



FY2012

COORDINATED REVIEW EFFORT

Procedures Manual

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Program Analysis Monitoring Branch
USDA Food and Nutrition Service Child Nutrition Division
Dec 2011



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1. OVERVIEW CONTENTS

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1.1. ACRONYMS

ADA	Average Daily Attendance
AR	Administrative Review
ADP	Average Daily Participation
ASCP	Afterschool Care Programs
AF	Attendance factor
BI	Benefit issuance
BY	Base Year
CA	Corrective Action
C/BI	Certification/Benefit Issuance
CFR	Code of Federal Regulations
CNA	Child Nutrition Act
CN Label	Child Nutrition Label
CNP	Child Nutrition Program
CR	Civil Rights
CRE	Coordinated Review Effort
DC	Direct certification
DV	Direct verification
FA	Fiscal Action
FDPIR	Food Distribution Program on Indian Reservations
FFVP	Fresh Fruit/Vegetable Program
FNS	Food and Nutrition Service
FNSRO	Food and Nutrition Service Regional Office
FSMC	Food Service Management Company
FY	Fiscal year
HACCP	Hazard Analysis Critical Control Point
IEG	Income Eligibility Guidelines
LEA	Local Education Agency
LEP	Limited English Proficiency
NSLA	National School Lunch Act

NSLP	National School Lunch Program
OIG	Office of Inspector General
OVS	Offer Versus Serve
POS	Point of Service
PS1	Performance Standard 1
PS2	Performance Standard 2
RCCI	Residential Child Care Institution
SA	State Agency
SBP	School Breakfast Program
SY	School year
SFA	School Food Authority
SMI	School Meals Initiative
SMP	Special Milk Program
SNAP	Supplemental Nutrition Assistance Program
SSO	Seamless Summer Option
TA	Technical Assistance
TANF	Temporary Assistance for Needy Families
USDA	United States Department of Agriculture
WIC	Special Supplemental Nutrition Program for Women, Infants, and Children

In the following pages, **regulatory citations such as 7 CFR 210 and 7 CFR 245 are abbreviated to 210 and 245.**

1.2. ADMINISTRATIVE REVIEW

GENERAL COMMENTS

An administrative review (AR) which refers to the Coordinated Review Effort (CRE) is the initial comprehensive on-site evaluation by a State agency (SA) of a school food authority (SFA) participating in the National School Lunch Program (NSLP), and includes both critical and general areas of review. Additionally, an AR may include other areas of Program operations determined by the SA to be important to Program performance. *210.18(b)(1)*

During the AR process, this Procedures Manual is to be used in conjunction with the CRE forms and instructions for a review of the NSLP. This Procedures Manual only addresses CRE procedures, therefore, in situations where additional information is needed refer to other materials developed by Food and Nutrition Service (FNS). SAs may adapt the Procedures Manual and the CRE forms and instructions when reviewing other FNS Programs such as the School Breakfast Program (SBP).

REVIEW FREQUENCY

Each SFA must be reviewed at least once during the established five-year cycle with no longer than six years between reviews. *210.18(c)(1)* FNS may, on an individual SFA basis, approve written requests for one-year extensions to the six-year review interval. *210.18(c)(3)*

Any SFA entering the Program at any point during the cycle must be reviewed prior to the end of the cycle.

SAs are encouraged to conduct more frequent ARs of large SFAs and of any SFA which may benefit from a more frequent interval. *210.18(c)(2)*

SAs are also strongly encouraged to conduct an AR of a Provision 2 or 3 school/SFA in its BY in order to ensure proper implementation of these special assistance alternatives.

Provision 2 Cycle in 245.9(b):	Provision 3 Cycle in 245.9(d)
BY	BY
Year 1	Year 1
Year 2	Year 2
Year 3	Year 3
	Year 4
Provision 2 Extension of Cycle in 245.9(b):	Provision 3 Extension of Cycle in 245.9(d):
BY	BY
Year 1	Year 1
Year 2	Year 2
Year 3	Year 3
Year 4	Year 4

REVIEW SCHEDULE

Since there is no per year minimum number of reviews to be conducted, SAs are afforded the flexibility to schedule reviews within the cycle based on SA considerations. *210.18(d)*

OVERVIEW

Upon FNS's request, the SA must inform FNS of the anticipated schedule of reviews. *210.18(d)(1)*

REVIEW PERIOD

At a minimum, the review period must include the most recent month for which a Claim for Reimbursement was submitted, provided that it covers at least ten operating days. The Claim for Reimbursement is considered to be submitted once it has been mailed or provided to the SA. *210.18(f)(2)*

Subject to FNS approval, ARs may be conducted early in the school year (SY), prior to the submission of a Claim for Reimbursement, however, the review period must be the prior month of operation in the current SY and include at least ten operating days. *210.18(f)(2)(ii)*

- **In multi-track year-round schools**, the period selected as the review period should coincide as closely as possible with the calendar in use during the day(s) of review. Additional information on this provision will be discussed in the Pre-Review section of the Procedures Manual.
- **In Provision 2 or 3 schools**, reviewers should select the same review period from the BY as that selected for review in the current SY whenever possible. The BY review period selected should be used throughout the review where BY is noted.

Conducting a review based on the previous SY

A SA may, without FNS approval, review a SFA early in the SY based on a Claim for Reimbursement from the previous year using the following procedures:

- SA must review the previous SY's eligibility determinations, Benefit Issuance (BI) documents and procedures for updating eligibility;
- If fiscal action (FA) is required, it must be taken back to the beginning of the previous SY;
- If the SA determines that any school's meal count system was inadequate for

the review period and/or on the day of review and recalculation of the school's meal counts will be done, the reviewer must count and record the number of eligible students in the current SY;

- The number of eligible students from the previous SY must be used to recalculate claim periods from the previous SY and the current number of eligible students used to recalculate claim periods in the current SY; and
- In addition, if any school in the SFA violates the eligibility certification/BI/updating eligibility aspect of Performance Standard 1 (PS1) based on the review of the previous year's documents, that aspect must be reviewed for that school using the current SY eligibility certification, BI, and updating eligibility documents.

TIMING

The actual on-site review must be completed during the SY in which the review begins. Circumstances and scheduling may, however, dictate some overlap into the next SY for implementing corrective action (CA), documenting CA, and/or taking FA. *210.18(c)(1)*

REVIEW SCHEDULE REVISIONS

In any SY in which FNS or the Office of Inspector General (OIG) conducts an audit or investigation of a SFA, the SA must, unless otherwise authorized by FNS, delay a scheduled review until the following SY. Exceptions must be documented by the SA. *210.18(d)(3)*

If a SA finds pervasive problems in a SFA, FNS may authorize the SA to cease review activities prior to reviewing the required number of schools. Where FNS authorizes the SA to cease review activity, FNS may either continue the review activity or refer the SFA to OIG. *210.18(e)(3)*

Other points for consideration in revising the review schedule include:

- discovery of problems within a SFA;
- allowance for needed resources to schedule follow-up activity;
- Program terminations; and
- new school food authorities entering the Program at any point during the cycle.

**RESOURCE
MATERIALS**

Throughout this CRE procedures manual we have referenced other publications that may be helpful to reviewers when conducting an AR. When referencing these additional materials please refer to the most recently published version.

1.3. CRE IN YEAR-ROUND SCHOOLS

GENERAL INFORMATION

Each year, the number of schools operating under year-round scheduling is increasing. Year-round education reorganizes the SY to provide continuous learning by (a) shortening the long summer vacation and (b) providing more frequent vacations throughout the year. Since year-round education has become more widely used, the procedures for conducting CRE reviews must be modified to adequately evaluate the SFAs/schools compliance with NSLP requirements. For example, during SY 2006-2007, nearly 2,800 public, private and charter schools in 46 states and the District of Columbia operated on year-round schedules. These year-round schools were on Single-Track (71 percent) or Multi-Track (29 percent) schedules. For additional information about year-round education including a state-by-state list of schools operating on year-round schedules, visit the year-round education advocacy group web site, *The National Association for Year-Round Education* at: <http://www.nayre.org>

MAJOR CALENDAR CONFIGURATIONS

In year-round programs with single or multi-track schedules, students attend school for a prescribed length of time followed by a vacation or off-track session. The primary scheduling configuration for year-round schools is the 45/15 model (45 days of instruction followed by 15 days vacation). However, other variations to scheduling may be used in both single-track and multi-track schools. Alternate schedules include:

- 60/15 (60 days of instruction followed by 15 days vacation);
- 60/20 (60 days of instruction followed by 20 days vacation); and
- 90/30 (90 days of instruction followed by 30 days vacation).

SINGLE-TRACK SCHEDULE

A single-track schedule is similar to a traditional school in which all students enrolled in the school are scheduled to attend school on all of the same days throughout the year. However, a single-track schedule includes more frequent, shorter vacations rather than scheduling a summer vacation as with traditional schools. For example, in the most widely used single-track 45/15 design, the year is divided into four (4) nine-week instructional terms separated by three (3)- week vacations or off-track sessions. All students attend school for nine (9) weeks (45 days), and then are on vacation for three (3) weeks (15 days).

MULTI-TRACK SCHEDULE

In a multi-track 45/15 school, students are normally divided into four (4) groups or tracks, however, there may be fewer or more tracks included in the scheduling. Typically, Local Education Agencies (LEA) has not scheduled more than five (5) groups during a SY.

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During a 12-week period on the 45/15 four-track configuration, all students receive nine (9) weeks of instruction and three (3) weeks of vacation. However, only three of the four groups are in school at one time with the fourth group on vacation. When the vacation group returns to school, another group leaves for a three (3)-week vacation.

By using a multi-track configuration, the enrollment of a school can be increased. For example, implementing a four-track year-round calendar extends the capacity of a school by 33 percent. For example, a school with the capacity for 750 students can accommodate 1,000 students, since only three tracks of 250 students would be in school at the same time. There will always be one track on vacation every day of the SY.

When planning the CRE, it is important to keep this in mind, as it will impact the implementation of the CRE review policy and procedures.

FOLLOW-UP REVIEWS

The CRE forms and instructions prescribed by FNS must be used for any follow-up review. Only the section(s) of the forms pertaining to the aspect(s) of the critical area(s) that contributed to the SFA exceeding the review threshold(s) during the CRE needs to be completed. When reviewing other aspects of the critical areas, general areas and/or the other program(s), use of the CRE forms and instructions is encouraged but not required. The SA must maintain documentation of the findings for all follow-up reviews in these areas.

Specific information on follow-up reviews, including selection procedures, scope of review, and review procedures can be found in *POST REVIEW CONTENT, Part 6*.

CRE PLANNING AND PREPARATION SUMMARY

Begin planning and preparation for the review well in advance of the anticipated review date(s).

CREs in single-track schools are conducted in the same manner as in schools operating under a traditional calendar with one exception: the reviewer must confirm that students are scheduled to be in attendance on the day of review and were in attendance for at least ten (10) days during the review period.

Early in the SY, obtain copies of the school calendars and track schedules for all SFAs where a CRE is planned during the SY. This information may be requested from the SFA or may be available on the SFAs web site.

Plan to conduct the CRE during the second half of the SY. This will allow the reviewer to select a time for the review that should coincide with periods earlier in the year that can be used as the review period. **In multi-track year round schools, the review period may be a period other than the most recent month for which a claim for reimbursement has been submitted.**

Compare all of the schedules used within the SFA to identify times when:

COORDINATED REVIEW EFFORT - OVERVIEW

- all schools in the SFA are in session between January and the end of the SY; and
- those same schools were in session for at least ten (10) days during a month.

This information will allow the reviewer(s) to plan the review at a time when schools are in session and select a review period when those same schools were operating. If a school CRE is usually conducted by one reviewer, it may be helpful to add at least one additional staff member to each school review team to assist with sorting and review of applications and BI documents for the tracks/students in attendance on the day of review and during the review period.

For example, in multi-track schools, one reviewer may complete the school site visit/review, while another reviewer may expedite additional work that results from having to obtain and review information for less than the total school enrollment, such as review of applications for students scheduled to be on track on the day of review as well as the review period and comparison of applications to the BI document for only a part of the total number of students enrolled.

2. PRE-REVIEW CONTENTS

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2.1. PRE-REVIEW PROCEDURES

GENERAL COMMENTS

Optional forms to facilitate the review process are included in this Procedure's Manual. The information that is gathered on the forms is essential to the review process. Optional forms which relate to pre-review procedures include:

O-1, CONTACT SHEET FOR LEA/SFA - Form O-1 is used to record information useful in planning review activity. It can be completed by telephone contact with the SFA and provides necessary background information regarding the level (SFA or school) at which activities, (e.g., menu planning, edit checks) occur. Additionally, information relative to the entrance and exit conferences may be recorded.

O-2, SCHOOL SELECTION WORKSHEET - Form O-2 may be used to select schools for the AR. Though the form is optional, the procedures/criteria for school selection are specified in regulations and must be used. 210.18(e)(2)

O-2a, Multi-track School Selection Worksheet *Actual Free Approved by Track* – Form O-2a will only work in those situations where the same tracks are in attendance on every operating day of the month used to select the schools for review.

O-2b Multi-Track School Selection Worksheet *Estimated Free Approved By Track* - Form O-2b should be used when all of the tracks are in attendance at some time during the period used to select the schools for review.

O-2c Multi-Track Selection Worksheet *Estimated Free Approved* - Form O-2c should be used when the number of students approved for free meals is not available by track, (i.e., only the total number approved for all tracks combined can be obtained.

O-3 School Year Calendar – Form O-3 should be used when no other calendar is made available to show the number of serving days for the period of review.

O-4 Daily Meal Count Worksheet - Form O-4 should be used when no other state or school documentation is made available to show the number of meals claimed each day for the period of review.

O-5 Worksheet to Determine Cycle and Extension Years for Provision 2 & Provision 3 - Form O-5 assists the reviewer in tracking cycle year and extensions.

**REQUIRED
ACTION**

Determine the minimum number of schools which must be reviewed. Refer to section 2.2 *Pre-Review School Selection Procedures* on the next page.

**SUGGESTED
ACTIONS**

Obtain the names of the superintendent and food service director and send a confirmation/introductory letter. Refer to section 9.1 *Appendix – Confirmation / Introductory Letter*.

Select schools for review after obtaining data from the SFA for all schools. This data must include the school name, type (elementary, combination, or secondary), number of serving days, free eligibles, and free claimed for a month selected by the SA. SAs may determine school selection after the entrance conference.

Review available documentation at the SA that pertains to the SFA to be reviewed including:

- SFA agreement;
- policy statement;
- Claims for Reimbursement;
- review findings from prior years with corrective action plans, if applicable; and
- audits.

Determine where application approval occurs (school or SFA level), and if the SFA uses direct certification (DC).

Contact the SFA prior to the review to:

- establish the terminology used by the SFA and school personnel (e.g., names of forms used for local edit checks and claims consolidation); and
- become familiar with procedures through discussion with the SFA on systems in place for meal counting, recording, and reporting; claims consolidation; application processing; verification; and benefit issuance.

2.2. SCHOOL SELECTION PROCEDURES

When selecting schools for Administrative Review, the SA must use the required procedures and criteria. The selection may occur prior to the review date or may occur at the time of the review. Determine the minimum number of schools to review using the table below. 210.18(e)(1)

Number of Schools in the School Food Authority	Minimum Number of Schools to Review	Number of Schools in the School Food Authority	Minimum Number of Schools to Review
1 to 5	1	41 to 60.....	6
6 to 10.....	2	61 to 80.....	8
11 to 20.....	3	81 to 100.....	10
21 to 40.....	4	101 or More.....	12*
* 12 plus 5 percent of the number of schools over 100. Fractions must be rounded to the nearest whole number.			

OBTAIN SCHOOL INFORMATION

The SA may use its own form or use the optional form, *O-2, SCHOOL SELECTION WORKSHEET*.

It is recommended that the information used in school selection be obtained for the month of October; however, any month for which a Claim for Reimbursement has been filed and which best represents each school's participation by free eligibles may be used. Record the month used for the school selection.

The following school information is needed to conduct school selection:

- names and types of all schools in the SFA participating in the NSLP. For the purposes of selecting schools, refer to the *Glossary* in section 10 for definitions of elementary, secondary, and combination schools;
- number of serving days for each school for the month selected;
- highest number of free eligibles for the month selected for each school; and
- number of free lunches claimed for the month selected.

**CALCULATE
THE FREE
PARTICIPATION**

Calculate the free average daily participation (ADP) by dividing the number free claimed by the number of serving days. Round the ADP to the nearest whole number.

Calculate the percent free participation by dividing the free ADP by the highest number of free eligible. Round to three (3) decimal places and multiply the result by 100.

**SELECTION
CRITERIA**

All schools, with the exception of Residential Child Care Institutions (RCCI) (without day students), with a free average daily participation of 100 or more and a free participation factor of 100 percent or more must be reviewed. Selection of additional schools to meet the minimum number of schools to review must be based on the following criteria *210.18(e)(1)*:

- Elementary schools with a free ADP of 100 or more and percent free participation of 97 percent or more;
- Combination schools with a free ADP of 100 or more and a percent free participation of 87 percent or more; and
- Secondary schools with a free ADP of 100 or more and a percent free participation of 77 percent or more.

When the number of schools selected using the criteria described above does not meet the required number of schools to review, the SA must select additional schools using SA criteria. SA criteria may include:

- Provision 2/3 schools in their base year
- low participation schools;
- recommendations from a food service director;
- findings from the on-site visits or the claims review process;
- any school in which the daily lunch counts appear questionable;
- identical or very similar claiming patterns;
- large changes in the free lunch counts;
- manager or school never reviewed by State;

- new or unusual accountability system;
- proportional mix of the different counting systems employed by the SFA; and/or,
- schools which have less than 100 free ADP but greater than 100 percent free participation.

Refer to *210.18(e)*.

Indicate the reason for selecting the schools for review. Provision 2/3 schools should be identified and reference made to whether they operate the SBP only, the NSLP only, or if they operate both Programs.

2.3. ADMINISTRATIVE REVIEW ENTRANCE CONFERENCE

An entrance conference is strongly suggested.

CONFERENCE ATTENDEES

SAs may suggest the following people attend an entrance conference:

- SA representatives
- Superintendent or designee
- Appropriate SFA personnel, e.g., food service director, business manager

SUGGESTED AGENDA ITEMS

The following items are suggested as agenda items:

- Mutual introductions, i.e., names, positions, locations;
- General purpose of review;
- Description of the review process, scope, and methodology;
- Schools to be reviewed, dates and times;
- Discussion of how findings will be communicated to SFA/school personnel during the course of the review;
- Discuss procedures which should be used upon arrival at the school(s) selected for review. Apprise school officials of the reviewer(s) presence and provide information concerning the review;
- Inform SFA personnel that a copy of the *CERTIFICATION AND BENEFIT ISSUANCE ERROR WORKSHEET(s)*, S-5, and any other applicable findings will be provided to the SFA/school personnel to allow for immediate corrective action (CA) in order to minimize an overclaim if errors are noted;
- Procedures that will be followed at the conclusion of the review to make known any possibility of CA and/or FA; and
- Establish the date, time, and place for the exit conference.

2.4. YEAR-ROUND SCHOOLS

PRE-REVIEW PROCEDURES

When planning a CRE in a SFA where some or all of the schools operate on a year-round schedule:

- additional planning and preparation is needed prior to scheduling the review;
- additional staff resources may be needed for planning and conducting CREs in multi-track schools. It is always preferable to add additional staff rather than having to extend the length of the review.
- some of the review procedures will require modification and additional staff help will expedite implementation of those modifications.

At the beginning of the SY,

- obtain a copy of the school calendars/track schedules for all SFAs that are to be reviewed during the SY.
 - This information may be requested from the SFA or it may be possible to view and print a copy of the needed information from the SFAs web site.
 - Multi-track schedules should be color coded or shaded/marked in a way that the “in attendance and on vacation periods” for each track can be clearly and easily identified.

SINGLE-TRACK SCHEDULE

When planning a CRE in SFAs that have schools using a single-track schedule,

- evaluate the school calendar to identify time periods when the school(s) selected for review will be in session;
- confirm that the school(s) was in session for at least ten (10) days during the month selected as the review period. This is particularly important where schools within a SFA operate on both traditional and single-track schedules;
- compare all of the calendars being used by the SFA to identify common times of operation for schools within that SFA. If the traditional schools were in session for at least ten (10) days during the month selected as the review period but those on single-track schedules were not, re-evaluate the period selected;

- select a review period when all of the schools that will be included in the review were in session for at least ten (10) days, even if that month is not the most recent month for which a Claim for Reimbursement was submitted; and
- upon identifying a time to conduct the review and a review period when all of the selected schools will be and were operating, all of the review procedures addressed in the CRE Review Forms, Instructions and Procedures Manual are applicable and must be implemented as specified.

MULTI-TRACK SCHEDULE

When planning a CRE in SFAs that have schools using a multi-track schedule,

- schedule the review later in the SY (i.e., during the months of January through June) as this will accommodate the coordination of day of review activities with those of the review period;
- evaluate the SFAs calendars/track schedules to determine an appropriate review period (see information above under *SINGLE-TRACK SCHEDULE*);
- evaluate the multi-track schedules to identify a period when the students that are scheduled to be present on the day of the review were also scheduled to be present during a time period earlier in the school year.
 - For example, assume that a CRE is scheduled for the week of March 14 through 18 in a school on a 45/15 four track (A, B, C, D) schedule and the students scheduled to be in attendance are those in tracks B, C, and D. These same students were scheduled to be in attendance (on track) for the periods from September 13 through October 1 and December 6 through 22. In this situation, and to keep the review as simple and meaningful as possible, it would be best to select December as the review period if the Claim for Reimbursement has been submitted. Otherwise, September could be used as the review period. Also, in this particular scenario, the students in tracks B, C, and D will be in attendance at the end of the school year (from June 13 through June 30) providing a new potential review period from March 8 through 30. Please note that these dates are estimates and will change from SFA to SFA and year to year. Multi-track configurations will provide common times that can be coordinated to accomplish the CRE.

Keep in mind that in SFAs that operate exclusively on year round schedules, the school year begins on July 1 and continues for a full 12 months possibly extending the time that is available to the SA to perform the review.

SELECTION

The *Pre-Review School Selection Procedures* in section 2.2 outlines the mandatory procedures to select schools that must be reviewed. In multi-track situations, additional computations will be needed to identify the schools that fall into the category of “must be reviewed.”

Using the *SCHOOL SELECTION WORKSHEET and INSTRUCTIONS (Optional form O-2)*, modify the information that is gathered for multi-track year-round schools as follows:

- **Column D. Number Serving Days:** Enter the number of days that lunches were served to students in the tracks that were in session during the period used for school selection. The number of serving days is the total number of days when lunches were served, even if those lunches were served to different groups or tracks of students. Enter the number of serving days on the *SCHOOL SELECTION WORKSHEET (Optional form O-2), Column D*;
- **Column E. Number Free Eligible:** Complete O-2a, O-2b or O-2c for each of the schools within the SFA that operate on a multi-track schedule. Enter the Total number of students approved for free meals from O-2a, O-2b or O-2c, Column E or the number determined using another reasonable method on the *SCHOOL SELECTION WORKSHEET (Optional form O-2), Column E*.

Once a multi-track year-round school has been selected for review, the reviewer must schedule the on-site review for a time when the same tracks were in session as the selected review period.

ADP IN YEAR-ROUND SCHOOLS

CRE Optional Forms and Instructions (Forms O-2a, O-2b, and O-2c) provides three (3) methods that may be used to determine the number of students approved for free meals in multi-track schools to determine the ADP percentage on the *SCHOOL SELECTION WORKSHEET*. Please note that it is not necessary that the same tracks be in session for the Selection Period as those in session on the Day of Review and Review Period.

Other methods may be developed and used to determine the number of students approved for free meals; however, keep in mind that the outcome should be as representative to what actually occurred as possible. The number approved for free meals should not be all of the approved students enrolled in the school but only those that were scheduled to be in attendance for the period used to select the schools for review.

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3.1. CRITICAL AREAS OF REVIEW FORMS

REQUIRED FORMS

Forms and instructions for the Critical Areas of Review are prescribed by FNS to ensure uniformity in the review process. These forms must be used for all administrative and follow-up reviews of the NSLP conducted under the CRE.

USE OF FORMS

A response, or an indication of "N/A" (not applicable), must be indicated for each item on the Critical Areas of Review forms. The "Comments" section must be completed when:

- 1) a "NO" answer requires an explanation;
- 2) clarification is needed for the reviewer to support an answer; and
- 3) additional information provided by the SFA needs to be documented.

SAs must use the required questions and instructions for the Critical Areas of Review; however, supplemental material and format changes may be made at the discretion of the SA. 210.18(f)(1)

SAs are encouraged, but not required, to use the CRE forms to evaluate the SBP.

SFA LEVEL

SFA-1, SCHOOL FOOD AUTHORITY PERFORMANCE STANDARD

SUMMARY - Summarizes information recorded on the Critical Areas of Review forms in order to determine if the Performance Standard thresholds were exceeded, thereby triggering a follow-up review.

SFA-A1, SCHOOL FOOD AUTHORITY PERFORMANCE STANDARD

SUMMARY (Continuation Sheet) - Continuation sheet for the SFA-1 to be used if more than seven (7) schools are reviewed.

SFA-2, SCHOOL FOOD AUTHORITY CRITICAL AREAS OF REVIEW - Used for reporting the results of the direct certification (DC), review, consolidation and claiming procedures at the SFA level.

SCHOOL
LEVEL

S-1, SCHOOL DATA - Used for recording descriptive information relating to the food service and a summary of information obtained from the school reviewed.

S-2, SCHOOL, CRITICAL AREAS OF REVIEW - Used for recording information obtained during the review of eligibility certification, benefit issuance (BI), and updating eligibility.

S-3, SCHOOL, CRITICAL AREAS OF REVIEW - Used for recording information from the on-site observation of the lunch counting and claiming system and the meal service on the day of review.

S-4, SCHOOL, CRITICAL AREAS OF REVIEW - Used for recording information obtained from the review of the lunch counting and claiming system, and meal components for the review period.

S-5, CERTIFICATION AND BENEFIT ISSUANCE ERROR WORKSHEET - School worksheet to record eligibility certification, BI and updating eligibility errors.

S-5a, REVIEW OF ELIGIBILITY CERTIFICATION FOR A PERIOD OTHER THAN THE REVIEW PERIOD - Alternate procedure which allows for a review of all approved free and reduced price applications from day of review back to the beginning of the SY, or all approved free and reduced price applications effective on the day(s) of review.

S-6, PERFORMANCE STANDARD 1 - MEAL ERROR RATE DETERMINATION - Used to determine the percent of free and reduced price lunches incorrectly claimed in each reviewed school.

S-6 and S-6a, SPECIAL ASSISTANCE PROVISION 2 NON BASE YEARS – Used to:

- determine the percent of lunches claimed incorrectly for the reviewed school – Chart A;
- revise claiming percentages for the base year (BY) review period or annualized claiming percentages for the reviewed school – Chart B;
- calculate percent change for claiming percentages for current and future years – Chart C;
- determine the number of meals claimed incorrectly for the review period, and to assist in the completion of Chart A which determines if a Performance Standard (PS) violation occurred for the current year – Chart D.
- calculate the current year meal count adjustments/FA for the reviewed school – Chart E.

S-6 and S-6a, SPECIAL ASSISTANCE PROVISION 3 NON BASE YEARS –
Used to:

- determine the percent of lunches claimed incorrectly for the reviewed school – Chart A;
- modify the revised claim for the BY review period for the reviewed school – Chart B;
- determine the number of meals claimed incorrectly for the review period, and to assist in the completion of Chart A which determines if a PS violation occurred for the current year – Chart C; and
- calculate current year claims for any claim period outside the review period – Chart D.

S-7, SCHOOL WORKSHEET FOR MENU MISSING ITEM/FOOD ITEM- Used to record information for the day of review and/or review period in the reviewed school if a menu is identified which does not contain all of the required menu items/food items to meet meal pattern requirements.

S-8, OTHER MEAL CLAIM ERRORS – FISCAL ACTION REQUIRED - Used to record errors not captured on other Critical Areas of Review forms such as errors occurring in other claim periods or meal disallowances for menus missing items/components for schools that were not reviewed.

OPTIONAL FORMS

Optional forms were developed to facilitate the review process. Although they are not mandatory, the information that is gathered on the forms is essential to the review process. Optional forms which relate to the Critical Areas include:

O-3, SCHOOL YEAR CALENDAR - For use in indicating serving days for each reviewed school and total number of serving days for each month.

O-4, DAILY MEAL COUNT WORKSHEET - For use in comparing the lunch counts reported by the school to those which were claimed by the SFA, or for comparing daily meal counts for the review period to counts for the day of review.

3.2. SCHOOL FOOD AUTHORITY PERFORMANCE STANDARD SUMMARY, SFA-1

GENERAL COMMENTS

Form SFA-1 provides the method to determine and evaluate the review thresholds associated with Performance Standards 1 and 2 (PS1 and PS2).

Review thresholds apply only to the critical areas of review.

Thresholds are intended to limit follow-up review to those SFAs with serious problems.

Follow-up review is required in all large SFAs (*210.18(b)(6)*) and a minimum of 25 percent of small SFAs when the threshold for PS1 or PS2 has been exceeded *210.18(i)(5)*.

PERFORMANCE STANDARD 1 THRESHOLD

The PS1 threshold can be exceeded at the SFA and/or school level. *210.18(i)(3)(i)(A)-(C)*

SFA LEVEL

If the SFA has an inadequate system for consolidating lunch counts by category or for reporting claims, the threshold is exceeded. SFA-1, block 3, is answered NO. Check the N/A box if schools, rather than the SFA, submit claims to the SA.

SCHOOL LEVEL

The instructions for SFA-1, chart, indicate the number of schools needed for the PS1 threshold to be exceeded based on the number of schools reviewed. A school must be counted toward the number specified if it has:

- ten (10) percent or more and 100 or more free and reduced price lunches claimed incorrectly for the review period. SFA-1, block 4, column 2 is ten (10) percent or greater and column 3 is 100 or greater; and/or
- An inadequate counting or claiming system on the day of review or during the review period. SFA-1, block 4, column 5 or column 7 is answered NO.

Form SFA-A1 is a continuation sheet that is used when more than six (6) schools are reviewed.

PROVISION 2

If a school using Provision 2 for the NSLP fails PS1, it MUST establish a new BY. SAs may consider requiring these schools to establish a new BY even if errors are less than ten (10) percent.

**PERFORMANCE
STANDARD 2
THRESHOLD**

PS2 is about menu compliance (210.18(i)(3)(ii)). The scope of PS2 includes both the review period and the day of review. For the review period, the reviewer must examine menu records to determine if all required meal items were offered on the serving line. Any deficiencies noted are recorded on S-4, 407. 210.10

For the day of review, the reviewer must observe a significant number (at a minimum 20 percent) of NSLP lunches, at the point of service, for all serving lines to the extent possible, to ensure all required items were offered and served.

A PS2 violation occurs if observations of the serving lines reveal NSLP meals are being counted that do not contain the required menu items/food items, because:

- One or more items are not offered on the serving line, even though it is part of the planned menu;
- One or more items run out during the meal service and no “like” substitutions are made; or
- The student opts not to take all required items, despite their availability, as he/she passes through the serving line.

The PS2 threshold can be exceeded at the SFA level only. This occurs when ten (10) percent or more of the total number of NSLP lunches observed on the day(s) of review is missing one or more of the required menu items/food items. SFA-1, block 3, *Percent Incomplete Lunches*, is ten (10) percent or greater. 210.10

3.3. SCHOOL FOOD AUTHORITY CRITICAL AREAS, SFA-2

PERFORMANCE STANDARD 1 ELIGIBILITY CERTIFICATION

DIRECT CERTIFICATION

GENERAL COMMENTS

Refer to *Eligibility Manual for School Meals*, for information on DC.

Documentation used to determine free eligibility on the basis of DC must be official and must establish that the student(s) is currently certified to receive benefits from Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance to Needy Families (TANF) or Food Distribution Program on Indian Reservations (FDPIR).

- 101.** If DC is utilized by the LEA, determine if statewide DC was used or if the LEA received SA approval to implement the DC procedures in use. This information should be used to identify the documents which are needed to meet DC requirements.

Obtain the documentation for students attending the schools selected for review for the time period being reviewed. Refer to section 3.5 *Critical Areas S-2, Time Period to Review*.

Evaluate the documents to determine if they are official and sufficient to establish eligibility for free meal benefits. At a minimum, sufficient documentation includes:

- Name of student; and
- Specific identification information unique to the student, e.g., birth date, last four digits of social security number, address, parent name.

If documentation is not sufficient to establish eligibility for any student(s) record errors on the appropriate school's CERTIFICATION AND BENEFIT ISSUANCE ERROR WORKSHEET, S-5. Refer to section 3.8 *Critical Areas S-5*.

If DC documents are maintained at the school level, review of the documents will be performed at the school. Refer to section 3.5 *Critical Areas S-2, 201*.

If the LEA generates individual DC lists for each school from a master DC list, the reviewer must validate the accuracy of the school lists for the reviewed schools.

For Provision 2/3 schools: If the SFA was not reviewed in the BY, complete this question. If the SFA was reviewed in the BY, it is not necessary to answer this question.

CONSOLIDATING AND CLAIMING

Refer to *Meal Counting and Claiming Manual*, FNS-270.

- 102.** The lunch counts are consolidated when meal counts from two or more schools are combined, or if a school's counts go through an additional review and are subject to change prior to the submission of a Claim for Reimbursement. For example, the school's counts are sent to the food service director who checks for accuracy and includes the counts in the Claim for Reimbursement. *210.7(c)(1)*

If an individual school Claim for Reimbursement is submitted directly to the State, no consolidation takes place; however, the SFA is still responsible for claim accuracy. Therefore, problems identified at individual schools must be described in the Comments section. If the SFA submits a claim for each individual school, but an error occurs in the submission, (e.g., transcription error), record as a consolidation error and explain in the Comments section.

- 103.** Determine if the SFA has correctly consolidated the lunch counts in submitting the Claim for Reimbursement for the review period. *210.18(g)(1)(i)(c)*

Examine the documentation maintained to support the Claim for Reimbursement at the SFA level. Record the number of lunches the SFA claimed for the review period for each school reviewed on S-1, block 15.

Validate the free, reduced price and paid meals claimed for the review period by adding the totals, by category, for the review period for each school to arrive at the consolidated claim for the SFA.

Test the system if the SFA uses an automated claims consolidation system. For example, if a formula in the system totals the lunch counts for each school:

- use claim data from reviewed schools to verify that the school data is entered accurately into the system;
- verify that the automated system correctly consolidates counts from all schools; and
- confirm that the totals are transcribed correctly onto the Claim for Reimbursement.

- 104.**

**NO DIFFERENCE
IN COUNTS**

If there is no difference in the reviewer validated lunch counts and the SFA claimed lunch counts, the consolidation process is considered accurate.

DIFFERENCE IN COUNTS

If there is a difference in the lunch count totals, the reviewer must determine the factors which contributed to the error in the consolidation. 210.18.(g)(1)(i)(C)(3)

NONSYSTEMIC

If the contributing factors are unusual, not part of the normal operating procedure, and the system does not have to be changed to achieve accurate results, the error is considered nonsystemic.

Document all findings which support the conclusion of a nonsystemic consolidation and claiming problem in the Comments section.

SYSTEMIC

If any of the contributing factors are built into the process and would likely recur if the process is not changed, the error is systemic. The reviewer must determine the scope of systemic errors. This should include reviewing the consolidation results from previous periods.

Document all findings which support the conclusion of a systemic consolidation and claiming problem in the Comments section.

CLERICAL ERRORS

Clerical errors may be factors in both a nonsystemic or systemic consolidation and claiming problem. The determination should be based on an examination of internal controls, the magnitude of the errors and the ability of the SFA to generate an accurate claim over a period of time.

PROVISION 2

If the SFA has schools operating under Provision 2 that are not selected for review, the reviewer should determine if claiming percentages were accurate and applied correctly for a sample of Provision 2 schools and indicate in the Comments column any deficiencies found in the sample schools.

District/group-wide Claiming Percentages

Provision 2/3 district/group-wide claiming percentages are explained in the FNS policy memorandum, *"Nutrition Requirements: Special Assistance: Amendment Expanding Provisions 2 & 3 District-wide"* issued August 6, 2004.

105.

SFAs with Provision 2
 Schools: Group-wide
 Claiming Percentages

Determine if the SFA uses a group-wide claiming percentage or individual schools claiming percentage. If YES to group-wide, record the SFA group-wide claiming percentages in 105b. Also, if YES and if not reviewed previously, determine if the group-wide percentages were calculated correctly at the end of the BY and applied accordingly in the non-BYs.

Record the validated group-wide claiming percentages in 105d. Also validate the daily totals and record them in Provision 2 S-1, 15 B, b. *Base Year Validated Percentage*. This is necessary to determine if the SFA claim by category for the review period for the individual school was correct.

Record the individual school claiming percentages in Provision 2 S-1, 15A, b for reviewed schools. If no, Provision 2 schools were reviewed; the reviewer must validate the claiming percentages for a sample of non-reviewed schools and record the results in the Comments column for 105. *245.9(b)(3)(i)-(ii)*

106.

SFAs with Provision 3
 Schools: Percent Change
 In Enrollment and Adjusted
 Number of Serving Days

Determine if the SFA uses a group-wide or individual school (*245.9(d)(4)*) calculation to determine the percent change in enrollment for Provision 3 schools. The objective is to determine the percent change in enrollment which is then applied to the actual meal counts from the BY to determine the claim for the current year, rather than adjusting the enrollment itself. Check "YES" if adjustments were calculated correctly. If the answer is "NO," make the adjustments and record in Comments column and on Provision 3 S-1, 15, *Current Year, Reviewer's Validation*.

3.4. SCHOOL DATA, S-1

GENERAL COMMENTS

Form S-1 is used for recording general information about the school reviewed and data gathered at the time of the review. For those items which require that additional procedures be performed before the item can be completed, reference is made to the appropriate section and question number in this manual.

Blocks 1 through 11 in the left column are used to record general information about the school selected for review. If obtained prior to arrival at the site, this data can be used to plan and prepare for the review activities.

