



SFA Responsibilities in Managing an FSMC Contract

All Federal Programs



TEXAS DEPARTMENT OF AGRICULTURE
COMMISSIONER SID MILLER

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Food and Nutrition Division
Nutrition Assistance Programs



Updated 10/30/2023
www.SquareMeals.org

Housekeeping

Welcome!

TDA's Mission

To advance compliant USDA nutrition programs through effective partnerships and educational resources.

TDA's Vision

To increase equitable access to healthy meals for Texans by administering USDA food and nutrition assistance programs effectively and efficiently.

CERTIFICATE OF COMPLETION

This certifies that:

Your Name Here

Successfully Completed

SFA Responsibilities in Managing an FSMC Contract

ALL-001, 3 Hours

Date: 2023-2024



ESC Specialist
ESC Region _____

Donna Thomas

Director of Compliance &
Collaboration
Texas Department of Agriculture

Learning Objectives

1. Participants will learn about the formal procurement requirements when procuring for a FSMC vendor in Texas
2. Participants will learn the roles and responsibilities of the SFA and the FSMC
3. Participants will learn the components of effective contract management, as outlined in ARM Section 16a
4. Participants will perform an activity to learn the requirements of conducting a robust FSMC Contract Review

USDA Key Areas

- ❖ 2000 (Operations)
- ❖ 3000 (Administration)

USDA Professional Standards Codes

- ❖ 2460 Contracts with FSMCs
- ❖ 3300 Financial Management

Course Overview

01: Overview of Partnerships in Texas

02: SFA & FSMC Roles & Responsibilities

03: Contract Management

04: FSMC Contract Review

05: Resources

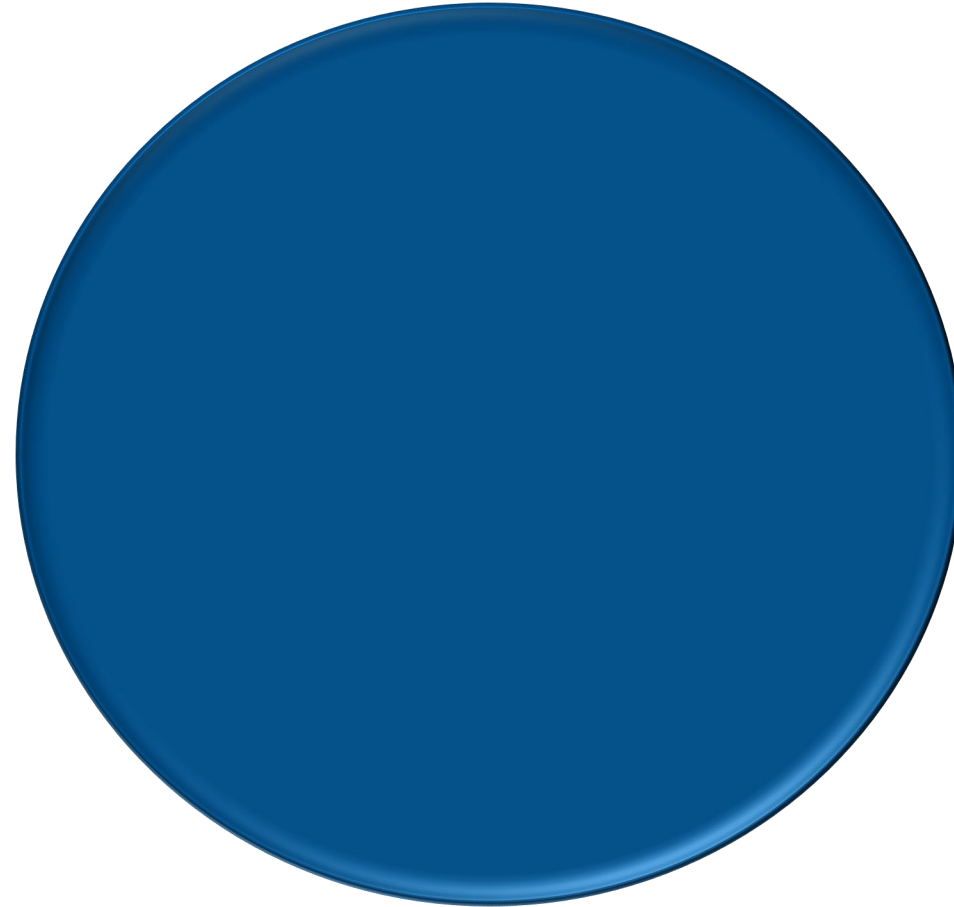
CE Responsibilities in Managing an FSMC Contract



Pre-assessment

- Use a unique, 4-digit identifier (last 4 of cell #)
- You will use the same ID # for the post-assessment
 - So TDA can collect and analyze data to improve training effectiveness.
 - Anonymous

Why Does This Matter?



5-minute
Countdown Timer

Course Material

**SCHOOL NUTRITION PROGRAMS
FOOD SERVICE MANAGEMENT COMPANY
School Year 2024-2025**

REQUEST FOR PROPOSAL

SOLICITATION NO.: _____

School Food Authority (SFA): _____

SFA's address: _____
Phone number: _____
Fax number: _____

Date Issued: _____
Proposal Due Date: _____



Programs > National School Lunch Program > Food Service Management Companies

Food Service Management Companies

FOR CEs

IMPORTANT RESOURCES

- [FSMC Frequently Asked Questions \(12/15/2023\)](#)
- [SFA Contract Management for FSMCs February 2023 Webinar](#)
- [NEW! USDA Guidance on Contracting with FSMCs](#)
- [FSMC Contract Review Form 1.10.2024](#)
- [FSMC Quick Reference Guide dated 8.22.2023](#)
- [FSMC Webinar - Evaluation Criteria](#)
- [FSMC Webinar - Renewal](#)
- [The Meal Equivalency Factor for 2024-2025 is \\$4.69.](#)

FOR FSMCs

**TDA Updates for FSMC Vendors
June 26, 2024**

**Webinar
Presentation**

**TDA Approved FSMC Vendor List
Registration**

Annually, FSMCs must be registered to do business in Texas. Registration as a Texas vendor is not permanent. FSMC vendors can be removed from the approved FSMC vendor list due to providing false information or by demonstrating systemic or

Food Service Management Company (FSMC) Contract Review Form

Contracting Entities (CEs) must use this form to oversee and manage the Child Nutrition Programs (CNP) and assess the FSMCs performance according to the contract, rules, and regulations.

Purpose

The CE is responsible for ensuring the FSMC operates the program according to the contract and in compliance with all regulations and guidance. Contracting with an FSMC does not release the CE from any responsibilities for the CN programs (7 CFR 210.16).

The review must be conducted by the CE employee responsible for oversight of the FSMC contract or CE designee. The CE designee must understand the terms of the contract and have CNP knowledge.

For additional FSMC guidance, see NSLP Handbook: Administrator's Reference Manual Section 18.

Frequency

This form **must** be completed once a semester (2 times per year) for one site and be available for review by TDA upon request. The CE must review a different site type (Elementary School, Middle School, High School, etc.) each semester.

Record Retention

Public and charter schools are required to keep documentation related to CNP for five years after the applicable program year. Private schools, other nonprofit organizations, and residential childcare institutions (RCCIs) are required to keep documentation for three years after the applicable program year. Completed forms must be kept onsite and made available on request.

Directions

General Information

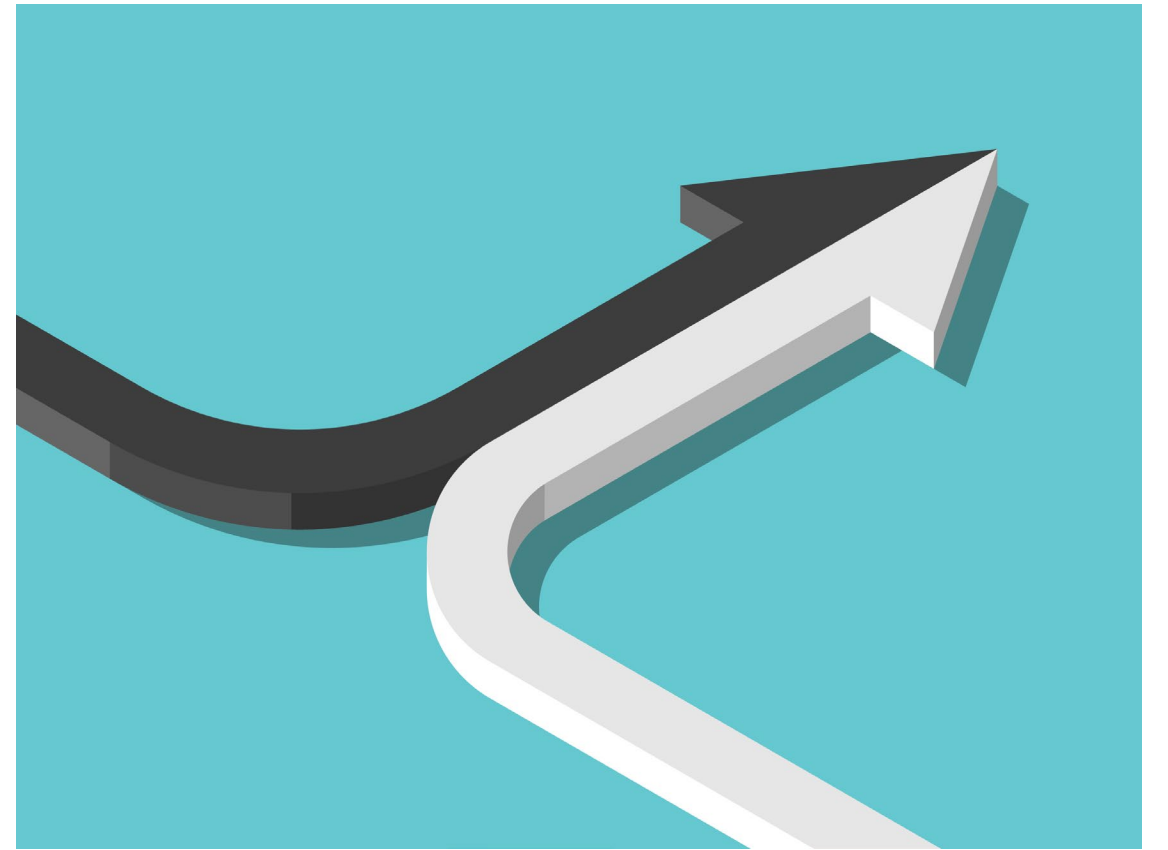
- **Date of Review:** Record the date the review was completed.
- **CE Name and Number:** Record the name and number of the CE in the designated space.
- **Site Monitored:** Record the site or school location name in the designated space.
- **Meal Service Reviewed:** Record the meal service that was observed. Example: Breakfast or Lunch.
- **Contract Type:** Record the contract type.

