

Preparing for a Compliance Review

Techniques to avoid common findings

MH Miles Company CPA PC

- Niche Certified Public Accounting Firm, headquartered in Decatur, GA
- Specialize In Governmental Compliance
- **NUTRITION, TRANSPORTATION, EDUCATION**
- **NURTRITION**
 - State Agencies
 - Monitoring & Program Outreach
 - Investigations
 - Audits / Agreed-upon Procedures Reviews
 - Staff Augmentation
 - Training & Consulting Services
 - Sponsoring Organizations
 - Monitoring
 - Audits/Agreed-upon Procedures Reviews
 - Training & Consulting Services
 - Management Studies



There's more than one way to comply

Give me an equation that = 2:

$$1+1=2$$

$$2+0=2$$

$$2 \times 1 = 2$$

$$1 \times 2 = 2$$

$$100 - 98 = 2$$

$$5 + 3 - 6 = 2$$



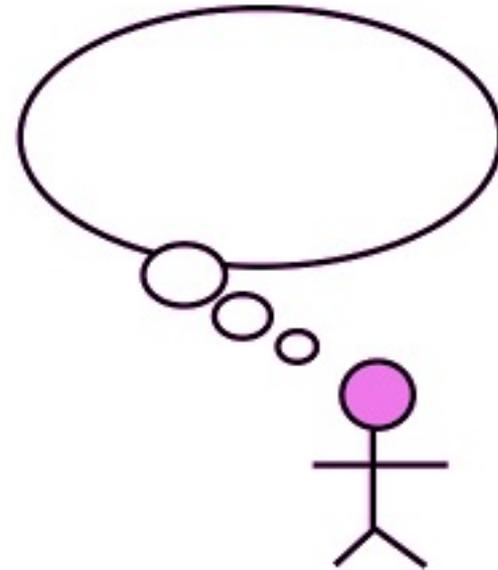
STEP 1- Know the Regulations!

- Grant Agreement
- 7 CFR 226
- FNS Instruction 796-2 Rev.4
- 48 FAR 31 (for-profit Institutions)
- 2 CFR 200 (nonprofit Institutions)
- USDA Handbooks & Policy Memos
- State Agency Handbooks & Policy Memos

