# Food Service Management Companies (FSMC) as Service Organizations 

Schools must closely evaluate their FSMC contract to determine the relationship created. For assistance, see our Food Service Management Company Comparison.

## IF A SERVICE ORGANIZATION RELATIONSHIP IS ESTABLISHED, THE SCHOOL:

1) MUST establish accounting and compliance monitoring procedures to ensure that:

- FSMC activity is accurately reported on the school's financial statements;
- FSMC is in compliance with the contract between the school and FSMC; and
- FSMC is in compliance with applicable federal, state, and DEW requirements.

2) SHOULD consider the implications of the FSMC acting on-behalf of the school for various activities subject to compliance requirements, especially considering the Federal compliance implications as the FSMC is paid with Nutrition Cluster dollars.

- Nutrition Cluster expenditures are subject to Federal allowable cost, allowable activities, and other requirements. The FSMC must be aware of the implications of those compliance requirements.
- For further information, see General Federal Resources available on the AOS Website.

3 SHOULD ensure the FSMC is aware that auditors will need support from them during the audit process.

> Auditors may utilize the FSMC's current, relevant service organization control (SOC 1) report to gain assurances over the controls in place at the FSMC level.
> For further information, see AICPA Attestation Standard (AT-C) 320 Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting

