



Food and
Nutrition
Service

Park Office
Center

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DATE: May 15, 2018

MEMO CODE: SP 13-2018

SUBJECT: Administrative Review – Revised Manual, Forms, and Tools
(School Year 2018-2019)

TO: Regional Directors
Special Nutrition Programs
All Regions

State Directors
Child Nutrition Programs
All States

This memorandum provides information regarding the updated School Meal Programs Administrative Review (AR) Manual for School Year (SY) 2018-2019. In previous years, all AR materials have been updated annually. This school year updates to the AR process were only made in areas regarding the Fiscal Action (FA) process and Resource Management (RM). These areas underwent improvements for SY 2018-2019, based on specific feedback from both Food and Nutrition Service (FNS) Regional offices and State Agencies.

Changes to these areas are summarized below and included in the attached Table: SY 2018-2019 Updated Administrative Review Manual, Forms, and Tools, which identifies areas with key changes, but is not all encompassing.

Fiscal Action

In order to improve upon the integrity of the FA process, FNS has replaced the adjustment factor in the previous FA Workbook with a process that assigns specific error rates to each of the certification and benefit issuance (CBI) errors listed on the SFA-1 form in the updated FA Workbook. This new process also incorporates the requirement to assess FA school food authority (SFA) wide, which was implemented in SY 2016-2017. When CBI errors are identified in excess of 3%, the State Agency is required to assess FA SFA-wide as the error rate established is representative of the entire system. FNS also made an effort to improve the way overclaims and underclaims are reported in the FA Workbook. An additional change to the FA Workbook is that the Open Seamless Summer Option (SSO) tabs have been removed.

Resource Management

Starting in SY 2013-2014, State Agencies began using a risk assessment process to determine which SFAs scheduled for an AR were at risk of financial noncompliance. Those deemed to be at risk of noncompliance receive a thorough comprehensive review. For SY 2018-2019, updates improve the risk assessment process to better identify SFAs that may have spent Program dollars on unallowable costs. The RM updates include wording changes and simplification of some RM questions included in the Off-site Assessment Tool in order to increase clarity of the questions and better identify SFA practices. The guidance also provides clearer directions about any additional financial information that State agencies may need from SFAs for the RM Risk Indicator Tool. In the RM Comprehensive Review Tool the updates omit unnecessary questions and clarify other questions. Updates in the AR manual also identify best practices that State agencies may adopt to improve the quality of their RM reviews.

Edits and updates in both of these areas are highlighted in yellow in the AR manual, as well as in the related forms and tools.

State agencies are expected to start implementing the updates reflected in the SY 2018-2019 Administrative Review Manual, forms, and tools July 1, 2018. Please note, data collected during Administrative Reviews conducted in SY 2018-2019 will be reported on the FNS-640 due March 1, 2020. The draft of revised FNS-640 instructions reflecting any changes that apply to FNS-640 reporting are scheduled to be released during Fall 2018.

State agencies should direct any questions concerning this guidance to the appropriate FNS Regional Office.

Sincerely,

Original Signed

Sarah E. Smith-Holmes
Director
Program Monitoring and Operational Support Division
Child Nutrition Programs

Attachment

Table: SY2018-2019

Updated Administrative Review Manual, Forms and Tools

Administrative Review Manual, Forms, and Tools Revised	Summary of Update
Off-site Assessment Tool	Questions in the RM section edited for clarity.
On-site Assessment Tool	Question 126 and accompanying instruction edited to reflect updates and provide clarity.
Updated Forms to Align with Fiscal Action and FNS Reporting	<ul style="list-style-type: none"> • The AR forms and tools have been updated in line with the any changes made as a result of FA updates that in turn impacts FNS 640 reporting. • Includes revisions to the S-1, S-2, SFA-1, SFA 1A, Supplemental Afterschool Snacks form, SSO S-1, and SFA-3.
Fiscal Action (FA) Process and Fiscal Action Workbook	<ul style="list-style-type: none"> • Includes the updated FA Workbook that eliminates the previously used adjustment factor and assigns specific errors rates to each of the certification and benefit issuance errors listed on the SFA-1 form. • Incorporates the requirement to assess FA school food authority wide. • Improves the way overclaims and underclaims are reported in the workbook so that all overclaims are reported consistently as a negative number and all underclaims are reported with a positive number. • Open Seamless Summer Option (SSO) tab was removed. All FA calculations for open SSO sites can be entered into the NSLP standard tab. FNS has kept the SSO tabs for both NSLP and SBP (for closed and migrant sites), as applications are taken at these sites requiring a separate CBI review.
Resource Management (RM) Section, RM Risk Indicator Tool, and RM Comprehensive Review Form	<ul style="list-style-type: none"> • Streamlined Off-site Assessment Tool questions help to better identify SFA practices that may increase the risk of unallowable costs. • Updated AR manual identifies best practices that State agencies may adopt to improve the quality of their RM reviews. • Revised guidance provides clearer directions about any additional financial information that may be needed from SFAs for the net cash resources review. • Clarifies Questions in the RM Comprehensive Review Tool.