



Maintaining Non-Profit Food Service

Financial Management Procedure

Sponsor Name	
Date Created	

This Record Applies to: All Sponsor Types

When completed, this template will serve as your organization's written procedure for the task above. All staff involved in this procedure must review and be knowledgeable on how to implement this. ODE CNP expects that following this procedure will produce accurate outcomes when replicated. Please complete all fillable fields, as applicable, to your program. If a field or section is not applicable, you may check the Not Applicable box. If you have any questions, please contact your assigned Child Nutrition Specialist.

Overview of Record: All SFSP Sponsors must have a financial management system to document non-profit food service and keep all documentation of all food service expenses. "Nonprofit food service includes all food service operations conducted by the institution principally for the benefit of enrolled participants, from which Program reimbursement funds are used solely for the operation or improvement of that food service. Food Service account activity must be monitored to determine nonprofit foodservice status for institutions."

A Financial Management System maintains effective control over, and accountability for, all funds, property, and other assets to assure that they are safeguarded and used efficiently to fulfill authorized purposes. Financial management includes such activities as budgeting, accounting, costing standards, management of revenues, management of property, procurement standards, and fiscal audits. Acceptable documentation includes itemized receipts, invoices, time and attendance reports and payroll records. Source documents must completely disclose the sources and applications of funds.

Sponsors must maintain separate food service accounting records documenting the SFSP and other Child Nutrition Programs, such as the Child and Adult Food Program and National School Lunch Program.

Financial Management Procedure

Completing this Financial Management Procedure template will allow all SFSP sponsors to have written management controls in place to ensure fiscal integrity of all program funds, accountability of all expenses, and use of funds for authorized purposes only.

Notes on using this template: Fill in all sections, as applicable. Sections that will not apply to all sponsors include a 'Not Applicable' checkbox.

I. Record Process and Timeline:

A. Overview:

1. Overview of Non-Profit Food Service (NPFS):

Sponsors must ensure non-profit food service operations, meaning that SFSP income and expenses must be accounted for separately from organizational income and expenses and only spent on allowable costs per the approved SFSP budget. In this section, answer questions related to the 'big picture' in financial oversight.

#	Overview Questions	Sponsor Responses
a	Software program used to track organizational income & expenses	Provide name of software here:
b	Method to document NPFS in software program: <input type="checkbox"/> SFSP fund account <input type="checkbox"/> SFSP account codes (Chart of Accounts)	If SFSP fund account or SFSP account codes are used, identify the fund account number or account codes for SFSP expenses:
c	If applicable, identify software limitations that don't allow tracking SFSP separately	
d	What is your organization's fiscal year?	
e	Position(s) of staff who receives expense documentation (ex. invoices, receipts, etc.)	
f	Back-up position(s)	
g	When documentation is initially received, where is the document maintained?	

#	Overview Questions	Sponsor Responses
h	Are these documents given to another position after this to maintain?	<input type="checkbox"/> Yes <input type="checkbox"/> No
i	If yes, provide the position title who receives the document(s) – enter N/A if not applicable	
j	Back-up position(s) – enter N/A if not applicable	
K	What is the timeframe for submitting these documents to the position(s) responsible for maintaining them?	
l	How are documents submitted? Ex. Left on desk or mailbox, scanned and e-mailed, filed in common folder	

2. Allowable and Unallowable Expenses:

Allowable expenses are those that can be charged to the SFSP account (can use SFSP reimbursements for these costs) while unallowable expenses must be paid by other funding sources.

