



# Module 5—Meal Counting, Claiming, and Reimbursement

## Target Audience

- Executive director
- Child nutrition director
- Civil rights coordinator
- Reimbursement claims preparer
- Child Nutrition Program (CNP) operations staff

**Estimated Time Required:** 45 minutes

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## Learning Objectives

- Identify lunch and breakfast service times
  - Define the requirements for avoiding overt identification for free and reduced-price (F/RP) students
  - Describe the requirements for a meal counting procedure and how to evaluate the systems being used in the district
  - Apply when and how to conduct meal count edit checks before filing a claim for reimbursement
  - Describe the requirements for site monitoring for the various meal programs
  - Characterize the common meal counting errors in order to avoid them
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# 1. Meal Service

## Definition of a Site

A site is the physical location, exact address, where the:

- Students receive and consume a complete reimbursable meal
- Sponsor claims the meals they serve

This definition applies to all Child Nutrition Program sponsors.

In order for a sponsor to claim meals, the sponsor must have an approved Child Nutrition Information and Payment System (CNIPS) Site Application for every feeding location. The sponsor must submit a completed Site Application and provide a health permit for that feeding location. A health permit is required for every site where food is handled and served to students. Even sites that receive meals from an outside vendor and do not cook meals onsite are required to submit an active health permit. The only agency exempt from submitting a health permit is a Residential Child Care Institution (RCCI). To replace the health permit requirement, RCCI sponsors must submit a facility license from the Department of Social Services. Seamless summer sites do not require a health permit. In addition, direct funded charter schools must submit a copy of their 501c3 letter as proof of their nonprofit status from the IRS.

A step-by-step instruction on how to add a site is available in the CNIPS Download Forms section. The chart indicates what type of documentation the sponsor must submit. The School Nutrition Program (SNP) Specialist cannot approve a site application without the required documentation.

REQUIRED DOCUMENTS	SCHOOL/AGENCY TYPE					
	Public School, COE	Direct Funded Charter Schools	Local Funded Charter Schools	Private Schools (non-profit)	RCCIs	Non-Public Camps or Non-public Schools
Health Permit per feeding site	x	x	x	x		x
*IRS 501(c)(3) Letter <i>Copy Accepted</i>		x				
Facility License <i>Copy Accepted</i>					x	

## Times

Type of Meal Service	Times Meals can be Served
Breakfast	At the beginning or near the beginning of the school day
Lunch	Between 10 a.m. and 2 p.m.*
Afterschool Meals Supplements (also known as afterschool snacks)	In the afternoon <b>after</b> the school day (Monday–Friday)
Child and Adult Care Food Program (CACFP) At-risk Afterschool Meal Program	During afterschool hours, which may include weekends, and school holidays during the regular school year The afterschool care programs must include enrichment activities or an educational component.

**\*Note:** A sponsor or district may request an alternate meal period for lunch by completing and submitting the Standard Lunch Period Exemption Request Form SNP-11 found in the Download Forms section in the CNIPS located at <https://www.cnips.ca.gov/>

## Separation by Gender

School food authorities (SFA), institutions, and organizations participating in the CNPs are not permitted to separate children on any protected basis during the service of program meals or snacks. Federal law prohibits discrimination based on gender at any educational institution receiving federal assistance. An exception, which does not require prior express permission, is for religious exemptions granted by the U.S. Department of Education for coeducational schools and school-based sites.

For other sites, the California Department of Education (CDE) may approve exemptions allowing separation by gender during a CNP meal service without express approval from the U.S. Department of Agriculture (USDA) in the following circumstances:

- Meal service at religious institutions operating under the dictates of the religion with which they are affiliated
- Meal service at juvenile correctional facilities where combining members of the opposite gender would present a potential safety risk
- Meal service at facilities that fully separate by gender as part of their normal operations (for example, gender-separated summer camps)

Situations that do not clearly fit into any of the exemptions outlined above may be considered by the CDE on a case-by-case basis.

For more information or to access a Gender Separation Request, see the CDE Management Bulletin (MB) CNP-09-2015—Guidance on Prohibition of Separation by Gender on the CDE Web page at <http://www.cde.ca.gov/ls/nu/sn/mbcnp092015.asp>.

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## 2. Meal Counting Essentials and Methods

### Meal Counting Essentials

Federal reimbursement is provided for each meal that meets program requirements and is served to an eligible student. To obtain this reimbursement, school personnel must accurately count, record, and claim the number of meals actually served to students by category, i.e., paid, reduced-price, and free.

During an administrative review (AR), the CDE may have to take fiscal action against SFAs if their meal counting system yields incorrect meal counts.

