



Cost Disallowance in the Summer Food Service Program (SFSP)

Purpose

The purpose of this memorandum is to provide guidance to sponsors as to costs for which SFSP funds cannot be used.

Legal Authority

FNS Instruction 796-4 Rev. 4; 7 CFR 225.15

Program Requirements

Sponsoring organizations are approved to participate in the Summer Food Service Program (SFSP) to provide healthy meals to low income children during the summer months when schools are not in session. SFSP meal service is conducted at local community sites that are approved by Bright from the Start: Georgia Department of Early Care and Learning (Bright from the Start).

Sponsoring organizations submit valid monthly claims for reimbursement to Bright from the Start via GA ATLAS. Valid monthly claims are paid based on the number of eligible meals served multiplied by the corresponding reimbursement rate. Earned SFSP reimbursement can be used for **allowable** operating and administrative costs incurred during the operation of the SFSP. Sponsors are not required to include actual operating or administrative costs as part of the monthly claim for reimbursement; however, Sponsors are required to maintain and make available at the time of review all records to support the use of SFSP reimbursement on allowable costs.

Per FNS Instruction 796-4 Rev.4, section IX (A), costs is allowable when the following criterion is met:

- Costs are necessary and reasonable for proper and efficient administration of the Program and chargeable within the guidelines of [FNS Instruction 796-4 Rev. 4];
- Costs are authorized and not prohibited under State or local laws or regulations;

- Costs conform to any limitations or exclusions set forth in [FNS Instruction 796-4 Rev. 4], federal laws, or the governing limitations as to types or amounts of cost items;
- Costs are consistent with the requirements of 7 CFR 3015.190, Subpart T –Cost Principles;
- Costs are not chargeable to, or included as a cost to, any other federally financed program in either the current or prior period;
- Costs are the net of all applicable credits, and
- Costs are accorded consistent treatment through application of generally accepted accounting principles appropriate to the circumstances.

In accordance with federal regulations 7 CFR Part 225, Bright from the Start SFSP policy 03-5, application instruction manual and other Program guidance materials, Sponsors are required to maintain documentation of costs incurred for the operation and administration of the SFSP. Although Bright from the Start encourages Sponsors to use the Monthly Record of Costs Form to document all monthly costs; it is permissible to use a DECAL approved alternate recordkeeping method, i.e., computer software such as QuickBooks, or a general ledger. Despite the recordkeeping method used, Sponsors are required to make available upon request at the time review, all documents to support the use of SFSP reimbursement. Failure to maintain or make available all documents that support the use of SFSP reimbursement will result in the cost being determined unallowable.

Costs that are determined unallowable include, but are not limited to:

- Costs that are **inconsistent** with FNS Instruction 796-4 Rev 4, section IX (A) and X;
- When SFSP reimbursement is used for costs that require prior or specific prior written approval, or costs that are not submitted and approved in the budget;
- When SFSP reimbursement is used on costs that exceed the amount approved in the annual SFSP budget;
- When shared costs are not accurately prorated between all organizational activities;
- When allocation methodologies are inconsistent with generally accepted accounting principles, are not related to the actual costs, or cannot be replicated;
- Costs associated with other costs that have been determined unallowable, e.g., labor cost for a monitor is determined unallowable; therefore all mileage reimbursement paid to the monitor to travel for visits is also unallowable;
- When required procurement procedures are not followed;
- When records, i.e., invoices, receipts, labor documentation, bank statements, financial records, etc., are not made available for review at the time of review;
- When records, i.e., invoices, receipts, labor documentation, bank statements, financial records, etc., do not conform to federal or state requirements, and
- When records, invoices, receipts, labor documentation, bank statements, financial records, etc., are incomplete and/or missing.

Repayment of Unallowable Costs

As per [DECAL Policy #14 - Sponsors Owing Outstanding Debts to the Summer Food Service Program](#). Sponsors that use SFSP reimbursement towards unallowable costs will be required to repay the

applicable funds to the sponsor's SFSP non-profit food service account for future use in the SFSP.

Sponsors are required to submit to DECAL and maintain documentation (e.g., bank statements, bank deposit receipts, statement of transfers, general ledger) verifying the debt has been repaid to the sponsor's food service account and/or coded SFSP. The sponsor must use non-Child Nutrition Program funds (to include SFSP and CACFP funds) to repay any debt owed. Additionally, excess SFSP funds cannot be used to repay any unallowable costs. The sponsor cannot use the repayment on a later date, unless it is an allowable, approved, and documented cost for the Program. However, if the sponsor has been terminated and/or voluntarily terminated and unallowable costs are outstanding, the sponsor must repay funds by submitting a certified check or money order to DECAL.

Comments

For questions concerning this policy memorandum, please contact the Policy Administrator at (404) 651-8193.