

**Georgia Dept
of Early Care
and Learning**

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Area Numbered Policies
Programs SFSP

Maintaining the Integrity of Summer Food Service Program Funds in a Separate or Commingled Account, SFSP #8 (03-8)



LEGAL AUTHORITY

7 C.F.R. § 225.2; 7 C.F.R. § 225.14(c)(1); 7 C.F.R. § 225.15.(c); 7 C.F.R. 225.18(f); O.C.G.A. § 20-1A-5

I. PURPOSE

The purpose of this policy is to explain the guidelines for appropriate maintenance of accounts containing Summer Food Service Program (SFSP) funds.

II. APPLIES TO

This policy applies to all sponsors participating in the SFSP.

III. DEFINITIONS

"Nonprofit food service account" means the restricted account in which all of the revenue from all food service operations conducted by the sponsor principally for the benefit of children is retained and used only for the operation or improvement of the nonprofit food service. This account must include, as appropriate, non-Federal funds used to support program operations, and proceeds from non-program foods.

"Sponsor" means a public or private nonprofit school food authority, a public or private nonprofit residential summer camp, a unit of local, municipal, county or State government, a public or private nonprofit college or university currently participating in the National Youth Sports Program (NYSP), or a private nonprofit organization which develops a special summer or other school vacation program providing food service similar to that made available to children during the school year under the National School Lunch and School Breakfast Programs and which is approved to participate in the Program.

"DECAL"- means Bright from the Start: Georgia Department of Early Care and Learning.

IV. POLICY

Bright from the Start: Georgia Department of Early Care and Learning (DECAL) works to ensure that the integrity of SFSP funds is maintained at all times. Federal regulation 225.14(c) (1) states that SFSP sponsors have final administrative and financial responsibility for SFSP operations in their organizations; therefore it is very important that the SFSP is administered effectively and SFSP sponsors may maintain a separate account or a commingled account for the receipt and distribution of SFSP funds. However, in order to enable SFSP expenditures to be tracked more easily, DECAL recommends that SFSP sponsors maintain a separate account for program management in their organizations. Management of the program from a separate account will prevent USDA and/or DECAL involvement in, and monitoring of, monies that are unrelated to SFSP reimbursement, administration, and operation. Use of a separate account will further enable the sponsor to improve their management and organization of SFSP funds and also avoid the improper use of SFSP funds. Managing the program from a separate account and maintaining complete and accurate records of all deposits, withdrawals, and transfers from that separate account will help SFSP sponsors avoid review or audit of personal accounts or other accounts unrelated to the SFSP. However, if SFSP funds are transferred from a SFSP separate account to a personal or other account unrelated to the SFSP, that personal account or other account unrelated to the SFSP will be subject to review or audit by USDA, DECAL, and/or its agents. Bank fees claimed on the administrative budget must be reasonable and the appropriate documentation must be maintained to support the amount claimed. Current sponsors, who now wish to manage the program from a separate account and be reimbursed for the cost of the account, must submit a revised budget.

The integrity of SFSP funds must be maintained at all times, whether a sponsor chooses to use a separate or commingled account for program activity.

DECAL will require a SFSP sponsor to maintain a separate account for SFSP funds as corrective action related to a financial integrity issue found during a review or audit by USDA, DECAL, and/or its agents "for cause."

Some examples of financial integrity issues where DECAL will require a sponsor to maintain a separate account "for cause" include, but are not limited to:

1. Failure to maintain adequate records.
 - Missing/incomplete/different amounts or payees for invoices, receipts, canceled checks, inventories resulting in false/inflated/unsubstantiated claimed costs.

- Cost records not maintained according to Generally Accepted Accounting Principles (GAAP) resulting in false/inflated/unsubstantiated claimed costs.
 - Claiming nonexistent costs or costs not allowed or approved in the budget.
 - Claiming costs for fictitious employees and creating fictitious records.
 - Bookkeeping errors.
2. Improper use of funds.
 - Spending SFSP funds on unallowable costs, such as legal or personal costs.
 - Lack of adequate internal financial controls.
 - Insufficient financial resources to maintain the organization.
 3. A history of administrative or financial mismanagement in any Federal child\nutrition program.

V. PROCEDURES

All activity on accounts containing SFSP funds can be reviewed at any time by USDA, DECAL, and/or its agents during an audit or review. In order to maintain the integrity of SFSP funds and remain in compliance with USDA and DECAL policies, all SFSP sponsors must do the following:

1. Maintain complete and accurate account records including copies of bank statements, copies of checks, and any other records or documentation pertaining to account activity which show the source and application of SFSP funds. (See SFSP/03-5 Recordkeeping Requirements for the SFSP)
2. Maintain an accounting system, in accordance with GAAP, that provides for the separate identification of all SFSP food service transactions, including the accrual of interest earned on cash balances.
3. Ensure that reimbursement payments are spent in the manner in which they are claimed.

VI. COMMENTS

Any questions regarding this policy should be directed to the Policy Administrator at (404) 651-8193.