- Meal counts must be taken at the point of service (POS).
  - The POS is the point at which staff determines that a reimbursable meal has been served to an eligible child or student
- Meal counting procedures must prevent overt identification.
  - ⊖ The USDA defines overt identification as any action that can identify a child as approved or potentially eligible to receive free or reduced-price school meals or free milk. The SFA must never disclose a child's eligibility status at any point in the process of providing F/RP meals, including:
    - Notification of the availability of F/RP benefits
    - Certification and notification of eligibility
    - Provision of meals in the cafeteria
    - POS meal count
    - Payment method
- Examples of overt identification that are prohibited by Title 7, *Code of Federal Regulations* (7 CFR), Section 245.8, include:
  - Publicizing or announcing F/RP eligible households or children's names
  - Using separate meal service lines, dining times, or dining areas for students who are eligible for F/RP, and paid meals

- Using different mediums of exchange such as special tokens, or color-coded tickets for F/RP eligible students
- Serving different meals or limiting the choices of reimbursable meals
- Using simple meal counting coding methods, such as F, R/P, PD; or 1, 2, and 3
- Using rosters, screens, or other items to identify and record eligibility types visible to students or staff that makes it possible to identify the status of students
- Lacking a method of prepayment
- Requiring that children work for their meals
- To avoid overt identification, if the distribution method for F/RP meal applications is not individualized, the SFA must provide applications to all households, including those which are directly certified
- To avoid overt identification, each SFA must have a F/RP Policy Statement that:
  - Describes the procedures the SFA uses to distribute and collect applications and how the procedures prevent overt identification
  - Describes the method(s) the SFA uses to collect payments from students paying the full price of a meal or the reduced-price of a meal and include how the method(s) prevents overt identification
  - Describes how the SFA prevents overt identification at the POS when serving meals
  - Describes how staff and all meal service procedures, including those for competitive foods, prevent overt identification
  - Describes how an SFA that accepts both cash and electronic payments prevents overt identification
- To avoid overt identification of students when there are separate lines for competitive foods and reimbursable meals, the USDA recommends and encourages SFAs to:
  - Limit competitive foods to those foods also offered as part of reimbursable meals on the reimbursable meal lines
  - Offer competitive foods in the same lines as the SFA offers reimbursable meals and not offer on separate lines
  - Require students to purchase competitive foods with a prepaid card or account
- To avoid overt identification with a payment method, consider these items:
  - SFAs must ensure to the maximum extent practicable that the method of payment does not lead to overt identification
  - The USDA and the CDE recommend that SFAs use prepayment systems as much as possible to limit the exchange of money. Prepayment systems virtually eliminate over identification

- SFAs must make reasonable efforts to publicize and encourage use of prepayment options by students and parents by:
  - Providing multiple ways to prepay
  - Notifying the parent or guardian when the student's balance is low
- SFAs must do everything possible to ensure that students cannot view rosters, computer screens or other POS equipment
- SFAs should mask or code information on rosters or screens to prevent students or staff who should not see information regarding student eligibility

For more information, visit the CDE MB SNP-05-2015—Preventing Overt Identification of Children located on Web page at <http://www.cde.ca.gov/ls/nu/sn/mbsnp052015.asp>.

### **Meal Counting Methods**

Meal counting methods vary by agency. Common methods include:

- RCCIs without day students and agencies on provisions (nonbase year)
  - Daily meal count sheets for students
  - Head count of students or roster count of meals served. With a roster count, each student is checked at the time of meal service
- RCCIs with day students
  - Must use a daily meal count sheet (roster) for students by eligibility category
- Schools
  - Daily meal count sheets by eligibility category
  - Rosters, point of sale computer programs, and tickets coded for eligibility (making sure there is no overt identification)

Determine which type of meal counting system is best for each site. It may vary from site to site and between breakfast and lunch.

### 3. Meal Counting and Collection Procedures

All agencies must have accurate written meal counting and collection procedures (MCCP) **by site** that are approved by the Nutrition Services Division (NSD).

SFAs are required to submit procedural revisions in their MCCPs during the CNIPS annual update process. On the CNIPS Site Application (Question A6, A7, B6, and B7), the SFA can check Yes or No to indicate if their meal counting and collections procedures have been revised. If they select Yes, CNIPS will automatically trigger a checklist item to submit the procedures during annual renewal.

Written MCCPs should be available at the district or agency's central office and at all sites where meals are served.

The MCCPs should include:

- Time(s) of meal service
- Meal counting method(s) used for breakfast, lunch, snacks, and supper
- Sample roster with key information including:
  - Staff responsible for creating and maintaining rosters
  - Eligibility coding explanation
  - Date(s) the eligibility determination is effective
  - Procedure to notify staff of eligibility changes
- Sample meal count record
- Type of meal service—preplated, family style, offer versus serve (OVS), etc.
- Policy for adult or visitor meals
- Procedure to count field trip meals
- Procedure for emergencies, power outages, etc. (back up method)
- Procedure to count student workers' meals
- Payment procedures
- Procedure for students who show up for meals without money
- Procedure for handling students whose school lunch accounts are in arrears
- Plan to train staff regarding meal counting and collection procedures
- Procedure for conducting edit checks of daily meal counts, including staff responsibilities, and when these checks are completed
- Plan to conduct site monitoring
- Method(s) used to identify ineligible meals
- Procedure for handling/replacing/counting of dropped or second meals

- Meal count consolidation form(s) and procedures which include staff responsibilities for the tasks identified above

**NOTE:** If meal counting procedures differ between sites and meal types, they must all be described in the MCCPs (i.e. special education, preschool classes, continuation school sites, etc.)

