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**SUMMER FOOD SERVICE PROGRAM FOR CHILDREN**

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**State Project/Program: SUMMER FOOD SERVICE PROGRAM FOR CHILDREN**

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**U. S. DEPARTMENT OF AGRICULTURE**

**Federal Authorization:** National School Lunch Act, Sections 7 CFR 210.10, 220.8, 225.21, 226.20, United States Code 1758, 1761 and 1766j.

**N. C. Department of Public Instruction (N.C. DPI)  
School Nutrition Services Section**

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**N. C. DPI Confirmation Reports:**

Confirmation of Funds Expended and/or  
Disbursed from the School Nutrition Program  
2023-2024 will be available by submitting a  
written request to School Nutrition, Section Chief  
Accounts Payable.

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**The auditor should not consider the Supplement to be “safe harbor” for identifying audit procedures to apply in a particular engagement, but the auditor should be prepared to justify departures from the suggested procedures. The auditor can consider the Supplement a “safe harbor” for identification of compliance requirements to be tested if the auditor performs reasonable procedures to ensure that the requirements in the Supplement are current.**

**The grantor agency may elect to review audit working papers to determine that audit tests are adequate.**

**Auditors may request documentation of monitoring visits by the State Agencies.**

This compliance supplement must be used in conjunction with the OMB 2024 Compliance Supplement which will be issued in the summer. This includes “Part 3 - Compliance Requirements,” for the types that apply, “Part 6 - Internal Control,” and “Part 4 - Agency Program” requirements if the Agency issued guidance for a specific program. The OMB Compliance Supplement is Section A of the State Compliance Supplement.

**I. PROGRAM OBJECTIVES**

The objective of the Summer Food Service Program (SFSP) is to provide nutritious meals to children located in low-income areas during school vacations. Low-income areas are currently defined as any area in which one half or more of the children are from households at or below the eligibility level for free and reduced-price school meals or 185 percent at or below the federal poverty guidelines. The eligibility is supported by school data, census tract or block group data, housing authority information and income eligibility applications. Sites serving primarily children of migrant workers must submit information

obtained from a migrant organization, which certifies that the site serves children of migrant workers. Sites serving homeless children do not need to establish area or individual eligibility but must submit information sufficient to demonstrate that the site is not a residential child care institution. Sites located on Indian reservations must submit statistics on the population from one of the 12 Bureau of Indian Affairs area offices. The SFSP operates primarily during the summer months of May to September but may operate during vacation breaks where schools are operated on a year-round continuous school calendar or during school closings due to a public health emergency and other disasters. The SFSP is a community-based program, which helps ensure that children who receive free or reduced-price meals during the school year have access to free, nutritious meals during school vacations. Meals are provided to children through eligible sponsors, such as schools, units of municipal or county government agencies, universities, or documented private nonprofit organizations. Under Section 13 of the National School Lunch Act, the Secretary of Agriculture is authorized to provide cash reimbursement for eligible meals served at approved sites to eligible children.

## II. PROGRAM PROCEDURES

### General Overview

The SFSP is authorized at Section 13 of the National School Lunch Act (42 U.S.C. 1761), as amended. Program regulations are issued by the U.S. Department of Agriculture (USDA) and codified at 7 CFR Part 225. USDA, Food and Nutrition Service (FNS) administers this program through a letter of credit to the State agency. The State agency, in turn, enters into agreements with local sponsors for the operation of the program. Organizations eligible to administer the SFSP are defined in 7 CFR 225.14.

SFSP is limited to areas in which poor economic conditions exist, where at least 50 percent of the children meet income eligibility guidelines for free and reduced-price school lunches. If aggregate school or census data indicates that a potential site is located in or within a reasonable proximity of an area of poor economic conditions, the area that will be served is eligible as an open or closed enrolled site. Otherwise, site eligibility may be established by demonstrating that at least 50 percent of participating children have been individually determined eligible for free or reduced-priced meals; such a site is known as a closed enrolled site in a non-needy area. At camps, residential and nonresidential, only those meals served to campers who qualify individually for free or reduced-price school lunches are eligible for reimbursement. Homeless sites and sites serving primarily children of migrant workers do not need to establish area or individual eligibility and meals served to all participating children are eligible for reimbursement. The Healthy, Hunger-Free Kids Act of 2010 expanded categorical eligibility for all child nutrition programs to foster children under the responsibility of the State or placed by a court. Therefore, these children are automatically eligible for free meals (SFSP Memorandum 05-2011: Child Nutrition Reauthorization 2010: Categorical Eligibility of Foster Children, January 31, 2011).