Blocks 13 through 19 in the right column must be obtained during the site visit, however, block 15, *SFA Claim for this School for Review Period*, may be available prior to the site visit. This information is used by the reviewer to evaluate the various systems utilized by the school and to compile data which may be needed to determine if CA and/or FA is needed.

1. **Type of School:** See CRE Forms and Instructions, S-1, Number 1
2. **Type of Meal Service:** See CRE Forms and Instructions, S-1 Number 2a
3. **Grades Participating in NSLP:**

Grades participating in the NSLP may or may not be the same as the grades of students attending the school. Confirm the grade level(s) of students participating in the NSLP with school officials.

For non BYs under Provision 2/3, the grades participating in the NSLP must be entered for both the BY and current year.
4. **Total Students with Access to NSLP:**

Students with access to the NSLP may include some or all of the students enrolled in the school and may include students from other locations who are not enrolled in the school. Confirm the total number of students with access to the NSLP with school officials.

For non BYs under Provision 2/3 schools, it is necessary to enter the number of students with access for both the BY and the current year. Calculate the percent change in students with access to the NSLP during non BYs that are reviewed to reflect changes from the BY to the current year. Failure to do so could result in the school claiming more meals than the total number of students with access during the review period. A comparison is made on the Provision 2/3 S-4, 402a.

- 5. Average Daily Attendance Factor:** The attendance factor (AF) should best represent the attendance trends for the school being reviewed. A factor developed using data from the reviewed school is preferred, followed by a factor developed by the SFA for the same type of school (elementary, secondary or combination), or for the SFA as a whole. Different sources, such as a local, State or National, may be used within the SFA in order to best represent the attendance trends for the school being reviewed. Using the best available data, the AF may be calculated by dividing the average daily attendance (ADA) by the enrollment.
- 6a. Review Period:** A review period must contain at least ten (10) operating days. In most cases, this review period will be a calendar month. The review period may include days from more than one (1) calendar month, e.g., combine nine (9) days in August with 20 days in September.
- For non BYs under Provision 2/3, the review period and number of serving days must be entered for both the BY and the current year.
- 6b. Number of Serving Days:** See CRE Forms and Instructions, S-1 Number 6
- 7. Offer Versus Serve:** Offer versus serve (OVS) is required in high schools and is optional for other grade levels. Indicate in block 12, Comments, the grades which participate in OVS.
- 8. A La Carte Available:** The types of a la carte items may be recorded in block 12, Comments.
- 9. Serving Times:** The purpose of this information is to determine if lunches are served during the required 10:00a.m. to 2:00p.m. period or as approved in a waiver. This also allows the reviewer time to meet with food service personnel prior to the meal service to discuss the menu for the day, the number and location of serving lines, and the meal count/collection procedures being used.
- 10. Lunch Served:** Examples of other locations include an auditorium, gymnasium or multi-purpose room. It is possible for the school to serve in more than one location. If lunches are served in more than one location, a portion of the lunch service should be observed in each location.
- 11. Number of Points Where Meal Counts Are Taken:** If meal counts are taken at more than one point, observe the meal count procedures at each point.

12. Comments:

The Comments block may be used to note any additional information which may be needed or useful during or after the review.

13. Reviewer's Count of Eligible Students Based on the LEA's Determination:

Block 13 captures baseline counts of the school's eligibility determinations. The reviewer may not ask the LEA how many free, reduced and paid students are eligible for the review month and record these numbers in block 13. Instead the reviewer must count from the LEA's documentation the number of free and reduced price eligible students at the school. Include DC, homeless, migrant, runaway youth Head Start and Even Start. Do not adjust the count to compensate for applications approved incorrectly. This is the count by category as the LEA certified the student for benefits. Refer to section 3.5 *Critical Areas S-2, 201*.

For non BYs under Provision 2/3, the reviewer's count of eligible students based on the LEA's determination must be entered for the BY. See the instructions for the Provision 2/3 S-1, Block 13 for how to calculate current year eligible students. Refer to section 3.5 *Critical Areas, S-2, 201, Provision 2/3*.

If eligibility documents for a period other than the review period are reviewed, complete S-5a to determine the number of eligible students for the review period. Refer to section 3.9 *Critical Areas S-5a*.

14. Meal Counts - Day of Review:

Refer to section 3.6 *Critical Areas S-3, 301 and 302*.

For non BYs under Provision 2/3, only total counts are entered rather than counts by category.

15. Meal Counts - Review Period:

Refer to section 3.7 *Critical Areas Procedures, S-4, 405*.

If records are not available, the reviewer cannot validate the counts and should enter zeros in the Reviewer's Validation column. All meals will be disallowed when they appear in the Difference column which carries forward to the F A-1, line 8.

For non BYs under Provision 2/3, see instructions on how to complete for both BY and current year.

For Provision 3 non BYs, 15B, current year, column a, Total meal count, is not related to the method for calculating the claim but is used to determine that participation is comparable to the BY.

For Provision 3 non BYs, 15B, current year, column d is used to calculate FA for FA-1, line 8, if there are no application errors.

**16. ADP Factor
if Needed:**

The ADP factor(s) must be calculated if errors in eligibility certification, BI or updating eligibility are identified for the school. The factor is calculated using the reviewer's validated counts from block 15. This ADP factor(s) will be used for the Meal Error Rate Determination, S-6, and to calculate FA needed as a result of these errors. This ADP factor(s) will not be used to calculate FA if the school's meal counts will be recalculated. Refer to section 7.11 *Fiscal Action, Participation Factors*.

It is suggested that the ADP factors be calculated for all reviewed schools whether or not errors are identified. The ADP factors may be used to evaluate the overall participation in the NSLP and provide a means to compare past to current trends within the school.

**17. Number of Ineligible
or Second Lunches
Counted:**

If possible, note the categories in which the meals were counted. Refer to section 3.6 *Critical Areas S-3, 301*.

**18. Day of Review
Menu Missing
Item/Component:**

This block and Question 304 evaluate menu planning. Refer to section 3.6 *Critical Areas S-3, 304*.

**19. Day of Review
Lunches:**

This block and Question 305 evaluate all required items selected. Refer to section 3.6 *Critical Areas S-3, 305*.

3.5. SCHOOL - CRITICAL AREAS S-2 – PERFORMANCE STANDARD 1 ELIGIBILITY CERTIFICATION

APPLICATIONS AND DIRECT CERTIFICATION

GENERAL COMMENTS

Eligibility determinations may be made by the LEA/school through:

- Applications submitted by households,
- Documentation of migrant, homeless, runaway, Headstart and EvenStart, and
- DC using SNAP, TANF or FDPIR data.

Errors in applications and DC documents will contribute to a PS1 violation. *245 and 210.18*

201.

TIME PERIOD TO REVIEW

The review time period for the application and DC documents may be:

- The review period,
- Back to the beginning of the school year, or
- The day(s) of review.

For non BYs under Provision 2/3, review the BY applications unless previously reviewed.

The recommended procedure is to review applications and DC documents for the review period. The review period should be used in all cases where the LEA/school retains applications in both the sending and receiving schools for students who have transferred, and when the documents can be easily retrieved.

Decisions about the reliability of the meal count system and accuracy of the Claim for Reimbursement for the review period will be made using the number of eligible students as counted by the reviewer(s). Therefore, the number of students eligible for the review period will provide the most accurate base for comparison.

COORDINATED REVIEW EFFORT – CRITICAL AREAS

In those LEAs with a high degree of student mobility, it may be time consuming to reconstruct the pool of eligible students for a period of time likely to be one or two months before the visit. In these situations, the SA may elect to review:

- all approved free and reduced price applications and DC documents back to the beginning of the SY; or
- all approved free and reduced price applications and DC documents effective on the day(s) the review is conducted.

If the review of eligibility certification is for a period other than the review period, adjustments must be made in the method(s) used to determine the Reviewer's Count of Eligible Students to record on S-1, block 13. Refer to section 3.9 *Critical Areas S-5a*.

If the review of eligibility certification is for the day(s) the review is conducted, it may be necessary to adjust the method used to calculate the PS1 - Meal Error Rate on S-6. Refer to section 3.9 *Critical Areas S-5a*.

SELECTING THE TIME PERIOD TO REVIEW

To determine which period of time would best accommodate the review:

- Interview the individual(s) responsible for the maintenance of applications and DC documents;
- Examine the filing system for eligibility certification;
- Determine the type of system which is being utilized to retrieve applications and DC documents by school;
- Identify the procedures used within the LEA or school to track student withdrawals and transfers; and
- Determine if BI documentation is available for the same time period being considered for review.

REVIEWER'S COUNT OF ELIGIBLE STUDENTS

To determine the reviewer's count of eligible students for the review period, obtain all of the applications and DC documents for the time period which will be reviewed.

COORDINATED REVIEW EFFORT – CRITICAL AREAS

The number of eligible students provided by the LEA/school cannot be used as the Reviewer's Count of Eligible Students on S-1, block 13.

Before counting to determine the number of eligible students, interview the individual(s) responsible for the maintenance of the eligibility certification documents to determine the procedures used to identify students who withdrew or transferred from the school. If either the review period or the day(s) of review is the time period selected for review, students who transferred or withdrew before the selected period are not to be included in the Reviewer's Count of Eligible Students.

To determine the Reviewer's Count of Eligible Students to record on School Data, S-1, block 13, count the number of eligible students by category based on the applications and DC documents. The students must be counted in the eligibility category assigned by the determining official, whether or not the eligibility determination was correct. Include eligibility determinations for all students who were enrolled or attended the school at any time during the time period being reviewed.

Refer to alternate procedures found on the following pages in this section to determine the reviewer's count of eligible students using the BI document.

MULTI-CHILD APPLICATIONS

On multi-child applications, establish that students being counted attend the school being reviewed. For example, if more than one student is listed on an application and the school he/she attends is not indicated, ask the individual(s) responsible for maintenance of the eligibility certification documents to go through the applications and DC documents and identify the names of the students enrolled in the school being reviewed.

When statistical sampling is used to review certification and/or BI, and an error is identified on a household application, CA is required for all students listed. However, FA is calculated for the randomly selected student only. FA for those students that were not reviewed will be determined when the error projection is applied to the universe.

HOUSEHOLD REQUESTS LOWER BENEFITS

If the LEA/school has approved a student for benefits through either DC or application and the household has requested a lower benefit level, count the student in the category in which the student participated.

**NO APPROVAL
DATE**

If there is no date on the eligibility certification document, attempt to determine the date or approximate date of approval. This may be accomplished by asking the individual(s) responsible for the maintenance of the documents to provide an approval date, or by using the date the application was signed by the parent or received by the LEA/school. If it is not possible to determine an approval date, the document may still be considered valid for the time period being reviewed.

**DUPLICATE
ELIGIBILITY
CERTIFICATION**

In those cases where there may be duplicate applications or an application and a DC document for a student indicating the same eligibility category, make every effort to ensure that the student is counted only one time in the approved category.

In, some cases a student may have more than one application/DC document on file for the time period being reviewed, each having been approved in a different eligibility category. For example, one application/DC document covers a portion of the review period and the other covers the remaining portion. In these situations the student should be included in the count in both eligibility categories, free and reduced price. If both applications/DC documents have the same approval date, attempt to determine the category in which the student participated, and count the student only in that category.

PROVISION 2/3

Record BY counts in S-1, 13, BY. After completing the steps for S-1, 4, Percent Change in Enrolled Students, record current year counts in S-1, 13,

**NUMBER TO
REVIEW**

The review must be of:

- All students approved by applications for the time period selected, or
- A statistically valid sample of students approved by applications for the time period selected.

Within an LEA, all eligibility certifications may be reviewed in some schools and a statistically valid sample may be reviewed in other schools since the PS1 evaluation is by school.

If the reviewer(s) begins checking a statistically valid sample of eligibility certifications and many errors are identified, a review of 100 percent of the eligibility certifications may be completed.

The Statistical Sampling procedures provided in this manual may be used to review a statistically valid sample of students approved by applications. If these procedures are not used, the sampling procedures used must conform to those outlined in *210.18(g)(2)*.

The household application provides eligibility certification for each individual student, even though more than one student may be listed on the application. The universe for statistical sampling is the number of students in the reviewed schools. When errors are found on household applications, CA must be completed for all students on the application; however, FA is taken for only the randomly selected student.

EVALUATING THE ACCURACY

Refer to *Eligibility Manual for Schools Meals*, for additional information on determining students' eligibility for free and reduced price meals.

CATEGORICAL ELIGIBILITY

An application approved based on SNAP, TANF or FDPIR eligibility must contain the following:

- The name of the student for whom application is made;
- The appropriate SNAP, TANF or FDPIR case number; and
- The signature of an adult household member.

INCOME ELIGIBILITY

An application approved based on household size and income will be considered incomplete if the following information is missing:

- Names of all household members including the student for whom application is made;
- Last four digits of social security number of the adult who signs the application or an indication that the household member does not have a social security number;
- Signature of an adult household member; and
- The current amount of income received by each household member identified by the individual who receives it, and the source of income,

such as wages, welfare, alimony. The application must include “no income” or “zero” for any household members with no income.

- Refer to *Eligibility Manual for Schools Meals*, Part 4 Section C for:
 - the definition of current income; and
 - special situations where a projected annual rate of income may be used to determine income eligibility. During a CRE, the application will be considered incomplete if supporting documentation is not provided regarding the use of annual income.

MISSING INFORMATION FROM APPLICATIONS

If an application is missing information and there is no indication that the information was available to the determining official at the time of approval, the application must be considered incomplete and the error(s) documented on the CERTIFICATION AND BENEFIT ERROR WORKSHEET, S-5.

RECORDING INFORMATION ON S-5

As eligibility determinations are being reviewed, document all errors on the CERTIFICATION AND BENEFIT ISSUANCE ERROR WORKSHEET, S-5.

An application missing an adult signature and/or last four digits of social security number which is corrected during the review or prior to the CA deadline should not be counted as having been approved in error. However, the error must be recorded on the CERTIFICATION AND BENEFIT ISSUANCE ERROR WORKSHEET, S-5, to document the types and number of errors which were made during application approval.

FAILURE TO RETAIN BASE YEAR RECORDS FOR PROVISION 2/3

If a SA determines that the school or SFA has not maintained the required BY records (i.e. applications, DC, number of eligible students, BI roster, and meal counts by category) for a participating school, the SA must require the school to return to standard application and meal counting and claiming procedures and/or calculate FA. See 245.9(g).

It is the SA's option whether to allow the school to begin a new BY at the start of the next SY; a streamlined BY would not be permissible at that time.

**REVIEWER'S COUNT OF ELIGIBLE STUDENTS
FROM THE BENEFIT ISSUANCE DOCUMENT****GENERAL
COMMENTS**

The Reviewer's Count of Eligible Students recorded on S-1, block 13, is critical to the review process as these numbers are used to evaluate the accuracy and reliability of the meal count system as well as develop participation factors, if needed. Generally, the most accurate count of eligible students is obtained from the source document, i.e., applications and DC documents.

The following alternate procedures have been established for use in those cases where the reviewer determines that a more accurate count can be obtained by counting students by eligibility category from the BI document(s). For example, if the eligibility certification documents are not dated when students transfer/withdraw but the date of transfer/withdrawal is recorded on the BI document(s), the reviewer may determine that a more accurate count will be obtained from the BI document(s).

**TYPES OF
BENEFIT
ISSUANCE
DOCUMENTS**

The BI document(s) must include the name and eligibility category of all free and reduced price students eligible for the period selected for review to be used to count students by eligibility category. BI documents that are incomplete or not specific to the time period being reviewed may not be used to obtain the count of eligible students.

In most cases, the BI document is either a meal count roster, a roster used to issue tickets, or a student specific ticket. In addition, a list of approved students that is maintained for each school may be used to obtain the count of eligible students.

While retention of tickets is not a regulatory requirement, many SFAs retain tickets which would accommodate the use of the procedure. The school must have access to tickets for all eligible students including those who do not participate or participate infrequently. In addition, if a list of names is maintained for students who have lost/stolen tickets, new students who have not yet been issued a ticket, or a specific grade or classroom, the reviewer must obtain the list to use along with the tickets.

PROCEDURE

Before the count of eligible students is made, determine if the BI document(s) accurately reflects the eligibility determinations made by the determining official. 100 percent of the BI document(s) must be compared to the eligibility certification. Adjustments must be made for all students listed on the BI document(s) in a category other than that indicated on the eligibility certification document or without an eligibility certification document. For example, if a student is listed as free but the application was approved for reduced price benefits, the BI document must be adjusted prior to the Reviewer's Count of Eligible Students. If a student is listed, but there is no document to support eligibility, the student cannot be counted as a free or reduced price eligible.

In addition, the reviewer should be cognizant of a student's name being duplicated in different locations on a roster or on duplicate tickets and must make adjustments accordingly.

**COUNTING
FROM THE
BENEFIT
ISSUANCE
DOCUMENT**

To determine the Reviewer's Count of Eligible Students to record on School Data, S-1, block 13, count the number of eligible students listed on the adjusted BI document(s). Include all free and reduced price students listed on the BI document(s) that were enrolled or attended the school at any time during the time period being reviewed.

When the LEA has approved a student for benefits and the household has requested a lower benefit level, count the student in the category requested by the household.

BENEFIT ISSUANCE**GENERAL
COMMENTS**

BI documentation provides a link in the accountability system between the eligibility determination and the benefit delivery.

This link is used by the school to determine the category in which a meal served to a student will be claimed for reimbursement.

Errors in BI will contribute to a PS1 violation. *210.18(g)(1)(i)(B)*

Prior to performing the BI test, an understanding of the BI system is needed. Interview school personnel to determine the steps in the process from the time a student is approved to receive free or reduced price meals to the point at which the meal is counted. Based on the information obtained from the interview, determine the documents which are directly used in the meal count system to deliver the benefits to children. These documents may be:

- Rosters or master lists;
- Tickets, tokens, or student identification cards; or
- Any other medium which is used by the school to identify the eligibility categories of students.

The test of the BI system requires that ten (10) percent of the free and reduced price students on the BI documents be compared to the eligibility determinations. It is not necessary to compare any eligibility document which is in error to the BI documents. However, a comparison of the eligibility certification document to the BI documents may be made to determine if students are receiving the benefits for which they were approved. If the ten (10) percent test results in a five (5) percent or greater error rate, the comparison must be expanded to include all or a statistically valid sample of free and reduced price students on the BI documents.

The documents which are selected for review must be those which are used in the meal count system. For example, if a list is maintained in the file with applications/DC documents and another list is used at the point of service (POS) to check names of students receiving meals, the list used at the POS is the one which must be reviewed. In instances where the BI documentation is maintained separately for groups of students, e.g., kindergarten students are listed on a classroom roster and the remaining grades are listed on a master list maintained by the cashier, both the classroom and master lists must be reviewed.

In situations where a list(s) is not used and tickets, tokens, or student identification cards are issued directly from the eligibility certification documents, steps should be taken to determine if students are receiving the benefits for

which they were approved. This may be accomplished by obtaining information from the tickets, tokens, or student identification cards to compare to the eligibility certification documents.

202.**SELECTING THE
TIME PERIOD
TO REVIEW**

The BI documents selected for review must be for the time period which was used for the eligibility certification review.

For non BY under Provision 2/3, review BY benefit issuance unless previously reviewed.

If the LEA/school cannot provide BI documents for the review period or back to the beginning of the SY, use current documents making needed adjustments to accommodate students who have been added, transferred/withdrawn, or changed eligibility category.

**NUMBER OF
NAMES TO
REVIEW**

The test of the BI system includes both applications and DC documents.

In schools with a small number of students approved for free and reduced price meals, it is suggested that all students listed as free and reduced price on the BI documents be compared to the eligibility certification.

The minimum sample size is ten (10) percent of the free and reduced price names on the BI documents.

In computing the number of names to select, use normal rounding procedures.

The first name selected for comparison to the eligibility documents should be selected randomly from within the first ten (10) names listed.

The names must be selected at equal intervals of ten (10). For example, if the BI documents contain only the names of free and/or reduced price students, and the first name selected is the third name on the list, every tenth name would be 13, 23, 33, etc., until ten (10) percent of the names have been compared. If paid students are included on the documents, adjustments must be made in the interval to ensure that these names are not included in the selection.

In situations where the number of names reviewed is rounded upward, it may be necessary to go back to the beginning of the BI document to select the final name.

ERRORS

A benefit issuance error exists when a student is listed on the BI document in an eligibility category other than the category for which approved, regardless of the correctness of the approval.

When an error is found in eligibility certification that is offset by an error in BI, neither error contributes to a PS1 violation or results in FA. For example, when a student is incorrectly approved for free benefits but should have been reduced price and is listed on the BI document as reduced price, there is no error in PS1 that would result in FA. However, since the student is listed on the BI document in an eligibility category other than the approved category, the error must still be included when determining the five (5) percent error rate for BI.

If there are notable differences between the number of students counted from the eligibility documents and the number listed on the BI documents, attempt to determine the reasons for the difference. For example, the LEA/school may not have provided all of the eligibility documents resulting in a low count of eligible students.

As names are compared to eligibility certification documents, record errors on the CERTIFICATION AND BENEFIT ISSUANCE ERROR WORKSHEET, S-5.

STUDENT WORKERS

Meals incorrectly counted and claimed for a group of students, e.g., student workers, may be identified at different points during the review process. The point at which the problem is identified will determine where the problem must be reported on the review form and the CA that is needed. For example, if the LEA/school provides an explanation that a student is listed as free or reduced price on the BI document(s) without supporting eligibility documentation because that student is part of a group, e.g., student workers, identify all of the students included in that group and record them as BI errors on the CERTIFICATION AND BENEFIT ISSUANCE ERROR WORKSHEET, S-5.

However, lunches served to a group of students, e.g., student workers, may be identified during review of the meal counting and claiming. For example, if the reviewer determines that the count is increased at the end of each day or week, etc., for meals served to student workers, a systemic problem exists in meal counting/claiming and must be addressed in Critical Areas of Review, S-3, 302 or S-4, 405.

**EVALUATING
THE ACCURACY**

To determine if the review of free and reduced price names listed on the BI documents resulted in a five (5) percent or greater error rate:

- Divide the number of free and reduced price names in error by the number of names reviewed;
- Carry to four decimal places and round to three (3) decimal places. However, .0495 through .0499 should be rounded to .049 in order that the five (5) percent error rate will not occur as a result of rounding up; and
- multiply by 100.

For example, if seven (7) students were identified with BI errors and 141 names were compared to the eligibility determinations,

- $7 / 141 = .049 \times 100 = 4.9$ percent.

If the error rate is 4.9 percent or less, no additional review is required. If the error rate is 5.0% or more, additional review is required. This review may encompass:

- All of the students listed as free and reduced price on the BI documents; or
- A statistically valid sample of students listed as free and reduced price on the BI documents.

If a statistically valid sample of names on the BI documents is reviewed, the Statistical Sampling procedures provided in this Procedure's manual may be used. If these procedures are not used, the sampling procedures that are used must conform to those outlined in *210.18*.

UPDATING ELIGIBILITY**GENERAL
COMMENTS**

The review of the system used to update students' eligibility is an extension of the review of eligibility certification and BI.

For non BYs under Provision 2/3, review the system for updating students' eligibility for the BY unless previously reviewed.

The conditions which necessitate updating the eligibility certification and BI documents include:

- Verification findings;
- Transfers and withdrawals;
- Reported changes in household size or income;
- A household's decision to decline lunch benefits; or
- Notification from the household that it is no longer certified to receive SNAP, TANF or FDPIR benefits.

Updating must be completed as follows:

- Increases in benefit levels must be made no later than three (3) operating days from the final decision; and
- Decreases in benefit levels must be made no later than ten (10) operating days from the final decision.

Errors in updating eligibility will contribute to a PS1 violation. *210.18*

203.**SELECTING THE
TIME PERIOD
TO REVIEW**

When evaluating the system used to update eligibility, the time period being reviewed should be the same as the time period reviewed for eligibility certification and BI, except for changes which were needed as a result of verification.

EVALUATING THE ACCURACY

Interview the individual(s) responsible for the maintenance of eligibility certification and BI documents to determine if the procedures the school has in place to update eligibility status are adequate.

Using documents which may be available for the time period being reviewed:

- Determine if a change in eligibility category was needed for any students;
- Compare updated applications or DC documents to the BI documents;
- Determine if changes resulting from verification have been made, if applicable; and
- Review the applications that were verified from the reviewed schools. Any application that resulted in a change in the benefit level of the student(s) must be compared to the BI document to confirm that the changes were made within the ten (10) day/three (3) day timeframes for making changes.

A student(s) enrolled or attending another school in the SFA who is listed on a verified household application in a reviewed school where changes in benefit level were not made within the established timeframes must also be recorded as having a BI error. Record these students from other schools on a separate CERTIFICATION AND BENEFIT ISSUANCE ERROR WORKSHEET, S-5. Errors for these students from non-reviewed schools will not count toward a PS1 violation; however, FA must be taken unless the SFA confirms as part of their CA that the student's eligibility category was changed within the ten (10) day/three (3) day timeframes.

Record errors on the CERTIFICATION AND BENEFIT ISSUANCE ERROR WORKSHEET, S-5, as BI errors.

3.6. SCHOOL - CRITICAL AREAS S-3 – DAY OF REVIEW**PERFORMANCE STANDARD 1****COUNTING AND CLAIMING****GENERAL
COMMENTS**

Observe the counting, consolidating and recording of the daily meal counts. Any comments or recommendations for change to the procedures in place must be reserved until the conclusion of the observation in order to accurately evaluate the entire operation of the meal count system.

Refer to *Meal Counting and Claiming Manual*, FNS-270.

301.**OBSERVE THE
MEAL SERVICE**

The observation of the meal service must include each point where meal counts are taken and should include, where possible, each food service line and cashier. If more than one counting procedure is used, observe each distinct procedure, e.g., check-off lists for grades 1 - 3, tickets for grades 4 - 8.

For each POS or alternate, observe (as applicable) how:

- each cashier identifies and counts meals by category;
- on-line procedures are used for charged, pre-paid and lost tickets;
- second meals served to students are counted; and
- a la carte and adult meals are counted.

**DETERMINE
ACCURATE
COUNT**

Determine if an accurate count is taken of each eligibility category at each POS or approved alternate.

To be reliable, the count for each category must be based on the actual count of the students served, consistently yield accurate results, and provide a record of the numbers of free, reduced price and paid meals served daily.

For schools under Provision 2/3 in non-BY, determine if the total meals is accurate.

For schools under Provision 3, the purpose of the total meal count is not to determine the claim but to determine whether participation has been maintained, and is comparable to the BY.

VARIATION OF NORMAL PROCEDURES

If the reviewer determines that the procedures used by the school to obtain the meal count for the day of review were not those normally used, a description of the procedures used on the day of review should be recorded in the Comments section.

UNAPPROVED POINT OF SERVICE

If the count is not taken at the end of the serving line, and the SA did not approve an alternate location to a POS count, answer NO to 301a. Determine if the count is taken at an approvable alternate POS.

If the meal count is taken at an approvable alternate POS, record this as a nonsystemic problem. CA (need for approval) should be noted in the Comments section and the General Areas, G-5, Reporting and Recordkeeping, 901 and 902.

If the meal count is not taken at an approvable alternate POS, record this as a systemic problem and note CA in the Comments section.

NONSYSTEMIC

If the contributing factors are unusual, not part of the normal operating procedure, and the system does not have to be changed to achieve accurate results, the error is nonsystemic. An example of a nonsystemic counting error is when the cashier punches the wrong button. Additionally, if it is determined by the reviewer that an error(s) occurred because the cashier was intimidated by the review process, the error(s) is nonsystemic.

Document all findings that support the conclusion of a nonsystemic meal counting problem in the Comments section.

SYSTEMIC

If any of the contributing factors are built into the process and would likely recur if the process is not changed, the error is systemic. The reviewer must determine the scope of the error by deciding if the same meal count procedures were in place for the review period and/or previous periods.

Document all findings that support the conclusion of a systemic meal counting problem in the Comments section.

Examples of poorly designed counting systems include:

- **Attendance/classroom count:** An attendance or classroom count is the basis for the Claim for Reimbursement without any verification of actual reimbursable lunches served to students by type. An attendance/classroom count may be taken in the morning to give food service personnel an idea of how many meals to prepare, but that count must be verified, by type, at the POS or approved alternate.
- **Tray count:** This count cannot provide an accurate meal count by category and cannot ensure that reimbursable meals were served.
- **Backing into the category count:** A count is not taken of all categories. One or more of the meal categories is calculated by subtracting the number of meals of one or more meal type (free, reduced price, or paid) from the total meal count to get a count of another meal type.
- **Prepaid/charged meals counted on day paid:** When students either prepay or charge their meals, these meals must be counted on the day that the student is served the meal, not on the day that the prepaid meal was purchased or the charged meal was repaid.
- **Visual identification without backup:** Eligibility is determined based only on the cashier's or counter's visual identification and knowledge of the students' eligibility categories.
- **Ineligible persons claimed for reimbursement:** Meals served to ineligible students, adults, or visitors are claimed for reimbursement.
- **A la Carte items claimed for reimbursement:** Food items sold independently of the reimbursable meal and not priced as a unit are claimed for reimbursement.
- **Second meals claimed for reimbursement:** Second meals served to students in any category are claimed for reimbursement.

REVIEWER ASSISTANCE

It is essential the reviewer does not intervene or assist with the procedures used to count, combine and record the daily meal totals by type. An accurate evaluation of the meal count system can only be made if the reviewer remains detached from the process.

- 302.** Observe how meal counts from various cashiers are combined and recorded for the daily report after the end of the meal service. Validate the method that was used to obtain the meal count by type to report to the SFA. If different

COORDINATED REVIEW EFFORT – CRITICAL AREAS

procedures were used by the school to obtain the consolidated counts of free, reduced price and/or paid students, validate each procedure used.

To validate, the reviewer must obtain a count using the same procedure as the food service worker, e.g., counting tickets in a ticket system or counting check marks in a roster check-off system. An automated system may be tested by manually performing some of the automated functions of the system.

For schools under Provision 2/3, determine if lunch count totals from each serving line were correctly:

- combined and recorded; and
- distributed to each category by using the SFA's or school's claiming percentages established in the BY and whether or not the counts by category were recorded correctly.

STUDENT
WORKERS

In some cases, lunches served to a group of students, e.g., student workers not eligible for free or reduced price meals, may be identified during review of the meal counting and claiming. For example, if the reviewer determines that the free or reduced price count is increased each day or week, etc., to represent meals served to student workers, a systemic problem exists in meal counting/claiming.

COUNTS NOT
TAKEN DAILY

If counts of free, reduced price and/or paid students are not taken on a daily basis, this question must be answered "NO". An example of counts not taken on a daily basis is when a student prepays for the week, and the student's lunches are counted on the day paid rather than the days they are actually served.

DIFFERENCE
IN COUNTS

If there is a difference between the validated count and the school's combined count, the reviewer must determine the factors that contributed to the combining and recording error.

NONSYSTEMIC

If the contributing factors are unusual, not part of the normal operating procedure, and the system does not have to be changed to achieve accurate results, the error is nonsystemic. An example of a nonsystemic combining/recording error is when the cashier transposes a number or enters a count in the wrong column. Additionally, if it is determined by the reviewer that

an error(s) occurred because the cashier was intimidated by the review process, the error(s) is nonsystemic.

Document all findings that support a nonsystemic combining and recording problem in the Comments section.

SYSTEMIC

If any of the contributing factors are built into the process and would likely recur if the process is not changed, the error is systemic. To determine the scope of the error, review previous daily consolidation results from the review period and/or previous periods.

Document all findings that support a systemic combining and recording problem in the Comments section.

CLERICAL ERRORS

A nonsystemic or systemic combining and recording problem may be due to clerical errors. The determination of the type of error should be based on an examination of internal controls, the magnitude of the error, and the ability of the school to generate accurate daily counts over a period of time.

303.

FA is required when lunches have been incorrectly claimed due to counting, combining and/or recording problems, regardless of whether the problem was identified as nonsystemic or systemic.

If an inaccurate count is taken of the free, reduced price or paid lunches;

- attempt to identify the number of lunches incorrectly counted;
- determine the affected periods; and
- obtain the number of lunches claimed by the SFA for this school for the affected claim periods.

If the reviewer is unable to identify the number of lunches incorrectly counted and claimed, the required FA is recalculation of meal counts.

Nonsystemic counting and claiming errors that occurred during the day of review should be limited to an adjustment of the claim for reimbursement for the day of review. The adjustments must be included in the FA worksheet calculations on the FA-1, 8. This claim revision must not occur until the corrective action has been approved and FA has been calculated for all errors identified during the review. All FA caused by nonsystemic and systemic errors must be reported on the FNS-640, CRE Data Report.

FA for a systemic problem must address the scope of the counting/claiming problem. Investigate and determine the date the problem first occurred. The required FA is recalculation of meal counts when the reviewer is not able to identify the actual number of lunches incorrectly counted and claimed.

CA is required for all nonsystemic and systemic problems identified, even though the problems did not result in lunches being claimed incorrectly.

PROVISION 2

If question 302b is answered “NO”, FA must be taken for any differences between the school’s counts by category and the reviewer’s validated counts.

PROVISION 3

If question 302a is answered “NO”, CA must be taken for problems identified in 301 and 302 to ensure that participation is comparable to the BY. If participation declines significantly, the SFA must provide the school with TA, adjust the level of financial assistance received through the SA or return the school to standard eligibility determination and meal counting procedures, as appropriate, as is required in 245.9(d)(3).

PERFORMANCE STANDARD 2 MENU(S)

GENERAL COMMENTS

Lunches claimed for reimbursement within the SFA must contain menu items/food items as required by NSLP regulations.

On the day of review, the reviewer must observe:

- The serving line(s) to determine whether all required food items/components are offered. This observation should include menu items/food items that are available at the beginning, middle and end of the serving time for each type of line; and
- At least 20 percent of the total NSLP lunches counted at the POS for each type of serving line, to determine whether those lunches contain the required number of menu items/food items.

The School Meals Initiative* (SMI) review process works as a companion piece to the CRE review process. SMI directly impacts PS2 because it defines menu compliance (210.10). Both CRE and SMI ask the same fundamental question of whether reimbursable meals are being offered and served. CRE determines whether reliable meal counting and claiming systems are used; therefore, accountability is the primary concern. SMI determines if school meals meet nutrition standards; therefore, nutritional integrity is the primary concern.

Refer to *A Menu Planner for Healthy School Meals* and the *Offer Versus Serve in the School Nutrition Programs: Resource Guide*

MISSING MENU ITEM/FOOD ITEM

304 and 305 Question 304 is intended to evaluate menu planning. Question 305 is intended to evaluate if all required items are selected. Both questions also relate to S-1, 18 and 19.

Question 304: This question is intended to evaluate menu planning. Prior to the meal service, the reviewer must determine if all required items are available on all serving lines and comply with the written menu. If not, the school may be advised and given the opportunity to add any missing item(s) before the lunch service begins. This is the only time an error may be corrected through reviewer intervention. Even though the error is corrected, the reviewer should record in the Comments section the number of meals that would have been impacted if the correction had not been made. All other errors observed during the review require CA and/or FA.

* The Healthy Hunger-Free Kids Act of 2010, Public Law 111-296, requires USDA to consolidate the CRE and SMI into one review. Implementation of this requirement will be addressed in future regulations and policy memos.

COORDINATED REVIEW EFFORT – CRITICAL AREAS

During the meal service the reviewer must observe if all items are available throughout the entire meal service for each serving line and comply with the written menu. Answer “YES” to 304a if there is no missing item or if the missing item was replaced prior to the meal service. In the latter case, record the deficiency and TA provided in the Comments section.

Answer “NO” if an item is missing, along with an explanation in 304b.

In responding to 304c, the reviewer is directed to S-1, 18 and S-7 to record the number of meals missing a required item at the conclusion of the meal service.

S-1, 18 requires the number of lunches missing required menu items or food items which were not available to the student on the serving line on the day of review be recorded. In S-1, 18, the reviewer must record the total number of lunches missing an item based on the menu planning approach in use:

- Record “zero” if no items are missing; or
- Record the number of deficient meals if items are missing, in S-1, 18.

These meals result from inadequate menu planning or food preparation because:

- one or more required items is not offered as part of the planned menu on the serving line;
- a planned item runs out on the serving line and no appropriate substitution is made available; or
- both.

The key to answering the question correctly is that all required items are or are not being offered on the serving line. This cannot be determined until the meal observation is ended. While it is not necessary to observe 100 percent of the meals served, the observation should include the menu items/food items that are available at the beginning, middle, and end of the serving time for each type of line.

If a menu item/food item is missing, the number of nonreimbursable lunches is counted toward a PS2 violation, and FA must be taken. 210.10

NUTRIENT STANDARD MENU PLANNING

When the school is using the Nutrient Standard Menu Planning (NSMP) option, it must act in good faith to operate the NSLP in compliance with SMI. If the reviewer is unable to identify a reimbursable meal because the menu planner has failed to designate which menu items/food items are the entrées and side dishes or a written menu is not available for review, the reviewer should record this information in the Comments column and proceed to School Worksheet for

Missing Menu Item/Food Item, S-7. All meals served on the day of review should be recorded in the Day of Review section as non-reimbursable. These meals do contribute to a PS2 violation and must be recorded on S-7 Day of Review and S-1, 18.

ONE MENU OFFERED

If only one menu was offered and the missing menu item/food item was not added before the lunch service began, obtain the meal count by type (free, reduced price and paid) for the day. Complete the SCHOOL WORKSHEET FOR MISSING MENU ITEM/FOOD ITEM, S-7, Day of Review, and record the number of nonreimbursable meals on SCHOOL DATA, S-1, block 18.