### Meal Counting Exercise

Take a moment today to perform the following tasks:

Review your district's MCCPs.

Ensure that staff members are following them.

Determine if the procedures are accurate for each site as each site's procedures may vary, even by meal type.

## 4. County Office of Education Classrooms

The CDE released an MB that provides clarification regarding COE Special Education/Alternative Education classrooms on public school campuses. Under these circumstances, COE classrooms are not considered separate sites under the public school's NSLP agreement. For questions and answers regarding this topic, please visit the CDE SNP MB Web page at <http://www.cde.ca.gov/ls/nu/sn/mbusdasnp172009.asp>

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## 5. Vending Machines in the National School Lunch Program

The USDA and the CDE are aware that there is a growing interest among sponsors to use vending machines to provide or dispense meals within school meal programs. Districts may, **during the same fiscal year of the purchase**, reimburse their district funds from the nonprofit school food service account for the purchase of vending machines if specific conditions are met. In order for the district funds to be eligible for reimbursement, the following conditions must also be met.

- If owned and operated by the SFA, the SFA must use the vending machines to sell meals that qualify for federal meal program reimbursement and ensure they are equipped with appropriate POS meal counting software.
- The vending machines must sell only foods or beverages, or both, which comply with state and federal competitive food laws and regulations.

For more information on this reimbursement, see the CDE MB SNP-05-2015 Web page at <http://www.cde.ca.gov/ls/nu/sn/mbsnp052015.asp>

The following CDE SNP MB Web page provides guidance for agencies that are considering whether a meal vending machine could be successfully incorporated into their lunch or breakfast program (<http://www.cde.ca.gov/ls/nu/sn/mbusdasnp022009.asp>).

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## 6. Edit Checks

The daily meal counts for schools and RCCIs cannot exceed the number of students or residents enrolled each day.

### Daily Meal Count Edit Checks

Prior to filing a monthly claim for reimbursement, all sponsors must perform daily meal count **edit checks** by multiplying an annual attendance factor by the number of children enrolled at each school.

The attendance factor is a percentage developed no less than once each school year, which accounts for the difference between enrollment and attendance. (It is the average percentage of enrolled students typically attending school on a given day.)

To perform daily meal count edit checks, sponsors must:

- Multiply the number of enrolled children approved in each meal category (free, reduced-price, and paid) by the annual attendance factor
- Compare these numbers, known as attendance adjusted eligible figures, to the daily counts of free, reduced-price, and paid meals served
- Document your calculations on a edit check form (samples available from the CDE)
- Provide a written justification on the edit check form next to the date where any category count exceeds the attendance-adjusted number. (Sample justification could be meal participation increased due to a special promotion or it was **pizza day**)

Sample Daily Meal Count Worksheets for schools and RCCIs are located on the CDE Web page at: <http://www.cde.ca.gov/ls/nu/sn/mealcount.asp>

## Monthly Edit Check

Meal counts on a claim for reimbursement must also not exceed the number of children approved in any eligibility category multiplied by the number of operating days within any given month. A sample edit check form can be found on the CDE Meal Count Check Web page at <http://www.cde.ca.gov/ls/nu/sn/documents/mealcountcheck.doc>.

## Annual Attendance Factor

The rate for School Year (SY) 2011–12 was 93.8 percent. This information is located on the CDE SNP MB Web page at <http://www.cde.ca.gov/ls/nu/sn/mbusdasnp192011.asp>. The process for providing an update has been delayed and the attendance factors for 2012–13, 2013–14, 2014–15, and 2015–16 have not been issued. The CDE will issue an MB if we receive the new information from USDA for 2016–17. Sponsors may use the USDA Attendance Factor from 2011–12 or develop their own factor(s) using district data.

To develop your district or agency's site or agency-wide Attendance Factor, determine your student population rate of attendance each month or each year. To do this, calculate the percentage of average attendance by dividing the average number of students who attended school each month or each year by the average number of students enrolled in school each month or each year (but do not include excused absences in the average attendance figure). This process will give you an actual Attendance Factor by month or by year.

SFAs must keep records to demonstrate how they calculated their Attendance Factor(s) for use in future compliance reviews.

- Sponsors may determine an agency-wide attendance factor or site-specific attendance factor
- RCCIs with no day students should use 100 percent for their attendance factor
- RCCIs with day students should use the national attendance factor or calculate an actual site or agency-wide attendance factor

## Site Monitoring

- Sponsors must monitor their lunch service at all sites to evaluate meal-counting procedures by February 1 each year.
- **NEW:** The AR Final Rule requires sponsors to monitor the school breakfast service in 50 percent of their school sites operating the SBP annually, with all schools being monitored once every two years; and to expand the annual school review by including selected general areas of review that are readily available.
- Sponsors participating in the Afterschool Snack Program must monitor snacks twice per year. The first review must be made during the first four weeks that the school is in operation each school year. The second review must occur prior to the end of each school year (7 CFR, Section 210.9[c][7]).

- Sponsors participating in the CACFP At-risk Afterschool Program must monitor sites at least three times per program year. Please refer to MB CACFP 05-207—Training and Monitoring located on the CDE Web page at <http://www.cde.ca.gov/ls/nu/cc/mb05207.asp>.
- Sponsors should document monitoring activities

**Monitors should ensure that sites do not claim the following meals or snacks:**

- Adult meals
- Second meals eaten by eligible students
- Suppers or dinner (third meal of the day) unless the sponsor participates in the CACFP At-risk Afterschool Program
- Snacks served on ineligible days
- Meals not meeting the meal pattern
- Meals served outside the required meal periods, unless an approved waiver is in place
  - An agency or district may request an alternate meal period for lunch by completing and submitting the Standard Lunch Period Exemption Request Form SNP-11 located on the Download Forms section in the CNIPS Web site at <https://www.cnips.ca.gov/>.
- A la carte items
- Sack lunches sent from home
- Lunches eaten at an RCCI when the student also ate lunch at his/her school
- Sites that are **not** approved in the CNIPS

To help identify potential errors, sponsors should rotate the staff that monitors meal counting procedures for their district or agency.

Monitoring must be completed by February 1 of each year for each site for the lunch service, if there is more than one site under the SFA.

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## **7. How Public Schools Should Claim Children Who Reside at a Residential Child Care Institution**

Students who reside at an RCCI are encouraged to eat meals at the public school in which they attend. These students should submit eligibility applications to the public school and indicate that they are an institutionalized child, household of one, and will likely be certified in the free meal category. If the student eats lunch at school, then the child's meal must be claimed only at the school.

These children can eat an additional lunch at the RCCI, but this meal **cannot** be claimed by the RCCI.

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## 8. Common Meal Counting Errors

The following is a list of common errors the CDE has found in the meal counting process:

- Lack of or incomplete written meal counting procedures
- Written meal counting procedures that do not reflect actual meal counting system(s)
- Meal counting systems that rely on the memories of staff to identify students

### **Scenario:**

During the lunch period at an elementary school, the cashier, who has worked at the school for many years, is observed bringing up the accounts for the students without requiring them to identify himself or herself by number or name. He/she is certain she knows all of the students.

### **Problem(s):**

The meal counting system may not rely on the memory of the cashier as to the identity of the students.

### **Solution:**

Students must identify themselves by name or identification number to ensure that the meal is counted under the correct student.

### **Prevention:**

Retrain the cashier on the requirement for students to identify themselves to the cashier before their account is recorded with a meal served.

- Daily meal counts based on attendance or that exceed the daily attendance figures
- Meal counts that are the same everyday
- Meal counts based on tray counts or the number of meals ordered or delivered
- Meal counts that do not match the meal counts on the site monitoring report
- Meal counts that include ineligible meals
- Meal counts not based on actual POS counts

### **Scenario:**

During the lunch period at an elementary school, the assistant teacher from the on-site preschool came and picked up lunches for the preschoolers and took them back to the classroom. The lunches had been ordered earlier in the day by eligibility category on a form that was delivered to the cafeteria at 10 a.m. The meal counts were recorded in the POS system at that time.

**Problem(s):**

Meal counts were prerecorded (no POS count)

Reminder: If OVS was not utilized for these lunches, students must be served the full portion sizes of all components.

**Solution:**

Meal counts must be entered at the POS after the child takes possession of a reimbursable meal.

**Prevention:**

Create a procedure for staff to record meals when the preschoolers are served a reimbursable meal. The meal counts for the preschoolers are later added to the meal counts for children that ate in the cafeteria.

- Meal counting systems that do not have a backup system in case computers fail

**Scenario:**

A school uses a computerized POS to count the number of meals served. Three groups of students eat in the cafeteria during meal service. The first group of students comes through the lunch line using the computerized POS. The second group of students comes through the lunch line, but after 10 students pass, the computerized POS system freezes. Staff continue to serve lunch and begin taking a tally count so they know how many students are served in the second and third groups. At the end of the meal service, the computer reboots and food service staff verifies that the computer system captured the meal counts for those students prior to the system freezing. Next, staff count the tally marks and enter this number of meals into the POS system—all in the **free** category.

**Problem(s):**

There was no back-up system for the electronic POS system. The tally count was **incorrectly** entered into the electronic POS system in the **free** category.

**Solution:**

Claim the total meals from the tally sheet in the **paid** category.

**Prevention:**

Create a back-up system and train staff. For example, a printed roster could be used the next time the system freezes. As students go through the food service line, they identify themselves by name and food service staff manually record that a reimbursable meal was served. Later, meals could be claimed in the appropriate category.

## 9. Meal Count Records Retention

Sponsors must retain original meal count records for each day, for each month, and by site.

Sponsors must retain all meal count records, including rosters and site monitoring reports for three years plus the current year or longer if there is an open audit.

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## 10. Staff Training

All sponsors must have a training plan for meal counting procedures, which should include:

- Annual training for staff in key positions
  - Training plan for new staff that includes MCCPs
  - Annual review of all meal counting procedures
  - All training should include an agenda and sign-in sheets
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## 11. Claims and Reimbursement in the Child Nutrition Information and Payment System

The CDE utilizes the CNIPS for the claim payment component of the School Nutrition Programs (SNP). The online claims payment component of the CNIPS allows sponsors to:

- Enter and submit claims in a few easy steps
- Upload claim data from point of sale/service systems
- Review the status of claim submissions online

### CNIPS Point of Sale/Service Specifications

Importing claim information from your POS system into the CDE CNIPS system is fast and easy. Importing the file saves time and effort of keying in your claim data manually. The CNIPS can accept sponsors site-specific data and aggregate it for claiming purposes. To import claim information into the CNIPS, the claim file must be formatted according to the layout specification. Some sponsors may need to work with their POS vendor to develop a method of creating this file. The POS layout specification is located on the CDE Web page at <http://www.cde.ca.gov/ls/nu/cn/documents/snppos.doc>.

## Site Level Reporting Requirement

All sponsors must report the number of meals served at the site level to claim meals through CNIPS. For more information, see MB NSD-SNP-04-2012 located on the CDE Web page at <http://www.cde.ca.gov/ls/nu/sn/mbnsdsnp042012.asp>.

## CNIPS Information

To view training videos and to access the SNP CNIPS Manual, visit the CDE Web page at <http://www.cde.ca.gov/ls/nu/cn/snptraining.asp>.

To access the CNIPS login page, visit the CNIPS Web site at <https://www.cnips.ca.gov/>.

A user ID and password will be required. The CNIPS can also be used to access CDE forms located on the Download Forms section.

For CNIPS technical assistance, contact the CNIPS Help Desk by phone at 1-800-952-5609, Option 6, or by e-mail at [CNIPS@cde.ca.gov](mailto:CNIPS@cde.ca.gov).

## Certification

The authorized official who certifies the Claim for Reimbursement is either the superintendent, business official, or food service director. He/she must read and understand the statement below before certifying the claim form.

I certify that to the best of my knowledge and belief, this claim is true and correct in all respects, records are available to support the claim, the claim is in accordance with the existing agreement, and payment has not been received. I further certify and assume full responsibility that the meal counts have been reviewed and analyzed in accordance with 7 CFR, Section 210.8.

## Claim Submission

To complete a reimbursement claim, total your POS meal count sheets for each meal for each site.

The target date to submit the reimbursement claim in CNIPS is the tenth day of the month following the month for which meals are being claimed. To view further deadline details, visit the CDE SNP Web site at <http://www.cde.ca.gov/fg/aa/nt/snp.asp>.

Before submitting the reimbursement claim in CNIPS, print the CDE claiming worksheet located under the heading of Worksheets on the CDE Web site at <http://www.cde.ca.gov/fg/aa/nt/snp.asp> to help ensure your claim is accurate and your agency receives timely payment.

Once you create and submit the reimbursement claim for payment, the CNIPS will display an error message immediately if you have any site claim errors to correct. Once you correct the errors, then save, recertify, and resubmit your claim. If the CNIPS accepts the corrections, then the CDE will process your claim. A warning will display if a claim is left in a **Pending** status. Claims in a **Pending** status are not considered complete and still need to be certified and submitted by your agency.

## **Change of Payment Address**

Procedures to submit corrections for SNP address changes are as follows:

### **Public Agencies**

- An authorized sponsor representative must submit the changes on agency letterhead to the School Nutrition Program Unit (SNPU) of the NSD by fax at 916-445-5731 or mail it to the CDE (address provided below). On school letterhead, please state the old address and the request to change to the new address. The authorized school official must sign the letter. In addition, the local educational agency (LEA) needs to work with their SNPU county analyst on additional supporting documentation that needs to be submitted. Contact information for your SNPU county analyst is provided at the end of this module.

### **Private, Nonprofit Agencies, and Charters**

- An authorized school/agency (sponsor) representative must contact the Internal Revenue Service (IRS) by calling 877-829-5500 or by sending a fax to 513-263-4330. The IRS will update the information by telephone and then fax the sponsor a revised IRS Determination Letter the same day. Sponsor representatives may contact the IRS by mail at the following address:

Internal Revenue Service  
TE/GE Room 4024  
P.O. Box 2508  
Cincinnati, OH 45201

Once the sponsor has received the IRS Determination Letter, a representative may fax it to the SNPU of the NSD at 916-445-5731 or mail it to the CDE (address provided below).

### **All Agencies**

- The Payee Data Record (STD 204) form is located in CNIPS, Download Forms section, SNP 18. In addition, you need to update the appropriate school directory with your new address for your school/agency type: California School Directory, Charter School Directory, or Private School Directory.

Once you have completed the appropriate changes noted above for your school/agency type, you may submit the STD 204 by mail, and you can fax or e-mail supporting documentation to the SNPU county program specialist. You may contact the SNPU at 800-952-5609 to locate your SNPU county program specialist if you need further assistance with this process.

