenses. Nonpublic SFAs should be able to generate a report that isolates food service activity.</p> <ul style="list-style-type: none"> <li>•• <b>Yes</b> – the SFA has a separate fund (Fund 21) or the ability to isolate all food service activity. <ul style="list-style-type: none"> <li>○ <i>Describe the method used in the comments box, such as having a separate account only for food service revenues and expenditures (Fund 21).</i></li> </ul> </li> <li>•• <b>No</b> – the SFA does not separate their revenues and expenses for the nonprofit food service account</li> </ul>
701.	<p>Question: At the end of the SFA's RM review period, did the food service have net cash resources that exceeded three months' average expenditures?</p> <p><b>Tips:</b> SFAs need to maintain a fund balance that does not exceed more than three months of average expenditures. This can be calculated by taking the total annual expenses divided by nine months then multiplying by three to get a three-month average. If the districts fund balance exceeds this amount, they are in violation of having excess funds and need to submit a spending plan to CDE for approval. The spending plan needs to describe how the SFA is reinvesting the excess funds back into the school nutrition program(s). <a href="#">7 CFR 210.19(a)(1)</a></p> <p>SFAs who are in violation of excess net cash in the last audited year, will need to provide an updated calculation from previous closed year for net cash status. An updated/revised or new spending plan will also need to be submitted to School Nutrition Unit for approval.</p> <ul style="list-style-type: none"> <li>•• <b>Yes</b> – the SFA was in violation of excess net cash in last audited school year and <b>does not</b> have an approved spending plan on file with the CDE or the updated spending plan was not deemed reasonable</li> <li>•• <b>No</b> – the SFA was not in violation of excess net cash in last audited school year</li> <li>•• <b>No</b> – the SFA has an approved spending plan on file with the CDE along with a reasonable update (please attach for review if not already submitted and approved) and/or no longer in violation of excess net cash in last closed year</li> </ul> <p>Spending plan template and calculation (updated template coming soon to website)</p>



## USDA Administrative Review: Resource Management

704	<p>Question: 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), other state audits) within the past three years?</p> <p><b>Tips:</b></p> <ul style="list-style-type: none"> <li>• <b>Yes</b> – the SFA has received a financial finding within the past three years</li> <li>• <b>No</b> – the SFA has not received any financial findings in the past three years</li> </ul>
705.	<p>Question: <b>Did the SFA have (written)</b> internal control procedures in place to ensure that only allowable costs were charged to the nonprofit school food service account?</p> <p><b>Tips:</b> Federal requirements under 2 CFR 200.303 require non-Federal entities, such as states and SFAs, to establish and maintain effective internal controls over the Federal funds they receive that provides reasonable assurance that they are following Federal statutes, regulations and the terms and conditions of the Federal award.</p> <p>Internal controls may include processes that help ensure, for instance, that financial transactions are properly recorded and accounted for, to permit the preparation of reliable financial statements and Federal reports, maintain accountability over assets and demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.</p> <ul style="list-style-type: none"> <li>• <b>Yes</b> – the SFA has acceptable internal control procedures in place that ensures only allowable costs are charged to the nonprofit food service account. <ul style="list-style-type: none"> <li>○ <i>Please attach internal control procedures</i></li> </ul> </li> <li>• <b>No</b> – the SFA does not have internal control procedures in place that ensures only allowable costs are charged to the nonprofit food service account.</li> </ul> <p>Procedures may include:</p> <ul style="list-style-type: none"> <li>○ Annual allowable cost training;</li> <li>○ Financial management standard operating procedures;</li> <li>○ The assignment of financial responsibilities to different individuals;</li> </ul> <p>In general, charges to the nonprofit school food service account must be:</p> <ul style="list-style-type: none"> <li>○ <b>Reasonable:</b> A reasonable cost must follow State and Federal regulations and must follow restraints imposed by generally accepted sound business practices. For example, as a best practice, reasonable costs should follow an “arms-length” standard, meaning programs costs should be in line with the price that the item or service would cost on the open market.</li> <li>○ <b>Necessary:</b> Only costs that are necessary for program purposes and that satisfy Federal cost principles and program regulations.</li> <li>○ <b>Allocable:</b> Costs must be assigned to the programs, functions, and activities that benefited from the SFA having incurred the cost.</li> </ul> <p><i>SFAs were asked previously in the AR Questionnaire to provide the district’s internal control process/procedures. If the SFA currently does not have <u>written</u> internal controls, please work with your reviewer to document procedures. A template can be provided upon request.</i></p>

