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Summer Food Service Program for Children

United States
Department of
Agriculture

Food and
Nutrition
Service

FNS-178

Food Service
Management
Company Handbook

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Revised March 1981

Rules for acceptance and participation in this program are the same for all, without regard to race, color, or national origin.

Introduction

The Food Service Management Company Handbook is a guide for food service management companies that participate in the Summer Food Service Program for Children and for sponsors contracting with a food service management company. Although the majority of sponsors prepare their own meals, a significant number contract with a commercial vendor to provide their food service. This handbook is to help both sponsors and vendors provide quality food service in this program.

Program Background

Program Basics

The Summer Food Service Program (SFSP) for Children provides nutritional help to children 18 years of age or younger. These children would otherwise be deprived of the food assistance they receive during the school year under the National School Lunch and School Breakfast Programs. Certain people over 18 years of age are also eligible if a State or local educational agency determines that they are mentally or physically handicapped. They must also be participating in a public or private nonprofit school program that was established for the mentally or physically handicapped.

Summer programs are organized and operated by public and private nonprofit institutions. They are set up to benefit children from areas in which at least one-third of the children are eligible, under that State's family size and income standards, for free or reduced-price school meals.

Sponsors may serve summer program meals at residential summer camps, nonresidential day camps, and regular sites. All camp programs must offer a continuous schedule of organized cultural or recreational activities for enrolled children. Such camps may serve up to four meals daily. Sponsors that serve meals at sites where the enrolled children are primarily from migrant families may also serve up to four meals daily under the SFSP.

Regular sites are only allowed to serve up to two meals daily. If such sites provide only one meal service each day, it may be either breakfast, lunch, or a snack. If such sites provide two meals daily, one meal must be a lunch and the second meal may be either a breakfast or a snack.

Sponsors for the SFSP may include, but are not limited to, agencies of city governments, county and municipal school systems, recreational groups, churches, and social service organizations. The summer program is geared to operate primarily during school summer vacation periods. However, this program also provides meal services in situations where schools operate on a continuous school calendar. As in all federally financed programs, discrimination against any child because of race, color, or national origin is prohibited.

Introduction

Organizational Structure

The Summer Food Service Program is administered through an agency of the State government or by a Regional Office of the United States Department of Agriculture's (USDA's) Food and Nutrition Service (FNS). The administering agency deals directly with sponsors operating within the agency's geographic domain. It also helps sponsors plan and operate their programs. During the duration of the summer program, the administering agency will visit the sponsor and sites and may make suggestions to assist in program management. It will provide whatever technical assistance the sponsor may need to ensure smooth operation of the program.

A prospective sponsor must demonstrate to the satisfaction of the administering agency that the sponsor has the necessary financial and administrative responsibility to meet program objectives and comply with program regulations. The actual meal service may take place at one or more sites operating under the responsibility of the same sponsor.

Administrative and financial responsibility cannot be delegated below the sponsor level. The quality of meal service, as well as the conduct of site personnel, reflects directly upon the sponsor's performance. Any sponsoring organization that wishes to remain eligible for program participation must be primarily concerned with the quality and quantity of sites, the conduct of site and sponsor personnel, and the quality of the meals it serves. Food service management companies that have contracted or intend to contract with a sponsor to serve meals for the summer program should also realize that they must provide meals that comply with both SFSP regulations and their contract with the sponsor. Program monitors will help the sponsor ensure that the program functions properly at each site. All participating sponsors are subject to audit by USDA's Office of the Inspector General (OIG) and by the United States General Accounting Office (GAO).

This Food Service Management Company Handbook is a guide for both sponsors and food service management companies. Although some material in the handbook may be of more importance to one group than the other, both food service management companies and sponsors should be familiar with all of the information. A successful vending operation depends on both parties fully understanding their mutual responsibilities in the program.

Sponsors or food service management companies should be aware of other summer program handbooks that are available. Other handbooks and their uses are:

Administrative Handbook (FNS-206)—Outlines in detail how a sponsor should plan and apply for the summer program. It explains the sponsor's responsibilities for training, recordkeeping, and monitoring.

Selecting a Company

Sponsor Meal Preparation Handbook (FNS-207)--Provides information to sponsors who prepare their own meals. It includes important information on meal requirements and sample menu patterns.

Monitor's Handbook (FNS-179)--Outlines specific responsibilities of sponsor personnel who monitor the summer program.

Site Supervisor's Guide (PA-1179)--Outlines the responsibilities of a site supervisor and includes information on recordkeeping and meal service.

The term "food service management companies" includes commercial companies that prepare meals using school facilities, the sponsor's facilities, and their own facilities. Public schools that use their own facilities to prepare meals are included in this definition. Excluding them would imply that sponsors could not contract with schools to prepare meals.

Selecting a Company

Selecting A Food Service Management Company

There are several factors that can influence a sponsor to contract for meals with a food service management company. These factors may include limited personnel, a site that is unsuited for meal preparation, or a large number of sites spread over a wide geographical area.

Before inviting food service management companies to bid on a program, sponsors must contact their local school food service authority about the possibility of using school facilities to prepare meals, or of obtaining meals under agreement with a school. Using the facilities of local public or private schools to prepare or obtain meals offers the sponsor several advantages. These schools often prepare large numbers of meals and already have the facilities, staffing, and system for such a service. And many schools are accustomed to preparing meals that meet USDA requirements if they participate in other Child Nutrition Programs.

When exploring a school's capability for meal service, sponsors must consider whether or not an adequate delivery service to sites can be established. This delivery service need not be prohibitive in cost, but it must meet local health and sanitation requirements.

Sponsors that can use local school food service facilities must enter into a written agreement with the school. If contracting with a local school is not possible, sponsors may contract with a food service management company to prepare and deliver meals. In fact, a sponsor may employ a food service management company to operate its entire food service.

Only food service management companies that register with the administering agency may be used. A list of registered companies should be obtained from the administering office as soon as possible.

Registration

No sponsor may, however, contract out the management responsibilities of the SFSP such as monitoring, enforcing corrective action, or preparing program applications. The sponsor remains legally responsible for seeing that the food service operation meets all requirements specified in the agreement they sign with the administering agency.

Registration

Food Service Management Company Registration

All food service management companies are required to register with a State as a prerequisite for participation in that State's program. A school which acts as a food service management company and a food service management company which has an exclusive contract with a school for year-round service (and no contracts with other sponsors) are not required to register within the State. This requirement helps ensure that only qualified food service management companies contract for services under the SFSP.

Application Information

Each food service management company must submit an application for registration to the administering agency for each State in which it plans to operate under the SFSP. According to Federal regulations, the application for registration must be submitted by March 15. It must include, at a minimum:

- * The company's name and mailing address. The application must also include any other name under which the company marketed its services during the past 2 years and any other names the company currently uses;
- * The address of any food preparation and distribution facilities that the food service management company desires to have registered in that State. This list must include addresses for the local officials who are responsible for the operation of those facilities;
- * A certification that those facilities meet applicable State and local health, safety, and sanitation standards;
- * The number of program meals each of those facilities is capable of preparing in a 24-hour period;
- * The records of company contract terminations, disallowances, and health, safety, and sanitary code violations that occurred during the past 2 years in the State where the application is filed. Violations include both those that are related to prior SFSP participation and those not related to the SFSP;
- * The names of past and present company owners, directors, and officers, and their relationship in the past 2 years (if any) to any personnel of a sponsor or food service management company that participated in the program;

Registration

- * A statement that the food service management company understands that it will not be paid for meals delivered to nonapproved sites, meals delivered outside the agreed upon delivery time, and those meals not meeting the meal quality standards that are part of the contract between the food service management company and the sponsor;
- * A certification that the food service management company will operate in accordance with current SFSP regulations;
- * A copy of a CPA audit report if an audit was performed of the food service management company in the prior year;
- * A statement as to whether the organization is a minority business enterprise in accordance with Part 225.17(c)(2)(xi)(A)(B).

After receiving a food service management company's complete application package, the administering agency must give the applicant a written notice of its approval or denial within 30 calendar days.

Facility Visit

The administering agency will ensure that a representative visits each of the food service management company's preparation facilities before registration approval. This visit provides information that will help the administering agency determine if the facilities are acceptable for preparing the meals. If a facility was registered and complied with SFSP regulations in the previous year an administering agency may choose not to visit it.

Registration Denial

The administering agency will review all applications for registration. The food service management company will be registered only if the administering agency determines that the company has the administrative and financial capability to provide meals under the SFSP. The food service management company may be denied registration if it has:

- Submitted false information to the administering agency;
- Not complied with bid, contractual, or regulatory requirements in previous years;
- Significant health code violations that remain uncorrected upon reinspection;
- Repeatedly failed to conform meal deliveries to meal orders;
- Repeatedly failed to make timely deliveries of meals;
- Delivered a significant number of meals that did not include the required quantities of all meal components;
- Delivered unwholesome or spoiled food;

Information for Bid and Contract

- Failed to maintain adequate records;
- Unsuitable food preparation facilities;
- Any officer, owner, partner, or manager of the company who has been convicted of a crime during prior service with an SFSP operation.

