NOTICE

Date: July 16, 2004                       Reference: # NSLP/SBP 2004-22
To: National School Lunch/School Breakfast Program (NSLP/SBP) Contractors
Subject: Contracting with a Food Service Management Company (FSMC) and Operating More Than One School

This Notice replaces Notice NSLP/SBP 2004-15.

Purpose

This Notice is to remind School Food Authorities (SFAs) of certain responsibilities if they contract with a Food Service Management Company (FSMC). It is also to remind SFAs that operate more than one school of their responsibilities for conducting annual site reviews.

FSMC Responsibilities

SFAs may contract with a FSMC to manage the school food service operations, however, SFAs may not delegate certain duties to the FSMC. In accordance with the terms of the SNP Agreement, SFAs, not a FSMC, are responsible for:

- Observing the limitations on the use of the SFAs nonprofit food service revenue account. This includes using the nonprofit food service account funds to pay only allowable costs billed by the FSMC;
- Determining the eligibility of children for free and reduced-price meals;
- Ensuring that only reimbursable meals are included on the claim for reimbursement, regardless of the total number of meals billed for by the FSMC;
- Retaining financial responsibility for payment of the storage and distribution of donated commodities;
- SFAs may not allow all income and expenses to accrue to the FSMC; and
- SFAs must monitor the FSMC’s food service operation through periodic on-site visits.

Refer to Section 7 of your NSLP/SBP Handbook for more information on FSMC requirements.

continued
### Meal Counting and Claiming Responsibilities

SFAs with more than one school must conduct an annual on-site review of each school prior to February 1st of each school year to observe the school’s counting and claiming procedures. If the review identifies a problem with a school’s meal counting or claiming procedure, the SFA must:

- Ensure the school implements corrective action, and
- Conduct a follow-up on-site review within 45 days of the review to determine if the corrective action resolved the problem(s).

Whether the SFA operates their own food service or uses an FSMC, SFAs must follow these review requirements and ensure that the deficiencies are identified and actions are taken to correct any deficiencies that are found.

### Contact

If you have any questions, please contact your Area Program Office.