TWO OR MORE MENUS OFFERED

If the school offers two (2) or more menus and only one (1) was deficient, determine the number of meals that was nonreimbursable. This may be accomplished by:

- Observing and counting the number of students who selected the menu that did not offer all of the required menu items/food items;
- Observing and counting complete and incomplete lunches for a period of time, then calculating the percent of lunches that was missing menu item/food item;
 - This percent can then be applied to total meals reported for the day as reimbursable to determine the number of nonreimbursable meals.
- Obtaining, from the cashier, the actual number of meals served that was missing the menu item/food item. This is possible in an automated system that tracks the number of meals served by food item; or
- Referring to the production records for the day, linking the ineligible meals to a particular food item, e.g., meat/meat alternate as a common base of comparison, and obtaining the percent of total meals containing the particular food item that were deficient.
 - This percent can then be applied to total meals reported for the day as reimbursable to determine the number of nonreimbursable meals.

MENU ITEMS/FOOD ITEMS
NOT AVAILABLE
THROUGHOUT
MEAL SERVICE

If all menu items/food items are not available throughout the meal service to all students participating, use the best information available to determine the number of nonreimbursable meals that were served. This may be accomplished by:

- Observing and counting the number of students who selected the menu that did not offer all of the required menu items/food items;
- Asking the cashier to provide the actual number of meals served; or
 - This is possible when meal counts at any point in time can be determined. For example, if the cashier(s) had a meal count of 175 prior to the school running out of the menu items/food items and a total of 200 meals had been counted for the entire meal service, 25 meals would be nonreimbursable.
- Estimating the number of nonreimbursable meals based on the percent of serving time the menu item/food item was missing.
 - For example, if the meal service time is one (1) hour long and the school ran out of the menu item/food item 15 minutes before the end of the serving time, the meals were missing the menu item/food item for 25 percent of the time, therefore, the reviewer(s) could estimate that 25 percent of the total meals served were missing the menu item/food item and were non-reimbursable.

Using the best information available, determine the number of meals that was missing a menu item/food item and record on the SCHOOL WORKSHEET FOR MISSING MENU ITEM/FOOD ITEM, Day of Review, S-7 and SCHOOL DATA, S-1, block 18.

DEFICIENT MENU
SERVED IN OTHER
SCHOOLS

If the deficient meals were a result of a central menu used in some or all of the schools in the SFA, or were prepared in a central kitchen serving some or all of the schools in the SFA, the number of meals missing the menu item/food item for all of the affected schools must be determined and recorded on OTHER MEAL CLAIM ERRORS - FISCAL ACTION REQUIRED, S-8. These nonreimbursable meals will not affect the PS2 threshold for the SFA.

FA must be taken for all lunches throughout the SFA that were identified as missing a menu item/food item.

INSUFFICIENT QUANTITY

If the quantity served appears to be insufficient to meet meal pattern requirements, it is a General Areas of Review violation, G-2, Menus, 601. Refer to section 4.2 *General Areas G-2, Menus*.

The S-7 as it relates to 304: Form S-7 is a School Worksheet for recording missing menu items/food items found on the day of review (top half of form). The S-7 is used to:

- record deficiencies in menu planning or food preparation, as revealed in responding to S-3, 304;
- address concerns about menus which contain missing items; and
- require the missing menu item and number of lunches missing an item by category – free, reduced and paid – be recorded. If the planned menus on the day of review contained all of the required items, check “NA”.

Keep in mind that if the number of free, reduced and paid meals is not known, Form FA-7 must be used. Form FA-7 is used to assign nonreimbursable meals to eligibility categories when the actual count of disallowed meals is not available.

Question 305: This question is intended to evaluate if all required items are selected. During the meal service, the reviewer must indicate if all meals counted for reimbursement contain the required number of items based on the written menu. If the reviewer observes one or more incomplete lunches which are counted as reimbursable, a “NO” response is required for 305a. Describe the problem in 305b.

In responding to 305c, the reviewer is directed to S-1, 19 to record the total number of lunches observed and the incomplete lunches at the conclusion of the meal service. Incomplete meals recorded in 305c must not be included with the meals missing items in 304c.

At a minimum, 20 percent of the meals should be observed. The observation should include, to the extent possible, lunches from each serving line and the beginning, middle and end of each serving period. The design of the CRE forms makes it necessary to complete S-3, 305 before S-1, block 19 can be completed.

Form S-1, 19 requires the number of complete and incomplete lunches which were observed on the day of review be recorded. During the CRE, the reviewer must consider the menu planning approach in use and record the number of lunches and incomplete lunches in S-1, 19.

In the “OBSERVED” box, the reviewer must record the count of all lunches observed; this includes recording complete and incomplete meals in the “OBSERVED” box.

In the “INCOMPLETE” box, the reviewer must record “zero” if no incomplete meals are observed. If incomplete meals are observed, then the reviewer must record the number in the incomplete box.

An incomplete meal is defined as a meal that does not contain all the required items at the POS because the student chooses not to take them, despite their availability on the serving line, and is recorded as a reimbursable meal. The key is not about a missing item on the serving line as in S-1, 18, but rather it is about students not selecting all of the required items, despite their availability. The number of meals observed must represent an actual count and the number of complete and incomplete meals cannot be recorded until meal service is complete.

NUTRIENT STANDARD MENU PLANNING

If the menu planner has designated an entrée, side dishes and milk, and the student chooses not to select the entrée and one other item, the meal is incomplete and must be recorded on S-7 Day of Review and S-1, 19.

FAMILY STYLE MEAL SERVICE

In order for meals that are served family style to be claimed for reimbursement under the OVS option, the student must select a meal that contains the minimum number of items as required by the menu planning option used. FNS Instruction 783-9, Revision 2, dated May 3, 1993, states that:

- A sufficient amount of prepared food must be placed on each table to provide the full required portions of each of the menu items/food items for all children at the table, and to accommodate supervising adult(s) if they eat with the children;
- Family style service allows children to make choices in selecting foods and the size of the initial servings; children should initially be offered the full required portion of each menu item/food item;
- During the course of the meal, it is the responsibility of the supervising adult(s) to actively encourage each child to accept service of the full required portion for each menu item/food item of the meal pattern;
 - For example, if a child initially refuses a menu item/food item, or initially does not accept the full required portion of a menu item/food item, the supervising adult should offer the menu item/food item to the child again.

- Institutions that use family style meal service may not claim second meals for reimbursement; and
- Meals served which follow the guidelines are eligible for reimbursement.

3.7. SCHOOL - CRITICAL AREAS S-4 – REVIEW PERIOD**PERFORMANCE STANDARD 1****COUNTING AND CLAIMING****GENERAL
COMMENTS**

Refer to *Meal Counting and Claiming Manual*, FNS-270.

For non BYs under Provision 2/3, S-4 is to be completed using current year information.

- 401.** Compare the school's daily lunch counts of free, reduced price and paid meals for the review period to the day of review category counts and determine if the review period's counts are unreasonable or significantly different. Using the grid to record the review period lowest to highest counts by category (rather than using an average) ensures the reviewer is adequately assessing the review period's counts. If the "day of review" counts do not fall between these two numbers, the reviewer should determine the reason, as one would expect that the day of review is an indication of what happens on an everyday basis.

For non BYs under Provision 2/3, the reviewer determines if the total lunch counts for each day of the review period appear reasonable compared to the day of review.

Inform the school of the differences noted and allow the school to provide an explanation.

The explanation provided must reasonably account for the differences noted and describe an accountable and accurate meal count system. The reviewer must investigate the explanation and be satisfied that it accounts for the differences noted. For example, if the explanation provided is "the meal served today was unpopular and that is why the counts are so low," the investigation should confirm low lunch counts on all days in the review period and/or previous periods that the unpopular meal was served.

- 402.** If the school claimed more free meals than the count of free eligibles on any day in the review period, inform the school and provide enough time and information for the school to investigate and explain the circumstances.

An explanation must be provided for each day and must support the conclusion that the school had an accountable and accurate meal count system for the entire review period.

After considering the explanation provided, if the conclusion remains that the school has claimed more free meals than the count of free eligible's, document the validated free meal count for the review period in S-1, 15. If the school has

claimed more reduced price meals than the count of reduced price eligibles, document in the Comments section.

For non BY under Provision 2/3, the reviewer determines if there were any days when the total lunch counts exceeded the number of students who have access to the NSLP.

- 403.** If there were 50 percent or more of the serving days in the review period when the free meals exceeded the attendance adjusted free eligibles, inform the school and provide enough time and information for the school to investigate and explain the circumstances.

An explanation must be provided for each day and support the conclusion that the school had an accountable and accurate meal count system for the entire review period.

PROVISION 2/3

Question 403 is different for non BYs under Provision 2/3. The reviewer must determine if BY records are retained and available for review. A “NO” response results in a PS1 violation and FA for this school. 245.9(g)

- 404.** If questionable patterns exist in any of the categories, inform the school of the patterns and provide enough time and information for the school to investigate and explain the circumstances.

The explanation provided must be reasonable for the population of students participating in the NSLP and must support the conclusion that the school had an accountable and accurate meal count system for the entire review period.

Examples of unreasonable patterns may include:

- Reporting the same number of lunches in one or more categories every day in the review period or for a period of time, e.g., counts taken on Friday are reported for the entire week; same meal count on alternating days;
- Reporting the number of lunches delivered to a satellite site as the number of lunches claimed each day (i.e., claiming the number of meals received from a central kitchen or vendor rather than meals at point of service); or
- Reporting counts by category which end in the same number, e.g., 0's or 5's, or 3's, etc.

405.**VALIDATE
THE MEAL
COUNTS**

Evaluate the system by tracking the school's meal count totals by category through the process of reporting the counts to the SFA. In addition, determine whether the counts reported by the school were used by the SFA in the consolidation of the Claim for Reimbursement. The reviewer is not required to re-add daily meal counts, e.g., tab tickets, roster check marks.

If records are not available, the reviewer cannot validate the counts and should enter “zeros” on S-1, 15 in the Reviewer’s Validation column. All meals will be disallowed when they appear in the Difference column which carries forward to the FA-1, line 8.

**SCHOOL
REPORTS
DAILY**

If the school reports meal counts by category to the SFA on a daily basis, select a minimum of one (1) day's meal count and track the numbers by category through the system for reporting the meals to the SFA.

**SCHOOL
REPORTS
WEEKLY**

If the school reports meal counts by category to the SFA on a weekly basis, i.e., the school adds up five (5) days worth of counts by category and reports the five (5)-day total to the SFA, validate the weekly report by adding the five daily counts for one (1) week by category. Track the numbers by category through the system for reporting the meals to the SFA.

**SCHOOL
REPORTS
MONTHLY**

If the school reports meal counts by category to the SFA on a monthly basis, i.e., the school adds up all daily meal counts by category for a month and reports the monthly total to the SFA; validate the monthly report by adding the daily counts for the month by category. Track the numbers by category through the system for reporting the meals to the SFA.

In the Comments section, indicate the time period used in tracking the meal counts from the school to the SFA, e.g., day, five (5) days, review period, etc.

**DIFFERENCE
IN COUNTS**

A difference exists when the validated lunch counts for the review period do not match the SFA claim for this school.

If there is a difference between the validated count and the SFA claim, determine the factors which contributed to the error in the consolidation. Determine appropriate CA, if necessary, and note in the Comments section.

DIFFERENCE DUE TO EDIT CHECKS

If the validated count does not match the school's reported counts or the SFA claim for the school, it may be due to the edit check system in the SFA. If the claim is accurate but problems are noted with the edit check process which requires CA, it should be noted in the Comments section and in *General Areas, G-4, Monitoring Responsibilities, 802*.

PROVISION 2/3

For Provision 2, reviewer should confirm BY claiming percentages and if they were properly applied for the review period of the non-BY (245.9(b)(3)(i)-(ii)). See instructions for *Provision 2, S-4, 405*.

For Provision 3, the reviewer should determine that BY meal counts have been properly adjusted for any change in enrollment and the number of operating/serving days (245.9(d)(4)). See instructions for *Provision 3, S-4, 405*.

NONSYSTEMIC

If the contributing factors are unusual, not part of the normal operating procedure, and the system does not have to be changed to achieve accurate results, the error should be considered nonsystemic.

Document all findings which support the conclusion of a nonsystemic consolidation problem in the Comments section.

SYSTEMIC

If any of the contributing factors are built into the process and would likely recur if the process is not changed, the error should be considered systemic and the scope of the error must be determined. This determination should include reviewing the consolidation results from previous periods.

Document all findings which support the conclusion of a systemic consolidation problem in the Comments section.

CLERICAL ERRORS

Clerical errors may be factors in either a nonsystemic or systemic consolidation problem. The determination should be based on an examination of internal controls, the magnitude of the errors, and the ability of the SFA to generate accurate claim counts over a period of time.

- 406.** FA is required when lunches have been incorrectly claimed, regardless of whether the problem was identified as having nonsystemic or systemic factors.

Nonsystemic counting and claiming errors that occurred during the review period should be limited to an adjustment of the claim for reimbursement for the review period. The adjustments must be included in the FA worksheet calculations on the FA-1, 8. This claim revision must not occur until the CA has been approved and FA has been calculated for all errors identified during the review. All FA caused by nonsystemic and systemic errors must be reported on the FNS-640.

FA for a systemic problem must address the scope of the claiming and consolidating problems. Investigate and determine the period of time the inaccurate system was in place. Record the reviewers' findings in the Comments.

If an inaccurate counting system was in place for the review period, identify the number of lunches incorrectly claimed, determine all affected claim periods and obtain the number of lunches claimed by the SFA for this school for the affected claim periods. Recalculation of meal counts is the FA required when it is not possible to identify the number of lunches incorrectly counted and claimed.

For non BYs under Provision 3, the reviewer must also determine if and what kind of CA is necessary as is required in 245.11(h)(3), particularly in (ii) concerning meal quality and (iii) concerning declining participation.

PERFORMANCE STANDARD 2**MEAL COMPONENTS****MISSING MENU
ITEM/FOOD ITEM**

Refer to *A Menu Planner for Healthy School Meals* and the *Offer Versus Serve in the School Nutrition Programs: Resource Guide*

- 407.** If a menu(s) is identified which does not contain all of the required menu items/food items, interview the individual responsible for the preparation of the meal(s) and examine documentation, such as production records or invoices, to determine whether or not the meals were reimbursable. Never disallow meals automatically because the menus served during the review period were not observed by the reviewer. It will be necessary to investigate if menus were deficient and explain why. Once it is determined that a menu from the review period is deficient, record the missing item and the number of meals claimed in the review period for the reviewed school on S-7, Missing Menu Item/Food Item Worksheet.

If the school offers only one (1) menu each day, and the menu was found to be deficient, all of the meals claimed for the day would be nonreimbursable.

In schools offering two (2) or more menus, determine the number of nonreimbursable lunches identified during the menu evaluation in proportion to the total meals prepared. To accomplish this, use production records to identify the number of deficient meals and the total number of meals prepared. Divide the number of deficient meals by the total number prepared to determine the percentage of the total which was nonreimbursable. Multiply this percent times the total number of lunches claimed by the SFA for this school to determine the number of incomplete lunches claimed.

If the SFA used centralized menu planning or meals were prepared in a central kitchen for some or all of the schools in the SFA, the number of meals missing the menu item/food item for all of the affected schools must be determined and recorded on OTHER MEAL CLAIM ERRORS - FISCAL ACTION REQUIRED, S-8.

If a deficient menu(s) is identified, examine the menus for other claiming periods to determine the extent of the problem. If problems are identified in other claiming periods, record findings on OTHER MEAL CLAIM ERRORS - FISCAL ACTION REQUIRED, S-8, for the reviewed schools and all other affected schools in the SFA.

FA and CA is required for all deficient meals claimed for reimbursement back to that period in time when the infraction first occurred.

During reviews of non BY Provision 2/3, current year menus must be evaluated.

3.8. SCHOOL - CRITICAL AREAS S-5 – CERTIFICATION AND BENEFIT ISSUANCE ERROR WORKSHEET

GENERAL COMMENTS

Form S-5 is to be used to record all errors related to eligibility certification, benefit issuance and updating eligibility. It will be used at two points during a review: during the onsite review and after corrective action is approved. The errors on S-5 may or may not result in fiscal action depending on the type of error and the timeliness of the CA. For example, when statistical sampling is used to review certification and/or BI and an error is identified on a household application, CA is required for all students listed. However, only those students in the reviewed schools are listed on the S-5. Only the randomly selected students and the additional students in error identified using the error projection rate would be counted to determine if PS1 was violated.

Even if errors are corrected while the reviewer is on-site, the error must be recorded on S-5 and FA must be calculated if applicable. Also, any information that the reviewer is able to collect while on-site in terms of date inactive or corrected and actual number of days the student participated, can be recorded.

Form S-5 must be completed for each reviewed school. Students that do not attend the reviewed schools but are listed on the household application must also be corrected. Students who are in non reviewed schools do not contribute to a PS1 violation. If the review of eligibility certification, BI and eligibility update did not identify errors, check ☐ "NA".

PROVISION 2/3

For non BYs under Provision 2/3, the columns to the right of the BI errors section and below next to the Comments section, are shaded and not completed because the S-6a is used to capture meals claimed in error and to calculate FA for those meals.

Even though the S-5 is not used to calculate FA in a Provision 2/3 school, it is necessary to list students' eligibility that is in error in order to obtain numbers for the S-6a, Chart B, column 2, Verified by Reviewer. To arrive at the numbers required in column 2, the reviewer uses the numbers in S-1, 13 (which are determined by the LEA) and adjusts them using the information gathered on the S-5.

For example, if there were 100 free students entered in S-1, 13 (as determined by the LEA), but one student that was free should be reduced price, the reviewer would enter 99 in column 2. The reduced price would also be adjusted for this error so if there were 50 reduced price (as determined by the LEA), the "verified by reviewer" number would be 51.

COORDINATED REVIEW EFFORT – CRITICAL AREAS

Chart B revises the BY claiming percentages to reflect the errors the LEA made when it determined application certification in the BY so that in the subsequent non BYs, the correct claiming percentages are used.

STUDENT

In lieu of the student name, another identifier such as a student identification or application number may be recorded in this space. When an identifier other than the student name is used, adequate information must be provided to the SFA/school to identify the student(s) in error.

START DATE
OF ERROR

The Start Date of Error is the date an error first occurred based upon the information available. This can be:

- the first serving day of the school year;
- the school's 31st operating day;
- the date of application approval;
- the date of adult signature when an approval date is not available; or
- the date of BI error.

If a date is not available, attempt to determine the start date of the error. This may be accomplished by asking the individual(s) responsible for the maintenance of the documents to provide a date or by using any other documentation which may establish an approximate start date of error. In those situations where the start date of error is not known, enter a dash (-) in the space.

TYPE OF
ERROR

Check the space(s) which identifies each type of application or BI error. More than one error may be identified for a student.

MISSING
INFORMATION

If the application is missing a required piece of information, check the space which identifies the missing information. Do not check that the application was miscategorized.

MISCATEGORIZED

A miscategorization occurs only when the determining official has approved a student in a category other than the one supported by either the SNAP, TANF, or FDPIR number, or the household size and income information provided by the

household. An application could be missing nonessential information, i.e. last four digits of social security number or adult signature, and also be miscategorized.

ELIGIBILITY CERTIFICATION ERRORS

The following eligibility certification errors must be included when calculating the PS1 error rate:

Missing Information;

- Child or household name (CH HH NM),
- SNAP, TANF or FDPIR case number (CS #),
- Income amount, frequency or source (INC AMT FRQ SRC) for each individual household member (including students and other children),
- Last four digits of social security number (SS #) or adult signature (AD SIG) if not corrected within the timeframes established by the SA, and

Miscategorizations are limited to;

- students approved for free benefits who should have been approved for reduced price benefits (F/R)
- students approved for free benefits who should have been denied benefits (F/D)
- students approved for reduced price benefits who should have been denied (R/D),
- students approved for reduced price benefits who should have been approved for free benefits (R/F)

NO INCOME LISTED

Regulations at 245.1(b)(1)(i) state that, for households applying on the basis of income, the income received by each household member (identified by source of the income, such as earnings, wages, welfare, pensions, support payments, unemployment compensation, social security income, and other cash income) must be provided. If the application has a “no income” box available and it is not checked, the application is incomplete and in error. If the application does not have the “no income” box checked, the applicant must enter a “zero”, the word “none” or another indicator of no income for the application to be complete. The reviewer lists this type of error on Form S-5, in the Missing Information section. The error contributes to a PS1 violation.

DENIED BENEFITS

Record students who were incorrectly denied meal benefits (D/F or D/R). These errors will not be included when calculating the PS1 meal error rate and will not be included in the PS1 VIOL column. Errors related to denied meal benefits must be included in General Areas, G-2, Free and Reduced Price Process, 512.

BENEFIT ISSUANCE ERRORS

The following BI errors must be included when calculating the PS1 error rate:

- Approved reduced price but received free (RED REC FRE);
- Approved free but received reduced price (FRE REC RED); and
- Ineligible for meal benefits but received free or reduced price (INELIG RECEIV F or R).

VERIFICATION ERRORS

Students who change eligibility categories during the verification process must also have their eligibility changed on the BI document. When the reviewer finds that this change has not been made, the error is listed on SCHOOL CRITICAL AREAS OF REVIEW, S-2, 203 and on the CERTIFICATION AND BENEFIT ISSUANCE ERROR WORKSHEET, S-5. These errors contribute to a PS1 violation (210.18) and result in FA being assessed.

A student(s) enrolled or attending another school in the SFA who is listed on a verified household application in a reviewed school where changes in benefit level were not made within the established timeframes must also be recorded as having a BI error. Record these students from other schools on a separate CERTIFICATION AND BENEFIT ISSUANCE ERROR WORKSHEET, S-5. Errors for these students from non-reviewed schools will not count toward a PS1 violation; however, FA must be taken unless the SFA confirms as part of their CA that the student's eligibility category was changed within the ten (10) day/three (3) day timeframes.

PROVISION 2/3

For Provision 2/3 schools, reference the Provision 2/3 Form S-5 and its instructions for PS1 and FA.

PERFORMANCE
STANDARD 1
VIOLATIONS

For each student listed on the worksheet, determine if the error contributed to a PS1 violation.

DATE INACTIVE
OR CORRECTED

This column is used to record the ending date of the error. Enter either the date the student transferred or withdrew from the SFA, the date CA was taken or, if no CA was taken, the last serving day of the SY.

NUMBER OF SERVING
DAYS IN ERROR

REVIEW
PERIOD

The number of serving days in error for the review period must be established for each student with an error(s) contributing to a PS1 violation. The number of days may be determined in one of the following ways:

- If the student was approved to receive meal benefits for the entire review period, enter the total number of days meals were served at this school during the review period;
- If the student was approved for meal benefits during the review period, enter the number of days meals were served at this school during the review period, beginning with the date the application was approved;
- If the student was approved for meal benefits before or during the review period but transferred, withdrew, or had a change in eligibility category, enter the number of days during the review period that the student was approved to receive meal benefits. Do not include the date of transfer, withdrawal, or the date the eligibility category was updated; or
- Using documentation which supports individual student participation in the NSLP, determine the actual number of days the student participated during the review period.

PRIOR FISCAL YEAR
CURRENT FISCAL YEAR

The number of serving days in error for the prior and/or current FY(s) is recorded after CA has been taken. Serving days in error for both the prior and current fiscal years will be used to calculate FA.

Prior FY may be either the number of serving days or the actual number of days the student participated from the start date of error through September 30.

Current FY may be either the number of serving days or the actual number of days the student participated from October 1 to the date of transfer, withdrawal, corrective action, or, if no CA was taken, the last serving day of the SY.

Refer to section 8.1 *Fiscal Action Aids, Compute Days in Error, FAA-1*.

3.9. SCHOOL - CRITICAL AREAS S-5a – OTHER THAN THE REVIEW PERIOD

REVIEW OF ELIGIBILITY CERTIFICATION FOR A PERIOD OTHER THAN THE REVIEW PERIOD

GENERAL COMMENTS

Form S-5a must be used in all situations where the SA chooses to review eligibility certification documents for a period other than the review period. Refer to section 3.5 *Critical Areas S-2, Time Period to Review*.

For non BYs under Provision 2/3, this form is not applicable if eligibility certification was reviewed in the BY.

To determine the number of eligible free and reduced price students for the review period when reviewing all free and reduced price applications and direct certification documents back to the beginning of the SY or for the day(s) the review is conducted, the LEA/school must be able to provide the reviewer(s) with the following information:

- All applications and DC documents approved back to the beginning of the SY or for all students approved for the day(s) the review is conducted;
- The number of free and reduced price students which the LEA/school has approved back to the beginning of the SY or for the day(s) the review is conducted; and
- The number of free and reduced price students which the LEA/school has approved for the review period.

PART I

Form S-5a, Part I compares the reviewer's count of eligible students back to the beginning of the SY or for the day(s) the review is conducted to the count provided by the LEA/school for the same time period. A variance between the reviewer's count and the LEA/school count is calculated.

Determining a variance allows the reviewer to evaluate the accuracy of the LEA/school count of eligible free and reduced price students.

The variance is applied to the LEA/school count of eligible students for the review period and the result is the adjusted count of eligible students for the review period. This adjusted count must be used as the Reviewer's Count of Eligible Students and recorded on S-1, block 13.

BACK TO
BEGINNING OF
SCHOOL YEAR

If all free and reduced price applications and DC documents back to the beginning of the SY were reviewed, all errors which would contribute to a PS1 violation are included in the application/DC review and would be recorded on Form S-5. To determine the Meal Error Rate on Form S-6, include only lunches served to students who could have participated during the review period.

DAY(S) THE
REVIEW IS
CONDUCTED

If the review was of all applications and DC documents for the day(s) the review is conducted, it may be necessary to adjust the number of meals in error on Form S-6 since errors for students whose applications were not reviewed, i.e., those who withdrew or transferred prior to the day of review, have not been recorded on Form S-5.

E > A FOR
FREE AND/OR
REDUCED

To determine if PART II must be completed, compare the Adjusted Count of Eligible Students for the Review Period, Column E, to the Reviewer's Count of Eligible Students, Column A. If Column E is greater than Column A for either free or reduced, PART II must be completed to adjust the number of free or reduced price meals to report on Form S-6, Line 3. This adjustment is necessary because the reviewer(s) has credited the school with more eligible students for the review period than were listed on applications/DC documents. This results in a higher number in Column E than has actually been reviewed.

PART II

A variance between the Adjusted Count of Eligible Students for the Review Period, Column E, and the Reviewer's Count of Eligible Students, Column A, is calculated. This number is then applied to the number of meals in error which was determined from the actual applications/DC documents reviewed for the day(s) the review is conducted. This calculation increases the Maximum Number of Lunches for Students with Errors Contributing to a PS1 Violation to include errors which would have been identified if applications/DC documents for the review period were reviewed.

3.10. SCHOOL - CRITICAL AREAS S-6 – PERFORMANCE STANDARD 1 – MEAL ERROR RATE DETERMINATION

GENERAL COMMENTS

Form S-6 is used to calculate the percent of free and reduced price meals which were claimed incorrectly as a result of errors in eligibility certification, BI, and/or updating eligibility. If ten (10) percent or more and 100 or more free and reduced price lunches were claimed incorrectly, the school has violated PS1.

If no eligibility certification or BI errors were identified check “NA” and do not complete Form S-6.

ALL APPLICATIONS REVIEWED

If all applications were reviewed, the error rate is determined using the number of free and reduced price meals claimed in error in relation to the total number of free and reduced price meals claimed.

STATISTICALLY VALID SAMPLE

When a statistically valid sample was used, the number of meals in error must be projected using the error rate found in the sample. Refer to section 5.2 *Statistical Sampling Error Projection*.

ESTIMATE COLUMN

Use of the Estimate column is optional. It may be completed at the time of review to provide an approximate indication of the magnitude of the errors identified and potential for a follow up review.

ACTUAL COLUMN

The Actual column must be completed after CA has been taken for any errors identified in eligibility certification, BI, and/or updating eligibility.

Once CA is taken, the Actual meal error rate must be calculated using the most reliable information available for each student with eligibility certification, BI, and/or updating eligibility errors. If possible, obtain the participation information from meal count documentation for each student.

If meal count documentation is not available to determine the number of days each student participated, use the number of serving days during the review period when each student could have participated and adjust by the school's participation factor recorded on S-1, block 16. If the school's participation factor

recorded on Form S-1, block 16 is greater than 100 percent (1.00), use 100 percent (1.00) as the participation factor.

COMBINATION OF ACTUAL AND CALCULATED LUNCHES

When determining the Actual meal error rate, it may be acceptable to use participation data for some students and a calculated number of meals for others. For example, the meal count for grades K-6 is based on check marks on a roster and students in grades 7-12 use tickets which do not include the student's name. Actual participation data could be obtained and used for the K-6 students and the number of days adjusted by a participation factor could be used for the students in grades 7-12.

PROVISION 2/3

See the Provision 2 or Provision 3 form for instructions for the Provision 2 or Provision 3 S-6 and the PS1 determination.

SPECIAL ASSISTANCE PROVISION 2 NON-BASE YEARS

If eligibility certification errors were identified in a non BY review, it will be necessary to complete Form S-6, Chart A, and S-6a, Charts B, C, D, and E. If no eligibility certification errors were identified check "NA" and do not complete the Provision 2 S-6 or S-6a.

S-6 - Chart A Current Year PS1 – Meal Error Rate Determination

Because claiming percentages are used, rather than actual meal counts, Form S-6 is now identified as Chart A, one of several charts used in the process of determining a PS1 violation.

The reviewer should check either "All" or "Sample" to identify what method was used to review BY applications. The reviewer should also indicate whether the applications were reviewed in the BY, current year or at some other time, such as between the BY and the current year or during a TA review.

The Estimate column is not completed for schools under Provision 2 reviewed in non-BYs.

Form S-6a, Charts B and D must be completed to arrive at the information required to complete Chart A in order to establish the percent of free and reduced price lunches claimed incorrectly and to determine if a PS1 violation exists for the current year.

S-6a – Chart B
Revised Claiming Percentages for
Base Year Review Period or
Annualized Claiming Percentages

Chart B is used to correct the claiming percentages for the BY. It is NOT used to calculate FA for the current year.

Chart B, Column 7 lists the corrected claiming percentages for the review period only. If there is more than one claim period after the review period before CA is taken, the reviewer would need to complete the procedures in Columns 2-6 for each claim period before adding the differences in Chart E, Column 1, which captures the review period differences.

Chart C –
Calculation of Percent Change
and Claiming Percentages

Chart C will be used to calculate the percent change for claiming percentages for months other than the review period (because there were certification and BI errors in the BY). Apply these percent changes for each category to all other claiming percentages for all other months in the BY; the original percentage will increase or decrease by the percent of change.

Since the objective is to correct claiming percentages, the reviewer must enter the mathematically correct claiming percentages in Column 1, before making the adjustments.

If the BY claiming percentages are not correctly calculated for other months, the reviewer must calculate to determine the correct claiming percentages in Column 1 for each claiming period before applying the percent change in Column 3.

Chart C will be completed once for the review period and the percent change, Column 3 will be used for adjusting validated claiming percentages for all months outside the review months.

All Chart C calculations for the period prior to the review period will be used by the SFA to calculate subsequent years' claims for corresponding claim periods. The Chart C calculations for the review period and beyond would be used to calculate subsequent claims as well as to determine FA.

Chart D –
Current Year Review Period
PS1 Calculation

Chart D has two functions:

- to determine the number of meals claimed incorrectly for the review period, and

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- to assist in the completion of Chart A which determines if a Performance Standard violation occurred for the current year.

Chart D calculates the number of meals that were claimed incorrectly in the current year review period as follows:

- The actual review period claim (what the SFA submitted, not knowing there were errors) is recorded in Column 1;
- The revised claiming percentage (calculated due to eligibility certification errors) is recorded in Column 2;
- The current year review period total number of meals served is recorded in Column 3;
- In Column 4 the revised review period claim is calculated by multiplying Column 3, total meals served, and Column 2, revised claiming percentages;
- Column 5 is the actual, Column 1 minus the revised, Column 4 and is used to determine FA;
- The meals in Column 5 are then carried over to Column 1 of Chart E for the review period;
- Multiple Chart E's may be needed to make adjustments for subsequent months after the review period. Only Columns 2-6 are completed for the additional months;
- For the final number of meals to be adjusted for all months add Column 1 of Chart E for the review month to all other Chart E, Column 6 numbers and enter in Column 7 of the last adjusted Chart E; and
- Record Column 7 data to Form FA 1, line 1.

In a BY review, Form S-1,16 is used to determine the rate of participation per category. In a non BY review, participation is reflected when the claiming percentages are applied to the total number of meals served.

Charts B and D of S-6a must be completed to arrive at the information required to complete Chart A in order to establish the percent of free and reduced price lunches claimed incorrectly and to determine if a PS1 violation exists for the current year.

FA and PS1 violations are determined using S-6a, and, due to the method of calculations, BI errors would not be a consideration, except when the review is conducted in the BY.

**Chart E –
Current Year
Meal Count Adjustments**

Chart E is used to calculate meal count adjustments for each claim period from the end of the review period to the date of CA completion, whichever comes sooner. Because different claiming percentages may be in effect for each claiming period, the reviewer must adjust the total meals by the revised claiming percentages. If there is more than one claim period after the review period before CA is taken, the reviewer would need to complete the procedures in Columns 2-6 for each claim period before adding the differences in Chart E, Column 1, which captures the review period differences.

Chart E, Columns 2 and 3 – Since adjustments in these columns would be for claim periods after the review period, adjustments would need to be made to each claim period's mathematically correct claiming percentages rather than the claiming percentage for the review period in Chart B, Column 7.

For multiple claim periods, sum Columns 6, Difference, for each claim period, add to Column 1, Difference from Chart D, Column 5, and record meal count adjustments in the appropriate categories on Form FA-1, line 1.

FA would be taken from the beginning of the review period until the SFA implements the revised claiming percentages.

The S-6a Continuation Sheet contains three (3) more Chart E tables for additional current year months that may need to be calculated. Additional tables may be necessary to complete all months that need to be calculated.

Most often claiming percentages are wrong because the rounding was completed incorrectly. The claiming percentage should be calculated by carrying the number to the 4th decimal, rounding to the 3rd decimal, and then multiplying that number by 100 to convert it to a percentage.

These charts are designed for use with SFAs using monthly claiming percentages on a school-by-school basis. If the SFA is using annualized or SFA-wide claiming percentages, appropriate revisions will need to be made to the data in Chart B, Columns 1 through 7. If annualized claiming percentages are used, there is no need for monthly adjustments to the claiming percentages on Chart E as the adjusted annualized claiming percentages would be applied to all subsequent months following the review period.

FA for Provision 2 schools in a non BY is restricted to the current SY. Calculating overclaims for the current SY is consistent with reviews conducted in schools where a provision is not used. As in those schools, FA for Provision 2 is calculated from the first day of the review period to the date of CA.

SPECIAL ASSISTANCE PROVISION 3 NON-BASE YEARS

If eligibility certification errors were identified in a non BY review, it will be necessary to complete S-6, Chart A, and S-6a, Charts B, C, D, and E. If no eligibility certification errors were identified check “NA” and do not complete the Provision 3 S-6 or S-6a.

**S-6 - Chart A
Current Year PS1 –
Meal Error Rate
Determination**

The reviewer should check either “All” or “Sample” to identify what method was used to review BY applications. The reviewer should also indicate whether the applications were reviewed in the BY, current year or at some other time, such as between the BY and the current year.

The Estimate column is not completed for schools under Provision 3 reviewed in non BYs.

**S-6a – Chart B
Revised Claim for
Provision 3 Base Year
Review Period**

Chart B is used to calculate the revised claim for the BY review period. The BY claim is adjusted for the percent change in enrollment, of those with access to the NSLP, to calculate claims for subsequent years. The claiming percentage in Column 7 is only used to make revisions to actual meal counts in other claim periods in the BY to reflect the application errors, not to be employed in subsequent year claim determinations.

The reason for calculating the claiming percentage is to break out any other BY claim periods and apply the percent change in enrollment to arrive at a corrected claim for each claim period in the BY. This claim percentage, which reflects the correct number of approved applications, is multiplied by other total meals in other claim periods in the BY. The product of this calculation is multiplied by the percent change in enrollment to get a revised corrected current year count by category. This corrected count is compared to the actual claim to obtain the overclaim or underclaim by category.

FA for Provision 3 schools in a non-BY is restricted to the current SY. Calculating overclaims for the current school year is consistent with reviews conducted in schools where a Provision is not used. As in those schools, FA for Provision 3 is calculated from the first day of the review period to the date of CA.

If an annualized average daily meal count is used, calculations in Chart B and C would need to reflect its use.

**Chart C
Current Year Review Period –
PS1 Calculation**

Chart C has two functions:

- to determine the number of meals claimed incorrectly for the review period, and
- to assist in the completion of Chart A which determines if a PS1 violation occurred for the current year review period.

Chart D – Current Year - Meal Count Adjustments

Chart D is used to calculate current year claims for any claim period subsequent to the review period. The corrected claim for any time from the end of the review period to the date of CA would be used for the CRE overclaim. Corrected claims for the review period, as well as claim periods following the review period, would provide the basis for calculating claims for the remainder of the current year as well as subsequent years.

For multiple claim periods, sum Columns 8, Difference, for each claim period, add to Column 1 (Difference from Chart D, Column 5) and record meal count adjustments in the appropriate categories on Form FA-1, line 1.

The S-6a Continuation Sheet contains three (3) more Chart D tables to use to make adjustments to other claim periods.

These charts are used if the SFA is submitting monthly claims on a school-by-school basis. Revisions are needed if the SFA is using annualized or SFA- wide claiming.

FA and PS1 violations are determined using Form S-6a. Due to the method of calculations, BI errors would not be a consideration, except when the review is conducted in the BY.

3.11. SCHOOL - CRITICAL AREAS S-7 – SCHOOL WORKSHEET FOR MISSING MENU ITEM / FOOD ITEM

GENERAL COMMENTS

Refer to *A Menu Planner for Healthy School Meals and Offer Versus Serve in the School Nutrition Programs: Resource Guide*.

Form S-7 is used to record deficiencies identified in menu planning or food preparation such as missing menu items/food items found on the day of review or review period.

DAY OF REVIEW

If, during the evaluation of the planned food service on the Day of Review, the menu which was offered/served did not meet meal pattern requirements, complete items 1 through 3 and 4 through 6, if available, otherwise go to FA-7 to allocate non-reimbursable meals to the free, reduced price and paid lunch categories.

