

# Resource Management in Child Nutrition

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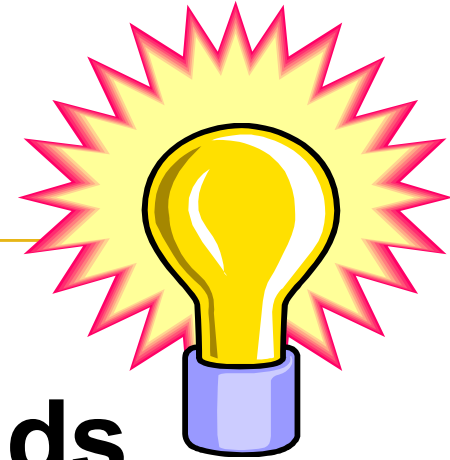
SY2024



OKLAHOMA  
Education

# OCAS Codes

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## **Child Nutrition is FEDERAL Funds**

- Project Codes in 300 Series = STATE
- Project Codes in 700 Series = FEDERAL
- Project Codes in 000 Series = LOCAL
- **Reporting is done by accredited site**

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# Project Reporting Codes

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- 763 = National School Lunch Program
- 764 = School Breakfast Program
- 759 = Supply Chain Assistance (SCA) Funds
- 766 = Summer Food Service Program
- 768 = Fresh Fruit/Vegetable Program
- 769 = Child and Adult Care Food Program
- 791 = Equipment Grant
- 385 = State Match

C-18-19

# Reporting Codes in 700

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- 700 Series = FEDERAL FUNDS = Teacher Retirement Match
- Breaking down ONE invoice for all costs
  - *Interactive form in Other Documents under Financial Management section*



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# USDA and Financial Accounting

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- Child Nutrition Funds
- Maintenance of the Non-Profit School Food Service Account
- Paid Lunch Equity
- Revenue from Nonprogram Food
- Indirect Costs

**C-16-35 & C-42-47**

# Child Nutrition Funds

# Child Nutrition Funds

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- The SFA may elect to have single bank account for all funds, tracking through OCAS Coding
- The district may elect to have separate bank account for CNP funds
- The account is required to be appropriated and warrants issued through SFA treasurer

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# Child Nutrition Funds (cont.)

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Child Nutrition funds can be in

- **Fund 22** is a special fund reserved for CNP funds

***OR***

- **Fund 11** can be used, (General Fund account)
  - Fund 60 Activity fund can be used to deposit CNP revenues. Money must be transferred to one of the general fund (11 or 22) accounts by the end of the school year (activity fund custodian must be bonded)



# Fund 22: Child Nutrition

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- It is ***HIGHLY*** recommended a school use Fund 22 for Child Nutrition
  - This ensures the district knows what they are receiving and spending in Child Nutrition

## ***Not Using Fund 22***

- Does this account accumulate interest?
  - Any interest accumulated on Child Nutrition Funds must be used on Child Nutrition Expenses
- Carryover funds??
  - We are not seeing carryover funds NOT coded to child nutrition when they should have carryover

# Beginning of the Year

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## Beginning fund balance

- Any carryover funds from previous year is coded as 6110
- Combined with all actual revenues (including collected and estimated revenues) must be appropriated before expending
- Purchase order must be issued
- Once goods/services have been received, then SFA can pay

# Segregation of Duties

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**Audit requirement:** Segregation of duties by two different people

- One person to count monies collected
- A different person is to make the deposit

# Segregation of Duties (Cont.)

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CNP Fund custodian can be the SFA's CNP Fund Specialist

- Can complete requisition
- Working with budgets
- Make local collections deposit

**Cannot complete purchase orders, this must be completed by the encumbrance clerk and treasurer must register warrants and pay**

# Loan Agreement

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- A bona fide loan agreement between General Fund and CNP July 1 or prior
- USDA prohibits SFA's from retroactively designating a transfer of funds
- Loan must be board approved
- Be the exact amount borrowed and paid back on or before June 30 of each year