Parts I–VII

- Answer each question by marking the appropriate box yes or no and fill in any blank spaces as requested. If the question is not applicable, select no and explain in the comments box at the end of each part.
- The CE must record answers in all comments boxes by providing a rationale for responses and attaching documentation. Use an additional sheet of paper if additional space is needed.
- Review the FSMCs documentation related to each question topic area.
 - Is the documentation readily accessible and organized?
 - Is the documentation accurate?
 - Does the documentation support the answer?
 - If not, what changes need to be made to ensure that the FSMC is implementing the program correctly? Compare results from the previous contract review form. If corrective action was previously required, was it resolved?
- Develop strategies to address areas of need or non-compliance.

01

Overview of Partnerships in Texas



FSMCs in Texas

- FSMCs must be registered to operate business in the State of Texas AND remain in good standing with the Texas Secretary of State (SOS and Office of the Comptroller (OTC))
- The legal name listed with the SOS and OTC must match the legal name noted on the bid
- Use the current FSMC Vendor Approved List located on Square Meals

Programs > National School Lunch Program > Food Service Management Companies

<u>Legal Company Name</u>
A+ Food Service LLC
Aramark Educational Services, LLC
Aviands, LLC
Compass Group USA, Inc.
Compass Group USA, Inc.
Compass Group USA, Inc.
Compass Group USA, Inc.
Crave-It Nutrition LLC
Diwa Catering LLC
Genuine Food Lab, LLC
Healthy Lunch Box, Inc.
Opaa! Food Management, Inc.
Ordo Inc.
Selrico Services Inc.
Selrico Services, Inc
SLA Management, Inc.
Sodexo Operations, LLC
Southwest Foodservice Excellence, LLC
Taher, Inc.
The Basil Garden L.L.C.
Twelve Oaks Catering Company, L.C.
Whitsons Nutrition, LLC
Whitsons Nutrition, LLC

Approved Vendors for 2023-2024

FSMC Contract Types

New
Contracts

Fixed Meal
Rate

Current
Contracts
(Renewals)

Fixed Meal
Rate

Cost
Reimbursable

FSMC Contract Types (cont.)

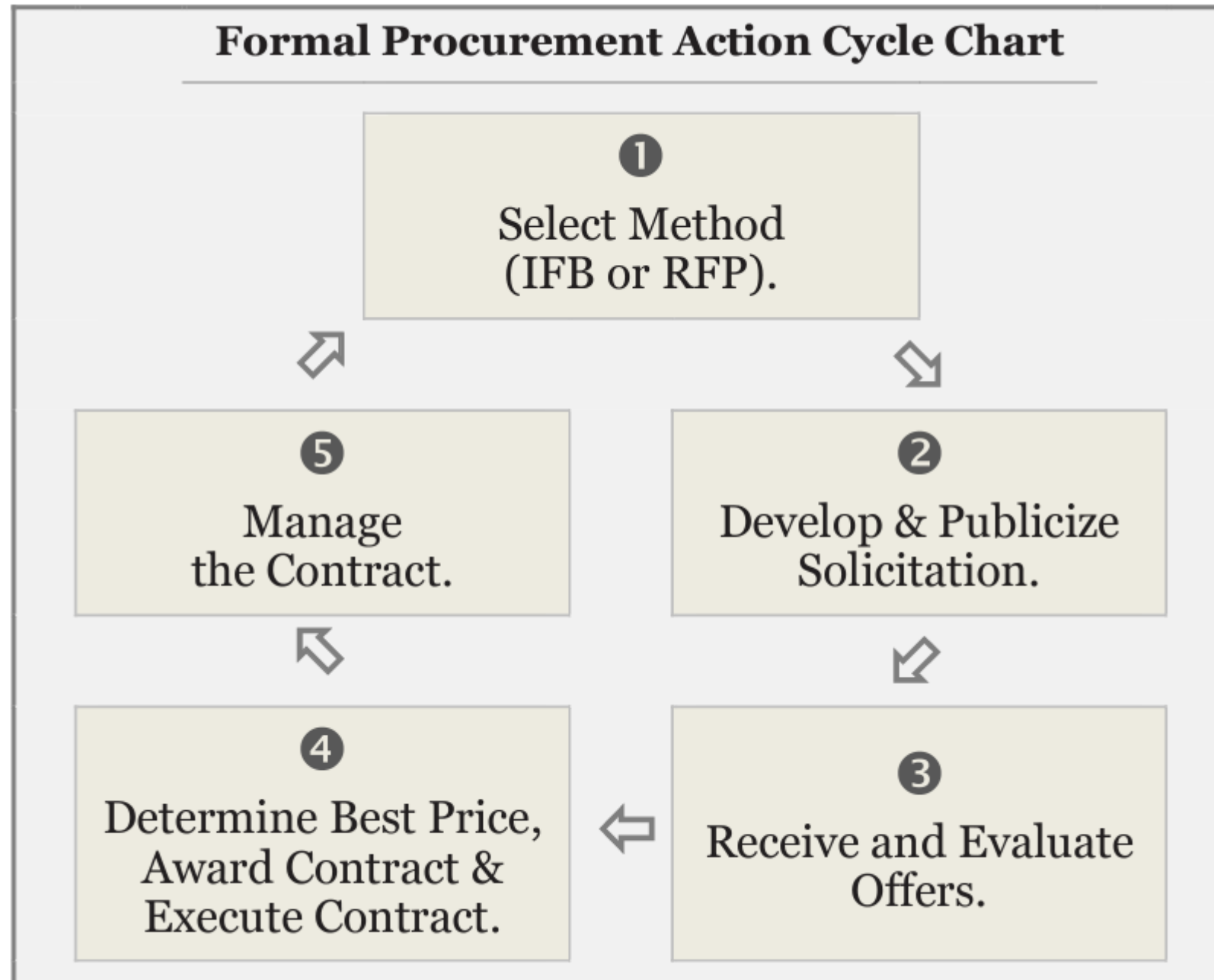


Cost-plus-a-percentage-of-cost contracts



Cost-plus-a-percentage-of-income contracts

FSMC Procurement Chart



FSMC Procurement

ARM Section 18

Food Service Contracts

Invitation for Bids (IFB) (Also called competitive sealed bid)	Request for Proposals (RFP) (Also called competitive proposal)
Pricing	
<ul style="list-style-type: none"> - Contract must be fixed price. 	<ul style="list-style-type: none"> - Contract must be fixed price.
Method Design	
<ul style="list-style-type: none"> - <u>Expectations</u>—Are the scope of work and specifications, technical requirements, and terms and conditions well defined and measurable? - <u>Evaluation</u>—Is there an indication of the method by which the offeror demonstrates that it has met the specifications, technical requirements, and terms and conditions? - <u>Offers</u>—How does the CE ensure that offers are publicly opened, and the process for opening offers is described in the solicitation/contract? - <u>Contract Award</u>—How will the contract be awarded to the most responsible and responsive offeror that submits the lowest cost offer? 	<ul style="list-style-type: none"> - <u>Expectations and Evaluation</u>—Are the scope of work and specifications, technical requirements, and terms and conditions clearly defined, and is the CE allowed to score criteria for factors in addition to price? - <u>Contract Award</u>—What is the method for the contract to be awarded to the most responsible and responsive offeror with price as the primary consideration? - <u>Offers</u>—Even though offers do not have to be publicly opened, what is the process for opening offers that will be described in the solicitation/contract?

FSMC RFP Prototype

TDA RFP Prototype is a combined solicitation and contract

**SCHOOL NUTRITION PROGRAMS
FOOD SERVICE MANAGEMENT COMPANY
School Year 2024-2025**

REQUEST FOR PROPOSAL

SOLICITATION NO.: _____

School Food Authority (SFA): _____

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Phone number: _____
Fax number: _____

Date Issued: _____
Proposal Due Date: _____

New Contract and Renewal Documents (*UPDATED 1.10.2024*)

New Contract Documents

[FSMC RFP Template](#)

[New Contract Instructions for FSMC RFP](#)

[New Contract Checklist 1.9.2024](#)

[Exhibit A: Site Information-Services Required](#)

[Exhibit M: Menu Cycle \(Additional Menus\)](#)

Renewal Documents - Fixed Rate

[FSMC Contract Renewal Checklist 10.2.2023](#)

[FSMC Contract Review Form 1.10.2024](#)

[Renewal - Fixed Rate Budget 1.9.2024](#)

[FSMC Renewal Amendment 2024-25](#)

Renewal Documents - Cost Reimbursable

[FSMC Contract Renewal Checklist 10.2.2023](#)

[FSMC Contract Review Form 1.10.2024](#)

[Renewal - Cost Reimbursable Budget 1.9.2024](#)

[FSMC Renewal Amendment 2024-25](#)

New - FSMC Amendment 2023-24

Important - FSMC Amendment 2023-24 must be downloaded to your computer and opened in Adobe Acrobat on your computer to be signed. Click on the link, then look in downloads to find the form.

CEs are required to complete the applicable documents, then submit via the [Smartsheet link](#).

FSMC RFP Prototype (cont.)

