

Off-Site Questions	
Maintenance of the Nonprofit School Food Service Account - Last Audited School Year (SY 2017-2018)	
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>Tips: 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 CDE Chart of Accounts.</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"> • Yes – the SFA has a separate fund (Fund 21) or the ability to isolate all food service activity. <ul style="list-style-type: none"> ○ <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> • No – the SFA does not separate their revenues and expenses for the nonprofit food service account
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>Tips: 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).</p> <p>SFAs that currently have an approved spending plan on file for excess net cash funds in SY17-18 need to provide a progress update. Please update the plan, initial, and re-submit. If progress seems reasonable, the risk indicator can be disregarded.</p> <ul style="list-style-type: none"> • Yes – the SFA was in violation of excess net cash in SY17-18 and does not have an approved spending plan on file with the CDE or the updated spending plan was not deemed reasonable • No – the SFA was not in violation of excess net cash in SY17-18 • No – 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) <p>Spending plan template and calculation</p>

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702.	<p>Question: 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?</p> <p>Tips: Program regulations, 7 CFR Parts 210.14 and 220.13(i), requires SFAs to establish a nonprofit school food service account, in which all reimbursements and other revenues from all food service operations conducted by the SFA, principally for the benefit of school children, are retained and used only for the operation or improvement of the nonprofit school food service. In other words, there should not be any funds transferred out of the nonprofit food service account to support other operations. Indirect costs should be tied to object code 0869 and not through the use of a transfer.</p> <ul style="list-style-type: none"> • Yes - the district has transferred funds out of the nonprofit food service account to support operations. • No – the district has not transferred any funds out of the food service account
703.	<p>Question: 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 process (equipment approval tree)?</p> <p>* Equipment - defined by Federal regulations as tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit purchased cost which equals or exceeds the lesser of the capitalization level established by the SFA/LEA for financial statement purposes, or \$5,000.</p> <p><i>(A single piece of equipment that costs > \$5,000 or a single piece of equipment that costs more than the SFAs capital equipment threshold).</i></p> <p>Tips: 2 CFR 200.439 requires non-Federal entities, such as SFAs, to obtain approval from the State Agency for equipment purchases of \$5,000 or more. SFAs may impose a capitalization level more restrictive than \$5,000, in which case the State’s lower threshold applies and their SFAs must receive prior approval before purchasing equipment costing above the SFA’s capitalization level.</p> <p><i>SFAs were asked previously in the info gathering form to provide the district’s capitalization threshold and if they purchased any single piece of equipment over the capitalization threshold in SY17-18.</i></p> <ul style="list-style-type: none"> • Yes – the SFA purchased equipment in SY17-18 using food service funds and properly followed the equipment approval tree and/or received prior approval from CDE. <ul style="list-style-type: none"> ○ Documentation of using equipment approval tree can be provided upon request • No – the SFA purchased equipment in SY17-18 without properly following the equipment approval tree and/or seeking prior approval from CDE • N/A – no equipment was purchased with food service funds <p>TA: If SFA was a recipient of the Equipment Grant funds, they were instructed to keep these funds separate from the nonprofit foodservice account. If intermingled, please instruct SFA to use a different fund in the future.</p>

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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>Tips:</p> <ul style="list-style-type: none"> • Yes – the SFA has received a financial finding within the past three years • No – the SFA has not received any financial findings in the past three years
705.	<p>Question: Did the SFA have (written) internal control procedures in place to ensure that only allowable costs were charged to the nonprofit school food service account?</p> <p>Tips: 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 in compliance with 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, in order 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"> • Yes – 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"> ○ <i>Please attach internal control procedures</i> • No – the SFA does not have internal control procedures in place that ensures only allowable costs are charged to the nonprofit food service account. <p>Procedures may include:</p> <ul style="list-style-type: none"> ○ Annual allowable cost training; ○ Financial management standard operating procedures; ○ The assignment of financial responsibilities to different individuals; <p>In general, charges to the nonprofit school food service account must be:</p> <ul style="list-style-type: none"> ○ Reasonable: 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. ○ Necessary: Only costs that are necessary for program purposes and that satisfy Federal cost principles and program regulations. ○ Allocable: Costs must be assigned to the programs, functions, and activities that benefited from the SFA having incurred the cost. <p><i>SFAs were asked previously in the info gathering form to provide the district’s internal control process/procedures. If the SFA currently does not have <u>written</u> internal controls, but can verbalize the process/procedures, please work with your reviewer to document these procedures.</i></p>