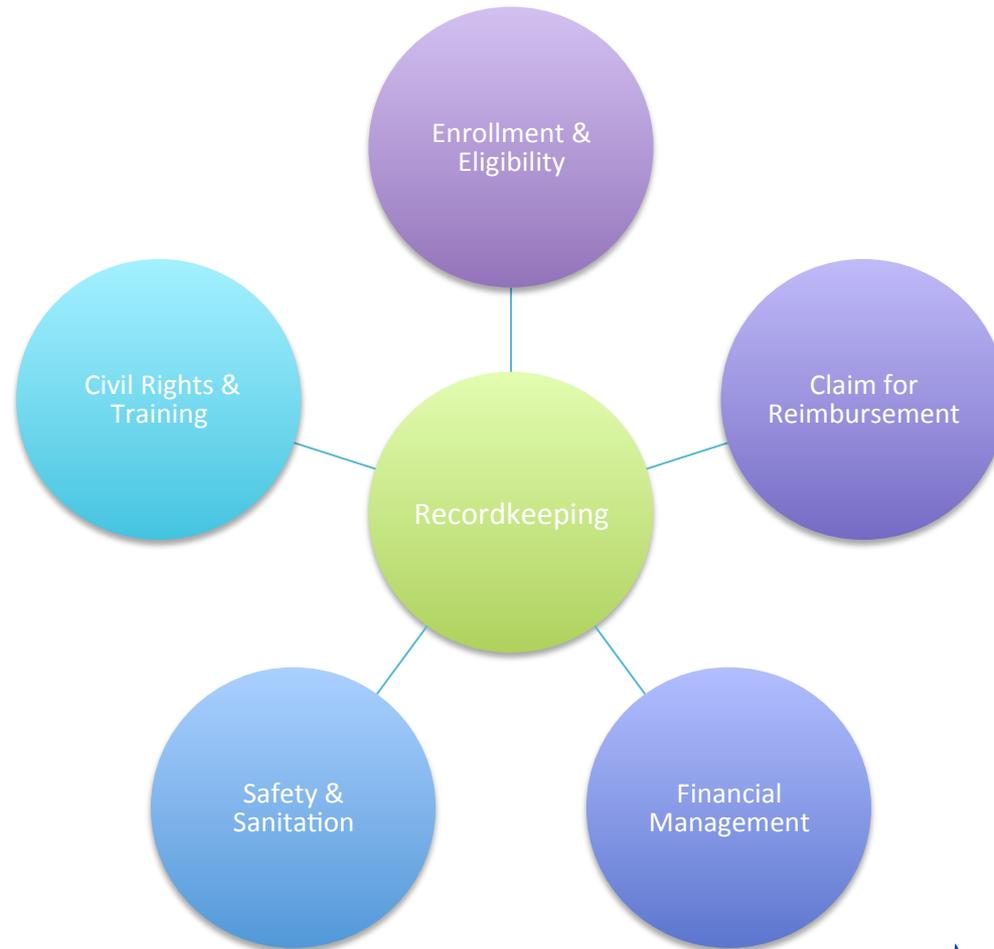


STEP 2- Know your Organization

- Organizational Structure
- Human Resources
- Internal Controls
- Management Plan
- Implemented Practices



STEP 3-Understand Review Categories



Enrollment & Eligibility

- Edit Check Process- Enrollment
 - Complete Information
 - Process for ensuring
 - Process for obtaining
- Edit Check Process- Eligibility
 - Complete Information
 - Process for ensuring & obtaining
 - Household
 - Income
 - Signatures
 - Relevant Income Guidelines
 - Determining eligibility
 - Applying term of eligibility



Civil Rights & Training

Civil Rights

- “And Justice for All” poster
- Procedure for filing complaints
- Civil rights data collection

Training

Documentation of annual training
Adequate training (topics)
Demonstration of training



Safety & Sanitation

- Cleanliness
- Food Storage
- Temperature
- Food Handler Cards or Certificates



Monitoring

- Scheduling
- Complete & adequate assessment of compliance
- Required timeframes
- Corrective action
- Follow up



Claim for Reimbursement

Production
Records

Menus

Milk

Meal
Components

Meal Service/
Meal Count

Claim for Reimbursement

Production Records

- Receipts
- Recipes
- Inventory
- Meal Count
- Production Worksheet-
all ages

Claim for Reimbursement

Menus

- Reflect all components
- Reflect what was actually served for all age groups
- Revised accordingly (substitutions noted)
- Posted and available
- CN Labels

Claim for Reimbursement

Milk

Milk

- Served with required meals
- Proper inventory
- Documented
- Proper type purchased and served at all times

Meal
Components

Meal Components

- Food crediting guide
- Required components served by age group

Claim for Reimbursement

Meal Service/ Meal Count

- Point of service meal count
- Attendance does not *necessarily* = meal count
- Appropriate # and type of meals claimed

Financial Management

- Tracking of income and expenses
 - Restricted and Unrestricted funds
 - Allowable and Unallowable Program expenses
 - Operating and Administrative
- Documentation to support all costs
 - Food costs: Receipt, invoices, contracts, production worksheets
 - Cost allocation plans
 - Proof of payment

Financial Management

- Monitoring budget vs. actual costs
 - Administrative costs - Not to exceed 15%
 - Food costs – at least 50%
- Non-profit food service monitoring
- Excessive Balance monitoring

RECORDKEEPING

- Maintain records in accordance with management plan
- Review them
- Ensure they are accurate
- Ensure they are legible

STEP 4- Internal Audit

- Conduct internal audits
 - Board
 - Internal staff
- Utilize the SA review tool
- Cross train personnel
- Request technical assistance

Technique- Recap

- Stay informed- know the rules
- Know your organization
- Establish, implement and review processes
- Conduct internal audits
- Cross train personnel
- Request technical assistance



Questions



Thank You



MH Miles Company, CPA PC

www.mhmiles.com

Cherese Myree, CFE cmyree@mhm-cpa.com