

## Description of the Automatic Invoice Payment System in CNPweb™

Many School Nutrition Program sponsors who also receive USDA Commodities will be confused by the amount of their September 2004 reimbursement payment. The State Agency has for some time been saying that it was going to deduct invoices for Food Distribution Program charges from reimbursement checks. With the recent implementation of this process by the state, this is exactly what happened. Most Food Distribution Program Recipient Agencies will no longer receive separate invoices and you will no longer have to mail payments to the State Agency. We will simply deduct the charges from your reimbursement check. This document is an attempt to explain how the new process works from both the *Food Distribution Program* (Green Puzzle Piece on CNPweb™) and the *School Nutrition Programs* (Purple Puzzle Piece on the CNPweb™) points of view.

In past years the State Agency allocated commodities usually every two weeks and issued invoices perhaps three or four times a year. The important thing to note is that you didn't pay for commodities immediately after you received an allocation confirmation, you waited for the state agency to invoice you for it. This concept has a parallel in the new system. The State Agency staff decides when to "create" another invoice and which allocations to include in it. This gives the State Agency flexibility in billing, and allows us to control the amount of money being billed to Recipient Agencies.

On this first invoice, only the first three allocations were invoiced. We made that decision for a variety of reasons. First, the first three allocations yield enough money to more than cover the current expenses of the State Agency. Secondly, the first allocations each year are usually very large and we know that with school just starting up, many schools have high expenses and haven't started getting reimbursement checks yet. (The state match payment that most of you receive should have helped.) While we haven't invoiced you for all the allocations you have received, we expect to have "caught up" and be current by either December or January. We are attempting to spread out the burden of commodity expenses over all the reimbursement payments that you receive.

A current example is in order. As of October 21, 2004, the State Agency has made 6 or more allocations to most Recipient Agencies in the state. You can view this allocation history by looking at the *Allocations Tab* of the *Recipient Agency Summary*. Any allocation that has passed the "Last Acceptance Date" is potentially billable by the state. But.. the first invoice, that you can view by looking at the *Invoicing Tab* of the *Recipient Agency Summary*, only is billing for the first three allocations.

Below is an example of what the *Invoicing Tab* might look like for a typical recipient agency.

Recipient Agency Summary						Sample School Corp. (9999)
						Invoicing
Invoice ID	Invoice Date	Invoice Type	Invoice Amt	Paid Amt	Paid Date	Action
9999	10/21/2004	Administrative Fees Invoice	5,000.00	4,250.00	10/21/2004	<a href="#">view</a>

If you viewed each of the first three allocations and summed the "total fees" column of the "Total All Commodities" line (this would be the number in the bottom right hand corner of each allocation form) you would come up with the invoice amount, which in this example is \$5,000.00.

You can see the invoice by clicking on the “*view*” link on the right of the invoice line. A complete invoice form will be produced. Allocations being invoiced are shown listing item information. All charges are detailed. The amounts being charged on the invoice, would match the charges shown on each of the included allocations that can be viewed under the “*Allocations tab*”.

The “Paid Amt” column of information shows whether that invoice has been recovered from a subsequent reimbursement check. In most cases the Invoice Amt and the Paid Amt are equal, confirming that there was sufficient School Lunch Reimbursement to pay the invoice. If the paid amount had read \$0 that would have probably indicated that the particular sponsor had not filed a claim. In the example the Invoice Amount reads \$5,000 and the Paid Amount reads \$4,250, indicating that only 4,250 was recovered, probably also indicating that the sponsor received no lunch program reimbursement because the \$5,000 invoice consumed the whole lunch program reimbursement, leaving \$750 to be recovered from subsequent reimbursements. In this case the sponsor probably still received Breakfast and/or Milk Program funding since Commodity charges are ONLY recovered from National School Lunch Program reimbursement. In all cases individual invoices can be identified by an Invoice ID number. This will also be the way charges are listed in the recovery system over in the “School Nutrition Programs/Purple Puzzle Piece” section of the web-site.

*Let’s now look at how things will look from the School Nutrition Programs point of view...*

The first thing to be aware of is that when you enter your monthly claim information into the system and submit the claim you will immediately see the “Claim Amount “ listed. This is the result of multiplying the various meal counts time the appropriate reimbursement rates and talking into account adjustments caused by amended claims to prior months. Be warned that although this is “what the claim is worth”, it may not be what you get paid. The information accessed when you press the “view summary” button at the bottom of a claim yields similar results. The fact that the system shows you one amount, but pays you a different amount is not an error. It is simply based on the fact that the reimbursement system can calculate reimbursement earned by a claim at the time you submit it, but other events, including posting of Food Distribution Program invoices can occur at a later date, but still before we finally calculate reimbursement on a particular date.

Let’s look at the ways the School Nutrition Programs Sponsor Summary looks, first under the Claims Tab:

Sponsor Summary		Sample School Corp (9999)		
		Claims		
Claim Month	Revision	Status	Claim Amount	Action
[+] July 2004	0	Paid	\$ 500.00	<a href="#">View</a> <a href="#">Revise</a>
[+] August 2004	0	Paid	\$ 2,375.00	<a href="#">View</a> <a href="#">Revise</a>
[+] September 2004	0	Paid	\$ 5,250.00	<a href="#">View</a> <a href="#">Revise</a>
October 2004	Claim should be entered between 11/1/2004 and 12/31/2004			

We’ll be looking at the September 2004 payment only in our example, the payment listed with a Claim amount of \$5,250.00.

Leaving out a lot of details about meals and reimbursement rates, the “view summary” available from the Sponsor Claim might have information like this:

.	
.	
Total Supper/Lunch.....	\$4,250
.	
.	
Total Breakfast.....	\$1,000
.	
.	
Total Claim Reimbursement Amount.....	\$5,250.00
Less Previous Reimbursement Amount.....	\$0.0
Net Claim Reimbursement Amount .....	\$5,250.00

This means that the monthly claim, using current rates, calculates out at \$5,250.00. Taking into account what was said previously it would be wrong to assume that that is what you'll get "paid" when we do the next run and process payments. You may have entered your claim on the first day possible.. in the case of your September claim, October 1, 2004. The State Agency is now processing claims on the 16<sup>th</sup> of the month and then on the 1<sup>st</sup> of the next month, or if that's a weekend, the next Monday. We will probably post commodity invoices sometime before the first payment opportunity each month, before the 15<sup>th</sup>. Even before we actually calculate the payments, you could go into the Food Distribution System and see any new invoices BEFORE the claim recovery process takes place. In that case our previous example would be viewed as:

Recipient Agency Summary						Sample School Corp. (9999)
						Invoicing
Invoice ID	Invoice Date	Invoice Type	Invoice Amt	Paid Amt	Paid Date	Action
9999	10/21/2004	Administrative Fees Invoice	\$ 5,000.00	\$ 0.00		

After we do the "payment run", sometime after the 15<sup>th</sup>, it would look like it did earlier in this document

Recipient Agency Summary						Sample School Corp. (9999)
						Invoicing
Invoice ID	Invoice Date	Invoice Type	Invoice Amt	Paid Amt	Paid Date	Action
9999	10/21/2004	Administrative Fees Invoice	\$ 5,000.00	\$ 4,250.00	10/21/2004	

You can also look at the Payments Tab in the School Nutrition Program Sponsor Summary and see a detail like this after the payment has been created:

Sponsor Summary						Sample School Corp. (9999)	
						Payments	
Batch Number	Processing Date	Lunch	Breakfast	Snack	Milk	Match	Total Payments
[+] 9999	10/21/2004	0.00	1,000.00	0.00	0.00	0.00	1,000.00

If you click on the [+] sign over on the left, you'll expand the details to see something like this:

Sponsor Summary						Sample School Corp. (9999)	
						Payments	
Batch Number	Processing Date	Lunch	Breakfast	Snack	Milk	Match	Total Payments
[-] 9999	10/21/2004	0.00	1,000.00	0.00	0.00	0.00	1,000.00
- September 2004 Claim		4,250.00	1,000.00	0.00	0.00	0.00	5,250.00
-FDP Invoice 9999		- 4,250.00	0.00	0.00	0.00	0.00	- 4,250.00

This shows you that the entire \$4,250.00 in School Lunch Reimbursement has been used to “pay” commodity invoices, but that the breakfast reimbursement (and milk, had there been any) was untouched. From our example you also know that since the Commodity invoice is really for \$5,000.00, there's still \$725.00, left to be recovered from a future reimbursement check.

### **Posting Reimbursement Payments**

Since the State Board of Accounts system is a cash basis system, you have no alternative but to post the reimbursement “net”. This will have the appearance of reducing National School Lunch Program reimbursement income, but also reducing expenses. You should post a receipt of 1,000.00 in this example. There is no expense item to post.

When it comes to completing the Annual Financial Report at the end of the program year we would like the Reimbursement for the Lunch Program Posted “gross” (\$5,250 in the above example) and posting a complimentary Food Expense item representing the Food Distribution Charges (\$4,250.00 in the example). If you keep track of Accounts Payable, you would also have to recognize that there is \$750.00 at this point in “un-paid” Food Distribution expenses.