



# Managing Food Service Management Company Contracts in Child Nutrition Programs Training for Arkansas Districts

## Rules, Regulations, and Allowable Costs



**DIVISION OF ELEMENTARY  
& SECONDARY EDUCATION**

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Presented by the Arkansas Department of Education (ADE),  
Division of Elementary and Secondary Education (DESE),  
Child Nutrition Unit (CNU)

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# Objectives

Explain	Explain the responsibilities of the SFA, FSMC, and State Agency.
Explain	Explain Federal and State regulations that apply to CN programs.
Explain	Explain the two types of existing contracts, fees, USDA crediting, and allowable costs to the CN programs.
Describe	Describe changes to the contract and when changes can be made.
Inform	Inform the LEA, SFA, and the FSMC of limitations and boundaries of the contract.
Provide	Provide information to SFAs for contract management and maintenance.

# Abbreviations and Acronyms

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SFA – School Food Authority

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LEA – Local Education Agency

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FSMC – Food Service Management Company

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CNP – Child Nutrition Programs

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CPI – Consumer Price Index

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RFP – Request for Proposal

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USDA – United States Department of Agriculture

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MEq – Meal equivalents or Meal equivalency

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# Agreement and Policy Statement

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The annual Agreement and Free and Reduced Policy Statement is between the State Agency (CNU) and the School District.

- New each school year (July 1 through June 30) and must be on file with CNU before meals can be served or claimed for reimbursement.
- The SFA has the responsibility to actively oversee and monitor the contract with the FSMC, making sure that contractors perform and operate the program according to the terms and conditions agreed upon in the contract, 2CFR 200.318, and as specified in the Agreement and Policy Statement with the State agency. 7 CFR 210.16(a)(2)
- CNU must monitor to assure that the district has not relinquished all responsibilities to the FSMC.

Food Service  
Management  
Companies and Child  
Nutrition Programs  
7 CFR 210.16 (a)(1-10)

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Any SFA may contract with a food service management company

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FSMCs cannot operate just for a la carte sales or other for-profit cash sales

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Must offer free, reduced, and paid reimbursable meals to students

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The SFA must ensure that the FSMC operates within the stipulations of the Agreement and Policy Statement with the State Agency

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SFA retains control of the quality, extent, and general nature of the food service

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USDA requires that state agencies monitor the FSMC contracts

# Use State Agency RFP

- Must use the State Agency RFP
- Ensure open and free competition
  - All FSMCs have the same opportunity to compete
- No part of the procedures or specifications limit any company's capabilities.
- FSMC are prohibited from developing any part of the RFP. This would exclude them from being able to bid.
- State of Arkansas requires that FSMCs register with the State Agency.

**Procure  
Properly!**

# State Agency RFP

**State agency must approve the RFP before it is used for solicitation.**

**No contract may be implemented without prior written approval from CNU.**

**The signed RFP and all correspondence becomes the final contract between the SFA and the FSMC**

# Contract Duration with the FSMC

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- Contracts are for a term of one year
- Dates are from July 1 thru June 30\*
- Contracts are renewable for up to 4 additional years (5 years total)
- Changes or amendments to the contract are allowed at the time of renewal and are subject to the approval of the State Agency
- Price increases at the time of renewal are based on an auditable standard economic index
  - Consumer Price Index (CPI) for all Urban Consumers for Food Away from Home
  - Renewals are not guaranteed. Districts have the option to return to a self operated program or rebid



# State Agency Responsibilities 7 CRF 210.19 (a)(5)

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- Annually review each contract between the SFA and the FSMC to ensure compliance with all provisions in the policy statement and agreement.
- Have any changes been made to the state agency approved FSMC contract? If so, were the changes approved by the state agency before they were implemented?
- If changes cause a material change to the contract, this will require that the contract is rebid.
- Conduct an on-site review of each contracting SFA at least once during a 5-year period.



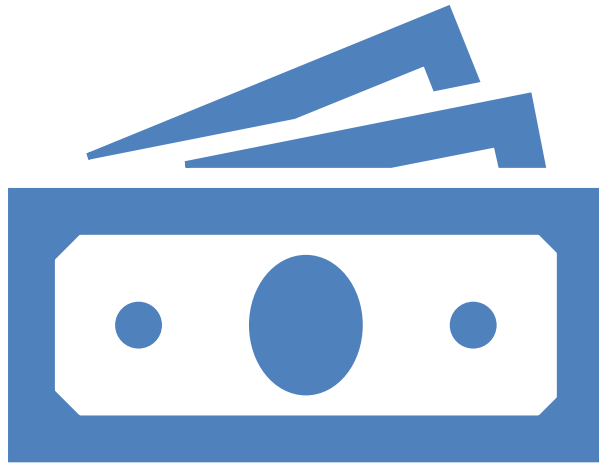
# What Cannot Be Outsourced to the FSMC

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- Signature authority on the
  - Agreement and Policy Statement with the State Agency
  - Monthly claim for federal reimbursement
  - Non-profit food service account financial reconciliation
- Student eligibility, direct certification, and verification
- Advisory Committee – must consist of both district and community; consider having an FSMC employee as a member.
- USDA Donated Foods reconciliation – SFA must determine that all donated foods are credited to the CN programs and that all donated foods remain with the district
- Price determination of student meals and all foods sold in the district
- On-site monitoring reviews – each site for breakfast and lunch

# Fee Structures a.k.a. Types of Contracts

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➤ FEDERAL REGULATIONS PERMIT 2 TYPES OF FEE STRUCTURES IN CN PROGRAMS

1. FIXED PRICE CONTRACTS

2. COST REIMBURSABLE CONTRACTS

➤ HYBRID CONTRACTS ARE NOT ALLOWED

➤ COST PLUS PERCENTAGE CONTRACTS ARE NOT ALLOWED

## FSMC RFP/Contract

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USDA does not require states to develop multiple types of contracts.

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States may limit the types of contracts based on the skill levels within school districts for managing contracts.

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No district or FSMC may develop any type of hybrid contract.

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There are no consultant groups operating in Arkansas Child Nutrition Programs. Companies must not represent themselves as consultants.

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# Fixed Rate Contracts


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Price is fixed at the inception of the contract and for a specific period

- Based on a price per meal and a meal equivalency rate for cash sales
- The per meal rate covers labor, food costs, and supplies.
- Easier for the SFA to identify and project revenues and expenses
- Easier to project the total cost of the program



# Fixed Price Contract

 **Option A** – The financial arrangements between the SFA and FSMC for the management of the school food services are as follows:

FSMC COMPLETES THE INFORMATION BELOW FOR THE 2023-2024 SY	
Fixed Price per Meal: Student Breakfast	2.4933
Fixed Price per Meal: Student Lunch	3.7400
Fixed Price per Meal: After-School Snack	1.2467
Fixed Price per Meal: Non-Student Breakfast	2.4933
Fixed Price per Meal: Non-Student Lunch	3.7400
<p>The meal equivalent factor for the 2023-2024 school year – to be applied to all other cash-sales food items not included above (i.e., a la carte, catered events, etc.).</p> <p><b>FFVP is NOT billed as a per meal fee and is NOT converted to meal equivalency. <u>DO NOT INCLUDE FFVP.</u></b></p> <p><i>Meal reimbursement rates will be released on Commissioner's Memo as they are received from USDA.</i></p>	
<p><u>Formula for Meal Equivalence</u></p> <p><i>Dollar Amount of All Cash-Sales Food Items Not Included Above</i></p> <p><math>\div</math></p> <p><i>Current free lunch reimbursement rate + Current USDA Donated Food value + \$0.08 Performance Base</i></p> <p><i>= Meal Equivalent Factor</i></p>	

# Fixed Rate Invoice

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**Number of meals X the per meal rate**  
**(Meals should be per each site)**



**Cash sales converted to meal equivalency X the per meal rate**



**Value of USDA donated foods directly credited (subtracted from the total)**

**This includes Local Food for Schools Cooperative Agreement (LSF Funds)**

# Fixed Rate Option B Contract

☐ **Option B** – If the SFA chooses option B, fixed price must be stated for the 2024-2025 school year. Provide monthly charge, total charge, and the number of months that the SFA will be charged.

**The financial arrangements between the SFA and FSMC for the management of the school food services are as follows:**

<b>Monthly Fee</b> (Number of Actual Days Present in SFA:   _/week_____/month)	
<b>Number of Months</b>	
<b>Total for School Year</b>	

# Option B Monthly Fee

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- Fixed Price Option B charges the district a flat monthly rate
- FSMC support staff is present in the district at least 1 day per week, depending on needs
- The district conducts their own purchasing from the FSMC's bid that is open to each of their districts
- District pays the FSMC from a monthly invoice

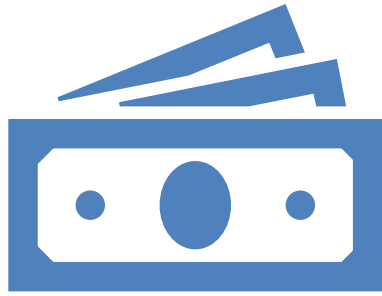
# Cost Reimbursable Contracts

**The financial arrangements between the SFA and FSMC for food service management are as follows:  
FSMC COMPLETES THE INFORMATION BELOW FOR THE 2023-2024 SY**

<p><b>The Administrative Fee represents all overhead costs to the FSMC for program operations. The Management Fee represents the FSMC profit. (USDA Guidance, May 2016)</b></p>	
Administrative Fee per Meal: Student Breakfast	<b>\$0.25</b>
Administrative Fee per Meal: Student Lunch	<b>\$0.25</b>
Administrative Fee per Meal: Student After-School Snack	<b>\$0.25</b>
Administrative Fee per Meal: Non-Student Breakfast	<b>\$0.25</b>
Administrative Fee per Meal: Non-Student Lunch	<b>\$0.25</b>
Management Fee per Meal: Student Breakfast	<b>\$0.08</b>
Management Fee per Meal: Student Lunch	<b>\$0.08</b>
Management Fee per Meal: Student After-School Snack	<b>\$0.08</b>
Management Fee per Meal: Non-Student Breakfast	<b>\$0.08</b>
Management Fee per Meal: Non-Student Lunch	<b>\$0.08</b>
<p>The meal equivalent factor for the 2023-2024 school year – to be applied to all other cash-sales food items not included above (i.e., a la carte, catered events, etc.).</p> <p><b>FFVP is NOT billed as a per meal fee and is NOT converted to meal equivalency. DO NOT INCLUDE FFVP.</b></p> <p><i>Meal reimbursement rates will be released on Commissioner's Memo as they are received from USDA.</i></p>	<p><b>Formula for Meal Equivalence</b></p> <p><i>Dollar Amount of All Cash-Sales Food Items Not Included Above</i></p> <p><i>Current free lunch reimbursement rate + Current USDA Donated Food value + \$0.08 Performance Base</i></p> <p><b>= Meal Equivalent Factor</b></p>

# Cost Reimbursable Fees

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Administrative Fee – to cover the FSMC's overhead cost for program operations



Management Fee – represents the FSMC's per meal profit.

# Cost Reimbursable Fees

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**Administrative Fee** – Covers overhead expenses of the FSMC. These items should not be charged to the SFA in any way.

Recruiting, hiring, relocation costs for FSMC personnel

FSMC employee background checks, fingerprinting

Worker's compensation, unemployment, and general liability

Uniforms and laundry services

Telephones and personal computers

Regional/national corporate support, travel, gasoline, hotel stays, meals

Payroll documentation, check fees, or check shipping fees for FSMC employees

Bonuses, incentives or labor related expenses that are not earned wages, payroll taxes, or benefits

FSMC marketing

Gifts, door prizes, parties

# Cost Reimbursable Invoice

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**Number of meal served (breakfast, lunch, and snacks) at each contracted rate**



**Cash sales converted to meals per meal equivalency and billed at the contract rates**



**Labor, payroll taxes, employee benefits**



**Cost of food and supplies**



**Disclosure of value of USDA donated foods received for the month**

# Back up Documents, Cost Reimbursable

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**Everything billed to the district must have clear and accurate back up documentation.**

**Invoices for food and supplies**

**Invoices for equipment if purchased**

**Time sheets**

**Daily records showing correct meal counts per serving site, a la carte sales, and other cash sales**

**Rebates, credits, and discounts must be clear and trackable**

**USDA donated foods value must be disclosed monthly.**

# Contract Monitoring

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In accordance with 2 CFR 200.318(b) – the district must maintain oversight of the FSMCs performance.

- Is the FSMC operating within the terms, conditions, and specifications of their contract?
- Are the contracted services being performed within the terms of the contract?





# Contract Monitoring

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**What's To Monitor?**

# On Site Monitoring 2 CFR 200.318(b)

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SFA must conduct periodic monitoring to ensure that the FSMC is performing according to the terms, conditions, and specifications of the contract.

**Cycle Menu**

**Meal Pattern**

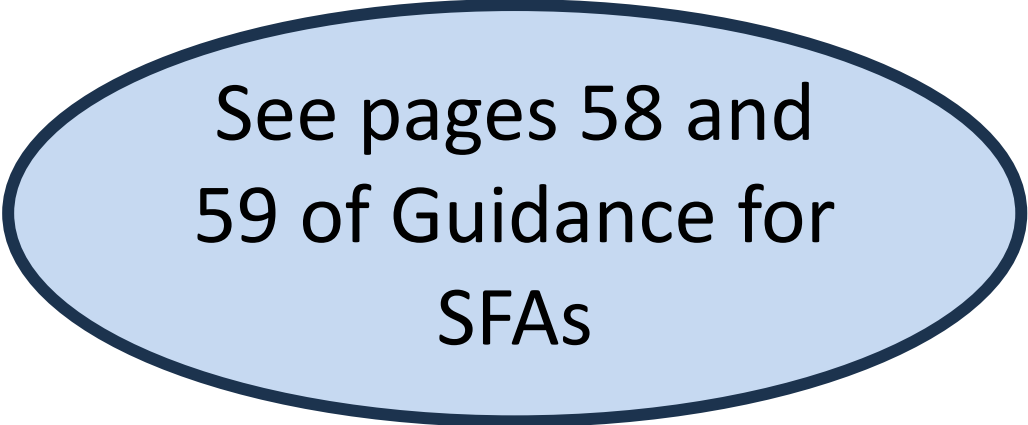
**Claim Documentation**

**Cost Records**

**Meal Count Records**

**Revenue Records**

**USDA Foods**



See pages 58 and  
59 of Guidance for  
SFAs

# USDA Donated Foods, Use and Crediting

## 7 CFR 250.50 Subpart D

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- The FSMC must use all donated ground beef, donated pork, processed end products, as well as other donated foods in the district's food service.
- Purchased foods must be of the same generic identity, of US origin, and of equal or better quality than the donated foods.
- Crediting must clearly reflect the total value of the received foods and should be presented as separate line-item entries on monthly invoices.

# USDA Donated Foods, Use and Crediting

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Districts must ensure that the valuation assigned in crediting donated foods is determined by the distributing agency. 7 CFR 250.58(e)

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Crediting of donated foods must occur monthly with the billing invoices, and districts must ensure that the crediting timing does not cause excessive cash limits as established in 7 CFR 210.19 (a)(1). (3 months operating balance)

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# USDA Donated Foods, Use and Crediting

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Foods are considered received when they arrive at the district, or a storage facility used by the district.

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The district always retains ownership of the USDA donated foods even after foods have been credited.

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All donated foods accrue only to the benefit of the nonprofit food service and are to be fully utilized within the school's food service.

# USDA Donated Foods & Contract Termination

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- Upon contract termination, the SFA retains the ownership of the donated foods.
- All unused donated ground beef, donated pork, processed end products, and other food must remain with the district. 7 CFR 250.52(c)
- It is the responsibility of the district to see that the SFA has received credit for all donated foods.

# Donated Food Activities that the FSMC May Perform

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- Preparing and Serving Meals
- Ordering or selection of donated foods in coordination with the SFA (CFR 250.58(a))
- Storage and inventory management of donated foods as described in (CFR 250.52)
- Commodities must be kept separate from purchased foods.
  - In Cost Reimbursable contracts, it is imperative that the SFA is not charged for the donated foods.

# Crediting USDA Donated Foods

## Fixed Rate Contracts

- Crediting is through invoice reduction or discounts showing a total value of foods received in the month and taken directly off the total of the invoice.
- Items should be valued individually rather than crediting as a sum.
- Processed end products from USDA donated foods would be shown as a direct discount on the vendor invoice and would not be included in the crediting of donated foods received in the district.
- Child Nutrition Directors are required to track the crediting of USDA donated foods.

## Crediting USDA Donated Foods

### Cost Reimbursable Contracts

- Crediting of donated foods is done by disclosure of the value of USDA donated foods received in the month.
- The value of the donated foods is not discounted or subtracted from the invoice.
- The disclosure of the value shows the savings in food costs to the district resulting from the receipt of the donated foods.
- In processed end products, the SFA must be able to track all donated value that was in processed foods.
- Cost reimbursable contracts must contain a statement that SFA will not be charged for donated foods.

