Evaluating and Approving Summer Food Service Program Budgets

Program Monitoring and Operational Support Division

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Presenters

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Summer Food Service Budgets

Objectives

- Define and SFSP budgets
- Review the elements of an acceptable SFSP budget
- Discuss budget allocation requirements
- Examine best practices for evaluating SFSP budgets for approval

What is an SFSP budget?

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A financial **plan** for operating a business. It includes **planned expenditures** and **anticipated resources** for the upcoming fiscal year.

What is the purpose of a budget?

Plan the finances

- Sources of income
- Necessary expenses
- Total funds needed to operate

Outline intentions

- Anticipated needs and resources
- Support for administrative functions
- Support for mission goals

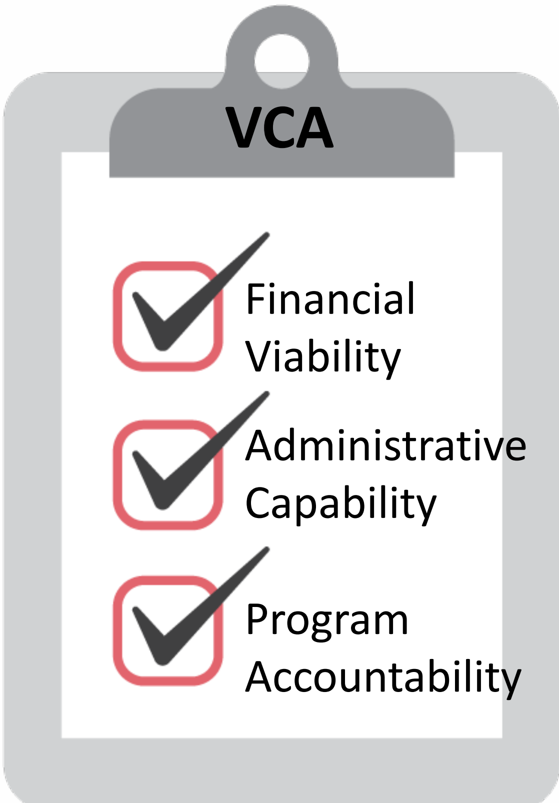
Spend with purpose

- Projected earnings and expenses
- Detailed line items
- Allocation of costs

What is the purpose of a budget?

- Creates a financial plan and roadmap
- Allocates resources
- Tool for determining VCA
- Monitors financial performance
- Supports mission-related goals
- Outlines income

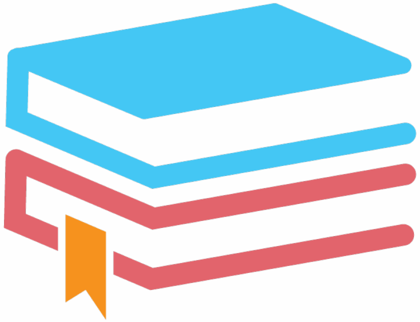
Why are budgets important?



- Show a positive relationship between revenue and expenses
- Display the skill sets that demonstrate the sponsor can run a business
- Demonstrate the ability to record, track, and report key information

Authorities:

- 7 CFR 225
- 2 CFR 200
- FNS Instruction 796-4 rev. 4 *Financial Management - Summer Food Service Program for Children*



Budget Submission

- ✓ Applying Sponsors
- ✓ "Returning" Sponsors
  - ✓ SFAs may be exempt

Components of a Budget

Key Budget Elements

Estimated Revenue:

Program Funds

+ SFSP Reimbursement
+ Unused reimbursement
+ Board Designated funds
+ Proceeds from the sale of meals to adults

Non-Program Funds (Other Cash Resources)

+ Donations or fundraisers
+ Grants
+ Unrestricted funds/cash resources

Estimated Expenses:

Program Costs

- Food, travel reimbursement, rent, labor, etc.

Program Costs Must Be Allowable!

Non-Program Costs

- Over claims, debts, unallowable costs, etc.

Estimated Revenue

Is there adequate funding to be financially viable?

- Is there enough participation at the sponsored sites?
- Is the amount of estimated monthly SFSP reimbursement correct?
- Are there sufficient recruitment opportunities?
- Are there adequate resources (non-Program funds) to pay employees during temporary interruptions in SFSP payments?
- Are there adequate resources (non-Program funds) to pay debts?

Estimated Revenue

Projected Reimbursement Considerations:

- Number of sites
- Site caps for participation
- Program period for each site

Estimated Revenue Continued

Start-up Payments, Advanced Payments, and Unused Reimbursement:

- Must be disclosed and designated during the application and budget submission period
- Must be designated for allowable costs
    - Operating and/or administrative

Estimated Expenses

Operating Costs

- Food and food service labor
- Nonfood supplies
- Food service equipment

Administrative Costs

- Reviewing and submitting site applications
- Compiling meal counts
- Providing SFSP training for sponsor staff and sites
- Conducting SFSP monitoring and training visits to sponsored sites

Estimated Expenses: Which costs are allowable?

Ten Factors that Determine Allowable Costs

1. Reasonable
2. Allocable
3. Necessary
4. Authorized
5. Limitations

The R.A.N. Test

6. Current
7. Multiple Awards
8. Consistent Treatment
9. Net of Credits
10. Documented

Allocations

What is allocation?

Allocation

- Charging each program its fair share for a shared cost
- Based on allocation plan

Allocations: Identify shared costs

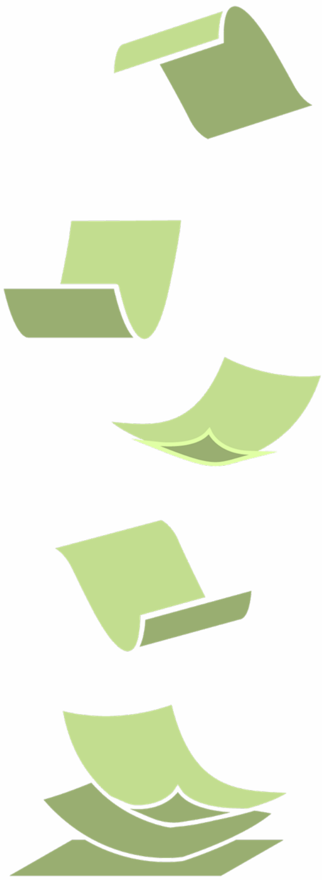
Direct costs: identified specifically with a sponsor's SFSP operation
Indirect costs: incurred for common or joint objective

Allocations - Cost allocation rate

- Examples:
  - Number of work hours
  - Amount of reimbursement
  - Number of meals

Evaluating a Budget

Evaluating a Budget

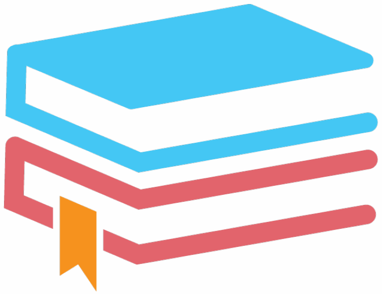


- Supporting documentation
- Accurate calculations
- Reasonable and realistic estimates

- Best Practices: budget narrative, budget templates, examples

Resources

- **7 CFR 225**
- **FNS Instruction 796-4**: *Financial Management – Summer Food Service Program for Children*
- **2 CFR Part 200** "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart E – Cost Principles."



Thank you!