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# Procurement

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- Proper procurement procedures must be followed on all purchased used CNP Funds
  - All items paid with Child Nutrition are subject to being reviewed on the District's Procurement Review
- Use the district's Procurement to ensure you use proper procurement is achieved
- If you have questions on procuring these items, you can contact OSDE Child Nutrition office at 405-521-3327

# Revenue and Expenditures

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- Federal CN funds must ***ONLY*** be used for the operation and/or improvement of the School Food Service Operation  
(2 CFR §200)
- Expenditures should never exceed revenues by **EACH PROJECT REPORTING CODE**

# Allowable Purchases

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## Any item used for ANY Child Nutrition Program

- USDA Memo SP-07-2015 or C-22-24
- Used for the Operation and Improvement of Child Nutrition
- **The cost must be necessary and reasonable for services rendered**
- Child Nutrition Staff Salaries
- Equipment & Technology
- The purchase of materials to improve participation and/or cafeteria appearance is allowable



# Examples of Allowable Purchases

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- **Kitchen smallware:** Pots & Pans, knives, serving utensils, etc.
- New Computer or POS (point of service) system
- Floor mats/flooring
- Food trays/dishwasher – changing from Styrofoam to washable plates
- Air Fryer, tilt skillet, oven, milk box, Salad bar, etc.
- Paying salaries in CNP to code 700 instead of General Fund

# Equipment Purchases

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- **If equipment is listed on page P-8 in the Procurement Section of the School Training Manual**
  - **The district does not need approval no matter the cost**
- **If equipment is *NOT* listed on approved equipment list (*P-8*)**
  - Equipment over \$5,000 must have approval from OSDE ([Jennifer.Weber@sde.ok.gov](mailto:Jennifer.Weber@sde.ok.gov))
  - Must send in 2 quotes/bids if it is under the district's small purchase amount

# Unallowable CNP Expenses

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- **MUST NOT buy Land, Building, and Construction**
- Defined as having an acquisition cost of over \$5,000
- Contact OSDE before you make any structural changes as it may be unallowed

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# Unallowable CNP Expenditures (cont.)

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- Capital expenditure other than acquisition of building or land, **must** have pre-approval from OSDE after USDA approval
- Feeding children in the summer and not participating in SSO or SFSP
- ***If purchased items is not SOLEY used for Child Nutrition Programs, the cost must be PRORATED***
  - *Example:* If the item purchased is used by CNP 75% of the time and other organization 25% of the time, **the district can only charge CNP up to 75% of the cost of the item**
- Indirect cost may be applied

# Adult & Preprimary Meals

# Adult Meals

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- Child Nutrition employees **can** eat for free
- On-Duty teachers are **not** considered Child Nutrition employees as their contract is for a teacher and not support staff **AND** they are not taking the required Child Nutrition Professional Development hours
- Adult meals **cannot** be paid with child nutrition funds

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# Adult Meals (cont.)

- Adults are required to be charged the price listed in the online application is Schedule B

## Schedule B - Meal Prices

\$2.26 (*Min. Amount to Charge Adults/Contract for Breakfast*)

\$4.84 (*Min. Amount to Charge Adults/Contract for Lunch*)

\$1.08 (*Min. Amount to Charge Adults/Contract for Snack*)

**NOTE:** The rates above are as follows: Breakfast is the free breakfast rate, Snack is the free Snack rate, Lunch is the free lunch rate plus the additional performance incentive and the commodity rate.