For non BYs under Provision 2, all schools must take a total count at the POS. This should occur while the reviewer is present on the day of review. If lunches are missing menu items/food items, use the claiming percentages as calculated on Form S-6a, Chart E Column 3 and apply them to the total number of meals missing menu items/food items to arrive at the number of meals to disallow per category.

For non BYs under Provision 3, all schools must take a total count at the point of service. This should occur while the reviewer is present on the day of review. If lunches are missing menu items/food items, use the claiming percentages as calculated on S-6a, Chart D Column 3 and apply them to the total number of meals missing menu items/food items to arrive at the number of meals to disallow per category.

REVIEW PERIOD

If, during the evaluation of the menus and other documentation for the Review Period, one or more menus did not meet meal pattern requirements, items 7 through 10 must be completed. If available, items 11 through 13 should be completed; otherwise go to FA-7 to allocate non-reimbursable meals to the free, reduced price and paid lunch categories.

For non BYs under Provision 2, all schools must take a total count at the POS. This should occur while the reviewer is present on the day of review. If lunches are missing menu items/food items, use the claiming percentages as calculated on Form S-6a, Chart E Column 3 and apply them to the total number of meals missing menu items/food items to arrive at the number of meals to disallow per category.

For non BYs under Provision 3, all schools must take a total count at the POS. This should occur while the reviewer is present on the day of review. If lunches are missing menu items/food items, use the claiming percentages as calculated on Form S-6a, Chart D Column 3 and apply them to the total number of meals missing menu items/food items to arrive at the number of meals to disallow per category.

3.12. SCHOOL - CRITICAL AREAS S-8 – OTHER MEAL CLAIM ERRORS – FISCAL ACTION REQUIRED

GENERAL COMMENTS

Form S-8 must be used to record errors identified during the review which have not previously been recorded in another area on the SFA or school forms, such as errors that occur outside of the claiming period or for other affected schools outside of the CRE. Errors recorded on this form do not contribute to exceeding the threshold for PS1 or PS2. If other Child Nutrition Programs (CNP) are reviewed FA should be calculated per program due to the different reimbursement rates. Only NSLP information should be recorded on the CRE Data Report, FNS-640.

Examples of the types of errors which must be recorded include:

- Consolidating or claiming errors at the SFA or school level for periods other than the review period;
- Meal count errors identified at the school level for periods other than the review period;
- Meals claimed for ineligible individuals, i.e., adults, pre-school children not attending school, for periods other than the day of review;
- Second meals served to students which were claimed for reimbursement for the review period as well as periods other than the review period;
- Lunches which were missing menu items/food items and were claimed for reimbursement for periods other than the review period in the reviewed school as well as any other school(s) in the SFA;
- Meals claimed in error as part of a cycle menu or centralized menu plan for other affected schools in the SFA (investigate and ensure that meals are not disallowed automatically based on a written menu because it may be that some schools served a reimbursable meal even though they are subject to using a centralized menu);
- For Provision 2, incorrect calculation of claiming percentages and/or claiming percentages applied incorrectly for periods other than the review period in the reviewed school as well as any other school in the SFA; and
- In those cases where the Claim for Reimbursement will be adjusted because of errors identified during the review, this form must be used to record the meals claimed by category for the school for each period where a claim adjustment will be made.

If the school's meal count will be recalculated, record the number of meals claimed for all periods requiring recalculation.

Errors identified in the Special Milk Program (SMP), and Afterschool Snacks, may be recorded on a Form S-8.

4. GENERAL AREAS CONTENTS

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4.1. GENERAL AREAS OF REVIEW – FORMS

FORMS

The forms developed for the General Areas of Review are prototypes. SAs may develop their own administrative review (AR) forms for the general areas, as long as the forms include the scope of review defined in 210.18 and provisions in the Healthy, Hunger-Free Kids Act of 2010 as outlined in Form and Instruction, G-6.

USE OF FORMS

These forms are intended to be used with the Critical Areas of Review forms since many questions on both sets of forms are closely related.

The General Areas of Review forms contain questions that pertain to both the SFA and the individual school(s) reviewed and are designed to be used at both levels. Only one set of review forms will be completed (G-1, G-2, G-3, G-4, G-5 and G-6) for SFAs with a single school. Reviews of SFAs with more than one school will require forms for the SFA level and a separate set of forms for each school reviewed. In some instances, the level at which a process is handled will determine the applicability of the question. Some questions will require a response for both the SFA and reviewed school(s), e.g., 501, "Is the policy statement implemented as approved?"

G-1, GENERAL AREAS OF REVIEW - Review of the free and reduced price process

G-2, GENERAL AREAS OF REVIEW - Review of menu(s)

G-3, GENERAL AREAS OF REVIEW – Review of Civil Rights compliance

G-4, GENERAL AREAS OF REVIEW - Review of monitoring responsibilities

G-5, GENERAL AREAS OF REVIEW – Review of reporting and recordkeeping and food safety and sanitation

G-6, GENERAL AREAS OF REVIEW – Review of the local wellness policy, water, paid lunch pricing, and revenue from nonprogram foods.

It is recommended that a description of the material or observation used to answer a question be included in the Comments section, where appropriate.

EXPANDING CONTENT

As a part of the SA's oversight responsibility, additional areas of review may be included (e.g., procurement, food service management companies (FSMC), sanitation, financial management, parent/student involvement).

FISCAL ACTION

When a SA takes fiscal action (FA) for findings in the General Areas of Review, the FA procedures established for Critical Areas of Review may be used. Withholding payments may be an appropriate way of dealing with General Areas of Review violations.

When observation of the meal service or examination of food production or other documents indicates that the quantity served was insufficient to meet meal pattern requirements, obtain and record the number of deficient meals back to the period in time when the infraction first occurred. FA is required unless the SA utilizes the exception provided in *210.19 (c)(6)(i)*.

If FA is to extend beyond the review period or to other than the reviewed school(s), sufficient information should be obtained at the time of the review in order to determine the amount.

4.2. GENERAL AREAS G-1 – FREE / REDUCED PRICE PROCESS

GENERAL COMMENTS

Refer to *Eligibility Guidance for School Meals Manual*; 245.10; 245.6a.

501. Review the free and reduced price policy statement. At a minimum, it must contain the following:

- the official(s) designated to make eligibility determinations;
- the income eligibility guidelines (IEG) for the current SY;
- the specific procedures to accept and process household applications for benefits in accordance with the *Eligibility Guidance for School Meals Manual*;
- a description of the Direct Certification (DC) procedures and notification processes;
- a description of the method(s) used to collect payments from children paying the full price of the meal or milk, or the reduced price of the meal, which prevents the overt identification of the children receiving free or reduced price meals or free milk;
- an assurance that the school will abide by the hearing procedure and the nondiscrimination practices; and
- a copy of the application form and letter or notice to households.

Based on interview and observation, indicate whether the procedures identified and the systems in use at the SFA/school are those reflected in the SA approved policy statement. 245.10(a)&(b)

When Provision 2 /3 is used, school officials do not distribute applications, conduct DC, or make eligibility determinations of children in the non-BYs. (See Provision 2 Guidance, Summer 2002, for exceptions to this general statement.)

502. Examine the mediums of exchange (e.g., tokens, tickets, cards, POS systems) to determine if there are problems with overt identification. 210.18(h)(1)(vii)

Observe the collection of payments from children paying the full or reduced price of the meal and the issuance of the mediums of exchange, if possible, to determine if there is overt identification of the children receiving free or reduced price meals. If the observation is not possible, interviews should be conducted with those individuals involved with the collection of payments to assess the procedures used.

Observe the meal service, including the meal counting and serving procedures, to determine if overt identification exists. There is overt identification when a casual observer of the meal service can reasonably identify those students eligible for free or reduced price meals.

503a Determine if the LEA is certifying eligible children who are members of households receiving SNAP benefits for free meals without requiring further application. DC with SNAP must use a data matching technique between the SNAP office and the LEA/school. Refer to 245.2, 245.6 and the *Eligibility Guidance for School Meals Manual, Part 6, Section B*.

503b. Determine if the LEA's DC matching activities with SNAP meets the three times per school year minimum requirement. Per Policy memo SP-31-2011 "*Frequency of Direct Certification Matching Activities Beginning in School Year 2011-2012*", DC matching activities must be completed:

- At or around the beginning of the school year;
- Three months after the initial effort; and
- Six months after the initial effort.

Also refer to the *Eligibility Guidance for School Meals Manual, Part 6, Section B*.

503c. Verify if the LEA is phasing out the letter method and is no longer using the letter method as the primary means of directly certifying children of SNAP households.

Section 101(c) of the Healthy, Hunger Free Kids Act of 2010 (the Act), Public Law 111-296 amended section 9(b)(4) of the Richard B. Russell National School Lunch Act (NSLA) (42 U.S.C. 1758(b)(4)) which established that household cannot be required to provide the LEA with any letter notifying the household of eligibility for DC or eligibility for free meals. Also, refer to SP-13-2011 "*Child Nutrition Reauthorization 2010: Letter Method for Direct Certification*" and the *Eligibility Guidance for School Meals Manual, Part 6, Section B*.

504. Ensure that the LEA is providing categorical eligibility for free meals without further application to any foster child whose care and placement is the responsibility of the State or who is placed by a court with a caretaker household.

Section 102 of the Act amended section 9(b)(12)(A) and Section 9(b)(5) of the Richard B. Russell NSLA (42 U.S.C. 1758(b)(4)) to provide categorical eligibility and allow certification for free meals to foster children. Refer to SP-17-2011 "*Child Nutrition Reauthorization of 2010: Categorical Eligibility of Foster Children*" and the *Eligibility Guidance for School Meals Manual, Part 5, Section B*.

505. Determine if the LEA is extending categorical eligibility to all children in a family as defined in 245.2 receiving assistance from SNAP, FDPIR, or TANF Program. Refer to SP-25-2010 "*Questions and Answers on Extending Categorical Eligibility to Additional Children in a Household*" and the *Eligibility Guidance for School Meals Manual, Part 6, Section A* for further guidance when assessing the LEA's compliance with this requirement.

- 506.** Verify that the LEA only requires the last four digits of the social security number of the adult household member signing the application.

Section 301 of the Act amended section 9(d)(1) of the Richard B. Russell NSLA (42 U.S.C. 1758(d)(1)) by removing the requirement that the adult household member who signs the household application to provide his or her complete social security number, as a condition of eligibility. The Act also amended Section (9)(d)(1) to require only the last four digits of the social security number to be provided on the application. Also, refer to SP-19-2011 *“Child Nutrition Reauthorization of 2010: Privacy Protection and the Use of Social Security Numbers in Child Nutrition Programs”*.

- 507a.** Determine if the SFA established the verification sample size in accordance with 245.6a(c)(3), verified applications are retrievable by school and changes in eligibility are documented with the reason for each change.

Identify the number of applications on file in the SFA as of October 1 of the current SY, the SFA’s sampling method, and the number of applications for which verification was completed. Using this information, determine if the minimum number of applications was verified by November 15, unless an extension was granted by the SA. 245.6a(a) and (b)

Verification efforts must be applied without regard to race, color, national origin, age, sex, or disability. Determinations based on DC are not subject to verification (245.6a(i)). Record any changes in eligibility category which were not made on the BI document S-5.

Examine a sample of verified applications to ensure that proper documentation and/or annotation was included. Refer to *Eligibility Guidance for School Meals Manual*, for additional information on required documentation or annotation which must be retained.

If the review is conducted prior to November 15, interview those individuals responsible for verification to determine the procedures which will be used. If possible, examine procedures used in the previous SY.

Determine if the notification of selection letter includes the required information.

For Provision 2/3 schools, it will be necessary to determine if the provision is administered for the SBP only, the NSLP only, or for both the SBP and NSLP.

- If the school only administers one Program (NSLP or SBP) and that Program is operating under Provision 2/3, the school is not subject to verification in the non-BYs.
- If the school administers both the NSLP and SBP and both of the programs are operating under Provision 2/3, the school is not subject to verification in the non-BYs.
- However, if the school is administering both the NSLP and SBP but

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only one of those programs is operating under Provision 2/3, the school is subject to verification annually for the non-Provision 2/3 program.

- 507b.** Determine if the SFA is using the appropriate sample size – Standard, Alternative One, or Alternative Two sample sizes. If using an alternate sample size, determine if the SFA received the proper authority from the SA as required in 245.6a(d).
- 507c.** Determine if the SFAs selected the sample size that is no more/no less than the percentage/maximum number of applications for the sample size option approved as required in 245.6a(c).
- 508.** The LEA may, on a case-by-case basis, replace up to five (5) percent of applications selected and confirmed for verification. Applications may be replaced when the LEA determines that the household would be unable to satisfactorily respond to the verification request. Any application removed must be replaced with another approved application selected on the same basis (i.e., an error-prone application must be substituted for a withdrawn error-prone application).
- 509a/b.** Prior to conducting any verification activity, an individual, other than the individual who made the initial eligibility determination, must review for accuracy each approved application selected for verification to ensure that the initial determination was correct. If the initial determination was correct, the LEA must verify the approved application. If the initial determination was incorrect, the LEA must do the following:
- If the eligibility status changes from reduced price to free, make the increased benefits immediately available and notify the household of the change in benefits; the LEA will then verify the application;
 - If the eligibility status changes from free to reduced price, first verify the application and then notify the household of the correct eligibility status after verification is completed and, if required, send the household a notice of adverse action; or
 - If the eligibility status changes from free or reduced price to paid, send the household a notice of adverse action and do not conduct verification on this application. Then, select a similar application (e.g., another error-prone application) to replace it.

The requirements for confirmation reviews are waived if the LEA is using a technology-based system that demonstrates a high level of accuracy in processing an initial eligibility determination based on the IEGs for the NSLP. Any LEA that conducts a confirmation review of all applications at the time of certification meets this requirement. The SA may request documentation to support the accuracy of the LEA. If the SA determines that the technology-based

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system is inadequate, it may require that the LEA conduct a confirmation review of each application selected for verification. 245.6a(e)

- 510.** Review letters of notification for verification sent to the households to determine if the requirements were outlined correctly. Refer to 245.6a(f) and Section H of the *Eligibility Guidance for School Meals Manual*.
- 511.** Ensure that the LEA updated its verification process to not require the households to provide social security numbers to verify applications.

Refer to the guidance provided under question 506 for references.
- 512.** LEAs must document one attempt to make an additional contact with any household that has not responded to the verification notification letter. Follow-up contacts can be in writing (including email) or by telephone. 245.6a(f)(6)
- 513.** LEAs must complete the verification process by the November 15 deadline each year. SAs have the authority to extend this deadline to December 15. 245.6a(b)
- 514a.** LEAs may conduct direct verification (DV) activities with other eligible programs such as the State plan for medical assistance (Medicaid), the State Children's Health Insurance Program (SCHIP) as defined in 245.2. Records from the public agency may be used to verify income and program participation. The public agency's records are subject to the timeframe in 245.6a(g)(5).
- 514b.** LEAs may conduct DV and eliminate the need to contact the household for verification documentation. Review 245.6a(g)(1) – (6) for information on DV.
- 515a.** Ensure the LEA conducted the proper procedures to identify the sample pool and size, and met the November 15 deadline, unless approved for an extension. 245.6a

Provision 2/3 Schools Only

- 515b-d.** If the school is administering both the NSLP and SBP but only one of those programs is operating under Provision 2/3, the school is subject to verification annually for the non-Provision 2/3 program. 245.9(b)(5) & 245.9(d)(7)

For All Reviewed Schools

- 516.** Review the verification documentation for applications selected in the reviewed schools to determine if a notice of adverse action was sent to the household and that the household was given ten (10) calendar days to respond. 245.6a(j)
- 517.** The reviewer will need to evaluate the documentation, or lack of documentation, and determine if the SFA made the correct determination of each household's status. This process will require the reviewer to perform the mathematical calculations for all reported income to ensure the correct conversion rates were used and the sum of the incomes matches the SFA's determination.

4.3. GENERAL AREAS G-2 – MENUS

GENERAL COMMENTS

Refer to *A Menu Planner for Healthy School Meals*; *Offer Versus Serve in the School Nutrition Programs*, and 210.10.

601a. Through the following process, make a determination as to whether or not the school has provided portion sizes that ensure the nutritional integrity of meals served to students. For each reviewed school:

- observe lunches prepared and served to students on all types of food service lines; and
- determine whether the portion sizes appear to be sufficient to meet minimum quantities required.

If the visual observation suggests the quantities are insufficient, interview food service personnel and/or examine documentation for the day of review to confirm that portion sizes were insufficient. This may include an examination of production records, portion control methods, CN labels (Child Nutrition Label), and product specifications.

When the examination indicates that the portion size(s) was insufficient to meet requirements based on the menu planning approached used, obtain and record the number of deficient meals back to the point in time when the infraction first occurred. FA is required unless the SA utilizes the exception provided in 210.19 (c)(6)(i).

MISSING MENU ITEM/ FOOD ITEM

If a required menu item/food item is determined to be missing, or a school runs out of a menu item/food item during the meal service, refer to section 3.6 *Critical Areas S-3, Performance Standard 2 - Menu(s), item 304*.

601b. Examine documentation for the review period to determine if portion sizes were sufficient. This should include the examination of production records, CN labels, and product specifications. Refer to “*A Menu Planner for Healthy School Meals*” to determine the appropriate serving size based on the meal pattern and age/grade range used. If full portions are not taken for the food items selected to count toward a reimbursable meal, the meal is not reimbursable (*Offer versus Serve in School Nutrition Programs*, page 6).

For Provision 3 schools, participation in non-BYs should be consistent with the BY. If inconsistencies exist, it may be a result of food quality deterioration. If participation is less than the total participation in the BY, determine why and provide TA.

- 602a.** Under all menu planning approaches, *210.10(m)* requires schools to offer students a variety of fluid milk consistent with the most recent Dietary Guidelines for Americans. According to CND Policy Memo SP-29-2011 “*Nutrition Requirements for Fluid Milk*”, at least two choices of fluid milk from the following list must be offered throughout the meal service on all serving lines: fat-free milk, low-fat (1%) milk, fat-free or low-fat lactose reduced milk, fat-free or low-fat lactose-free milk, fat-free or low-fat buttermilk, and fat-free or low-fat acidified milk throughout the serving period on all serving lines. Schools may offer flavored or unflavored milk and lactose-free fluid milk.
- 602b.** Under *210.10(g)(2)(i)*, substitution of fluid milk is allowable for non-disabled students (e.g., allergies, culture, religion, or ethical beliefs) precluded from the consumption of fluid milk. Nondairy fluid milk substitutes offered to students with a medical or special dietary need other than a disability must be nutritionally equivalent to fluid milk and meet the established nutrition standards. Refer to CND Policy Memo SP 07-2010 Q&As: *Milk Substitution for Children with Medical or Special Dietary Needs (Non-Disability)*.
- 603.** Refer to the *Offer Versus Service (OVS) in the School Nutrition Programs* manual for specific guidance on OVS for each menu planning approach.
- 604.** Review the menus for each week of the review period to determine if one serving of bread/bread alternate is included each day, and a total of eight per week. Refer to Chapter 2 of *A Menu Planner for Healthy School Meals* manual for further guidance.

4.4. GENERAL AREAS G-3 – CIVIL RIGHTS

GENERAL COMMENTS

Questions are included in this section to give the SA information for TA, and to assess compliance with the requirements of Title VI of the Civil Rights Act of 1964; Title IX of the Education Amendments of 1972; section 504 of the Rehabilitation Act of 1973; the Age Discrimination Act of 1975; Parts 15, 15a, and 15b; and *FNS Instruction 113-1, Civil Rights Compliance and Enforcement – Nutrition Programs and Activities*, 11/8/2005 (FNS 113-1).

- 701.** Determine if the approved USDA/FNS poster is placed in an area that allows students to be able to read the text of the poster without obstruction. Suggested areas for placing the poster include but not limited to:
- a. by the cashier,
 - b. at the beginning of the serving line,
 - c. over the milk cooler,
 - d. at the entrance/exit to the cafeteria.

FNS 113-1, Section IX, B, 1, states LEAs are to prominently display the USDA nondiscrimination poster “And Justice for All,” or an FNS approved substitute. If a SA elects to produce its own posters, either due to unavailability from USDA/FNS or SA preference, the reproduction must be approximately the same size as the applicable “And Justice for All” poster (11” width and 17” height).

- 702.** Review program materials provided to students, parents or the general public to ensure the proper non-discrimination statement is used. The USDA Departmental Policy staff is currently reviewing and updating the non-discrimination policy statement that includes the filing address, contact phone numbers and Federal Relay Service number. Until such time that the updated non-discrimination statement has been approved by USDA, use the discrimination statement outlined in Form and Instruction G-3, under 7-1 – 7-10.

This section also states if the material is too small to permit the full statement to be included, the material will at a minimum include the statement, “This institution is an equal opportunity provider.” See the *FNS 113-1* for further guidance.

- 703a.** The SFA must notify the general public, potential eligible populations, community leaders, grassroots organizations, and referral sources about FNS programs and applicable CR requirements as stated in *FNS 113-1*, Section IX, B. RCCIs are not expected to issue public releases about program eligibility, however, RCCIs are expected to comply with the other requirements related to public notification, i.e., websites, brochures, etc.

- 703b.** The SFA must continue to notify the public that nutritious meals are available at schools but may use a simplified public release form for Provision 2/3 schools. Since all meals are served to children at no charge in Provision 2/3, there are no meal charges or free and reduced price meal eligibility criteria to announce.

- 704** SFAs that fail to provide services to Limited English Proficiency (LEP) potentially eligible persons, applicants, and participants, or deny them access to federally assisted programs and activities, may be discriminating on the basis of national origin in violation of Title VI of the Civil Rights Act of 1964 and its implementing regulations (including *FNS Inst 113-1, Section VII*). Section VII also provides guidance on when and how LEP services must be made available and supported by program funds. Additionally, 245.6(a)(2) states, “any communication with households for eligibility determination purposes must be in an understandable and uniform format and to the maximum extent practicable, in a language that parents and guardians can understand.”
- 705a/b/c.** *FNS 113-1, Section XV* outlines the requirements an SFA must follow in accepting and processing a CR complaint. All complaints alleging discrimination on the basis of race, color, national origin, age, sex, or disability, either written or verbal must be forwarded to the SA, FNS Regional Office of Civil Rights (OCR), FNS OCR or USDA OCR as soon as possible. Any person or representative alleging discrimination based on a prohibited basis has the right to file a complaint within 180 days of the alleged discriminatory action. SFAs must accept all complaints written or verbal. In the event of a complainant making an allegation verbally or in person and refuses or is not inclined to place such allegations in writing, the person to whom the allegations are made must write up the elements of the complaint for the complainant. If the SFA or SA has developed a process for the completion of a complaint, the process must not be a prerequisite for accepting the complaint.
- 706** The reviewer must determine if children are receiving equal benefits without discrimination regardless of their race, color, national origin, sex, age or disability and the SFA is complying with the requirements identified in the *Accommodating Children with Special Dietary Needs in the School Nutrition Programs: Guidance for School Food Service Staff* manual published Fall 2001.
- 707** When reviewing household applications, determine if a disproportionate amount of applications submitted by minority households have been denied meal benefits. If this has occurred, determine if these applications were denied for any reason other than the applications being incomplete or the household is ineligible based on income or other program requirements.
- 708** *210.10(g)* require schools to make substitutions in lunches and afterschool snacks for students who are considered to have a disability classified under Part 15b.3 and whose disability restricts their diet. Review *Accommodating Children with Special Dietary Needs in the School Nutrition Programs: Guidance for School Food Service Staff (2001)* for further guidance on meal substitution requirements resulting from a disability or other special dietary need.
- 709** Review the SFAs training documentation to determine if the elements required in *FNS 113-1, Section XI*, are offered as training each year for frontline staff and their staff supervisors. *FNS 113-1, Section XI*, requires SFAs to provide CR training on an annual basis to their “frontline staff” (those who interact with program applicants or participants), and those who supervise them.

- 710a.** If Form G-3 is being completed for an individual school that is part of a LEA, you may check N/A for the individual school. If Form G-3 is being completed by the LEA, the reviewer must verify that racial/ethnic data is being collected.
- 710b.** If answered NO, explain in the Comments section.

4.5. GENERAL AREAS G-4 – MONITORING RESPONSIBILITIES**GENERAL**

COMMENTS Refer to *Meal Counting and Claiming Manual*, FNS-270 and 210.8.

801.

801a. If the SFA has more than one school, determine if the SFA performed an on-site review of each school's counting and claiming procedures prior to February 1. The SFA must provide documentation that it has met this requirement.

If the Coordinated Review Effort (CRE) is conducted prior to February 1 and the SFA has not completed a review of each school's counting and claiming procedures, evaluate the monitoring activities to date and the plans for completing the on-site reviews or review the prior year's monitoring activities. For any review activity not completed by February 1, the SFA must, as part of the corrective action (CA), complete required monitoring in each school.

801b. Any meal counting and claiming errors identified require CA by the school/SFA.

801c. If applicable, determine if identified errors were corrected, and a second review was conducted within 45 calendar days. If all on-site reviews have not been completed or 45 calendar days have not passed since the time of the on-site review, evaluate and describe plans for follow-up reviews. 210.8(a)(1)

801d. If deficiencies were not corrected, the school/SFA must continue to require CA until the problem is resolved.

802. Evaluate the edit check process to determine the adequacy of the procedures used by the SFA to identify errors in the recording and consolidation of meal counts, and problem areas in the claiming of meals. 210.8(a)(3)

802a. If the SFA conducts a data analysis other than the one approved by the SA, determine if procedures used adequately meet the edit check objective of identifying lunch counts that exceed the number of children currently eligible for free, reduced price and paid lunches.

Interview those individuals involved in the claim review process and examine the documentation which is available to support the SFA's implementation of internal controls.

Based on the interview and/or examination of documentation, determine if the SFA makes edit check comparisons of each school's daily free, reduced price and paid lunches.

For Provision 2/3 schools in non-BYs, determine if a comparison is made of each reviewed school's total daily meal counts to the school's total enrollment times an attendance factor (AF) prior to the submission of a Claim for Reimbursement.

If the edit check process results in incorrect Claims for Reimbursement, Form SFA-2, 104a and Form S-4, 405a under the Critical Areas of Review must be answered “NO”. For example, if the SFA is simply reducing the school's claim to the number of eligible students per day, or eligible students adjusted by an AF, this is not an acceptable edit process. This method and other automatic claim reduction methods would not allow for identification of the problem areas in the claiming of meals. The SA must evaluate the accuracy of claims submitted for potential FA.

- 802b.** Evaluate the procedures used by the SFA to identify, follow up and resolve meal count discrepancies indicating the likelihood of lunch count problems.
- 802c.** The reviewer should determine why a comparison or evaluation was not completed prior to the claims consolidation.
- 802d/ef** For Provision 2/3 schools in non-BYs, determine if the SFA has evaluated the daily counts for reasonableness prior to consolidation to determine if they exceed the attendance adjusted enrollment edit check. If this is occurring, research the reason(s) why. Determine if the counting system needs to be changed, and if so, provide TA.

4.6. GENERAL AREAS G-5 – REPORTING / RECORDKEEPING AND FOOD SAFETY AND SANITATION

REPORTING AND RECORDKEEPING

GENERAL COMMENTS

Refer to 210.23; CND Policy Memo SP 10-2007 *“Update on Electronic Transactions in the Child Nutrition Programs”*

901 and 902

Determine if reports are submitted, as required by the SA, and maintained with other Program records for a period of three years after submission of the final Claim for Reimbursement for the FY. This three-year period is extended as long as required for resolution of audit issues. Additionally, the record retention period required by a State may exceed the three-year period (210.23(c)). These reports and records include, but are not limited to:

- agreements and free and reduced price policy statements;
- approved and denied free and reduced price meal applications;
- procedures and documentation for direct certification (DC) for free meals, if applicable;
- procedures for alternate point of service (POS) count(s), if applicable;
- verification records including;
 - description of verification efforts,
 - documentation of verification,
 - results of verification, and
 - verification reports;
- Claims for Reimbursement (including supporting data);
- meal count participation data by school;
- documentation of edit checks, on-site reviews, internal controls;
- October enrollment, free and reduced price eligible data;
- menu and food production records;
- records of revenue and expenditure, including net cash resources;

- Civil Rights complaints;
- audit reports and written responses; and
- documented CA.

For Provision 2/3, BY and all extension year records must be retained for three years following the completion of the last extension prior to returning to standard meal counting and claiming. When evaluating a non-BY, the reviewer should expect to find the following Provision 2/3 records available for review:

- Total daily meal counts of reimbursable meals;
- Edit check and on-site review documentation; and
- Reimbursement claims.

If a SA determines the required BY and/or non-BY records for a participating school have not been maintained, the SA must require the school to return to standard meal counting and claiming procedures and/or calculate FA. 245.9(g)

Electronic record keeping is an allowed form of record storage.

For a list of BY and Non-BY records, refer to *Provision 2 Guidance, Chapter 8*.

FOOD SAFETY AND SANITATION

GENERAL
COMMENTS

Refer to Policy Memo SP 05-2008 “*Food Safety Inspections in Non-Traditional School Settings*”, Policy Memo “*Food Safety Questions and Answers*” dated July 12, 2005.

Section 111 of the Child Nutrition and WIC Reauthorization Act of 2004 (Public Law 108-265) amended section 9(h) of the Richard B. Russell National School Lunch Act (NSLA) by requiring SFAs to implement a food safety program. 210 reflects the requirement for developing and managing a Hazard Analysis Critical Control Point (HACCP) plan, recordkeeping, reporting, and monitoring requirements in 210.13, 210.15, and 210.18, respectively. As a result of these requirements, FNS published the *Guidance for SFAs: Developing a School Food Safety Program Based on the Process Approach to HACCP Principles* in June 2005 (FNS HACCP Guide) to assist SFAs in developing HACCP plans that address the unique food service environment of school programs and the expectations of the NSLA.

- 1001a/b.** Review the written HACCP plan to determine if it includes the required menu items/food items described in the FNS HACCP Guide. If no plan is available, describe the circumstances that cause the SFA to be out of compliance in the Comments section.
- 1001c/d.** During meal preparation, serving, and clean up, observe the staff to determine if they are following the SFA plan for each step identified in the SFA HACCP plan. If staff members are not following any or all of the plan requirements, notate the discrepancies in the Comments section.
- 1002a/b/c.** Review food safety inspection documentation to determine if the school has had two inspections as required in 210.13(b). If there is insufficient documentation to meet this requirement, interview the staff to determine the cause.
- 1002d/e.** If two inspections were not obtained, determine if:
- documentation is available to the county and/or SAs responsible for food safety inspection requesting two inspections a year; and
 - the LEA requested food safety inspections from the state or local food service inspection authority and has received documentation from the proper authority explaining why two inspections cannot be conducted each year. Document the flow of information in the Comments section.
- 1003.** Schools are required to have the most recent food safety inspection report posted in a public location for all participants of the school meals program to view. If the report is not in a public location or not posted at all, notate this in the Comments section and provide TA as necessary.

4.7. GENERAL AREAS G-6 – LOCAL WELLNESS POLICY, WATER, PAID LUNCH PRICING, AND REVENUE FROM NONPROGRAM FOODS

LOCAL WELLNESS POLICY

GENERAL COMMENTS

Section 204 of the Healthy, Hunger-Free Kids Act of 2010 (the Act), Public Law 111-296, added Section 9A to the Richard B. Russell National School Lunch Act (NSLA) (42 U.S.C. 1758b), *Local School Wellness Policy*, and expands upon the previous local wellness policy requirements from the Child Nutrition and WIC Reauthorization Act of 2004, Public Law 108-265.

For SY 2011-2012, as indicated in SP-42-2011 “*Child Nutrition Reauthorization 2010: Local School Wellness Policies*”, LEAs should begin reviewing their policies and begin moving forward on implementing the new requirements. As was required in the CN and WIC Reauthorization of 2004, Public Law 108-265, local wellness policies must include, at a minimum, the criteria listed under question 1102. Any non-compliant issues identified during the CRE with regard to the LEA’s local wellness policy requirements listed under question 1102 must be addressed by the state reviewer as a General Area of Review violation.

The new requirements as required by Section 204 of the Act (listed under question 1103) must be addressed by the State reviewer by providing training and technical assistance to assist the LEA in making progress towards compliance. Further guidance on monitoring local wellness policy requirements will be issued for future school years.

- 1101** Determine if a local wellness policy has been established by the LEA and is available at the school.
- 1102** Determine if the local wellness policy includes, at a minimum:
- The involvement of students, parents, school food authority, school board members, and the public in the development of the plan;
 - Goals for nutrition education, physical activity, and other school-based activities that promote student wellness;
 - Nutrition guidelines to promote student health and reduce childhood obesity for all foods available on each school campus;
 - A plan for measuring implementation of the policy; and
 - Designation of one or more persons charged with operational responsibility.

1103

Determine if the LEA is moving toward implementing the following requirements to strengthen local wellness policies:

- Making efforts to include teachers of physical education, school health professionals and school administrators to in the development of wellness policies as well as the implementation, periodic review, and update of the local wellness policy;
- Expand the scope of the policy to include nutrition promotion; and
- Inform and update the public (including parents, students, and others in the community) about the content and implementation of the local wellness policy.

WATER

GENERAL COMMENTS

Refer to Policy Memo SP 28-2011 “*Water Availability During National School Lunch Program Meal Service*”. Section 203 of the Healthy, Hunger-Free Kids Act of 2010, Public Law 111-296, added Section 9(a)(5) to the Richard B. Russell National School Lunch Act (NSLA) (42 U.S.C. 1758(a)) which established a requirement for making water available to children.

1201

Determine if potable water for consumption was made available to children free of charge where school lunch meals are served during the meal service.

PAID LUNCH PRICING

GENERAL COMMENTS

Refer to 210.14(e) and Policy Memo SP 39-2011 “*Child Nutrition Reauthorization 2010: Guidance on Paid Lunch Equity and Revenue from Nonprogram Foods*” and the Paid Lunch Equity Tool (PLETool) on the FNS Partner Web at http://www.fns.usda.gov/cnd/Governance/Legislation/CNR_2010.htm for assistance with calculating paid lunch prices as required by Section 205 of the Healthy, Hunger-Free Kids Act of 2010, Public Law 111-296 (the Act). Section 205 of the Act added Section 12(p) to the Richard B. Russell National School Lunch Act (NSLA) (42 U.S.C. 1760) which established requirements for establishing paid lunch prices in the NSLP.

1301

Request the SFA’s records containing paid lunch pricing calculations to verify compliance with paid lunch pricing requirements. If no documentation is available, refer to 210.15(b)(6) and describe the problems.

- 1302** Determine whether the SFA used non-Federal sources of funds. If so, determine whether the SFA is using funds from an allowable non-Federal revenue source(s), as required in 210.14(e)(5)(ii) and (iii).
- 1303** Determine if the SFA properly calculated and established a paid lunch price according to the USDA requirements. If not, is there a plan in place to bring paid lunch pricing into compliance?
- 1304** Request documentation demonstrating that the SFA submitted paid lunch pricing information to the State agency as required in 210.14(e)(7)(i).

REVENUE FROM NONPROGRAM FOODS

GENERAL COMMENTS

Refer to 210.14(f) and Policy Memo SP 39-2011 “Child Nutrition Reauthorization 2010: *Guidance on Paid Lunch Equity and Revenue from Nonprogram Foods*” and the Non-Program Food Revenue Tool on the FNS Partner Web at http://www.fns.usda.gov/cnd/Governance/Legislation/CNR_2010.htm for assistance with calculating the amount of revenue required to meet the requirements in Section 206 of the Act. Section 206 of the Act, added Section 12(q) to the Richard B. Russell National School Lunch Act (NSLA) (42 U.S.C. 1760) which established requirements for revenue from nonprogram foods.

- 1401** Request the SFA’s records containing nonprogram food cost and revenue, as required by 210.15(b)(7), and verify that the SFA is in compliance with nonprogram food cost and revenue requirements. If no documentation is available, describe the problems.
- 1402** Assess whether the SFA nonprogram foods pricing meets USDA requirements. If not, has the SFA developed a plan to meet the revenue requirements? Revenue from nonprogram foods must meet the following requirement:
- The proportion of total revenue from the sale of nonprogram foods to total revenue of the school food service account must be equal to or greater than the proportion of total food costs associated with obtaining nonprogram foods to the total costs associated with obtaining program and nonprogram foods from the account.
- 1403** Request documentation to determine if all non-program food revenue was added to the nonprofit school food service account according to 210.14(f)(3).

5. STATISTICAL SAMPLING CONTENTS

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5.1. ELIGIBILITY CERTIFICATION AND BENEFIT ISSUANCE SAMPLING

GENERAL INFORMATION

In large schools, or in larger SFAs with centralized application approval, statistical sampling can be used to reduce the number of applications that must be reviewed under PS1. In addition, if the BI review resulted in a five (5) percent or greater error rate, statistical sampling may be used instead of the 100 percent review.

Statistical sampling provides valid results only when the universe sampled is large and the sample is obtained using valid procedures. For this reason, a small universe (100 or fewer applications), requires a 100 percent review.

Since a statistically valid sample tests only a portion of the universe, any errors found in the sample must be projected to determine the total number of errors in the universe. The PS1 violation thresholds and FA are calculated using the projected errors.

ELIGIBILITY DETERMINATION UNIVERSE

For eligibility certification sampling, the universe includes only those students who have been certified for free or reduced priced meals based on applications (both income and categorical) in the schools selected for review. Students certified for free or reduced priced meals without the typical application process (DC, runaways, homeless, migrant, Even Start, Head Start) should not be included in the eligibility certification universe to be sampled.

BENEFIT ISSUANCE UNIVERSE

All Students are always included in the BI universe to be sampled in the schools selected for review regardless of how they were certified.

SAMPLE SIZE CHART

The Sample Size Chart (*displayed on the next page*) provides two sets of confidence levels. The first set of numbers provides estimates with a confidence level of 95 percent as required in 210.18(g)(2). The second set of numbers provides the sample size needed for a 99 percent confidence level. The 99 percent confidence level has been made available to the reviewer to achieve the best possible sample representation. It is at the discretion of the reviewer to choose a sample size that has a minimum 95 percent confidence level or higher.

UNIVERSE SAMPLE SIZE			UNIVERSE SAMPLE SIZE		
	95%	99%		95%	99%
1-100	All	All	1251-1500	300	450
101-250	60%	75%	1501-1750	310	475
251-500	50%	60%	1751-2000	320	490
501-750	40%	50%	2001-3000	335	525
751-1000	270	380	3001-4000	350	560
1001-1250	290	420	4001-5000	355	580
			5000+	360	590

ELIGIBILITY CERTIFICATION

Use the Sample Size Chart (*above*) and the procedures below to select the eligibility certification sample:

A. TOTAL # OF STUDENTS APPROVED BY APPLICATION (UNIVERSE)	B. SAMPLE SIZE	C. SAMPLE INTERVAL (A ÷ B)	D. RANDOM STARTING POINT - FIRST STUDENT

Obtain or generate a list of students approved by application to ensure each student has equal probability of being selected in a valid statistical sample.

- A. Count the total number of students approved by application and record the number of students in Column A.
- B. Use the Sample Size Chart to determine the sample size that must be obtained and record in column B.
- C. Divide A by B to determine the size of the sampling interval. Round all fractions down to the nearest whole number (e.g., 3.99 = 3). This rounding procedure is used to ensure that the appropriate number of students will be selected before arriving at the end of the available universe.
- D. Select a random starting point using the following procedures:
 - Write down, on pieces of paper, the numbers in the sample interval, beginning with the number one (1).

COORDINATED REVIEW EFFORT – STATISTICAL SAMPLING

- Put the pieces of paper in a container. Mix the container.
- Select one piece of paper. The number on the paper represents the random starting point. Record the selected number in column D of the Eligibility Certification Chart.

Use the sample interval from column C of the Eligibility Certification Chart and review subsequent applications, recording the errors on the CERTIFICATION AND BENEFIT ISSUANCE ERROR WORKSHEET, S-5 (e.g., if the start point is five (5) and the interval is ten (10), then begin with the 5th student on the list and select subsequent students at intervals of ten: (e.g., 5, 15, 25, 35...). Compare the number of students reviewed to the appropriate sample size using the Sample Size Chart to ensure the required number of students were reviewed.

BENEFIT ISSUANCE

Use the Sample Size Chart and the procedures below to select the BI sample:

A. TOTAL BI NAMES (UNIVERSE)	B. SAMPLE SIZE	C. SAMPLE INTERVAL (A ÷ B)	D. RANDOM STARTING POINT (NUMBER)

- Count the number of names of students receiving free and reduced price meals on the BI document, including the names already reviewed under the ten percent sample. Record in column A.
- Use the Sample Size Chart and record the required sample size in column B.
- Divide column A by column B for the sample interval, rounding down to the nearest whole number, and record in column C. This rounding procedure is used to ensure that the appropriate number of students will be selected from the available universe.
- Select a random starting point, within the sample interval, and record the number selected in column D. Review that student and all subsequent students using the sample interval. Record any errors on the CERTIFICATION AND BENEFIT ISSUANCE ERROR WORKSHEET, S-5.

Corrective action is required for all students listed on the household application. However, fiscal action is calculated for the randomly selected student only. FA for those students whose applications were not reviewed will be determined when the error projection is applied to the universe.

5.2. STATISTICAL SAMPLING ERROR PROJECTION

GENERAL INFORMATION

When statistical sampling is used for both applications and BI, the errors found in both samples can be projected together when the universe and the sample size are the same. When the size of the universes or the samples is not equal, each sample's errors must be projected separately.

In order to obtain the information needed to complete the CERTIFICATION AND BENEFIT ISSUANCE ERROR WORKSHEET, S-5, PS1 violation thresholds and FA, follow the two-step process outlined as follows:

STEP 1

Check One:

☐ Applications Only ☐ Benefit Issuance Only ☐ Applications and BI

Use the following formula to calculate the projection factor and round to two (2) decimal places, using normal rounding procedures.

Formula: Universe ÷ Sample Size = Projection Factor

UNIVERSE ÷	SAMPLE SIZE =	PROJECTION FACTOR

STEP 2A

Use the following chart to obtain the number of students with a PS1 violation:

PROJECTED NUMBER OF STUDENTS WITH PS1 VIOLATIONS			
A. PS1 VIOLATION FROM S-5		B. PROJECTION FACTOR	C. PROJECTED PS1 VIOLATION (A x B)
FREE→REDUCED			
FREE→DENIED			
REDUCED→ DENIED			
REDUCED→FREE			

A. Use the CERTIFICATION AND BENEFIT ISSUANCE ERROR WORKSHEET, S-5, and record the number of errors found in the sample under Column A.

B. Enter the Projection Factor.

C. Multiply Column A by Column B, rounding to the nearest whole number using normal rounding procedures, and enter the results on the appropriate lines of Column C.

COORDINATED REVIEW EFFORT – STATISTICAL SAMPLING

Use these entries from column C to complete the CERTIFICATION AND BENEFIT ISSUANCE ERROR WORKSHEET, S-5, numbers 1 and 2.

STEP 2B

PROJECTED NUMBER OF SERVING DAYS IN ERROR - REVIEW PERIOD			
A. REVIEW PERIOD FROM §5		B. PROJECTION FACTOR	C. PROJECTED REVIEW PERIOD SERVING DAYS IN ERROR (A x B)
FREE→REDUCED			
FREE→DENIED			
REDUCED→DENIED			
REDUCED→FREE			

- A. Use the REVIEW PERIOD column from the CERTIFICATION AND BENEFIT ISSUANCE ERROR WORKSHEET, S-5, and enter the number of days in error for the review period on the appropriate lines of Column A.
- B. Enter the Projection Factor calculated under Step 1.
- C. Multiply Column A by Column B, rounding to the nearest whole number using normal rounding procedures, and enter the results on the appropriate lines of Column C.

Use these entries from column C to complete the C/BI ERROR WORKSHEET, S-5, Serving Days in Error, Review Period, number 3 - 6.

STEP 2C

PROJECTED NUMBER OF SERVING DAYS IN ERROR - FISCAL YEARS					
A. CURRENT FY _____ FROM S-5		B. PROJECTION FACTOR	C. PROJECTED SERVING DAYS IN ERROR FY _____ (A x B)	D. PRIOR FY _____ FROM S-5	E. PROJECTED SERVING DAYS IN ERROR FY _____ (B x D)
FREE→REDUCED					
FREE→DENIED					
REDUCED→DENIED					
REDUCED→ FREE					

A. and D.

Use the NUMBER OF SERVING DAYS IN ERROR columns for PRIOR FY__ and CURRENT FY__ from the CERTIFICATION AND BENEFIT ISSUANCE ERROR WORKSHEET, S-5, and enter the total number of serving days in error for each FY, on the appropriate lines of Columns A and D.

B. Enter the Projection Factor.

C. Multiply Column A by Column B, rounding to the nearest whole number using normal rounding procedures, and enter the results on the appropriate lines of Column C.

E. Multiply Column D by Column B, rounding to the nearest whole number using normal rounding procedures, and enter the results on the appropriate lines of Column E.

To complete the C/BI ERROR WORKSHEET, S-5, use Column C to complete numbers 11-13 and Column E to complete numbers 7-9 in the SERVING DAYS IN ERROR section.

6. POST REVIEW CONTENTS

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6.1. ADMINISTRATIVE REVIEW EXIT CONFERENCE

REQUIRED ACTIONS

ASSESSMENT

At the close of an administrative review or a follow-up review, the SA must hold an exit conference to communicate the findings with the appropriate officials.
210.18(j)

CORRECTIVE ACTION

Provide a preliminary assessment of the violations observed, the extent of the violations and a preliminary assessment of action needed to correct the violations. Discuss and define appropriate deadlines for completion of the CA, provided the deadline(s) result in the completion of CA on a timely basis.

After every review, the SA must provide written notification of the review findings to the SFAs Superintendent (or equivalent in a non-public SFA) or authorized representative. The written notification must include the review findings, the required CAs, the deadlines for completion of the CA, and the potential FA. It is strongly encouraged that SAs request that the SFA acknowledge receipt of the written notification.

As part of the denial of all or a part of a Claim for Reimbursement or withholding payment, the State agency must provide the SFA a written notice by certified mail, return receipt requested. This notice must include the grounds on which the denial of all or part of the Claim for Reimbursement or withholding payment is based and a statement indicating that the SFA may appeal the SA's decision to deny the Claim for Reimbursement or withhold payment and to whom the appeal should be directed.

SUGGESTED ACTIONS

ASSESSMENT

Note which schools had findings and/or violations, and cite the causes and magnitude of deficiencies. Address the numbers and types of errors that were discovered, and provide a copy of the completed CERTIFICATION AND BENEFIT ISSUANCE ERROR WORKSHEET(s), S-5, for use in identifying the eligibility certification, BI, and updating eligibility errors.

Acknowledge the cooperation of all persons involved in the review process, and inform the SFA as to when they can expect to receive the notification letter reporting review results.

**CORRECTIVE
ACTION**

Allow for SFA input on CA approaches that will achieve the desired result.

Offer technical assistance for deficiencies cited.

Explain that CA establishes the extent of the fiscal action taken, and stress the importance of implementing CA in a timely manner.

Explain that withholding of payments will result if CA is not taken.

**FISCAL
ACTION**

Explain how FA will be calculated. At the SA's option, a potential claim amount may be discussed.

**APPEAL
RIGHT**

If appropriate, explain the SFA's right of appeal. *210.18(j)*

6.2. CORRECTIVE ACTION

GENERAL COMMENTS

The SA must provide a preliminary assessment of the actions needed to correct the violations. This assessment should be based on discussions of CAs and TA at the SFA/school levels. *210.18(j)*

Problems identified must be corrected system-wide. Therefore, effective CA must be taken by the SFA in all schools and Programs, not just those reviewed.

Corrective actions are those actions that are taken by a SFA to correct any degree of violation in the Critical and General Areas of Review. Additionally, if during the course of the review, a Program violation is identified that is outside the scope of AR, CA would also be required.

Documentation of CA is required for any degree of violation in either the Critical or General Areas that are identified during an AR. Documented CA should also include any Program violations identified outside the scope of a CRE.

Unless documented CA is provided at the time of the review, the SFA must send written notification to the SA certifying that the CA required for each violation has been completed, and notify the SA of the dates of completion.

The SA will make the determination as to when a problem is satisfactorily corrected.

TIMEFRAMES

The SA must establish appropriate timeframes for the SFA for each problem requiring CA. *210.18(j)*

The SA may extend these timeframes upon written request (to include email) of the SFA if extraordinary circumstances arise where a SFA is unable to complete the required CA within the specified timeframes.

Documented CA must be postmarked or submitted to the SA no later than 30 days after the established deadline(s) for completion of each required CA, or as otherwise extended by the SA.

6.3. FOLLOW-UP REVIEW

OVERVIEW

GENERAL COMMENTS

While the follow-up review is primarily the responsibility of the SA, it may be conducted by either the SA or FNS.

All SFAs found to have exceeded the review threshold(s) are subject to a follow-up review. Refer to Scope of Review, General Comments (*in this section*) for minimum review requirements. The SA must notify the FNSRO of the large SFAs exceeding a review threshold(s). Refer to section 3.2 *Critical Areas SFA Performance Standard Summary, SFA-1* regarding review thresholds.

SAs must perform first follow-up reviews of all large and at least 25 percent of the small SFAs where the review threshold(s) has been exceeded. (*Refer to section 10.1 Glossary of Terms* for the definitions of large and small SFAs.)

TIMING

First follow-up reviews must be completed no later than December 31 of the SY following the AR. 210.18(c)(4)

SAs are encouraged to conduct the first follow-up review in the same SY as the administrative review. This will ensure timely CA of violations, will usually result in a review of fewer documents, and may limit the amount of FA.

REVIEW PERIOD

The review period must cover, at a minimum, the most recent month for which a Claim for Reimbursement was submitted, provided that the claim covers at least ten (10) operating days (210.18(f)(2)). However, when the first follow-up review is being conducted in the SY following the AR, the preceding month of operation may be the review period even if a Claim for Reimbursement has not been submitted. This provision may be utilized if:

- the review period covers at least ten (10) operating days;
- there was an adequate consolidating and claiming system at the SFA level (i.e., SFA-1, block 3 was answered YES by the reviewer); and
- use of the most recent month for which a Claim for Reimbursement was submitted would not allow the SA adequate time to conduct the first follow-up review by the December 31 deadline.

**YEAR-ROUND
SCHOOLS**

Refer to the Pre-Review Procedures in section 2.4 *Year-Round Schools* regarding selection of a review period for year-round schools. Select a review period when all of the schools that will be included in the review were in session for at least ten (10) days, even if that month is not the most recent month for which a Claim for Reimbursement was submitted.

**OTHER CLAIM
PERIODS**

In order to determine whether errors identified during the CRE were corrected, it may be necessary to examine other claim periods in addition to the review period.

SELECTION PROCEDURES**SFA
SELECTION**

SAs are encouraged to select and schedule SFAs for follow-up reviews upon receipt of corrective action. It is not necessary to complete all administrative reviews for the SY prior to beginning the follow-up review selection process. 210.18(i)

LARGE SFA

All large SFAs exceeding a review threshold(s) must be selected for a follow-up review. Large SFAs by definition have an enrollment of 40,000 children or more. If the State does not have at least two large SFAs, the two largest SFAs that exceeded a review threshold that have an enrollment of at least 2,000 children must be selected.

SMALL SFA

All small SFAs meeting the criteria for a follow-up review must be considered in the selection process, including SFAs with a single school.

To determine the number of small SFAs to select, it will be necessary to round up to the nearest whole number when calculating 25 percent of the total number of small SFAs which meet the selection criteria. This will ensure that at least 25 percent are selected.

- For example, if there are nine small SFAs which meet the selection criteria, 25 percent of nine results in 2.25. Using standard rounding rules would result in two small SFAs selected and this would not meet the required 25 percent minimum. Rounding up to the nearest whole number would result in three small SFAs and would ensure that 25 percent of the small SFAs are selected for follow-up review.

In determining which small SFAs to include in the 25 percent for follow-up review, SAs must make the selection based on the severity of the violations. Examples that may indicate severe violations may include but are not limited to:

- inaccurate consolidating and/or claiming at the SFA or school levels;
- systemic accountability errors such as inadequate meal count system;
- Provision 2/3 schools where the Provision was improperly implemented;
- Provision 2 schools with inaccurate claiming percentages;
- Provision 3 schools with a significant decline in participation since the base year;
- large overclaims; and/or
- significant lunch meal pattern violations.

SCHOOL SELECTION

If the critical area(s) that contributed to the review threshold(s) being exceeded is limited to the SFA level (e.g., centralized eligibility certification/BI/updating eligibility process, SFA claim consolidation, or centralized kitchen errors), the follow-up review activity may be limited to the SFA level.

If the critical area(s) that contributed to the review threshold(s) being exceeded was identified at the school level, the minimum number of schools required in the following table must be reviewed. 210.18(i)(2)(ii)

Number of Schools in the SFA	Minimum Number of Schools to Review	Number of Schools in the SFA	Minimum Number of Schools to Review
1 to 5	1	41 to 60.....	6
6 to 10.....	2	61 to 80.....	8
11 to 20.....	3	81 to 100.....	10
21 to 40.....	4	101 or More.....	12*
* 12 plus 5 percent of the number of schools over 100. Fractions must be rounded to the nearest whole number.			

**SELECTION
CRITERIA**

Select those schools that contributed to the SFA exceeding a review threshold. However, if a school had a PS2 violation that contributed minimally to the review threshold being exceeded, it is suggested that another school that was not previously reviewed be selected.

- For example, 30 of the 120 lunches observed at one school were incomplete and in another school only one incomplete lunch was observed. Since the latter school contributed minimally to the violation, it is recommended that a new school be substituted. In order to provide a reasonable assurance that CA has been effective system-wide, the new school should utilize the same process that was in error in the previously reviewed school. For instance, if the violation was the result of incomplete lunches served in a satellite school, the substitute school should also be a satellite school.

If additional schools are needed to meet the minimum required number, select additional schools based on criteria developed by the SA. It is suggested that schools be selected that have characteristics or use systems similar to the schools where problems had been identified. This approach will assist in the evaluation of whether CA was effective system-wide.

In the event that all schools selected for a follow-up review were reviewed during the administrative review, it is suggested that additional new schools be reviewed to ensure adequate procedures have been implemented system-wide.

SCOPE OF REVIEW

GENERAL COMMENTS

The CRE examines numerous systems the SFA has in place for the Program. The results of the review are used to determine if a follow-up review is needed.
210.18(j)(4)

The scope of the follow-up review must be sufficient to establish that effective CA has been implemented for any violation under either the critical or general areas of review. At the time of the follow-up review, at a minimum:

- review those aspects of the critical areas, as defined in section 6.6 *Aspects of Critical Areas on Follow-up Reviews* that contributed to the review thresholds being exceeded by the SFA on a previous review;
- determine whether CAs were satisfactorily completed within the timeframes established by the SA;
- evaluate whether CAs resolved the problem(s) system wide; and
- review those aspects of the critical areas that contributed to the review thresholds being exceeded in the SBP, SMP for Children and/or ASCPs offering meal supplements, as applicable. If these programs were included in the AR and found to be satisfactory, a follow-up review is not required for SBP, SMP, and/or ASCP.
210.18(f)

The follow-up review is not intended to be a re-review of areas that were previously deemed adequate. The basic premise in following up on the identified violations is to focus on the specific finding(s) and determine if the system(s) is adequate. To accomplish this, the scope of the review activity will vary depending on the problem(s) identified.

The focus of the *Scope of Review* section is only on procedures for review of the critical areas that contributed to the review thresholds being exceeded. The scope of the follow-up review for problems identified in general areas and in critical areas not exceeding the threshold(s) must be determined by the SA. It is suggested, though not required, that the procedures for review of threshold violations provided in this section be used to review critical areas not exceeding review thresholds.

DETERMINING THE SCOPE

Depending on the problem(s) identified during the CRE and the SFA's corrective action response, the follow-up review may be conducted at the SFA and/or school level(s). The SA must determine the types of activities needed which may include:

- observation of procedures at the SFA level and in schools reviewed to ensure that CA was taken;
- review of documents or other information that the SFA submitted to the SA in response to the administrative review;
- examination of documentation of SFA visits to previously reviewed schools and other schools to ensure that CA was implemented system-wide; and
- evaluation of training materials or agendas, policy memorandums to schools, procedural manuals, etc., describing procedural changes.

THRESHOLD VIOLATIONS

SAs are required to review those aspects of the critical areas that contributed to the review thresholds being exceeded (*210.18(i)(3)*). This narrowed scope of review affords the SA the flexibility to concentrate review efforts on problem areas, as appropriate. An optional form and instructions to identify the aspects of the critical areas on follow-up reviews is provided in section 6.6 *Aspects of Critical Areas on Follow-up Reviews*. The four aspects of PS1 and PS2 have been defined as follows:

- PS1
 - Eligibility Certification/BI/Updating Eligibility
 - SFA Level Consolidating/Claiming
 - School Level Meal Counting/Claiming
- PS2
 - Meal Components

At the SFA level and at the school(s) selected for follow-up review, review the aspect(s) of the critical area(s) that contributed to the SFA exceeding the review threshold(s). If any part of an aspect contributed to exceeding a review threshold, the entire aspect must be included in the scope of the follow-up review.

In any other program(s) operated by the SFA, the aspect(s) of the critical area(s) that contributed to the review threshold(s) being exceeded must be reviewed unless the other program(s) was evaluated at the time of the administrative review.

Review procedures for the four aspects of the critical areas that contributed to the review thresholds being exceeded are described in the next section.

OTHER VIOLATIONS

Review procedures for critical area violations that do not exceed review thresholds and general area violations must be determined by the SA.

USE OF FORMS

The CRE forms and instructions prescribed by FNS must be used for any follow-up review. Only the section(s) of the forms pertaining to the aspect(s) of the critical area(s) that contributed to the SFA exceeding the review threshold(s) on the administrative review needs to be completed. When reviewing other aspects of the critical areas, general areas and/or the other program(s), use of the CRE forms and instructions is encouraged but not required. The SA must maintain documentation of the findings for all follow-up reviews in these areas.

After the follow-up review has been completed, fill out SCHOOL FOOD AUTHORITY PERFORMANCE STANDARD SUMMARY, Form SFA-1, to determine if the review thresholds were exceeded, thereby requiring a subsequent follow-up review.

6.4. FOLLOW-UP REVIEW PROCEDURES

GENERAL COMMENTS

Depending on the findings from the AR, the follow-up review may be conducted:

- at the SFA level;
- in a school reviewed during the AR;
- in a school that was not selected at the time of the administrative review (a new school); and
- for other programs (e.g., SBP, SMP, ASCP, etc.).

If not previously determined, CA must be confirmed for specific errors identified at the time of the administrative review at the SFA level and in re-reviewed schools.

All critical area violations that did not contribute to the review threshold(s) being exceeded and general area violations identified during the administrative review must be evaluated using procedures determined by the SA. These procedures must be sufficient to determine if effective CA was implemented.

This section describes only those follow-up procedures that must be used to review aspects of the critical areas that contributed to the review thresholds being exceeded during the AR. The reviewer must be cognizant of the cause(s) of any errors that resulted in the review threshold(s) being exceeded during the AR. Actions required as a result of the follow-up review will vary depending upon whether the follow-up review threshold(s) was exceeded for the same or a different cause(s). Refer to section 6.9 *Summary of Required Actions*.

SCHOOL FOOD AUTHORITY LEVEL

The follow-up review may be confined to the SFA level if the critical area violation(s) responsible for follow-up review activity was limited to SFA level problems, such as:

- centralized eligibility certification/BI/updating eligibility errors;
- SFA claim consolidation errors; and/or
- centralized kitchen errors. 210.18(i)(2)(i)

THRESHOLD VIOLATIONS

The three (3) aspects of the critical areas that may need to be reviewed at the SFA level include:

- **Centralized Eligibility Certification/Benefit Issuance/Updating Eligibility:** Although a review of the centralized eligibility certification process can be conducted at the SFA level, the minimum number of schools must be selected so that applications may be selected from these schools. Use procedures for Re-Reviewed Schools in this section.
- **SFA Consolidating and Claiming:** Determine the accuracy of the process for the follow-up review period. Complete Critical Areas of Review, Form SFA-2, 103, and 104.
- **Meal Components:** If the review threshold for PS2 was exceeded during the AR due to an error that occurred at the central kitchen, the follow-up may be limited to a review of the central kitchen in certain situations. These situations are as follows:
 - the central kitchen did not plan for or prepare all required menu items/food items; or
 - the central kitchen did not send one or more menu items/food items to the school(s).

Determine if all required food items/components were available on the day(s) of the follow-up review. Complete one copy of S-3, 304, and indicate that findings apply to all schools served by the central kitchen.

If problems were also identified during the AR in menu records or other documentation for the review period, evaluate those records for the follow-up review period. Complete one copy of S-4, 407, and indicate that findings apply to all schools served by the central kitchen.

Depending on the findings at the central kitchen, school reviews may be necessary to determine if CA has been effective. If school reviews are conducted, follow the procedures for Re-Reviewed Schools and/or New Schools in this section.

OTHER CORRECTIVE ACTION

If not previously determined, effective CA for any errors identified at the time of the administrative review must be confirmed. *210.18(i)(4)(ii)*

CRE procedures for critical area violations that did not exceed review thresholds and general area violations must be determined by the SA.

RE-REVIEWED SCHOOLS

SAs are not required to re-review aspects of the critical areas that were determined to be accurate during the CRE.

THRESHOLD VIOLATIONS

The three (3) aspects of the critical areas that may need to be reviewed in re-reviewed schools include:

1. Eligibility Certification; BI; and Updating Eligibility

The CRE for this aspect evaluates three (3) areas: eligibility certification, BI and updating eligibility. In order to allow the SA to focus on problem areas, the follow-up review may be limited to a re-evaluation of the area(s) where problems were identified if the follow-up review period is in the same SY as the administrative review period.

For example, if there were no errors in eligibility certification during the AR, but numerous errors in BI, the follow-up review may be limited to re-review of the BI document(s). However, if there was an error in both the eligibility certification and BI procedures, both areas would have to be re-reviewed.

If the follow-up review period is in the following SY, the entire aspect must be re-evaluated using the eligibility certification and BI documents for the new SY.

- **Eligibility Certification Errors:** Complete Critical Areas of Review, Form S-2, 201.
 - If the problems were identified in the application approval process, complete 201a. and 201b.
 - If the follow-up review period is in the same SY as the AR period, review those applications active for the follow-up review period that were approved after the AR period.
 - If problems were identified in direct certification (DC), complete 201c.
- **BI Errors:** Complete Critical Areas of Review, S-2, 202.
 - In schools that were reviewed during the administrative review, BI review may be limited to those students who entered the school or changed eligibility category after the administrative review period and were active during the follow-up review period if:

- the follow-up review period is in the same SY as the administrative review period; and,
 - the school continually updates the same BI document either manually or by updating a computer data base. In these cases, there is an assurance that the eligibility categories for students already reviewed during the AR are still correct.
- **Updating Eligibility Errors:** Complete Critical Areas of Review, Form S-2, 203.
2. **School Level Meal Counting/Claiming:** Since all components of the counting and claiming system are interrelated, the entire aspect must be evaluated. The reviewer must evaluate the Day of Review counting and claiming procedures as well as documentation from the follow-up review period. Complete Critical Areas of Review, Form S-1, 13; S-3, 301, 302 and 303; and Form S-4, 401, 402, 403, 404, 405, and 406.
3. **Menu(s):** This aspect consists of two parts:
- determining if required menu items/food items are available throughout the meal service; and
 - observing lunches served to determine whether the system used by the school ensures that students are selecting the required number of menu items/food items for the lunches to be claimed for reimbursement.

Both parts of this aspect must be reviewed. Complete Critical Areas of Review, Form S-3, 304 and 305.

In addition, if problems were identified during the AR in menu records or other documentation for the review period, review those records for the follow-up review period and complete Critical Areas of Review, Form S-4, 407.

OTHER CORRECTIVE ACTION

If not previously determined, effective CA for any errors identified at the time of the CRE must be confirmed.

Review procedures for critical area violations that did not exceed review thresholds and general area violations must be determined by the SA.

NEW SCHOOLS

For each new school selected, each aspect of the performance standard that contributed to the SFA exceeding the review threshold must be reviewed (210.18(i)(4)(i)). Although not required, if time is available, it is suggested that all of the critical and general areas in these schools be reviewed.

THRESHOLD VIOLATIONS

The three (3) aspects of the critical areas that may need to be reviewed in new schools include:

- **Eligibility Certification/Benefit Issuance/Updating Eligibility:** Complete Critical Areas of Review, Form S-2, 201, 202 and 203.
- **School Level Meal Counting/Claiming:** Complete Critical Areas of Review, Form S-1, 13; S-3, 301, 302 and 303; and Form S-4, 401, 402, 403, 404, 405 and 406.
- **Menu(s)** - Complete Critical Areas of Review, Form S-3, 304 and 305; and Form S-4, 407.

OTHER CORRECTIVE ACTION

To ensure that effective CA has been taken system-wide, the State agency must determine whether effective CA has been taken for errors identified at the time of the AR. Review procedures for critical area violations that did not exceed review thresholds and general area violations must be determined by the SA.

OTHER PROGRAMS

If the other programs were not reviewed at the SFA level and in all reviewed schools during the AR, those aspects of the critical areas that contributed to the review threshold(s) being exceeded must be reviewed for these programs at the SFA level and in all schools selected for a follow-up review. 210.18(i)(4)(iv)

THRESHOLD VIOLATIONS

The three (3) aspects of the critical areas that may need to be reviewed at the SFA level include:

- **Centralized Eligibility Certification/Benefit Issuance/Updating Eligibility:** Use previous procedures for RE-REVIEWED SCHOOLS.
- **SFA Consolidating and Claiming:** Determine the accuracy of the process for the follow-up review period. Follow the procedures for Critical

Areas of Review, Form SFA-2, 103, and 104.

- **Menu(s):** If the review threshold for PS 2 was exceeded during the administrative review due to an error that occurred at the central kitchen, the follow-up may be limited to a review of the central kitchen in certain situations. Refer to School Food Authority Level at the beginning of this section.

The three aspects that may need to be reviewed at the school level include:

- **Eligibility Certification/Benefit Issuance/Updating Eligibility:** Follow procedures for Critical Areas of Review, Form S-2, 201, 202 and 203.
- **School Level Meal Counting/Claiming:** Follow procedures for Critical Areas of Review, Form S-1, 13; S-3, 301, 302 and 303; and Form S-4, 401, 402, 403, 404, 405 and 406.
- **Menu(s):** Follow procedures for Critical Areas of Review, Form S-3, 304 and 305; and Form S-4, 407.

OTHER CORRECTIVE ACTION

To ensure that effective CA has been taken system-wide, the SA must determine whether effective CA has been taken for errors identified at the time of the administrative review. Review procedures for critical area violations that did not exceed review thresholds and general area violations must be determined by the SA.

ADDITIONAL FOLLOW-UP REVIEW(S)

For both large and small SFAs that exceed a review threshold on the first follow-up review or any subsequent follow-up review(s), additional follow-up review is required. On an individual SFA basis, the FNSRO may approve an exception to the additional follow-up review requirement for small SFAs. *210.18(i)(7)*

6.5. EXIT CONFERENCE AND NOTIFICATION

At the close of the follow-up review, communicate the findings to the appropriate officials. Required and suggested actions for the exit conference should follow the procedures described previously. In addition, if the findings from the follow-up review indicate that withholding of payments is necessary, this information may be communicated during the exit conference. *210.18(j)*

Required and suggested content for a notification letter reporting review results appears in the *Appendix* (section 9.2).

6.6. ASPECTS OF CRITICAL AREAS ON FOLLOW-UP REVIEWS

Post Review Optional Form

SFA NAME:							DATE OF ADMINISTRATIVE REVIEW:				MINIMUM NUMBER OF SCHOOLS:				
ADMINISTRATIVE REVIEW							FOLLOW-UP REVIEW								
SFA LEVEL	1 a. PS 1 threshold exceeded? b. PS 2 threshold exceeded?						7 a. PS 1 threshold exceeded? b. PS 2 threshold exceeded?								
	2 Adequate consolidation system?						8 Adequate consolidation system? Same cause?								
SCHOOL LEVEL	PS 1					PS 2	PS 1					PS 2			
	4 ☐ 10% CLAIMED INCORR	a ELIG CERT	b BI	c ELIG UP-DATE	5 INADEQ COUNT SYSTM	6 # OF MEALS INCOMP	9 ☐ 10% CLAIMED INCORR	a ELIG CERT	b BI	c ELIG UP-DATE	10 SAME CAUSE	11 INADEQ COUNT SYSTM	12 SAME CAUSE	13 # OF MEALS INCOMP	14 SAME CAUSE
SCHOOL NAME															

Page ____ of ____

POST REVIEW FORM AND INSTRUCTIONS**INSTRUCTIONS FOR ASPECTS OF CRITICAL AREAS
ON FOLLOW-UP REVIEWS****GENERAL
COMMENTS**

Once a SFA has been selected for a follow-up review, this optional form is designed to:

- identify those review threshold violations that require a follow-up review at the SFA level;
- identify those schools that were reviewed at the time of the AR and require a follow-up review due to review threshold violations;
- identify those aspects of the critical areas that must be reviewed for the schools previously reviewed; and
- list additional schools selected for follow-up, if needed, to meet the minimum number required by regulation, and identify those aspects of the critical areas that must be reviewed for the additional schools selected.

After the follow-up review has been conducted, this form can also be used to:

- identify and document new and continuing review threshold violations; and
- assist reviewers in determining whether funds must be withheld from the SFA for continuing violations.

INSTRUCTIONS

Enter the name of the SFA, the date of the AR, and the minimum number of schools that must be reviewed using the table in section 6.3 *Follow-up Review – Selection Procedures*.

ADMINISTRATIVE REVIEW - Complete Block 1 through Column 6 using the findings from the AR.

Block 1: Indicate whether the review thresholds for PS1 and/or PS2 were exceeded. This information can be obtained from the last line on Form SFA-1.

Block 2: Enter “Y” for yes or “N” for no to indicate whether there was an adequate consolidation system at the SFA level. This information is obtained from Form SFA-1, 3. Enter “Y” if the system was adequate and “N” if the system was

inadequate. If the answer in this block is “No”, SFA Level Consolidating/Claiming must be reviewed during the follow-up review.

Column 3: List the names of all schools reviewed at the time of the AR. This information is obtained from Form SFA-1, 4. Use a second page, if necessary. Draw a line when all schools have been recorded.

Column 4: TEN (10) PERCENT CLAIMED INCORRECTLY: If errors in Eligibility Certification/Benefit Issuance/Updating Eligibility contributed to the SFA exceeding the PS1 threshold, place a check mark next to those schools in which ten (10) percent or more (but not less than 100) free and reduced price lunches were claimed incorrectly (☐ 10% CLAIMED INCORR). Refer to the appropriate column on Form SFA-1, 4, for this data. Otherwise, leave the column blank.

Columns 4 a, b, and c: For any school with a check mark in Column 4, place a check mark in the appropriate column if there were **any** errors in the eligibility certification (Column a), BI (Column b), or updating eligibility (Column c) that contributed to the school claiming ten (10) percent or more free and reduced price lunches incorrectly. Refer to S-5 for each school to determine whether the error(s) was in eligibility certification, BI, and/or updating eligibility. Since both BI and updating eligibility errors are entered under "Benefit Issuance Errors" on Form S-5, refer to Form S-5 and S-2, 202a. and 203 for the individual school(s) to isolate where the errors occurred and the cause of the errors.

For any column with a check mark, that area of PS1 must be reviewed in that school during the follow-up review. Refer to *Re-Reviewed Schools, Eligibility Certification/Benefit Issuance/Updating Eligibility*, found in earlier in section 6.4, *Follow-up Review Procedures*.

Column 5: INADEQUATE COUNT SYSTEM: If school level meal counting/claiming contributed to the SFA exceeding the PS1 threshold, place a check mark next to the schools where a “N” appears under either the Day or Review Period column of Form SFA-1, Block 4. Otherwise, leave the column blank.

For any school with a check mark in Column 5, meal counting and claiming must be reviewed in that school during the follow-up review. Refer to *Re-Reviewed Schools, School Level Meal Counting/Claiming* found earlier in section 6.4, *Follow-up Review Procedures*.

Column 6: # OF MEALS INCOMPLETE: If the SFA exceeded the review threshold for PS 2, enter the number of incomplete lunches observed in each school. Refer to the appropriate column on Form SFA-1, Block 4, for this information. Otherwise, leave the column blank.

For any school with one or more incomplete lunches noted in Column 6, PS2 must be reviewed in that school during the follow-up review, except in limited situations (hence the reason to enter numbers in Column 6 instead of a check mark) as explained in section 6.3 *Follow-up Review – Selection Procedures*.

Refer also to *Re-Reviewed Schools, Menus* found in section 6.4, *Follow-up Review Procedures*.

SCHOOL SELECTION

Strike through any school listed that does not have a check mark(s) in columns 4 or 5, or a number in column 6.

Determine the schools to visit using the following criteria:

- All schools that have not been struck through must be reviewed at the time of the follow-up review up to the minimum number of schools required. Refer to section 6.3 *Follow-up Review – Selection Procedures, School Selection*.
- If the number of schools remaining is less than the required number, new schools must be selected to meet the minimum number required.
- The new schools selected must be added to Column 3. For these schools, place check marks in columns 4 and a, b, and c if a check mark exists in any of these columns for the previously reviewed schools. Place a check mark in Column 5 if a check mark appears in Column 5 for any of the previously reviewed schools and place a check mark in Column 6 if a number exists in Column 6 for any of the previously reviewed schools.
 - Check marks in any Column indicate that these aspects of the critical areas contributed to the review threshold(s) being exceeded for the schools reviewed during the AR and must be reviewed in the new schools.

FOLLOW-UP REVIEW - Complete Block 7 through Block 14 using the findings from the follow-up review.

Block 7: Indicate whether the review thresholds for PS1 and/or PS2 were exceeded during the follow-up review. This information can be obtained from the last line on SFA-1 that was completed for the follow-up review. If the answer to one or both questions is “Y”, subsequent follow-up review is required.

Block 8: If SFA Level Consolidating/Claiming was reviewed during the follow-up review, enter a “Y” or “N” to indicate whether there was an adequate consolidation system at the SFA level. This information is obtained from SFA-1, 3 that was completed for the follow-up review. Enter “Y” if the system was adequate and “N” if the system was inadequate. If SFA Level Consolidating/Claiming was not reviewed enter “NA”.

If the answer to Block 8 is “N”, indicate with a “Y” or “N” whether the system was not adequate due to the same cause as the previous review. If it was the same cause, refer to section 6.8 *Withholding Payments*.

Column 9: **≥Ten (10) Percent CLAIMED INCORRECTLY:** If errors in Eligibility Certification/Benefit Issuance/Updating Eligibility contributed to the SFA exceeding the PS1 threshold during the follow-up review, place a check mark next to those schools in which ten percent or more (but not less than 100) free and reduced price lunches were claimed incorrectly (☐ 10% CLAIMED INCORR). Refer to the appropriate column on Form SFA-1, 4, that was completed for the follow-up review for this information. Otherwise, leave the column blank.

Columns 9 a, b, and c: For any school with a check mark in Column 9, place a check mark in the appropriate column a, b and/or c if there were **any** errors in eligibility certification, BI, or updating eligibility that contributed to the school claiming ten (10) percent or more free and reduced price lunches incorrectly. Refer to Form S-5 for each school that was completed during the follow-up review to determine whether the error(s) was in eligibility certification, BI, and/or updating eligibility. Since both BI and updating eligibility errors are entered under "Benefit Issuance Errors" on Form S-5, refer to Form S-5 and Form S-2, 202a. and 203 for the individual school(s) to isolate where the errors occurred and the cause of the errors.

For any column with a check mark, that area of PS1 must be reviewed in that school during a subsequent follow-up review.

Block 10: **SAME CAUSE:** If there are no check marks in Column 9, place an "NA" in block 10.