The administering agency must advise an applicant of the grounds on which a denial was based. This notice of action must be in writing and must fully describe the food service management company's rights and responsibilities regarding an appeal of the denial. The same notice must be provided to a registered company when their approved registration is revoked by the administering agency. Any company denied registration may appeal that decision and request a hearing. The procedures for this action are discussed in the following section.

Appeal Procedures

To appeal the administering agency's denial of its application for registration, the food service management company must submit a written request. This request must be sent within the administering agency's established deadline, which will be from 1 to 2 weeks after receipt of the notice. With the request, the food service management company must include a photocopy of the administering agency's notice of denial.

The reviewing official will give written notice on the time and place of the hearing to the food service management company and the administering agency. This document must provide notice of the hearing at least 5 days before it is to be held. The full procedure is outlined in Part 225.16 of the program regulations.

Information for Bid and Contract

Administering agencies require all sponsors under their jurisdiction to use a standard contract for meals provided by a food service management company. These standard contracts may vary, according to different State and local requirements. This document, called the "Invitation for Bid and Contract," serves a dual purpose. It contains the specific information a bidder needs to make an offer, and it also tells the bidder how to submit the actual bid.

A sponsor that is a school with an exclusive contract with a food service management company for year-round service or any sponsor that has total contracts with food service management companies not exceeding \$10,000 shall not be required to comply with the competitive bid procedures. These exceptions do not relieve the sponsor of the responsibility to ensure that normally accepted bidding procedures are followed in contracting with any food service management company. Schools and universities that participate as summer sponsors and have an existing year-round contract with food service management companies to prepare meals do not have to bid competitively. However, existing contracts will have to be amended to ensure that the contract meets the requirements listed in Section 225.17 of the program regulations.

Bid Procedure

Bid Procedure

The administering agency must ensure that contracting and bidding meet USDA requirements. The administering agency should provide whatever technical assistance is needed to sponsors to ensure that the bid process runs smoothly.

All sponsors with contracts that will exceed \$10,000 must adhere to the competitive bid procedures and procurement standards set by SFSP regulations. The standard bid procedure includes, among other requirements, five basic steps:

1. Completing the invitation for bid package;
2. Publicly announcing all invitations for bid not less than 14 days before bids are opened. Announcements must include the time and place of the bid opening;
3. Notifying the administering agency at least 14 days before the bid opening. The notification must include the time and place of the opening;
4. Publicly opening all bids;
5. Submitting to the administering agency copies of all bids received and their reason for selecting the food service management company chosen.

Once the sponsor has filled in its particular specifications in the standard invitation for bid and contract, the document is referred to as the invitation for bid (IFB). The IFB is the most important step in the process. Sponsors must complete the estimated range of servings, decide on an affordable and attractive menu, and complete the site schedule. Sponsors must supply the IFB to all companies responding to the public announcement.

The sponsor's IFB must include:

1. A menu cycle;
2. Food specifications and meal quality standards;
3. A copy of the program(SFSP)regulations;
4. Nonfood items essential for conducting the food service.

Bid Procedure

The sponsor's invitation for bid must not:

1. Specify a minimum price;
2. Specify special meal requirements to meet ethnic or religious needs unless such special requirements are necessary to meet the needs of the children to be served;
3. Provide loans or any other monetary benefit, term, or condition to be made to sponsors by food service management companies;
4. Nonfood items (except where such items are essential to the conduct of food service).

The food service management company's bid in response to the IFB must include:

1. A copy of the required health certificate;
2. Proof that the company is registered with the State.

If food service management companies submit a bid over \$100,000, they must submit a bid bond in an amount determined by the sponsor. The bond should be between 5 percent and 10 percent of the value of the contract for which the bid is made. A copy of the bid bond must accompany each bid. The bond must be from one of the companies listed in Department of Treasury Circular 570, which is available from the Department of Treasury, Fiscal Service, Bureau of Financial Operations, Washington, D.C. 20226.

It is important that the food service management company respond to the IFB accurately and completely. Food service management companies must bid on all the meals listed in the IFB and must bid on the menu cycles included in the IFB. Food service management companies cannot be candidates for assuming award of the contract unless they respond to every requirement listed in the IFB.

The sponsor must fill in the following information in the IFB so bidders will know exactly what the specifications of the bid include:

* Site Information

The sponsor must include a list of proposed site names, addresses, delivery locations, and times. With this information, a bidder can estimate the cost of delivery and the feasibility of meeting the sponsor's requirements.

* Menu Cycle

The sponsor must also attach an 11-day menu cycle that lists the types and amounts of food in each meal. Program regulations specify minimum meal

Bid Procedure

pattern requirements, but sponsors may improve upon these minimums to increase the variety and appeal of menus. Sponsors may request approval from the administering agency for variations from the meal requirements only when necessary to meet ethnic, religious, economic, or nutritional needs.

Food service management companies must provide unitized meals. This means that meals must be individually portioned, packaged, delivered, and served as a unit. Milk and juice may be packaged separately, but are still considered part of the meal unit. Other variations of unitized meals can be approved by the administering agency. Specifications should be worded in such detail that all bidders will have an equal chance to compete for the same menus. The specifications should also indicate under what conditions substitutions may be made by the food service management company if, during the course of the program, certain specified foods are unavailable or become too expensive.

* Regulations

The sponsor must attach a copy of the SFSP regulations to the IFB and must agree to operate the program according to the regulations.

* Meal Range Adjustments

In the past, actual participation under a given sponsorship frequently varied from the estimate specified in the IFB. The contractor bases a bid on the specifications and expects to be serving close to the number of meals listed in the estimate. A sizeable discrepancy between estimated and actual participation can increase or decrease the food service management company's unit production cost. Therefore, the sponsor may estimate a possible range of meals served per day. Food service management companies must submit prices for each range the sponsor lists, remembering that if the sponsor decreases the number of meals served, the cost of the meals may increase. The range is provided to lessen the risk of losses to the food service management companies in these cases. Sponsors may increase or decrease the number of meal orders specified in the IFB only after notifying the food service management company. Increases in maximum meal service levels at sites receiving vended meals must be approved by the administering agency.

* Meal Requirements

As part of the IFB, the sponsor must provide the food service management company with a copy of the meal requirements outlined in Part 225.21 of the SFSP regulations. The sponsor must also provide a copy of the minimum food specifications and model meal quality standards required by Part 225.10(d) of SFSP regulations. Sponsors can get the regulations from the administering agency.

Bid Procedure

Food Service Management Company Bid Requirements

* Special Accounts

The administering agency may require sponsors to set up special accounts at financial institutions. The sponsor must deposit any payments received from the administering agency for operating costs in the special account. Any checks drawn from this account must be authorized by both the food service management company and the sponsor. This is to help ensure that the company receives payment for the eligible meals they provide to the sponsor's program.

There are several specific requirements food service management companies must meet and several things they must include when submitting a bid. These requirements are:

* Health Certification and Inspection

Food service management companies must have State or local health certification for the facility(ies) they use to prepare meals for the SFSP. The companies must ensure that health and sanitation requirements are met at all times. In addition, the companies must ask local health authorities or independent agencies to periodically inspect the meals they serve to determine bacteria levels. These levels must conform to the standards applied to other food service establishments in the area.

Food service management companies should also be aware that the administering agency may send health inspectors to check preparation facilities and meals. This inspection is independent of the one the food service management company provides. The companies must submit health certification as part of the bid.

* Records

Food service management companies must maintain records (supported by invoices, receipts, or other evidence) that the sponsor needs to meet program responsibilities. Companies must report to the sponsor at the end of each month, at a minimum. The food service management company must keep the books and records concerning the sponsor's food service operations for 3 years from the day the company receives final payment. Representatives of the administering agency, USDA, and the United States General Accounting Office may request an inspection and audit of these records at a reasonable time and place.

* Meal Requirements

Food service management companies must deliver meals that meet the meal requirements that are outlined in Part 225.21 of the SFSP regulations. The meals must also meet the minimum food specifications and model meal quality standards required by Part 225.10(d). Food service management companies must assemble the meals as complete units with individually portioned servings. Milk and juice may be packaged separately, but are still considered part of the meal unit.

Awarding the Contract

* Subcontracts

Food service management companies may not subcontract with another company for the total meal (with or without milk) or for assembling of the meal. The variation between contracted and subcontracted meal prices is an unnecessary expense. Subcontracting means the sponsor does not have a contract with the company that prepares meals and, therefore, cannot directly control the quality and supply of the meals.

Contract Responsibility

It is important for the prospective food service management company to realize that the contract is a private contract between the food service management company and the sponsor. Neither USDA nor the administering agency has any jurisdiction in the reimbursement made to the food service management company. Before contracting for the program, the food service management company needs to assess the sponsor's capability to meet the terms of the contract and needs to assess the sponsor's capability to reimburse them for all meals that are properly delivered. If applicable, the company should become familiar with the records of a sponsor in this program or other federally funded programs.