- If the district employees are paying, \$0 for meals, the district must include this as a fringe benefit

# Adult Meals (cont.)

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- If adult meals are less than the amount on Attachment B, or adults are not being charged for meals. The district is to keep record showing how much Child Nutrition is to be paid back
  - Average Adult Lunch Breakfast Cost form
- Adult meals must be paid with local funds



## AVERAGE ADULT LUNCH/BREAKFAST COST VERSUS

### ACTUAL ADULT LUNCH/BREAKFAST CHARGE FORMULA

**Lunch:**

**Step 1**

\$4.84                      - \$                      2.00

Free Reimbursement Rate for Lunch plus additional incentive payment plus the Value of USDA Foods                      Actual Adult Lunch Charge

=                      \$2.84

Lunch Differences

**Step 2**

Record the number of adult lunch meals served at a charge lower than the free reimbursement rate plus additional incentive payment plus the value of USDA Foods. Multiply by the difference as calculated in Step 1.

**Breakfast:**

**Step 1**

\$2.26                      - \$                      1.00

Free Reimbursement Rate for Regular Breakfast                      Actual Adult Breakfast Charge

=                      \$1.26

Breakfast Differences

**Step 2**

Record the number of adult breakfast meals served at a charge lower than the free reimbursement rate. Multiply by the difference as calculated in Step 1.

LUNCH MEALS	# OF ADULT MEALS	LUNCH X DIFFERENCE	= \$ VALUE
JULY		\$0.00	\$0.00
AUGUST	125	\$355.00	\$355.00
SEPTEMBER		\$0.00	\$355.00

BREAKFAST MEALS	# OF ADULT MEALS	BREAKFAST X DIFFERENCE	= \$ VALUE
JULY		\$0.00	\$0.00
AUGUST	48	\$60.48	\$60.48
SEPTEMBER		\$0.00	\$60.48

# **NEW** Preprimary Children

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- ***Preprimary*** is a child from birth to 3 years of age and not enrolled in a school district
- ***Children 3 years of age on an IEP or 504 plan can be enrolled if receiving services*** (Reference FNS Instruction 776-7, Rev. 1, 6/6/88)
- Meals for preprimary **CANNOT** be claimed under NSLP/SBP unless enrolled and receiving special education services through an IEP/504 plan
  - This includes Head Start/Even start programs

E-30

# **NEW** Preprimary Children (Cont.)

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- Preprimary children meals can be claimed on CACFP (daycare program)

**OR**

- Preprimary children meals can be paid for out of general fund

**OR**

- The household can be charged for the full price of the meal
- *Preprimary children cannot be claimed on the At-Risk program as it is only available to school age children and can only be served after the school day has ended*

# School Daycares

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- If the district has a daycare, meals cannot be claimed on the school lunch or the school breakfast program
- The district can pay for these meals out of General Fund, charge the parents the full price of the meal, or participate in the Regular CACFP program and claim the meals for reimbursement
- Meals on Regular CACFP can only be claimed by Free, Reduced, and Not Eligible rate based on Free & Reduced-priced applications obtained by parents each year

# Maintenance of Non-Profit School Food Service Account

# CNP Funds in Compliance

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- Net cash resources limited to an average three-month operating balance or less
- Records to document compliance with all revenues received and expenditures made
  - The Child Nutrition office at the State Agency receives a copy the district certified Child Nutrition directly from OCAS

# Child Nutrition: Excess Funds

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- Schools can carry over any excess funds into the next fiscal year
  - Use Source of Revenue Code 6110
- If excess funds go over the district's three-month operating balance:
  - The district is to fill out a form to let us know what it will do with the excess
    - Spend it all by ***June 30<sup>th</sup>***
    - Carryover all excess funds
    - Spend some and carryover some excess funds

# Excess Funds: The Districts Plan

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## **The District submits a plan on the intended use for the excess funds to OSDE**

- It can state in your plan submitted to OSDE on what the district is purchasing and an explanation of why it will not be spent by June 30<sup>th</sup>
  - Item is out of stock, etc.
  - The district is saving funds to buy a large, expensive item at a later date when the full amount is obtained