If one or more schools have a check mark in Column 9, compare the error(s) to those identified during the AR. Determine if the cause(s) of the error(s) identified during the follow-up review was the same as the cause(s) of the error(s) identified during the AR.

If any of the check marks in Columns 9 a, b, and/or c resulted from a same cause as any of the check marks in Columns 4 a, b, and/or c, even if the same cause is in a different school from the AR, place a "Y" in Block 10. Otherwise, place a "N" in Block 10.

DECISION - If Block 7 a. is "Y" and Block 10 is "Y", the review threshold for PS1 has been exceeded on the follow-up review for a same cause as found on the AR. Refer to section 6.8 *Withholding Payments*.

Column 11: **INADEQUATE COUNT SYSTEM:** If school level meal counting/claiming contributed to the SFA exceeding the PS1 threshold during the follow-up review, place a check mark next to the schools where a "N" appears under either the Day or Review Period column of Form SFA-1, Block 4, that was completed for the follow-up review. Otherwise, leave the column blank.

Block 12: **SAME CAUSE:** If there are no check marks in Column 11, place NA in Block 12.

If one or more schools have a check mark in Column 11, compare the cause(s) for all schools with a check mark in Column 11 with the cause(s) of the

inadequate counting and claiming system for all schools with a check mark in Column 5. If any of the causes are the same, even if the same cause is in a different school from the administrative review, place “Y” in Block 12.

DECISION - If Block 7 a. is “Y” and Block 12 is “Y”, the review threshold for PS1 has been exceeded on the follow-up review for a same cause as found on the AR. Refer to section 6.8 *Withholding Payments*.

Column 13: # OF MEALS INCOMPLETE: If the SFA exceeded the review threshold for Menu(s) during the follow-up review, i.e., Block 7 b. is answered “Y”; enter the number of incomplete lunches observed in each school. Refer to the appropriate column on Form SFA-1, Block 4, that was completed for the follow-up review for this information. Otherwise, leave the column blank.

Block 14: SAME CAUSE: If there are no numbers entered in Column 13, place “NA” in Block 14.

If one or more schools have a number recorded in Column 13, compare the cause(s) for all schools with a number in Column 13, with the cause(s) of the incomplete lunches for all schools with a number in Column 6. If any of the causes are the same, even if the same cause is in a different school from the administrative review, place “Y” in Block 14.

DECISION - If Block 7 b. is “Y” and Block 14 is “Y”, the review threshold for PS-2 has been exceeded on the follow-up review for a same cause as found on the administrative review. Refer to section 6.8 *Withholding Payments*.

6.7. FISCAL ACTION AS A RESULT OF FOLLOW-UP REVIEWS

CALCULATING FISCAL ACTION

GENERAL RULES

Fiscal action for follow-up review deficiencies must be calculated using the administrative review FA procedures unless the modifications contained in this section apply. Refer to section 7 *Fiscal Action* for information on calculating FA. 210.18(m)

REQUIRED FORMS

All forms necessary to calculate FA must be completed. Any entry on the FA forms that does not apply may be lined out.

EXCEPTIONS TO COMPLETING THE FISCAL ACTION FORMS

The SA is not required to complete the FA forms when the overclaim will be disregarded or the underclaim will not be paid. However, the principles for FA provided in this manual must be used to determine the amount of the disregard or underclaim. In addition, documentation containing sufficient information to complete the *FNS-640, Data Report, Coordinated Review Effort*, must be retained.

OVERCLAIM DISREGARD

The SA may disregard a CRE overclaim that results from a follow-up review in the following situations:

- the follow-up review is conducted in the same FY as the AR and the total overclaim per program (NSLP, SBP or SMP) for both reviews combined is \$600 or less; or
- the follow-up review is conducted in the next FY and the total overclaim per program resulting from the follow-up review is \$600 or less. If more than one follow-up review is conducted during the same FY, the total overclaim per program from all reviews combined must be \$600 or less.

GENERAL AREAS OF REVIEW

SAs that do not routinely assess FA for General Areas of Review deficiencies are encouraged to assess FA when serious problems are identified during the follow-up review.

FISCAL ACTION TIMEFRAMES

The FA timeframes provided in sections 7.1, 7.2 and 7.3, are used to calculate FA for errors identified on the follow-up review with the following adjustments:

CERTIFICATION AND BENEFIT ISSUANCE ERRORS

The provision for limiting FA from the beginning of the review period through the point that CA occurs is only applicable for the administrative review (210.18(m)). Therefore, the limited timeframes for FA (e.g. review period to date of action) specified in section 7.1 *General Information*, cannot be used for follow-up reviews. Refer to example two in *Preventing Duplicate Claims* on the following pages. The Start Date of Error for errors identified during the follow-up review must be determined using the guidelines in section 7.1 *General Information*, *Start Date of Error* and this section.

START DATE OF ERROR

The Start Date of Error for follow-up reviews depends on whether the error is the same error identified on the administrative review, regardless of the cause, or a new error. For example, if an inadequate meal count system was identified during the AR and follow-up review, the same error exists. Alternatively, if an inadequate meal count system was identified during the AR and incomplete meals were observed during the follow-up review, a new problem was identified.

Same Error: If the same problem(s) was identified on the follow-up review, specifically, CA was not effective or was not taken for errors identified on the AR, use the Start Date of Error established during the administrative review.

Certification and BI errors identified during the administrative review that were corrected within the established timeframes are not subject to additional FA.

New Error: When the follow-up review identifies a new problem, refer to section 7.1 *General Information*, to establish the start date of the error.

PREVENTING DUPLICATE CLAIMS

When administrative review FA was paid (underclaim) or recovered (overclaim), adjustments to follow-up review FA for the same problem may be necessary.

The following examples illustrate two types of adjustments that may be necessary to prevent duplicate claims.

Example 1:

A meal counting error was found during the AR. Based on the new counts submitted by the SFA, it appeared that the error was corrected in May. Using “Fix and Apply” method from the month of May full recalculation was applied to the claim from September through April.

The overclaim was recovered from the SFA resulting in meal count adjustments for the September through April period.

When the SA returned in October of the following SY, it was determined that CA had not been taken and the meal counts were still in error. Because CA was not taken, the September through April recalculated meal counts were incorrect. Since these counts are the most recent claim amounts, follow-up FA must be calculated using this adjusted claims data.

Months recalculated earlier (September through April) must be redone using the new participation factors from a new “Fix and Apply” method using the Full Recalculation worksheet FA-5, Column 6, “Meals Claimed”. Enter the numbers in “Meals Projected” from the initial recalculation (not the SFA’s meals claimed). The result of the difference would be the additional claim.

The start date of error for the follow-up review is the September date identified during the AR.

Example 2:

Certification errors for 100 students were found on the AR. All of the errors occurred on the date of approval, September 15. Based on the SFA’s timely submission of adequate CA, FA was calculated for the 100 certification errors from the first serving day of the review period (January) to the date of CA (April 1). For purposes of this example, meal service occurred on 55 days during the January to April 1 period and the participation factor was 0.90. The overclaim was not disregarded.

On the follow-up review conducted during the next school year, the SA determined that CA was not taken for five (5) of the certification errors. The start date of error is September 15 of the prior SY. The last serving day of that school year was June 6 with 184 total serving days in the SY. The students are not enrolled in the school for the current SY; therefore, the last day of the errors was the last serving day of the previous SY.

FA is calculated on 129 days $(184 - 55) \times 5$ (students) $\times 0.90$ (participation factor).

6.8. WITHHOLDING PAYMENTS

REQUIRED WITHHOLDING

CRITICAL AREAS

The SA must withhold Program payments in the following situations:

- the SFA fails to submit documented CA by the established due date, including approved extensions, for a PS1 or PS2 violation that exceeded the review threshold;
- the SFA submitted documented CA by the established due date, however, the SA finds that CA for a critical area violation that exceeded the review threshold was not in fact, completed; and/or
- if during a follow-up review, the SA finds a critical area violation that exceeded the review threshold on a previous review and continues to exceed the review threshold for a same cause. *210.18(l)*

When the SA determines that it is not in the best interest of the Program to withhold 100 percent of Program payments, a minimum of 40 percent may be withheld. Factors that may be considered when determining the amount to withhold include:

- the ability of the SFA to continue to provide meals to students during the time it takes to complete CA; or
- the willingness of the SFA to complete CA on a timely basis. For example, consideration can be given when circumstances beyond the control of the SFA have caused required CA to be delayed beyond the established due dates and approved extensions. *210.18(l)(3)*

FNS APPROVAL

Withholding of less than 40 percent of Program payments may only occur when FNSRO determines that it is in the best interest of the Program (*210.18(l)(3)*). The SA must submit a written request to FNSRO that includes the following information:

- the name of the SFA;
- the date(s) of the AR/follow-up review(s);
- a description of the critical area violation(s) identified during the AR, required CA, and the SFA response;

- results of the follow-up review(s), if applicable;
- the withholding percentage requested; and
- the SA's rationale for withholding less than 40 percent of Program payments including the adverse effect that a higher withholding amount would have on the SFA.

FAILURE TO WITHHOLD

FNSRO may suspend the Program or withhold Program payments and State Administrative Expense funds, in whole or in part, for those SAs failing to withhold Program payments as required in (210.18(l)(4)).

DISCRETIONARY WITHHOLDING

The SA may withhold payments for critical areas of review violations that do not exceed review thresholds and for general areas of review violations. For example, discretionary withholding of payments may be appropriate if:

- CA is not complete or not submitted within established timeframes; and/or
- CA, as specified in the documented CA, was not taken.

FNSRO approval for discretionary withholding of payments is not required.
210.18(l)(iv)

SFA NOTIFICATION

The SA must provide the SFA with the right to appeal any decision to withhold payments. The contents of the notification must parallel the information in Appendix in section 9.3, *Letter of Claim Adjustment and/or Withholding of Payment Including Notice of Appeal*. 210.18(q)

EFFECTIVE DATE

Withholding of Program payments must begin immediately upon notification to the SFA. Payments must be withheld for any original or upward adjusted claim, regardless of the date submitted to the SA. Downward adjustments to previously paid claims may be processed during the withholding period.

DURATION

The SA must promptly release withheld Program payments in the proper amount when:

- all required CA is completed;
- documentation of CA is received;
- any subsequent follow-up review, as required, is completed; and
- the SA has determined the CA was successful. 210.18(l)(2)

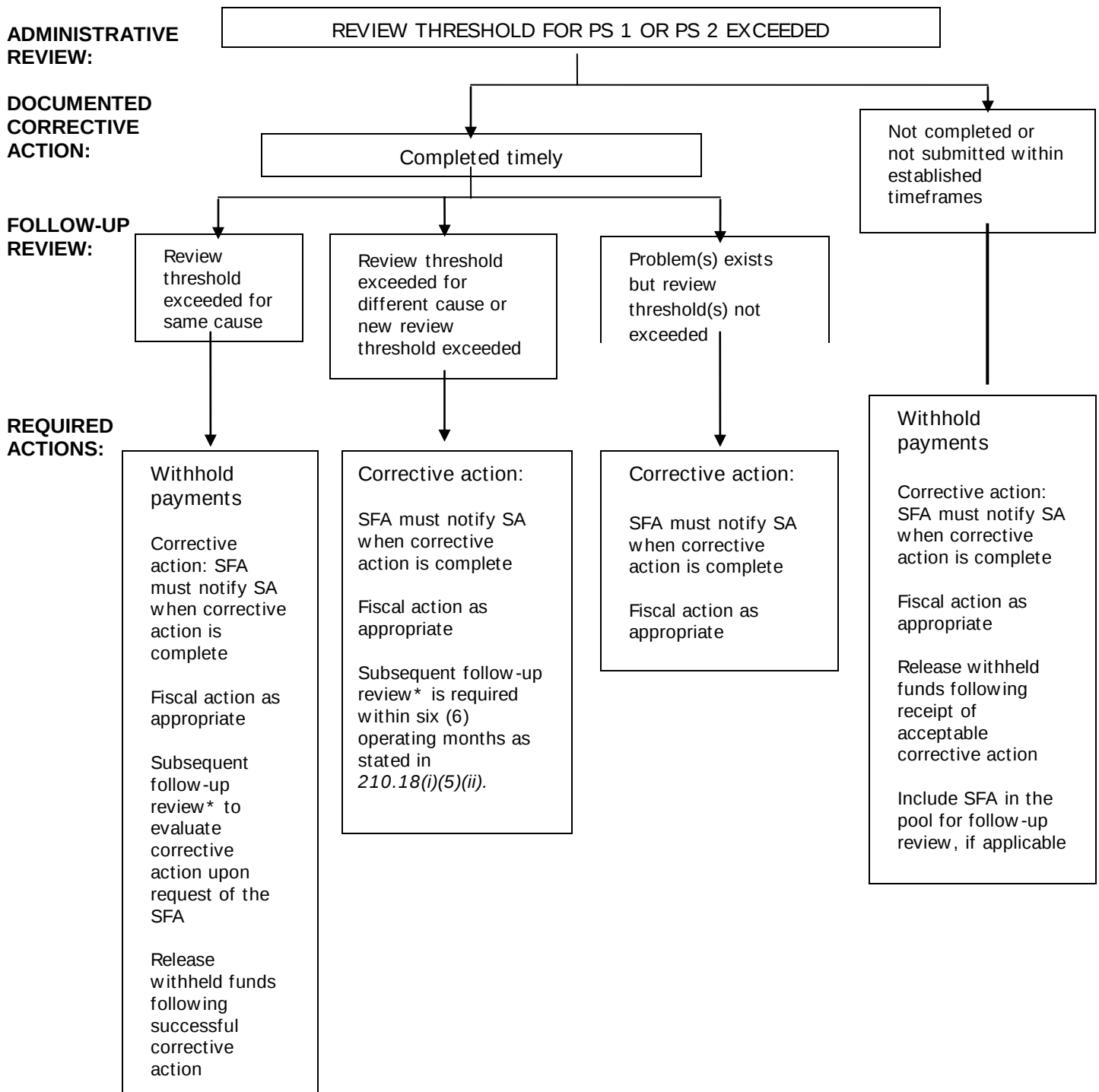
CLAIM SUBMISSION DURING WITHHOLDING

Since the SFA continues to earn Program payments during a period of withholding, the SFA must continue to submit Claims for Reimbursement on a timely basis.

REPORTING REQUIREMENTS

- | | |
|---------|--|
| FNS-777 | SAs must report withheld payments as an unliquidated obligation on the FNS-777. Any portion of unliquidated obligated funds resulting from withholding of payments must be identified in the footnote section of the form. |
| FNS-10 | Include meal count data from withheld claims on the appropriate monthly FNS-10 report. |

6.9. SUMMARY OF REQUIRED ACTIONS



* On an individual school food authority basis, FNSRO may approve an exception to the additional follow-up review requirement specified in 210.18(i)(7).

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7.1. GENERAL INFORMATION

CALCULATING FISCAL ACTION

WHEN TO CALCULATE FISCAL ACTION

The CRE forms are intended to document all errors identified by the reviewer. Generally speaking, fiscal action must be calculated for all PS1 and PS2 errors. The three (3) exceptions to this are outlined in *210.19(c)(6)*.

FA should be promptly calculated after the SFA's documented corrective action has been reviewed.

If a SFA fails to submit adequate CA by the due date, the SA should calculate FA through the last serving day of the school year.

When the SFA provides acceptable CA after the SA has calculated fiscal action, the SA may adjust the FA calculations to reflect the actual date's corrective action occurred. *210.19(a)(1)(vii)*

The CRE forms are designed to capture errors identified in the operation of the NSLP. SAs may design their own forms to capture errors identified in the operation of other Programs. FA must be calculated separately for these other Programs. Refer to *220.14(a) and (h)* for additional information on overclaims in the SBP. Refer to the *Overclaim Disregard* information in this section for further details.

SA's should contact their FNSRO if additional help or clarification is needed in this area.

GENERAL AREAS OF REVIEW

When a SA takes fiscal action for findings in the General Areas of Review, the FA procedures established for Critical Areas of Review may be used. Withholding payments may be an appropriate way of dealing with General Areas of Review violations.

When observation of the meal service or examination of food production or other documents indicate that the quantity served was insufficient to meet meal pattern requirements, obtain and record the number of deficient meals back to the period in time when the infraction first occurred. FA is required unless the SA utilizes the exception provided in *210.19 (c)(6)(i)*.

REQUIRED FORMS

Form FA-1 must be completed for all reviewed schools when FA is required. Form FA-6 must be completed when SFA level FA is required, or if more than one (1) Form FA-1 is completed for reviewed schools.

Forms FA-2, FA-3, FA-4, FA-5 and FA-7 are completed as needed.

Any entry on the fiscal action forms that does not apply may be lined out.

PROVISION 2/3

Provision 2 and Provision 3 Forms, FA-1 through FA-6, are to be used to calculate FA in Provision 2/3 schools in non BYs. These forms, along with the Provision 2 and Provision 3 Forms S-6a, will provide all of the data necessary to calculate FA.

UNDERCLAIMS

It is the SA's option to permit underclaims for certification and benefit issuance errors in pricing programs when the households are reimbursed for the benefit error. Underclaims for these errors will be handled outside of the CRE fiscal action forms and will not affect the CRE claim calculations.

The SA may reimburse any other net SFA underclaims with one (1) exception:

- a net SFA underclaim resulting from recalculation will not be paid.

The FA forms are designed to provide a net result within the school and across the SFA. The SAs which choose not to recognize underclaims should omit the netting steps and note this decision on the FA forms.

START DATE OF ERROR

The Start Date of Error is the date an error first occurred based upon the information available. This can be:

- the first serving day of the SY;
- the school's 31st operating day;
- the date of application approval;
- the date of adult signature when an approval date is not available;
- the date of BI error; or
- the date the meal counting or menu deficiency first occurred.

The calculation of FA includes the day the error first occurred.

When calculating FA, the start date of error may change based on the SFA's corrective action response. Refer to section 7.2 *Certification and Benefit Issuance Errors* and section 7.4 *Meal Count and Menu Item/Food Item Errors*.

DATE OF CORRECTIVE ACTION

Do not include the day CA took place when calculating FA.

REIMBURSEMENT RATES

Certification and BI error overclaims are calculated using the Section 11 reimbursement rates. Since all meals are eligible for Section 4 funding, FA is determined only on the difference between the incorrect benefit received and the correct benefit.

All other FA, including fiscal action for Provision 2 and 3 schools, is calculated using Section 4 and Section 11 rates of reimbursement, since either the meals claimed were not eligible for reimbursement or the SFA/school failed to claim an eligible meal.

For Provision 2/3 schools reviewed in a non BY, reference the forms Provision 2/3 FA-1 to FA-6 and S-6a, as appropriate.

2¢ DIFFERENTIAL

SFAs which served 60 percent or more of the lunches free and/or reduced price during the second preceding year are eligible to receive an additional 2 cents of Section 4 reimbursement. The additional 2 cents is referred to as the 2¢ Differential in the FA forms. For SFAs receiving the Differential, the additional 2 cents is added to the Section 4 rate when determining the reimbursement rate used for FA.

ANNUAL REIMBURSEMENT RATE ADJUSTMENT

For RCCIs and year-round schools the annual July 1 rate adjustment will require the SA to calculate FA for each rate period separately.

TIMEFRAMES

The scope of FA is determined by the start date of the error and the date of corrective action. Generally speaking, FA is limited to errors identified in the current school year, unless the SA identifies pervasive problems and chooses to go back to prior SYs. Specific information on the beginning and ending dates for FA is included in this Procedures Manual.

PARTICIPATION FACTORS

The average daily participation (ADP) factors used for calculating FA are those recorded on Form S-1, block 16, except where these factors are in error. This includes:

- schools that are subject to recalculation; if these schools, use the participation factors developed for recalculation;

- schools with combining errors in counts that were used to determine the participation factors recorded on Form S-1, block 16. The participation factors used for calculating FA must be based upon corrected counts; and
- schools with a participation factor in excess of 1.00. Participation factors in excess of 1.00 may not be used to calculate FA since their use would result in excess recoveries. When a participation factor recorded on Form S-1, block 16 exceeds 1.00, use 1.00 when calculating FA.

When correct ADP factors for the school are not available, refer to section 7.11 *Participation Factors*.

FISCAL YEAR INTEGRITY

FA that includes two Federal FYs must be calculated separately for each fiscal year.

The SA must maintain Federal FY integrity when taking the claim (i.e., the claim must be recovered from a period in the same FY as the error(s) that were identified).

60/90 DAY REPORTING

FA resulting from a CRE does not have to comply with the 60/90 day claims reimbursement reporting requirements as defined in the *60/90 Guidance*, as amended.

OVERCLAIM DISREGARD

According to 7 CFR Part 210.19(d), the SA may disregard an overclaim if the overclaim does not exceed \$600. When the disregard is used, Forms FA-1 for the reviewed school(s) and FA-6 through line 13 for the SFA must still be completed. The disregard may be made once per CRE and follow-up reviews for each Program within a Federal fiscal year (FY). However, no overclaim is to be disregarded where there is substantial evidence of violations of criminal law or civil fraud statutes.

For purposes of the \$600 overclaim disregard, the Federal FY is the year in which the review activity was conducted and not the year for which fiscal action was calculated. If the total SFA overclaim from all CRE and follow-up reviews conducted in the same Federal FY does not exceed \$600 per program (NSLP including Afterschool Snack, SBP, SMP), the SA may disregard the overclaim. Conversely, when the CRE and the follow-up review are conducted in two separate Federal FYs they are considered to be two separate reviews and each is eligible for a \$600 disregard.

Since the SAs are encouraged to conduct first follow-up reviews in the same Federal FY as the CRE, all fiscal action associated with the review activity is added together to determine if the overclaim amount is equal to or less than \$600 regardless of the Federal FY in which the error(s) occurred.

- For example, if a CRE is conducted in January FY2011, a follow-up review is conducted in September FY2011, and the fiscal action calculation was for errors from FY2011 and FY2010, then those calculations must be combined to determine if the disregard applies. The individual dollar amounts for each FY reviewed are only eligible for the disregard as a combined total for FY2011 because the actual review was conducted in FY2011. See *Chart 5 and Chart 6 of this section* for specific examples of using the \$600 disregard and reporting overclaim disregards on Form FNS-640.

OVERCLAIM DISREGARD REPORTING ON FORM FNS-640

When completing FNS-640 form, only one disregard per Federal FY must be reported for the NSLP (overclaims disregarded for the SBP and Afterschool Snack are not recorded on the FNS-640 form because currently the FNS-640 only captures NSLP review data). When the CRE and the follow-up review are conducted in the same Federal FY, only one disregard may be applied. This disregard must be considered as follow-up review disregard and recorded on Line 11a-b (Follow-up Review).

When the CRE is conducted in one Federal FY and a follow-up review is completed in the succeeding Federal FY, each review would be eligible for a disregard. The initial review must be reported on Line 11a-b (First Review) and the follow-up review must be reported on Line 11a-b (Follow-up review).

REPORTING ADJUSTMENTS ON FORM FNS-10

All revisions to meal counts based upon a CRE must be reported on Form FNS-10. In order to establish proper documentation for any adjustments, SAs must report revisions on the FNS-10 that reflects the adjustments made by the SFAs. For example, if a SA requires a SFA to submit a revised Claim for Reimbursement for each month in error, the SA must submit a revised FNS-10 for each month. If the SA permits a SFA to submit a single revised claim for an entire FY, the SA may submit a single revised FNS-10.

7.2. CERTIFICATION AND BENEFIT ISSUANCE ERRORS FA-1, LINES 1-4

GENERAL COMMENTS

There are three major classifications of errors that require fiscal action under this category:

- eligibility certification errors;
- benefit issuance errors; and
- updating eligibility errors.

FA is taken for students in the reviewed schools that incorrectly received free or reduced price meals as a result of these errors. All meals subject to FA as a result of certification and BI errors will be adjusted by Section 11 funding only. These meals will be credited for the full Section 4 reimbursement.

Household applications may list siblings attending other schools that were not reviewed by the SA as part of CRE. SAs may take FA for errors identified in non-reviewed schools at their discretion.

PROVISION 2/3

When there are BY application errors and the review is conducted in a non BY, the process for handling applications errors is a redetermination of current year claims, using correct claiming percentages.

For Provision 2/3 schools reviewed in a non BY, reference forms Provision 2/3 FA-1 to FA-6 and S-6a, as appropriate.

INFORMATION SOURCES

The following forms and information will be needed to complete FA for certification and BI errors:

- CERTIFICATION AND BENEFIT ISSUANCE ERROR WORKSHEET(S), S-5;
- SPECIAL ASSISTANCE - NON-BASE YEAR – PERFORMANCE STANDARD 1 – MEAL ERROR RATE DETERMINATION, S-6a; and
- corrective action response from the SFA.

The following Fiscal Action Aids (*refer to section 8*) may be helpful in completing FA for certification and BI errors:

- FAA-1, Compute Days in Error; and
- FAA-2, Total Lunches for Students with Actual and Estimated Participation.

**ELIGIBILITY
CERTIFICATION
ERRORS**

The three types of eligibility certification errors requiring FA are:

- applications missing social security number or adult signature;
- applications missing other required information; and
- miscategorized applications.

**MISSING SOCIAL
SECURITY NUMBER
OR ADULT SIGNATURE**

Students whose applications are missing the signature of an adult household member or a required social security number must be initially classified as ineligible. When the missing social security number or adult signature is not obtained by the CA due date, FA is taken from the start date of error. Fiscal action is not taken when this missing information is obtained by the CA due date, unless an additional certification or BI error still exists.

**MISSING OTHER
INFORMATION**

FA is calculated for applications that do not contain income amount, income source, income frequency, names of all household members including children who are requesting benefits, and/or SNAP, TANF, or FDPIR case number for each child, as applicable. Applications missing these items are ineligible to receive free and reduced price benefits.

**MISCATEGORIZED
APPLICATIONS**

Applications that contain all required information, but have been approved for the wrong benefit level, are miscategorized. FA is required for these errors on the difference between the category approved and the correct category when there is a decrease in the level of benefits; i.e. free should be reduced, free should be denied, or reduced should be denied.

**BENEFIT ISSUANCE
ERRORS**

The two types of BI errors that require fiscal action are:

- student incorrectly listed on the BI document; and
- student on the BI document without a current application or direct certification (DC) documentation on file.

COORDINATED REVIEW EFFORT – FISCAL ACTION

FA is calculated when the benefit the student received is greater than the benefit the student was eligible to receive.

FA is calculated when information submitted by a household results in a reduction in benefit level and the BI document is not updated properly in reviewed schools only.

VERIFICATION ERRORS

Students who change eligibility categories during the verification process must also have their eligibility changed on the BI document. When the reviewer finds that this change has not been made, the error is listed on SCHOOL CRITICAL AREAS OF REVIEW, Form S-2, and on the CERTIFICATION AND BENEFIT ISSUANCE ERROR WORKSHEET, Form S-5. These errors contribute to a PS1 violation (210.18) and result in FA.

Recorded BI errors must also include a student(s) enrolled or attending another school in the SFA who is listed on a verified household application in a reviewed school where changes in benefit level were not made within the established timeframes. Record these students from other schools on a separate CERTIFICATION AND BENEFIT ISSUANCE ERROR WORKSHEET, Form S-5. FA must be taken unless the SFA confirms as part of their corrective action that the student's eligibility category was changed within the ten (10) day/ three (3) day timeframes.

7.3. FISCAL ACTION TIMEFRAMES

ERROR	CALCULATE FISCAL ACTION	
	FROM	TO
1. Missing social security number of adult signature:		
a) Information obtained by establishing corrective action due date.	No fiscal action taken	
b) Information not obtained timely.	Start date of error.	*Date of eventual corrective action, date student withdrew or the last serving day of the school year, whichever occurs first.
c) Student withdraws from SFA before the corrective action due date.	First serving day in the review period that the error occurred.	*The date the student withdrew.
2. All other certification or benefit issuance errors:		
a) Information obtained by established corrective action due date.	First serving day in the review period that the error occurred.	*The date of corrective action.
b) b. Information not obtained timely.	Start date of error.	*Date of eventual corrective action, date student withdrew or the last serving day of the school year, whichever occurs first.

*NOTE: Do not include the day corrective action took place when calculating fiscal action.

MULTIPLE CERTIFICATION/ BENEFIT ISSUANCE ERRORS

When more than one certification or BI error has occurred for the same student, the SA must determine if corrective action was taken on all of the errors and how the CA affects the calculation of fiscal action. When one of the errors is a missing social security number or adult signature, CA can eliminate or change fiscal action. The following guidelines should be used when calculating FA for multiple certification and BI errors:

- Calculate FA on the difference between the benefit the student received and the benefit the student should have received; and
- Use the start date of error if one or more of the errors is not corrected by the due date.

SPECIAL CONSIDERATIONS

FISCAL ACTION AID FORM

FAA-1, Compute Days in Error, Fiscal Action Aids in section 8-1 may be used to record and total the number of days or lunches requiring FA.

NOTICE OF BENEFIT REDUCTION

When CA results in a reduction in the benefits the student is currently receiving, the SFA must provide a written notice of the benefit reduction to the student's household. This notice informs the household of the change and provides the household ten (10) calendar days to appeal the reduction. For the purposes of calculating FA, the date this notice is provided to the household is the date CA occurs. FA will not be taken beyond this date unless the SFA fails to implement the reduced benefit level within an additional ten (10) operating days after the hearing official upholds the SFA's benefit reduction, or the expiration of the household's right to appeal the reduction. In cases where the SFA does not reduce benefits after the ten (10) operating day period, corrective action has not occurred and FA is calculated from the start date of the error.

ACTUAL AND ESTIMATED PARTICIPATION

When actual participation data is available for students with certification and/or BI errors, the data must be used to calculate FA. Complete only 1C, 1F and 1I on line 1 of Form FA-1. When the actual participation is not available, the school calendar is used to determine the total number of days lunch was offered during the period requiring FA for entries 1A, 1D, and 1G on Form FA-1.

When actual participation is available for some students but not others, *Fiscal Action Aids, FAA-2, Total Lunches for Students with Actual and Estimated Participation* in

section 8.2 can be used to calculate and combine both actual lunches and calculated lunches for Form FA-1. If the Fiscal Action Aid is not used, lines 1-3 of FA-1 must be completed separately for students with actual participation and for students without actual participation, and combined for line 4 of Form FA-1.

STATISTICAL SAMPLING

When a statistically valid sample of eligibility certification and/or BI is reviewed, FA must be projected using the error rate found in the sample. Refer to section 5.2 *Statistical Sampling Procedures, Error Projection* for the procedures to project this rate.

When statistical sampling is used to review certification and/or BI, and an error is identified on a household application, CA is required for all students listed. However, FA is calculated for the randomly selected student only. FA for those students that were not reviewed will be determined when the error projection is applied to the universe.

MULTIPLE ERRORS

When counting, combining or menu missing item/component errors occur in the same claim period(s), refer to section 7.12 *Multiple Errors* to prevent calculating FA for the same meal twice.

7.4. MEAL COUNT AND MENU ITEM / FOOD ITEM ERRORS FA-1, LINES 5-13

GENERAL COMMENTS

FA is calculated on FA-1, lines 5-13, for:

- meal count errors
- meal count combining errors; and
- missing menu item/food item.

FA for these kinds of errors must include Section 4 and 11 reimbursement rates since the meals in question were:

- not reimbursable (missing menu item/food item); or
- never served.

In addition, underclaims may be used when calculating FA at the discretion of the SA. In determining fiscal action the 2¢ Differential, where appropriate, must be included in the calculations.

Fiscal action is taken for these errors from the start date of the error until the date of CA. OTHER MEAL CLAIM ERRORS-FISCAL ACTION REQUIRED, Form S-8, contains the information needed to calculate FA for errors which require fiscal action but have not been recorded elsewhere in the review forms.

INFORMATION SOURCES

The following forms and information will be needed to complete FA for Meal Count and Menu Item/Food Item Errors:

- SCHOOL DATA, Form S-1, blocks 14, 15, 17, 18, and 19;
- SCHOOL WORKSHEET FOR MENU MISSING ITEM/COMPONENT, Form S-7;
- OTHER MEAL CLAIM ERRORS-FISCAL ACTION REQUIRED, Form S-8.

The following fiscal action worksheet may be needed to complete FA for meal count and menu item/food item errors:

- MEAL ALLOCATION WORKSHEET, FA-7

The following Fiscal Action Aid may be helpful in completing FA for meal count and menu item/food item errors:

- *FAA-3, Ratio of Lunches Claimed in Error* (in section 8.3).

DAY OF REVIEW ERRORS

The SFA must not correct any differences identified by the reviewer on the day of review. The errors identified on the day of review requiring correction must remain and the reviewer must calculate the FA and report the errors on the FNS-640. The meals requiring action for the day of review will be reported on Form S-1, SCHOOL DATA, block 14, Difference column, and, blocks 17, 18 and 19. The Difference column on Form S-1, block 14, is used to complete Form FA-1, line 5, while Form FA-1, line 6 is completed by totalling the entries on Form S-1, blocks 17, 18 and the number of incomplete lunches recorded on block 19.

CLAIM PERIODS PRIOR TO REVIEW PERIOD

When the start date of error for counting, combining and menu missing menu item/food item errors occurred prior to the review period, use the information on Form S-8 for the reviewed school to calculate FA for these other claim periods. S-8 will provide the following information:

- column A identifies whether the error is an SFA or school error;
- column B identifies the time period of the error;
- column C identifies the type of error; and
- column F identifies the number of lunches (+ or -), by category, requiring FA.

CLAIM PERIODS FROM REVIEW PERIOD TO DATE OF CORRECTIVE ACTION

FA is also calculated on counting, combining and meals missing menu item/food item errors that occurred from the first serving day of the review period to the date of CA. The SFA's corrective action response should provide the information needed to calculate FA on errors which occurred from the date of the review to the date of CA.

The SFA may not correct any differences identified by the reviewer for the review period or subsequent periods. The errors identified in these periods that require correction must remain and the reviewer must calculate the FA and report the errors on Form FNS-640.

**MEAL COUNT
COMBINING
ERRORS**

Meal count combining errors are mathematical mistakes that result in the school reporting incorrect meal counts to the SFA. FA is taken on the difference between the incorrect and the correct meal counts. Form S-1, block 15, contains the information needed to complete Form FA-1 for the review period. Other claim period information will be reported on Form S-8.

**COUNTING
ERRORS**

Three types of meal counting errors may occur:

- meals were not counted in the correct category;
- meal counts did not equal the number of meals served to eligible children; or
- second and/or other ineligible meals were counted.

Meal count differences, by category, for the review period from Form S-1, block 15, and other periods from Form S-8 are combined and recorded as a net entry on Form FA-1, line 8.

**MEALS NOT
COUNTED IN
CORRECT
CATEGORY**

FA is taken on the number of meals counted incorrectly. These meals are reassigned to the correct category and are eligible for reimbursement in that category.

**COUNTS NOT
EQUAL TO
NUMBER OF
MEALS SERVED**

FA is taken on the number of meals that were over/under the actual number of meals served to eligible children.

**SECOND/OTHER
INELIGIBLE MEALS
COUNTED**

FA is taken on all meals that were counted as reimbursable meals, but were ineligible for reimbursement. This error does not include meals which failed to contain the minimum number of required menu item/food item.

MEALS MISSING MENU ITEM/FOOD ITEM

Meals missing a menu item/food item may occur when:

- the planned menu fails to include all required menu items/food items and the school prepares the menu as planned;
- the school fails to prepare the planned menu items/food items;
- the school runs out of a planned menu item/component during the meal service and is unable to substitute for the missing menu item/food item; and/or
- the meals counted for reimbursement fail to contain the required number of menu items/food items necessary for a reimbursable meal.

FA is taken on all meals claimed for reimbursement that did not include the required number of menu items/food items, regardless of the cause of the deficiency. Form FA-1, line 7 is used to report the number of meals disallowed for the review period and other claim periods for missing a menu item/food item errors.

If the number of meals served under this error are not available by category on Form S-7, the NONREIMBURSABLE MEAL ALLOCATION WORKSHEET, FA-7, is used to allocate the meals by category.

When more than one (1) menu is served, but only one (1) menu is deficient, only the meals served under the deficient menu are disallowed. When an actual count of the deficient meals is not available, the number of disallowed meals is based upon the most reliable information that is available. For additional information on determining the number of meals to disallow, refer to sections 3.6 and 3.7 *Critical Areas, Form S-3, 304, and Form S-4, 407*.

CYCLE MENUS

When the SFA uses a cycle menu planning approach for more than one (1) school in the SFA, FA must be taken for meals served in **all** schools (both reviewed and non-reviewed) that operated under the cycle menu. The start date of the error is the first time that meals from an insufficient menu cycle were served.

If the insufficient menu was identified for one (1) or more days during the review period or on the day of review, meal count information for reviewed schools should be reported on SCHOOL WORKSHEET FOR MISSING MENU ITEM/FOOD ITEM, Form S-7, and for non-reviewed schools on OTHER MEAL CLAIM ERRORS – FISCAL ACTION REQUIRED, Form S-8.

If the period that the deficient menu was first used within the SFA is prior to the review period or the day of review, the information needed for the FA calculation is reported on OTHER MEAL CLAIM ERRORS – FISCAL ACTION REQUIRED, Form S-8, for both reviewed and non-reviewed schools.

NON-REVIEWED SCHOOLS

In order to prevent disallowing the same meal twice, FA for the reviewed schools should be reported on SCHOOL WORKSHEET FOR MISSING MENU ITEM/FOOD ITEM, S-7 for the day of review and review period errors and on OTHER MEAL CLAIM ERRORS – FISCAL ACTION REQUIRED, S-8 for periods outside the day of review and review period. All FA for deficient menus for reviewed schools would be reported on FISCAL ACTION WORKSHEET – SCHOOL, FA-1, line 7.

FA for deficient menus for all time periods for non-reviewed schools should be reported on OTHER MEAL CLAIM ERRORS – FISCAL ACTION REQUIRED, S-8, and FISCAL ACTION WORKSHEET SFA AND SFA SUMMARY, Form FA-6, line 2.

