

## Resource Management

These errors resulted in loss of funds or could place the CE in Serious Deficiency status.

### **Private Non-Profit**

- Over ¼ of the CEs purchased items or claimed expenses which are not necessary, reasonable or allowable.
- ¼ of the CEs did not have an adequate financial management system in place.
- Almost 20% of the CEs did not
  - Maintain receipts, agreements, cost documentation or mileage logs.
  - Submit contract amendments to reflect current program operations.
  - Maintain all required records to support the cost of food used in the program.

### **Educational Institutions**

- CEs did not submit contract amendments to reflect current program operations.
- CEs did not have an adequate financial management system in place.

### **Examples**

- CE purchased unallowable items (non-food purchases) with program funds such as: bath tissue, potato chips, ice creams, sugar substitute, soda, toys, gift cards, or air freshener.
- CE did not have a system to ensure each site maintained written compensation policy, time distribution records (including timesheets), financial records, and calculation of cost inventory.
- The CE did not retain all records pertaining to SFSP for 3 years.
- The CE did not provide documentation to support utility costs, office expenses and nonfood supplies.

### **Effects on the Claim**

TDA could take the following actions:

- Require a return of funds to the nonprofit food service account for unallowable expenses
- Disallow meals and reduce the claim accordingly
- Place the CE in serious deficiency

### **Suggested Steps to Take**

- Keep program funds separate from other funds to make it easier to purchase only allowable items.
- Set up and use a financial management system. If you aren't sure how to do it, there are many resources to help small businesses.
- Develop a system to keep all the required documents and forms organized. Schedule time to maintain the paperwork.