# Documentation Submitted to OSDE for Excess Funds

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- Invoices/Purchase orders from purchased items
- Statements and/or clarifications
  - *Example:* Salaries previously paid in General Fund and now will be paid with CNP funds. Send in salaries paid and write a statement on how these employees were paid under General Fund and now will be paid under Child Nutrition
- Documentation must be submitted to OSDE by June 30th

# Paid Lunch Equity (PLE) Requirements

# School Lunch Pricing - Section 205

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It is required to charge *paid student lunch* meals at an average price equal to the difference between free lunch and paid lunch reimbursement rates **OR** cover the difference through non-Federal funds

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# Paid Lunch Equity

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- Nonpricing and Provision schools are exempt from this requirement
  - It is strongly encouraged to still fill out the tool each year in case the district starts charging students for meals
- Are SFAs in strong financial standing?
- This is for Lunch prices only

# Paid Lunch Equity tool (PLE Tool)

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- The PLE Tool will show SFAs how much the student paid LUNCH price must be increased for the following school year or the amount of funds necessary to subsidize its CNP
  - The district can increase the amount more than suggested by USDA so prices don't have to be raised ***EVERY*** year
- If currently charging less and not subsidizing food service, must increase **PAID** student lunch charges 5-10 cents per year

# PLE Tool: Subsidizing

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- The formula in the tool determines if a district has any Nonfederal Source Funds to use for subsidizing
- ***Subsidizing is NOT dollar for dollar. It is based on the percentage of PAID students for lunch***
  - *Example:* If the district is 75% free, 5% reduced, and 20% paid, and the district bought an oven with General Funds for \$2000, the amount that can be contributed to PLE is  $\$2000 \times 20\% = \$400$ . They will still need to subsidize \$1600

# Nonfederal Source Funds

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- Per-meal non-Federal reimbursement for ***ANY PAID*** meal (breakfast, lunch, etc.)
- Any funds provided by organizations for ***ANY PAID*** meal
- Any proportion attributable to ***PAID MEALS*** from direct payments made from school district funds (General Fund) to support lunch service

# Allowable

## Nonfederal Source Funds

- Per-lunch reimbursements for paid lunches from state, county, districts, or others
- Funds provided by organizations designated to Paid Lunches
- Any portion of State Match that exceeds requirement
- The formula is the tool will determine if a district has any Nonfederal Source Funds to use for subsidizing



# Unallowable Nonfederal Source Funds

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- Any payments provided to support School Breakfast or other Child Nutrition Programs
- Any payments provided to support FREE or REDUCED-PRICE meals
- Any in-kind contributions converted to direct cash expenditures

# Revenue from Non-Program Foods Expenditure/Revenue Requirements

# Definition of Nonprogram Food

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- Foods/beverages purchased w/nonprofit school food service funds and sold *NOT* as a reimbursable meal
- Includes a la carte items, adult meals, catering, contract, vending
- This information is ***REQUIRED*** to be provided by a Food Service Management Company, if a school is contracting with one

# Nonprogram Food: Revenue

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- Ensure that all foods/beverages sold outside reimbursable meals are priced to generate revenue that, at a minimum, will equal the cost of the foods/beverages purchased.
- Districts must determine total food costs and what proportion of that total is nonprogram food

# Nonprogram Food Report: Formula

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The total amount from A la Carte + Catering + Adult meals + Contract meals + Vended foods revenue **must equal or exceed** the percentage of expenditures for these items

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# Nonprogram: Food for Thought

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- Charge at minimum FREE rate of reimbursement for adult/contract (*daycare, Head Start & preprimary*) meals (Lunch: Add commodities )
- Charge at minimum + 10% what a la carte/ catered/vending foods cost
- Purchase these foods from another fund— not Nonprofit School Food Service Account

# Indirect Costs

# Indirect Cost vs. Direct Cost

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## Indirect:

- Incurred for benefit of multiple programs, functions, or other cost objectives
- ***Not readily identified***

## Direct:

- Incurred *specifically* for a program or other cost objective
- Clearly identifiable