Meals are reimbursed on a per-meal basis. A higher rate of reimbursement is paid for meals that are self-prepared meals or sites in rural areas. Most sites may be approved to serve up to two reimbursable meals each day. SFSP provides up to three meals each day to eligible children who attend a camp or participate in a migrant education or recreational program that primarily serves children of migrant workers.

Sponsors are public or private nonprofit agencies who operate the SFSP. They are defined in 7 CFR 225.2. Sponsors are responsible for site operations. In agreeing to participate in SFSP, the sponsor accepts final financial and administrative responsibility for the program. If a sponsor contracts with a food service management company, known as a vendor, to prepare and deliver meals, then the vendor must operate in accordance with program requirements.

Although geared primarily to the summer school vacation period, meal services may also be provided under this program at other times of the year in communities where schools operate on a continuous school calendar basis.

FNS furnishes program funds to State agency by letter of credit. The State agency's funding level is the product obtained by multiplying the number of meals served under the program, of each category and type, by a corresponding payment rate (called the "national average payment factor"). State agency uses these funds to reimburse sponsors under their oversight for meals served.

Meal types must be approved, and reimbursement is provided for meals served that meet Federal guidelines.

### **Documentation Requirements**

A sponsor operating the SFSP must have procedures in place to collect and maintain required documentation.

1. Site eligibility documentation for each site is submitted to the State Agency with a copy retained on file at the sponsor level. The documentation required depends upon the type of site. Only meals served at approved sites may be claimed for reimbursement.
2. Training documentation must be on file at the sponsor's location. Each staff member must receive training prior to working in the program. Dated agendas and signatures of attendees are considered acceptable documentation of training. (Refer to 7 CFR 225.7(a) and 225.15(d))
3. A pre-operational sponsor technical assistance is required for new or problematic sites. Each new or problematic sites' first week of operation monitoring must be conducted within the first week of operation. Each site must be reviewed during the first four weeks of operation or before the program ends operation. Forms to document the visits and reviews must be on file. Menus and Meal Preparation Records or alternate approved forms must be maintained on file at the sponsor's location. Meals must meet meal pattern requirements in the amount prescribed by regulations. (Refer to 7 CFR 225.15(d)(2) (3) and 7 CFR 225.16)
4. Daily meal count records by meal service type and attendance records (if applicable) from each site to support the monthly Claim for Reimbursement must be on file at the sponsor's location. (Refer to 7 CFR 225.15(c))
5. Copies of receipts, invoices, and other records of SFSP costs and income shall be maintained. (Refer to 7 CFR 225.15(c))

### **III. COMPLIANCE REQUIREMENTS**

Noted below in the following matrix are the types of compliance requirements that are applicable to the federal program. These Types are determined by the federal agency, noted as "Y," on the "Matrix of Compliance Requirements" located in Part 2 of the OMB 2024 Compliance Supplement; however, the State Agency may have added the Type and this is noted by "Y." If the State determines that the federal requirement does not apply at the local level or if the State modifies the federal requirements, this is noted in the supplement under the type of compliance requirement. If the federal and/or State agencies have determined that the type is not applicable, it is noted by "N."

If the Matrix indicates "Y," the auditor must determine if a particular type of compliance requirement has a direct and material effect on the federal program for the auditee. For each such compliance requirement subject to the audit, the auditor must use the OMB 2024 Compliance Supplement, Part 3 (which includes

generic details about each compliance requirement other than Special Tests and Provisions) and Part 4 (which includes any program-specific requirements) to perform the audit.

If there is no program listed on the “Matrix” in Part 2 or Part 4, the State has determined the Type that is applicable. If a Type is determined direct and material, the auditor should refer to the requirements found in Part 3 and listed in this supplement.

CC	A	B	C	E	F	G	H	I	J	L	M	N
Cross Cutting Requirements	Activities Allowed or Unallowed	Allowable Costs/ Cost Principles	Cash Management	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	Y	Y	Y	N	N	N	Y	Y	Y	Y	Y

**A. ACTIVITIES ALLOWED OR UNALLOWED**

**Compliance Requirement**

Program Reimbursement

Four types of meal services are authorized in the program: breakfast, snack, lunch and supper. Regular sites may serve up to two meal services per day. Residential and nonresidential camps and sites serving children of migrant workers may be approved to serve any three of the four types of meals. (Refer to the 2016 Administrative Guidance for Sponsors, Page 57, Number and Type of Meals.) The site information sheet in the School Nutrition Technology System contains the meals the State agency has approved for service at the site(s).