# Buy American 7 CFR 210.21(d), SP 38 2017

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- Schools are required to purchase to maximum extent practicable (possible, doable) domestic agricultural commodities and products. The FSMC will comply with this requirement.
- A domestic commodity or product is one that is produced in the United States or a food product that is processed in the United States using at least 51% domestic products.
- Any entity (an FSMC) that purchases food or food products for the SFA must follow the same Buy American provisions as the SFA.
- All agricultural or food products purchased using non-profit funds from the non-profit food service account are subject to federal procurement standards which includes the Buy American provision.  
SP38-2017
- Assumptions cannot be made that a domestic product is not available. SFAs must make this determination on an individual basis.

# Buy American

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Exceptions to Buy American provision:

1. The food product is not available or produced in the United States in sufficient quantities
2. The competitive bid reveals that the product is significantly higher than the nondomestic product.

**SFAs can include statements in their bidding process:**

“We require bidders to certify that \_\_\_\_ (insert product name) \_\_\_\_ was processed in the U.S. and contains over \_\_\_\_ (insert % of weight or volume) of its agricultural food component from the U.S

# Credits, Rebates, and Discounts

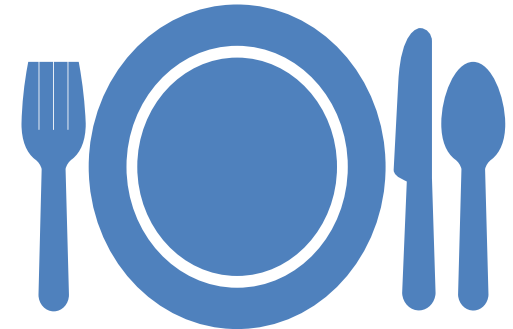
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- All rebates and credits must accrue to the non-profit Child Nutrition account.
- If you are in a fixed rate contract, it is not necessary to track the credits, rebates, and discounts
  - FSMC pays food, supplies, and labor cost from their fixed fee. (Fixed means everything.)
- If you have a cost reimbursable contract, you must track to assure that you are receiving the benefits.
- The FSMC must provide the invoices so you can determine if the discount was applied to the invoice.

# 21 Days of Cycle Menus, Food Specifications, and Compliance with Smart Snacks

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- As part of the RFP, the SFA creates the 21-day cycle of menus in compliance with meal pattern requirements for all programs served (breakfast, lunch, snacks) within the district.
- The purpose of these menus is to allow the SFA to more accurately evaluate offers based on an average cost per meal.
- The FSMC must adhere to the cycle menu for the first 21 days of serving meals. Changes thereafter may be made with the approval of the SFA. [7 CFR 210.16(b) (1)]
- Menus from the FSMC must be submitted to the CND in advance of service for approval.
- Menus are also subject for the approval of the district's advisory committee on a quarterly basis A.C.A. § 6-20-709 (2014)



# Menus and Smart Snacks

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**Any foods sold a la carte must meet Smart Snack requirements, USDA, and Arkansas Nutrition Standards.**

**The SFA sets the prices for all foods sold to students and adults.**

**Foods purchased must be of US origin, of equal or better quality, and of the same generic identity as donated foods.**

# Professional Standards

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- Required professional standards (hiring and training) apply to all school nutrition employees whether the programs are operated by the SFA or an FSMC.
- The State Agency monitors compliance during reviews (Admin reviews and FSMC monitoring)
- Professional standards vary by job category: directors, managers, and staff; and training must be appropriate for each category
- District Child Nutrition directors must monitor and track training to assure the standards and requirements are met for CN staff as well as maintain their own training requirements

# Descriptions of Job Categories

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## Examples

- **Directors** plan, administer, implement, monitor, and evaluate all district-wide aspects of school nutrition programs. Regardless of its size, an SFA typically only has one director.
- **Managers** have direct responsibility for the day-to-day operations at one or more schools.
- **Staff** prepare and serve meals, operate the point of service, along with other routine work. Typically, staff do not have management responsibilities.



# Training Requirement by Category

**Chart 1: Summary of Required Minimum Annual Training Requirements for School Nutrition Employees**

Job Category	Annual Training Requirements*
Directors	12 hours
Managers	10 hours
All Other Staff (working 20 hours or more per week)	6 hours
Part-Time Staff (working less than 20 hours per week)	4 hours
Mid-year hires in all categories (January 1, or later)	One-half of training requirement for each job category
Temporary and acting employees, substitutes, and volunteers	Any annual training requirements are at the discretion of the State agency and may be required within 30 days of start date

\*Annual training requirements apply to the 12 months between July 1 and June 30.

## Safety and Sanitation

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All SFAs/schools that participate in the National School Lunch Program and/or the School Breakfast Program must implement a food safety program.

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Includes a written Food Safety Plan for each individual school in the SFA and is based on Hazard Analysis Critical Control Points (HACCP)

# Purpose of the Food Safety Plan

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Ensure the delivery of *safe foods* to children in the school meals programs by *controlling hazards* that may occur or be introduced into foods *anywhere along the flow* of the food *from receiving to service* (food flow).

An effective food safety program will help control food safety hazards that might arise during all aspects of food service (receiving, storing, preparing, cooking, cooling, reheating, holding, assembling, packaging, transporting and serving).

FSMC must follow these same requirements.

# Certified Food Protection Manager

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At least one EMPLOYEE who has supervisory and management responsibility and the authority to direct and control FOOD preparation and service shall be a certified FOOD protection manager who has shown proficiency of required information through passing a test that is part of an ACCREDITED PROGRAM. 2-102.11 Arkansas State Board of Health, Rules Pertaining to Retail Food Establishments, October 2022

FSMCs must comply with this requirement.

# Bonding Requirements and FSMCs SP 35-2016

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## Bonding

- Bonding requirements apply only to subcontracts for construction and facilities improvement contracts that exceed the Simplified Acquisition Threshold.

## Bonding

- Bonding requirements do not apply to procurement of FSMC services in the National School Lunch Program.

## Bonding

- Bonding requirements to apply to FSMCs in Summer Food Service Programs outlined in 7 CFR 225.15 and SFSP 13-2014.

# Act 575/Act 64

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An Act to provide for certain employers with the option to *pay a surcharge* for embedded employees in lieu of membership in the Arkansas Teacher Retirement System.

What does this mean?

Districts that have outsourced programs or services in their districts must pay a 4% surcharge into the Arkansas Teacher Retirement System each year to cover those charges that were previously paid into the ATRS system.

USDA has determined that this is not an allowable cost to the non-profit food service account. Therefore, this surcharge must be paid from district funds rather than food service funds.

See Commissioner's Memo CNU 18-032

# Act 575/Act 64, continued

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The 4% surcharge is coded in ASPCN using code 62321 for non instructional employees.

This 4% surcharge is based on wages only.

FSMC should report these wages to the district so the surcharge can be paid to ATRS.

SFAs/Districts should track this to confirm that payment is made.

The state agency will monitor this in the Administrative Reviews and well as FSMC contract monitoring.

# Loans for Investments

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**If a loan for the investment of equipment is part of the contract between the SFA and the FSMC, it must be stated in the original contract.**

**All equipment purchases must be approved by the SFA.**

**Purchases over \$5,000.00 require approval of the state agency. (CNU has a pre approved list)**

**Anything not on the approved list must be approved.**

**Interest cannot be charged to the non-profit child nutrition account.**



# Investments and Contract Termination

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If the contract terminates and the investment is not repaid the SFA may within 5 days of the termination notice by either party:

1. Return the equipment to the FSMC with a full release of the unpaid balance (nothing more owed); or
2. Retain the property and continue making payments as agreed to in the amortization schedule.

# Guarantees

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- The SFA may request a monetary guarantee. This must be in the original contract and requested by the SFA.
- Any guaranteed return must remain in the non-profit food service account.
- The FSMC bears responsibility for failure to meet the guarantee
- Guarantees cannot be contingent on multiple contract years (since renewals are not guaranteed)

# Monitoring Requirements



**United States  
Department of  
Agriculture**

Food and  
Nutrition  
Service

# **Contracting with Food Service Management Companies:**

## **Guidance for School Food Authorities**



**United States  
Department of  
Agriculture**

Food and  
Nutrition  
Service

# **Contracting with Food Service Management Companies:**

## **Guidance for School Food Authorities**



## 2 CFR 200.318(b)

“maintaining oversight of contractors to ensure contractors perform in accordance with the terms, conditions, and specifications of their contracts and purchase orders.”

Contract administration of a FMSC contract is more than just a periodic on-site visit in order to ensure that the FSMC complies with the contract and any other applicable Federal, State, and local rules and regulations.

The SFA must monitor the billing invoices to ensure the number of meals served is reported correctly, the value of USDA Foods received is credited to the SFA for both “brown box” foods and processed end-products, and that USDA Foods are used in meals served.