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# Examples

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## DIRECT COSTS

- Salaries/Benefits
- Travel
- Training
- Food / Beverage Costs
- Food Service Supplies
- Food Service Equipment

## INDIRECT COSTS

- Payroll Services
- Human Resources
- Workers' Comp
- Electricity
- Gas
- Trash
- Phone
- IT Services

# Indirect Cost

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- Child Nutrition must use same Indirect Cost Rate as other federal programs
- Must have State Agency-approved cost statement showing approved rate
  - Rate can be found on OSDE website:  
<https://sde.ok.gov/documents/2011-12-16/district-indirect-costs-idc>
- Rate is applied to all DIRECT Child Nutrition costs (BASE) to figure total INDIRECT costs charged to Child Nutrition
  - Must use Function Code 5400

# Indirect Cost Charged Example

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Electric bill for the school is \$4,322 for the month

Indirect Cost rate is given by Cognizant agency (OSDE) Example = 5.8%

$$\$4,322 \times 5.8\% = \$250.68$$

***NO MORE THAN \$250.68 CAN BE CHARGED TO NON-PROFIT SCHOOL FOOD SERVICE ACCOUNT FOR INDIRECT COST***

# Forms in CARS: Other Documents

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## FINANCIAL MANAGEMENT SECTION

- OCAS Expense Tool
- CNP Expenditures (Allowable & Unallowable)
- Adult Lunch Breakfast Cost
  - Preprimary Lunch Breakfast Cost
  - Daycare Lunch Breakfast Cost
- Formula for using Nonfederal Funds (PLE)
- Nonprogram Food Price Calculator
- Nonprogram Meal Calculator

# Other Documents in CARS

<https://cnp.sde.ok.gov/oknslp/PrintDocuments.aspx>

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📁 Apps 🌐 Google 📄 Single sign-on (Cim1) 🌐 School (CARS) - OK1 🌐 CACFP eClaims (Ok1) 🌐 Workday 📁 Work 📁 Training 📁 Work Misc 📁 Music 📁 Travel 🌐 SharePoint

Department of Education

Welcome to Oklahoma CNP On-Line. 7/10/2023, 12:30:37

Child Nutrition Programs - Application System

Fiscal Year

[Claims Program](#)

[Apply for Participation CACFP Centers](#)

[Existing User Log-On](#)

[Family Day Care Homes](#)

[Food Buying Guide Calculator](#)

[Home](#)

[NSLP](#)

[Privacy Statement](#)

[Rates/Eligibility Scales](#)

[Other Documents](#)

[School Nutrition Assoc.](#)

[State Department of Education](#)

[Summer Food](#)

[USDA CACFP Site](#)

## Memos and Other Documents

### 2023-2024 DOCUMENTS

- 📄 [2024 Disclosure of Free and Reduce Information Agreement INTERACTIVE](#)
- 📄 [2024 Eligibility Scale](#)
- 📄 [2024 Free & Reduced Application INTERACTIVE \(USDA\)](#)
- 📄 [2024 Free & Reduced Household Application](#)
- 📄 [2024 Free and Reduced Application INTERACTIVE](#)
- 📄 [2024 Free and Reduced Application INTERACTIVE.](#)
- 📄 [2024 Free and Reduced Application packet.](#)
- 📄 [2024 Household Application Spanish INTERACTIVE](#)
- 📄 [2024 Letter to Household INTERACTIVE](#)
- 📄 [2024 Letter to Household- Spanish INTERACTIVE](#)

# Who Do You Call?

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## Your Program Specialist:

**Page C-3 in the Compliance Section Includes email, cell phone, and counties in their territory**

- Conduct your Administrative Review (AR)
- Technical assistance
- Questions regarding the Child Nutrition (CN) Manual, USDA guidance, and day-to-day CN activities

**Call State Office with questions 405-521-3327**

- Claims
- Application & Agreement (UEI/Duns)



# QUESTIONS ???