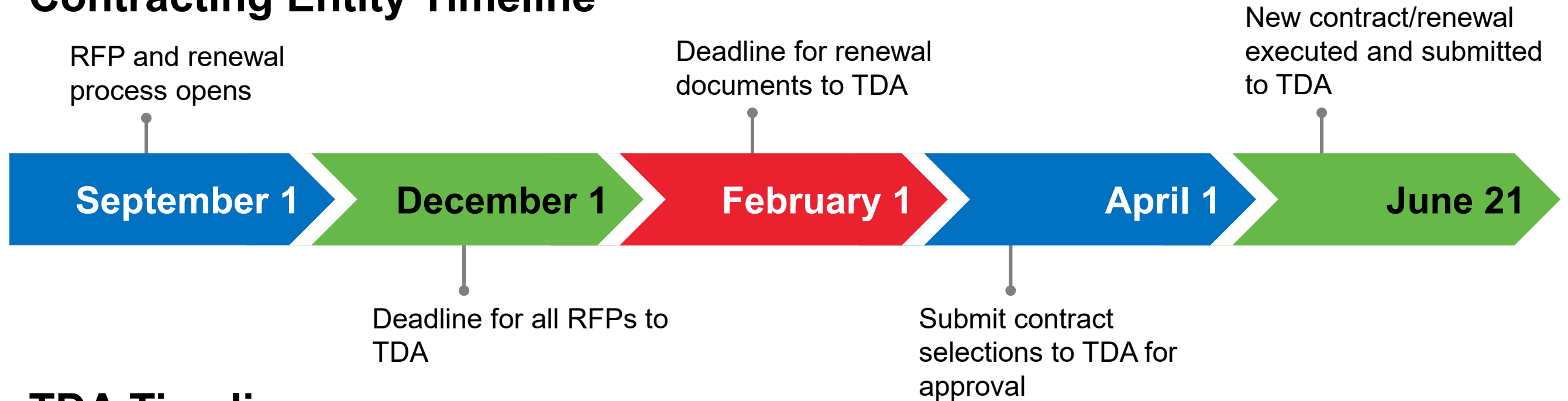
- Modification of the posted contract documentation and templates is **strictly prohibited**
- If the RFP and Contract are altered in any manner without prior approval, it may be considered an unapproved contract and may result in the SFA being required to pay its FSMC using funds other than the school nutrition funds



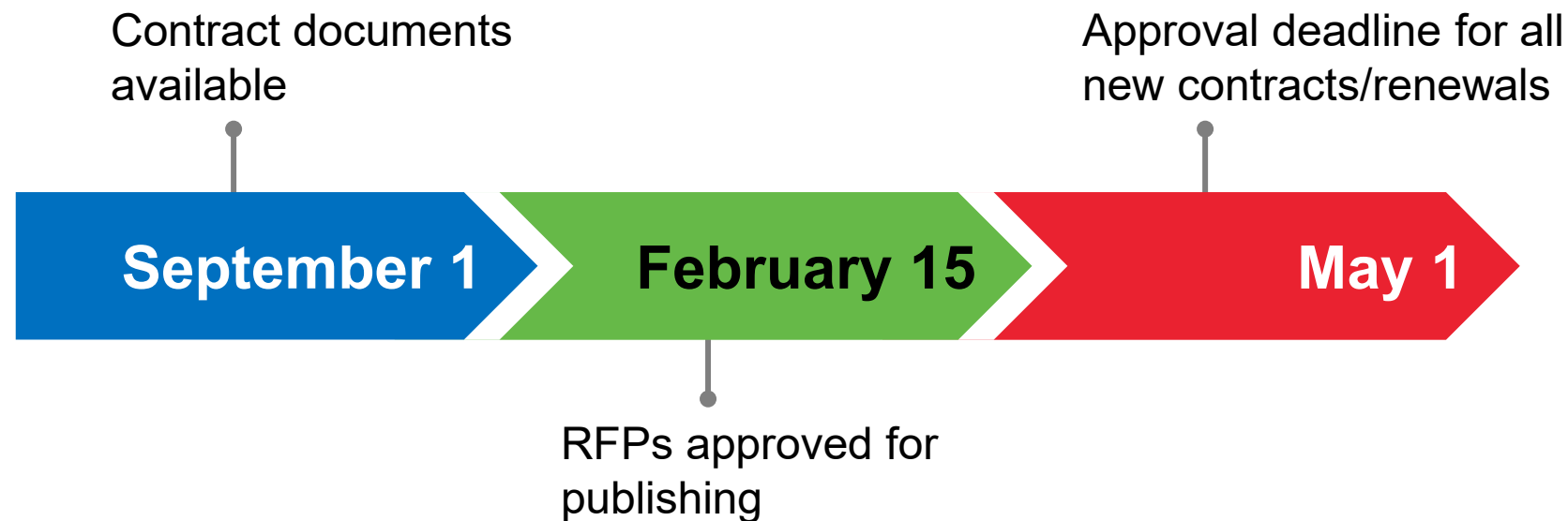
Image by [Catkin](#) from [Pixabay](#)

FSMC Timeline

Contracting Entity Timeline



TDA Timeline



02

SFA & FSMC Roles & Responsibilities



SFA & FSMC Roles and Responsibilities

School Food Authorities (SFAs) are responsible for operating the school nutrition programs in schools under their jurisdiction

SFA & FSMC Roles and Responsibilities

**National School
Lunch Program
(NSLP)**

**School Breakfast
Program (SBP)**

**Special Milk
Program (SMP)**

**Afterschool Snack
Program (ASCP)**

**Fresh Fruit and
Vegetable
Program (FFVP)**

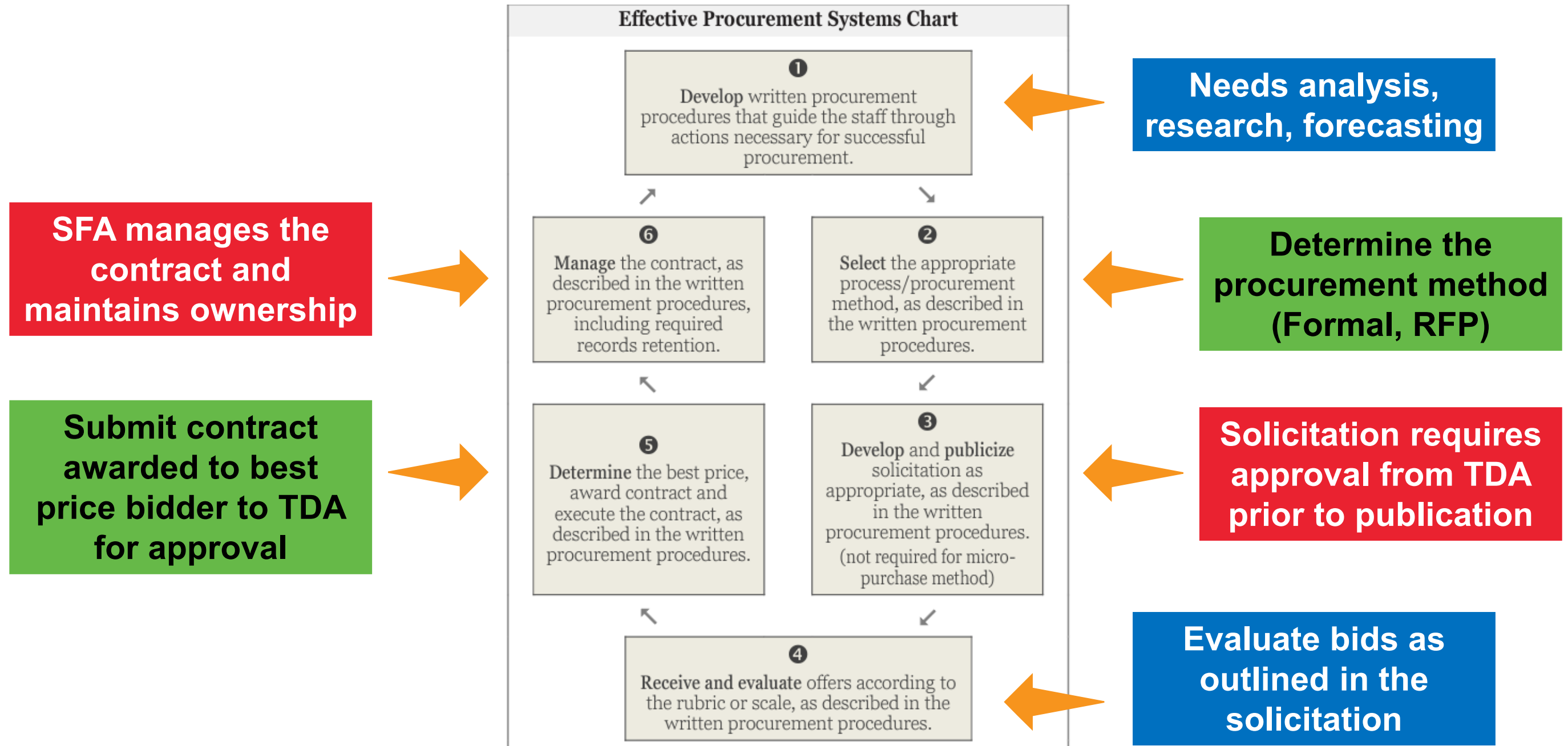
**Food Distribution
Program (FDP)**

**Seamless
Summer Option
(SSO)**

**Summer Food
Service Program
(SFSP)**

**Child and Adult
Care Food
Program (CACFP)**

SFA & FSMC Roles and Responsibilities



SFA & FSMC Roles and Responsibilities



7 CFR 210.21

2 CFR 200.318-326

2 CFR 200.400 series

Appendix II to 2 CFR Part 200

SFA & FSMC Roles and Responsibilities

Is this an allowable activity to be performed by the FSMC?

Yes or No?

Manage or oversee the financial responsibilities of the nonprofit school food service account

No

SFA & FSMC Roles and Responsibilities

- The SFA must retain control of the overall financial responsibility of the nonprofit school food service account
- The SFA must ensure that all financial transactions are compliant with requirements, including, but not limited to:

Allowable Costs

**Accrual of
Income and
Reporting**

**Overall
Operation of the
Program(s)**

**Accuracy of
Counting and
Claiming**

**Accuracy of
Bills, Invoices,
Credits, Rebates,
and Discounts**

USDA Foods

**Program and
Nonprogram
Costs and
Revenues**

SFA & FSMC Roles and Responsibilities

Is this an allowable activity to be performed by the FSMC?	Yes or No?
During an Administrative and Procurement Review, the FSMC provides documentation to the State Agency	No
The FSMC provides resolution of findings and corrective action to the State Agency for an Administrative and Procurement Review	No
The FSMC prepares and provides information to the SFA for an Administrative Review or other audit	Yes

- While the FSMC will be involved in preparing and providing information to the SFA for an AR or other audit, the SFA is responsible for all responses for to TDA
- Further, the SFA is responsible for any unallowable costs or fiscal action resulting from the AR

SFA & FSMC Roles and Responsibilities

Is this an allowable activity to be performed by the FSMC?

Yes or No?

Allow the FSMC to manage or oversee an advisory board

No

- The SFA must ensure that an advisory board composed of parents, teachers, and students to assist in menu planning is established and maintained

SFA & FSMC Roles and Responsibilities

Is this an allowable activity to be performed by the FSMC?

Yes or No?

