**SFSP Costs and Recordkeeping**

(7 CFR 225.2 definitions and FNS Instruction 796-4, Rev. 4)

**SFSP operating costs are allowable costs incurred by the sponsor for preparing and serving meals to eligible children and Program adults. These costs include, but are not limited to, cost of food used, labor, non-food supplies, and space for the food service. Rural sites may include costs that are directly incurred in transporting children from rural homes to rural food service sites. All costs must be fully documented and they must represent actual Program costs.**

**Food Costs for On Site Preparation**

(FNS Instruction 796-4, Rev. 4)

The data that is necessary for computing the cost of food used is more extensive when sponsors prepare their own meals on site or at a central kitchen. Records to support the cost of food used should include, at a minimum:

* Receiving reports that record the amount of food received from the supplier
* Purchasing invoices
* Records of any returns, discounts, or other credits not reflected on purchase invoices
* Inventory records 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

Food costs cover the cost of purchases and the cost of processing, transporting, storing, and handling food that is donated (including USDA Foods) or purchased by the sponsor. Sponsors cannot charge the Program for major reductions of food in stock that are the result of fire, theft, spoilage, contamination, or any event other than normal usage.

**Food Costs for Vended Programs**

(FNS Instruction 796-4, Rev. 4)

**The cost of food used means the cost of the preparation or the cost of preparation and delivery of meals charged to the sponsor by the FSMC or the school facility.**

This cannot include charges for meals delivered to non- approved sites, meals not delivered within the established delivery time, meals that are spoiled or do not meet meal pattern requirements, or meals that do not meet the requirements or terms of the contract. The sponsor should not pay the FSMC or school facility for these meals. The sponsor must maintain records that include the signed delivery slips to support the claim for reimbursement.

The delivery slip must provide sufficient detail to document compliance with SFSP requirements. The delivery slip is the sponsor’s only identifier that the meal served matched the menu for that day, unless a substitution has been indicated. Although the Federal regulations do not specifically define what should be addressed on the delivery slips, the site supervisor or designated site personnel should:

* Determine what meals they are signing for on the delivery slip
* Check the quantity
* Ensure that meals meet the meal pattern requirements
* Note any errors/differences on the delivery slip
* Maintain the signed detailed delivery slip to support the sponsors claim for reimbursement

It is strongly encouraged that, at a minimum, the delivery slip includes:

* What meal is being delivered
* The number of meals delivered
* The delivery date and time

**Administrative Costs**

(7 CFR 225.2 definitions, FNS Instruction 796-4, Rev 4)

**Administrative costs are costs incurred by the sponsor for activities related to planning, organizing, and administering the Program. Generally, these activities include:**

* Preparing and submitting an application for participation, including a management plan containing budgets of operating and administrative costs, and staffing and monitoring plans
* Establishing the eligibility of open or restricted open sites by collecting school or census tract data or family household applications for closed enrolled sites to determine if 50 percent or more of the children are eligible
* For camps, determining the number of children eligible based on a review of family size and income forms
* Attending training provided by the State agency
* Hiring and training site and administrative personnel
* Visiting sites, reviewing and monitoring operations at sites, and documenting these visits and reviews
* Preparing and submitting a plan for and summary of the invitation to bid when the sponsor wants to contract with a FSMC
* Preparing and submitting claims for reimbursement
* Performing other activities that are necessary for planning, and managing the Program

Generally, costs incurred for these activities are:

* Labor costs for administrative activities
* Rental costs for offices, office equipment, and vehicles
* Vehicle allowance and parking expenses
* Office supplies
* Communications
* Insurance and indemnification
* Audits
* Travel

**Labor Costs**

(FNS Instruction 796-4, Rev. 4)

**Labor costs include compensation by sponsors for labor that is required to prepare and serve meals, to supervise children during the meal service, and to clean up after the meal service.** These costs may include wages, salaries, employee benefits, and the share of taxes paid by the sponsor. Sponsors must keep accurate time and attendance records for all labor costs that are attributed to the SFSP.

**Other Operating Costs**

(FNS Instruction 796-4, Rev. 4) **Other operating costs may include, but are not limited to:**

* Costs of nonfood supplies
* Rental costs for buildings, food service equipment, and vehicles
* Utility costs
* Mileage allowances

If sponsors feel that they may have “other” costs that are not listed, they may contact the State agency for a determination as to whether or not they may use reimbursement to cover those costs. Sponsors must keep all records and documentation to support any costs that they claim for reimbursement.

**Maintaining Records of Costs and Tracking Funds**

(7 CFR 225.15(c))

Records must be maintained that document the amount and purpose of all administrative costs attributed to SFSP. For example, time and attendance records must be kept to document labor costs. See attachment and instructions in the SFSP Administrative Guidance for Sponsors. Sponsors must be able to account for the receipt, obligation, and expenditure of all SFSP funds. However, this does not mean that sponsors are necessarily required to maintain SFSP funds in a separate bank account from other institution expenditures. Sponsors must ensure that all SFSP reimbursements are being used solely for conducting non-profit food service operations.

When a sponsor’s total food service is not conducted principally for the benefit of its own SFSP participants, the non-Program and Program components of the food service operation must be tracked separately. Through this separation, the institution must ensure that the SFSP nonprofit food service Program component does not support any non-Program food service activities such as vending or catering operations or adult meal services. See sample cost tracking forms in the Guidance manual.

**Retention of Records** (7 CFR 225.8(a))

Sponsors must maintain all records for three years after the end of the fiscal year of operation, or longer if required by the State agency. These records must be accessible to Federal and State agency personnel for audit and review purposes. Further, these records can only be disposed of after three years if there are no unresolved audit findings or the program is not under investigation.

This institution is an equal opportunity provider.