



Best Practices for Meal Claim Verification and Ensuring Properly Payable Claims in the Summer Food Service Program

Purpose

This memorandum offers State agencies best practices for using appropriate documentation to validate claims for reimbursement for self-preparation (self-prep) sites and ensuring claims are properly payable in the Summer Food Service Program (SFSP).

Legal Authority

SFSP 05-2023

Background

An audit by the USDA Office of Inspector General (OIG), [Consolidated Report of FNS and Selected State Agencies' Controls over SFSP](#), Audit Report 27601-0005-41, disclosed that States need additional guidance on establishing methods and procedures for ensuring the accuracy of sponsor program payments by verifying appropriate record keeping for sponsors with self-prep sites. State agencies must establish and maintain procedures to validate the sponsors' meal claims utilizing a record review process that includes, at a minimum, per 7 CFR 225.7(e)(6)(i), reconciling delivery receipts, daily meal counts from sites, and the sponsors' claim consolidation spreadsheets against the meals claimed for reimbursement by the sponsors for periods under review. State agencies must also ensure that claims submitted for reimbursement are properly payable, which means that the sponsor's records justify all costs and meals claimed. Corrective action must adequately address any issues related to claiming issues and other areas of noncompliance.

Simplified cost accounting procedures allow SFSP sponsors to claim reimbursement for eligible meals using "meals times rates" (i.e., the number of meals served times the per meal rate equals the total

amount of reimbursement). Sponsors are not required to report their costs to the State agency but are required to maintain documentation indicating that reimbursements were spent on allowable Child Nutrition Program costs. This documentation must be available for State agency review or audit purposes. Regulations also require the State agency to develop and utilize a records review process to validate sponsors' meal claims.

Program Requirements

This guidance offers best practices to complement regulations at 7 CFR 225.7(e)(6) regarding meal claim validation and updated guidance on simplified cost accounting procedures in SFSP 05-2017 *Summer Food Service Program Questions and Answers*, December 1, 2016 <https://www.fns.usda.gov/sfsp/summer-food-service-program-qas> and SFSP 01-2008, *Nationwide Expansion of Summer Food Service Program Simplified Cost Accounting Procedures*, January 2, 2008, <https://www.fns.usda.gov/nationwide-expansion-summer-food-service-program-simplified-cost-accounting-procedures>. FNS shares these best practices for States seeking additional guidance regarding appropriate documentation that can be used for reconciling claims for reimbursement for self-prep sites and can be applied to vended sites as well. Sponsors should be aware of the types of important documentation needed to facilitate meal claim validation by State agencies as well as ensure records are made available to the State agency to support all claims for reimbursement, per 7 CFR 225.9(d)(5). All documentation related to the sponsors' meal claims should be maintained so that State agencies can periodically verify previous determinations assessed by State agency reviewers.

Best Practices for Meal Claim Verification of Self-Preparation Sites in the Summer Food Service Program

Types of documentation (e.g., paper, or digital) that can be used to validate SFSP meal claims when reviewing sponsors with self-prep sites:

A. The documentation listed below supports the number of meals served to children:

- Daily Meal Count Forms, including meals served to program and non-program adults. *
- Weekly/Monthly Consolidated Meal Count Forms. *
- Production Records.
- Menus.
- Delivery Receipts from the Central Kitchen. *
- Daily Participation or Attendance Records.
- Sponsor Applications/Site Information Sheets.

**Indicates required documentation per 7 CFR 225.7(e)(6)(i).*

B. The documentation listed below supports verification of food service costs:

- Milk Receipts.
- Food Receipts.
- Sponsor Food Orders.

- Receiving Reports that record the amount of food received from the supplier.
- Purchasing Invoices.
- Food Donation Documentation.
- Procurement Records.
- Records of any returns, discounts, or other credits not reflected on purchase invoices.
- Inventory Records, including USDA Foods, that show the kinds of food items on hand at the beginning and end of the inventory period, the quantity of each item, documented major inventory adjustments, and the total value of the beginning and ending inventory.
- Cancelled Checks or other forms of receipt for payment.
- Labor documentation (i.e., timesheets, payroll records, etc.).

Ways records can be evaluated to determine valid SFSP meal claims for self-prep sites:

The list of documents above can be evaluated in a variety of ways to establish the validity of meal claims. Following are examples of effective document comparison methods that may be used to help determine valid meal claims:

- Use Procurement Records, Purchasing Invoices, food receipts, and Inventory Records to determine quantity of food on hand.
- Use Inventory Records to compare quantity of food on hand to Menus for the claim month being reviewed at the sponsor's sites. Determine if enough food was available to prepare the meals on the menu.
- Review Production Records and Delivery Receipts for the claim month. Compare meals listed with menus for the claim month. Compare the number of meals prepared or delivered with the number of meals served.
- Review Menus for the claim month to ensure that meals meet SFSP meal pattern requirements and, during a site review, check meals for appropriate or missing components, as well as quantity requirements.
- Compare Purchasing Invoices (items and amounts purchased) and food receipts to the Menu and Production Records to determine if enough food was available for the number of meals claimed.
- Review the Sponsor Application/Site Information Sheets to determine if they support the number of meals being claimed, approved site capacities, meal operation days, and meal types being served.
- Verify and review the meal counts taken at the point of service and compare them to the following program records: Beginning and Ending Inventory for each claim period; Food Receipts; Delivery Receipts; Production Records for each meal service provided during the claim period; Invoices received from food suppliers and Canceled Checks.
- Perform a Milk Analysis to ensure that the sponsor served reimbursable meals, as milk is a required component of all SFSP reimbursable meals.
- Review Payroll records to determine if the number of hours the food service staff worked aligns with the number of operational days.
- Review documentation such as meal count records for evidence of block claiming.

