

Food Service Management Companies in Child Nutrition Programs

TDA Process to Correct Contract Errors

In 2018, USDA issued a finding to the Texas Department Agriculture regarding its oversight of Food Service Management Contracts (FSMC). The finding stated: *TDA must ensure that all contracts that involve contracting entities with FSMC with a duplication of services are not paying for duplicate services out of the non-profit school food service account (NPSFSA).*

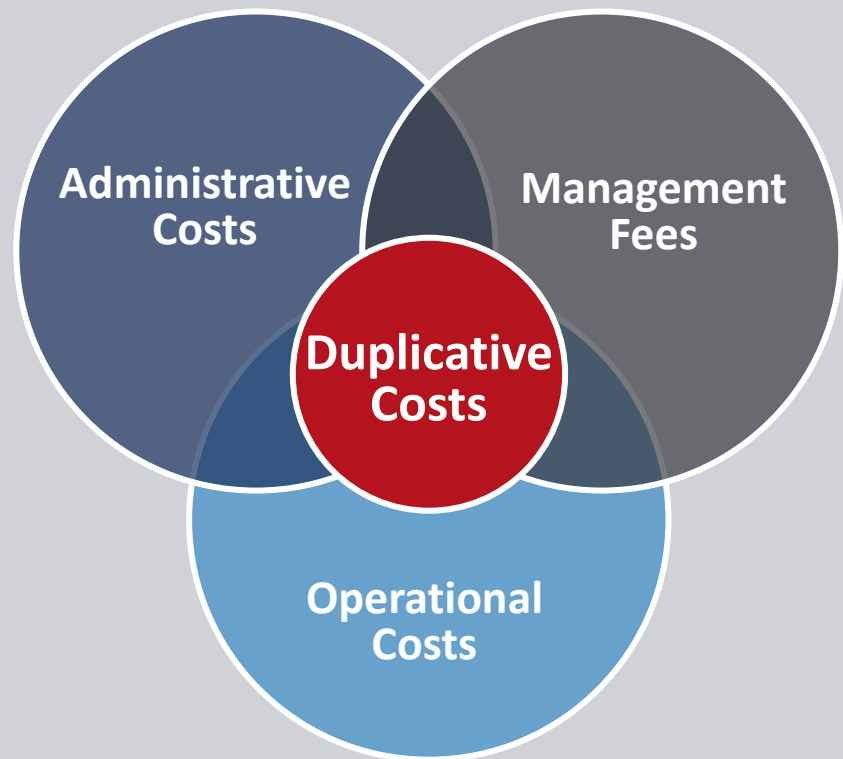


TDA has worked methodically to correct this finding and ensure General Revenue (GR) funds are not put at risk, while supporting schools and FSMCs. The process was implemented for future contracts and renewals rather than implemented retroactively to prevent cost to districts. In compliance with TDA's standard and required process, TDA is reviewing all FSMC renewal contracts to evaluate duplicative costs. This will not only correct erroneous issues with contracts but will ensure appropriate federal funds are available for the highest possible quality food programs for Texas students.

Duplicative Costs

TDA has identified that many FSMC contracts include costs for the same service in multiple cost categories. Common duplicative costs found in contracts include insurance, benefits, travel and technology costs. For example, insurance costs are billed directly, as indirect costs, and again as operational costs. Many fees categorized specific to the vendor under administrative and management fees are billed to the districts.

TDA's Compliance team continues to work with districts to resolve duplicative costs so that renewals can be approved according to regulatory requirements.



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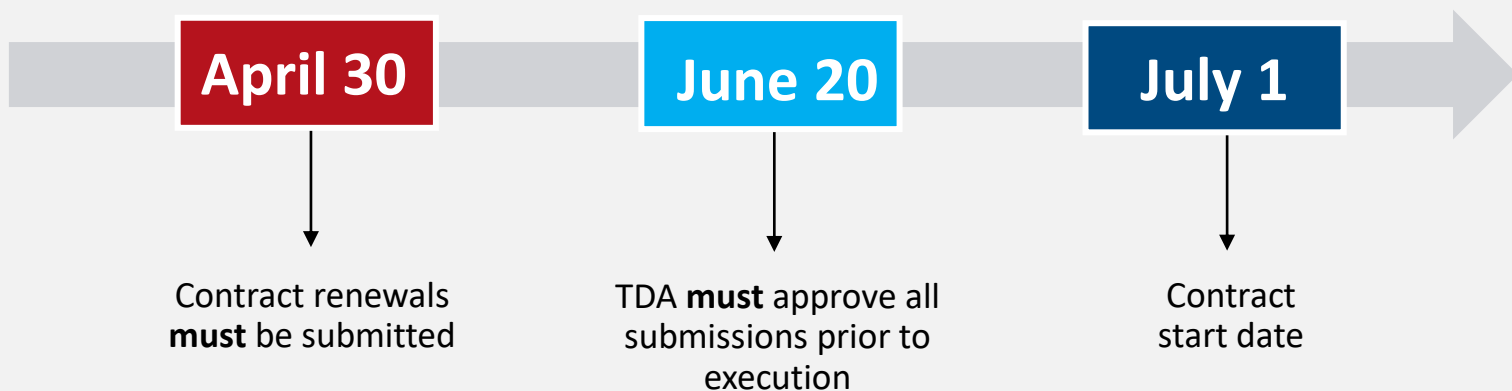


Updated 5/4/2021
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Timeline for FSMC Contract Renewals

The timeline for all FSMC contract renewals are below.

TDA has NOT made any changes to contract renewal or start dates.



Stats

FSMC Vendors Registered with TDA	FMSC Renewals for SY 21-22	School Districts Utilizing FSMCs
28	138	186



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