



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

Subject: Simplified SFSP and Bright from the Start's Annual Year-End Reconciliation Process – Revised (v.5)

Date: June 21, 2022

Legal Authority: 7 CFR § 225.9

Applies To: All Sponsors Participating the Summer Food Service Program (SFSP)

Purpose: 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," February 7, 2020

Cross reference/see also: DECAL Policy Memorandum, *Excess Funds in the CACFP and SFSP (v.3)*, January 25, 2019 and DECAL Policy Nos. SFSP/03-05 and SFSP/03-08

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 (CNPs) or plan to return and operate the SFSP the following year, may use excess funds for upcoming SFSP operations.

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.

The Required SFSP Annual Year-End Reconciliation

To ensure SFSP sponsors are using SFSP reimbursement funds for allowable costs, maintaining a nonprofit food service account, and identifying potential excess funds, DECAL requires all sponsors to complete an annual year-end reconciliation of revenue and SFSP expenses. To support the reconciliation, DECAL further requires sponsors **to submit the following by email to NutritionBudget@decals.ga.gov no later than fifteen (15) days after the final claim is submitted and no later than October 31st of the applicable year:**

- The Annual Year-End Reconciliation Form - The required form captures the following information:
 - Prior year excess funds;
 - SFSP reimbursement received each month of operation per reimbursement data listed in ATLAS;
 - Other non-SFSP funding used to support the SFSP operation;
 - The organization's approved budget amount per cost category, including operational and administrative costs;
 - The organization's actual allowable SFSP expenses, including operational and administrative costs;
 - How the organization intends to use any excess funds (towards the next year's SFSP operations or other Child Nutrition Programs); and
 - The ending Program balance (the form auto-populates this information)

The form along with instructions can be accessed on DECAL's website, located at <http://www.decals.ga.gov/BftS/FormList.aspx?cat=SFSP>

- Supporting SFSP Financial Records - Sponsors must submit financial documentation that authentically corresponds to the ending balance reported on the sponsor's Annual Year-End Reconciliation Form. Financial records which support the ending balance must be one of the following:
 - If the sponsor operates the SFSP from a separate SFSP bank account, the sponsor must

- submit a bank statement from the separate SFSP bank account.
- If the sponsor has a commingled bank account but tracks SFSP revenue and SFSP expenses separately via an accounting software system, the sponsor must submit a system-generated general ledger.

Note: Financial records in the form of manually completed spreadsheets, handwritten documentation, and/or the Monthly Record of Cost Form will not be accepted by DECAL as supporting SFSP financial records.

For additional information on the SFSP requirements for the maintenance and tracking of the receipt and distribution of SFSP funds, please see [DECAL Policy No. SFSP/03-08 - Maintaining the Integrity of Summer Food Service Program Funds in a Separate or Commingled Account.](#)

The submission of the Annual Year-End Reconciliation Form and supporting SFSP financial records is a requirement. A sponsor's failure to timely and accurately submit the required Annual Year-End Reconciliation form and supporting SFSP financial records to DECAL may prevent the sponsor from participating in the SFSP the following fiscal year.

Maintenance and Use of SFSP Excess Funds

Excess SFSP Funds used in the SFSP

Sponsors that have excess funds and indicate on the Annual Year-End Reconciliation Form that excess funds will be used towards SFSP costs for the following year, must maintain the excess funds in the sponsor's non-profit SFSP food service account. The withdrawal and use of the SFSP excess funds for unapproved and/or unallowable SFSP expenses may result in disallowed costs. The excess SFSP funds must be used only for SFSP allowable expenses. For example, excess funds may be used for the following:

- Pre-award costs for the following summer;
- Necessary and reasonable improvement to kitchen facilities or equipment as it directly relates to preparing creditable meals (*This requires specific prior written approval.*);
- Expanding the variety of creditable meals;
- Increasing the amount and variety of whole grains, fresh fruits, and vegetables;
- Enhancing the service of vegetables by serving more legumes and dark leafy green vegetables;
- Enhancing monitoring or oversight of the food service; and
- Enhancing specialized meal services for children with food allergies.

But please keep in mind that all costs for which sponsors intend to pay with Program funds must be disclosed in the SFSP budget and approved by DECAL prior to the Program funds being used towards those costs.

Excess SFSP Funds used in the Child and Adult Care Food Program (CACFP)

Excess funds from the SFSP may also be used in operating the CACFP with DECAL approval. A SFSP sponsor, that also has an agreement to operate the CACFP, may use excess SFSP funds towards its CACFP operations. However, the sponsor must indicate as such on the Annual Year-End Reconciliation Form. The excess funds must be maintained and utilized within the non-

profit CACFP food service account and must only be used for allowable CACFP expenses as per [DECAL's Budget Guidance Manual](#).

In addition, the sponsor must disclose the excess dollar amount in GA ATLAS within the Budget Detail section and indicate that SFSP funds will be transferred for use in the CACFP. Under Other Program Revenue, the institution must list the source and the dollar amount, (e.g., Budget Detail/Other Program Revenue: Source of Funds: "Excess SFSP reimbursement funds from FY22 to CACFP- "\$4,000").

In addition, sponsors should revise and accurately disclose the cost allocations within the GA ATLAS Budget within the appropriate line-item cost categories for the respective Programs; and just as any other cost for the Program, DECAL must issue approval prior to an organization's use of Program funds for those costs.

Excess Funds used in other Child Nutrition Programs (CNPs)

Excess funds from the SFSP may also be used towards other CNPs (e.g. National School Lunch Program, School Breakfast Program) with DECAL approval. However, the sponsor must indicate as such on the Annual Year-End Reconciliation Form. Sponsors 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.

Excess Funds Request Form

SFSP sponsors that desire to use excess SFSP funds towards the operations of other child nutrition programs (e.g. CACFP, NSLP, SBP) are required to complete the Happy Helpings Excess Funds Request Form located at <http://www.dec.al.ga.gov/documents/attachments/HHEXcessFundsCostRequestForm.doc>. Once completed, the form must be submitted via email to Nutritionbudget@dec.al.ga.gov for DECAL approval. The Excess Funds Request Form requires the disclosure of the following information (not an exhaustive list):

- Amount of excess SFSP funds from the prior year
- Additional Child Nutrition Programs that the sponsor operates
- Amount of excess funds that will be used towards other Child Nutrition Programs
- The listing of all expenditures that will be paid with the prior year's excess SFSP reimbursement funds

In addition to the completion of the Excess Funds Request Form, sponsors must submit documentation to support each expenditure listed for which SFSP excess funds are to be used (i.e., time and attendance records, receipts, invoices, contracts, labor records). However, supporting documentation is not needed for food and non-food costs unless the sponsor is using a Food Service Management Company (FSMC) for those costs.

Note: Sponsors must receive approval by DECAL prior to using excess SFSP funds towards other CNPs' costs.

SFSP Sponsors Not Returning to the Program

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*].

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