For SFAs with cost-reimbursable type contracts, the SFA must also ensure the value of discounts, rebates, and credits received by the FSMC are reported and credited to the SFA nonprofit food service account.



# Fixed – Price

The fixed price must include all expenses as shown below. These costs may not be charged back to the SFA in any other manner.

- Labor (including bonuses, if any)
- Teaching and training programs including state certification programs
- Personnel and labor relations services and visitation
- Legal services
- Purchasing and quality control
- Technical research
- Cost incurred in hiring and relocating FSMC management personnel or site staff
- FSMC employee background and maltreatment checks
- Dietetic services (administrative and nutritional)
- Accounting and its procedures
- Tax administration
- Technical supervision
- Supervisory personnel and regular inspections or audit personnel
- General regional and national support
- Design services
- Menu development and test kitchens
- Information technology and support
- Nutrition education, programming, consumable marketing material, and committee meetings expense
- Payroll documentation
- Sanitation
- Meal modifications
- Mileage outside of district or for employees not assigned to the SFA
- Cell phones

# Cost - Reimbursable

3. All program expenses not otherwise specified in the contract will be covered by the administrative fees and may not be charged in any other expenses. All indirect and overhead costs are to be included in the administrative fee.

The Cost-Reimbursable administrative and management fees will cover the following and may not be charged back to the SFA in any manner. Any related travel must be covered by the administrative fee.

- Teaching and training programs including state certification programs
- Personnel and labor relations services and visitation
- Legal services
- Purchasing and quality control
- Technical research
- Cost incurred in hiring and relocating FSMC management personnel or site staff
- FSMC employee background and maltreatment checks
- Dietetic services (administrative and nutritional)
- Accounting and its procedures
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- Supervisory personnel and regular inspections or audit personnel
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# Option A

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# Option B

Option B – The financial arrangements between the SFA and FSMC for the management of the school food services are as follows:

Monthly Fee	\$2,916
Number of Months	12
Total for School Year	\$35,000

# Cost – Reimbursable

The financial arrangements between the SFA and FSMC for food service management are as follows:

FSMC COMPLETES THE INFORMATION BELOW FOR THE 2023-2024 SY	
<p>The Administrative Fee represents all overhead costs to the FSMC for program operations.</p> <p>The Management Fee represents the FSMC profit. (USDA Guidance, May 2016)</p>	
Administrative Fee per Meal: Student Breakfast	\$ .27
Administrative Fee per Meal: Student Lunch	\$ .27
Administrative Fee per Meal: Student After-School Snack	\$ .27
Administrative Fee per Meal: Non-Student Breakfast	\$ .27
Administrative Fee per Meal: Non-Student Lunch	\$ .27
Management Fee per Meal: Student Breakfast	\$ .08
Management Fee per Meal: Student Lunch	\$ .08
Management Fee per Meal: Student After-School Snack	\$ .08
Management Fee per Meal: Non-Student Breakfast	\$ .08
Management Fee per Meal: Non-Student Lunch	\$ .08
<p>The meal equivalent factor for the 2023-2024 school year – to be applied to all other cash-sales food items not included above (i.e., a la carte, catered events, etc.).</p> <p><b>FFVP is NOT billed as a per meal fee and is NOT converted to meal equivalency. <u>DO NOT INCLUDE FFVP.</u></b></p> <p><i>Meal reimbursement rates will be released on Commissioner's Memo as they are received from USDA.</i></p>	<p><u>Formula for Meal Equivalence</u></p> <p><i>Dollar Amount of All Cash-Sales Food Items Not Included Above</i></p> <p>÷</p> <p><i>Current free lunch reimbursement rate + Current USDA Donated Food value + \$0.08 Performance Base</i></p> <p><i>= Meal Equivalent Factor</i></p>

# Tools:

## Sample Monitoring Form

# Monitoring:

eligibility & verification

I. Eligibility and Verification	Yes	No
1. Is the FSMC involved in application processing? Who is responsible for determining student eligibility? <b>Name/Title:</b> _____	<input type="checkbox"/>	<input type="checkbox"/>
2. Is the FSMC involved in application verification? Who is responsible for determining student eligibility? <b>Name/Title:</b> _____	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>NOTE:</b> The FSMC may not assist with eligibility and verification duties. If the answer is “Yes” to either question, a Corrective Action Plan (CAP) is required.</p> <p style="text-align: center;"><b>District Comments –Provide a rationale for all “Yes” responses in Part I:</b></p> <div style="border: 1px solid black; height: 100px; width: 100%;"></div>		

# Monitoring:

menu cycle & meal pattern

II.	Menu Cycle/Meal Pattern	Yes	No
3.	Has the FSMC followed the 21-day cycle menu, as described in the contract, for the first 21 days of the contract? 7 C.F.R. § 210.16(b)(1); FP (28); CR (27). <b>NOTE:</b> Monitored during the first year of contract only, unless otherwise noted per the State Agency	<input type="checkbox"/>	<input type="checkbox"/>
4.	Is the FSMC serving products that meet the <b>specifications</b> from initial solicitation? 7 C.F.R. § 210.16(c)(3); FP (27); CR (26). <b>Provide 3 examples of specifications reviewed:</b>	<input type="checkbox"/>	<input type="checkbox"/>
5.	Did the FSMC obtain approval from the <u>District</u> and utilize the advisory board for all menu changes made after the first 21 days of the contract? 7 C.F.R. § 210.16(b)(1); FP (28); CR (27).	<input type="checkbox"/>	<input type="checkbox"/>
6.	Is the FSMC only serving reimbursable meals that comply with the latest USDA dietary guidelines as established by USDA in Federal regulations for the National School Lunch Program, the School Breakfast Program, and all other USDA contracted meal programs? 7 C.F.R. § 210.16(b)(1), 7 C.F.R. § 220.8(a); FP (28); CR (27).	<input type="checkbox"/>	<input type="checkbox"/>
7.	Does the FSMC provide meal service to all enrolled students as specified in the contract? 7 C.F.R. § 210.16(b)(1), 7 C.F.R. § 220.8(a); FP (28); CR (27).	<input type="checkbox"/>	<input type="checkbox"/>
8.	Has the FSMC used an advisory committee of parents, students, and teachers to advise in menu planning? 7 C.F.R. § 210.16(a)(8); FP (28); CR (28).	<input type="checkbox"/>	<input type="checkbox"/>
9.	Has the FSMC implemented meal accommodations based on medical statements provided by authorized medical authorities and Individualized Education Plans (IEP) or special dietary accommodations based on District policy? 7 C.F.R. § 210.10(m); 7 C.F.R. § 220.8(m); <i>Healthy Hunger-Free Kids Act of 2010</i> ; FP (28); CR (27).	<input type="checkbox"/>	<input type="checkbox"/>

# Monitoring:

menu cycle & meal pattern

10. Is the FSMC following Competitive Food Nutrition Standards concerning not selling restricted foods of minimal nutritional value in the food service areas during meal service periods (carbonated beverages, certain candies, water ices, chewing gum, etc.)? 7 C.F.R. § 210.11(b)(4); <i>Healthy Hunger-Free Kids Act of 2010</i> ; FP (27); CR (27).	<input type="checkbox"/>	<input type="checkbox"/>
11. Has the SFA made no payment to the FSMC for meals that are: spoiled or unwholesome at time of delivery, do not meet detailed specifications, or do not otherwise meet the requirements of the contract? 7 C.F.R. § 210.16(c)(3); FP (36); CR (35).	<input type="checkbox"/>	<input type="checkbox"/>
12. Has the SFA retained control of the quality, extent, and general nature of its food service? 7 C.F.R. § 210.16(a)(4); FP (29); CR (29).	<input type="checkbox"/>	<input type="checkbox"/>
13. Does the SFA evaluate the FSMC's menus for affordability, nutrition requirements, and appeal to the students? 7 C.F.R. § 210.16(a)(4); FP (29); CR (29).	<input type="checkbox"/>	<input type="checkbox"/>
14. Have all menu standards been maintained as to type and quality of meal service as outlined in the contract? 7 C.F.R. § 210.16(a)(4); FP (29); CR (29).	<input type="checkbox"/>	<input type="checkbox"/>
15. Have all menus been developed using the agreed upon menu planning system, and to meet the meal pattern requirements for the appropriate age/grade groups and the nutrient specifications? 7 C.F.R. § 210.10; 7 C.F.R. § 220.8; FP (28); CR (27).	<input type="checkbox"/>	<input type="checkbox"/>
16. Do the foods purchased meet the quality specification standards indicated in the contract? 7 C.F.R. § 210.16(a)(4); FP (29); CR (29).	<input type="checkbox"/>	<input type="checkbox"/>
17. Are meals monitored after the last food or menu item is served/selected to ensure that only reimbursable meals are claimed? 7 C.F.R. § 210.10(a)(1); 7 C.F.R. § 220.8(a); FP (28); CR (27).	<input type="checkbox"/>	<input type="checkbox"/>
18. Are production records completed each day for all meals claimed for reimbursement? 7 C.F.R. § 210.16(c)(1); 7 C.F.R. § 210.7(d)(2); FP (26; 28); CR (25; 27).	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>NOTE:</b> Attach a current menu to reflect the responses below:</p> <p><b>District Comments – Provide a rationale for all “No” responses in Part II:</b></p> <div style="border: 1px solid black; height: 100px; width: 100%;"></div>		