FISCAL ACTION TIMEFRAMES

ERROR	CALCULATE FISCAL ACTION	
	FROM	TO
All meal count, menu item/food item, combining errors:		
a) Correction completed by established corrective action due date,	Start date of error	*The date of corrective action.
b) Correction not completed timely.	Start date of error.	*Date of eventual corrective action or last serving day of school year.

*NOTE: Do not include the day corrective action took place when calculating fiscal action.

SPECIAL CONSIDERATIONS

MULTIPLE ERRORS

When counting, combining or menu missing menu item/food item errors occur in the same claim period(s), refer to section 7.12 *Multiple Errors* to prevent calculating FA for the same meal twice.

7.5. INFORMATION ON RECALCULATION FA-4 AND FA-5

GENERAL COMMENTS

Recalculation provides a method for determining the number of lunches that are eligible for reimbursement in schools which do not have a reliable meal count system. Although recalculation usually occurs at the school level, there may be situations where it would also occur at the SFA level. Depending upon the inadequacies in the school's meal count system or SFAs claim consolidation procedures, either partial or full recalculation is used. Partial recalculation is used when the total number of lunches counted by the school is correct but the count, by category, is not reliable.

Partial recalculation is not applicable to schools operating under Provision 2 or 3 during a non-base year. Full recalculation is used in all other cases. In situations where a SFA is not using reliable meal counts as submitted by an individual school(s) to prepare the claim for reimbursement, the SA must use the "Fix and Apply" method for recalculating the meal count for the individual school(s) where the reliable meal count data was not used by the SFA. Refer to section 7.11 *Participation Factors* for this procedure.

Claim periods are used as the basis for computing both partial and full recalculation. Each claim period is recalculated separately, then combined to determine the net recalculated underclaim or overclaim for the school. However, SAs that do not require monthly integrity for CRE adjustments may combine all claim periods requiring recalculation within a FY, and perform recalculation as a single calculation. This must be documented on the PARTIAL RECALCULATION WORKSHEET, Form FA-4, or FULL RECALCULATION WORKSHEET, Form FA-5, as appropriate.

Recalculation of the entire claim period is also required when:

- the unreliable counts occur occasionally during a claim period; and
- CA occurs during a claim period; for example, a corrected meal count system is effective on the 15th of the month.

INFORMATION SOURCES

The following forms will be needed to complete the recalculation worksheets:

- SCHOOL DATA, S-1; and
- OTHER MEAL CLAIM ERRORS-FISCAL ACTION REQUIRED, S-8.

LIMITING RECALCULATION

If the remainder of the school's meal counts are reliable, recalculation can be limited to the unreliable counts in the following situations:

- one eligibility category;
- a specific grade level; or
- in classroom feeding situations, where one teacher's classroom count system is unreliable.

These unreliable meal counts must be identifiable in the school's combined meal counts.

When the unreliable counts cannot be identified in the school's records, recalculation must include the entire claim period. Full recalculation must be used when a particular eligibility count is unreliable or when the total grade or classroom count is not reliable. Further information on limiting recalculation to specific unreliable counts is contained in the next sections on *Partial Recalculation Worksheet, FA-4* (section 7.6) and *Full Recalculation Worksheet, FA-5* (section 7.7).

MULTIPLE ERRORS

When certification and BI errors, or counting, combining or menu missing item/component errors occur in claim periods which are recalculated, refer to section 7.12 *Multiple Errors* to prevent calculating FA for the same meal twice.

7.6. PARTIAL RECALCULATION WORKSHEET, FA-4

GENERAL COMMENTS

Partial recalculation uses the total meal count taken by a school and, through the use of participation rates, assigns the meals to eligibility categories.

In order to use the partial recalculation method:

- a reliable total meal count for the periods requiring recalculation must exist; and
- the school must correct its meal count system so that a reliable meal count by category exists. This information is necessary to calculate the participation rates used in partial recalculation.

When the school does not implement a reliable meal count by the CA due date, partial recalculation cannot be used. In these situations, full recalculation is required.

PROVISION 2/3

Partial recalculation does not apply in Provision 2 and 3 schools.

PARTICIPATION RATES

Participation rates represent the ratio of free, reduced price and paid meals served to the total number of meals served. The participation rates for free, reduced price and paid meals must equal 1.000 when added together. The procedures provided in the instructions to the PARTIAL RECALCULATION WORKSHEET, Form FA-4, for computing the participation rates, are designed to eliminate rates which are under or over 1.000.

RECALCULATION OF GRADE LEVEL/CLASS

When partial recalculation is limited to a specific class or grade level, make the following adjustments to the PARTIAL RECALCULATION WORKSHEET:

- | | |
|--|---|
| Column 2, School's Total Meals - | Use the grade level/class total meals |
| Column 3, Participation Rate by Category - | Use the grade level/class corrected participation rates |
| Column 5, SFA Meals Claimed - | Use the meals by category for the grade level/class that were included in the combined counts reported to the SFA |

When partial recalculation is limited to only a grade or class, FA must still be taken for any combining errors as well as any errors made by the school in reporting its meal counts to the SFA.

7.7. FULL RECALCULATION WORKSHEET, FA-5

GENERAL COMMENTS

Full recalculation determines the number of meals, by category, eligible for reimbursement through the use of the reviewer's count of students eligible for free, reduced price and paid meals and participation factors.

PARTICIPATION FACTORS

The school's participation factors for the review period, which are recorded on Form S-1, 16, cannot be used when the review period requires recalculation. However, if claim periods other than the review period require recalculation, Form S-1, 16 participation factors can be used for the recalculation.

When Form S-1, 16 factors are not used, the needed participation factors can be calculated from the school's meal counts after CA has occurred, or may be developed from other sources, as outlined in section 7.11 *Participation Factors*.

Different participation factors may be used for the claim periods requiring recalculation when the factors can be validated. The use of different participation factors should be limited to schools that experience large variations in participation (not number) of eligible students during the periods requiring recalculation.

COUNT OF ELIGIBLE STUDENTS

The reviewer's count of eligible students from Form S-1, 13, is the recommended basis for determining eligible meals. This count should be used for all periods requiring recalculation, unless different counts can be validated.

When the eligible student count used for the recalculation is taken after correcting any eligibility determination errors, refer to section 7.12 *Multiple Errors* to prevent calculating FA for the same meal twice.

RECALCULATION OF CLASS/ GRADE LEVEL OR CATEGORY

When full recalculation is limited to a specific class, grade level or eligibility category, make the following adjustments to the FULL RECALCULATION WORKSHEET, Form FA-5:

Column 2, Number Eligible - Use the number of eligible students in the class, grade level or eligibility category

Column 6, Meals Claimed - Use the meals from the class, grade level or eligibility category that were included in the meals claimed by the SFA for the school

When full recalculation is limited to only a classroom, grade or eligibility category, FA must still be taken for any combining errors as well as any errors made by the school in reporting its meal counts to the SFA.

PROVISION 2/3

For Provision 2 and 3 schools, columns 2 – 4 of Form FA-5 are not be applicable.

For Provision 2 schools, the projected meals in column 5 would be obtained by conducting a “Fix and Apply” approach by obtaining a correct total count and multiplying by confirmed base year claiming percentages.

Under Provision 3 full recalculation is necessary only when the school is missing BY records needed to adequately support claims. Under these circumstances the SFA should be required to establish a new BY, collect free and reduced price applications, obtain correct counts by category, adjust for enrollment from the BY to the current year, and recalculate in accordance with standard CRE guidance and instructions back to the start date of the error.

7.8. SFA ERROR CALCULATION WORKSHEET FA-6, LINES 1-6

GENERAL COMMENTS

The following SFA level errors may be identified during the review:

- certification and BI errors in centralized approval systems;
- school meal count consolidation errors; and/or
- menus missing menu item/food item errors.

INFORMATION SOURCES

The following forms and information will be needed to complete Form FA-6, lines 1-6 for SFA errors:

- SCHOOL FOOD AUTHORITY CRITICAL AREAS OF REVIEW, Form SFA-2;
- OTHER MEAL CLAIM ERRORS-FISCAL ACTION REQUIRED, Form S-8; and
- SFA's corrective action.

CERTIFICATION/ BENEFIT ISSUANCE ERRORS

Fiscal action for centralized eligibility determination and/or BI errors is not taken at the SFA level. FA is calculated only for the reviewed schools on each school's Form FA-1.

CONSOLIDATION ERRORS

FA must be calculated for all claim periods where the consolidation errors occurred.

MENU MISSING MENU ITEM/ FOOD ITEM

For menus missing menu item(s)/ food item(s) for reviewed schools, FA is calculated using information from the SCHOOL WORKSHEET FOR MISSING MENU ITEM/FOOD ITEM, Form S-7 for the day of review and review period errors and on OTHER MEAL CLAIM ERRORS – FISCAL ACTION REQUIRED, Form S-8 for deficient menus for periods outside the day of review and review period. FA for all deficient menus for reviewed schools is reported on FISCAL ACTION WORKSHEET – SCHOOL, Form FA-1, line 7.

Information to calculate FA for non-reviewed schools is recorded on OTHER MEAL CLAIM ERRORS – FISCAL ACTION REQUIRED, Form S-8. FA for all deficient menus in non-reviewed schools is reported on FISCAL ACTION WORKSHEET SFA AND SFA SUMMARY, Form FA-6, line 2.

SPECIAL CONSIDERATIONS

MULTIPLE ERRORS

In order to prevent calculating FA for the same meal twice, refer to section 7.12 *Multiple Errors* when SFA consolidation errors, menu missing menu item/food item errors in reviewed and non-reviewed schools, or recalculation of reviewed schools occur for the same claim period.

PROVISION 2/3

For Provision 2 and Provision 3 schools, reference the Provision 2 or Provision 3 FA-7 forms and instructions, as applicable.

For Provision 2, the ratio for Form FA-7, column C is the corresponding claiming percentage for the appropriate time period.

For Provision 3, the ratio for Form FA-7, column C is calculated from the BY data for the appropriate time period.

7.9. SFA SUMMARY WORKSHEET FA-6, LINES 7-20

GENERAL COMMENTS

This section of FA-6 summarizes the results of the FA for the schools and the SFA in dollar amounts and meal count adjustments. Overclaim and underclaim amounts are netted against each other within a school and carried forward and netted against all other net school overclaims and underclaims, and any SFA overclaims and underclaims.

The netting process within the school occurs on FISCAL ACTION WORKSHEET-SCHOOL, FA-1. When more than one school has errors, the two summary worksheets, CERTIFICATION AND BENEFIT ISSUANCE ERRORS, FA-2, and MEAL COUNT AND COMPONENT ERRORS, FA-3, provide net adjustments for all reviewed schools within each error type.

In order to determine the net overclaim or underclaim amount for each recalculated school, the recalculation amounts must be netted for each school. *Fiscal Action Aids, FAA-4, Summary Partial Recalculation Adjustments* in section 8-4 and *FAA-5, Summary Full Recalculation Adjustments* in section 8-5 may be used for this purpose.

Net underclaim amounts that result from recalculation will not be paid to the SFA. The amount of these recalculation underclaims will be used only to offset any overclaims identified on Form FA-6, lines 7, 8, and/or 9. Any recalculation net underclaims recorded on Form FA-6, line 12B must be dismissed because the SFA, if it were reimbursed, would be rewarded for having an inadequate counting and claiming system in one or more of its schools. Other net underclaim amounts listed on line 11B may be reimbursed to the SFA.

INFORMATION SOURCES

The following forms may be needed to complete Form FA- 6, lines 7-20:

- SUMMARY CERTIFICATION AND BENEFIT ISSUANCE ERRORS, Form FA-2; and
- SUMMARY MEAL COUNT AND COMPONENT ERRORS, Form FA-3.

The following Fiscal Action Aids may be helpful in completing lines 7-20:

- FAA-4, Summary Partial Recalculation Adjustments; and
- FAA-5, Summary Full Recalculation Adjustments.

INDIVIDUAL SCHOOL MEAL COUNT ADJUSTMENTS

Fiscal Action Aids, FAA-6, Individual School Meal Count Adjustments in section 8.6 may be used if individual school meal count adjustments are needed.

ADJUSTMENTS FOR ROUNDING

In order to compensate for the effects of rounding which occur throughout the FA process, it may be necessary to make adjustments to the dollar amount of the net SFA overclaim/underclaim. In order to determine if this adjustment is needed, multiply the meal count adjustments, line 20, by the appropriate rates of reimbursement, total these dollar values, and compare the results to the net overclaim/underclaim amounts recorded on line 13. Do not alter the meal count adjustments on line 20. Make any needed adjustments to the Total Net Claim, line 13.

7.10. NONREIMBURSABLE MEAL ALLOCATION WORKSHEET, FA-7**GENERAL
COMMENTS**

Form FA-7 is used to assign nonreimbursable meals to eligibility categories when the actual count of the disallowed meals is not available.

**INFORMATION
SOURCES**

The following forms and information may be needed to complete this worksheet:

- SCHOOL DATA, Form S-1;
- SCHOOL WORKSHEET FOR MENU MISSING MENU ITEM/FOOD ITEM, Form S-7;
- OTHER MEAL CLAIM ERRORS-FISCAL ACTION REQUIRED, Form S-8;
- Critical Areas of Review S-3, item 304 (*in section 3.6*), and S-4, item 407, (*in section 3.7*); and
- corrective action response from the SFA.

The following Fiscal Action Aid may be helpful in completing this worksheet:

- FAA-3, Ratio of Lunches Claimed in Error.

**SPECIAL
CONSIDERATIONS**

Form FA-7 must be completed using reliable meal counts in order to correctly assign disallowed meals to eligibility categories. As a result, meal counts which contain counting or combining errors must be corrected before using FA-7. When disallowed meals occur in claim periods which are recalculated, the recalculated meal counts must be used to complete FA-7.

7.11. PARTICIPATION FACTORS

GENERAL COMMENTS

A participation factor is needed for each eligibility category. It is calculated using:

- the number of meals claimed in an eligibility category;
- the number of students approved in that eligibility category; and
- the number of serving days meals were claimed.

Form S-1, 16 participation factors are used to calculate FA, unless the review period requires recalculation, or the school had combining errors in the counts that were used to calculate Form S-1, 16 factors. In both of these cases, the underlying data used to calculate Form S-1, 16 factors is not reliable.

Five (5) sources can be used to obtain participation factors when Form S-1, 16 is not used. These five sources are described in this section. The sources are presented in order of declining accuracy. The first three sources require actual calculation of the factor, the last two do not. Since these last two (2) factors are based upon either State or national data, they are not as representative of an individual school as the first three factors.

When calculation of the participation factors is necessary, *Fiscal Action Aid, FAA-7, Participation Factor Calculation* in section 8.7 may be used.

METHODS FOR OBTAINING PARTICIPATION FACTORS

METHOD 1: FIX AND APPLY

This method can be used in two situations:

1. when recalculation of the school's meal counts is required; or
2. when the review period does not require recalculation, but the school had combining errors in the meal counts used to calculate Form S-1, 16 factors.

When recalculation is required, the participation factors are calculated **after** the school has implemented a reliable meal count system.

When a combining error exists in the counts used to calculate Form S-1, 16 factors, the factors may be recalculated using corrected meal count information.

**METHOD 2:
SIMILAR
SCHOOL**

If reliable data from the reviewed school is not available, participation factors may be calculated using data from a similar school. The school may or may not be within the reviewed SFA.

The characteristics that should be considered when selecting a similar school are:

- grade levels (elementary, combination or secondary);
- students with access to the NSLP;
- the total number of students participating in the NSLP compared to the number of students with access to the NSLP, i.e., total NSLP participation rate; and
- the number of eligibles by category.

**METHOD 3:
SFA
PARTICIPATION
DATA**

The participation factors can be calculated using data from the reviewed SFA. Use data from all of the same type of schools (elementary, combination or secondary) within the SFA. Do not include the schools requiring recalculation in this participation factor calculation.

**METHOD 4:
STATE
PARTICIPATION
DATA**

This factor represents State participation, by eligibility category, for all grade levels, for all types of schools.

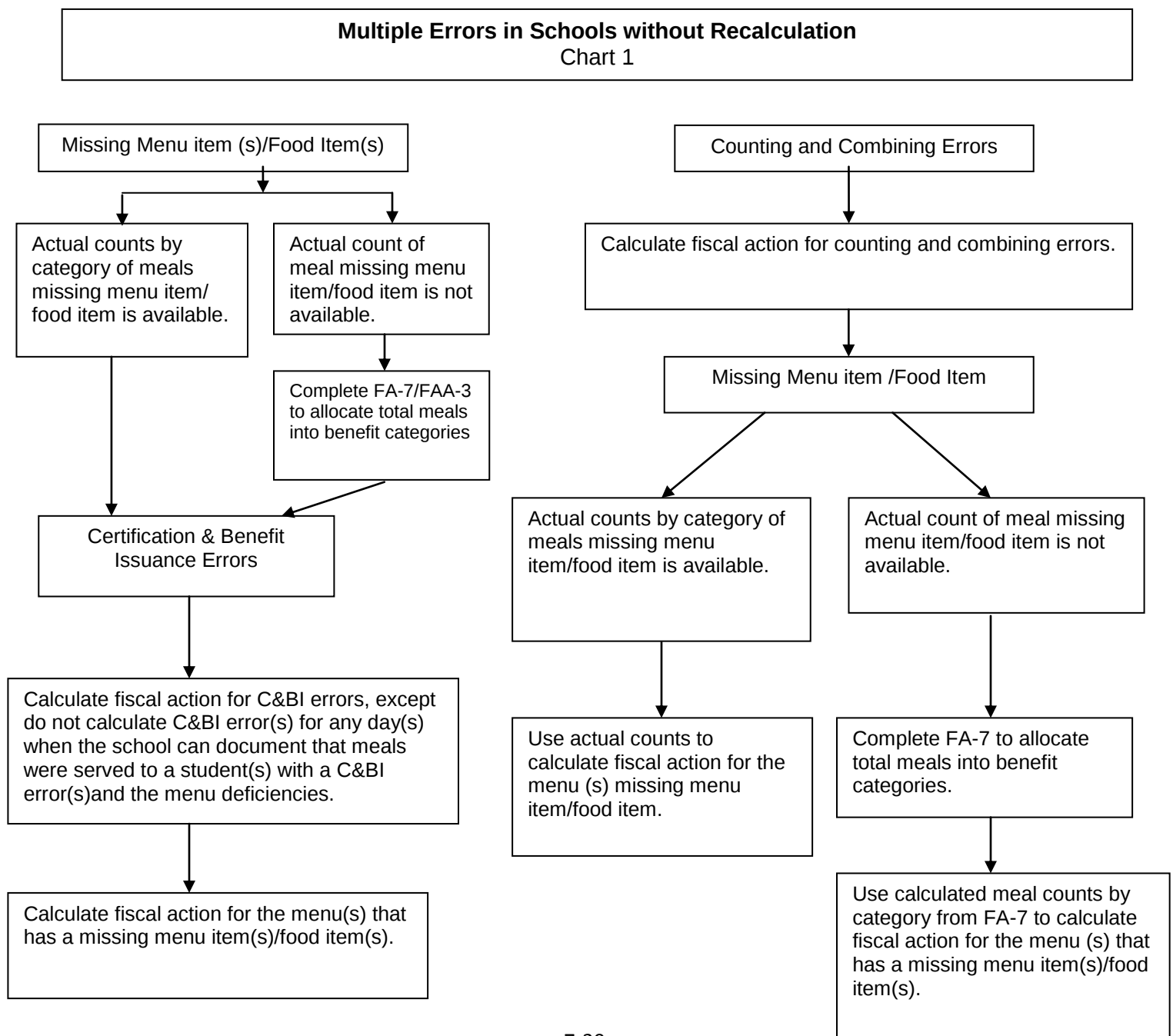
**METHOD 5:
NATIONAL
PARTICIPATION
FACTOR**

This factor represents the meal count and eligibility data submitted by all State agencies, for all grade levels, for all types of schools.

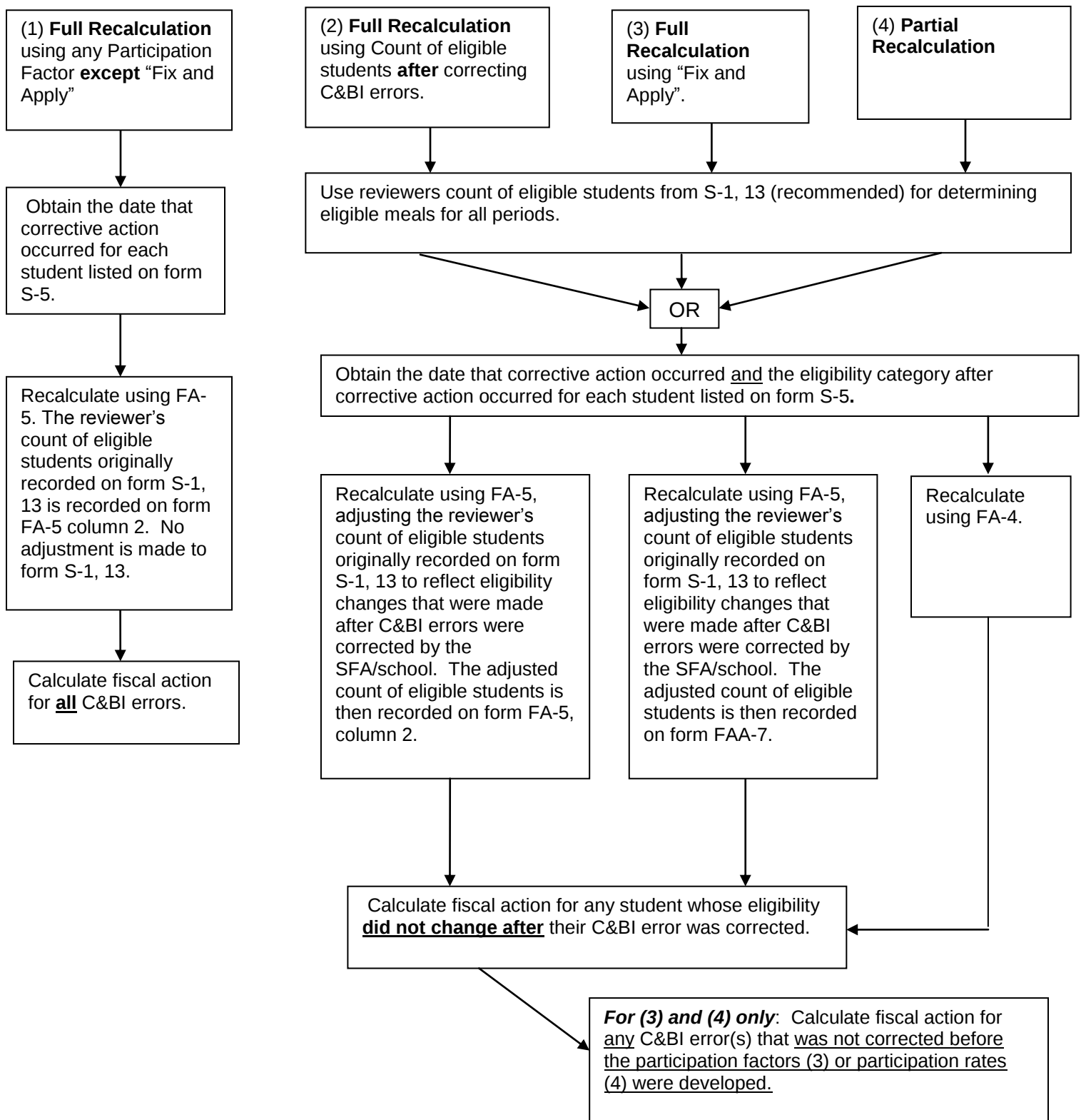
7.12. MULTIPLE ERRORS

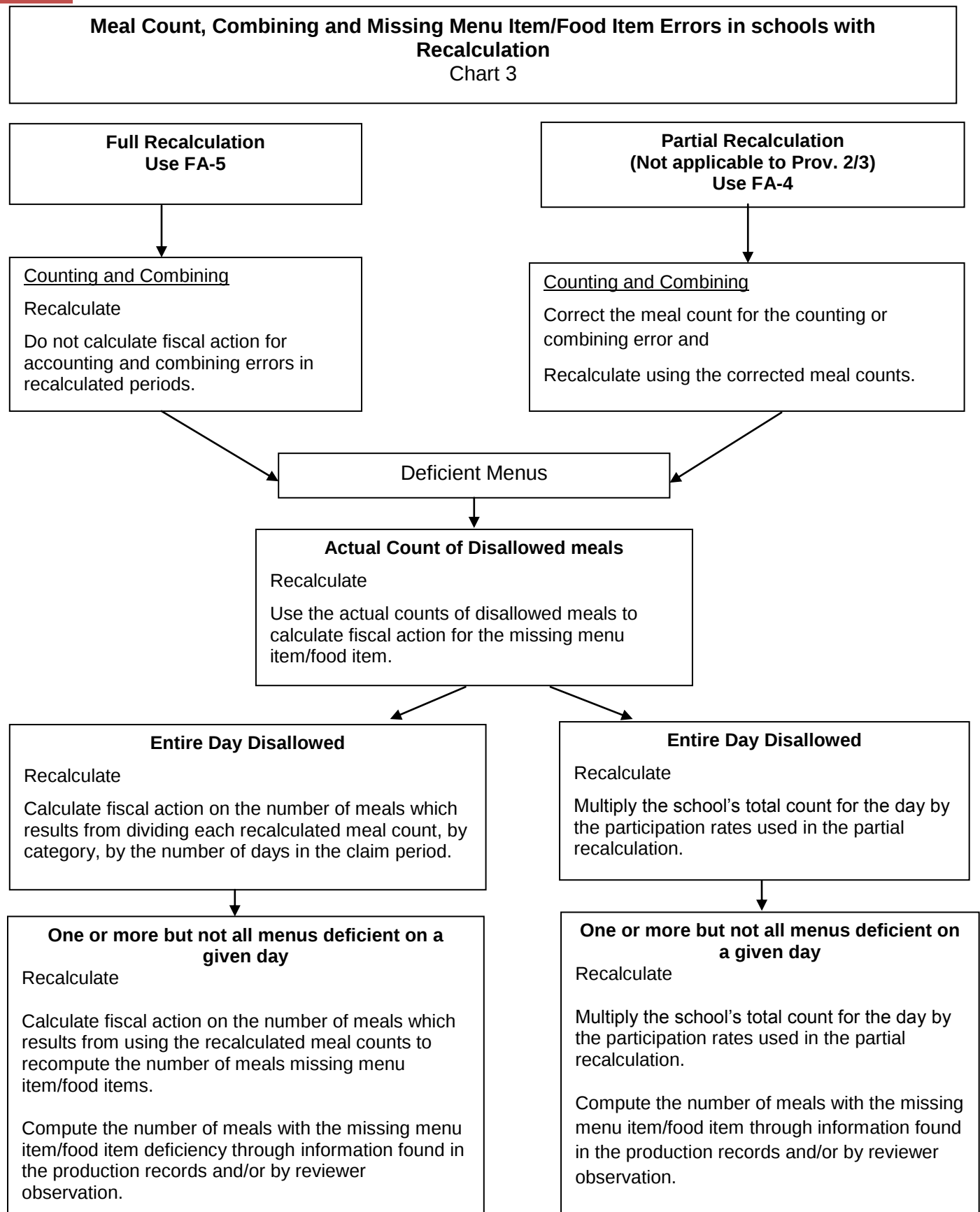
GENERAL COMMENTS

When more than one error occurs in the same claim period, FA is calculated to ensure that the same meal is not counted twice. The following charts provide guidance on how to calculate FA in multiple error situations.



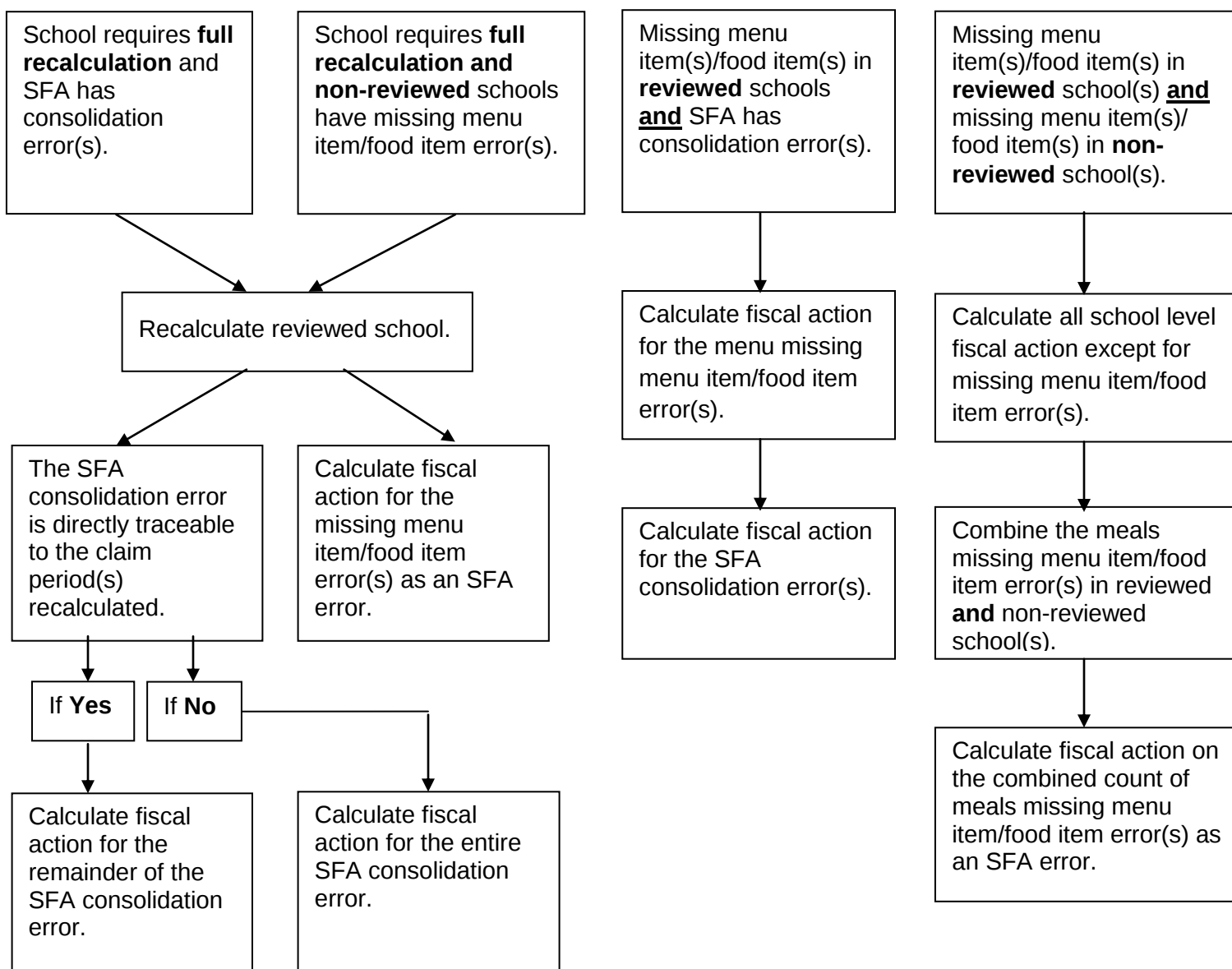
Certification and Benefit Issuance Errors in Schools with Recalculation
Chart 2





Multiple Errors at the SFA and in Schools

Chart 4



Examples of Determining When the \$600 Disregard May Be Used

(Reporting of the following disregard examples are on the following pages in Chart 6)

Chart 5

A. One (1) Review in same FY

Scenario: A review is conducted in January (FY2011) and overclaims were assessed for current FY and FY2010 for the NSLP.

A1. Eligible Disregard Example

NSLP overclaims for FY2011 totaled \$200 and overclaim calculations for FY2010 totaled \$400.

May disregard the overclaim for the NSLP because the total (\$600) does not exceed the \$600 disregard.

Ineligible Disregard Example

NSLP overclaims for FY2011 totaled \$500 and overclaim calculations for FY2010 totaled \$900.

May **NOT** disregard the NSLP overclaims because the total (\$1,400) exceeds the \$600 threshold.

B. First and Follow-up Reviews in same FYs

Scenario: A review is conducted in January (FY2011) and a follow-up review is conducted in September (FY2011) for both the NSLP and SBP. Overclaims were assessed for current FY, FY2010 and FY2009.

B1. Eligible Disregard Example

NSLP overclaims for FY2011 from the first review totaled \$300 and overclaim calculations for FY2010 and FY2009 totaled \$200.

NSLP overclaims for FY2011 from follow-up review totaled \$50. SBP overclaims for FY2011 from follow-up review totaled \$500.

May disregard the overclaim for the NSLP and SBP since each programs' overclaims totaled less than \$600 (NSLP: \$550 and SBP: \$500)

Ineligible Disregard Example

NSLP overclaims for FY 2011 from the first review totaled \$500 and NSLP overclaim calculations for FY2010 and FY2009 totaled \$900.

NSLP overclaims for FY2011 from follow-up review totaled \$200. SBP overclaims for FY2011 from the follow-up review totaled \$800.

May **NOT** disregard the NSLP overclaims for the first review or the follow-up review because the overclaim total for the FY review activity totals \$1,600.

May **NOT** disregard the SBP overclaims because the total (\$800) exceeds the \$600 threshold.

C. First and Follow-up Reviews in separate FYs

Scenario: A review is conducted in January (FY2011) and a follow-up review is conducted in November (FY2012) for both NSLP (including Afterschool Snack) and SBP.

C1. Eligible Disregard Example

NSLP overclaims for FY2011 from the first review totaled \$300 and the Afterschool Snack service overclaims for FY2011 from the first review totaled \$100.

NSLP overclaims for FY2012 from the follow-up review totaled \$200 and the Afterschool Snacks service overclaims totaled \$100. SBP overclaims totaled \$600.

May disregard the NSLP (including Afterschool Snack) overclaims for FY2011 totaling \$400 for the first review.

May disregard the NSLP (including Afterschool Snack) overclaims for FY2012 for the follow-up review because the total overclaim is \$300 and the overclaims for the first and follow-up reviews were assessed in separate FYs. Also, the SBP overclaim totaling \$600 may be disregarded.

Ineligible Disregard Example

NSLP overclaims for FY2011 from the first review totaled \$500 and the Afterschool Snack service overclaims for FY2011 totaled \$400. NSLP overclaims for FY2012 from the follow-up review totaled \$200 and the Afterschool Snack overclaims for FY 2012 totaled \$600. SBP overclaims for FY2012 totaled \$700.

May **NOT** disregard the NSLP (including Afterschool Snack) overclaims for FY2011 totaling \$900 for the first review.

May **NOT** disregard the NSLP (including Afterschool Snack) overclaims for FY2012 for the follow-up review because the total (\$800) exceeds the \$600 threshold.

May **NOT** disregard the SBP overclaims for FY2012 for the first review because the total (\$700) exceeds the \$600 threshold.

Examples of Reporting Overclaim Disregards and Overclaims Not-Disregarded on Form FNS-640

Overclaim Disregard Examples are on the previous page (Chart 5)

Chart 6

A) One (1) Review in same FY

SCENARIO: A REVIEW IS CONDUCTED IN JANUARY (FY2011) AND OVERCLAIMS WERE ASSESSED FOR CURRENT FY AND FY2010 FOR THE NSLP.

A1. Eligible Disregard

Example: NSLP overclaims for FY2011 totaled \$200 and overclaim calculations for FY2010 totaled \$400.

Action: Record the total (\$600) on FNS-640 line 11b (First Review).

11. OVERCLAIMS - DISREGARDED	First Review	Follow-up Review
a. # of SFAs with <u>net</u> overclaims disregarded (Do not include overclaims of less than \$600 that were collected)		
b. \$ Value of all disregards	\$600	

COORDINATED REVIEW EFFORT – FISCAL ACTION

Examples of Reporting Overclaim Disregards and Overclaims Not-Disregarded on Form FNS-640

(Overclaim Disregard Examples are on Chart 5)

Chart 6

B) First and Follow-up Reviews in same FYs

SCENARIO: A REVIEW IS CONDUCTED IN JANUARY (FY2011) AND A FOLLOW-UP REVIEW IS CONDUCTED IN SEPTEMBER (FY2011) FOR BOTH THE NSLP AND SBP. OVERCLAIMS WERE ASSESSED FOR CURRENT FY, FY2010 AND FY2009.

B1. *Eligible Disregard*

Example: NSLP overclaims for FY2011 from the first review totaled \$300 and overclaim calculations for FY2010 and FY2009 totaled \$200. NSLP overclaims for FY2011 from follow-up review totaled \$50. SBP overclaims for FY2011 from follow-up review totaled \$500.

Action: Record the NSLP total (\$550) from the first review and follow-up review on FNS-640 line 11b (Follow-up Review) since only one disregard may be reported.

11. OVERCLAIMS – DISREGARDED	First Review	Follow-up Review
a. # of SFAs with <u>net</u> overclaims disregarded (Do not include overclaims of less than \$600 that were collected)		
b. \$ Value of all disregards		\$550

Examples of Reporting Overclaim Disregards and Overclaims Not-Disregarded on Form FNS-640

(Overclaim Disregard Examples are on page Chart 5)

Chart 6

C) First and Follow-up Reviews in separate FYs

SCENARIO: A REVIEW IS CONDUCTED IN JANUARY (FY2011) AND A FOLLOW-UP REVIEW IS CONDUCTED IN NOVEMBER (FY2012) FOR BOTH NSLP (INCLUDING AFTERSCHOOL SNACK) AND SBP.

C1. Eligible Disregard

Example: NSLP overclaims for FY2011 from the first review totaled \$300 and the Afterschool Snack service overclaims for FY2011 from the first review totaled \$100. NSLP overclaims for FY2012 from the follow-up review totaled \$200 and the Afterschool Snacks service overclaims totaled \$100. SBP overclaims totaled \$600.

Action: Record the NSLP total (\$300) for the first review on FNS-640 line 11b (First Review) when submitting FNS-640 for school year 2010-2011. Record the NSLP total (\$200) for the follow-up review on FNS-640 line 11b (Follow-up Review) when submitting FNS-640 data for school year 2011-2012.