Awarding the Contract

Selection Criteria

Sponsors should consider many important points in awarding contracts. Some are: the integrity of the contractor; the contractor's financial and technical resources; and the contractor's accessibility to other necessary resources. Contracts may be made only with registered, responsible contractors that possess the potential ability to perform successfully under the specified terms.

Sponsors may take many other factors into consideration before they award contracts. These include the food service management company's performance in past food assistance operations; cost per delivered meal; ability to meet all the specifications in the IFB; ability to increase or decrease meal deliveries within a reasonable time frame; preparation facility and the food service management company's proximity to the sites being served; use of refrigerated delivery trucks; and ability to meet local health and sanitation requirements. Sponsors are encouraged to use the services of minority-owned companies.

The sponsor should award the contract at least 2 weeks before program operations will begin to allow time for both the food service management company and the sponsor to get ready. The sponsor must give to the administering agency copies of all bids the sponsor received and the reason it chose that particular food service management company.

Accepting Bids

All bids totaling \$100,000 or more must be submitted to the administering agency for approval before the sponsor can accept a bid. Any bids that exceed the lowest bid must be submitted to the administering agency for approval before acceptance, with an explanation of why that particular bid was chosen. The IFB that the sponsor accepts will become the contract for

Planning and Operating the Program

	<p>program operations between the sponsor and the food service management company. The administering agency will keep copies of all contracts between sponsors and food service management companies.</p>
Performance Bond	<p>If a food service management company enters into a food service contract with a sponsor for more than \$100,000, a performance bond must be obtained from surety companies (which are listed in the current Department of Treasury Circular 570) in an amount determined by the administering agency. This amount must be no less than 10 percent nor more than 25 percent of the value of the contract. The food service management company must furnish a copy of the bond to the sponsor within 10 days of awarding of the contract.</p>
Award Conference	<p>After awarding the contract and before executing the contract, all sponsor and food service management company representatives should meet to discuss their mutual and individual responsibilities in the food service program. In this meeting, which is called the award conference, the representatives should review procedures for adjusting meal deliveries, the cycle menus, food quality specifications, and meal packaging, as well as sanitation requirements. The food service management company must also be familiar with all State and local health requirements, particularly those concerning food preparation and meal delivery. Most vended meals are packaged to prevent contamination. Thus, the greatest danger usually results when meals are held too long or are stored under improper temperature controls. Sponsors should also inform the food service management company of the function of monitors, reviews, and statistical monitoring if applicable in the operation of the SFSP.</p>
	<p>Planning and Operating the Program</p>
Sites Approved for Food Service	<p>Sponsors should provide the food service management company with a list of approved food service sites, along with the limit on the number of meals that may be claimed for reimbursement for each site. It is likely that some approved sites, for one reason or another, may have been canceled or dropped from participation before the food service operations begin. A new list should be provided to the food service management company in plenty of time before it is to start the food service operations. The administering agency should notify the company within the time limits mutually agreed upon in the contract if any site on its delivery schedule is being dropped or canceled.</p>
Approved Levels of Meal Deliveries	<p>The administering agency will set an approved level of meal service for each vended site. These levels will be the maximum number of meals, including any unplanned seconds, that may be served at a site at one meal service. The sponsor can request that these levels be allowed to change when participation fluctuates throughout the summer. Sponsors of vended sites will receive a written confirmation from the administering agency of the approved levels.</p>

Planning and Operating the Program

Adjusting Meal Deliveries

One of the most important topics for discussion in the award conference is the adjustment of meal deliveries. The sponsor should establish a system for collecting information on attendance changes from its sites, translating these changes into adjustments in the meal order, and communicating these adjustments to the food service management company. In turn, the food service management company should have an organized system for:

- Receiving orders for delivery adjustments;
- Documenting orders for delivery adjustments;
- Adjusting production levels, if necessary;
- Ensuring that delivery receipts are changed to reflect adjusted meal orders (This is a particularly important responsibility.);
- Ensuring that adjusted meal orders for each site are correctly packaged and loaded for delivery.

The food service management company's key personnel must be aware of these responsibilities. For example, the food service management company's delivery personnel must understand that site supervisors cannot independently request more or fewer meals. These requests must be channeled through the sponsor. Meal deliveries may be adjusted only by the sponsor. As necessary, the sponsor must get approval from the administering agency.