The FSMC develops the SFA's procedures to address civil rights complaints

No

- The SFA must ensure that the FSMC complies with the procedures established by the SFA for referring any civil rights complaints to the SFA

SFA & FSMC Roles and Responsibilities

Is this an allowable activity to be performed by the FSMC?	Yes or No?
FSMC has signature authority on the TDA Permanent Agreement with TDA	No
FSMC has signature authority for the SFA's Policy Statement for Free and Reduced-Price Meals Attachment B: Meal Count/Collection Procedure(s)	No
FSMC employee listed as the SFA's Child Nutrition Director in the State Agency's TX-UNPS	No
FSMC submit reports, including claims for reimbursement, the Verification Report, and other reports to TDA or USDA	No

SFA & FSMC Roles and Responsibilities

Is this an allowable activity to be performed by the FSMC?

Yes or No?

FSMC maintains compliance with Competitive Food Nutrition Standards (or Smart Snacks)

Yes

- The SFA must ensure that the FSMC is compliant with Competitive Food Nutrition Standards (also called Smart Snacks) as described in Administrator's Reference Manual (ARM), Section 22, Competitive Foods

SFA & FSMC Roles and Responsibilities

Is this an allowable activity to be performed by the FSMC?	Yes or No?
FSMC maintains and provides counting and claiming data to the SFA	Yes
FSMC may submit reimbursement claims to the State Agency	No

- The FSMC may maintain and provide counting and claiming data to the SFA
- However, the SFA is responsible for submitting claims and ensuring the accuracy of meal counts prior to claim submission

SFA & FSMC Roles and Responsibilities

Is this an allowable activity to be performed by the FSMC?

Yes or No?

The FSMC operates in accordance with the contract and addresses any issues identified by the SFA

Yes

- The SFA must ensure the FSMC operates the program according to the contract and in compliance with all regulations and guidance
- The SFA must review the FSMC's operation of the program twice a year using TDA's FSMC Contract Review Form

SFA & FSMC Roles and Responsibilities

Is this an allowable activity to be performed by the FSMC?

Yes or No?

FSMC adheres to the SFA's Hazard Analysis Critical Control Point (HAACP) Plan

Yes

- The SFA must ensure all applicable health and safety certifications and regulations are met, including, but not limited to:
 - Ensuring the development and use of a HAACP Plan
 - Ensuring compliance is met with all state and local health inspection regulations
 - Ensuring the safety and storage of all foods and products

SFA & FSMC Roles and Responsibilities

Is this an allowable activity to be performed by the FSMC?

Yes or No?

The FSMC conducts the annual onsite monitoring review prior to February 1 of each school year

No

- SFAs with >1 school must conduct an annual onsite review of each school prior to February 1 of each school year to observe the school's counting and claiming procedures
- This includes any schools in which an FSMC operates
- SFA staff must conduct the required onsite reviews

SFA & FSMC Roles and Responsibilities

On-Site Monitoring Review

Performed by the SFA

Review the accuracy of counting and claiming systems and policy submitted to TDA

SFAs are required to conduct on-site monitoring reviews per each program's schedule

FSMC Contract Review

Performed by the SFA

Review FSMC performance compared to the contract terms and conditions

SFAs are required to conduct a review once per semester (2 per year)

SFA & FSMC Roles and Responsibilities

Is this an allowable activity to be performed by the FSMC?

Yes or No?

The FSMC develops the SFA's 21-day cycle menu

No

The FSMC follows and adheres to the SFA's 21-day cycle menu

Yes

The FSMC determines the SFA's prices to be charged for meals

No

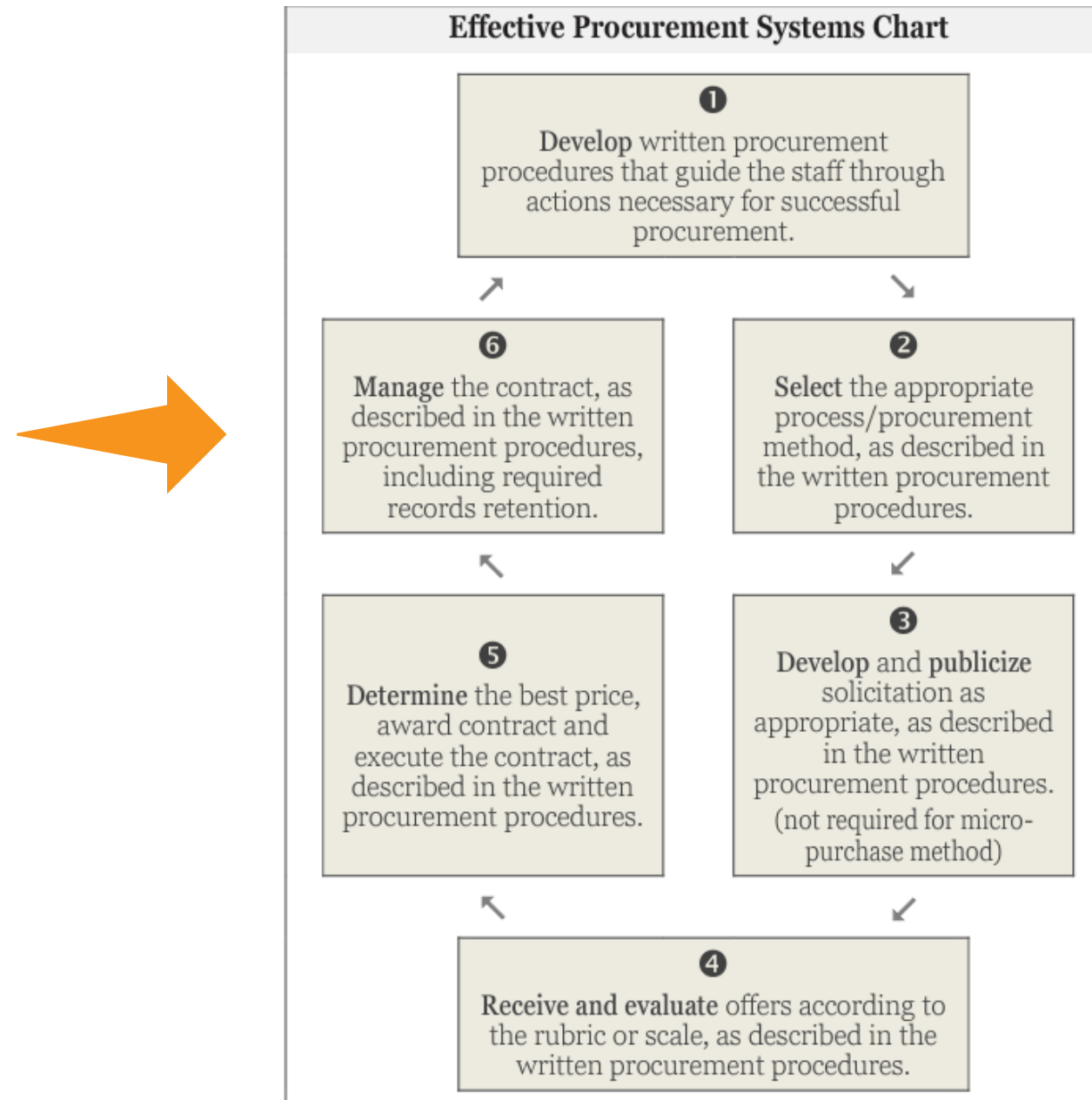
- The SFA must retain control of the quality, extent, and general nature of food service for program and nonprogram foods and meals

03

Contract Management



Contract Management



Contract Management

ARM Section 16a

**Contract
Management**

Contract Management is a central factor in developing an effective financial management system that provides safeguards to ensure the stewardship of federal money as well as reduce fraud and improper payments through internal controls

Contract Management

ARM Section 16a

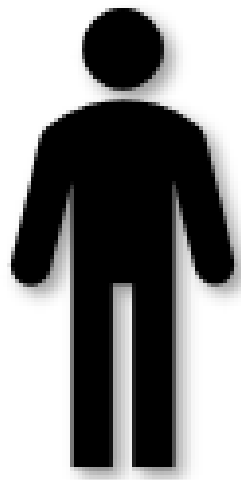
**Contract
Management**

The SFA is responsible for ensuring that a contract is compliant with all program regulations

Ensuring compliance is a central component of managing a contract, even if an FSMC operates the program on behalf of the SFA

Contract Manager

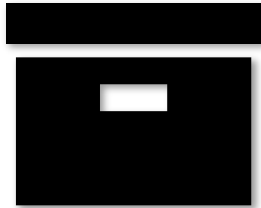
Contract Manager



- Employed by the district
- Active role in program operations
- Knowledgeable of program regulations
- Conducts FSMC Contract Reviews
- Must meet professional standard as outlined in ARM section 27