#	Allowable/Unallowable Expenses Questions	Sponsor Responses
a	How are allowable and unallowable expenses determined?	
b	Position(s) responsible for documenting allowable and/or unallowable expenses on receipts/invoices	
c	Back-up position(s)	

#	Allowable/Unallowable Expenses Questions	Sponsor Responses
d	<p>Describe the method used to indicate allowable or unallowable costs, ex. highlight allowable or unallowable costs</p> <p>Include a double check or verification procedure.</p> <p>For example, if allowable and unallowable items are included on the same invoice/receipt, what is the method used to indicate allowable or unallowable costs?</p>	
e	<p>What is the timeline for completing (d)?</p>	
f	<p>Position(s) responsible for determining if allowable costs were included in the approved annual budget and ensuring that allowable costs are accurately documented</p>	
g	<p>Position(s) responsible for the double check in (f) above</p>	
h	<p>Position(s) who enter in unallowable costs on non-profit food service accounting software in 1a above</p>	
i	<p>Position(s) who will enter unallowable costs charged to accounts other than SFSP in the food service accounting software in 1a above</p>	
j	<p>Position(s) responsible for the double checks in (h) and (i) above</p>	

3. Allocated Costs:

Not Applicable

Allocated costs are those which cannot be charged entirely to SFSP since they are shared with other programs. Allocated costs must be given prior approval by ODE CNP during budget approval annually. Some allocated costs may require Specific Written Prior Approval (SWPA). In the table below, indicate which costs are allocated and describe the process to determine the allocation percentages for each of the allocated costs listed above.

If the allocation is not determined based on percentages, write in N/A for Not Applicable under the “What is the ODE CNP Approved Percentage” and provide the specific methods used to determine equitable allocation charged to SFSP.

Allocated Costs	How allocation percentages/methods are determined
Identify the allocated cost: What is the ODE CNP Approved Percentage?	
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Additional Allocated Costs Questions:

#	Allocated Costs Questions	Sponsor Responses
a	Position(s) responsible for ensuring all allocated costs are charged per the ODE CNP approved allocation percentage on the approved SFSP annual budget	
b	Back-up position(s)	
d	Position(s) responsible for double checking the allowable costs against the approved budget to ensure that allowable costs are accurately documented	
e	Back-up position(s)	
f	Timeline for double checks, ex. monthly, quarterly, etc.	

Additional Notes on NPFS Overview:

B. Operating Expenses:

For the following list of operating expenses, indicate the position(s) and back-up position(s) who would enter the **invoices or receipts** for the expenses and the time frame to complete the reporting.

SFSP Expenses	Position(s) responsible for entering expenses into tracking software and back-up position	Time frame for entering expenses
Food Expenses		<input type="checkbox"/> When received within __ days <input type="checkbox"/> Weekly on _____ <input type="checkbox"/> Monthly, by _____ <input type="checkbox"/> Alternate time frame, enter here:
Donated Food Items <input type="checkbox"/> Not applicable		<input type="checkbox"/> When received within __ days <input type="checkbox"/> Weekly on _____ <input type="checkbox"/> Monthly, by _____ <input type="checkbox"/> Alternate time frame, enter here:
Non-Food Items <input type="checkbox"/> Not applicable		<input type="checkbox"/> When received within __ days <input type="checkbox"/> Weekly on _____ <input type="checkbox"/> Monthly, by _____ <input type="checkbox"/> Alternate time frame, enter here:
Operating Labor Costs <input type="checkbox"/> Not applicable		<input type="checkbox"/> When received within __ days <input type="checkbox"/> Weekly on _____ <input type="checkbox"/> Monthly, by _____ <input type="checkbox"/> Alternate time frame, enter here:
Contracted Services <input type="checkbox"/> Not applicable		<input type="checkbox"/> When received within __ days <input type="checkbox"/> Weekly on _____ <input type="checkbox"/> Monthly, by _____ <input type="checkbox"/> Alternate time frame, enter here:

SFSP Expenses	Position(s) responsible for entering expenses into tracking software and back-up position	Time frame for entering expenses
Facility Costs <input type="checkbox"/> Not applicable		<input type="checkbox"/> When received within __ days <input type="checkbox"/> Weekly on _____ <input type="checkbox"/> Monthly, by _____ <input type="checkbox"/> Alternate time frame, enter here:
Utility Costs <input type="checkbox"/> Not applicable		<input type="checkbox"/> When received within __ days <input type="checkbox"/> Weekly on _____ <input type="checkbox"/> Monthly, by _____ <input type="checkbox"/> Alternate time frame, enter here:
Other Approved Operating Costs, list here: <input type="checkbox"/> Not applicable		<input type="checkbox"/> When received within __ days <input type="checkbox"/> Weekly on _____ <input type="checkbox"/> Monthly, by _____ <input type="checkbox"/> Alternate time frame, enter here:

Additional Notes on Operating Expenses:

C. Administrative Expenses:

Not Applicable

For the following list of administrative expenses, indicate the position(s) and back-up position(s) that would enter the **invoices or receipts** for the expenses and the time frame to complete the reporting.

SFSP Expenses	Position(s) responsible for entering expenses into tracking software and back-up position	Time frame for entering expenses
Admin Labor Costs <input type="checkbox"/> Not applicable		<input type="checkbox"/> When received within __ days <input type="checkbox"/> Weekly on _____ <input type="checkbox"/> Monthly, by _____ <input type="checkbox"/> Alternate time frame, enter here:
Contracted Services <input type="checkbox"/> Not applicable		<input type="checkbox"/> When received within __ days <input type="checkbox"/> Weekly on _____ <input type="checkbox"/> Monthly, by _____ <input type="checkbox"/> Alternate time frame, enter here:
Facility Costs <input type="checkbox"/> Not applicable		<input type="checkbox"/> When received within __ days <input type="checkbox"/> Weekly on _____ <input type="checkbox"/> Monthly, by _____ <input type="checkbox"/> Alternate time frame, enter here:
Utility Costs <input type="checkbox"/> Not applicable		<input type="checkbox"/> When received within __ days <input type="checkbox"/> Weekly on _____ <input type="checkbox"/> Monthly, by _____ <input type="checkbox"/> Alternate time frame, enter here:
Other Approved Operating Costs, list here: <input type="checkbox"/> Not applicable		<input type="checkbox"/> When received within __ days <input type="checkbox"/> Weekly on _____ <input type="checkbox"/> Monthly, by _____ <input type="checkbox"/> Alternate time frame, enter here:

D. Determining Non-Profit Food Service (NPFS):

1. Income Verification:

To determine if you are meeting non-profit food status, it is important to understand what income sources are applicable and available.

#	Income Verification Questions	Sponsor Responses
a	Position(s) responsible for verifying the income and entering it into tracking software or report.	
b	Back-up position(s)	
c	Describe how the income documentation is maintained. Ex. Electronically, by downloading the monthly claims summary from CNPweb and documenting the claim reimbursement amount in the tracking software.	
d	Do you receive reimbursement income from other Child Nutrition Programs?	<input type="checkbox"/> No <input type="checkbox"/> Yes – list all programs below:
e	If yes, how do you ensure income & expenses for each CNP is documented in the NPFS account?	
f	What additional funds do you receive for operating SFSP? List all funding sources, including Farm to Child Nutrition Programs, sanitation grants, expansion grants, etc.	

#	Income Verification Questions	Sponsor Responses
g	Describe the process that is used to document annual SFSP income and expenses	

2. Verifying 50% of Reimbursement is Spent on Food Expenses:

As a food program, sponsors must ensure that food costs will comprise a minimum of 50% of the SFSP reimbursements earned. In this section, provide information showing that there is a system to ensure compliance with this requirement.

#	Verification Questions	Sponsor Responses
a	Position(s) responsible for verifying that 50% of the reimbursement received each month is spent on food	
b	Back-up position(s)	
c	Describe the steps and documentation used to verify 50% of reimbursement is used for food.	

#	Verification Questions	Sponsor Responses
d	If 50% of reimbursement is not used on food for a month, describe what is done to ensure this does not occur in the future	

3. Closing the Claim Month:

Financial management oversight requires tracking of SFSP income and expenses.