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<u>Paid Lunch Equity (PLE) – Current School Year (SY2019-2020)</u>	
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>Tips: The PLE Tool was created to assist SFAs to calculate their paid lunch price increase requirements and/or non-federal source contributions (general fund transfers) to meet the requirements specified in 7 CFR 210.14(e). SFAs compare the average weighted price for paid lunches to the difference between the per meal Federal reimbursement for free and paid lunches.</p> <p>Colorado has an approved Paid Lunch Equity Tool which is considered a comparable mechanism. These tools are collected by all SFAs annually. Below you will find how to answer the question.</p> <ul style="list-style-type: none"> • Yes –SFA submitted a PLE tool to CDE and did not request an exemption • No –SFA did not turn in a PLE tool to CDE for SY2019-2020 • No, \$0 balance –SFA submitted a PLE tool to CDE and was given an exemption for SY2019-2020 for having a zero or positive balance as December 31, 2018 • N/A-1 –SFA did not have to fill out a PLE tool because the SFA is nonpricing (CEP, Provisional 2/3 or universal free) • N/A-2 –SFA submitted a PLE tool and was “At or Above Equity” (current prices are compliant)
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>Tips: SFAs are allowed to transfer non-federal funds into the food service account 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"> • Yes -SFA submitted a PLE tool indicating they will “Contribute Non-Federal Sources”(general fund transfer) or “Both” for SY2019-2020, please include a confirmation of the general fund transfer. <ul style="list-style-type: none"> ○ Contribute Non-Federal Sources for SY2019-2020 – the SFA has chosen to make a general fund transfer in place of increasing lunch prices in SY2019-2020. ○ Both – the SFA has chosen to increase their prices in a small increment along with making a general fund transfer for compliance. • No –SFA indicated they will be increasing their prices in SY2019-2020 with no general fund transfer • N/A-1 –SFA did not have to fill out a PLE tool because the SFA is nonpricing (CEP, Provisional 2/3 or universal free) • N/A-2 –SFA submitted a PLE tool and was “At or Above Equity” (current prices are compliant) • N/A-3 –SFA submitted a PLE tool to CDE and was given an exemption for SY2019-2020 for having a zero or positive balance as December 31, 2018. <p>To calculate the general fund transfer, please use the following calculation _____total paid student lunches served SY2018-2019 x \$.____ (indicated increase w/</p>

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	<p align="center">\$.10 max) = \$ _____.__ general fund transfer for compliance</p>
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>Tips: 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"> • Yes-SFA indicated they will be increasing their prices in SY2019-2020 <ul style="list-style-type: none"> ○ Please note in the comments section the price increase(s) • No -SFA did not increase prices as they indicated they would be in the PLE Tool for SY2019-2020 <ul style="list-style-type: none"> ○ No – SFA is “Contributing Nonfederal Funds” in place of increasing their prices • N/A-1 –SFA did not have to fill out a PLE tool because the SFA is nonpricing (CEP, Provisional 2/3 or universal free) • N/A-2 –SFA submitted a PLE tool and was “At or Above Equity” (current prices are compliant) • N/A-3 –SFA submitted a PLE tool to CDE and was given an exemption for SY2019-2020 for having a zero or positive balance as December 31, 2018. • N/A-4 –SFA was given a special exemption from the PLE requirements for SY2019-2020 (not applicable, this is not relevant in CO for SY2019-2020)
<p>Revenue from Nonprogram Foods – Current School Year (SY2019-2020)</p>	
709.	<p>Question: With the exception of milk and adult meals (and occasional leftovers as seconds), 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)?</p> <p>Tips: 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"> • Yes –SFA sells any non-reimbursable foods with the exception of milk and adult meals, including but not limited to a la carte items sold in the cafeteria, seconds*, catering, and other foods funded by the food service department that are sold in school stores, snack bars, and vending machines • No –SFA does not offer and/or sell nonprogram foods or only offers adult meals and/or extra milks with no other nonprogram foods <p>SFAs were asked to fill out an information gathering form that included nonprogram foods that are currently being offered and/or sold at their district.</p> <p>*seconds – entrée or side items sold as a la carte/Smart Snacks, this does not include unplanned leftovers that are occasionally offered to students.</p>

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<p>710.</p>	<p>Question: 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)?</p> <p>Tips:</p> <ul style="list-style-type: none"> • Yes –SFA charges adults full price or receives a general fund transfer to cover meals served to adults, please indicate in the comment section how the cost is fully recovered. Such as... <ul style="list-style-type: none"> Adult meals are tracked through the point of sale (POS) and charged the following prices, Adult Breakfast \$2.15 and Adult Lunch \$3.75. Revenue from adult meals is deposited into the nonprofit food service account (Fund 21) and tracked separately from program revenue. and/or Adult meals are tracked through the Point of Sale (POS). A general fund transfer is made annually to cover the meals served, \$2.15 per *staff breakfast and \$3.75 per staff lunch. The following calculation is an estimate of the general fund transfer that is made to cover the costs of adult meals (1,500 x \$2.15 = \$3,225 and 2,200 x \$3.75 = \$8,250 with a total of \$11,475 general fund transfer) • No –SFA does not charge a full price or receive a general fund transfer to cover meals served to adults • N/A –SFA does not offer or sell meals to adults <p>*staff – school district employees, excluding food service staff</p>
<p>711.</p>	<p>Question: If the SFA charged for adult meals, were the meal prices sufficient to cover the overall cost of the meals in compliance with FNS Instruction 782-5, Rev. 1?</p> <p>Tips: Adult meal prices must be reviewed annually and need to be sufficient to cover all costs for producing the meal. Student payments, federal or state reimbursements or other program revenues cannot be used to subsidize meals served to adults.</p> <ul style="list-style-type: none"> • Yes –SFA is in compliance with adult meal prices, please use the Adult Meal Pricing Tool to check adult prices • No –SFA is not in compliance with adult meal prices and there is no general fund transfer to cover the price gap • N/A –SFA does not offer or sell meals to adults <p>If the SFA uses a different calculation than the one provided in the adult meal pricing tool, please include this calculation in the comment section.</p>

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Indirect Costs – Last Audited School Year (SY 2017-2018)

712.	<p>Question: Were indirect costs charged to the SFA’s nonprofit school food service account?</p> <p>Tips: 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">• Yes – the SFA was charged for indirect costs, (object codes 0869 from the CDE Chart of Accounts)• No – the SFA is not being charged indirect costs <p><u>Indirect Costs</u> <u>Indirect Cost Rates</u></p>
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