**Note:** The STD 204 must be mailed with the original signature of the authorized sponsor representative.

CDE mailing address:

**California Department of Education  
Nutrition Services Division  
Attention: SNP Unit  
1430 N Street, Suite 4503  
Sacramento, California 95814**

## **Claiming**

A final monthly claim for reimbursement must be submitted in the CNIPS no later than 60 days following the last day of the full month covered by the claim. The CDE has the discretion to grant approval to sponsors that submit a request for a one-time exception to the reimbursement claim deadline once every 36 months. The use of the exception is limited to the federal fiscal year in which the claim is late. The agency must submit their request with a corrective action plan no later than December 15 following the applicable federal fiscal year.

This policy is not applicable when the sponsor has a CPA audit supporting a late adjusted claim.

A late claim may be considered for payment in the following instances:

- Upward adjusted claim to correct errors discovered on an earlier claim as identified by an independent audit or an AR
- Utilizing the one-time only exception for one month (allowed once every 36 months) from the USDA

The USDA will consider a one-time only claim submission exceptions under the following extenuating circumstances:

- Death of key staff member
- Natural disaster
- Major mechanical processing breakdown and inability to manually process data

For more information, please visit the CDE SNP Late Claims Web page at <http://www.cde.ca.gov/fg/aa/nt/snplateclms.asp> and the CDE MB Reimbursement Claim One-time Exception Web page at <http://www.cde.ca.gov/ls/nu/sn/mbcnp082014.asp>.

## Eligibility for Two-cent Differential

Section 4 of the Richard B. Russell National School Lunch Act (NSLA) provides general cash assistance to aid schools in the purchasing of food. The NSLA provides two different Section 4 payment levels for lunches served under the NSLP.

- Base payment when less than 60 percent of the lunches were served during the second preceding school year at a free or reduced-price rate
- Higher payment of two additional cents per lunch to SFAs that served 60 percent or more of the lunches at a free or reduced-price rate in the second preceding school year

The **second preceding school year** means two years prior to the current school year. For example, to receive the two-cent differential reimbursement rate in SY 2016–17, SFAs will refer to the lunches they served at F/RP rate during SY 2014–15.

Severe Need Rates for the School Breakfast Program (SBP) is based on eligibility for the two-cent differential rate for lunch, even though it is based on lunch participation data. For more information on this or to learn about determining eligibility for the two-cent differential for new SFAs or a new school, visit the CDE MB SNP-03-2015—Determining Eligibility for Two-cent Differential Web page at <http://www.cde.ca.gov/ls/nu/sn/mbsnp032015.asp>.

## Revenue and Costs

Sponsors must annually report year-end revenue and costs on the Claim Cost Details page of their last operating month's claim for reimbursement in CNIPS.

- Values entered must be numeric and reported as positive dollar amounts
- Ask another staff member to double-check the calculations
- Include Seamless Summer Feeding Option sites in the totals (schools only)
- **Special Milk Program only** sponsors are not required to complete the revenue and cost information.

For further instructions on Revenue and Costs, visit the CDE Web page at <http://www.cde.ca.gov/fg/aa/nt/snprevandcost.asp>.

## 12. For Residential Child Care Institutions ONLY

There are two methods available for determining revenue and costs:

- Method A—Average Cost/Participation
- Method B—Meal Equivalents
  - Method B is based on these assumptions
    - Three breakfasts equals the cost of two lunches
    - One supper equals the cost of one lunch
    - Three supplements equal the cost of one lunch

RCCIs cannot include costs for adult meals (breakfast, lunch, and dinner) or dinner served to clients. Therefore, the CDE recommends that all RCCIs use Method B—Meal Equivalents.

RCCIs can only include meal costs on the Claim Cost Details page for breakfast, lunch, and snacks served to clients.

For further details and information, please visit the CDE SNP Allocating Food Service Costs for RCCIs Web page at <http://www.cde.ca.gov/fg/aa/nt/snpallocrcci.asp>.

Use the summary worksheet titled **Food Service Cost Allocations** located on the CDE SNP under the **Printable Worksheets** section Web page at <http://www.cde.ca.gov/fg/aa/nt/snp.asp>.

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## 13. Alternate Claiming Method—For Provision Sites Only

### Provisions, Meal Counting and Claiming

#### Provision 1

Base Year and Second Year (two-year cycle), document the following:

- **Meal Counts**—record daily meal counts by eligibility category to calculate reimbursement claims
- **Meal Claims**—use POS meal counts by eligibility category

## Provision 2

Base Year (first year of a four-year cycle), document the following:

- **Meal Counts**—serve all participating children at no charge. Take meal counts by eligibility category
- **Meal Claims**—use POS counts by eligibility category. Record the percentages of free, reduced-price, and paid meals served to one place beyond the decimal (e.g., 76.4 percent)

Second through fourth years, document the following:

- **Meal Counts**—take total daily POS meal counts
- **Meal Claims**—multiply POS meal count totals by percentage computed during the same month of the base year
- In the fourth year, a sponsor can apply for an extension if there is a negligible (less than five percent) socioeconomic change or a decline in socioeconomic data from the base year data
- Obtain approval from the CDE at the end of the fourth year to begin a new four-year cycle
- Applications are not required during an extension year

