Subject: Suggested Audit Procedures for the Summer Food Service Program (SFSP)

To: STATE AGENCY DIRECTORS - Colorado, Iowa, Montana OPI, North Dakota, South Dakota, and Utah
(Special Nutrition Programs)

Attached is a copy of Suggested Audit Procedures for the Summer Food Service Program for children. Even though this guide is not required, it should assist auditors when organization-wide audits include a test of the SFSP.

There are two areas that we want to call to your attention. On page 1, administrative reimbursement to sponsors is not addressed, only operating reimbursement. Rather than using the generic term "Claim for Reimbursement" form on page 5, the form is listed as the FNS-143 which is the Federal reimbursement form.

If you have any questions regarding this guide, please let me know.

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Attachment
I. PROGRAM OBJECTIVES

The objective of the Summer Food Service Program (SFSP) for Children is to assist States through grants-in-aid to conduct nonprofit food service programs for children during the summer months and at other approved times. The SFSP was established to ensure that, during school vacation, needy children would be able to receive the same high quality meals provided during the school year by the National School Lunch Program (NSLP) and School Breakfast Program (SBP).

II. PROGRAM PROCEDURES

The Program is operated by either a department of education or an alternate State agency. In some instances the Food and Nutrition Service (FNS) operates the Program directly in States where a State agency (SA) is not permitted or is not available to operate the Program. The SA or FNS disburses funds to approved sponsors which may include: public or private nonprofit school food authorities; public or private nonprofit residential summer camps; or units of local, municipal, county or State governments which develop a special summer or other school vacation program providing food service similar to that available to children during the school year under the NSLP and SBP. Sponsors are reimbursed for the lesser of: actual operating costs incurred; or the
number of allowable breakfasts, lunches, supplements or suppers served multiplied by the current per meal rate of reimbursement. Sponsors eligible to receive commodities under the Program include only those which prepare the meals to be served at their sites and those which have entered into an agreement with a school food authority for the preparation of meals.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. Number and Types of Meal Services Allowed or Unallowed

Compliance Requirements

A participating service institution (sponsor) may claim for reimbursement only the meals and administrative costs approved in its agreement with the SA. Food service sites other than camps and those which primarily serve migrant children may serve up to two meals per day. These sites may serve lunch and breakfast or lunch and a snack (supplement). However, a camp or a site which serves primarily migrant children may be approved to serve up to four meals each day (consisting of breakfast, snack, lunch and supper) provided that they demonstrate the administrative capability to do so. References include: 225.8(b)(6); 225.11(c)(9) and (10); and 225.18(e),(f),(g), and (h).

Suggested Audit Procedures

o Examine and evaluate the SA's system to determine that only approved meal services are claimed for reimbursement.
o Evaluate the State's system for determining that camps and migrant sites have administrative and financial capability and the facilities for the meal service planned for the number of children anticipated to be served.

o Review agreements and the records for selected sponsors and determine whether they are adhering to the SA's system.

**Compliance Requirement**

Meals claimed for reimbursement must: (a) meet minimum meal component requirements prescribed by the Secretary; (b) be supported by accurate meal counts and records; (c) be supported by accurate free and reduced price meal applications if they are to be claimed in camps or other sites which do not meet area eligibility; and, (d) be served to children eligible to participate based on certain age requirements. Sponsors shall not claim meals served in excess of their approved level of meal service, nor may they claim for "seconds" in excess of the percentage tolerance established in Section 225.19(d). References include: 225.2; 225.7(j); 225.11(e); 225.13(e); 225.19(d); 225.20; and 225.21.

**Suggested Audit Procedures**

o Examine and evaluate the system used by the SA to reimburse participating sponsors and determine the sponsor's compliance with meal component requirements, meal count records, free or reduced price meal application requirements, approved level of meal service, and percentage tolerance on second meals.
o Review selected reimbursement claims and determine whether there is adherence to the SA's system.

o Determine that the number of meals received by the site agrees with those meals billed to the sponsor by the food service management company as defined in Section 225.2, which includes meals obtained from a school food authority (vended program only).

o Review the files for selected participating sponsor (sample both self-prepare and vended programs) and determine whether their records of participation justify all costs and meals claimed.

B. Eligibility

Compliance Requirement

Program funds can only be disbursed to a public or private nonprofit school food authority; public or private residential summer camp; or a unit of local, municipal, county or State government which develops a special summer or other school vacation program providing food service similar to that available to children during the school year under the NSLP and SBP. In addition, States are required to approve sponsors in accordance with a priority system set forth in Section 225.7(h). References include: 225.7(h); 225.11; 225.13(e); and 225.14(a).

Suggested Audit Procedures

o Evaluate the SA's system for ascertaining sponsor eligibility and for complying with the priority system set forth in Section 225.7(h).
o Determine if selected sponsors have public or nonprofit status by ascertaining tax exempt status.

o Determine if units of local, municipal, county or State governments participating as sponsors are in fact directly operating (refer to 225.18(c)(3)) the sites certified on their applications.

C. Reporting Requirements

Compliance Requirements

Participation data and expenditures are reported in accordance with Sections 225.10 and 225.19(e) on the following reports:

FNS-418, Report of the Summer Food Service Program for Children

This report is completed by SAs to document meals served at sites and is submitted to the FNS Regional Offices (FNSROs) monthly. The actual participation data collected from this report are used by FNS to base a profile of sponsors and sites and meals served by type.

FNS-143, Claim for Reimbursement (SFSP)

This report is completed by sponsors to document the number of meals served for determining the amount of Federal reimbursement. Sponsors submit this report to SAs monthly. FNSROs also use the FNS-143 for documenting and reporting meals served under the SFSPs they directly administer.

SF-269, Financial Status Report

This report monitors the use of State and Federal funds on program activities. SAs submit this report to the FNSROs on a quarterly basis.
EFTS-5805, Request for Funds

This report is used by SAs to request Federal program funds and is submitted to the FNSROs on an as needed basis.

Suggested Audit Procedures

- Review the procedures for preparing the Federal financial reports and evaluate for adequacy.

- Obtain copies of submitted reports and review for completeness and timeliness of submission.

- Trace data in selected reports to supporting documentation; i.e., worksheets, ledgers, etc.

E. Special Tests and Provisions

There are no special tests and provisions for the auditor to perform.