Attendance at sites will probably decrease during the summer, especially if there is no organized activity at a site other than the food service. The sponsor may be able to anticipate certain fluctuations in attendance (such as local events that may interfere with site participation) and make arrangements in advance with the food service management company to adjust orders. For example, a consistent drop in attendance each Friday could be handled by reducing the number of meals delivered for that day only.

Whenever possible, meals can be transferred from a site with too many meals to a site with a shortage. The sponsor's monitors should be aware of the procedures for handling extra meals so they can assist site supervisors in making transfers or other arrangements.

During the summer, sites may cease food service operations on either a temporary or permanent basis. Also, new sites may be authorized to participate in the SFSP. Site deletions and additions may make changes in delivery routes and production levels, and will require the food service management company's cooperation. The sponsor is responsible for making sure the food service management company is informed of any need for such changes.

Planning and Operating the Program

Planning Delivery Routes

The food service management company must carefully plan delivery routes and schedules and should review them with the sponsor. Sites without adequate storage facilities must receive all meals within 1 hour of the meal service. Delivery personnel for food service management companies should become familiar with their routes before the SFSP starts to help avoid confusion. The food service management company or the sponsor should periodically evaluate and restructure the routes if deliveries for some sites are consistently late. The food service management company is responsible for ensuring that sufficient equipment is available to handle such changes (for example, additional trucks, refrigeration, etc.).

Sponsors must plan a system for serving meals when the weather is bad, or they must plan a system for canceling meal service at sites lacking sheltered facilities. The food service management company should be notified of these contingency plans.

Other Considerations

Good communication is essential for smooth program operations. Even with good management and good intentions, complaints about the food service can arise. Food service management companies and sponsors should establish a system for communicating and resolving complaints. Experience indicates that problems can be most efficiently resolved when both the sponsor and the food service management company designate officials to receive and respond to suggestions and complaints.

Meal Requirements

Program regulations mandate the minimum meal pattern requirements for meals, which are listed at the back of this handbook. These requirements are spelled out in Part 225.21 of SFSP regulations and should be included in the IFB. The IFB and the contract should also contain food specifications and meal quality standards. Under the provisions of the contract between the sponsor and the food service management company, the sponsor is liable only for the delivered meals that meet these requirements. Similarly, the sponsor may receive payments from the administering agency only for meals served that meet these requirements.

An effective quality control system is essential for verifying that meal components meet the minimum quantity requirements. During food preparation, the food service management company should regularly inspect and measure items to ascertain correct sizes and weights. Setting production equipment for the desired specifications is no substitute for a quality control system, because equipment settings may become distorted during operation. Administering agencies and sponsors are responsible for sampling meals and disallowing payment for meals that fail to meet minimum standards.

REMEMBER: The entire meal may be disallowed for reimbursement if any component does not meet minimum standards.

Planning and Operating the Program

Reimbursement

Under the SFSP, a sponsor is reimbursed for complete meals that are properly served to eligible children. Therefore, if sponsors do not meet their responsibilities (such as ensuring that meals are eaten only onsite), meals may be disallowed. This may not result in a loss of payment due to the food service management company. However, the sponsor may be unable to pay the food service management company if the administering agency does not reimburse the sponsor.

The food service management company should understand that the sponsor must pay for meals delivered by the food service management company in accordance with the contract. Administering agencies and USDA are not parties to such contracts. Federal reimbursement is based solely upon program performance and is paid to the sponsor. Therefore, the food service management company should make sure that it is informed of any sponsor disallowances made by the administering agency, as such disallowances may affect payment to the company. However, the administering agency may choose to allow sponsors to include the cost of the disallowed meals in their claimed operating costs. This exception would not apply to meals disallowed because they were served in excess of a site's approved level of meal service.

Statistical Monitoring

Statistical monitoring procedures may be used by the administering agency and the USDA's Office of the Inspector General as a management and monitoring tool. Since the results of a statistical monitoring procedure may be used to determine a sponsor's reimbursement, both sponsors and food service management companies should be informed about how the monitoring method operates.

If statistical sampling reveals that the sponsor made an error, the administering agency may not reimburse the sponsor. In these cases, the sponsor still remains responsible for reimbursing the food service management company for meals that were delivered in accordance with the regulations and the contract. The administering agency will be able to furnish sponsors and food service management companies with additional information about statistical monitoring methods.

Administrative Reviews

During the course of the summer, the administering agency will conduct administrative review of the sponsor's program operations. The reviews are designed to ensure that the sponsor's overall program is operating according to requirements. The results of these reviews may affect the amount of reimbursement a sponsor would receive and the payment to the food service management company as well. The food service management company should designate an official to be familiar with the total program, particularly with the sponsor's responsibilities. For example, in addition to reading the SFSP regulations and aids for the sponsor, the food service management company's representatives may want to attend training sessions sponsors arrange for food service personnel.

Planning and Operating the Program

Sponsor Disallowances

Violations that would result in loss of the sponsor's reimbursement from the administering agency (the sponsor is still responsible for paying the food service management company) are:

- * Consistently serving an excessive number of meals as seconds or having an excessive number of meals left over;
- * Allowing meals to be eaten offsite;
- * Not serving meals as a unit;
- * Serving meals to nonprogram adults;
- * Serving meals outside the approved time frames;
- * Serving meals in excess of approved levels.

Food Service Management Company Disallowances

Violations that would cause disallowances in the food service management company's reimbursement from the sponsor are:

- * Delivering meals that are not unitized;
- * Delivering meals that are wholly or partially spoiled;
- * Delivering meals outside the designated delivery times;
- * Delivering meals with components that are less than the required size or weight;
- * Delivering meals that are missing components;
- * Changing menus or substituting components without the sponsor's prior approval.

Default of Contract

Sponsors may terminate the contract if the food service management company does not comply with its terms. The sponsor will notify the food service management company (and surety company, if a performance bond is in effect) of specific instances of unsatisfactory performance. If the food service management company does not immediately take corrective action, the sponsor may request the surety company to provide another food service management company, or the sponsor may negotiate another contract on a competitive basis. If the sponsor decides to negotiate on a competitive basis, it must contact several food service management companies for prices and try to choose the most qualified company at the most economical price. The defaulting food service management company (or surety company, if applicable) is liable for any difference in price between the original price and the repurchase price.

Assistance Provided by the Small Business Administration

Use of Minority Business Enterprise

In accordance with OMB Circular A-102 all sponsors are encouraged, whenever possible, to procure services from minority business enterprises on solicitation lists. If it is economically feasible, sponsors may wish to divide their total procurement requirements into smaller tasks or quantities to encourage participation by minority business enterprises. They may also want to establish delivery schedules that would help use the services and assistance of the Community Services Administration, the Small Business Administration, and the Office of Small and Disadvantaged Business Utilization of the Department of Commerce.

A minority business enterprise is a business in which the management and daily operations are controlled by a member or members of a minority group. Such minority groups include Blacks, Hispanics, American Indians, Alaskan Natives, and Aleuts.

The criteria for qualifying as a minority business enterprise participating in the SFSP are: if a business corporation, at least 51 percent of the corporation's voting stock must be owned by a minority member or a minority group; or, in a partnership, at least 51 percent of the business must be owned by a minority or minority group.

Assistance Provided by the Small Business Administration

Use of Small Business Admini- stration

The Small Business Administration (SBA) is an independent Federal agency established to provide assistance to all small businesses. The SBA provides prospective, new, and established members of the small business community with financial assistance, management training, and counseling. It helps increase opportunities for minority people to start, strengthen, or expand successful businesses. The SBA's policy is to extend the fullest opportunity for minority and disadvantaged people to participate in the small business sector.

Some areas in which the SBA may be able to help minority-owned food service management companies improve or develop their businesses are:

Financial Assistance

Food service management companies that may need money and cannot borrow it on reasonable terms from conventional lenders may be able to get assistance from the SBA's loan programs. However, by law, the SBA may not make a loan if a business is able to obtain funds from a bank or other private source. The SBA may either participate with a bank or other lender in a loan, or it may guarantee up to 90 percent of a loan against loss. If the bank or other lender cannot provide funds using either of these methods, the law provides that the SBA can consider lending the entire amount as a direct governmental loan, if the funds are available. The SBA loans may be used to help food service management companies purchase equipment, facilities, and supplies.

Meal Requirements

Surety Bonds

Under the Summer Food Service Program, food service management companies that submit bids over \$100,000 and that enter into a food service contract for over \$100,000 must obtain bid and performance bonds. The SBA makes the bonding process accessible to small and emerging contractors that find bonding unavailable to them. The SBA is authorized to guarantee a qualified surety up to 90 percent of losses incurred under bid payment bonds. The SBA can also guarantee performance bonds that are issued to contractors on contracts up to \$1 million. Food service management companies that anticipate problems in obtaining bid and performance bonds for the summer program may be interested in contacting the SBA for assistance.

