DATE:         September 16, 2016  
MEMO CODE:   SP 56-2016  
SUBJECT:     Additional Guidance for the Implementation of the Administrative Reviews in School Nutrition Programs Final Rule  
TO:          Regional Directors  
            Special Nutrition Programs  
            All Regions  
            State Directors  
            Child Nutrition Programs  
            All States  

This memorandum provides additional guidance to assist in implementing the final rule, Administrative Reviews in School Nutrition Programs, effective September 27, 2016. The guidance included in this memorandum is intended to assist with the completion of administrative reviews conducted after this effective date. This memorandum focuses on several provisions of the final rule, including:

- Fiscal Action for Performance Standard 1 Violations (PS-1)  
- Annual SFA on-site reviews of the School Breakfast Program (SBP) and the National School Lunch Program (NSLP)  
- State Agency Transparency Requirement

This memorandum supersedes memorandum SP 14-2011, Prototype Checklists for School Food Authorities (SFAs) for Conducting Annual On-site Reviews.

**Fiscal Action for Performance Standard 1 Violations**  
For the Certification and Benefit Issuance portion of the updated administrative review, 7 CFR Part 210.18(g) of the final rule requires the State agencies to review certifications/benefit issuance for all the schools under the School Food Authority's (SFA’s) jurisdiction, not just the reviewed schools. Section 210.18(l)(1) of this final rule applies fiscal action for certification and benefit issuance errors to the entire SFA, including non-reviewed schools.

To calculate fiscal action for SFA errors in certification and benefit issuance, State agencies can use one of several methods for data entry into the Administrative Review Fiscal Action Workbook (FA Workbook) for SFAs undergoing an administrative review. These methods differ in the way the data is entered into the FA Workbook, but result in the same fiscal action calculation.
The method selected by a State agency will likely depend largely on whether site-based claiming is utilized and any need to allocate fiscal action from the SFA to individual sites. The methods available include:

1) Entering all schools (reviewed and non-reviewed schools) in the SFA into the FA Workbook as individual entries in separate rows. Complete the columns and sections of the FA Workbook for each row entry as applicable.

2) Compile the fiscal action calculation for certification and benefit issuance for the SFA into a single entry in a single row of the FA Workbook. Below this row, list all reviewed sites where additional fiscal action was taken, completing the columns and sections of the FA Workbook as applicable.

3) Combine all fiscal action (certification and benefit issuance, other PS-1, PS-2, other) into a single entry in a single row of the FA Workbook. Complete the sections of the FA Workbook as applicable.

**SFA Annual On-Site Reviews of SBP and NSLP**

In addition to the review requirements already in place at 7 CFR Part 210.8(a)(1) for an annual SFA on-site review of the National School Lunch Program (NSLP), the final rule adds this review requirement for the School Breakfast Program (SBP) at 7 CFR Part 220.11(d)(1). SFAs are required to establish internal controls which ensure the accuracy of meal counts prior to the submission of the monthly Claim for Reimbursement. The internal controls must include an on-site review of the readily observable general areas of review identified under 7 CFR 210.18(h) and the meal counting and claiming system employed by each school (as defined in 7 CFR Part 210.2) approved to participate in the NSLP and at 50% of the schools approved to participate in the SBP within the jurisdiction of the SFA. While the annual requirement is to complete 50% of the schools approved to participate in the SBP in the SFA’s jurisdiction, each school approved to participate in the SBP must be reviewed at least once every two years. SFAs with only one school are not required to conduct such on-site reviews for their approved school. However, the Food and Nutrition Service (FNS) highly encourages those SFAs to conduct a self-assessment in the form of an on-site review to ensure integrity and accountability of the Programs.

Every school year (as defined in 7 CFR Part 210.2, July 1 to June 30), each SFA with more than one school must perform no less than one on-site review of the meal counting and claiming system and the readily observable general areas of review identified under 7 CFR 210.18(h) in each school operating the NSLP and 50% of schools operating the SBP administered by the SFA.
The on-site review must take place prior to February 1 of each school year. If the review discloses problems with a school’s meal counting and claiming procedures or general review areas, the SFA must ensure that the school implements corrective action, and within 45 days of the review, conduct a follow-up on-site review to determine that the corrective action resolved the problems. Each on-site review must ensure the school’s claim is based on the counting and claiming system, as implemented, and yields the actual number of reimbursable free, reduced price, and paid meals, respectively, served for each day of operation.

In an effort to assist SFAs in conducting these reviews, FNS is providing an optional prototype checklist (Attachment A) for SFAs to use as a resource when conducting on-site reviews. The content of the prototype checklist covers the minimum requirements for the on-site reviews; therefore, SFAs do not need to make changes to their existing on-site review form(s) unless it does not reflect the information contained in the FNS prototype checklist. If a checklist for on-site reviews is not already in place at the SFA level, FNS highly recommends that State agencies provide SFAs with the prototype checklist attached to this memorandum for conducting on-site reviews. The checklist assesses meal counting and claiming procedures, system accuracy, point of service, and readily observable general areas of review as applicable.

**State Agency Transparency Requirement**

Section 207 of the HHFKA amended section 22 of the NSLA (42 U.S.C. 1769c) to require State agencies to report the final results of the administrative review to the public in an accessible, easily understood manner in accordance with guidelines promulgated by the Secretary. The final rule at 7 CFR 210.18(m) requires the State agency to post a summary of the most recent final administrative review results for each SFA on the State agency's publicly available website, and allows the State agency to strongly encourage each SFA to post a summary on the SFA's public website.

The results summary must include access and reimbursement (including eligibility and certification review results), an SFA's compliance with the meal pattern and the nutritional quality of school meals, the results of the review of the school nutrition environment (including food safety, local school wellness policy, and competitive foods), compliance related to civil rights, and general program participation. At a minimum, this summary would include the written notification of review findings provided to the SFAs Superintendent or equivalent as required at 7 CFR 210.18(i)(3).

State agencies must post this summary no later than 30 days after the State agency provides the final results of the administrative review to the SFA.
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The results summary must remain available until a more recent results summary becomes available. The State agency must also make a copy of the final administrative review report available to the public upon request.

In an effort to assist State agencies in completing this transparency requirement, FNS has drafted a prototype summary template (Attachment B). This prototype summary template includes the minimum requirements for the publicly posted review summary; therefore, State agencies may use their own summary templates as long as their template and resulting summaries reflect, at minimum, the information contained in the FNS prototype summary template.

State agencies are reminded to distribute this information to Program operators immediately. Program operators should direct any questions regarding this memorandum to the appropriate State agency. State agencies should direct questions to the appropriate FNS Regional Office.

Original Signed

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

SPECIAL NOTE: Attachment A and B are not included with this memo.

Attachment A was the SFA On-site Review Checklist that has been modified and is posted in the Download Forms section of IowaCNP.

Attachment B was a prototype summary template for Review Findings. In Iowa, the State Review Summary Report from IowaCNP is posted.