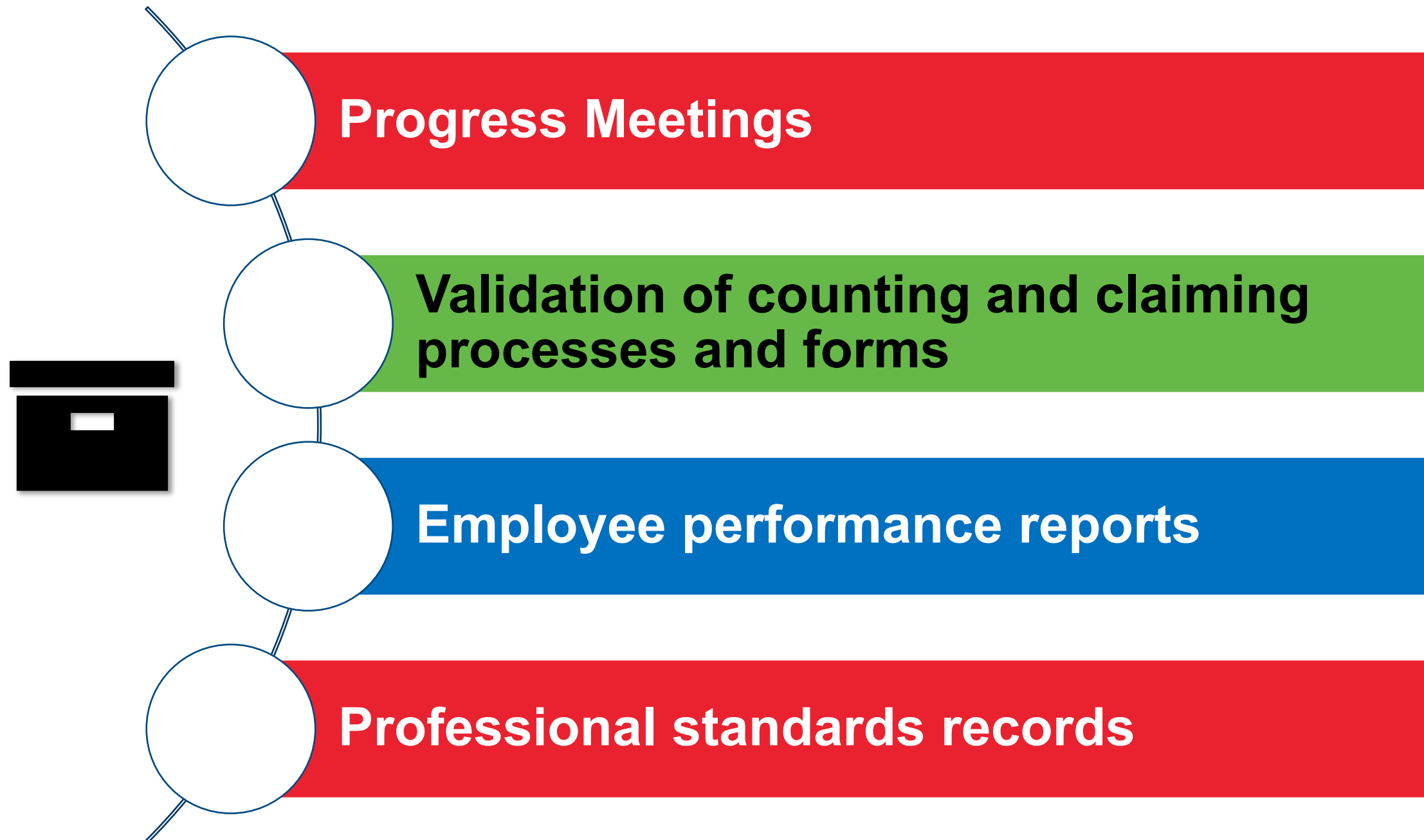
Contract Files

Contract Files



- Signed copies of purchase orders and contract modifications
- Contingency plans, monitoring, performance reporting
- Meeting minutes, correspondence, documentation of complaints and disputes
- Invoices, vouchers, RFP bids, evaluation and award documentation

Contract Files (cont.)



Managing USDA Foods

USDA Foods

SFA must recoup the full value from the FSMC

FSMC must accept and use USDA donated foods as indicated in the contract terms

SFA is responsible for management and oversight of processing, storage, and financial management of USDA Foods

SFA must complete annual reconciliation as an internal control for proper crediting, including bonus foods or donations in excess of directly allocated USDA Foods

Managing Invoices and Payments

Invoicing & Payments

SFA must review invoices or cost statements for all discounts, rebates, credits; USDA Foods values; and other applicable credits that must be given to the SFA

SFA must review invoices prior to payment, including verifying information included on invoices to determine if costs are allowable

SFA must ensure all products and/or services invoiced correlate to the actual products and/or services received

SFA must ensure that the SFA is not invoiced for or pays for duplicative services

Managing Contract Disputes

Contract Disputes

Take action to remedy any circumstances in which the vendor or contractor does not provide products and/or services that meet expectations

Apply options to terminate or not renew a contract

The SFA must document efforts related to a possible or actual termination or non-renewal of a contract

SFA must follow the local written procurement procedures and terms and conditions of the contract to resolve the dispute

Contract Management

The State Agency and their partners, such as Education Service Center Specialists, cannot provide legal advice to non-TDA staff/groups

Managing Future Contracts

Future Contracts After Contract Termination

If the cancellation of the contract becomes necessary, the SFA may take steps to disqualify the contractor or vendor from future bidding as a non-responsible offeror

If the SFA has a demonstrated history of a contractor's or vendor's poor performance, this documentation can be a cause for rejecting a bid with the lowest cost or best evaluation score

If the SFA did not retain documentation of poor performance, there may not be sufficient evidence to reject a bid for this reason

Managing Contract Termination

Contract Termination

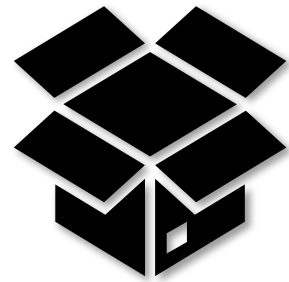
If a contractor or vendor continues to be unable to provide the contracted products and/or services, the SFA must determine if termination of the contract or non-renewal of the contract is warranted

Should the SFA choose to terminate the contract or not renew a contract, the SFA will perform this action according to the terms and conditions of the contract

In all cases, the SFA must retain documentation to demonstrate actions have been taken to resolve the issue and the result of each action

Managing Contract Termination (cont.)

Before an FSMC Leaves



- Inventory everything + separate USDA Foods from other products
- Perform a final reconciliation of USDA foods – make sure the FSMC has reimbursed for all commodities in the district
- Fixed cost – FSMC can take non-USDA foods
- Cost reimbursable, FSMC cannot take any food

04

FSMC Contract Review

Food Service Management Company (FSMC) Contract Review Form

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The review must be conducted by the CE employee responsible for oversight of the FSMC contract or CE designee. The CE designee must understand the terms of the contract and have CNP knowledge.

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Public and charter schools are required to keep documentation related to CNP for five years after the applicable program year. Private schools, other nonprofit organizations, and residential childcare institutions (RCCIs) are required to keep documentation for three years after the applicable program year. Completed forms must be kept onsite and made available on request.

Directions

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- **Date of Review:** Record the date the review was completed.
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Parts I–XII

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- Review the FSMCs documentation related to each question topic area.
 - Is the documentation readily accessible and organized?
 - Is the documentation accurate?
 - Does the documentation support the answer?
 - If not, what changes need to be made to ensure that the FSMC is implementing the program correctly? Compare results from the previous contract review form. If corrective action was previously required, was it resolved?
- Develop strategies to address areas of need or non-compliance.

FSMC Contract Review

Renewal Documents - Fixed Rate



[FSMC Contract Renewal Checklist 10.2.2023](#)

[FSMC Contract Review Form 1.10.2024](#)

[Renewal - Fixed Rate Budget 1.9.2024](#)

[FSMC Renewal Amendment 2024-25](#)



6. Compliance Assessment - Per 7 CFR 210.19(a)(5), TDA may not approve renewals and/or contracts for operations that do not comply with federal regulations. Provide the following documentation:

Submit the most recent FSMC Contract Review Form completed by the CE representative.

Date of Review: _____

Submission must include corrective action and any follow-up review related to ensure compliance.

Record the prior FSMC Review Form (must be a different date from your submitted form):

Date: _____

FSMC Contract Review

What is the purpose of the FSMC Contract Review Form?

- Ensures CE is monitoring FSMC compliance with all regulations and guidance
- Guarantees the CE is not passing on responsibility of the CN programs to the FSMC

Who should complete the FSMC Contract Review Form?

- CE employee responsible for FSMC contract oversight or a CE designee
- The designee must understand the terms of the contract and have CNP knowledge

FSMC Contract Review

How often should the CE complete an FSMC Contract Review Form?

- Once per semester (2 times per year) for one site
- Must be available to TDA upon request
- CE should review a different site type (elementary, middle, high school) each semester

FSMC Contract Review

Accuracy

Integrity

Compliance

FSMC Contract Review

How long should the CE retain documentation?

- 5 years after the applicable program year for public and charter schools
- 3 years for private schools, other nonprofit organizations, and residential childcare institutions (RCCIs)
- Completed forms must be kept onsite and made available upon request

FSMC Contract Review Directions

Parts I–XII

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FSMCs Contract Review

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CE Name and Number:

Site Monitored:

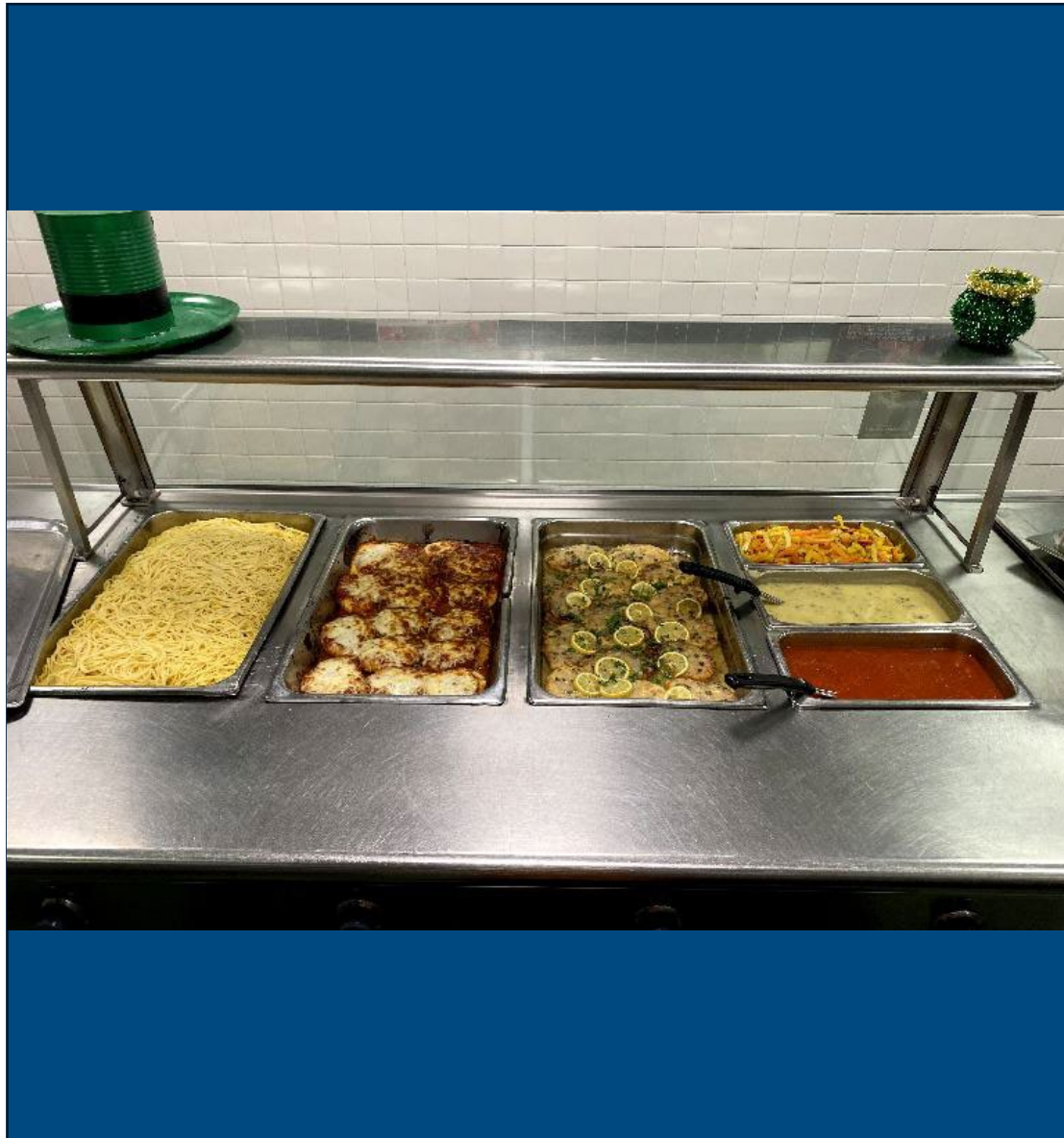
Meal Service Reviewed:

Contract Type:

Activity Time

PART I: MENUS AND SERVICE

Pages 3-4



Menus and Service

STEP 1

Identify applicable section(s) or exhibit(s) of the RFP/ Contract

STEP 2

What documents or visual inspections are needed to evaluate the FSMC's compliance with the 21-day menu?

Menus and Service

STEP 3

Identify applicable section(s) or exhibit(s) of the RFP/ Contract

STEP 4

What documents or visual inspections are needed to evaluate food specifications?

Menus and Service

3. Does the SFA have an advisory board?

Yes No

4. Is the advisory board made up of parents, teachers, students, etc.?

Yes No

List the advisory board members and titles below.

5. Does the advisory board work with the SFA to assist in menu planning?

Yes No

6. Does the advisory board assist the SFA in approving menu changes outside the 21-day cycle menu process?

Yes No

Menus and Service

STEP 5

Identify applicable section(s) or exhibit(s) of the RFP/ Contract

STEP 6

What documents or visual inspections are needed to validate questions 3-6?

Menus and Service

7. Do all menus meet the meal pattern requirements for the appropriate age/grade groups and the nutrient specifications?
Yes No
8. Is the FSMC serving reimbursable meals as described in the contract and in compliance with program regulations?
Yes No
9. Does the FSMC provide meal service to all enrolled students as specified in the contract?
Yes No
10. Are food production records completed each day for all meals served using the TDA prototype or another instrument that collects the same information as the TDA prototype?
Yes No

Menus and Service

STEP 7

Identify applicable section(s) or exhibit(s) of the RFP/ Contract

STEP 8

What documents or visual inspections are needed to validate questions 7-10?

Menus and Service

11. Does the SFA evaluate the FSMC's menu for affordability, nutrition requirements, and student appeal?
Yes No
12. Does the FSMC implement meal accommodations based on medical statements provided by authorized medical authorities or Individualized Education Plans (IEP) or special dietary accommodations based on the SFA policy?
Yes No
13. Are meals monitored to ensure that only reimbursable meals are claimed?
Yes No

Attach a current menu to reflect the responses above.

SFA Comments – Provide a rationale for all responses in Part I:

Menus and Service

STEP 9

Identify applicable section(s) or exhibit(s) of the RFP/ Contract

STEP 10

What documents or visual inspections are needed to validate questions 11-13?

Insert image of Smart
Snacks in schools

PART II: COMPETITIVE FOODS

Page 4

Competitive Foods

Competitive Foods

14. Is the FSMC following Competitive Food Standards?

Yes No

15. Is the FSMC following the local policy related to fundraisers?

Yes No

SFA Comments – Provide a rationale for all responses in Part II:

Menus and Service

STEP 1

Identify applicable section(s) or exhibit(s) of the RFP/ Contract

STEP 2

What documents or visual inspections are needed to validate questions 14-15?



PART III: USDA FOODS

Pages 4-6

USDA Foods: Responsibilities

CE

- Procuring and ordering USDA Foods
- Monitoring use of USDA Foods
- Reconciling monthly invoices

FSMC

- Receiving and storing USDA Foods
- Utilizing USDA Foods in menu cycle
- Crediting CE for the value of all USDA Foods received

BIG PICTURE: CEs are responsible for ensuring the FSMC is using USDA Foods in the operation based on allocated entitlement funds

USDA Foods

USDA Foods

16. Is the FSMC responsible for receiving USDA Foods on behalf of the SFA?

Yes No

If yes, is the SFA verifying the delivery of USDA Foods shipments and processed end products?

Yes No

17. Does the FSMC provide the SFA credit for the full value of USDA Foods received during the school year or fiscal year?

Yes No

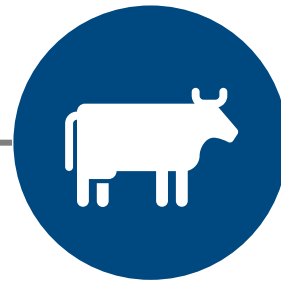
What is the amount received to date? \$

USDA Foods: Crediting Timeline



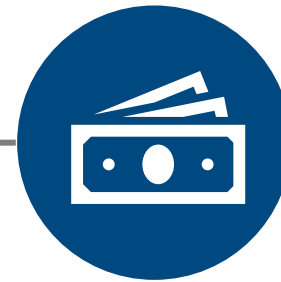
STEP 1

- Method + frequency
- Read the contract



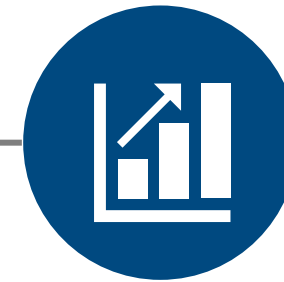
STEP 2

- Credit given for purchased value of entitlement foods, bonus foods, and finished end products



STEP 3

- Credit must occur in school year that foods are received

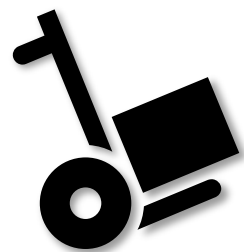


STEP 4

- TDA recommends crediting monthly or quarterly

USDA Foods: Receiving

What is meant by “received”?



USDA Foods are considered “received” when they arrive at the school kitchen or the FSMC storage facility (either raw form or processed end-product)

USDA Foods

18. Does the FSMC provide the SFA with clear documentation that demonstrates that the SFA has received credit for the value of its USDA Foods?

Yes No

If yes, please provide a copy of the documentation for verification.

NOTE: This includes crediting for the value of donated foods, including direct delivery (brown box), Department of Defense (DoD) Fresh, and processed end products.

19. How often does the SFA receive credit for the value of USDA Foods?

Check all that apply.

- Monthly
- Quarterly
- End of the school year
- Other

USDA Foods

20. How is the SFA credited for the value of USDA Foods?

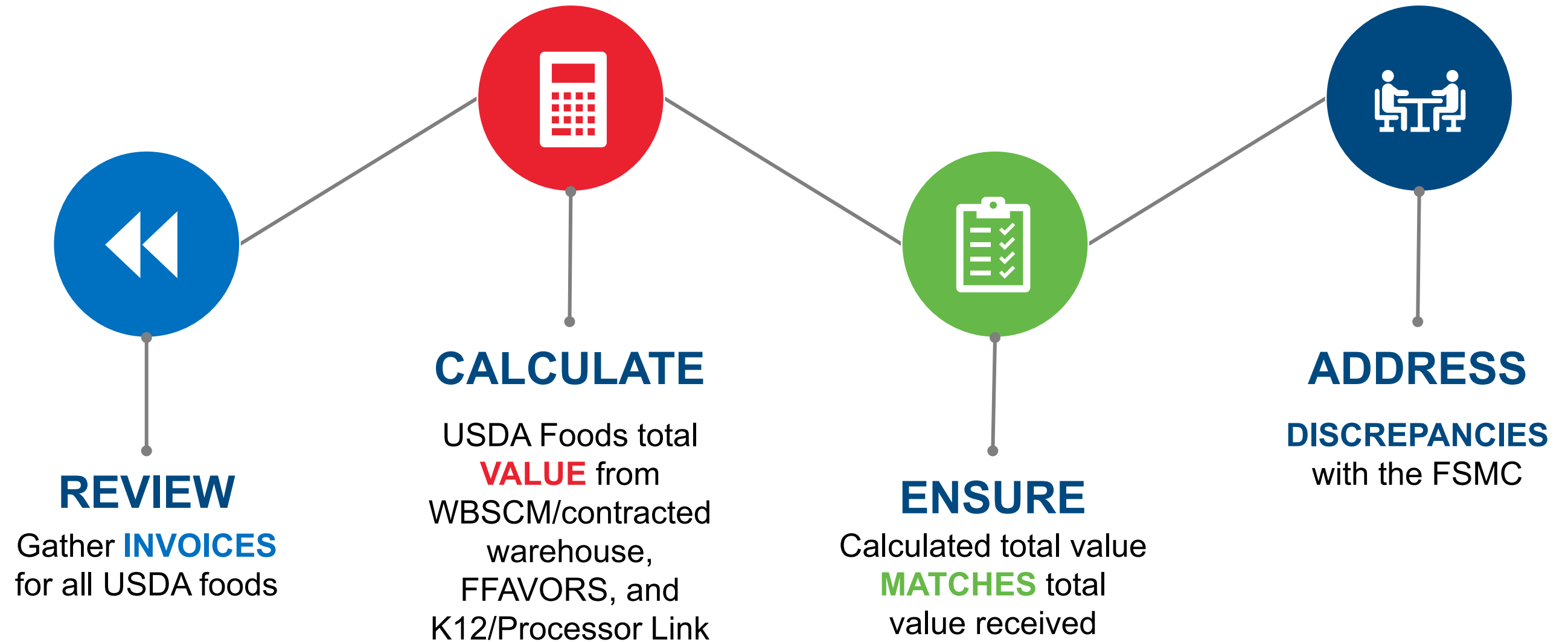
Check all that apply.

- Invoice
- Reductions
- Refunds
- Discounts
- Other

21. For cost-reimbursable contracts, does the FSMC ensure that its system of inventory management does not result in the SFA being charged for USDA Foods? (For fixed-rate contracts, skip this question.)