Management and Counseling Assistance

The Small Business Administration places special emphasis on improving the management ability of small business owners and managers. Accordingly, small business specialists may be able to assist minority-owned food service management companies with their management problems. They may also provide counseling on the problems or concerns food service management companies may have in meeting requirements for the SFSP.

Minority-owned food service management companies should contact SBA's nearest field office for prompt assistance.

Meal Requirements

Meal Patterns

The goal of every Summer Food Service Program for Children should be to serve nutritionally adequate and appetizing meals to children. Careful planning is necessary to meet this goal. Meal requirements set for this program assure well-balanced meals that supply the kinds and amounts of food children need to help meet their nutrient and energy needs. The following are minimum requirements for each meal:

BREAKFAST

Vegetables and Fruits

Vegetables and/or fruits	½ cup
-or full-strength vegetable or fruit juice	½ cup

Or an equivalent quantity of any combination of vegetable(s), fruit(s), and juice

Bread and Bread Alternates

Bread (whole grain or enriched)	1 slice
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Or Bread Alternates

(whole grain or enriched):	
-cornbread, biscuits, rolls, muffins, etc.	1 serving
-or cooked pasta or other noodle products	½ cup
-or cooked cereal grains, such as rice, corn grits or, bulgur	½ cup

Meal Requirements

(whole grain, enriched, or fortified):

-or cooked cereal

-cold dry cereal

½ cup

¾ cup or

1 ounce

(whichever
is less)

Or an equivalent quantity of a
combination of bread or bread alternate(s)

Milk

Fluid milk

1 cup

(½ pint)

Meat and Meat Alternates (optional)

Lean meat or poultry or fish

1 ounce

(edible por-
tion as served)

Or Meat Alternates

-cheese

1 ounce

-or eggs

1 large egg

-or cooked dry beans or peas

½ cup

-or peanut butter

2 tablespoons

Or an equivalent quantity of any combination of meat or meat alternate(s)

SNACK
(supplemental
food)

Choose two of the following four components:

Meat and Meat Alternates

Lean meat or poultry or fish

1 ounce

(edible por-
tion as served)

Or Meat Alternates

-or cheese

1 ounce

-or eggs

1 large egg

-or cooked dry beans or peas

½ cup

-or peanut butter

2 tablespoons

Or an equivalent quantity of any
combination or meat or meat alternate(s)

Meal Requirements

Vegetables and Fruits

Vegetables and/or fruits 3/4 cup
 -or full-strength vegetable or
 fruit juice 3/4 cup

Or an equivalent quantity of any combination
 or vegetable(s), fruit(s), and juice
 (juice cannot be served with milk)

Bread and Bread Alternates

Bread (whole grain or enriched) 1 slice

Or Bread Alternates

(whole grain or enriched):
 -or cornbread, biscuits, rolls, muffins,
 etc. 1 serving
 -or cooked pasta or other noodle
 products 1/2 cup
 -or cooked cereal grains, such as
 rice, corn grits, or bulgur 1/2 cup
 (whole grain, enriched or fortified):
 -or cooked cereal 1/2 cup
 -or cold dry cereal 3/4 cup or
 ounce
 (whichever
 is less)

Or an equivalent quantity of any
 combination of bread or bread alternate(s)

Milk

Fluid milk 1 cup
 (1/2 pint)

Meat and Meat Alternates

Lean meat or poultry or fish 2 ounces
 (edible por-
 tion as served)

LUNCH or
 SUPPER

Meal Requirements

Or Meat Alternates

-or cheese	2 ounces
-or eggs	2 large eggs
-or cooked dry beans or peas	1 cup
-or peanut butter	4 tablespoons

Or an equivalent quantity of any
combination of meat or meat alternate(s)

Vegetables and Fruits

(Must include 2 or more selections
for a total of $\frac{3}{4}$ cup total):

Vegetables and/or fruits	$\frac{3}{4}$ cup total
-or full-strength vegetable or fruit juice (may be counted to meet not more than $\frac{1}{2}$ of this requirement)	

Bread and Bread Alternates

Bread (whole grain or enriched)	1 slice
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Or Bread Alternates

(whole grain or enriched):	
-or cornbread, biscuits, rolls, muffins, etc.	1 serving
-or cooked pasta or noodle products	$\frac{1}{2}$ cup
-or cooked cereal grains such as rice, corn grits, or bulgur	$\frac{1}{2}$ cup

Or an equivalent quantity of any
combination of bread or bread alternate(s)

Milk

Fluid milk	1 cup ($\frac{1}{2}$ pint)
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