# Monitoring:

## USDA Donated Foods

III. USDA Donated Foods	Yes	No
19. Is there a proper inventory system <u>of</u> USDA donated foods? <input type="checkbox"/> Is the FSMC responsible for receiving, storing, and managing USDA donated foods on behalf of the District? <input type="checkbox"/> Is the District responsible for verifying delivery of USDA donated food shipments and end products, not relying solely on the FSMC records?	<input type="checkbox"/>	<input type="checkbox"/>
20. Is the FSMC keeping purchased inventory separate from USDA donated foods inventory?	<input type="checkbox"/>	<input type="checkbox"/>
21. Does the FSMC provide the <u>District</u> with clear documentation that demonstrates that the District has received credit for the value of its USDA donated foods? (This includes crediting for the value of donated foods, including brown box, Department of Defense (DOD) Fresh, and processed end products). <b>What is the amount received to date? \$</b> _____ <b>Note:</b> Please file a copy of the documentation with this form for verification.	<input type="checkbox"/>	<input type="checkbox"/>
22. Does the FSMC contract outline the frequency by which crediting will occur (crediting MUST be performed at least monthly) and was that followed?	<input type="checkbox"/>	<input type="checkbox"/>
23. Does the FSMC ensure that the District retains ownership of all USDA donated foods including processed foods, if applicable?	<input type="checkbox"/>	<input type="checkbox"/>
24. Does the FSMC use USDA donated foods to the maximum extent possible in quantities that can be used and <u>store</u> without waste? <b>What is the SFA's current entitlement balance? \$</b> _____	<input type="checkbox"/>	<input type="checkbox"/>
25. Does the FSMC use all donated foods, or commercially purchased of the same generic identity, of U.S. origin, and of equal or better quality than the donated foods in the District's food service?	<input type="checkbox"/>	<input type="checkbox"/>
26. Does the FSMC use all donated ground beef, ground pork, and all processed end products in the District's food service without substitution, if applicable?	<input type="checkbox"/>	<input type="checkbox"/>
27. How is the District credited for the value of USDA donated foods? (Please check one of the following, then check "Yes"). <input type="checkbox"/> Invoice Reductions: Fixed Price <input type="checkbox"/> Disclosure: Cost Reimbursable	<input type="checkbox"/>	<input type="checkbox"/>
28. Does the District retain title to all USDA donated foods and ensure that all USDA donated foods are made available to the FSMC, including processed foods?	<input type="checkbox"/>	<input type="checkbox"/>

# Monitoring:

USDA Donated Foods

29. For Cost Reimbursable contracts, does the FSMC ensure that its system of inventory management does not result in the District being charged for USDA donated foods? For Fixed Price contracts, please skip this question.	<input type="checkbox"/>	<input type="checkbox"/>
<b>NOTE:</b> Attach a copy of the recent USDA donated foods report/invoice. <b>District Comments –Provide a rationale for all “No” responses in Part III:</b>		
<div></div>		

# Monitoring:

## Meal Count System

IV. Meal Count System	Yes	No
30. Has the FSMC implemented a point of service (POS) system that allows for the collection of accurate data for meals served by the eligibility category, a la carte sales, and adult sales without overt identification?	<input type="checkbox"/>	<input type="checkbox"/>
31. Does the FSMC have a backup system to ensure that all counting and claiming data is maintained? <b>Describe this backup system:</b>	<input type="checkbox"/>	<input type="checkbox"/>
32. Does the FSMC maintain records to support all claims reports?	<input type="checkbox"/>	<input type="checkbox"/>
33. Does the FSMC complete the Daily Record form for the District to validate, or provide the data the District needs to complete the Daily Record form?	<input type="checkbox"/>	<input type="checkbox"/>
34. Does the FSMC provide accurate claiming reports to the District at the end of each day and month, and counts for other types of food service?	<input type="checkbox"/>	<input type="checkbox"/>
<b>District Comments –Provide a rationale for all “No” responses in Part IV:</b>		

# Monitoring:

## Meal Count System

V. Accounting	Yes	No
35. Does the FSMC maintain daily records to support the Claims for Reimbursement and report claim information to the District promptly at the end of each month?	<input type="checkbox"/>	<input type="checkbox"/>
36. Does the FSMC have an organized method for storing, preserving, and accounting for the District's food inventory?	<input type="checkbox"/>	<input type="checkbox"/>
37. Does the FSMC's food service daily income records, such as end of day POS reports, accurately reflect all revenue received for meals served by the eligibility category and by meal type, such as cash-sales for all non-program foods?	<input type="checkbox"/>	<input type="checkbox"/>
38. Does the FSMC provide the District with all information and documentation needed for the District to calculate its program and non-program revenue and cost proportion as required by regulations? (For example: POS records, cost per meal data, and inventory or financial reports).	<input type="checkbox"/>	<input type="checkbox"/>
39. Is the FSMC transparent in their identification of all rebates, discounts, and applicable credits, and does the FSMC provide sufficient information to permit the District to identify allowable and unallowable costs?	<input type="checkbox"/>	<input type="checkbox"/>
40. Are allowable costs paid from the nonprofit school food service account net of all discounts, rebates, and other applicable credits accruing to or received by the FSMC?	<input type="checkbox"/>	<input type="checkbox"/>
41. Does all income to the program accrue to the nonprofit school food service account?	<input type="checkbox"/>	<input type="checkbox"/>
42. Is there documentation that both State Agency and District approval was requested and given for all capital expenditures (single items over \$5,000)?	<input type="checkbox"/>	<input type="checkbox"/>
43. Has the District audited time reporting forms to assure only actual hours worked are billed to the District?	<input type="checkbox"/>	<input type="checkbox"/>
44. Does the District ensure that the Arkansas Teacher Retirement surcharge is paid outside of the nonprofit food service account, as defined in Arkansas Act 575?	<input type="checkbox"/>	<input type="checkbox"/>
45. For Cost Reimbursable contracts, has the District received all applicable discounts, credits, and rebates from the FSMC?	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>NOTE:</b> Attach the most recent POS counting and claiming report.</p> <p><b>District Comments –Provide a rationale for all “No” responses in Part V:</b></p>		



# Monitoring:

## Invoices

VI. Invoices	Yes	No
46. Does the FSMC ensure that all invoice statements are accurate, and that unallowable costs and duplicate services are not billed to the District?	<input type="checkbox"/>	<input type="checkbox"/>
47. Does the FSMC monthly invoice reconcile with the point of service (POS) counting and claiming report? <b>Explain how the invoice meal counts are reconciled with the POS count each month:</b>	<input type="checkbox"/>	<input type="checkbox"/>
<div></div>		
48. Is the FSMC monthly invoice accurate concerning meal quantity by meal type, meal rates as reflected in the contract, and meal equivalency factor for cash-sales food items?	<input type="checkbox"/>	<input type="checkbox"/>
49. For Cost Reimbursable contracts, has the District audited the food and non-food invoices to assure that bills sent reflect actual expenses?	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>NOTE:</b> Attach the most recent FSMC monthly invoice.</p> <p><b>District Comments –Provide a rationale for all “No” responses in Part VI:</b></p> <div></div>		