Yes No

USDA Foods: Reconciliation



USDA Foods

22. Does the FSMC ensure that SFA retains ownership of all USDA Foods including processed end products, if applicable?

Yes No

23. Does the SFA/FSMC use USDA Foods to the maximum extent in quantities that can be used and stored without waste?

Yes No

What is the SFA's beginning entitlement balance? \$

What is the SFA's current entitlement balance? \$

USDA Foods: Q&A

Yes or No?

Does the District retain title to USDA Foods that are provided to the FSMC for use in the school food service?

Yes

Can the CE use FSMC documentation to verify credits?

No

USDA Foods

24. When substituting, does the FSMC use commercially purchased foods of the same generic identity, of U.S. origin, and of equal or better quality than the USDA Foods in the SFA's Child Nutrition Program?

Yes No

Attach a copy of the recent USDA Foods reports and corresponding FSMC inventory demonstrating credits for USDA Foods.

SFA Comments – Provide a rationale for all responses in Part III:

NEW QUESTION!

10. Does the FSMC use all donated ground beef, ground pork, and all processed end products in the SFA's food service without substitution?

Yes No

USDA Foods: Q&A

Yes or No?

Can the FSMC use USDA Foods in a la carte food sales, as allowed for a self-operating district?

Yes

Can the FSMC choose to manage USDA Foods inventory separate from other foods? Must they still credit the CE for the value under this system?

Yes

USDA Foods



?

What documents or visual inspections are needed to validate questions 16-24?

USDA Foods: Monthly Reconciliation Example

USDA Foods Reconciliation Worksheet						
2024-2025						
Month	Commodities Received				Credit	Balance
	DoD Fresh	Direct Delivery	Processing	Total		
July	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
August				\$ -	\$ -	\$ -
September				\$ -	\$ -	\$ -
October				\$ -	\$ -	\$ -
November				\$ -	\$ -	\$ -
December				\$ -	\$ -	\$ -
January				\$ -	\$ -	\$ -
February				\$ -	\$ -	\$ -
March				\$ -	\$ -	\$ -
April				\$ -	\$ -	\$ -
May				\$ -	\$ -	\$ -
June				\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DoD Fresh Allocation					\$ -	
Direct Delivery Allocation					\$ -	
Processing Allocation					\$ -	
Entitlement Used					\$ -	
Credits Received from FSMC					\$ -	
Balance					\$ -	
Available Entitlement					\$ -	
Entitlement Used					\$ -	
Unfilled Requests					\$ -	
Entitlement Remaining					\$ -	





PART IV: INVENTORY

Page 6

Inventory

25. Does the FSMC have an organized method for storing, preserving, and accounting for the SFA's food inventory?

Yes No

26. Are the food items stored in a manner that is consistent with all health and safety rules that apply to the stored items?

Yes No

SFA Comments – Provide a rationale for all responses in Part IV:

Inventory



?

What documents or visual inspections are needed to validate questions 25-26?

PART V: FINANCIAL PROCEDURES

Pages 6-8



Financial Procedures

27. Do the daily meal count records accurately reflect the counts of student and adult meals and a la carte sales by meal type and eligibility category?

Yes No

28. Does the FSMC have a backup system to ensure that all counting and claiming data is maintained?

Yes No

Describe the system:

Financial Procedures

29. Does the FSMC maintain records to support the claims for monthly reimbursement, Daily Record/Accuclaim information and provide to the SFA promptly?
Yes No
30. Does the FSMC maintain records to support meal count records for other meals not covered by the claim (adult meals, alternative meals)?
Yes No
31. Does the SFA maintain responsibility for submitting claims for reimbursement?
Yes No

Who is responsible for submission? Provide Name and Title.

Financial Procedures

32. Does the FSMC monthly invoice reconcile with the point of service Daily Record/Accuclaim Report for each month? Yes No In the comments box, explain how the invoice meal counts are reconciled with the POS count each month.

33. Does the FSMC food service daily income records, such as end-of-day POS reports, accurately reflect the revenue received by meal type (student meals, adult meals, a la carte, etc.)? Yes No

Financial Procedures

34. Has the SFA received all applicable discounts, credits, and rebates from the FSMC?

Yes No

35. Does the FSMC ensure that all invoice statements are accurate, and that unallowable costs and duplicative services are not billed to the SFA?

Yes No

36. Does all income to the program accrue to the nonprofit school food service account?

Yes No

Financial Procedures

37. Does the FSMC provide the SFA with all information and documentation needed for the SFA to calculate its program and non-program revenue and cost proportion as required by regulations? Yes No If not, please explain. (For example, POS records, cost-per-meal data, and inventory or financial reports).

38. Does the FSMC utilize the correct meal equivalency factor (MEF)?
Yes No

List the MEF:

Attach the most recent FSMC invoice and supporting documentation.

For Fixed Rate contracts (if cost-reimbursable, skip to question 40.)

Financial Procedures

For Fixed Rate contracts (if cost-reimbursable, skip to question 40.)

39. Does the FSMC accurately charge the number of meals claimed to the SFA at the fixed-rate price according to the contract?

Yes No

Financial Procedures

For cost-reimbursable contracts (questions 40-42)

40. Are allowable costs paid from the nonprofit Child Nutrition account net of all discounts, rebates, and other credits accruing to or received by the FSMC?

Yes No

41. Has the SFA audited the food and non-food invoices to ensure that bills reflect actual expenses?

Yes No

42. Are bills monitored to ensure that the FSMC did not double bill or include costs that are not allowed in the contract?

Yes No

SFA Comments – Provide a rationale for all responses in Part V:

Financial Procedures



?

What documents or visual inspections are needed to validate questions 27-42?

PART VI: FINANCIAL, PROCUREMENT

Page 8



Financial, Procurement

43. Does the FSMC follow the SFA's internal process to ensure that foods are procured in compliance with the Buy American provision?

Yes No

44. Does the FSMC provide sufficient documentation for the SFA to determine if all procurement was conducted correctly and in compliance with all applicable regulations?

Yes No

SFA Comments – Provide a rationale for all responses in Part VI:



PART VII: SANITATION AND SAFETY PROCEDURES

Page 8

Sanitation and Safety Procedures

45. Does the FSMC have a Hazard Analysis and Critical Control Point (HACCP) plan in place and is there evidence of its implementation?
Yes No
46. Do employees practice safe food-handling procedures?
Yes No
47. Does the FSMC ensure that all facilities have health inspections as required by law?
Yes No

Sanitation and Safety Procedures

48. Are facilities and equipment adequately maintained for safety and sanitation?

Yes No

49. Is the FSMC's use of the facilities consistent with the facility use clauses included in the contract?

Yes No

SFA Comments – Provide a rationale for all responses in Part VII:

Sanitation and Safety Procedures



?

What documents or visual inspections are needed to validate questions 45-49?



PART VII: LOCAL WELLNESS POLICY

Pages 8-9

Local Wellness Policy

50. Does the FSMC follow the SFA's local wellness policy?

Yes No

SFA Comments – Provide a rationale for all responses in Part VIII:

Local Wellness Policy



?

What documents or visual inspections are needed to validate question 50?

PART IX: STAFFING

Page 9



FSMCs Contract Review

51. Is the FSMC's staffing plan consistent with the staffing clauses included in the contract?

Yes No

FSMC employees in contract:

FSMC current employees:

52. If there are FSMC vacancies, is there a plan for the FSMC to come into staffing compliance per the contract?

Yes No

(A "no" answer will require a plan to be submitted.)

53. Is the District and FSMC paying for staff according to the approved transition plan?

Yes No

FSMCs Contract Review

54. Does the FSMC ensure that all Child Nutrition staff have the required training annually?

Yes No

55. Does the FSMC ensure that the Child Nutrition Director's position meets the USDA professional standards, and food safety training annually? (7 CFR 210.30)

Yes No

56. Does the FSMC maintain documentation that demonstrates compliance with the Child Nutrition Director's position and tracks continuing education for all Child Nutrition staff?

Yes No

SFA Comments – Provide a rationale for all responses in Part IX:

FSMCs Contract Review



?

What documents or visual inspections are needed to validate questions 51-56?



PART X: RECORD RETENTION

Pages 9-10

Record Retention

57. Does the FSMC coordinate with the SFA to transfer all records to long-term storage?

Yes No

58. Does the FSMC provide all documentation required to demonstrate the SFA complies with all regulations—local, state, and federal?

Yes No

SFA Comments – Provide a rationale for all responses in Part X:

Record Retention



?

What documents or visual inspections are needed to validate questions 57-58?



PART XI: CONTRACTUAL REQUIREMENTS

Page 10

Contractual Requirements

59. Does the FSMC operate the program(s) contracted as defined by the terms of the contract?

Yes No

60. Were additional terms and conditions included that are outside of the executed contract?

Yes No

Note: Additional contracts and addendums are not allowed. Please submit a copy of the additional contract or addendum to TDA to FSMC@texasagriculture.gov.

61. Have all corrections been made as required if problems were noted during the Administrative Review and/or Procurement Review?

Yes No

Contractual Requirements

62. Did the SFA delegate any responsibilities that were not permitted by the contract to the FSMC? (Examples: Signature Authority, Advisory Board, Monthly Claim reimbursement, permissions to attend webinars on behalf of the SFA, etc.).

Yes No

If yes, list what was delegated.

Contractual Requirements

63. Does the SFA monitor the FSMC's food service operations through periodic on-site visits to ensure conformance with program regulations and that program review and audit findings are resolved?

Yes No

64. Is documentation of monitoring maintained?

Yes No

65. If there were findings, did they get resolved?

Yes No

SFA Comments – Provide a rationale for all responses in Part XI:



PART XII: RESULTS OF REVIEW

Pages 10-11

Results of the Review

Part XIII

- Determine if any of the answers to Parts I–XII require a corrective action plan (CAP).
- Mark the appropriate response once the determination is made.
- Record any comments, notes, process changes, or observations about the corrective action in the comment box.

XII. Results of Review

66. Is a Corrective Action Plan (CAP) required?

Yes No

SFA Comments – Provide specifics to the plan and what section will be reviewed

in Part XII:



PART XIII: CORRECTIVE ACTION

Page 11



Corrective Action

Part XIV

- If a CAP is required, complete a follow-up review within 45 days.
- Record any comments about the follow-up that will help to improve the CN program in the comment box.

XIII. Corrective Action

67. Was the CAP completed with a follow-up review within 45 days?

Yes No

Date the follow-up review was completed:

68. Have all the items been resolved and the FSMC contract is compliant?

Yes No

SFA Comments – Provide a rationale for all responses in Part XIII:



PART XIV: ATTESTATION AND SIGNATURE

Page 11



FSMCs Contract Review

Part XV

- The CE representative must sign in the designated space.
- The FSMC representative must sign in the designated space.