Note: Reviewers may combine fiscal action calculations for NSLP and Afterschool Snack to determine if the \$600 disregard may be applied since the Afterschool Snack is part of the NSLP; however, only the portion that was discarded for the NSLP may be included on the FNS-640 because currently the FNS-640 only captures NSLP review data.

SY 2010-2011 FNS-640 Data

11. OVERCLAIMS - DISREGARDED	First Review	Follow-up Review
a. # of SFAs with <u>net</u> overclaims disregarded (Do not include overclaims of less than \$600 that were collected)		
b. \$ Value of all disregards	\$300	

SY 2011-2012 FNS-640 Data

11. OVERCLAIMS - DISREGARDED	First Review	Follow-up Review
a. # of SFAs with <u>net</u> overclaims disregarded (Do not include overclaims of less than \$600 that were collected)		
b. \$ Value of all disregards		\$200

Guidance documents lack the force and effect of law, unless expressly authorized by statute or incorporated into a contract. USDA may not cite, use, or rely on any guidance that is not available through their guidance portal, except to establish historical facts.

8. FISCAL ACTION AIDS CONTENTS

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8.2. TOTAL LUNCHES FOR STUDENTS WITH ACTUAL AND ESTIMATED PARTICIPATION, FAA-2

Not Applicable Under Provision 2 or Provision 3 in a Non-Base Year

SFA _____ SCHOOL _____ FY _____

	A. F → R	B. F → D	C. R → D
1. Days			
2. X Participation Factors			
3. = Projected Lunches			
4. + Actual Lunches			
5. = Total Lunches (Transfer to FA-1, 1C, 1F & 1I)			
	1C	1F	1I

INSTRUCTIONS

Use to complete Form FA-1, Line 1, when days in error from S-5 are a combination of actual days students ate and calculated days.

- LINE 1 Refer to the CERTIFICATION AND BENEFIT ISSUANCE ERROR WORKSHEET(S), S-5, and record the number of days, by fiscal year, for students where actual participation information was not available. Record the total number of days under the appropriate Column A, B or C.
- LINE 2 Enter the participation factor (refer to section 7.11 *Fiscal Action, Participation Factors*) for students eligible for free meals on line 2, Columns A and B. Record the participation factor for students eligible for reduced price meals on line 2, Column C.
- LINE 3 Multiply 1A by 2A, rounding to the nearest whole number using normal rounding procedures. Record the results in 3A. Repeat the process for Columns B and C.
- LINE 4 Refer to S-5 and record the number of days, by fiscal year, for students where actual participation information was available. Record the total number of days under the appropriate Column A, B or C.
- LINE 5 Add lines 3 and 4 in each Column and record in the appropriate block. Transfer the results to FISCAL ACTION WORKSHEET- SCHOOL, Form FA-1, line 1, entries C, F and I.

8.3. RATIO OF LUNCHES CLAIMED IN ERROR, FAA-3**Not Applicable Under Provision 2 or Provision 3 in a Non-Base Year**

SFA _____ SCHOOL _____ FY _____

A. Lunches Disallowed Before Correction of Lunch Counts		B. Lunches Claimed Before Correction of Lunch Counts	C. Ratio of Disallowed Lunches to Claimed Lunches (A x B)
FREE			
REDUCED PRICE			
PAID			
TOTAL			

INSTRUCTIONS

Use to complete Form FA-1, line 6.

- Column A Use SCHOOL WORKSHEET FOR MISSING MENU ITEM/FOOD ITEM, S-7, to complete this column. Use the Total line only when Form S-7, by category, was not completed. In these cases, FISCAL ACTION WORKSHEET, NONREIMBURSABLE MEAL ALLOCATION, Form FA-7 will also need to be completed to assign the disallowed meals to eligibility categories.
- Column B If S-7 was completed for the day of review, complete this column by using the reviewer's count from SCHOOL DATA, Form S-1, 14.
- If S-7 was completed for the review period, use reviewer's validated count from Form S-1, 15, to complete the column.
- Column C Multiply and round to three (3) decimal places using normal rounding procedures. When the sum of free, reduced price and paid in Column C does not equal 1.000, adjust the paid meal ratio.

8.4. SUMMARY - PARTIAL RECALCULATION ADJUSTMENTS, FAA-4**Not Applicable Under Provision 2 or Provision 3 in a Non-Base Year**

Use to net partial recalculations (Form FA-4) of multiple schools to complete Form FA-6, Line 12 and 19.

SFA _____

FY _____

PARTIAL RECALCULATION			MEAL COUNT ADJUSTMENTS					
	FA-4, Partial Recalculation Worksheet, line 10		FA-4, Partial Recalculation Worksheet, lines 11-13					
	A.	B.	C. FREE		D. REDUCED		E. PAID	
SCHOOL	OVERCLAIM (+)	UNDERCLAIM (-)	(+)	(-)	(+)	(-)	(+)	(-)
	line 10		line 11		line 12		line 13	
1. Subtotal	A.	B.	C.	C.	D.	D.	E.	E.
2. Net Claim for FA-6, line 12	\$	\$						
	A.	B.						
3. Net Meal Count Adjustments for FA-6, line 19			C.	C.	D.	D.	E.	E.

8.5. SUMMARY - FULL RECALCULATION ADJUSTMENTS, FAA-5

Use to net full recalculations (Form FA-5) of multiple schools to complete Form FA-6, Line 12 and 19.

SFA _____

FY _____

FULL RECALCULATION			MEAL COUNT ADJUSTMENTS					
	FA-5, Full Recalculation Worksheet, line 11		FA-5, Full Recalculation Worksheet lines 12-14					
	A.	B.	C. FREE		D. REDUCED		E. PAID	
SCHOOL	OVERCLAIM (+)	UNDERCLAIM (-)	(+)	(-)	(+)	(-)	(+)	(-)
	line 11		line 12		line 13		line 14	
1. Subtotal	A.	B.	C.	C.	D.	D.	E.	E.
2. Net Claim for F-6, Line 12	\$	\$						
	A.	B.						
3. Net Meal Count Adjustments for FA-6, line 19			C.	C.	D.	D.	E.	E.

8.6. INDIVIDUAL SCHOOL MEAL COUNT ADJUSTMENTS, FAA-6

Use when a school has multiple errors and recalculations.

If individual school meal count adjustments are needed, use the FISCAL ACTION WORKSHEET-SCHOOL, Form FA-1, and either the PARTIAL RECALCULATION WORKSHEET, Form FA-4 or the FULL RECALCULATION WORKSHEET, Form FA-5, if applicable, to complete the following chart.

SFA _____ SCHOOL _____ FY _____

	A. + FREE	B. - FREE	C. + REDUCED	D. - REDUCED	E. + PAID	F. - PAID
FA-1, line 1:						
	(1C+1F)		(1I)	(1C)		(1F+1I)
FA-1, line 10:						
FA-4, lines 11-13 or FA-5, lines 12-14						
Net Adjustment by Category						
	(A - B)		(C - D)		(E - F)	

8.7. PARTICIPATION FACTOR CALCULATION, FAA-7

Use with Full Recalculation; to replace Form S-1, 16. Check one of the choices given below that was used to recalculate data from the “Fix and Apply”, Similar School or SFA.

SFA _____ SCHOOL _____

Check one:				
☐ Fix and Apply ☐ Similar School ☐ SFA				
Period: _____ Comparison School or SFA Name: _____				
	A. FREE	B. REDUCED	C. PAID	D. TOTAL
1. # Meals Claimed				
2. # Students Eligible				
3. # Serving Days				
4. Participation Factor (1÷2÷3)				

9. APPENDIX CONTENTS

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9.1. CONFIRMATION / INTRODUCTORY LETTER

SUGGESTED CONTENTS

Though a confirmation/introductory letter is not required, the following is provided as a list of suggested items to be covered when the letter is used:

- date(s) of review, including the beginning and anticipated ending dates;
- time of entrance conference and participants;
- team composition and leader;
- purpose of the review and description of review process;
- school selection process, including the month to be used for school selection;
- review period;
- documentation, that the SFA and schools should have available to facilitate the review process;
- scheduling of the exit conference;
- possibility of fiscal action determined by review results and subsequent corrective action; and
- name and telephone number of SA contact person.

Prior to the entrance conference, request that the SFA provide the names of each school and type (elementary, combination, or secondary) along with the following information per school:

- number of serving days for each month of the current school year;
- free eligibles for October of the current SY;
- free claimed for each month of the current SY; and a
- copy of the school calendar for each school indicating the days on which lunch was served.

The following records, data, and information are needed at the time of the entrance conference:

SCHOOL FOOD AUTHORITY LEVEL

- copy of the current approved agreement and free and reduced price policy statement (the complete policy statement and renewal must be available if the SFA has adopted its prior year's policy statement);

- media release;
- direct certification (DC) documentation, if applicable;
- Claim for Reimbursement for the review period;
- documentation of edit check process;
- data used in consolidating the Claim for Reimbursement, if applicable;
- civil rights (CR) data and information including;
 - CR complaint procedures,
 - foreign language translations of Program materials, if applicable,
 - copies/documentation of written or verbal complaints alleging discrimination, if applicable, and
 - racial/ethnic breakdown of denied applications for the reviewed school(s);

REVIEWED SCHOOL(S)

- copy of the school calendar, indicating the days on which lunch was served;
- approved and denied free and reduced price meal applications, migrant/homeless/runaway documentation and DC documentation for timeframes specified (i.e., review period, day(s) the review is conducted, day(s) of review back to the beginning of the SY);
- verification documentation (including selection procedures, number of approved applications on file as of October 1, free and reduced price applications selected for verification and, if applicable, documents showing the changes in eligibility for students as a result of verification);
- benefit issuance (BI) documentation (i.e., roster, class list, checklist, etc.) for the review period;
- menu records for the review period;
- planned menu for the day of review;
- lunch count procedures;
- daily and monthly lunch count records for the review period; and
- documentation of the SFA's on-site review of each school's meal counting and claiming procedure and documented CA, if required, for SFAs with more than one (1) school (review must be conducted prior to February 1).

**ADDITIONAL
RECORDS**

If problems are identified during the course of the CRE, additional records may be needed. These may include production and menu records, product analyses for commercially prepared food items, product specifications, inventory records and records for other than the review period, such as Claims for Reimbursement and records substantiating such claims.

9.2. NOTIFICATION LETTER REPORTING REVIEW RESULTS

GENERAL COMMENTS

This letter may, at the SA's option, be combined with the letter of claim adjustment/notice of appeal if CA has been completed by the SFA. In the event that they are combined, it must be clear that the appeal procedures are only applicable to part or all of the denial and/or withholding of the Claim for Reimbursement.

The written notification of the review findings must be provided to the SFA's Superintendent (or equivalent in a non-public SFA) or authorized representative.

REQUIRED CONTENT

Required and suggested content items are as follows:

- review findings as discussed at the exit conference;
- needed corrective actions and instructions to document CA taken by the SFA;
- timeframes for completion of the CA;
- potential for FA provided in general or specific terms;

SUGGESTIONS FOR ADDITIONAL CONTENT

- date(s) of review and date of exit conference;
- team composition and leader;
- appreciation and commendation to school personnel who participated in the review;
- restatement of purpose of review and description of review process;
- possibility of follow-up review, as appropriate; and
- name and telephone number of SA contact person.

9.3. LETTER OF CLAIM ADJUSTMENT AND/OR WITHHOLDING OF PAYMENT INCLUDING NOTICE OF APPEAL

GENERAL COMMENTS

This letter must be sent by **certified mail, return receipt requested**. *210.18(j)*

The required and suggested content is as follows:

REQUIRED CONTENT

- explain in detail why all or a part of the Claim for Reimbursement has been denied and/or payment withheld;
- include a statement indicating that the SFA may appeal through State appeal procedures, if established; or
- enclose a copy of *210.18(q)* of the regulations for appeal procedures; and
- inform the SFA of the entity (i.e. FNS or SA) to which the appeal should be directed;

SUGGESTIONS FOR ADDITIONAL CONTENT

- date of review;
- appreciation for response to review findings;
- statement of claim adjustment amount, including meal count adjustments, how it was determined, and the basis for the claim;
- SA recovery procedures; and
- name and telephone number of SA contact person.

9.4. NOTIFICATION LETTER OF POTENTIAL OR ACTUAL DISREGARD

GENERAL COMMENTS

The disregard provision may be used if the total SFA overclaim from a CRE and all subsequent follow-up reviews does not exceed \$600 per program (NSLP, SBP, SMP) per fiscal year. Refer to section 7.1 *General Information* and section 7.12 *Multiple Errors - Examples of Determining When the \$600 Disregard May Be Used*, Charts 5-6 for further guidance.

This letter should be used when the claim amount is \$600 or less but the claim may increase because of subsequent review activity, e.g., incomplete CA or follow-up review, or when the SA has completed all CRE activity and elects to disregard the overclaim.

SUGGESTED CONTENT

- date of review;
- appreciation for response to review findings, if applicable;
- statement of claim amount, how it was determined, and the basis for the claim; and
- name and telephone number of SA contact person.

Additional suggested content will vary as follows:

- if the claim amount may increase because of subsequent review activity, e.g., incomplete CA or follow-up review, notification that a final decision cannot yet be made on the disregard; or
- if all CA and follow-up review activity, if needed, has been completed, notification that the claim amount will not be recovered.

10. GLOSSARY CONTENTS

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GLOSSARY OF TERMS

À la Carte means food items available for cash sale independent of the reimbursable meal. This includes incomplete meals, adult meals, beverages, and snack items.

Administrative Review (AR) means the initial, comprehensive on-site evaluation of all SFAs participating in the Program. The term "administrative review" is used to reflect a review of both critical and general areas, and includes other areas of Program operations determined by the SA to be important to Program performance.

AfterSchool Care Program (ASCP) means a program providing organized child care services to enrolled school-age children after school hours for the purpose of care and supervision of children. ASCPs must be distinct from any extracurricular programs organized primarily for scholastic, cultural or athletic purposes.

Attendance factor (AF) means a percentage developed no less than once each school year which accounts for the difference between enrollment and attendance. The attendance factor may be developed by the SFA, subject to SA approval, or may be developed by the SA. In the absence of a local or State attendance factor, the SFA will use an attendance factor developed by FNS.

Average Daily Attendance (ADA) means the figure representing a school's or school system's attendance per day averaged over a period of time.

Average Daily Participation (ADP) means the average number of children, by eligibility category, participating in the Program each operating day. These numbers are obtained by dividing (a) the total number of free lunches claimed during a reporting period by the number of operating days in the same period; (b) the total number of reduced price lunches claimed during a reporting period by the number of operating days in the same period; and (c) the total number of paid lunches claimed during a reporting period by the number of operating days in the same period.

Base Year (BY), a term used with Special Assistance Provision 2 and 3, means the last school year for which eligibility determinations were made and meal counts by type were taken or the school year in which the school conducted a streamlined base year as authorized under 245.9(c)(2)(iii) and 245.9(e)(2)(iii).

For Provision 2, the BY is the last school year for which eligibility determinations were made and meal counts by type were taken and during which all meals were served at no charge, or the last year in which a school conducted a streamlined base year period. It is the first year, and is part of Provision 2's 4-year cycle.

For Provision 3, the BY is the last complete school year for which eligibility determinations were made and meal counts by type were taken, or the last year in

which a school conducted a streamlined base year period. The Provision 3 base year immediately precedes and is **not** included in the 4-year cycle.

Benefit issuance (BI) means the link in the accountability system between the eligibility determination and the benefit delivery.

Categorical eligibility means any child who is a member of a SNAP, FDPIR household, or TANF assistance unit that is automatically eligible for free meals or free milk. Such households must provide current SNAP, TANF, or FDPIR case numbers on the application. Based on information retained by the LEA, children may be determined categorically eligible from documentation of homeless, runaway, and migrant.

Certification/Benefit Issuance (C/BI) means the process used to determine a student's eligibility for free, reduced price or paid meal benefits and the method used to apply the correct meal benefit level for the student at the Point of Service. The review of the certification may include a review of a household's application for meal benefits, direct certification information, or documentation from a Head Start Program, homeless, migrant or runaway liaison. The review of the benefit issuance documents may include a review of a roster or medium of exchange (any type of ticket, token, ID, name or number) used in the process of providing a meal benefit.

Child - For the NSLP and SBP, a child means a student in a school (see definition of school in this section) as determined by the State educational agency who is enrolled, including students with mental and physical disabilities as defined by the State and who are participating in a school program established for students with disabilities; or a person under 21 chronological years of age who is enrolled in an institution or center described in the definition of "School." For meals served in ASCPs, a child means an individual enrolled in an ASCP operated by an eligible school who serves children up to 18 years of age or who turn 19 during the school year. In the case of children of migrant workers and children with disabilities, a child cannot be more than 20 years of age.

Child Nutrition Act (CNA) means a law enacted by Congress in 1966 to strengthen and expand domestic food service programs for children under the authority of the Secretary of Agriculture. These programs include Special Milk and School Breakfast Programs and State Administrative Expense Funds (SAE).

Child Nutrition Label (CN Label) means a label on a commercially prepared food product that is approved by USDA, and indicates how the food contributes toward food-based meal pattern requirements.

Child Nutrition Programs (CNP) include the National School Lunch Program (7 CFR 210), Special Milk Program (7 CFR 215), School Breakfast Program (7 CFR 220), and other food assistance programs.

Civil Rights (CR) means no child shall be denied benefits or be otherwise discriminated against because of race, color, national origin, age, sex, or disability. SAs and SFAs must comply with Title VI of the Civil Rights Act of 1964; Title IX of the Education Amendments of 1972; section 504 of the Rehabilitation Act of 1973; the Age Discrimination Act of 1975; 7 CFR 15, 15a, and 15b; and FNS Instruction 113-1, *Civil Rights Compliance and Enforcement - Nutrition Programs and Activities*.

Claim for Reimbursement means the claim submitted to a SA or FNSRO (where applicable) on a monthly basis by a SFA for reimbursement for meals served under the CNPs.

Claiming Percentage means the ratio of each meal category (free, reduced price, and paid) to the total reimbursable meals served **in the base year under Provision 2**. At a minimum, the claiming percentage is expressed to the nearest 10th of a percent (e.g., 78.3 percent for free, 18.7 percent for reduced price and 3.1 percent for paid meals). If the total percentages for free, reduced price and paid meals do not equal 100 percent, the paid category must be adjusted, either increased or decreased, to equal 100 percent. For example, $78.3 + 18.7 + 3.1 = 100.1$ percent; 3.1 (paid) is adjusted down to 3.0 to equal 100 percent.

Code of Federal Regulations (CFR) means the codification of the general and permanent rules published in the Federal Register by the executive departments and agencies of the Federal Government. Child nutrition regulations are contained in *Title 7 of the CFR*.

Combination school means a school serving meals to children in any combination of elementary (see Elementary school) and secondary (see Secondary school) grades.

Commodity School Program means the Program under which participating schools operate a nonprofit lunch program in accordance with 7 *CFR* 210 and receive donated food assistance in lieu of general cash assistance. Schools participating in the Commodity School Program shall also receive special cash and donated food assistance in accordance with 210.4(c).

Coordinated Review Effort (CRE) means the system used by SAs or FNS to conduct administrative reviews of local SFAs and LEAs to ensure that the SFA/LEA participating in the Program complies with the NSLP regulations. CREs are conducted at least once during every five (5) year cycle.

Corrective Action (CA) means actions required to correct any violation under either the critical or general areas of review and must be applied to all schools in the SFA, as appropriate, to ensure that previously deficient practices and procedures are revised system-wide. Corrective action may include training, technical assistance and recalculation of data to ensure the correctness of any claim that the SFA is preparing at the time of the review, or other actions. Fiscal action shall be taken in accordance with 210.18(m).

Critical areas means the following two (2) performance standards described in detail in 210.18(g) which serve as measures of compliance with Program regulations: Performance Standard 1 and Performance Standard 2.

Cycle, when referring to Provision 2 or Provision 3, means a 4-year period of time during which the Provision is in effect. Depending upon the Provision, the initial cycle may include the base year.

For Provision 2, for the initial cycle, the term means the 4-year period which includes the base year and three (3) non-base years. For subsequent Provision 2 cycles, the term refers to all four (4) non-base years when a 4-year extension has been approved.

For Provision 3, for an initial cycle, the term means the four-year period following the base year, and any authorized 4-year extensions the Provision 3 school may be granted; in other words, different from Provision 2, only non-base years comprise the Provision 3 cycle.

Day(s) means calendar day(s) unless otherwise specified.

Deficient meal means a school meal that is missing any one of the menu item(s)/food item(s) required by the menu planning approach used.

Direct certification (DC) means the process of establishing children's categorical eligibility for benefits by obtaining documentation directly from the State or local SNAP, TANF or FDPIR office that the children are from households currently receiving SNAP, TANF, or FDPIR benefits. Households determined eligible for benefits through direct certifications are not required to submit a free and reduced price application to the school.

Direct verification (DV) means using records from public agencies to verify income and/or student eligibility. Direct verification may be completed at the State or local level or through a joint effort at both levels. LEAs are not required to conduct direct verification. However, any LEA that wishes to conduct direct verification must contact their SA for assistance with establishing a direct verification method. For further information, please consult FNS' *Eligibility Manual for School Meals*.

Documented Corrective action means written notification required of the SFA to certify that the corrective action required for each violation has been completed and to notify the SA of the dates of completion. Documented corrective action may be provided at the time of the review or may be submitted to the SA within specified timeframes.

Edit checks means the procedure used by the SFA to compare each school's daily counts of free, reduced price, and paid lunches against the product of the number of children in that school currently eligible for free, reduced price, and paid lunches, respectively, times an attendance factor.

For Provision 2/3 – In non-base years, edit checks are the comparison of the daily total meal count to the attendance adjusted daily enrollment.

Elementary school means a school that serves lunches to any grade pre-school through 8.

Eligibility certification means the process used to determine a child's eligibility for benefits based on a free and reduced price application submitted by a household or through DC documentation.

Eligible child/student means a child who qualifies for a free or reduced price meal under the current family size and income guidelines issued by the Secretary of Agriculture and for whom a correct, currently approved application is on file at the SFA or school. A child eligible for paid meals is one who is enrolled in the school and has not been approved for free or reduced price meal benefits.

Entrance conference means the initial meeting between the reviewer(s) and the SFA to discuss pre-review, review content and post-review procedures.

Exit conference means a meeting at the close of a review to communicate findings to appropriate officials.

Extension (Provision 2 or 3) means any additional 4-year cycle of non-base year claiming, following the initial Provision 2 or 3 cycle.

Family means a group of related or unrelated individuals, who are not residents of an institution or boarding house, but who are living as one economic unit.

Fiscal Action (FA) means the recovery of overpayment through direct assessment or offset of future claims, disallowance of overclaims as reflected in unpaid Claims for Reimbursement, submission of a revised Claim for Reimbursement, and correction of records to ensure that unfiled Claims for Reimbursement are corrected when filed. It also includes disallowance of funds for failure to take corrective action for non-compliance with nutritional standards.

Fiscal Year (FY) means a period of 12 calendar months beginning October 1 of any year and ending with September 30 of the following year. This period represents the Federal Fiscal Year. A State may have designated a periods other than October 1 through September 30 as its fiscal year. CRE uses the Federal Fiscal Year.

Follow-up review means any visit(s) to the SFA subsequent to the initial CRE to ensure corrective actions are taken. See 210.18(i)(4) for further guidance.

Food and Nutrition Service (FNS) means the agency under the United States Department of Agriculture responsible for administering the National School Lunch, School Breakfast, Special Milk, and other nutrition and food assistance programs.

Food Distribution Program on Indian Reservations (FDPIR) means a nutrition assistance program administered by FNS that provides donated USDA foods to families residing on Indian reservations.

Food production record means the documentation of what was prepared and served. This documentation is necessary to support the claim for reimbursable meals and to identify information needed for the nutrient analysis.

Food Safety Review/Inspection means the requirement, mandated under the Child Nutrition and WIC Reauthorization Act of 2004 (Public Law 108-265), that each school participating in the National School Lunch or School Breakfast Programs must obtain at least two food safety inspections each school year. The inspections must be conducted by a State or local governmental agency responsible for food safety inspections. More frequent inspections may still be required by State or local governments.

Food Service Management Company (FSMC) means a commercial enterprise or a nonprofit organization which is or may be contracted with by the SFA to manage any aspect of the school food service.

Free lunch means a lunch served under the Program to a child from a household eligible for such benefits under 245 and for which neither the child nor any member of the household pays or is required to work in the school or in the school's food service.

Free milk means milk served under the regulations governing the Special Milk Program for which neither the child nor any member of his family pays or is required to work in the school or in the school's food service. See 215 for more specific guidance.

Fresh Fruit and Vegetable Program (FFVP) means a USDA program under the National School Lunch Act that provides funding to States to make free fresh fruits and vegetables available in eligible elementary schools.

Full Recalculation means the procedure used to determine the number of meals, by category, eligible for reimbursement through the use of the reviewer's count of students eligible for free, reduced price and paid meals and participation factors.

General areas mean the areas of review specified in *210.18(h)*.

Grassroots organization means any organization at the local level which interacts with potential participants, such as a community program, civic organization, migrant group, church and neighborhood council, local chapter of the National Association for the Advancement of Colored People (NAACP) or other similar group.

Hazard Analysis and Critical Control Points (HACCP) means a systematic preventive approach to food safety and pharmaceutical safety that addresses physical, chemical, and biological hazards as a means of prevention rather than finished product inspection. HACCP is used in the food industry to identify potential food safety hazards. Schools participating in the NSLP and/or SBP are required to implement a food safety program based on HACCP principles. In accordance with USDA guidance issued June 10, 2005, a school food safety program must include the following elements: documented standard operating procedures and a written plan at each school food preparation and service site for applying HACCP principles. The written plan must include methods for documenting menu items in the appropriate HACCP process category; documenting critical control points of food production; monitoring; establishing and documenting corrective actions; recordkeeping; and reviewing and revising the overall food safety program.

Household (see **Family**)

Income eligible means any child from a household whose current income is at or below the household size/income limits set forth in the income eligibility guidelines (IEGs) and is eligible for either free or reduced price meals or free milk, as applicable. Such households must provide household size and income information on the application for free and reduced price meals or free milk to enable school officials to compare the household information to the IEGs.

Large School Food Authority means, in any State: (1) All school food authorities that participate in the Program and have enrollments of 40,000 children or more each; or (2) If there are less than two school food authorities with enrollments of 40,000 or more, the two largest school food authorities that participate in the Program and have enrollments of 2,000 children or more each.

Local Education Agency LEA means a public board of education or other public or private nonprofit authority legally constituted within a state having administrative control of schools.

Lunch means a meal which meets the National School Lunch Program requirements for specified age/grade groups of children as designated in *210.10*.

Meal Error Rate means the percent calculation of free and reduced price meals which were claimed incorrectly as a result of errors in eligibility certification, benefit issuance, and/or updating eligibility. If ten (10) percent or more or 100 or more free and reduced price lunches were claimed incorrectly, the school has surpassed the performance standard threshold; and therefore, is violating PS1.

Medium of exchange means cash or any type of ticket, token, ID, name, biometric identifier or number which eligible students exchange to obtain a meal.

Menu item/Food item is a term used exclusively in the CRE forms, instructions, and procedures manual and refers to the menu element requirements in Nutrient Standard Menu Planning (NSMP) and food based menu planning options.

Menu item means the food named on the school menu to be served on a given day as a component of the NSMP/ANSMP options. A menu item consists of any planned main dish, vegetable/fruit, bread/bread alternate, fluid milk, and "other foods" that do not contribute to meal pattern requirements but are served to help round out the meal.

Food item means the specific food used in a food based or enhanced food based menu planning option to fulfill the meal component requirement. In the lunch program this may be any one of the five required foods that compose the reimbursable school lunch required by the menu planning approach used, (i.e., one serving of meat/meat alternate, one serving of bread/bread alternate, two servings of different vegetables or fruits or one serving of a fruit and one of a vegetable, and one serving of fluid milk). In the breakfast program the food items are any one of the four required foods that compose the reimbursable school breakfast, (i.e., one serving of fluid milk, one serving of vegetable/fruit and either two servings of bread/bread alternate, two servings of meat/meat alternate, or one serving of bread/bread alternate and one serving of meat/meat alternate).

Minority – see Race/Ethnicity

Miscategorization occurs when a determining official has approved a student in a category other than the one supported by either a SNAP, TANF, or FDPIR number, or by the household size and income information provided by the household.

National School Lunch Program (NSLP) means the Program under which participating schools operate a nonprofit lunch program in accordance with 210. General and special cash assistance and donated food assistance are made available to schools in accordance with this 210.

Non-Base Year (Non-BY) means any year outside the base year including the extension years for **Provision 2** and **Provision 3** schools.

Nondiscrimination statement means a statement, included on forms of communication (including websites, video, webinar, etc.) and printed program information, explaining Program benefits and services are available to all children without regard to race, color, sex, disability, age or national origin.

Nonsystemic error means an error that results when any of the contributing factors are unusual, not part of the normal operating procedure, and the system does not have to be changed to achieve accurate results.

Offer Versus Serve (OVS) means a provision which allows students to decline a specific number of food items depending on the menu planning approach used.

Operating days are those days when lunches are served under the National School Lunch Program.

Overclaim means the portion of a SFA's Claim for Reimbursement that exceeds the Federal financial assistance that is properly payable.

Overclaim Disregard means a SA may disregard a CRE overclaim of \$600 or less. Refer to section 7.12 *Multiple Errors - Examples of Determining When the \$600 Disregard May Be Used*, Chart 5 for examples of situations where a SA can apply a disregard.

Overt identification means when students receiving free or reduced price benefits are openly or physically identified by students or adults as receiving meals at the free or reduced price rate.

Paid lunch means a lunch served to children who were denied free and reduced price benefits or elect not to receive these benefits.

Partial Recalculation means the procedure used to assign the meals to eligibility categories through the use of the total meal count and participation rates.

Participation factor means the percentages of children approved by the school for free, reduced price, and paid lunches, respectively, who are participating in the Program. The free participation factor is derived by dividing the number of free lunches claimed for any given period by the product of the number of children approved for free lunches for the same period times the operating days in that period. A similar computation is used to determine the reduced price and paid participation factors. The number of children approved for paid lunches is derived by subtracting the number of children approved for free and reduced price lunches for any given period from the total number of children enrolled in the reviewed school for the same period of time, if available. If such enrollment figures are not available, the most recent total number of children enrolled shall be used. If SFA participation factors are unavailable or unreliable, State-wide data must be employed.

Participation Rate means the ratio of free, reduced price, and paid meals served to the total number of meals served.

Performance Standard 1 (PS1) means the certification, counting, and claiming of all free, reduced price and paid lunches claimed for reimbursement are served only to children eligible for free, reduced price and paid lunches, respectively; and counted, recorded, consolidated and reported through a system which consistently yields correct claims.

Performance Standard 2 (PS2) means the meal elements claimed as lunches for reimbursement within the SFA which contain menu items/food items required by the menu planning approach used as required under 210.10.

Point of service (POS) means the point in the food service operation where a determination can accurately be made that a reimbursable free, reduced price or paid lunch has been served to an eligible child.

Projection Factor means a calculation used to forecast errors for both applications and benefit issuance. The errors found in both samples can be projected together when the universe and sample size are the same. When they are not equal, each sample's errors must be projected separately. The following formula is used to project errors: $Universe \div Sample Size = Projection Factor$.

Race/Ethnicity – refer to *FNS Instruction 113-1, Civil Rights Compliance and Enforcement – Nutrition Programs and Activities*, for further guidance:

Ethnicity –

(1) Hispanic or Latino means a person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.

(2) Not Hispanic or Latino.

Race –

(1) American Indian or Alaskan Native means a person having origins in any of the original peoples of North, South or Central America and who maintains tribal affiliation or community attachment.

(2) Asian. A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent, including, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand and Vietnam.

(3) Black or African American means a person having origins in any of the black racial groups of Africa. Terms such as "Haitian" or "Negro" can be used in addition to 'Black or African American'.

(4) Native Hawaiian or Other Pacific Islander means a person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.

(5) White means a person having origins in any of the original peoples of Europe, the Middle East, or North Africa.

Recalculation means a method for determining the number of lunches that are eligible for reimbursement in schools which do not have a reliable meal count system (see *Partial and Full Recalculation definitions in this Section*).

Reduced price lunch means a lunch served under the Program: (a) to a child from a household eligible for such benefits under 245; (b) for which the price is less than the SFA designated full price of the lunch and which does not exceed the maximum allowable reduced price specified under 245; and (c) for which neither the child nor any member of the household is required to work in the school or in the school's food service.

Reimbursable meal means a meal meeting the USDA meal pattern requirements, served to an eligible student, and priced as an entire meal rather than based on individual items. Such a meal qualifies for reimbursement with Federal funds.

Reimbursement means Federal cash assistance including advances paid or payable to participating schools for lunches meeting the requirements of 210.10 and served to eligible children.

Residential Child Care Institution (RCCI) means any distinct part of a public or nonprofit private institution that (1) maintains children in residence, (2) operates principally for the care of children, and (3) if private, is licensed by the State or local government to provide residential child care services under the appropriate licensing code.

Review period means the period of time covered by the administrative review or follow-up review. The review period is specified in 210.18(f)(2).

Review threshold means the degree of error in a critical area of review which, if exceeded during a CRE or follow-up review of a SFA, may trigger a follow-up review of that SFA.

School means: (a) An educational unit of high school grade or under, recognized as part of the educational system in the State and operating under public or nonprofit private ownership in a single building or complex of buildings; (b) any public or nonprofit private classes of preprimary grade when they are conducted in the aforementioned schools; or (c) any public or nonprofit private residential child care institution, or distinct part of such institution, which operates principally for the care of children, and, if private, is licensed to provide residential child care services under the appropriate licensing code by the State or a subordinate level of government, *except for* residential summer camps which participate in the Summer Food Service Program for Children, Job Corps centers funded by the Department of Labor, and private foster homes. The term “residential child care institutions” includes, but is not limited to: homes for the mentally, emotionally or physically impaired, and unmarried mothers and their infants; group homes; halfway houses; orphanages; temporary shelters for abused children and for runaway children; long-term care facilities for chronically ill children; and juvenile detention centers. A long-term care facility is a hospital, skilled nursing facility, intermediate care facility, or distinct part thereof, which is intended for the care of children confined for 30 days or more.

School Breakfast Program (SBP) means the program authorized by Section 4 of the Child Nutrition Act of 1966, which provides meals to children in the morning hours served at or close

to the beginning of the child’s day at school and meets the nutritional requirements set out in 220.8.

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.

School Meals Initiative (SMI) means the SA review conducted within local SFAs at least once every five (5) years to ensure that healthy school meals are being planned and served. A nutrient analysis of the menus for the review week determines if the meals planned and served meet the nutrient standards for the appropriate age/grade levels.

School Year (SY) means a period of 12 calendar months beginning July 1 of any year and ending June 30 of the following year.

Seamless Summer Option (SSO) means an extension of the NSLP and SBP to encourage SFAs to provide meals during summer and other school vacation periods. The SSO reduces paperwork and administrative burden, making it easier for SFAs to feed children in low-income areas during the traditional summer vacation periods and off-track periods in year-round schools.

Secondary school means a school serving lunches to any grade 9 through 12.

Site means the physical location where Program meals are served to children.

Small School Food Authority means, in any State, a SFA that participates in the Program and is not a large SFA, as defined in 210.18.

Special Milk Program (SMP) means the program under which participating schools operating a nonprofit milk program receive cash assistance for each half-pint of milk served in accordance with 215.

Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) means a program that operates under *Section 17 of the Child Nutrition Act of 1966* and 246 to safeguard the health of low-income women, infants, and children up to age five (5) who are at nutritional risk by providing nutritious foods to supplement diets, information on healthy eating, and referrals to health care.

State Agency (SA) means (a) the State educational agency; (b) any other agency of the State which has been designated by the Governor or other appropriate executive or legislative authority of the State and approved by the Department to administer the Program in schools, as specified in 210.3(b); or (c) the FNSRO, where the FNSRO administers the Program as specified in 210.3(c).

Statistical Sampling means a procedure used for large schools, or in larger SFAs with centralized application approval, to reduce the number of applications that must be reviewed under PS1. Also, statistical sampling may be used for benefit issuance review to select ten (10) percent rather than reviewing 100 percent of the names listed on the benefit issuance document.

Student with Disabilities means any child who has a physical or mental impairment as defined in 15(b)(3) of USDA's nondiscrimination regulations.

Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food Stamp Program, operates under the Food Stamp Act of 1977 and reflects USDA's focus on nutrition and putting healthy food within reach for low income households.

Supplemental Nutrition Assistance Program household means any individual or group of individuals which is currently certified to receive assistance as a household under the Supplemental Nutrition Assistance Program.

Systemic error means an error that occurs when any of the contributing factors are built into the process and would likely recur if the process is not changed.

Technical Assistance (TA) means help or advice provided to the SFA or school, by the SA or FNS, to improve program operations.

Temporary Assistance for Needy Families (TANF) means the State funded program under Part A of Title IV of the Social Security Act that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995. This program is commonly referred to as Temporary Assistance for Needy Families, although States may refer to the program by another name.

Underclaim means the Claim for Reimbursement submitted by a SFA that requests less than the amount deemed properly reimbursable.

United States Department of Agriculture (USDA) means the Federal agency designated by Congress to administer the NSLP, SBP, FFVP, and SMP.

Updating Eligibility means the system used to update a student's eligibility and is an extension of the review of eligibility certification and benefit issuance. Upon completing this review process, increases in benefit levels must be made no later than three (3) operating days from the final decision; and decreases in benefit levels must be made no later than 10 (ten) operating days from the final decision.

Verification means confirmation of eligibility for free or reduced price benefits under the NSLP or SBP. Verification includes confirmation of income eligibility and, at State or local discretion, may also include confirmation of any other information required in the application which is defined as documentation in 245.2. Such verification may be accomplished by examining information provided by the household such as wage stubs, or by other means as specified in 245.6a(a). However, if a SNAP, TANF or FDPIR case number is provided for a child, verification for such child must only include confirmation that the child is included in a currently certified SNAP/FDPIR household or TANF assistance unit.