How to evaluate records to establish SFSP meal claims are properly payable:

Reviewed individually, each of these documents provides a piece of the information needed to support the sponsor’s claim for reimbursement. However, when evaluated together, these documents will aid the State agency in its determination of whether the sponsor’s claim for reimbursement is properly payable.

Example - Using Individual Documents in Tandem to Validate the Claim for Reimbursement

- Let’s use the following documents: Daily Meal Count Form, Menu, Site Information Sheet, Production Record, and Purchasing Invoice.
- The Daily Meal Count Form will provide information on how many participants were served each day for each specific meal service.
- The Menu will provide information on what was served.
- The Site Information Sheet will provide the estimated number of daily meals, types of meals to be served, and approved meal service times.
- The Production Record will provide information to support that the minimum required serving size for each meal component was prepared.
- The Purchasing Invoice will provide details of the food or supplies purchased, the date, and the amount.
- On the Daily Meal Count form, the State agency reviewer sees that ABC sponsor served lunch to 100 participants on Monday afternoon. The sponsor’s site information sheet indicates that the site has been approved to serve the meal type (lunch) to the estimated number of children (100), during the meal service time (Monday at noon). The menu indicates that chicken was served. Per the SFSP meal pattern for lunch, at least two ounces of meat/meat alternate is required. Next the State agency reviews the Production Record, and it indicates that enough chicken was prepared.

Menu Item	Serving Size	# of Planned Servings	# of Servings per Unit	# of Servings Prepared	# of Servings to Children & Program Adults	# of Servings Leftover
Chicken	2 oz	100	40/5 lb. bag Chicken	120	120	0

Additional menu items follow. Not listed for this example.

- The State agency reviewer then evaluates the Purchasing Invoice and discovers that ABC sponsor purchased only two 5 lb. bags of chicken for the Monday lunch; thus, yielding only 80 possible servings. There was no additional chicken nor other meat/meat alternate documented on the inventory records. ABC sponsor claimed 120 meals for Monday’s lunch service. Therefore, 40 meals are not eligible for reimbursement and the State agency reviewer assesses an overclaim.
- It is important to know that the records listed should be used in conjunction with additional records to determine valid meal claims. Accurate meal claim validations cannot be achieved by reviewing only one or two records individually.

Procedures used to verify meal claims during a review for self-prep sponsors:

Review the accuracy of meal counts:

- Observe the meal count during the site review.
 - Obtain an explanation if the observed meal count during a site review compared to the reported meal count numbers on the Daily Meal Count Form from five previous serving days has a difference of more than ten percent.
- If the explanation is not adequate:
 - Follow up with another visit to the same site to determine if the numbers are still inconsistent.
 - If the numbers are lower than what was reported, consider reducing the site's approved site capacity.
- Compare the number of meals prepared, or the number of meals indicated on the Production Record or Delivery Receipts from the sponsor's central kitchen; to the number of meals served.
 - If the number of meals prepared or received is consistently the same as the number of meals served (i.e., block claiming) for 50 percent or more of the operating days that month, provide technical assistance to the sponsor, and revisit the site to determine accuracy and the possible need to reduce the site's approved site capacity.
- Ensure the total meals claimed do not exceed the capacity for the approved operational days.

Validate the Meal Claim:

- Validate the claim that has the highest meal count.
- Review all Daily Meal Count Forms and compare to the Monthly Consolidated Meal Count Form for all meals claimed at all sites for the month of review per SFSP regulation at 7 CFR 225.7(e)(4)(v).
- Compare this consolidated amount to the amounts claimed for reimbursement for the sites selected for review.
- Calculate the percentage of error for both overclaims and underclaims, if a variance equal to 5% or greater is found, expand the meal claim validation. Expansion of the meal claim validation means adding additional sites to the review utilizing the process outlined at 7 CFR 225.7(e)(6).
- Continue to expand the meal claim validation until the percentage error for the sites added for review yields less than five percent. If necessary, expand the meal claim validation to 100% of the sponsor's total sites.

At any time, the State agency can expand the meal claim validation beyond the review period or include additional sites. This expansion is recommended if the State agency suspects the sponsor has engaged in unlawful acts connected to Program operations. Also at its discretion, the State agency may forego the meal claim validation process outlined at 7 CFR 225.7(e)(6) and complete a validation process which includes all meals served on all operating days for all sites during a sponsor review period. In addition, the State agency must disallow any portion of the claim and recover any payments made to the sponsor that are not properly payable. The State agency can disregard overpayment to the sponsor not greater

than \$100.

Corrective Action

The State agency should only accept corrective action from the sponsor that addresses the underlying, or root cause of the finding or noncompliance issue. The goal of corrective action is to permanently correct the non-compliance. To address the root cause of the noncompliance issue, the State agency can:

Ask "When, Where and Why": Make sure corrective action addresses when, where and why of the noncompliance. Ask:

- When did the noncompliance occur?
- Where in the process did the noncompliance occur?
- Why did the noncompliance happen?

The responses to these questions should provide a complete overview of the noncompliance. Detailed responses will assist the State agency and sponsor in determining why the noncompliance occurred and prevent future findings.

Ask "But Why": State agency staff examine the noncompliance issue by asking what caused it. Each time a response is given, staff continue to ask, "But why?" or "How could that have been prevented?". The analysis can lead to more than one possible cause so State agency staff should use their expertise and experience to determine the root cause of the noncompliance.

Regardless of how the underlying cause of the noncompliance issue is discovered, the State agency should initiate a follow-up system to ensure that sponsors implement the corrective action for the identified problem of the finding.

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