



United States
Department of
Agriculture

Food and
Nutrition
Service

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SUBJECT: School Year 2012-2013 Administrative Review Procedures and
New Three Year Administrative Review Cycle Beginning in School
Year 2013-2014

TO: Regional Directors
Special Nutrition Program
All Regions

State Directors
Child Nutrition Programs
All States

This memorandum provides guidance to conduct administrative reviews using the Coordinated Review Effort (CRE) procedures during School Year (SY) 2012-2013 and information relating to the new three year administrative review cycle beginning SY 2013-2014.

The Interim Rule *Certification of Compliance with Meal Requirements for the National School Lunch Program (NSLP) under the Healthy, Hunger-Free Kids Act of 2010* (Interim Rule) published April 27, 2012, authorizes State agencies to postpone administrative reviews scheduled for SY 2012-2013 until SY 2013-2014, the first year of the new three year administrative review cycle. This provision is expected to allow State agencies to focus on the implementation of the updated meal patterns, certification, and validation review activities. However, State agencies are still required to conduct Additional Administrative Reviews (AAR), reviews for SFAs that are considered at-risk for improper payments, and any planned follow-up reviews scheduled for SY 2012-2013. For any administrative reviews conducted in SY 2012-2013, State agencies should report the results of those reviews on the *FNS-640 Coordinated Review Effort Data Report*.

Administrative Reviews in SY 2012-2013

At the State agency's discretion, administrative reviews may be conducted during SY 2012-2013 in lieu of postponing reviews until SY 2013-2014. If the State agency chooses to do so, it would count the review toward meeting the 5th year of the current review cycle requirement. In this case, the State agency could select those SFAs for a review during any year of the new three year review cycle beginning SY 2013-2014, provided that the following areas are covered in the review this year:

- Performance Standard 1 (PS1) and General Areas: State agencies should use the existing CRE forms and instructions for PS1 and General Areas, with the exception of the “Menu” section of the General Areas, which will be covered under Performance Standard 2.
- Performance Standard 2 (PS2): State agencies should use the Food and Nutrition Service (FNS) Certification Tool (or an FNS-approved certification tool) in conjunction with the validation review checklist to determine compliance with the daily/weekly new meal pattern requirements including portion sizes. The evaluation of PS2 compliance must also include a nutrient analysis.
 - If the SFA is not certified at the time of review and the Certification Tool indicates compliance, the State agency may consider the SFA certified under “Option 3” of the Interim Rule.
 - If the SFA is not certified at the time of review and the Certification Tool indicates noncompliance, the State agency must provide technical assistance to the SFA to help them achieve compliance and ultimately certification.
 - If necessary, State agencies should use the existing CRE forms and instructions for PS2 violations that require fiscal action. As a reminder, State agencies should only be taking fiscal action for meals with missing components, as has always been the case. Other areas of noncompliance (e.g., food quantities, whole grains, calories) require technical assistance from the State agency prior to any fiscal action. (See 7 CFR §210.18(m)(2)).
- The following areas must also be reviewed during administrative reviews conducted in SY 2012-2013, if applicable:
 - Fresh Fruit and Vegetable Program (FFVP): State agencies should follow the existing FFVP review requirements detailed in the FFVP Handbook for schools (page 26). If the State agency has adapted the CRE forms and instructions to include a FFVP review, FNS expects a review of this program to be conducted with the SY 2012-2013 administrative review.
 - Seamless Summer Option (SSO): For SY 2012-2013, State agencies should continue to follow the guidance in SP-27-2009, *Revised 2009 Edition of Questions and Answers for the National School Lunch Program’s Seamless Summer Option (Q. 40), June 9, 2009*.

New Three Year Review Cycle beginning in SY 2013-2014

During the implementation of the new three year administrative review cycle, any SFA whose administrative review was postponed in SY 2012-2013 or omitted during the SY 2007-2008 through SY 2012-2013 cycle must be reviewed during the first year of the three year review cycle (7 CFR §210.18(a) and §210.18(d)(3)(ii)). State agencies should review any SFAs not certified for the performance-based reimbursement early in the three year review cycle.

For example, a State agency has 1,500 SFAs operating the NSLP. During SY 2012-2013, the State agency postponed the reviews of 300 SFAs (one-fifth of the total SFAs in the State) until SY 2013-2014. FNS envisions the State agency structuring the first three year review cycle as follows:

SY2013-2014: Review the **300** SFAs postponed in SY2012-2013 plus **200** of the SFAs not certified or those considered at-risk for improper payments, for a total of **500** reviews, or one-third of the total 1500 SFAs in the State.

SY2014-2015: Review **500** SFAs (one-third of the total 1500 SFAs in the State) giving priority to the SFAs not certified and those considered at-risk for improper payments.

SY2015-2016: Review the remainder of the SFAs (**500**) not reviewed during the first two years of the review cycle.

Please note that although it is not a requirement, in this example FNS recommends that at least 500 reviews be completed each year (one-third of the total 1500 SFAs in the State) to maintain a good balance of reviews for each year of the three year review cycle. State agencies could adjust these numbers based on the size of the SFAs being reviewed in a particular year.

As you know, earlier this year FNS formed a Federal/State agency workgroup to examine the State administrative review process in light of the changes to the programs since the inception of the CRE process and the upcoming three-year administrative review cycle. Implementation of the new review process will begin in SY 2013-2014. Training will be provided prior to and during implementation of the new approach.

FNS recognizes that many States have electronic systems in place to conduct administrative reviews and the need for sufficient time to implement changes to those systems to accommodate the review requirements. We will provide an update of the status of these efforts during the School Nutrition Association State Agency Workshop session in December 2012.

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State agencies should direct any questions concerning this memorandum to the appropriate FNS Regional Office. Regional Offices with questions should contact the Child Nutrition Division.

Original Signed

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