



STATE OF CONNECTICUT
DEPARTMENT OF EDUCATION



TO: Sponsors of the National School Lunch Program (NSLP) and School Breakfast Program (SBP)

FROM: Cheryl Resha, Education Manager
Bureau of Health/Nutrition, Family Services and Adult Education

DATE: January 15, 2009

SUBJECT: Operational Memorandum # 4-09
I. Report of Annual Revenue and Cost Expenditures
II. Verification Summary Report
III. On-site Monitoring

I. Report of Annual Revenue and Cost Expenditures

Federal Regulations require a review of the net cash resources of Child Nutrition Programs (CNP) to ensure continued non-profit status. To ensure that the program income and expenditures fall within the allowable three months operating costs, all programs (*including* Residential Child Care Institutions) must supply the information as indicated on the enclosed Sample Form.

Sponsors are not required to use this specific form. An audited annual (2007-2008 school year) report for the Food Service Department may be submitted instead. If you choose to submit your school district or Residential Child Care Institution Food Service Department's annual financial statement, the following items *must* be included and **highlighted**:

1. Total revenue for the CNP (if this total reflects your federal and state reimbursements, highlight these separately);
2. Total expenses for the CNP (include all Board of Education subsidies);
3. Accounts payable as of June 30, 2008;
4. Accounts receivable as of June 30, 2008;
5. Ending Inventories (for both government commodities at the storage and processing rate and regular purchased food, indicate if combined) as of June 30, 2008; and
6. Ending cash balance as of June 30, 2008.

Failure to highlight this information may cause a delay in the processing of the report.

The financial information must be submitted no later than **February 16, 2009**. Please forward this information to Glenda Stuckey, Child Nutrition Programs, 25 Industrial Park Road, Middletown, CT 06457. Please note that only authorized signatures are acceptable on this report. Check your school district's *Sponsor Nutrition Application Information* page in your Online Agreement to determine who the authorized representatives are in your school district.

II. Verification Summary Report

The Verification Summary Report and instruction sheet for reporting 2008-2009 school year data are enclosed. This report is similar in format to last year's submission. Please note

that this form must be filed by *all* NSLP and SBP sponsors, including all Residential Child Care Institutions and all Provision 2 sponsors. One report per sponsor must be submitted to the CNP no later than **February 28, 2009**. **Note:** *Failure to submit the report by the due date could lead to the withholding of your Child Nutrition Programs claims for reimbursements.* Please forward this report to Glenda Stuckey, Child Nutrition Programs, 25 Industrial Park Road, Middletown, CT 06457.

III. On-site Monitoring Reminder

In accordance with CFR 210.8 (a) (1), school food authorities (SFA) with more than one school/site are required annually to conduct on-site reviews of each school/site. The purpose of the review is to ensure that the lunch counting and claiming system employed by each sponsor under the SFA's jurisdiction is implemented as approved by the state agency and that it yields a reliable count of actual number of reimbursable free, reduced and paid lunches served for each day of operation.

This review process must be conducted prior to **February 1** of each year and must be completed by an SFA staff member. Contracted food management company employees are *not* to conduct these on-site reviews. If the review discloses problems with a site's meal counting or claiming procedures, the SFA must take the following actions:

- Ensure that the site implements corrective action; and
- Within 45 days of the review, conducts a follow-up on-site review to determine that the corrective action resolved the problems.

This process is important to help ensure that the cashiers understand the counting and claiming process and to prevent inaccurate claims from being submitted by your school district or institution. Additionally, in order for the on-site monitoring process to be completed effectively, the SFA should include the following as part of the process:

- Observe at least one complete lunch wave if there is only one cashier. If there is more than one cashier at the school, then more time should be spent so that *all cashiers are observed* for at least one wave.
- Monitor each cashier to determine if they are identifying reimbursable meals correctly and recording them accurately at the point of service.
- Monitor the cashing out procedures. It is important to note that when monitoring the cashing out procedures, the following areas should be observed as part of the on-site review:
 1. How the cashiers obtain their free, reduced and paid counts;
 2. How the cashiers account for **charged** meals;
 3. If using a *ticket* system, how cashiers are matching the register count with the total number of tickets collected; and
 4. If using a *roster* system, how cashiers are matching the total number of free, reduced and paid students checked off on the roster with the daily register counts.

Additionally, the on-site reviewer must ensure that:

- The site's daily reconciliation form reflects correct figures;
- Differences in the ending cash balances of each cashier are recorded and monitored;
- The Edit Check Worksheet reflects accurate data;
- A double check system is in place to monitor the Edit Check Worksheet for each site;
- The claim for reimbursement matches the Edit Check Worksheet; and
- The cashier procedures accurately reflect what is outlined in the site's written collection procedures.

The sample on-site monitoring form may be obtained by going to our website:

<http://www.sde.ct.gov/sde/cwp/view.asp?a=2626&q=320680>. The completed forms are to be kept on file for audit purposes and should not be sent to the CNP office.

If you have questions about any of the information provided in this Memorandum, please contact either Teri Dandeneau at 860-807-2079 or teri.dandeneau@ct.gov or Bob Zwack at 860-807-2081 or robert.zwack@ct.gov.

CR:tdd

Enclosures: (2)