



**MAPPING
THE WAY**

SNP Back to School
Virtual Conference

School Nutrition Programs Financial Management SY 2020-2021

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Nutrition Department Financial Management Team

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What is Financial Management?

- The process of defining the program objectives and financial goals for the school nutrition programs, and
- Implementing activities to attain those goals through the effective use of resources.
- Financial Management is a crucial component of program integrity.
- The USDA requires State Agencies to monitor the School Food Authority (SFA) Financial Management to ensure compliance with federal regulations that support the financial health of the school meal program's nonprofit food service account through a Financial Management Review at least once during a three year cycle.
 - ISBE was approved, by the USDA, to extend the review cycle to at least once during a five year cycle.
- *School food authority (SFA)* means the governing body which is responsible for the administration of one or more schools; and has the legal authority to operate the Program therein *or* be otherwise approved by FNS to operate the Program. This includes public schools, non-public schools, charter schools, and RCCI's.

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What is a Financial Management Review?

- A review that combines the previously separate Resource Management Review and the Procurement Review into one review.
- This review is to ensure compliance with federal regulations that support the financial health of the school meal program's nonprofit food service account at least once during a three year cycle.
 - ISBE was approved, by the USDA, to extend the review cycle to at least once during a five year cycle.



What is the Procurement Review?

- A procurement review is for state agencies to ensure the procurement process conducted by SFAs complies with program and the government-wide procurement standards.
- Procurement is a major responsibility of each SFA – almost half of the SFA's reimbursement is used on the procuring of goods and/ or services.
- Procurement has a major impact on financial stability of the SFA's nonprofit school food service account

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Overview Procurement Review?

- Obtaining the most economical purchase should be considered in all purchases when using Federal funds.
- All Procurement transactions must be conducted in a manner that provides maximum free and open competition.
- Federal, state and local laws and regulations specify the procurement method, terms and conditions SFAs must follow to competitively procure goods and services, award contracts, and oversee contractor performance.
- Each SFA is required to have its own documented procurement procedures in place that reflect applicable state and local laws and regulations.
- Each SFA is required to have written code of conduct covering conflicts of interest that prohibit officers, employees and agents from soliciting or accepting gratuities, favors or anything of monetary value from contractors or parties of subcontracts.

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What is the Resource Management Review?

- A comprehensive evaluation of an SFAs school foodservice account, which includes four general areas:
 - Maintenance of Non-Profit School Foodservice Account
 - Paid Lunch Equity (PLE)
 - Revenue from Nonprogram Foods
 - Indirect Costs

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Resource Management: Maintenance of Non-Profit School Foodservice Account

- The State Agency must ensure that revenues and expenses under the nonprofit school food service account are in accordance with 7 CFR 210.14.
- The nonprofit school food service expenses must be allowable, used only for the operation and improvement of the school food service, and net cash resources may not exceed three months' average of operating expenses.



Resource Management: Paid Lunch Equity

- The purpose of PLE is to increase PAID meal prices to be more equal with funds brought in from free and reduced-price meal reimbursements.
- PLE is NOT required if you are a Residential Child Care Institution, operate under the Community Eligibility Provision, do not charge students for lunches otherwise, or district charged the required weighted average for PAID lunches as indicated below.
- SFAs new to the National School Lunch Program are required to set their lunch price(s) at the current USDA target rate and comply with completing the PLE tools going forward.



Resource Management: Revenue from Nonprogram Foods

- Nonprogram foods include any non-reimbursable foods and beverages purchased using funds from the nonprofit school food service account.
- This encompasses all foods and beverages sold in schools as well as adult meals, foods and beverages sold outside of school hours, or any foods and beverages used for catering or vending activities.
- For the majority of SFAs, a la carte foods and beverages offered during meal service are the largest share of nonprogram foods.



Resource Management: Indirect Costs

- An indirect cost rate is a means of determining, in a reasonable manner, the percentage of allowable general management costs that benefit each federal program or activity.
- Indirect costs are generally administrative costs such as the salaries and expenses for staff engaged in organization-wide (general) activities.
- ISBE will approve indirect cost rates only for those SFAs which have provided all necessary data needed to determine appropriate cost pools for the purpose of computing the indirect cost rates.
- The indirect cost rate approval shall provide rates that apply to one year only



Where Can I Find Financial Management Resources?

- ISBE Back to School
<https://www.isbe.net/snpb2s>
- ISBE Nutrition Financial Management
<https://www.isbe.net/Pages/Nutrition-Financial-Management.aspx>
- USDA Procurement Regulations
<https://www.fns.usda.gov/cfs/usda-procurement-regulations>

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Q & A Session

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THANK YOU!

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