



Georgia Dept of Early Care and Learning

BRIGHT FROM THE START

2 Martin Luther King Jr. Drive SE, Suite 754, East Tower, Atlanta, GA 30334
(404) 656-5957

Brian P. Kemp
Governor

Amy M. Jacobs
Commissioner

MEMORANDUM

To: All Summer Food Service Program (SFSP) Sponsors

From: Tamika Boone, Nutrition Services Director (*Original Signed*)

Date: February 7, 2020

Subject: Simplified SFSP and Bright from the Start's Annual Year-End Reconciliation Process – Revised (v.4)

Legal Authority: 7 CFR § 225.9

Cross reference/see also: DECAL Policy Memorandum, *Excess Funds in the CACFP and SFSP* (v.3), January 25, 2019 and DECAL Policy No. SFSP/03-5.

The purpose of this memorandum is to reiterate the Simplified Costs Accounting Principles for the Summer Food Service Program (SFSP) and to detail requirements to complete Bright from the Start's Year-End Reconciliation Process. This memorandum was revised to provide further instruction on retaining excess funds. Further, this memorandum supersedes DECAL's policy memorandum entitled, "*Simplified SFSP and Bright from the Start's Annual Year-End Reconciliation Process*," August 20, 2014.

Note: For the sake of this memorandum, the term *excess funds* is synonymous with *unused reimbursement*: the difference between the amount claimed for reimbursement and actual costs, should reimbursement exceed costs.

Simplified Costs Accounting Procedures

Effective January 1, 2008, the FY 2008 Omnibus Appropriations Act extended the Simplified Cost Accounting Procedures to all states administering the Summer Food Service Program (SFSP). The purpose of the Simplified Cost Accounting Procedures is to facilitate and encourage participation of sponsors in the SFSP so that more hungry children have access to nutritious meals during the summer months when school is out.

The Simplified SFSP eliminates the comparison of the number of meals served to budgeted costs, or further comparison to actual costs incurred in the operation or administration of the SFSP in local communities. Therefore, SFSP sponsors are reimbursed based on the total number of meals served and are no longer required to report costs as a part of the claim for reimbursement. Nor are SFSP sponsors required to

categorize costs as “operating or administrative.” Notably, this reimbursement method may result in sponsors having excess funds after the end of SFSP operations and activities.

The only limitation on the use of reimbursement that exceeds costs while the Program is in operation is that the funds be used on allowable SFSP costs. Sponsors are strongly encouraged to use excess funds on improving the meal service or other aspects of the SFSP at sponsored sites. Sponsors that operate other Child Nutrition Programs (CNP) or plan to return and operate the SFSP the following year, may use excess funds for upcoming SFSP operations. However, if a sponsor does not operate other CNPs and/or plans not to return the following SFSP year, the sponsor must be mindful that if unallowable costs are identified during a closeout review or audit, state agencies must follow appropriate audit resolution procedures, although no funds would be recovered. If a sponsor will not operate SFSP in the future, but currently operates another CNP, the sponsor would be required to restore the misspent SFSP funds to its non-profit food service account [*Simplified Cost Accounting and Other Actions to Reduce Paperwork in the Summer Food Service Program, final rule, Federal Register*, Vol. 83, No. 106, Friday, June 1, 2018].

To ensure continued SFSP integrity and compliance with Federal Regulations, 7 CFR Part 225, state agencies must ensure that sponsors continue to document costs, demonstrating that all funds are used for allowable SFSP costs in accordance with FNS Instruction 796-4 Rev 4, and maintain records for review. Therefore, DECAL is required to implement end-of-year close-out activities that ensures that all SFSP funds are used on allowable costs and that sponsors have a process or procedure in place to determine if they have excess funds and how such excess funds will be used.

SFSP Annual Year-End Reconciliation Process

To ensure SFSP sponsors are using SFSP reimbursement funds for allowable costs, maintaining a non-profit food service account, and identifying potential excess funds, DECAL requires all sponsors to complete the *Annual Year End Reconciliation Form* **no later than (15) days after the final claim is submitted and no later than October 31st** of the applicable year. The sponsor must also upload the bank statement and/or general ledger supporting the ending balance reported on the year end reconciliation. The *Annual Year End Reconciliation Form* and the required bank statement and /or general ledger must be uploaded to GA ATLAS. The form along with instructions on how to complete it can be accessed on DECAL’s website, located at <http://dec.al.ga.gov/BftS/FormList.aspx?cat=SFSP>.

The *Year-End Reconciliation Form* captures the organization’s projected budget amount, actual revenue (which includes prior-year excess funds), SFSP reimbursement and non-program funds, administrative and operational costs (which are based on approved budgeted costs versus allowable costs), and the organization’s intentions on using SFSP excess funds for future SFSP Program operations or on other CNPs.

Sponsors that have excess funds and indicate that excess funds will be used towards upcoming SFSP costs, must maintain the excess funds in a non-profit food service account. Excess funds must be used for SFSP allowable expenses. For example, excess funds may be used for improving feeding sites, or food preparation facilities, start-up funds for the upcoming year, or for improving the food quality the following summer.

Excess funds from the SFSP may also be used in operating the Child and Adult Care Food Program (CACFP). If at the end of the summer, a sponsor has excess funds and indicates it will operate and use the excess funds towards the CACFP, those funds may be used for allowable CACFP expenses in accordance with DECAL’s *CACFP Budget Guidance Manual* for guidelines on the proper use of CACFP funds.

Sponsors that have excess funds and indicate that excess funds will be used towards other CNPs must maintain the excess funds in a non-profit food service account. Excess funds must be used for allowable

Program expenses in accordance with the Child Nutrition Program's Financial Management Instructions, rules, regulations and policies.

If you have any questions regarding DECAL's annual year-end reconciliation process, please contact Nutrition's Budget Compliance Specialist at (404) 651-7181.