<p><u><b>Paid Lunch Equity (PLE)</b></u> – Current School Year (SY 2024-25)</p> <p><b>Not applicable for SFAs not charging students for meals under Healthy School Meals for All, provisional program, or a residential center</b></p>	
706.	<p>Question: Did the SFA use the USDA Paid Lunch Equity Tool or a comparable mechanism to evaluate its need to raise its paid lunch prices?</p> <p><b>Tips:</b> The PLE Tool was created to assist SFAs to calculate their paid lunch price increase requirements and/or non-Federal source contributions (or general fund transfers) to meet the requirements specified in <a href="#">7 CFR 210.14(e)</a>. SFAs compare the average weighted price for paid lunches to the difference between the per meal Federal reimbursement for free and paid lunches.</p> <ul style="list-style-type: none"> <li>• <b>Yes</b> –SFA submitted a PLE tool to CDE and <b>did not</b> request an exemption</li> <li>• <b>No</b> –SFA did not turn in a PLE tool to CDE for current school year</li> <li>• <b>No, \$0 balance</b> –SFA submitted a PLE tool to CDE and was given an <b>exemption</b> for current school year for having a zero or positive balance at indicated time</li> <li>• <b>N/A-1</b> –SFA did not have to fill out a PLE tool because the SFA is <b>nonpricing</b> (CEP, Provisional 2/3 or universal free)</li> <li>• <b>N/A-2</b> –SFA submitted a PLE tool and was <b>“At or Above Equity”</b> (current prices are compliant)</li> </ul>
707.	<p>Question: 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?</p> <p><b>Tips:</b> SFAs are allowed to use non-Federal funds instead of increasing paid lunch prices. Although this is allowable, SFAs answering “Yes”, will receive a risk indicator. The State Agency will need to verify the non-Federal funds were adequate and an allowable source. Below you will find how to answer the question.</p> <ul style="list-style-type: none"> <li>• <b>Yes</b> -SFA submitted a PLE tool indicating they will “Contribute Non-Federal Sources” (or general fund transfer) or “Both” for current school year, please include a confirmation of the non-Federal fund source. <ul style="list-style-type: none"> <li>○ <b>Contribute Non-Federal Sources for current school year</b> – the SFA has chosen to use a non-Federal fund source in place of increasing lunch prices in current school year.</li> <li>○ <b>Both</b> – the SFA has chosen to increase their prices in a small increment along with using non-Federal funds source for compliance.</li> </ul> </li> <li>• <b>No</b> –SFA indicated they will be increasing their prices in current school year</li> <li>• <b>N/A-1</b> –SFA did not have to fill out a PLE tool because the SFA is nonpricing (CEP, Provisional 2/3 or universal free)</li> <li>• <b>N/A-2</b> –SFA submitted a PLE tool and was “At or Above Equity” (current prices are compliant)</li> <li>• <b>N/A-3</b> –SFA submitted a PLE tool to CDE and was given an exemption for current school year for having a zero or positive balance as indicated date.</li> </ul> <p>To calculate the non-Federal fund source, please use the following calculation.</p> <p>_____ total paid student lunches served last school year x \$ ____ (indicated increase w/ \$.10 max) = \$_____. ____ non-Federal fund source for compliance</p>

