Reply to
Attn of: SFSP-295

Subject: Summer Food Service Program (SFSP) Management Evaluation (ME) for Fiscal Year (FY) 1996

To: STATE AGENCY DIRECTORS - Colorado ED, Iowa, Kansas, Missouri DH, Montana OPI, Nebraska ED, North Dakota, South Dakota, Utah and Wyoming DHSS

Attached is the guidance that will be used in conjunction with the SFSP ME Review Form in conducting MEs for FY 1996. The guidance contains sections on START-UP AND EXPANSION GRANTS FOR THE SFSP, RESOURCE AVAILABILITY, PROGRAM OPERATIONS, OVERSIGHT, APPEAL PROCEDURES, WAIVERS, CIVIL RIGHTS COMPLIANCE, and FINANCIAL MANAGEMENT. Although there have been no regulatory changes since the last guidance was issued, modifications were made to the guidance to address weaknesses identified and described in prior SFSP ME reports. Additional modifications to the guidance were made based on recently issued policy memoranda and instructions.

If you have any questions, please contact one of my staff at (303) 844-0359.

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Child Nutrition Programs

Attachment
Summer Food Service Program
Guidance for Management Evaluation
of State Agency Operations
Fiscal Year 1996

INTRODUCTION

The Management Evaluation (ME) process is the principal management tool used to determine the effectiveness of State agency (SA) program performance. A primary function of this process is to provide timely technical assistance to improve SA program operations. This Guidance has been developed for regional office (RO) use in assessing the SA’s administration and management of the 1996 Summer Food Service Program (SFSP). In addition to targeting specific regulatory requirements, recently issued policy memoranda and instructions, and findings from MEs were utilized in the development of the Guidance.

Information acquired through these reviews is useful in identifying common problem areas, and planning administrative objectives which may influence legislative and regulatory changes. Based on the outcome of the evaluation, recommendations to correct findings are made, as needed. Timely corrective action is essential given the short term of the SFSP operation. Since the overall goal of the ME is to improve program management, suggestions to enhance program operations are also considered an integral element of the ME process.

OVERVIEW

Scope of Review. The Guidance provides direction to ensure that critical areas of program management are reviewed, and targets areas of program vulnerability. The ME process continues, however, to allow each RO to design its SA review based on knowledge of individual program operations including an assessment of the SA’s actions in implementing the objectives identified in the Management and Administration Plan (MAP).

Designed to offer direction in conducting MEs, the Guidance suggests a review for compliance in many areas including SFSP Start-up and Expansion Grants, program eligibility, commodity foods, civil rights, and financial management. Through the use of this Guidance, a comprehensive assessment of the areas targeted can be accomplished. Additionally, a review of corrective actions implemented to ensure resolution for any previously identified problem in any prior ME, audit, or review should be addressed as part of the evaluation. Sponsor and site visits should be utilized by the RO to assess the SA’s monitoring and technical assistance efforts.
Reporting. As part of the ME process, information describing program characteristics and SA administration is collected and reported. The RO should develop the format for conducting the review and reporting the results to the SA. Copies of each ME should be submitted to the Child Nutrition Division (CND) by October 31, 1996. CND also requests all RO correspondence pertaining to corrective action.

I. START-UP AND EXPANSION GRANTS FOR THE SFSP

If the SA received SFSP Start-up or Expansion Grant funds for fiscal year(s) 1995 and/or 1996, review the SA’s overall administration and financial management of the grant award(s). Has the SA followed CND guidance provided in the Department’s Grant Proposal Information Package with regard to the conditions and process of funding the approved grant? Is the SA in compliance with the Department’s Uniform Federal Assistance Regulations, 7 CFR Part 3015?

II. RESOURCE AVAILABILITY

Is SA staffing adequate? Are the personnel qualified and are resources available to provide consultative, technical, and managerial assistance to sponsors as required by 225.6(a)? Do job descriptions accurately reflect the assignment of program responsibilities? Does the SA have sufficient resources to effectively monitor and manage the program?

III. PROGRAM OPERATIONS

A. Public Notification

Describe the efforts of the SA to announce the purpose, eligibility criteria, and availability of the program throughout the State by February 1 as required by 225.6(a)(2).

B. Eligibility and Approval for Sponsors and Sites

Compare and record the SA’s estimates with the actual number of sponsors by type and sites approved, meals served, and participating children. Were the estimates and the estimating methods reasonable?

Did the SA conduct pre-approval visits of sponsors and sites as specified in 225.7(d)(1)? Is the SA adhering to the changes to conditions affecting participation of private nonprofit organizations specified in the December 8, 1994, advisory memo? Has the SA ensured that each sponsor application, site information sheet, and program agreement is certified by the sponsor as required in 225.6(a)(4)? Is the SA in compliance with all other requirements for sponsor applications, agreements, and site approvals in 225.6(b) through (e)? Has the SA
obtained written assurance from sponsors of homeless feeding sites that the provisions of 225.6(c)(2)(iv) are met?

C. Procurement

General Requirements. Is the SA providing guidance to local agencies on State/Federal procurement requirements? If so, review guidance material provided and determine if it is appropriate and adequate. Is technical assistance available from the SA for sponsors requesting assistance in specification development, developing and/or reviewing invitations for bids/requests for proposals, evaluating bids/proposals, and writing contracts?

How has the SA ensured that sponsors are accessing information from the U.S. Government Services Administration Lists of Parties Excluded from Federal Procurement or Nonprocurement Programs to determine participant eligibility prior to entering into covered transaction procurements? Does the SA review procurement actions when it conducts reviews at the local level? Does such review ensure that contracts contain applicable certifications, i.e., Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions; Certification Regarding Lobbying; Disclosure of Lobbying Activities?

Food Service Management Companies. Does the SA require registration of FSMCs in accordance with 225.6(g), and were sponsors and FSMCs given proper notice of the registration requirement? Do the prototype and any other approved contract forms contain the terms outlined under 225.6(h)(2)?

Is the SA ensuring that private nonprofit sponsors are prohibited from contracting with commercial vendors or school food authorities with a year-round commercial vendor contract? Does the SA prohibit subcontracting of sponsor management functions, and ensure that sponsors of vended programs exercise full operational control over the program? Does the SA exercise the option of requiring sponsors contracting with FSMCs to establish special accounts for operating costs in accordance with 225.6(f)?

Examine the SA’s system for ensuring compliance by sponsors with FSMC contracting requirements under 225.15(g) and 225.17. Do FSMC contracts with SFAs specifically cite the SFSP? Were all FSMCs registered with the SA prior to entering into a SFSP contract? Were all FSMCs approved within 30 days of receipt of a complete application as required by 225.6(g)(7)? Has the SA complied with the provisions of 225.6(h)(4) and (6) in monitoring procurement bids? Do
contracts over $100,000 contain a bid bond in accordance with Part 225.15(g)(6) and (8)? Did the SA comply with the October 15 deadline for reporting FSMCs which had been seriously deficient in the 1995 SFSP?

D. Meal Service

Has the SA provided clarification to sponsors on the types of milk that may be used to fulfill the milk component requirement as specified in FCS Instruction 783-7, Rev. 1? Has the SA provided sponsors with the information contained in FCS Instruction 783-1, Rev. 1, on foods that meet the grains/breads requirement for meals served in the program, the criteria to be used to determine crediting, and the suggested equivalent minimum serving size for items that meet the grains/breads requirement?

If applicable, describe situations where SFSP meal service has been allowed during the months of October through April at non-school sites for children who are not in school.

E. Commodity Foods

Review the SA’s system for ensuring that commodity assistance is made available to eligible sponsors. Is the SA in compliance with 225.9(b)(2) requiring that Distributing Agencies be notified no later than June 1 of sponsors eligible to receive commodities? Does the listing only include those sponsors specified in 225.9(b)(1)? Were the commodity entitlements based on the projected number of meals to be served by the sponsor?

Do sponsors administering homeless feeding sites that are eligible for commodities under the Food Distribution Charitable Institution Program and SFSP comply with the requirements of 225.15(a)(2)? Is there a system for ensuring that the distribution of commodities to SFSP sites was based on the number of eligible children’s meals served as required by 225.15(a)(2)? Does the SA ensure that SFSP sponsors of summer camps that are eligible to receive commodities report the total meals served to children (needy and nonneedy) and that they are not also participating under the Food Distribution Summer Camp Program for Children? Does the State agency have a mechanism to ensure the transfer of unused commodities from SFSP sponsors to another authorized outlet?

F. Program Payments

Were advance payments to sponsors issued timely and in accordance with 225.9(c)? Do reimbursements comply with 225.9(d)(10) for NYSP sponsors, and 225.9(d)(6) and (7) for all other sponsors? Does the SA have a system for ensuring that sponsors are not paid for meals claimed outside the approved days of operation? Review and assess the SA’s efforts to ensure compliance with the
provision restricting the percentage of second meals which may be claimed for reimbursement (225.15(b)(4)). Review the SA’s system to comply with the provisions of 225.15(a)(2) to prohibit the payment of claims for meals reimbursed under other federally-funded programs. What are the SA’s procedures to ensure that sponsors operating homeless sites claim only children’s meals for reimbursement?