# Monitoring:

## Procurement

VII. Procurement		Yes	No
50.	Was the FSMC awarded the contract based on the District-provided mechanisms for technical evaluation of the proposals?	<input type="checkbox"/>	<input type="checkbox"/>
51.	Was the contract awarded to the responsible offeror whose proposal was the most advantageous to the District with price and other factors considered (with price as the primary factor)?	<input type="checkbox"/>	<input type="checkbox"/>
52.	Was the RFP publicized and any reasonable requests by other sources to compete were honored to the maximum extent practicable?	<input type="checkbox"/>	<input type="checkbox"/>
53.	Were there an adequate number of qualified RFP responses to permit reasonable competition?	<input type="checkbox"/>	<input type="checkbox"/>
54.	Did the District follow the appropriate procurement procedures when awarding the FSMC <u>contract</u> including preparing all contract documents? (These documents include, but are not limited to, bid specifications, the RFP, the contract, and any contract amendments).	<input type="checkbox"/>	<input type="checkbox"/>
55.	Does the FSMC ensure that foods are procured in compliance with the Buy American provision?	<input type="checkbox"/>	<input type="checkbox"/>
56.	For Fixed Price contracts, does the FSMC accurately charge the number of meals claimed to the District at the fixed-rate price according to the contract? For Cost Reimbursable contracts, skip this question.	<input type="checkbox"/>	<input type="checkbox"/>
57.	For Cost Reimbursable contracts, does the FSMC follow all procurement regulations when purchasing on behalf of the District? For Fixed Price contracts, skip this question.	<input type="checkbox"/>	<input type="checkbox"/>
58.	For Cost Reimbursable contracts, does the FSMC provide sufficient documentation for the District to determine if all procurement was conducted correctly and in compliance with all applicable regulations? For Fixed Price contracts, skip this question.	<input type="checkbox"/>	<input type="checkbox"/>
<b>District Comments –Provide a rationale for all “No” responses in Part VII:</b>			
<div style="border: 1px solid black; height: 100px;"></div>			

# Monitoring:

## Sanitation

VIII. Sanitation	Yes	No
59. Does the FSMC have a Hazard Analysis and Critical Control Points (HACCP) plan in place and is there evidence of its implementation?	<input type="checkbox"/>	<input type="checkbox"/>
60. Does the FSMC follow the District's local wellness policy?	<input type="checkbox"/>	<input type="checkbox"/>
61. Does the FSMC ensure that all facilities have health inspections as required by law?	<input type="checkbox"/>	<input type="checkbox"/>
62. Do employees practice safe food-handling procedures?	<input type="checkbox"/>	<input type="checkbox"/>
63. Are facilities and equipment adequately maintained for safety and sanitation?	<input type="checkbox"/>	<input type="checkbox"/>
64. Are State health licenses maintained as required by the contract?	<input type="checkbox"/>	<input type="checkbox"/>
65. Does the District assure that all State and local regulations are being met by the FSMC?	<input type="checkbox"/>	<input type="checkbox"/>
66. Does the FSMC storage ensure the food items are stored in a manner that is consistent with all health and safety rules that apply to the stored items?	<input type="checkbox"/>	<input type="checkbox"/>
<b>District Comments –Provide a rationale for all “No” responses in Part VIII:</b> <div style="border: 1px solid black; height: 100px; width: 100%;"></div>		

# Monitoring:

## Staffing/Training

IX. Staffing/Training	Yes	No
67. Has the FSMC staffing plan been approved by the District?	<input type="checkbox"/>	<input type="checkbox"/>
68. Has the FSMC staffing plan been followed per the contract? # of Full-Time Employees (FTEs) in contract: _____ # of FTEs (current): _____	<input type="checkbox"/>	<input type="checkbox"/>
69. Does the FSMC ensure that all Child Nutrition staff have <u>required</u> training? <b>Explain the FSMC's system of tracking training hours:</b>	<input type="checkbox"/>	<input type="checkbox"/>
70. Does the FSMC ensure that the Child Nutrition Director's (CND's) position meets the USDA professional hiring standards (7 C.F.R. § 210.30)?	<input type="checkbox"/>	<input type="checkbox"/>
71. Does the FSMC maintain documentation that demonstrates the professional standards for training and the CND's position are compliant with regulations?	<input type="checkbox"/>	<input type="checkbox"/>
<b>NOTE:</b> Attach a copy of the approved staffing plan, organization chart, and training documentation. <b>District Comments –Provide a rationale for all “No” responses in Part IX:</b>		

# Monitoring:

## Monitoring

X. Monitoring	Yes	No
72. Does the District monitor the FSMC's food service operations through periodic on-site visits to ensure that the food service is in conformance with program regulations and that program review and audit findings are resolved?	<input type="checkbox"/>	<input type="checkbox"/>
73. Is documentation of the District's on-site monitoring visits maintained?	<input type="checkbox"/>	<input type="checkbox"/>
74. Does the District have procedures in place to monitor the FSMC's contract compliance?	<input type="checkbox"/>	<input type="checkbox"/>
75. Is documentation of the District's monitoring of FSMC contract compliance maintained?	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>NOTE:</b> Attach a copy of both the on-site monitoring documentation and the contract compliance monitoring documentation.</p> <p><b>District Comments –Provide a rationale for all “No” responses in Part X:</b></p>		

# Monitoring:

## Record Retention

XI. Record Retention	Yes	No
76. Does the FSMC have a system to transfer all records to the District to be retained for long-term storage?	<input type="checkbox"/>	<input type="checkbox"/>
77. Are these records stored properly in one of these locations? (Please check all that apply). <input type="checkbox"/> Child Nutrition Director's office <input type="checkbox"/> District's administration office <input type="checkbox"/> Other: _____	<input type="checkbox"/>	<input type="checkbox"/>
78. Does the FSMC provide all documentation required to demonstrate the District is compliant with all regulations – local, state, and federal?	<input type="checkbox"/>	<input type="checkbox"/>
<b>District Comments –Provide a rationale for all “No” responses in Part XI:</b>		

# Monitoring:

## Other

XII. Other	Yes	No
79. Have all responsibilities of the sponsor and the FSMC been implemented as defined in the terms of the contract?	<input type="checkbox"/>	<input type="checkbox"/>
80. Has the District retained all food service responsibilities not allowed to be delegated to the FSMC?	<input type="checkbox"/>	<input type="checkbox"/>
81. Have all corrections been made as required if problems were noted during a District review, administrative review, or a program audit?	<input type="checkbox"/>	<input type="checkbox"/>
82. Did the FSMC and the District ensure that no additional contract or addendum to the contract was signed? <b>(NOTE: Additional contracts and addenda are not allowed. Please submit a copy of any additional contracts or addenda).</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>District Comments –Provide a rationale for all “No” responses in Part XII:</b>		



# Verification of Expenses



# What do you need to verify costs on invoice?

## **Fixed - Rate**

- Correct billing rates listed in contract
- Correct MEq rate listed in Commissioner's Memo
- Detailed list of Commodity Receipts
- Verification documents for meal counts and sales

## **Cost Reimbursable**

- All supporting documents of expenses reflected on invoice and operating ledger (invoice, receipts, etc)
- Payroll, timesheets

# Tools:

## Meal Calculator



[Meal Pattern](#)

[Unpaid Meal Charges](#)

[Engagement](#)

[Wellness](#)

[About Us](#)

[Administrative Review](#)

[CNU and USDA Memos](#)

[Civil Rights](#)

[Data Requests](#)

[Direct Certification Portal](#)

[Food Service Management Companies](#)

[Aramark Educational Services](#)

[Compass Group USA, INC Chartwells](#)

[A'viands LLC, K-12 by Elior](#)

[J&F Food Service, Inc.](#)

[K-12 Culinary Connection](#)

[OPAA! Food Managemnt of Arkansas, LLC](#)

[Compass Group USA, INC SchoolEats Division](#)

[A Management, Inc.](#)

A food service management company (FSMC) is a commercial enterprise or a non-profit organization that is or may be contracted with by a school district to manage any aspect of the school food service. The procurement of a contract with an FSMC can be a time-intensive process for child nutrition directors, superintendents, district purchasing officials, and the district's legal counsel. There are resources available to assist in this process.

#### Registered Food Services Management Companies

Aramark

Elior

Chartwells

SchoolEats

J&F Food Service

K-12 Culinary  
Connection

OPAA!