I attest that this information is true and accurate and complete to the best of my knowledge.

XIV. Attestation and Signatures

Signature of SFA Designee

Signature of FSMC Designee

Printed Name of SFA Designee

Printed Name of FSMC Designee

Title of SFA Designee

Title of FSMC Designee

05

Resources



Resources



Programs > National School Lunch Program > Food Service Management Companies

Food Service Management Companies

Resources

FOR CEs

IMPORTANT RESOURCES

- [FSMC Frequently Asked Questions \(12/15/2023\)](#)
- [SFA Contract Management for FSMCs February 2023 Webinar](#)
- [NEW! USDA Guidance on Contracting with FSMCs](#)
- [FSMC Contract Review Form 1.10.2024](#)
- [FSMC Quick Reference Guide dated 8.22.2023](#)
- [FSMC Webinar - Evaluation Criteria](#)
- [FSMC Webinar - Renewal](#)
- **The Meal Equivalency Factor for 2024-2025 is \$4.69.**
- [FSMC Sample Cycle Menus – A la cart 2.26.24](#)
- [FSMC Sample Cycle Menus – Breakfast 2.26.24](#)
- [FSMC Sample Cycle Menus – Lunch 2.26.24](#)
- [FSMC Findings 3.26.24](#)

Resources

Administrator's Reference Manual (ARM)

May 31, 2024

1700 North Congress Avenue, Suite 1125E
FAX: General, (888) 203-6593 | Compliance, (800) 909-8573



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Food and Nutrition Division
Nutrition Assistance Programs

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Updated May 31, 2024
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ARM Section 16a Contract Management

ARM Section 17 Procurement

ARM Section 18 Food Service Contracts

Learning Objectives

1. Participants will learn about the formal procurement requirements when procuring for a FSMC vendor in Texas
2. Participants will learn the roles and responsibilities of the SFA and the FSMC
3. Participants will learn the components of effective contract management, as outlined in ARM Section 16a
4. Participants will perform an activity to learn the requirements of conducting a robust FSMC Contract Review

USDA Key Areas

- ❖ 2000 (Operations)
- ❖ 3000 (Administration)

USDA Professional Standards Codes

- ❖ 2460 Contracts with FSMCs
- ❖ 3300 Financial Management

Next Steps

1. Identify key take-aways

- Identify elements of the training that are relevant to YOU

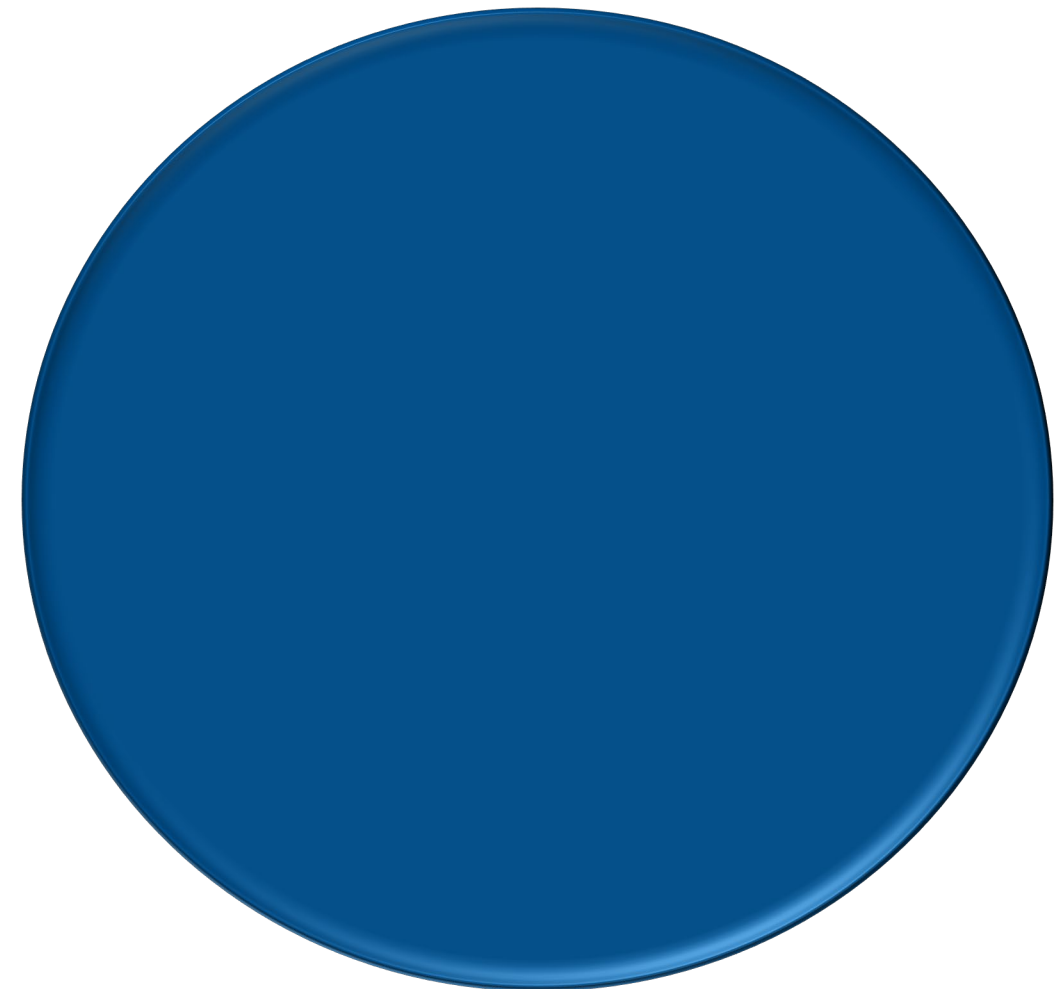
2. Create a plan

- Identify an action you can take upon return to work
- How will you hold yourself accountable?

3. Contact for TA

- Write down your ESC/class instructor's contact info

10-minute
Countdown Timer

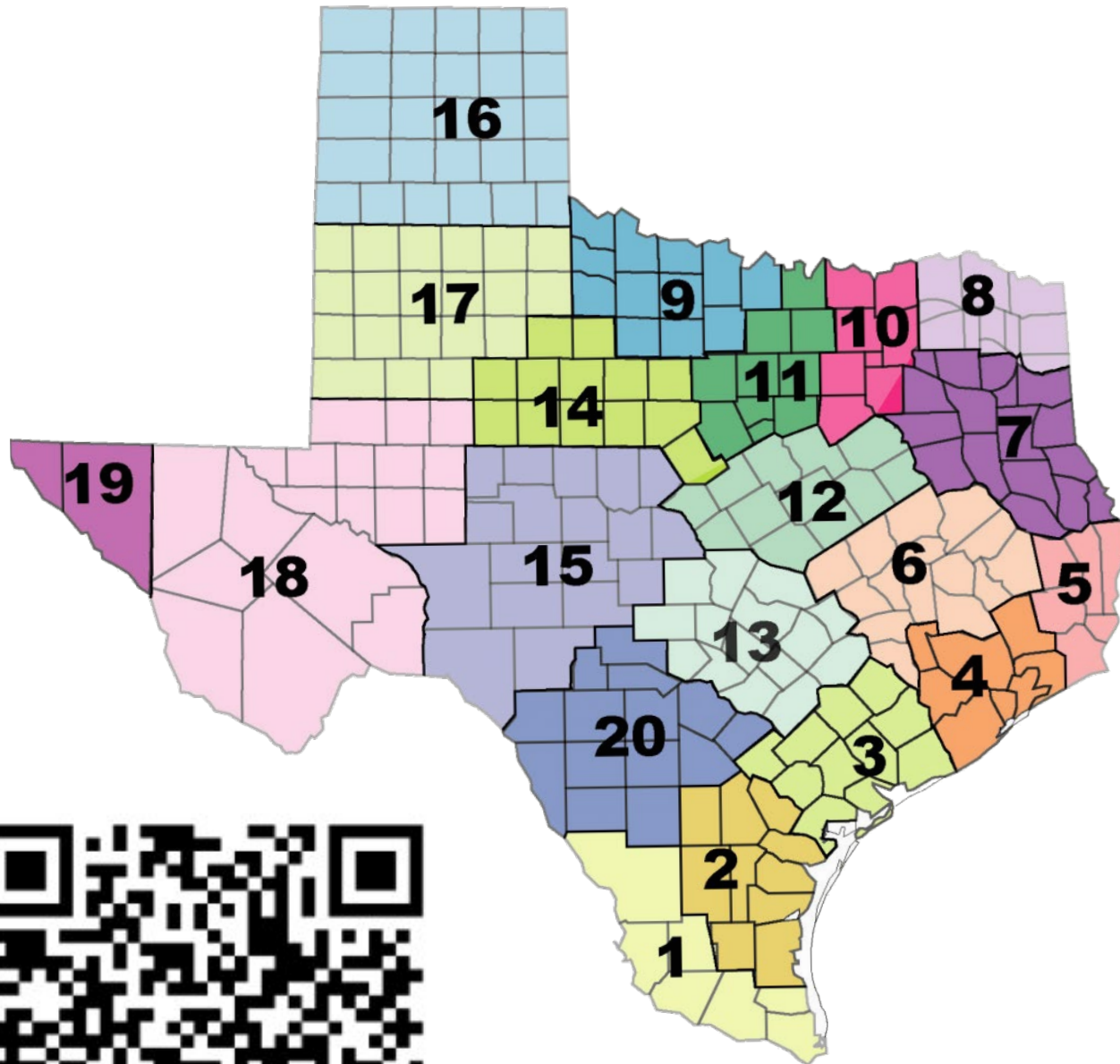


ESC Contact Information

Elisha Bury

ebury@esc11.net

817-740-7556



QUESTIONS?

CE Responsibilities in Managing an FSMC Contract



Post-assessment

- Use a unique, 4-digit identifier (last 4 of cell #)
- Use the same ID # used for the pre-assessment
 - So TDA can collect and analyze data to improve training effectiveness.
 - Anonymous

ESC Training Survey



Training Survey

- TDA strives to use your feedback to make training as effective as possible.
- Short, 4 question survey that TDA will use to improve training.
 - So TDA can collect and analyze data to improve training effectiveness.
 - Anonymous

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1. mail:

U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410; or

2. fax:

(833) 256-1665 or (202) 690-7442; or

3. email:

program.intake@usda.gov

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