Assess the SA’s efforts to ensure compliance with the requirement which prohibits sponsors from including the costs of nonreimbursable meals in its determination of operating costs. Sponsors may only be reimbursed for the costs of the following: the cost of adult meals as specified in 225.9(d)(4); the cost of meals examined by State or local inspectors (225.9(e)); and the cost of meals which do not exceed 102 percent of the number of children present for each meal service during the claiming period. Sponsors should be able to document specific operating costs to support its claim for reimbursement. How does the SA ensure that sponsors report and deduct all income accruing to the program’s combined operating and administrative costs per FCS Instruction 796-4, Rev. 4?

IV. OVERSIGHT

A. Technical Assistance and Training

Has the SA implemented the training plan as described in the MAP? Was training provided to every sponsor, prior to its operating the program? Is the SA in compliance with the other provisions on training specified in 225.7(a)? Has the SA developed and made available necessary program materials in sufficient time to enable applicant sponsors to prepare adequately for the program as required by 225.7(b)?

B. Monitoring/Corrective Action

Evaluate the SA’s monitoring system, reviewing the level of effort and thoroughness of review activities. Do the monitor review forms developed by the SA for sponsors contain the items specified in 225.7(d)(7). Has the SA scheduled its monitoring efforts to be timely and in compliance with the sponsor and site selection requirements under 225.7(d)(2)? Were food service management company facility visits made in accordance with 225.7(d)(6)? For any overclaim established by the SA, record the violation and dollar amount.

Is there a system to verify that corrective action has been implemented and that problems have been resolved? Is corrective action taken in a timely manner? Are follow-up reviews conducted as needed? Record the number of sponsor and site reviews completed and the number planned. How does the SA ensure fiscal accountability of sponsors not subject to audit requirements under 225.10(a)?
C. Program Violations

Does the SA's procedures for declaring sponsors seriously deficient conform to the requirements of 225.11(c)? Is the SA in compliance with 225.11(c) which addresses denial of applications and termination of sponsors? Has the SA complied with the provisions of 225.11(d) through (f) and 225.12(a) regarding meal service restrictions, meal disallowances, and claim disallowances?

Are the SA's implemented procedures for resolving complaints alleging program violations effective and timely? Record the number and nature of such complaints, and the actions taken by the SA.

V. APPEAL PROCEDURES

Is the SA in compliance with the appeal procedure requirements outlined in 225.13? Are appeal rights provided in writing to each applicant upon application for the program and to each FSMC upon application for registration? As applicable, has the SA notified each sponsor of its right to appeal when it is advised of an adverse action? Review the SA's records of appeals for the current fiscal year. Record the number, bases, and outcomes of the appeals filed.

VI. WAIVERS

On April 13, 1995, FCS issued policy to ROs on applications for waivers from certain statutory and regulatory requirements in the child nutrition programs. If applicable, review the SA's overall process for developing waiver request. Describe the results of this effort. Has the SA complied with application, public notification, and reporting requirements?

VII. CIVIL RIGHTS COMPLIANCE

Determine SA compliance with 225.7(g) using FCS Instruction 113-8, Civil Rights Compliance and Enforcement in the SFSP, March 8, 1984, Section VIIIB3, Routine Compliance Reviews.

VIII. FINANCIAL MANAGEMENT

In order to achieve the most effective use of RO resources, and since the financial management requirements for all child nutrition programs are largely consistent, a Financial Management review conducted in conjunction with a coordinated ME or a SFSP ME should encompass all of the programs administered by the SA. The Coordinated ME Guidance for fiscal year 1996, which was issued on November 1, 1995, contains a Financial Management Section (pages 16-20) which, in most respects, is applicable to the SFSP as well as the other child nutrition programs. Therefore, regional offices should, with the additions and exceptions noted below
for the referenced sections, refer to the coordinated guidance when conducting a Financial Management review of the SFSP. Additionally, certain aspects of the SFSP Guidance under section II., Program Operations, including C., Procurement, and F., Program Payments, may be more appropriately included in the scope of the Financial Management Review.

A. Grant and Cash Management

6. **Matching Requirements.** This section does not apply.

7. **State Funding Requirement.** This section does not apply.

9. **Team Nutrition Training, Special Dietary and Medical Needs, and School Breakfast Program Start-up and Expansion Grants.** This section does not apply.

D. State Agency Procurement

The last sentence in this section does not apply.

E. Allowability and Allocability of Cost - State Administrative Expense

This Part also applies to State Administrative Funds and the MAP.