

### **Duplication of Food Service Management Company (FSMC) Contract Expenses**

In efforts to assist School Food Authorities with the ongoing monitoring of their Food Service Management Company Contracts per USDA regulations, please see the guidance below.

When SFAs procure a new Base Year or renew an existing FSMC Contract, “Form 23 – Response and Projected Operating Statement” must be completed by the FSMC. Business Administrators must review the completed Form 23 to ensure that no additional expenses are charged to the SFA which are already included as part of the Administrative/Management Fee.

The costs that must be included in the Administrative/Management Fee are detailed in the State Agency RFP/Contract (Form 17) and are listed below. SFAs are reminded that the expenses listed below are incorporated as part of the Administrative/Management Fee and are not allowable charges in any other expense categories:

- Personnel and Labor Relations Services
- Legal Department Services
- Purchasing Services and Quality Control
- Technical Research and Supervision
- Cost Incurred in Hiring and Relocating FSMC Management Personnel
- Dietetic Services (Administrative and Nutritional)
- Test Kitchens
- Accounting/Bookkeeping and Accounting Procedures
- Tax Administration
- Supervisory Personnel and Regular Inspections or Audit Personnel
- Teaching and Training Programs
- General Regional Support
- General National Headquarters Support
- Design Services
- Menu Development (Specific to operation)
- Information Technology (Software and Support)
- Payroll Documentation and Administrative Cost (Reporting, recording and issuance of payroll checks for FSMC employees)
- Sanitation Advice
- Administrative/Personnel Advice
- Travel Costs for Visitation and Coverage on Behalf of the FSMC (Principal of the FSMC, Corporate Chef, Regional Manager)
- Cost of Developing the Following: Training Manuals, Procedure Manuals, Food Service Control Forms and Supplies, Materials for School Nutrition Promotions
- Nutrition Education Materials and Program Expense
- Management Meetings, and/or Management Development Program Specific to the Operation
- Education Programs via Schoolroom Programs, Parent/Teacher Meetings and School Food Service Advisory Committee Meetings
- Facilities Layout and Design Services (Specific to operation)

**Please be advised that charges for items already included in the Administrative/Management fee will not be approved by the State Agency for Base Year Contracts beginning in School Year 2021-2022. If any of the duplicative costs noted above are identified at the time of a Procurement Review, corrective action may be required.**

Contact [DFNContracts@ag.nj.gov](mailto:DFNContracts@ag.nj.gov) with questions.