Sodexo

Southwest Foodservice  
Excellence

Taher

Tiger Commissary  
Services

SLA Management

[Click HERE for districts soliciting RFPs for SY 2023-2024](#)

#### Resources:

[Contracting with Food Service Management Companies: Guidance for School Food Authorities](#)

[Contracting with Food Service Management Companies: Guidance for State Agencies](#)

[Training for School Food Authorities and Food Service Management Companies, October 2022](#)

[Determining Meal Equivalency Rates for the 2022-2023 school year](#)

[Meal Calculator](#)



## Meal Calculator

**(CHECK THE RELEVANT BOX ->)**

☐  
☐



**Fixed Price Contract Type**

**Cost Reimbursable Contract Type**

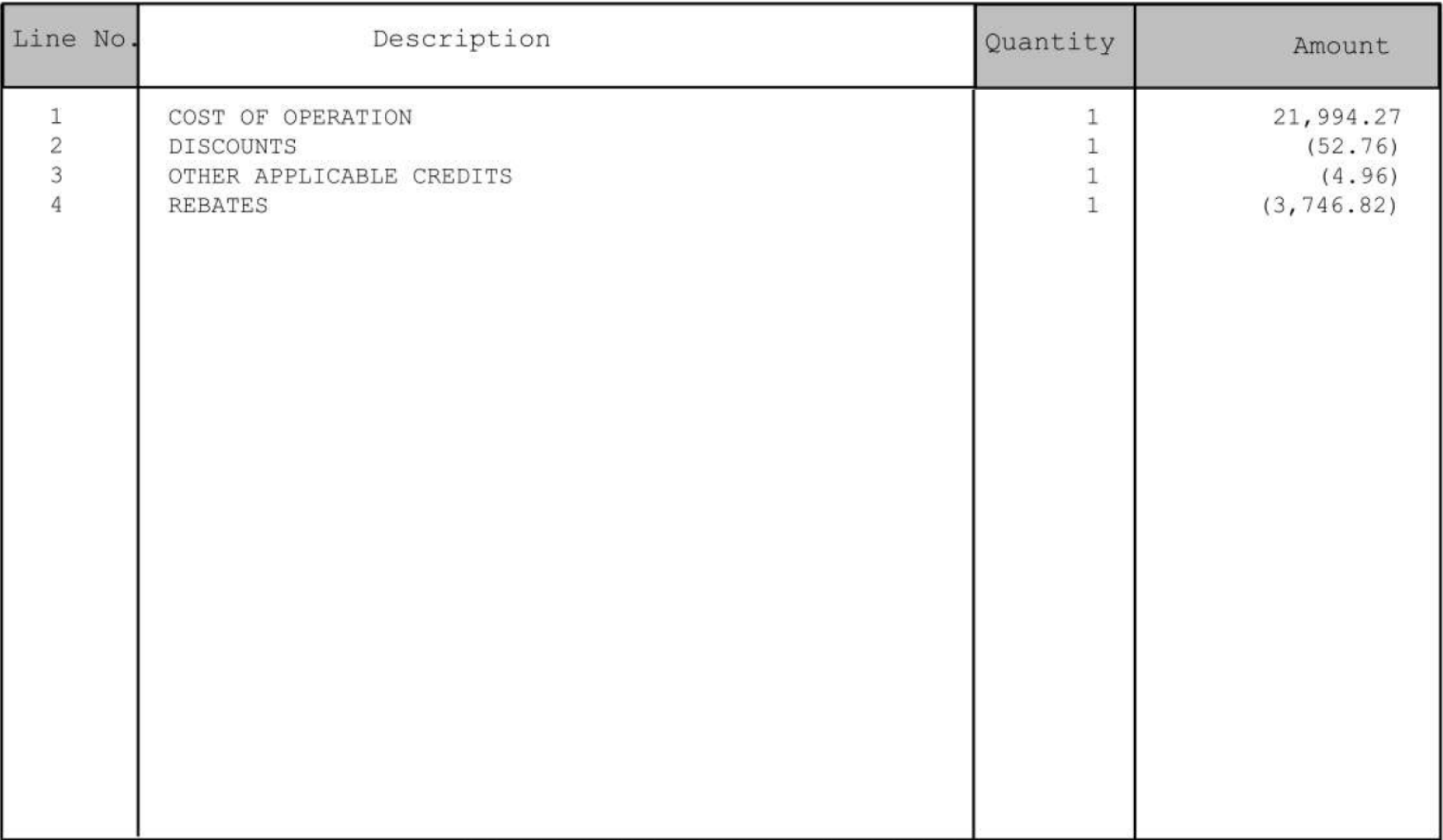
*Directions: Fill out data in highlighted yellow boxes, all other data will calculate accordingly.*

*Nonprogram Meal Equivalency Value =	(CHECK THE RELEVANT BOX ->)	Please Check Non-Safety Net Lunch or Safety Net Lunch:	
*Nonprogram Meal Equivalency Value = Free Lunch Reimbursement + Performance Based Rate + USDA Foods Value	<input type="checkbox"/>	Non-Safety Net Lunch: \$4.33 + \$.08 + \$.30 =	NOT APPLICABLE
	<input type="checkbox"/>	Safety Net Lunch: \$4.35 + \$.08 + \$.30 =	NOT APPLICABLE

Fixed Price: (refer to page 20 of contract)		Cost Reimbursable: (refer to page 19 of contract)	
Fixed Price per Meal: Student Breakfast		Administrative Fee per Meal: Student Breakfast	
Fixed Price per Meal: Student Lunch		Administrative Fee per Meal: Student Lunch	
Fixed Price per Meal: Student After-School Snack		Administrative Fee per Meal: Student After-School Snack	
Fixed Price per Meal: Non-Student Breakfast		Administrative Fee per Meal: Non-Student Breakfast	
Fixed Price per Meal: Non-Student Lunch		Administrative Fee per Meal: Non-Student Lunch	
		Management Fee per Meal: Student Breakfast	
		Management Fee per Meal: Student Lunch	
		Management Fee per Meal: Student After-School Snack	
		Management Fee per Meal: Non-Student Breakfast	
		Management Fee per Meal: Non-Student Lunch	

Reimbursable Meal Counts <i>(These will be district-wide counts).</i>						
Category	Number of Meals		Fixed Price per Meal	Admin. and Man. Fees		Total
Total Student Breakfasts			\$0.0000	\$0.0000		\$0.00
Total Student Lunches			\$0.0000	\$0.0000		\$0.00
Total Student After-School Snacks			\$0.0000	\$0.0000		\$0.00
Total Student Non-Student Breakfasts			\$0.0000	\$0.0000		\$0.00
Total Student Non-Student Lunches			\$0.0000	\$0.0000		\$0.00
Nonprogram Revenue \$\$ <i>(This will be district-wide revenue).</i>						
Category	Sales/Revenue	ME	Number of Meals	Fixed Price per Meal	A & M Fees	Total
A la carte		(CHECK 	#VALUE!	\$0.0000	\$0.0000	\$0.00
Vending/Catering		(CHECK 	#VALUE!	\$0.0000	\$0.0000	\$0.00
Total		\$0.00				

What does a Cost Reimbursable  
Invoice look like



Special Instructions	Subtotal	18,189.73
	Delivery	0.00
	Tax	0.00
	Total	18,189.73

*For month 11 beginning August 01, 2022 through August 31, 2022*

<i>Gross Product Cost</i>	<i>60,244.09</i>
<i>Total Rebates</i>	<i>(227.05)</i>
<i>Net Product Cost</i>	<i>60,017.04</i>
<i>Total Direct Labor Costs</i>	<i>8,323.95</i>
<i>Total Supervisory &amp; Clerical Labor Costs</i>	<i>7,809.82</i>
<i>Total Other Costs</i>	<i>3,006.28</i>

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<i>Administration and Fee Expense</i>	<i>2,484.92</i>
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NET OPERATING COST	81,642.01
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PLEASE REMIT THE ABOVE AMOUNT

# Common Findings on Invoices

# Incorrect reimbursement rate

Commissioner Memo regarding MEq is released every summer on DESE page

***Current Free Reimbursement Rate + Performance Based Reimbursement  
+ USDA donated food date for school lunch = MEq***

Quantity	Itemized	Meal Equivalent	Unit Price	Unit Total
7293.00	Student Lunches		\$2.9900	\$21,806.07
3841.00	Student Breakfasts		\$2.0033	\$7,694.68
480.00	Snacks		\$0.9867	\$473.62
423.83	A la Carte	$\$1873.25 \div 4.4198$	\$2.9900	\$1,267.26
112.00	Adult Lunches		\$2.9900	\$334.88
5.00	Adult Breakfasts		\$2.0033	\$10.02
1.00	Actual Commodity Credit – July 2022		(\$445.5700)	(\$445.57)
1.00	Actual Commodity Credit		(\$2928.5900)	(\$2,928.59)

# Converting Adult Meals/ Preschool meals to Meq

- student and non-student meals should be applied with fixed rate
- a la carte and catering sales should be converted to MEq

2607.00	Student Lunches		\$2.8467	\$7,421.35	
1558.00	Student Breakfasts		\$1.4233	\$2,217.50	
200.00	Snacks		\$1.0372	\$207.44	
4.20	Adult Breakfasts	$\$18.00 \div 4.2811$	\$2.8467	\$11.97	
77.26	Adult Lunches	$\$330.75 \div 4.2811$	\$2.8467	\$219.93	
	Building Total				\$10,078.19

# Incorrect meal counts

- FSMC invoicing for a different amount than what POS generates
- ensure reconciliation procedures and verify counts prior to billing

Quantity	Itemized	Meal Equivalent	Unit Price	Unit Total
7293.00	Student Lunches		\$2.9900	\$21,806.07
3841.00	Student Breakfasts		\$2.0033	\$7,694.68