Operational reimbursement is the number of meals served to children multiplied by the reimbursement rate.

Administrative reimbursement is paid at two different levels—a higher rate for self-prepared meals or sites in rural areas and the lower rate for vended and non-rural sites. Administrative reimbursement is the number of meals served to children multiplied by the reimbursement rate.

All meals that a sponsor reports to the State agency for reimbursement must (1) be authorized in the sponsor’s agreement with the State agency, (2) contain the food components prescribed by program regulations, (3) be served only within serving times authorized by the State agency, (4) be supported by accurate meal counts and records, and (5) be served to eligible persons. (Refer to 7 CFR 225.2, 225.6, 225.15 and 225.16)

**B. ALLOWABLE COST/COST PRINCIPLES**

All grantees that expend State funds (including federal funds passed through the N. C. Department of Public Instruction) are required to comply with the cost principles described in the N. C. Administrative Code at 09 NCAC 03M .0201. The person responsible for this oversight at the North Carolina Department of Public Instruction is Janet Johnson, Assistant Director, Office of School Nutrition of the North Carolina Department of Public Instruction (984) 236-2912, mailing address:

MSC 6324, Raleigh, North Carolina 27699-6324, delivery address: 301 North Wilmington Street, Seventh Floor, Raleigh, North Carolina.

**Allowable Program Costs (Food and Nutrition Service Instruction 796-4, Rev. 4)**

Factors Affecting Allowable Costs. To be allowable under the SFSP, costs must meet the following general criteria:

1. Be allowable, necessary and reasonable for proper and efficient administration of the program and chargeable within the guidelines of this Instruction;
2. Be authorized and not prohibited under State or local laws or regulations;
3. Conform to any limitations or exclusions set forth in this Instruction, Federal laws, or the governing limitations as to types or amounts items cost;
4. Be consistent with the requirements of 2 CFR 200.400-475, Subpart E—Cost Principles
5. Not be chargeable to, or included as a cost to any other federally financed program in either the current or prior period;
6. Be net of all applicable credits; and
7. Be accorded consistent treatment through application of generally accepted accounting principles appropriate to the circumstances.

**Unallowable Program Costs (Food and Nutrition Service Instruction 796-4, Rev. 4)**

Unallowable costs include the following:

1. Bad debts,
2. Repayment of overpaid claims and other Federal debts,
3. Contributions to a contingency reserve or any similar provision for unforeseen events,
4. Contributions and donations including USDA donated commodities and other donated food, labor, and supplies,
5. Entertainment,
6. Fines or penalties resulting from violations of, or failure to comply with Federal, State, or local laws and regulations,
7. Interest on borrowings, bond discounts, costs of financing and refinancing operations and legal and professional fees paid in connection therewith,
8. Salary and other expenses of the Governor, and State and local legislators,
9. Cost resulting from an under-recovery of costs under other grant agreements,
10. Administrative costs not included in the sponsor's budget as finally approved,
11. Direct capital expenditures for:
  - a) Acquisition of land or any interest in land;
  - b) Acquisition or construction of buildings or facilities, or the alteration of existing buildings or facilities;
  - c) Nonexpendable equipment of any kind;
  - d) Repairs which materially increase the value or useful life of buildings, facilities, or nonexpendable equipment; and
  - e) Other capital assets including vehicles.
12. Fund raising, i.e., financial campaigns, endowment drives, solicitation of gifts and bequest, and similar expenses incurred to raise capital or obtain contributions,
13. Rental or leasing costs for buildings, facilities or equipment if the rental agreement includes option-to-purchase, or for periods beyond the closeout data for program operation,
14. Costs for meals, in excess of the number of meals eligible for reimbursement (plus legitimate program adult meals), unless specifically approved by the State Agency,

15. Any other costs incurred which program officials determine to be in violation of applicable laws or regulations,
16. Additional unallowable operating costs include costs incurred for:
  - a) Meals served in excess of approved meal service level.
  - b) Second meals served in excess of the 2 percent tolerance established by the SFSP regulations.
  - c) Excess meals, unless the costs of such meals have been specifically approved for claiming by the State Agency.
  - d) Spoiled or damaged meals.
  - e) Meals served to non-program adults unless payments received from food sales are included as program income, when the payments are at least equal to the cost of the meals. If payments are not equal to the cost of the meals, then costs of non-program adult meals are unallowable, unless specifically approved by the State Agency.
  - f) Meals served in violation of program regulations (e.g., meals served outside approved serving time, consumed off site, served at an unapproved site, or not served with all required components or quantities of components.) In addition, these meals cannot be claimed for program reimbursement.

### C. CASH MANAGEMENT

The subrecipients are not required to report cash receipts to the State Agency; however, they are required to maintain records to reflect disbursements of the claim. The claim for reimbursement requires the number of meals served to children by category and by site. (Note: This includes the allowable costs associated with food, operation, administration, supplies used and considered reasonable and necessary program costs.) Program reimbursement is reduced by the amount of program income, and receipts and invoices or other adequate documentation must support program costs. (Refer to 7 CFR 225.9)

### E. ELIGIBILITY

#### Site Eligibility

Sponsors may operate the SFSP at one or more sites, which are the actual locations where meals are served, and children eat in a supervised setting. Eligible sites are those that serve children in low-income areas or those that serve specific groups of low-income children. Sponsors must provide documentation that proposed sites meet the income eligibility criteria required by law. There are three common types of sites: open sites, camps (residential and nonresidential), and closed enrolled sites.

#### Open Sites

Open sites serve children in geographical areas where 50 percent or more of the local children are eligible for free or reduced-price school meals. This percentage must be documented by data provided by local public and nonprofit private school officials, welfare or education agencies, zoning commissions, census tract data, or other appropriate sources.

#### Restricted Open Sites

On occasion, a sponsor that would normally operate an open site –meaning initially open to broad community participation – must restrict or limit the feeding site’s attendance for reasons of space, security, safety, or control. In recognition of these circumstances, these types of sites operate as restricted open sites. The sponsors must make known publicly that the site is open on a first-come, first-serve basis to all children of the community at large, but that the meal service will be limited as stated above.

There are two primary methods that may be used to determine whether the area that will be served is eligible—use of school data or census tract data.

**Census Tract Data:** Sponsors may also document the area eligibility of their proposed sites based on census tract data. Beginning 2005, the Census Bureau began to annually estimate household income using the American Community Survey (ACS). The ACS is an ongoing survey that provides annual estimates, based on sampling data, in order to give communities more current information than the decennial census is able to provide. The first five-year estimates derived from the ACS were released in 2009 and are considered the most reliable and precise data, especially for small areas such as census block groups. Census block groups will continue to be the geographical unit used to assess eligibility when using census data. The ACS may be especially useful for documenting site eligibility if:

- The potential site is located in a rural area, where geographically large elementary school attendance areas may obscure localized pockets of poverty, which can be identified through the use of “block group” data.
- Available most recent school data shows an area to be close to, but under, the 50 percent threshold, and the “block group” data may reveal specific portions of the school’s attendance area, which are SFSP eligible.

Mandatory busing has affected the percentage of free and reduced-price eligible in neighborhood schools, and the school is unable to “factor out” the pupils bused in from other areas and provide the sponsor with data on the percentage of free and reduced-price eligible living in the school’s immediate neighborhood.

**School Data:** Sponsors utilize school data provided by the State agency and choose the school serving the children who live in the area where they intend to offer the Program.

The sponsor must then submit to the administering agency, as part of the application process, the following information to document the eligibility for each site they intend to serve:

- If a Community Eligibility Program (CEP) school: list the school’s name, district and ISP %
- If non-CEP schools:
  - The names of the public and nonprofit schools used to establish eligibility;
  - The number (but not names) of all children eligible for free and reduced-price meals who are enrolled in those schools; and
  - The total number of children enrolled in those schools;
  - The administering agency will determine the eligibility of each proposed site located in the area based on the data submitted by the sponsor. Since the local school district offices must certify that the data is accurate, sponsors should ask local schools or districts to provide the necessary figures on school or district stationery, with the signature of an authorized school official.

*Busing and School Choice Policies:*

In school districts where busing or school choice policies are in place, if the site is located in the school from which free and reduced-price meal eligibility data is obtained, sponsors may always rely on the NSLP data for that individual school. Additionally, where busing or school choice policies are in place, but school attendance areas are still defined, school and non-school site eligibility may be determined based on the enrollment or attendance data obtained for:

- The school the children attend, or
- The school the children would have attended (i.e., the neighborhood school where the children live), were it not for the school’s busing or school choice policy.
- Program sponsors may determine a site to be area eligible under the second option described above only if the School Food Authority is able to document the percentage of children eligible

for free and reduced-price meals at each school before and after students are reassigned. The same method of determining site eligibility must be used for all sites participating under a particular Program sponsor to avoid duplicate counting.

#### Enrolled Sites

Enrolled sites serve only identified groups of children daily. Enrolled sites are usually established where:

- An identified group of needy children live in a “pocket of poverty”;
- Identified needy children are transported to a congregate meal site located in an area with less than 50 percent eligible children;
- A program providing recreational, cultural, religious or other types of organized activities for a specific group of children, an accredited summer school; or
- Sponsors of enrolled sites are reimbursed for Program meals served to all enrolled children in attendance.

#### Residential and Nonresidential Camps

Residential summer camps and nonresidential day camps that offer a regularly scheduled food service as part of an organized camping program for enrolled children may participate.

Nonresidential day camps must offer a continuous schedule of organized cultural or recreational programs for enrolled children and can only participate as sites under sponsoring organizations.

Sponsors of Residential and Nonresidential camps are only reimbursed for Program meals served to children who meet income eligibility criteria.

#### Homeless Sites

Homeless feeding sites, which could include battered women’s shelters and domestic violence shelters, may participate in the SFSP without reference to area eligibility and without taking eligibility forms from participating children. The site must provide information sufficient to demonstrate that the site is not a residential child care institution.

Sponsors of homeless sites are reimbursed for Program meals served to ALL attending children.

#### Migrant Sites

Migrant sites are eligible for participation in the SFSP. To document its eligibility and to confirm migrant status, sponsors must submit information obtained from a migrant organization, which certifies that the site serves children of migrant farm worker families. If the site also serves non-migrant children, the sponsor must certify that the site predominantly serves migrant children.

#### Children and Adult Care Food Program (CACFP) Institutions

CACFP institutions are eligible for participation if they have sufficient changes in their activities or enrollment and develop a separate food service program for children who are not enrolled in their CACFP. Institutions that are approved for both the CACFP and the SFSP must ensure that the same children are not served meals in both programs, and separate records must be kept for each program.

#### **Participant Eligibility and Program Benefits**

Children, age 18, and under may receive meals through the SFSP. Persons, 19 and over years of age, who are determined by the State or local educational agency to have a mental or physical disability, and who participate during the school year in a public or private nonprofit school program established for the mentally or physically disabled, are also eligible to receive meals.

Household income eligibility applications for free Program meals must be maintained on file at the sponsor's location for camps and sites that do not meet eligibility criteria under 7 CFR 225.2 (a) of "Areas in which poor economic conditions exist..."

**F. EQUIPMENT AND REAL PROPERTY MANAGEMENT**

Not applicable at the local level.

**G. MATCHING, LEVEL OF EFFORT, EARMARKING**

Not applicable at the local level.

**H. PERIOD OF AVAILABILITY OF FEDERAL FUNDS**

The grant-funding period for the Summer Food Service Program for Children is October 1 through September 30. Funds are made available to sponsors for expenses incurred and obligated for this period only.

The majority of the expenses will be paid for the months of June, July, and August.

**I. PROCUREMENT AND SUSPENSION AND DEBARMENT**

Sponsors that procure food from a vendor or purveyor should be aware and adhere to the procurement provisions governing the Summer Food Service Program as written in regulation 7 CFR Part 225.17 and 2 CFR 200. All procurements exceeding the State small purchase threshold of \$90,000 or your local threshold whichever is the most restrictive must be formally advertised for a contract. This procurement also includes an Invitation to Bid from a minimum of two (2) suppliers. The Invitation to Bid must specify the exact purpose of the contract. Local laws may also require formal advertising on contracts less than \$250,000.

**J. PROGRAM INCOME**

Any income received for meals that are consumed by non-participants has to be reported to the program and shown on the monthly expenditure report that is submitted for payment.

**L. REPORTING**

The subrecipients are required to maintain cash receipts and disbursements on file but are not required to report cost to the State agency. The subrecipients must make the receipts available upon request by the State agency. The claim for reimbursement requires the number of meals served to children by category. Program reimbursement is not reduced by the amount of program income, and program costs must be supported by receipts and invoices or other adequate documentation. (Refer to 7 CFR 225.15(d).)

**M. SUBRECIPIENT MONITORING**

The SFSP sponsors are responsible for the monitoring of their sites. Pre-operational site visits must be conducted by the sponsor before operation of new or problematic SFSP sites to determine that meal service facilities are adequate.

Each site must be visited by the SFSP sponsor's monitor during the first week of operation and reviewed during the first four weeks of operation. Experienced sponsor sites may have the monitoring visit for the first week waived by the State Agency. (Refer to 7 CFR 225.15(d)).

