



Reply to  
Attn. of:

SP 99-26

SEP 08 1999

Subject:

Record Retention Requirements for Schools Implementing  
Special Assistance Certification and Reimbursement  
Alternative - Provision 2 and Provision 3

To:

STATE AGENCY DIRECTORS -  
(Child Nutrition Programs)

Colorado ED, Iowa, Kansas,  
Missouri ED, Montana OPI,  
Nebraska, North Dakota,  
South Dakota, Utah and  
Wyoming

Program regulations require school food authorities (SFAs) to maintain records, as specified in 7 CFR parts 210.15(b) and 220.7(e). SFAs are to retain records for three years after submission of the final Claim for Reimbursement for the fiscal year (FY) to which they pertain. If audit findings have not been resolved, the records must be retained beyond the 3-year period as long as required for the resolution of the issues raised by the audit.

This memorandum serves to clarify the recordkeeping requirements for schools implementing one of the special assistance certification and reimbursement alternatives, Provision 2 and Provision 3. The "Base Year" is the last school year that eligibility determinations were made and meal counts were obtained by type (free, reduced price and paid). A "Non-base Year" is any year during a Provision's cycle which is not a base year.

#### Base Year

Because the statute permits Provision 2 and Provision 3 schools to earn cash and commodity assistance for the base year and 3 or more subsequent years on the basis of base year data, SFAs must retain some of their base year records beyond the 3-year period. Records that must be retained beyond the 3-year period are those which support subsequent year earnings. This includes base year documentation of participation data, approved/denied free and reduced price

applications, direct certification data and verification records. In addition, enrollment data for the base year must be retained for schools under Provision 3.

Such records must be retained during the period the Provision is in effect, including all extensions. In addition, such records must be retained for 3 FYs after the submission of the last Claim for Reimbursement of the final FY which employed base year data. For a Provision 2 or 3 school, base year data must be retained for 7 years, and longer if extensions are granted.

#### Non-base Year

For non-base years, records must be retained for 3 years after submission of the final Claim for Reimbursement for the FY to which they pertain. Non-base year records for SFAs of schools under Provision 2 must include records of total daily meal counts of reimbursable meals, edit checks, and on-site review documentation. Non-base year records for schools under Provision 3 must include records of on-site review documentation and annual enrollment data which was used to adjust the level of assistance.

#### Extensions

Additionally, SFAs which receive an extension of Provision 2 or 3 must retain records of the socioeconomic data used to determine the income level of the school's population for the base year and year(s) in which extension(s) were made. Such records must be retained during the period the Provision was in effect, including all extensions, plus 3 FYs after the submission of the final Claim for Reimbursement for the FY which employed base year data.

#### Other Records

Recordkeeping requirements for other records related to the operation of NSLP and SBP for schools under Provision 2 or Provision 3 remain unchanged.

As a reminder, if review or audit findings have not been resolved, the records must be retained as long as required for the resolution of the issues raised by the review or audit. Also, State agencies (SAs) may require that SFAs retain additional records or may impose longer record retention timeframes for schools under Provision 2 or 3.

Failure to maintain base year and subsequent year records must result in corrective action, including, but not limited to, requiring the school to establish a new base year or return to standard meal counting and claiming procedures. In addition, lack of required records may result in the calculation of an overclaim extending back through the base year.

In order to avoid the difficulties and possible overclaims related to insufficient record retention, we strongly encourage SAs to conduct a Coordinated Review Effort (CRE) visit to Provision 2 and 3 schools early in the base year of implementation. In addition to the review of performance standards, SAs should ensure that schools implementing Provision 2 or 3 are aware of the recordkeeping requirements. If the State agency review schedule prevents a full CRE, SAs should make every effort to conduct an abbreviated evaluation of the certification/benefit issuance process and meal counting procedures for schools under Provision 2 or 3. Please note that the conduct of a CRE or abbreviated visit does not eliminate a SFA's recordkeeping requirement as outlined above.

If you have any questions, please contact our office.

*for*   
ANN C. DEGROAT

Regional Director  
Child Nutrition Programs