Lunch	Reimb		Non-Reimb		Total
	Sold	Earned	Sold	Earned	
Student Free	4793	0	7	0	4800
Student Reduced	673	0	2	0	675
Student Paid	1827	0	12	0	1839
Student Total	7293	0	21	0	7314

## Additional expenses listed (Fixed Rate)

- Supply Chain Reimbursement, labor, etc are not allowed for claiming

Description of Charge	Count	Billable Rate	Amount
Adult Breakfast	110.00	2.1200	\$233.20
Adult Lunch	576.00	3.4700	\$1,998.72
After School Snack	3,321.00	1.0000	\$3,321.00
Breakfast	18,545.00	2.1200	\$39,315.40
Employee Breakfast	44.00	2.1200	\$93.28
Employee Lunch	355.00	3.4700	\$1,231.85
Lunch	15,569.00	3.4700	\$54,021.43
Other A la Carte	26.92	1.0000	\$26.92
Commodity Credit			-\$18,540.68
Supply Chain Reimbursement			\$5,493.19

# Common Findings on Invoices: Specific to Cost Reimbursable

## Unallowable Expenses

4. Allowable costs must be paid from the non-profit school food service account to the FSMC, net of all discounts, rebates, and other applicable credits accruing to or received by the contractor or any assignee under the contract, to the extent those credits are allocable to the allowable portion of the costs billed to the SFA.

7 C.F.R. § 210.21(f). *In a Cost-Reimbursable contract, the fixed fee includes the contract's direct and indirect administrative costs and profit allocable to the contract.*

- The FSMC must separately identify for each cost submitted for payment to SFA: the amount of that cost that is allowable (can be paid from the nonprofit school food service account) and the amount that is unallowable (cannot be paid from the nonprofit school food service account); or The FSMC must exclude all unallowable costs from its billing documents and certify that only allowable costs are submitted for payment and records have been established that maintain the visibility of unallowable costs, including directly associated costs in a manner suitable for contract cost determination and verification;  
The FSMC's determination of its allowable costs must be made in compliance with the applicable Departmental and Program regulations and Office of Management and Budget cost circulars;  
The FSMC must identify the amount of each discount, rebate and other applicable credit on bills and invoices presented to the SFA for payment and individually identify the amount as a discount, rebate, or in the case of other applicable credits, the nature of the credit. If approved by the State Agency, the SFA may permit the FSMC to report this information on a less frequent basis than monthly, but no less frequently than annually; The FSMC shall submit to the SFA a **monthly** invoice that:
  - is broken down by individual school
  - includes the actual number of reimbursable meals (breakfast, lunch, and snack) and cash-sales food items for each service providedThe FSMC must identify the method by which it will report discounts, rebates and other applicable credits allocable to the contract that are not reported prior to conclusion of the contract;  
The FSMC must maintain documentation of costs and discounts, rebates and other applicable credits, and must furnish such documentation upon request to the SFA, the State Agency, or the Department.

Prohibited expenditures: No expenditure may be made from the nonprofit school food service account for any cost resulting from a cost reimbursable contract that fails to include the requirements of this section, nor may any expenditure be made from the nonprofit school food service account that permits or results in the FSMC receiving payments in excess of the FSMC's actual, net allowable costs.

# Food Cost | Gross Product Cost

Typically food and supplies to support program operation

- Coffee Bar | Ice Cream Bar | Other specialty bars for staff
- Meals and Snacks for trainings and professional development
- Gifts | Door prizes
- Appreciation gifts | meals | beverages
- Items for personal use

SLV CURL RBN	810091260370	2.00 X
BLNWEIGHT S	886506629960	0.97 X
BLNWEIGHT S	886506629960	0.97 X
BLNWEIGHT S	886506629960	0.97 X
IR BALLOON W	886506628890	0.97 X
IR BALLOON W	886506628890	0.97 X
IR BALLOON W	886506628890	0.97 X
IR BALLOON W	886506628890	0.97 X
GIFT BAGS	068981086700	0.98 X
GIFT BAGS	068981086700	0.98 X
10CT SILVER	758834842420	0.97 X
10CT SILVER	758834842420	0.97 X
10CT SILVER	758834842420	0.97 X
10CT SILVER	758834842420	0.97 X
GIFT BAGS	068981086700	0.98 X
GIFT BAGS	068981086700	0.98 X
GIFT BAGS	068981086700	0.98 X
GIFT BAGS	068981086720	0.98 X
GIFT BAGS	068981086720	0.98 X
GIFT BAGS	068981086720	0.98 X
GIFT BAGS	068981086720	0.98 X
GIFT BAGS	068981086730	0.98 X
GIFT BAGS	068981086730	0.98 X
GIFT BAGS	068981086730	0.98 X
GIFT BAGS	068981086730	0.98 X
14OZ CANDLE	047223440550	6.87 X
14OZ CANDLE	047223440520	6.87 X
DT MEL FOAM	311068019730	5.87 X
HAR DECOR	195511006720	5.98 X
FRAG OIL	843283130750	3.37 X
FRAG OIL	843283130750	3.37 X
FRAG OIL	843283130770	3.37 X
FRAG OIL	843283130770	3.37 X
OIL REFILL	843283108200	3.87 X
OIL REFILL	843283108200	3.87 X
K-EXPRESS BL	611247389080	59.97 X
PRODUCT SERIAL # 25.B200.0230978		



## Direct Cost | Other Product Cost

Typically supplies, technology, insurance, etc.

13. The following must be included in the administrative fees and are not to be charged in any other expenses.

- Teaching and Training Programs including state certification programs
- Personnel and Labor Relations Services and Visitation
- Legal Department Services
- Purchasing and Quality Control
- Technical Research
- Cost Incurred in Hiring and Relocating FSMC Management Personnel
- Dietetic Services (Administrative and Nutritional)
- Accounting and Accounting Procedures
- Tax Administration
- Technical Supervision
- Supervisory Personnel and Regular Inspections or Audit Personnel
- FSMC Employee Background and Maltreatment Checks
- General Regional and National Support
- Design Services
- Menu Development and Test Kitchens
- Information Technology and Support
- Nutrition Education, programming, consumable marketing material, and committee meetings expense
- Payroll Documentation
- Sanitation
- Meal modifications
- Mileage outside of district or for employees not assigned to the SFA
- Cell phones

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Training			
673011	SA	CHAT SESSION P12	23.00
673011	SA	DiSC Assessment	70.00
673011	SA	Key IT Controls (KITC) e-Learning Certif	25.00
Training			118.00
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Computer Expense			
645250	SA	August_Microsoft 0365 - S3 Lic	32.00
645250	SA	CSI #92 (5CD0374KZG) ** ** HP SBUY X360	100.00
Computer Expense			132.00
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Maint SoftwareMid			
645302	SA	MYPI MONTHLY MAINTENANCE FEE	80.00
645302	SA	STAFF Phone Clock Charge	6.00
645302	SA	Online Pay Stubs	0.40
645302	VA	Allocate P12 iTrade Monthly Invoice Cost	36.06
645302	VA	Allocate P12 Nutrislice Expense Inv 7409	178.83
645302	VA	Record MenuWorks	105.00
Maint SoftwareMid			406.29
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M & E Fully Deduct			
681011	YA	SONIC DRIVE IN 3997 9-9-2022	33.70
M & E Fully Deduct			33.70
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**Direct Cost |  
Other Product Cost**

Administrative Expense	1,365.38	0.128	26,704.09	0.131
Allocations & Chargeouts				
Shipping			50.00	
Depreciation	132.19	0.012	1,586.13	0.008
Direct Costs-Other	704.00	0.066	8,448.00	0.041
Freight Expense				
Shipping			48.30	
General Insurance	243.28	0.023	6,881.86	0.034
Management Meeting Expense				
Miscellaneous			50.00	
Print Expense				
Menu Expense			256.00	0.001
Outsourced / Managed Services			(64.00)	
Printing and Production Servi			217.04	0.001
Professional Services				
Outsourced / Managed Services			98.50	
Recruiting Expense				
Recruiting Costs			124.56	
Rental Expense				
Industrial Equipment			267.90	0.001
Replacement Cost				
Smallwares			96.68	
Sub-Contracted Services Expense				
Travel Expense			31.32	
Supplies Expense				
Cafeteria / Kitchen			4,957.58	0.024
Janitorial			3,153.72	0.015

Paper Disposables			3,831.93	0.019
Taxes & Licenses-Other			870.37	0.004
Technology Cost				
System Chargeouts				
Telephone Expense			(24.00)	
Telephone Expense			115.18	
Travel Expense			510.26	0.003
Uniforms and Laundry			87.87	
TOTAL DIRECT EXPENSE	2,444.85	0.229	58,299.29	0.286

**Thank You!**