**N. TESTS AND PROVISIONS**

**1. Compliance Requirement**

Accurate and complete records must be maintained with respect to the receipt, distribution and use of SFSP funds. Failure to maintain records and comply with the applicable procedures as contained in 7 CFR 225 shall be considered prima facie evidence of improper use of funding.

**Audit Objectives**

- To determine the integrity of program and participation data reported by the sponsor on which claims for reimbursement are based,
- To test and report if the sponsor is in compliance with applicable laws and regulations,
- To obtain an understanding of the internal control structure, and
- To prepare a report showing the results of the examination. (Refer to FNS Instruction 796-4, Rev. 4, Page 23, Audits.)

**Suggested Audit Procedures**

- Review all claims for reimbursements submitted by the sponsor for the audit period and copies of documentation showing reimbursements paid.
- Determine if a copy of the FNS Instruction 796-4, Rev. 4 is on file at sponsor's location.
- Review the sponsor's agreement with the State to operate the program.
- Review the last SFSP administrative review. Follow-up on findings and recommendations to determine whether appropriate corrective action was taken.
- Determine how much reliance can be placed on the sponsor's internal control structure to provide reasonable assurance of accurate financial and program data and compliance with applicable laws and regulations. (Should assess and get reasonable assurance that: (1) meal requirements are met; (2) sponsors comply with monitoring requirements; (3) safety and health requirements are met; (4) meals claimed were served; and (5) participants for whom meals were claimed actually exist and are participating in the program.)

**2. Compliance Requirement**

7 CFR 225.7(a) Prior to the beginning of Program operations, each State agency shall make available training in all necessary areas of Program administration to sponsor personnel, food service management company(vendor) representatives, auditors, and health inspectors who will participate in the Program in that State.

7 CFR 225.15(d) Training and monitoring. (1) Each sponsor shall hold Program training sessions for its administrative and site personnel and shall allow no site to operate until personnel have attended at least one of these training sessions. Training of site personnel shall, at a minimum, include: the purpose of the Program; site eligibility; record keeping; site operations; meal pattern requirements; civil rights; and the duties of a monitor. Each sponsor shall ensure that its administrative personnel attend State agency training provided to sponsors. Sponsors shall provide training throughout the summer to ensure that administrative personnel are thoroughly knowledgeable in all required areas of Program administration and operation. They must also provide sufficient information to enable the administrative personnel to carry out their Program responsibilities. Each site shall have at least one trained person present at each meal service.

**Suggested Audit Procedure**

Documentation supporting training should, at a minimum, consist of: an agenda, list of topics covered the dates of training, and a sign-in sheet with the names of attendees. Payroll records should be crosschecked with the list of attendees to determine that personnel have attended training including site supervisors and volunteers.

**3. Compliance Requirement**

Administrative Guidance for Sponsors –

<https://www.fns.usda.gov/sfsp/handbooks>, Page 139).

All sponsors must use daily site records in order to document the number of program meals they have served to children. The sponsor must provide all necessary record sheets to the sites. Site supervisors are then responsible for keeping the records each day. The site personnel must complete the records based on actual counts taken at each site for each meal service on each day of operation. Site personnel must be sure that they record all required counts. These counts should include:

- The number of meals delivered or prepared, by type (breakfast, snack, lunch, and supper). Vended programs must support this information with a signed delivery receipt. Programs with a central kitchen should also support this information with a signed delivery receipt for good program management. A designated member of the site staff must verify the adequacy and number of meals delivered by checking the meals when they are delivered to the site.
- The number of complete first meals served to children, by type;
- The number of complete second meals served to children, by type; (limited to two percent (2%) of the total first meals served by the sponsor);
- The number of excess meals or meals leftover;
- The number of non-reimbursable meals;
- The number of meals served to program adults, if any; and
- The number of meals served to non-program adults, if any.

#### **Suggested Audit Procedure**

Cross check the number of first and second meals, reported by site(s) to meals reported on the monthly recap sheet by site for accuracy and timely submission to the sponsor.

#### **4. Compliance Requirement**

Administrative Guidance for Sponsors –

(<https://www.fns.usda.gov/sfsp/handbooks>, Page 139).

“Sponsors should collect site meal count records at least every week. They may have their monitors pick up site reports on designated days, or the site supervisors may be asked to mail the records to the sponsor’s office. When they collect the site records, sponsors should check for the site supervisor’s signature. Any sponsor serving vended meals must be sure that the figure entered as the number of meals delivered on the site record is the same as that entered on the vendor’s report. If there is any discrepancy between the numbers, the sponsor should immediately contact the vendor and site supervisor and resolve the problem. The sponsor should make a permanent note of the discrepancy as well as the action that was taken to resolve it.”

#### **Suggested Audit Procedure**

Review the dates when the daily meal count records from the sites were signed.

#### **5. Compliance Requirement**

7 CFR 225.15(f) Application for free Program meals.

- (1) Purpose of Application Form. The application is used to determine the eligibility of children attending camps and the eligibility of sites that are not open sites as defined in paragraph (a) of the definition of “areas in which poor economic conditions exist”, in 7 CFR 225.2. Applications should be given to parents or guardians of children enrolled in camps or other sites. The application, and any other descriptive material distributed to such persons, shall

contain only the family-size and income levels for reduced-price school meal eligibility with an explanation that households with incomes less than or equal to these values are eligible for free Program meals. Such forms and descriptive material may contain the income standards for free meals in the National School Lunch or School Breakfast Programs. In addition, such forms and materials shall state that, if a child is a foster child, a member of a Supplemental Nutrition Assistance Program (SNAP) household, on a Food Distribution Program on Indian Reservations (FDPIR), or receiving Temporary Assistance for Needy Families (TANF), the child is automatically eligible to receive free program meal benefits, subject to completion of the application as described in paragraph (f)(3) of this section.

- (2) Except as provided in paragraph (f)(3) of this section, the application shall contain a request for the following information: (i) The family-size and income levels for reduced-price school meal eligibility with an explanation that households with incomes less than or equal to these values are eligible for free Program meals; (ii) A statement that a child who is a member of a household that receives SNAP, FDPIR, or TANF benefits is automatically eligible to receive free meals in the program; (iii) A statement that reads, “In certain cases, foster children are eligible for free meals regardless of household income. If such children are living with you and you wish to apply for such meals, please contact us.” (iv) The following statement that provides notice to the household member whose social security number is disclosed: “We are required by the National School Lunch Act in Section 9 to ask for the last four digits of the social security number. Unless a SNAP, FDPIR, or TANF case number is provided for your child, the application cannot be approved without either the social security number of the person who signs the application or an indication that he or she does not have a social security number. The last four digits of the social security number provided may be used to identify the person in checking the correctness of the information provided on the application. This may occur during reviews, audits or investigations of the Program, and it may involve contacting employers to determine income. It also may involve contacting the SNAP or welfare office to determine if the household is receiving benefits. It may be necessary to check with the State employment security office to determine the amount of benefits the household is receiving. Other income information provided may be checked. If the information you provide is incorrect, your household may lose benefits and/or claims, or legal action may be taken against your household. (v) The statement used to inform the household about the use of social security numbers must comply with the Privacy Act of 1974 (Pub. L. 93-579). If a State or local agency plans to use the social security numbers for uses not described in paragraph (f)(4)(iv) of this section, the notice must be revised to explain those uses. (vi) Examples of income that should be provided on the application, including: Earnings, wages, welfare benefits, pensions, support payments, unemployment compensation, social security, and other cash income; (vii) A notice placed immediately above the signature block stating that the person signing the application certifies that all information provided is correct, that the household is applying for Federal benefits in the form of free Program meals, that Program officials may verify the information on the application, and that purposely providing untrue or misleading statements may result in prosecution under State or Federal criminal laws; and (viii) A statement that if SNAP, FDPIR, or TANF case numbers are provided, they may be used to verify the current SNAP, FDPIR, or TANF certification for the children for whom free meals benefits are claimed.”
- (3) If they so desire, households applying on behalf of children who are members of SNAP households, FDPIR assistance units or TANF assistance units may apply for free meal benefits using the procedures described in this paragraph rather than the procedures described in paragraph (f)(2) of this section. Households applying on behalf of children who are members of SNAP households, FDPIR assistance units, or TANF assistance units shall be required to provide:

- (i) The name(s) and SNAP, FDPIR, or TANF case number(s) of the child (ren) who is (are) enrolled in the Program; and
- (ii) The signature of an adult household member.

Suggested Audit Procedure

Review household eligibility applications to determine completeness and accuracy of eligibility determination made by the sponsor.

