

4010 - FOOD SERVICES

A. Food Services

The Principal or designee shall be responsible for procuring food services for students from the district or outside vendor. The source of food service for students must be from a certified and licensed vendor. Students shall be charged fees based upon the cost of the service. Free and reduced food services shall be provided by the district to qualified students.

B. School Food Service Funds

- 1) School food service funds shall be considered part of the funds of each school and shall be subject to all requirements applicable to the funds of each school such as budgeting, accounting, reporting, and purchasing.
- 2) All money collected must be deposited intact to a depository as frequently as feasible and as dictated by sound business practices. **IN ANY EVENT, FUNDS COLLECTED MUST BE DEPOSITED WITHIN FIVE (5) WORKING DAYS AFTER RECEIPT.**
- 3) Revenue from the sale of all items handled by the Food Service Personnel shall be considered school food service income. This includes income from sale of cans, bottles, jars, rice bags, swill, and similar items. Such funds shall not be expended as cash.
- 4) Cafeteria Manager is authorized to purchase up to \$1,000 weekly from food vendors without prior administrative authorization.
- 5) All payments from school food service funds shall be made by the accounts payable management system used by the school, unless noted differently in written procedures.
- 6) School food service funds shall be used only to pay regular operating costs.
- 7) Any loss of records, cash, or supplies through theft or otherwise shall be reported immediately to the Principal's office. Such losses shall be itemized and a copy of the report submitted with the regular reports. Suspected theft must be reported to law enforcement authorities.
- 8) Funds shall be collected and expended in compliance with United States Department of Agriculture and State Board of Education rules.
- 9) The Board of Directors shall annually adopt prices for regular meals charged to students and adults who participate in the food service program.
- 10) The Principal or designee shall develop written procedures for conducting the School's food service program.

C. Determining Allowable Costs

- 1) Policy: All costs charged to federal awards must comply with 2 CFR 200 Subpart E – Cost Principles, the terms of the federal award, and applicable program regulations (e.g., USDA regulations for school food programs).
- 2) Procedures:
 - i. Costs are reviewed against allowable cost categories (e.g., direct costs like food supplies, indirect costs per approved rates) before approval.
 - ii. A designated staff member (e.g., Food Service Personnel) verifies costs are necessary, reasonable, allocable, and adequately documented.
 - iii. Unallowable costs (e.g., entertainment, alcohol, fines) are flagged and excluded from federal award expenditures.
 - iv. Cost allocations are supported by written methodologies (e.g., time and effort certifications, square footage for shared facilities) and reviewed quarterly.
- 3) Documentation: Invoices, receipts, and justification for each expenditure are maintained and linked to the federal award.

D. Records Retention

- 1) Policy: Records related to federal awards are retained in accordance with 2 CFR 200.334 and specific program requirements (e.g., USDA requires 3 years after the final report unless otherwise specified).
- 2) Procedures:
 - i. Financial records, procurement records, supporting documentation (e.g., invoices, payroll, other records pertinent to procurement efforts), and compliance reports are retained for a minimum of 3 years from the date of submission of the final expenditure report, or longer if required by the award or unresolved audits/litigation.
 - ii. Records are stored in a secure, organized system (e.g., locked file cabinets for physical records, encrypted digital archives).
 - iii. Disposal of records follows federal and state guidelines (e.g., shredding sensitive documents).

E. Policy to Prohibit Use of School Food Service Funds to Cover Bad Debt

- 1) Policy: In compliance with USDA regulations (e.g., 7 CFR 210.9) and 2 CFR 200, school food service funds (e.g., National School Lunch Program reimbursements) shall not be used to cover bad debt arising from uncollectible meal charges.

- 2) Procedures:
 - i. Bad debt from unpaid meal charges is classified as an unallowable cost under federal awards and shall be tracked separately from school food service accounts.
 - ii. Alternative funding sources (e.g., general funds, donations) are identified and used to cover bad debt, subject to state and local policies.
 - iii. School food service accounts are reconciled monthly to ensure no federal funds are used for bad debt and reviewed quarterly by Finance Manager.
 - iv. Staff are trained annually on this prohibition and its implications.

F. Internal Controls for Analysis of Revenue from Nonprogram Foods

- 1) Revenue and Cost Tracking
 - i. Policy: Revenue and costs associated with nonprogram foods are tracked separately from program foods (e.g., reimbursable meals) in the accounting system.
 - ii. Procedures:
 - Nonprogram food sales (e.g., à la carte items, adult meals) are recorded daily using point-of-sale systems or manual logs, with revenue allocated to a distinct general ledger account.
 - Costs of nonprogram foods (e.g., food purchases, labor directly attributable to preparation) are documented through invoices, payroll records, and allocation methods, tracked in a separate account.
 - Monthly reconciliations verify that revenue and cost data are complete and accurate, performed by Food Service Director.
- 2) Annual Revenue Analysis
 - i. Policy: An annual analysis of nonprogram food revenue is conducted to ensure compliance with 7 CFR 210.14(f).
 - ii. Procedures:
 - By July 31, of each year, the Finance Manager compiles a report comparing total nonprogram food revenue to total costs for the prior school year.
 - The analysis uses the USDA Nonprogram Food Revenue Tool (or equivalent methodology) to calculate the proportion of revenue to costs, ensuring revenue is at least equal to costs.
 - If revenue falls short, a corrective action plan (e.g., price adjustments, cost reductions) is developed and implemented for the following school year, approved by Principal/School Administrator.
 - The analysis includes adult meal pricing per FNS Instruction 782-5

- 3) Pricing Adjustments
 - i. Policy: Prices for nonprogram foods are set and adjusted to ensure revenue meets or exceeds costs.
 - ii. Procedures:
 - Initial prices are based on historical cost data and reviewed annually during the revenue analysis.
 - Adjustments are proposed by the Food Service Director and approved by Principal/Administrator before the school year begins, documented with cost justifications.
 - Price changes are communicated to staff and customers (e.g., via menus, notices).

- 4) Segregation of Duties
 - i. Policy: Duties related to nonprogram food sales and analysis are segregated to prevent errors or misuse of funds.
 - ii. Procedures:
 - One staff member (e.g., cashier) records sales revenue, while another Food Services Director reconciles and analyzes the data.
 - A third party (Principal/Administrator) reviews and approves the annual analysis report.
 - No single individual controls both revenue collection and cost

TRAINING: All areas of the Food Service Policy and any other required training for Food Service will be provided to the following staff: Food Service Director, Food Service Managers, Food Service Workers.

Statement of Understanding: Annual Re-evaluation of Adult Meal Prices

Odyssey Charter School Inc acknowledges and understands that, in accordance with FNS Instruction 782-5 (Pricing of Adult Meals in the National School Lunch and School Breakfast Programs), adult meal prices must be re-evaluated annually to ensure compliance with federal requirements. Specifically, the price charged for adult meals (e.g., for teachers, staff, or visitors) must be sufficient to cover the full cost of the meal, including food, labor, and other operational expenses, and must not be subsidized by reimbursable school food service funds intended for student meals.

To fulfill this requirement:

- Adult meal prices will be reviewed and adjusted each year by the Food Service Director prior to the start of the school year.
- The re-evaluation will consider current costs of production, as documented in financial records, and ensure prices meet or exceed the minimum standards outlined in FNS Instruction 782-5.
- Adult meals will not be priced below minimum standards outlined in FNS Instruction 782-5.

- Documentation of the annual review, including cost calculations and pricing decisions, will be maintained per the records retention policy and made available for audits or federal reviews.
- The annual cost calculations and pricing determinations will be approved/signed by Principal/School Administrator.