Subject: Management Evaluation (ME) Guidance for the 1999 Summer Food Service Program (SFSP)

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

Attached is the guidance for use in conducting ME's of State Agency operations of the 1999 SFSP issued by our National Office. This supplements our ME form transmitted via SFSP-371, dated February 12, 1999.

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

ANN C. DEGROAT
Regional Director
Child Nutrition Programs

Attachment
Summer Food Service Program
Guidance for Management Evaluation
of State Agency Operations (Guidance)
Fiscal Year 1999

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 1999 Summer Food Service Program (SFSP). In addition to targeting specific regulatory requirements, recently issued policy memoranda 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, program eligibility, food service management companies, meal service, 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 should be collected and reported. Copies of each ME should be submitted to the Child Nutrition Division (CND) by October 31, 1999. CND also requests all correspondence (RO and SA) pertaining to corrective action.
I. 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?

II. 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). Were homeless sponsors notified and encouraged to apply to CACFP in a timely manner?

B. Eligibility and Approval for Sponsors and Sites

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 approval and participation of private nonprofit organizations? 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?

Review how the year-round SFSP and the School Programs established different meal services for the year-round and on-track populations. Were separate meal counts kept? Were cost allocation plans developed for proper proration of overhead and administrative costs between the two programs? Refer to Policy Memorandum #9-99.

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 developing specifications, developing and/or reviewing invitations for bids/requests for proposals, evaluating bids/proposals, and writing contracts? 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. Do the prototype and any other approved contract forms contain the terms outlined under 225.6(h)(2)? Has the language in the FSMC contract been altered to stipulate “conformance with standards set by local health authorities.”
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)?

Review 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? 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 provide appropriate guidance to the sponsor to ensure that applicable Federal, as well as State and local, procurement standards were followed?

D. Meal Service

Has the SA permitted sponsors which serve meals prepared by schools participating in the school meal programs to substitute the meal requirements of the NSLP and the SBP for the meal of SFSP, as required in 225.16(g)(1)? Refer to Policy Memorandum #7-99.

Review the SA’s method for determining “program adults” and “non-program adults” and the rules that apply to feeding the two types. Were all children fed first? Was the income from the sale of adult meals and/or non-program funds used to pay for adult meals reported as income to the program on the claim form to offset reported costs? Were meals served to children, program adults, and non-program adults counted and recorded separately on the daily meal count form? Were additional site staff hired to maintain program safety and integrity? Refer to Policy Memorandum #3-99.

Do the SA’s procedures for authorizing sponsors to serve food in smaller quantities for children under six years of age and larger portions than the minimum quantities for children ages 12 to 18 years of age conform to the requirements of 225.16(g)(2)? Refer to Policy Memorandum #3-99.

Did the SA allow or prohibit sponsors from instituting the provision that fruit and vegetable food items may be taken off site? How did the SA determine whether or not to allow foods to be taken off site? What type of monitoring system did the SA use to ensure problems did not arise? Refer to Policy Memorandum #3-99.

Were SFAs sponsors informed about making the Offer-Versus-Serve (OVS) option available regardless of the location of their sites? Refer to Policy Memorandum #7-99.
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?

If applicable, 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 SA have a mechanism to ensure the transfer of unused commodities from SFSP sponsors to another authorized outlet?

F. Program Payments

In November 1998, the General Accounting Office (GAO) issued a report, Welfare Reform - Effects of Reduced Reimbursement on the Summer Food Service Program. Subsequent to the release of the report, GAO provided data regarding SFSP sponsors who may have received reimbursements that were higher than the maximum amounts they were eligible to receive. Review a sample of the 1998 and 1999 SFSP sponsor reimbursement payments to ensure that reimbursement is justified based on the sponsor’s reported costs and maximum reimbursement rates. 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)). Determine if the SA is following its established policy regarding the allowability of excess meals. 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. If applicable, has the SA developed and implemented a single claim system for sponsors which operate multiple CN programs? If not, will the SA develop a single claim system within the required two-year timeframe? Refer to Policy Memorandum #14-99.

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 their claims 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?

III. 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? 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

Has the SA targeted its monitoring efforts as allowed under Policy Memorandum #5-99 or has it followed the sponsor and site selection requirements under 225.7(d)(2)? 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)? Were food service management company facility visits made in accordance with 225.7(d)(6)?

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)? For any overclaim established by the SA, record the violation and dollar amount.

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.

IV. 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.

V. WAIVERS

On December 2, 1996, FNS issued revised policy to ROs on applications for waivers of certain statutory and regulatory requirements in the child nutrition programs. If applicable, review the SA's overall process for developing waiver requests. Describe the results of this effort. Has the SA complied with application, public notification, and reporting requirements?

VI. 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.

VII. 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 an SFSP ME should encompass all of the programs administered by the SA. The Coordinated ME Guidance for Fiscal Year 1999, which was issued on December 28, 1998, for School Programs, Child and Adult Care Food Programs, Food Distribution Programs, and Nutrition Education and Training Programs, 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 for School Programs, Child and Adult Care Food Programs, Food Distribution Programs, and Nutrition Education and Training Programs, 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. This section does not apply.
D. State Agency Procurement

The last sentence in this section does not apply. (i.e., Are procurement actions involving funds made available under nonentitlement programs (NET funds or FDPIR or TEFAP administrative funds) conducted according to the same requirements as the SA’s procurement actions involving non Federal funds?)

E. Allowability and Allocability of Cost - State Administrative Expense

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