## 6. Compliance Requirement

Administrative Guidance for Sponsors –

<https://www.fns.usda.gov/sfsp/handbooks>

Violations of program requirements may result in withholding or recovering reimbursement, temporary suspension, or termination and exclusion from future program participation. Violations include but are not limited to:

- Failure to maintain adequate site or sponsor records.
- Failure to adjust meal orders to conform to changes in site attendance.
- Failure to have trained site supervisor at each site during the meal service.
- Serving more than one meal to a child at a time.
- Non-compliance with meal-time restrictions (7 CFR 225.16(c))
- Children eating complete meals off-site (Note: This does not refer to the permissible practice of allowing children to take one piece of fruit, vegetable, or grain component off-site.)
- Claiming meals that were not served to eligible children.
- Serving meals (or in the case of OVS sites, offering meals) that do not include all required meal components and/or correct quantities.
- Failure to report sites to health department.
- Continued use of food service management companies/commercial meal vendor that violate health codes.
- Submission of false information to the State agency.
- Use of program funds for unallowable costs.
- Failure to return excess startup or advance payments to the State agency.
- Not adhering to competitive bid procedures.
- Noncompliance with civil rights laws and regulations.

Suggested Audit Procedures

- Ensure that all required records are maintained.
- Check daily meal count records to determine if the number of meals ordered or prepared fluctuates based on the number of meals left over from previous meal services or days.
- Review monitor's reviews to determine if this was a continuing discrepancy.
- Review the sponsor's records to determine if the local health department/designee inspected all sites.

- Review receipts and invoices for allowable and unallowable costs.

## 7. Compliance Requirement

All meals that a sponsor reports to the State agency for reimbursement must (1) be authorized in the sponsor's agreement with the State agency, (2) contain the food components prescribed by program regulations, (3) be served only within serving times authorized by the State agency, (4) be supported by accurate meal counts and records, and (5) be served to eligible persons. (7 CFR 225.2, 225.6, 225.15.) Also refer to Nutrition Guidance for Sponsors, SFSP Meal Patterns)

### Suggested Audit Procedure

Review the meal preparation records such as menus, delivery receipts or food preparation records to determine if all components were served in the required quantities. Review records to determine if sponsor purchased all required meal components to support the meals claimed.

## 8. Compliance Requirement

### Nonprofit Organizations

#### Conflict of Interest

The 1993 General Assembly enacted legislation (Chapter 321, Section 16, 1993 Session Laws) requiring each private, not-for-profit entity, as a prerequisite to the receipt of funding from the State, to formally adopt a policy, which addresses conflicts of interest that might arise involving the entity's management, employees, and/or board members. The policy statement is expected to address situations in which any of the above referenced individuals may directly or indirectly benefit from the entity's disbursement of funds received from the State. In addition, the policy should specify actions to be taken by the entity or individuals, or both, to avoid either actual conflicts of interest or the appearance of an impropriety. Before a private, not-for-profit entity receives and disburses State funds the entity should have adopted and have filed a copy of the policy statement.

According to 2 CFR 200.318(c)(1) No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

### Financial reporting requirements of G. S. 143C-6-23

All non-State entities (except those entities subject to the audit and other reporting requirements of the Local Government Commission) that receive, use or expend State funds (including federal funds passed through the N. C. Department of Public Instruction) are subject to the financial reporting requirements of G. S. 143C-6-23 for fiscal years beginning on or after July 1, 2007. These requirements include a Conflict of Interest Policy (see G. S. 143C-6-23(b)). All non-State entities that provide State funding to a non-State entity (except any non-State entity subject to the audit and other reporting requirements of the Local Government Commission) must hold the sub grantee accountable for the legal and appropriate expenditure of those State grant funds.

### SAM.gov UEI Number

Congress passed the Federal Funding Accountability and Transparency Act (FFATA) in 2006 with the objective to promote open government by enhancing the Federal Government's accountability for its stewardship of public resources. Therefore, all sponsors participating on the

Summer Food Service Program (SFSP) are required to obtain a Unique Entity ID (UEI) number. This UEI number must be obtained to do business with the NC DPI under Federal assistance programs. No institution or sponsor can receive a subgrant from the NC DPI unless that institution or sponsor has furnished a UEI number and the NC DPI is prohibited from awarding a sub grant to any institution or sponsor that has failed to furnish a UEI number (2 CFR Part 25, Appendix A, Section I.B.)

**Audit Objective**

Determine whether the grantee has met all required compliance.

**Suggested Audit Procedure**

- Ascertain that the sponsor has a written conflict of interest policy.
- Check the policy and verify through board minutes that the policy was adopted before the sponsor received and disbursed State funds.
- Request copies of reports filed with DPI.
- Determine that the appropriate certifications are on file for each sponsor.
- Determine that each sponsor furnished a Unique Entity ID number to NC DPI prior to the sponsor being approved for the SFSP.