#	Closing Claim Month Questions	Sponsor Responses
a	Position(s) responsible for completing a Profit and Loss Report for the SFSP account or completing a monthly expense report.	
b	Back-up position(s)	
c	Identify the timing of completing a Profit and Loss Report or monthly expense report. Provide a time frame. Ex. End of month, first week of the following month,	
d	Which position(s) reviews the Profit and Loss report or monthly expense report after it is completed?	
e	Position(s) who is responsible for ensuring that no more than: <input type="checkbox"/> 1 month <input type="checkbox"/> 3 months (only allowed if operating other Child Nutrition Programs) of operating expenses are in the SFSP account.	
f	Back-up position(s)	

#	Closing Claim Month Questions	Sponsor Responses
g	If SFSP expenses are less than SFSP reimbursements earned, what steps are taken?	<input type="checkbox"/> The balance will remain in the SFSP account and applied to future SFSP purchases <input type="checkbox"/> The balance will be applied to a different Child Nutrition Program (CNP) expense, a journal entry will be completed, and documentation retained to support the transfer of funds (only applies to sponsors operating multiple Child Nutrition Programs, ex. SFSP)
h	Position(s) that completes transfer of funds or journal entries	<input type="checkbox"/> N/A – no other CNP operations
i	Back-up position(s)	<input type="checkbox"/> N/A – no other CNP operations
j	Describe supporting documentation that will be maintained for fund transfers or journal entries.	<input type="checkbox"/> N/A – no other CNP operations
k	Position(s) responsible for maintaining documenting for transferred funds or journal entries	<input type="checkbox"/> N/A – no other CNP operations
l	Back-up position(s)	<input type="checkbox"/> N/A – no other CNP operations

4. Year-End Reconciliation:

#	Year-End Reconciliation Questions	Sponsor Responses
a	Position(s) responsible to run a year-end reconciliation report at the end of the fiscal year to ensure all transactions entered into the software program or expense report matches the actual amounts received and spent.	
b	Back-up position(s)	

#	Year-End Reconciliation Questions	Sponsor Responses
c	<p>If there is a SFSP positive fund balance, identify which position(s) will be responsible to develop a plan* to spend down funds on allowable SFSP expenses of more than</p> <p><input type="checkbox"/> 1 month</p> <p><input type="checkbox"/> 3 months (only allowed if operating other Child Nutrition Programs)</p> <p>of operating expenses are in the SFSP account?</p> <p>*Note: The plan must be submitted to ODE CNP, and approved, prior to spending excess funds.</p>	
d	Back-up position(s)	
e	If the SFSP account balance is negative which position(s) will transfer funds or complete a journal entry?	
f	Back-up position(s)	
g	What source of unrestricted fund(s) will be transferred to cover the negative SFSP fund balance? List all.	
h	Describe the supporting documentation that will be maintained for fund transfers or journal entries.	
i	Position(s) responsible for documenting transferred funds	
j	Back-up position(s)	

Additional Notes on Determining Non-Profit Food Service (NPFS):

II. Where Records Are Kept

A. Describe the location (room, cabinet, file folder, file path) where the following records are maintained. Include any additional information that would be necessary for someone to locate these documents.

B.

Check if N/A	Document	Location
	Reimbursement claims/income documentation	
	Itemized receipts, invoices, and purchase orders	
<input type="checkbox"/>	Timesheets and time distribution reports	
<input type="checkbox"/>	Rental agreements	
	Bank records	
<input type="checkbox"/>	Payroll records	
<input type="checkbox"/>	Board minutes	
<input type="checkbox"/>	Cost allocation plans	
	Procurement documentation, e.g., bids, quotes, contracts etc.	

Check if N/A	Document	Location
<input type="checkbox"/>	Contracts, e.g., vended meal agreements	
<input type="checkbox"/>	Profit & loss report	
<input type="checkbox"/>	Credit card statements	
<input type="checkbox"/>	Other - List here:	

Additional Notes on Where Record Are Kept: