



Food and
Nutrition
Service

Park Office
Center

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DATE: September 16, 2016

MEMO CODE: SP 56-2016

SUBJECT: Additional Guidance for the Implementation of the
Administrative Reviews in School Nutrition Programs Final
Rule

TO: Regional Directors
Special Nutrition Programs
All Regions

State Directors
Child Nutrition Programs
All States

This memorandum provides additional guidance to assist in implementing the final rule, Administrative Reviews in School Nutrition Programs, effective September 27, 2016. The guidance included in this memorandum is intended to assist with the completion of administrative reviews conducted after this effective date. This memorandum focuses on several provisions of the final rule, including:

- Fiscal Action for Performance Standard 1 Violations (PS-1)
- Annual SFA on-site reviews of the School Breakfast Program (SBP) and the National School Lunch Program (NSLP)
- State Agency Transparency Requirement

This memorandum supersedes memorandum SP 14-2011, Prototype Checklists for School Food Authorities (SFAs) for Conducting Annual On-site Reviews.

Fiscal Action for Performance Standard 1 Violations

For the Certification and Benefit Issuance portion of the updated administrative review, 7 CFR Part 210.18(g) of the final rule requires the State agencies to review certifications/benefit issuance for all the schools under the School Food Authority's (SFA's) jurisdiction, not just the reviewed schools. Section 210.18(l)(1) of this final rule applies fiscal action for certification and benefit issuance errors to the entire SFA, including non-reviewed schools.

To calculate fiscal action for SFA errors in certification and benefit issuance, State agencies can use one of several methods for data entry into the Administrative Review Fiscal Action Workbook (FA Workbook) for SFAs undergoing an administrative review. These methods differ in the way the data is entered into the FA Workbook, but result in the same fiscal action calculation.

The method selected by a State agency will likely depend largely on whether site-based claiming is utilized and any need to allocate fiscal action from the SFA to individual sites. The methods available include:

- 1) Entering all schools (reviewed and non-reviewed schools) in the SFA into the FA Workbook as individual entries in separate rows. Complete the columns and sections of the FA Workbook for each row entry as applicable.
- 2) Compile the fiscal action calculation for certification and benefit issuance for the SFA into a single entry in a single row of the FA Workbook. Below this row, list all reviewed sites where additional fiscal action was taken, completing the columns and sections of the FA Workbook as applicable.
- 3) Combine all fiscal action (certification and benefit issuance, other PS-1, PS-2, other) into a single entry in a single row of the FA Workbook. Complete the sections of the FA Workbook as applicable.

SFA Annual On-Site Reviews of SBP and NSLP

In addition to the review requirements already in place at 7 CFR Part 210.8(a)(1) for an annual SFA on-site review of the National School Lunch Program (NSLP), the final rule adds this review requirement for the School Breakfast Program (SBP) at 7 CFR Part 220.11(d)(1). SFAs are required to establish internal controls which ensure the accuracy of meal counts prior to the submission of the monthly Claim for Reimbursement. The internal controls must include an on-site review of the readily observable general areas of review identified under 7 CFR 210.18(h) and the meal counting and claiming system employed by each school (as defined in 7 CFR Part 210.2) approved to participate in the NSLP and at 50% of the schools approved to participate in the SBP within the jurisdiction of the SFA. While the annual requirement is to complete 50% of the schools approved to participate in the SBP in the SFA's jurisdiction, each school approved to participate in the SBP must be reviewed at least once every two years. SFAs with only one school are not required to conduct such on-site reviews for their approved school. However, the Food and Nutrition Service (FNS) highly encourages those SFAs to conduct a self-assessment in the form of an on-site review to ensure integrity and accountability of the Programs.

Every school year (as defined in 7 CFR Part 210.2, July 1 to June 30), each SFA with more than one school must perform no less than one on-site review of the meal counting and claiming system and the readily observable general areas of review identified under 7 CFR 210.18(h) in each school operating the NSLP and 50% of schools operating the SBP administered by the SFA.

The on-site review must take place prior to February 1 of each school year. If the review discloses problems with a school's meal counting and claiming procedures or general review areas, the SFA must ensure that the school implements corrective action, and within 45 days of the review, conduct a follow-up on-site review to determine that the corrective action resolved the problems. Each on-site review must ensure the school's claim is based on the counting and claiming system, as implemented, and yields the actual number of reimbursable free, reduced price, and paid meals, respectively, served for each day of operation.

In an effort to assist SFAs in conducting these reviews, FNS is providing an optional prototype checklist (Attachment A) for SFAs to use as a resource when conducting on-site reviews. The content of the prototype checklist covers the minimum requirements for the on-site reviews; therefore, SFAs do not need to make changes to their existing on-site review form(s) unless it does not reflect the information contained in the FNS prototype checklist. If a checklist for on-site reviews is not already in place at the SFA level, FNS highly recommends that State agencies provide SFAs with the prototype checklist attached to this memorandum for conducting on-site reviews. The checklist assesses meal counting and claiming procedures, system accuracy, point of service, and readily observable general areas of review as applicable.

State Agency Transparency Requirement

Section 207 of the HHFKA amended section 22 of the NSLA (42 U.S.C. 1769c) to require State agencies to report the final results of the administrative review to the public in an accessible, easily understood manner in accordance with guidelines promulgated by the Secretary. The final rule at 7 CFR 210.18(m) requires the State agency to post a summary of the most recent final administrative review results for each SFA on the State agency's publicly available website, and allows the State agency to strongly encourage each SFA to post a summary on the SFA's public website.

The results summary must include access and reimbursement (including eligibility and certification review results), an SFA's compliance with the meal pattern and the nutritional quality of school meals, the results of the review of the school nutrition environment (including food safety, local school wellness policy, and competitive foods), compliance related to civil rights, and general program participation. At a minimum, this summary would include the written notification of review findings provided to the SFAs Superintendent or equivalent as required at 7 CFR 210.18(i)(3).

State agencies must post this summary no later than 30 days after the State agency provides the final results of the administrative review to the SFA.

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The results summary must remain available until a more recent results summary becomes available. The State agency must also make a copy of the final administrative review report available to the public upon request.

In an effort to assist State agencies in completing this transparency requirement, FNS has drafted a prototype summary template (Attachment B). This prototype summary template includes the minimum requirements for the publicly posted review summary; therefore, State agencies may use their own summary templates as long as their template and resulting summaries reflect, at minimum, the information contained in the FNS prototype summary template.

State agencies are reminded to distribute this information to Program operators immediately. Program operators should direct any questions regarding this memorandum to the appropriate State agency. State agencies should direct questions to the appropriate FNS Regional Office.

Original Signed

Sarah E. Smith-Holmes
Director
Program Monitoring and Operational Support Division
Child Nutrition Programs

APPENDIX A

**SCHOOL FOOD AUTHORITY ON-SITE REVIEW CHECKLIST
ASSESSMENT OF THE MEAL COUNTING AND CLAIMING SYSTEM AND
READILY OBSERVABLE GENERAL AREAS FOR THE SBP AND NSLP**

According to 7 CFR 210.8(a)(1) and 7 CFR 220.11(d)(1), every school year, prior to February 1, each School Food Authority (SFA) with more than one school (as defined by 7 CFR Part 210.2 to include Residential Child Care Institutions (RCCIs)) must perform no less than one on-site review of the meal counting and claiming system and the readily observable general areas of review identified under 7 CFR 210.18(h) in each school operating the National School Lunch Program (NSLP) and 50% of schools operating the School Breakfast Program (SBP) under its jurisdiction.

Each on-site review must ensure the school’s claim is based on the counting and claiming system, as implemented, and yields the actual number of reimbursable free, reduced price, and paid meals, respectively, served for each day of operation.

If the review discloses problems with a school’s meal counting and claiming procedures or general review areas, the SFA must ensure that the school implements corrective action, and within 45 days of the review, conduct a follow-up on-site review to determine that the corrective action resolved the problems.

School Name: _____ **Review Date:** _____

SFA Reviewer: _____

SCHOOL BREAKFAST PROGRAM ON-SITE REVIEW

The following questions are recommended at a minimum to complete the on-site review requirement:

YES	NO	MEAL COUNTING AND CLAIMING SYSTEM		
<input type="checkbox"/>	<input type="checkbox"/>	1. Is the method used for counting reimbursable meals in compliance with the approved point of service requirement? (Meal counts must be taken at the location(s) where complete meals are served to children.)		
<input type="checkbox"/>	<input type="checkbox"/>	2. Is the point of service meal count used to determine the school’s claim for reimbursement?		
<input type="checkbox"/>	<input type="checkbox"/>	3. Is the person responsible for monitoring and counting meals correctly identifying reimbursable meals?		
<input type="checkbox"/>	<input type="checkbox"/>	4. Is the school correctly implementing policies for handling the following (as applicable):		
		Yes	No	N/A
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				Incomplete meals?
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				Second meals?
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				Lost, stolen, misused, forgotten or destroyed tickets, tokens, IDs, etc.?
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				Visiting student meals?
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				Adult and non-student meals (and identifying program vs non-program)?
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				A la carte?
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				Student worker meals?
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				Field Trips?
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				Charged and/or prepaid meals?
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				Offer vs Serve?
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				Unpaid meal charges

<input type="checkbox"/>	<input type="checkbox"/>	5. Is there a method of identifying non-reimbursable meals (i.e., not meeting meal pattern requirements, seconds, adult meals, etc.) and distinguishing them from reimbursable meals?
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YES	NO	MEAL COUNTING AND CLAIMING SYSTEM CONT.	
<input type="checkbox"/>	<input type="checkbox"/>	6. Is someone trained as a backup for the monitor and the meal counter?	
<input type="checkbox"/>	<input type="checkbox"/>	7. Are there procedures for meal counting and claiming when the primary counting and claiming system is not available? Do staff know when and how to implement them?	
<input type="checkbox"/>	<input type="checkbox"/>	8. Are daily counts correctly totaled and recorded?	
<input type="checkbox"/>	<input type="checkbox"/>	9. If claims are aggregated, are the meal counts correctly totaled and consolidated?	
<input type="checkbox"/>	<input type="checkbox"/>	10. Are internal controls (edits, monitoring, etc.) established to ensure that daily counts do not exceed the number of students eligible or in attendance and that an accurate claim is made?	
		<i>Record today's meal counts by category and compare to the total number of students eligible by category</i>	
		Number of Students Approved by Category	Today's Meal Counts by Category
		Free:	Free:
		Reduced Price:	Reduced Price:
		Paid:	Paid
<input type="checkbox"/>	<input type="checkbox"/>	11. Does the system prevent overt identification of children receiving free or reduced price meals?	
NOTE: The following two questions are for all SFAs <u>except</u> for SFAs on Provision 2 or 3 in non-base years, CEP, or RCCIs with only residential children			
YES	NO		
<input type="checkbox"/>	<input type="checkbox"/>	12. Is a current eligibility list kept up-to-date and used by the meal counting system to provide an accurate daily count of reimbursable meals by category (free, reduced price, paid)?	
<input type="checkbox"/>	<input type="checkbox"/>	13. If applicable according to 7 CFR 220.11(d) are comparisons of daily free, reduced price and paid breakfast counts against data which will assist in the identification of breakfast counts in excess of the number of free, reduced price and paid breakfasts served each day to children eligible for such breakfasts completed?	

SBP CORRECTIVE ACTION PLAN (for any "NO" answers above):

SPECIFY DATE SBP CORRECTIVE ACTION(S) WILL BE IMPLEMENTED: _____

BY WHOM: _____

YES	NO	READILY OBSERVABLE GENERAL AREAS	
<input type="checkbox"/>	<input type="checkbox"/>	1. Were any issues readily observed in relation to resource management?	
		YES	NO
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	2. Were any issues readily observed in other general areas?	
		YES	NO
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>

SBP CORRECTIVE ACTION PLAN (for any “YES” answers above):

SPECIFY DATE SBP CORRECTIVE ACTION(S) WILL BE IMPLEMENTED: _____

BY WHOM: _____

SIGNATURE: _____

School Representative

Title

Date

SFA Reviewer

Title

Date

SBP FOLLOW-UP VISIT (must be conducted within 45 days if corrective action was required):

Date(s) of Follow-Up: _____

Observations of corrective action implementation:

SIGNATURE: _____
School Representative Title Date

SFA Reviewer Title Date

NATIONAL SCHOOL LUNCH PROGRAM ON-SITE REVIEW (Review Date: _____)

The following questions are recommended at a minimum to complete the on-site review requirement:

YES	NO	MEAL COUNTING AND CLAIMING SYSTEM			
<input type="checkbox"/>	<input type="checkbox"/>	14. Is the method used for counting reimbursable meals in compliance with the approved point of service requirement? (Meal counts must be taken at the location(s) where complete meals are served to children.)			
<input type="checkbox"/>	<input type="checkbox"/>	15. Is the point of service meal count used to determine the school's claim for reimbursement?			
<input type="checkbox"/>	<input type="checkbox"/>	16. Is the person responsible for monitoring meals correctly identifying reimbursable meals?			
<input type="checkbox"/>	<input type="checkbox"/>	17. Is the school correctly implementing policies for handling the following (as applicable):			
		Yes	No	N/A	
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Incomplete meals?
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Second meals?
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lost, stolen, misused, forgotten or destroyed tickets, tokens, IDs, etc.?
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Visiting student meals?
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Adult and non-student meals (and identifying program vs non-program)?
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	A la carte?
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Student worker meals?
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Field Trips?
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Charged and/or prepaid meals?
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Offer vs Serve?
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Unpaid meal charges?
<input type="checkbox"/>	<input type="checkbox"/>	18. Is there a method of identifying non-reimbursable meals (i.e. not meeting meal pattern requirements, seconds, adult meals, etc.) and distinguishing them from reimbursable meals?			
YES	NO	MEAL COUNTING AND CLAIMING SYSTEM CONT.			
<input type="checkbox"/>	<input type="checkbox"/>	19. Is someone trained as a backup for the monitor and the meal counter?			
<input type="checkbox"/>	<input type="checkbox"/>	20. Are there procedures for meal counting and claiming when the primary counting and claiming system is not available? Do staff know when and how to implement them?			
<input type="checkbox"/>	<input type="checkbox"/>	21. Are daily counts correctly totaled and recorded?			
<input type="checkbox"/>	<input type="checkbox"/>	22. If claims are aggregated, are the meal counts correctly totaled and consolidated?			
<input type="checkbox"/>	<input type="checkbox"/>	23. Are internal controls (edits, monitoring, etc.) established to ensure that daily counts do not exceed the number of students eligible or in attendance and that an accurate claim is made?			
		<i>Record today's meal counts by category and compare to the total number of students eligible by category</i>			
		Number of Students Approved by Category		Today's Meal Counts by Category	
		Free:		Free:	
		Reduced Price:		Reduced Price:	
		Paid:		Paid	
<input type="checkbox"/>	<input type="checkbox"/>	24. Does the system prevent overt identification of children receiving free or reduced price meals?			

NOTE: The following two questions are for all SFAs <u>except</u> for SFAs on Provision 2 or 3 in non-base years, CEP, or RCCIs with only residential children		
YES	NO	
<input type="checkbox"/>	<input type="checkbox"/>	25. Is a current eligibility list kept up-to-date and used by the meal counting system to provide an accurate daily count of reimbursable meals by category (free, reduced price, paid)?
<input type="checkbox"/>	<input type="checkbox"/>	26. If applicable according to 7 CFR 210.8(a)(3), are edit checks completed and documented which compare the daily counts of free, reduced price, and paid meals against the product of the number of children currently eligible for free, reduced price, and paid meals, respectively, times an attendance factor (and any discrepancies accounted for)?

NSLP CORRECTIVE ACTION PLAN (for any “NO” answers above):

SPECIFY DATE NSLP CORRECTIVE ACTION(S) WILL BE IMPLEMENTED: _____

BY WHOM: _____

YES	NO	READILY OBSERVABLE GENERAL AREAS		
<input type="checkbox"/>	<input type="checkbox"/>	3. Were any issues readily observed in relation to resource management?		
		YES	NO	
		<input type="checkbox"/>	<input type="checkbox"/>	Maintenance of the Nonprofit School Food Service Account? (7 CFR 210.2, 210.14, 210.19(a), 210.21)
		<input type="checkbox"/>	<input type="checkbox"/>	Paid Lunch Equity? (7 CFR 210.14(e))
		<input type="checkbox"/>	<input type="checkbox"/>	Revenue from Nonprogram Foods? (7 CFR 210.14(f))
		<input type="checkbox"/>	<input type="checkbox"/>	Indirect Costs? (2 CFR Part 200 and 7 CFR 210.14(g))
<input type="checkbox"/>	<input type="checkbox"/>	4. Were any issues readily observed in other general areas?		
		YES	NO	
		<input type="checkbox"/>	<input type="checkbox"/>	Free and Reduced Price Process – including verification, notification, and other procedures (7 CFR Part 245)
		<input type="checkbox"/>	<input type="checkbox"/>	Civil Rights (7 CFR 210.23(b))
		<input type="checkbox"/>	<input type="checkbox"/>	Reporting and Recordkeeping (7 CFR Parts 210, 220, and 245)
		<input type="checkbox"/>	<input type="checkbox"/>	Food Safety (7 CFR 210.13)
		<input type="checkbox"/>	<input type="checkbox"/>	Competitive Food Service (7 CFR 210.11 and 220.12)
		<input type="checkbox"/>	<input type="checkbox"/>	Water (7 CFR 210.10(a)(1)(i) and 220.8(a)(1))
		<input type="checkbox"/>	<input type="checkbox"/>	Professional Standards (7 CFR 210.30)
		<input type="checkbox"/>	<input type="checkbox"/>	SBP and SFSP Outreach (7 CFR 210.12(d))
		<input type="checkbox"/>	<input type="checkbox"/>	Local School Wellness Policies (7 CFR 210.30)
		<input type="checkbox"/>	<input type="checkbox"/>	Other

NSLP CORRECTIVE ACTION PLAN (for any “YES” answers above):

SPECIFY DATE NSLP CORRECTIVE ACTION(S) WILL BE IMPLEMENTED: _____

BY WHOM: _____

SIGNATURE: _____

School Representative

Title

Date

SFA Reviewer

Title

Date

NSLP FOLLOW-UP VISIT (must be conducted within 45 days if corrective action was required):

Date(s) of Follow-Up: _____

Observations of corrective action implementation:

SIGNATURE: _____	_____	_____
School Representative	Title	Date
_____	_____	_____
SFA Reviewer	Title	Date

APPENDIX B

STATE AGENCY ADMINISTRATIVE REVIEW SUMMARY

Section 207 of the HHFKA amended section 22 of the NSLA (42 U.S.C. 1769c) to require State agencies to report the final results of the administrative review to the public in an accessible, easily understood manner in accordance with guidelines promulgated by the Secretary. Regulations at 7 CFR 210.18(m) requires the State agency to post a summary of the most recent final administrative review results for each SFA on the State agency's publicly available website no later than 30 days after the SA provides the final results of the administrative review to the SFA. The SA must also make a copy of the final administrative review report available to the public upon request.

School Food Authority Name: _____

Date of Administrative Review (Entrance Conference Date): _____

Date review results were provided to the School Food Authority: _____

Date review summary was publicly posted: _____

The review summary must cover access and reimbursement (including eligibility and certification review results), an SFA's compliance with the meal patterns and the nutritional quality of school meals, the results of the review of the school nutrition environment (including food safety, local school wellness policy, and competitive foods), compliance related to civil rights, and general program participation. At a minimum, this would include the written notification of review findings provided to the SFAs Superintendent or equivalent as required at 7 CFR 210.18(i)(3).

General Program Participation

1. What Child Nutrition Programs does the School Food Authority participate in? (Select all that apply)
 - School Breakfast Program
 - National School Lunch Program
 - Fresh Fruit and Vegetable Program
 - Afterschool Snack
 - Special Milk Program
 - Seamless Summer Option

2. Does the School Food Authority operate under any Special Provisions? (Select all that apply)
 - Community Eligibility Provision
 - Special Provision 1
 - Special Provision 2
 - Special Provision 3

Review Findings

3. Were any findings identified during the review of this School Food Authority?
 - Yes
 - No

If yes, please indicate the areas and what issues were identified in the table below.

YES	NO	REVIEW FINDINGS			
<input type="checkbox"/>	<input type="checkbox"/>	A. Program Access and Reimbursement			
		YES	NO		
		<input type="checkbox"/>	<input type="checkbox"/>	Certification and Benefit Issuance	
		<input type="checkbox"/>	<input type="checkbox"/>	Verification	
		<input type="checkbox"/>	<input type="checkbox"/>	Meal Counting and Claiming	
Finding(s) Details:					
1)					
2)					
<input type="checkbox"/>	<input type="checkbox"/>	B. Meal Patterns and Nutritional Quality			
		YES	NO		
		<input type="checkbox"/>	<input type="checkbox"/>	Meal Components and Quantities	
		<input type="checkbox"/>	<input type="checkbox"/>	Offer versus Serve	
		<input type="checkbox"/>	<input type="checkbox"/>	Dietary Specifications and Nutrient Analysis	
Finding(s) Details:					
1)					
2)					
<input type="checkbox"/>	<input type="checkbox"/>	C. School Nutrition Environment			
		YES	NO		
		<input type="checkbox"/>	<input type="checkbox"/>	Food Safety	
		<input type="checkbox"/>	<input type="checkbox"/>	Local School Wellness Policy	
		<input type="checkbox"/>	<input type="checkbox"/>	Competitive Foods	
		<input type="checkbox"/>	<input type="checkbox"/>	Other	
Finding(s) Details:					
1)					
2)					
<input type="checkbox"/>	<input type="checkbox"/>	D. Civil Rights			
		Finding(s) Details:			
1)					
2)					