Fifth year, if an extension is approved, document the following:

- **Meal Counting** and **Claiming** continues the same as for the second year through the fourth year (not base year)
- If the CDE does not approve an extension, then return to a base year or return to standard meal counting and claiming procedures

## Community Eligibility Provision

- **Meal Counts**—take total daily POS meal counts
- **Meal Claims**—enter the total number of students enrolled, the number of operating days, and the number of meals served at each site
- The Identified Student Percentage (ISP) is multiplied by 1.6 which will equal the percentage of the **total meals served** being reimbursed at the federal-free rate
  - **Formula:**  $ISP \times 1.6 =$  percentage of total meals served being reimbursed at the federal-free meal rate. The remaining percentage of total meals served will be reimbursed at the federal-paid meal rate.
  - **Example:** An ISP of 60 percent  $\times 1.6 = 96$  percent reimbursed at the **free** rate and the remaining 4 percent will be reimbursed at the federal-**paid** meal rate.

## Sample Monthly Claim Calculation for Provision 2

### SPONSOR PROVISION 2 CLAIM WORKSHEET SINGLE SITE

**Agency:** ABC District

**Current Month/Year:** 11/13      **Base Year:** 2004

**Meal:** Breakfast [ ]      Lunch [X]

Apply base year claiming percentages for each site to subsequent years' total meal counts for corresponding month.

Base Year: 2004/November		
Base Year: Actual meals claimed by eligibility category	Free	275
	Reduced	50
	Paid	35
	Total	360
Base Year: Site Claim Percentages	Free	76.4 percent
	Reduced	13.9 percent
	Paid	9.7 percent
	Total	100 percent

Current Year: Month November		
Current Year Site Total Meal Count	300	
Current Year Site Meals to Claim by Category	Free	229 (300 x 76.4 percent)
	Reduced	42 (300 x 13.9 percent)
	Paid	29 (300 x 9.7 percent)
	Total	300

If the total percentages of free, reduced-price, and paid meals do not equal 100 percent for Provision 2 schools, the paid category must be adjusted to equal 100 percent.

Always carry base year percentages one place beyond the decimal (e.g., 32.4 percent).

The following sample forms are available in the CNIPS under the **Download Forms** section:

- SNP 10 Provision 2 Claiming Worksheet Tool—Annualized
- SNP 11 Provision 2 Claiming Worksheet Tool—Monthly
- SNP 16 Provision 2 Calculation Guide
- SNP 17 Provision 2 Claiming Calculation Worksheet
- SNP 23 Site Monitoring Review Form—Provisions 2 and 3

For annualized claiming percentages, check the Provision 2 Guidance Manual located on the USDA Web document at [www.fns.usda.gov/sites/default/files/Prov2Guidance.pdf](http://www.fns.usda.gov/sites/default/files/Prov2Guidance.pdf).

The CDE MB 02-131 Final Rule on Provisions 1, 2, and 3 Guidance, also provides more information about annualized and district-wide claiming percentages, located on the CDE SNP MB Web page at <http://www.cde.ca.gov/ls/nu/sn/mb02131.asp>.

**Note:** Claiming percentages should be rounded to one place beyond the decimal. An example of Provision 2 claiming calculation is provided on page 20.

### Calculating Enrollment by Category for the Reimbursement Claims

- Provision 2 sites must adjust their enrollment by category based on the current month compared to the enrollment by category in the base year.
- The percentages of free, reduced-price, and paid meals served and claimed in the base year are applied to the total meal count in nonbase years.
- This calculation is important to ensure that the monthly claim be processed smoothly.
- A tool to calculate the reported eligibility for the claim is available in the CNIPS under the Download Forms section, SNP 12 Provision 2 Eligibility Worksheet Tool-yearly.

### Monthly Edit Checks for Meal Claiming and Provision 2

SFAs are required to complete edit checks. Edit checks are not conducted by eligibility category (free, reduced-price, and paid). Provision 2 edit checks compare **total** enrollment multiplied by the attendance factor to the total meal counts each day. Therefore, multiply the total enrollment by the current attendance factor to arrive at the attendance-adjusted enrollment. Next, compare the attendance-adjusted enrollment to the total number of meals claimed for that day. Provide an explanation for each daily meal count that exceeds the attendance-adjusted enrollment.

For a sample of a Provision 2 Meal Count Edit Check Worksheet, please visit the San Jose State University California Professional Nutrition Education and Training Center Web page at [http://www.nufs.sjsu.edu/calpronet/modules15\\_16/Provision\\_2\\_Meal\\_Count\\_Edit\\_Check.xls](http://www.nufs.sjsu.edu/calpronet/modules15_16/Provision_2_Meal_Count_Edit_Check.xls).

### Recordkeeping

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This institution is an equal opportunity provider.