## USDA Administrative Review: Resource Management

708.	<p>Question: 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?</p> <p><b>Tips:</b> SFAs have the option of maximizing the increase to \$.10. The \$.10 max is a USDA recommendation, although price increases are a local decision in CO. Below you will find how to answer the question.</p> <ul style="list-style-type: none"> <li>•• <b>Yes</b>-SFA indicated they will be increasing their prices in current school year <ul style="list-style-type: none"> <li>○ Please note in the comments section the price increase(s)</li> </ul> </li> <li>•• <b>No</b> -SFA did not increase prices as they indicated they would be in the PLE Tool for current school year <ul style="list-style-type: none"> <li>○ <b>No</b> – SFA is ‘Contributing Non-Federal Funds’ in place of increasing their prices</li> </ul> </li> <li>•• <b>N/A-1</b> –SFA did not have to fill out a PLE tool because the SFA is nonpricing (CEP, Provisional 2/3 or universal free)</li> <li>•• <b>N/A-2</b> –SFA submitted a PLE tool and was “At or Above Equity” (current prices are compliant)</li> <li>•• <b>N/A-3</b> –SFA submitted a PLE tool to CDE and was given an exemption for current school year for having a zero or positive balance as indicated date.</li> <li>•• <b>N/A-4</b> –SFA was given a special exemption from the PLE requirements for current school year (not applicable, this is not relevant in CO for current school year)</li> </ul>
<b>Revenue from <u>Nonprogram Foods</u> – Current School Year (SY2024-25)</b>	
709.	<p>Question: With the exception of milk and <b>adult meals (and occasional leftovers as seconds)</b>, did the SFA sell Smart Snacks, second entrees, and/or <b>catering (e.g., foods/beverages for school board meetings; foods for outside entities and programs)</b>?</p> <p><b>Tips:</b> Marking “yes” that nonprogram foods are sold, is an allowable and encouraged practice in the school food service industry. This question receives a risk indicator because the USDA wants the State Agency to ensure the SFAs are adequately covering their costs with the prices they are charging for the nonprogram foods.</p> <ul style="list-style-type: none"> <li>•• <b>Yes</b> –SFA sells non-reimbursable foods with the exception of milk and adult meals, including but not limited to a la carte items sold in the cafeteria, <b>seconds*</b>, catering, and other foods funded by the food service department that are sold in school stores, snack bars, and vending machines</li> <li>•• <b>No</b> –SFA does not offer and/or sell nonprogram foods or <b>only</b> offers adult meals and/or extra milks with no other nonprogram foods</li> </ul> <p>SFAs were asked to fill out an <i>AR Questionnaire</i> that included nonprogram foods that are currently being offered and/or sold at their district.</p> <p><i>*seconds – entrée or side items sold as a la carte/Smart Snacks, this does not include unplanned leftovers that are occasionally offered to students.</i></p>



<u>Indirect Costs</u> – Last Audited School Year (SY 2022-23)	
712.	<p>Question: Were indirect costs charged to the SFA's nonprofit school food service account?</p> <p><b>Tips:</b> Indirect costs are an allowable expense to the nonprofit food service fund. Indirect costs can be seen as overhead expenses that support an operation (administrative overhead functions such as accounting, payroll, purchasing, facilities management, maintenance, etc).</p> <p>The SA must confirm that SFAs follow fair and consistent methodologies to identify and allocate allowable indirect costs to school food service accounts, (2 CFR 200).</p> <ul style="list-style-type: none"> <li>•• <b>Yes</b> – the SFA was charged for indirect costs, (object codes 0869 from the CDE Chart of Accounts)</li> <li>•• <b>No</b> – the SFA is not being charged indirect costs</li> </ul> <p><a href="#">7 CFR 210.14(g)</a>  <a href="#">School Nutrition Indirect Costs</a>  <a href="#">CO School District Indirect Cost Agreements</a></p>