Base year eligibility documents must be retained until after a new base year is developed and for a minimum of three additional years beyond the end of the Provision cycle. In addition, SFAs must keep the following records:

- All base year documents kept on file with the current year documents
- Base year eligibility applications retrievable by site
- Base year rosters kept by month by site throughout the Provision cycle
- ISP documentation to support the ISP listed on the first year Community Eligibility Provision (CEP) application
- ISP documentation to support the ISP listed on the CEP applications for an increase in the ISP of years 2–4
- ISP documentation to support the ISP listed on the CEP grace year application (year 5)

### Recordkeeping Table for Provision Options

<b>Provision 1 Sites</b>	
<b>Base Year Requirements</b>	
NSD approval by site	
March data from the previous SY verifying 80 percent free and reduced enrollment	
School calendar	
Applications certified in the free eligibility category can be used for the base year and the second year. Eligibility applications must be given to reduced-price and paid students the second year.	
Documents Used in Base Year	
Federal income eligibility scale	F/RP meal applications
Direct certification list	Eligibility roster
Verification procedures and results	Daily and monthly meal counts
Documentation to determine meal counts	School calendar
Media release	Notification to households
<b>Year Two Requirements</b>	
Documents Required	
Federal income eligibility scale	F/RP meal applications
Direct certification list	Eligibility roster
Verification procedures and results	Daily and month meal counts
Documentation to determine meal counts	School calendar
Media release	Notification to households
New applications and verification documents are required for new applications in second year.	
No extension	
<b>Provision 2 Sites</b>	

<b>Base Year Requirements</b>	
NSD approval by site	
No percentage of free and reduced enrollment is required	
School calendar	
Meal count percentages developed for each month's claim (the number of meals claimed for each eligibility category divided by total meals)	
Documents Used in Base Year	
Federal income eligibility scale	F/RP meal applications
Direct certification list	Eligibility rosters
Verification procedures and results	Daily and monthly meal counts
Documentation to determine meal counts	School calendar
Media release	Notification to households
<b>All Years Following Base Year</b>	
Documents Required	
Daily and monthly meal counts	
Documentation to determine meal counts	
Media release	
Notification to households	
No eligibility applications or verification documents are required. Verification report must be completed.	
Socioeconomic data is used to determine cycle extension (if applicable). Maintain documentation data to support the socioeconomic status used for the extension request.	
NSD extension approval by site.	

<b>CEP</b>	
<b>Year One Requirements</b>	
NSD approval by site	
Documentation to support the unduplicated count of students that represents the ISP submitted on the approved application	
School calendar	
Meal count numbers developed for each month's claim	
Documents Used in Year One	
Direct certification lists can be from CALPADS and/or local county	Daily and monthly meal counts
Documentation to determine meal counts	School calendar
Verification report (the verification process is not completed)	Media release
Notification to households	
<b>All Years Following Year One</b>	
Documents Required	
Daily and monthly meal counts	
Direct certification lists to support request for increased ISP if applicable	
Application approved by the CDE to increase ISP if applicable	
Media release	
Notification to households	
No eligibility applications or verification documents are completed. Verification report must be completed.	

## 14. Resources

The CDE Web page has the following MBs related to Provisions:

Record Retention requirements, February 2000, MB 00-103

<http://www.cde.ca.gov/ls/nu/sn/mb00103.asp>

Provision 2 or 3: Eligibility for Title 1, December 1998, MB 98-118

<http://www.cde.ca.gov/ls/nu/sn/mb98118.asp>

Eligibility Information under Provisions 2 and 3, April 2001, MB 01-101

<http://www.cde.ca.gov/ls/nu/sn/mb01101.asp>

Thirty Day Eligibility Carryover, March 2006, MB 06-108

<http://www.cde.ca.gov/ls/nu/sn/mb06108.asp>

Final Ruling on Provisions 1, 2, and 3 Guidance, December 2002, MB 02-131

<http://www.cde.ca.gov/ls/nu/sn/mb02131.asp>

The following School Nutrition Reimbursement Instruction Booklet is located on the CDE Web page at <http://www.cde.ca.gov/fg/aa/nt/documents/snpinstructionbooklet.doc>, which gives additional information about Meal Claiming.

Current reimbursement rates for meals and snacks is located on the CDE Web page at <http://www.cde.ca.gov/ls/nu/rs/index.asp>

The CDE CEP Web page is located at <http://www.cde.ca.gov/ls/nu/sn/cep.asp>.

## Contact Information

If you any have questions regarding Claims for Reimbursement, please contact your nutrition fiscal analyst.

For meal counting, claiming, and reimbursement questions, please contact your local child nutrition consultant or your SNP specialist.

A full list of all county contacts is available in the CNIPS Download Forms section titled Caseload SNP or you may call 800-952-5609, Option 6.

### **This module provides the following Professional Standards:**

**Key Area:** Operations (2000); Administration (3000)

**Key Topic:** Cashier and POS (2300); Financial Management (3300)

**Learning Objective:** Count Reimbursable Meals (2310); Use Financial Responsibility at POS (2320); Apply Measures for Overt Identification (2330); Implement System of Checks and Balances for Accurate Meal Counting and Claiming (3310)

**Instructional Minutes** = 45