Module 2
Organization Eligibility & Updates

CACFP Update Training for PY 2021

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This module covers some requirements for organizations to operate the CACFP. It will also introduce the VCA standards and cover basic financial management requirements for the program.
Module 2 Objectives

By the end of this class, participants will be able to:

- Recognize the function and structure of the CACFP.
- Recognize key requirements and duties of the CAFP.
Eligibility Requirements for all organizations:

1. Provide organized nonresidential care
2. Accept final administrative and fiscal responsibility for the program
3. Attend all required State Agency trainings
4. Operate a nonprofit food service
5. Personally manage CACFP operation, i.e., they may not subcontract for the management of the CACFP

6. Provide adequate supervisory and operational oversight to effectively manage and monitor the CACFP operations
7. Sponsors should prohibit their employees from securing additional employment that interferes with their CACFP responsibilities and duties, e.g. scheduling or conflict of interest (Outside Employment Policy).
For Profit centers may participate in the CACFP only if they meet the following requirements for the month preceding application:

- For child care centers at least 25% of enrolled children or licensed capacity (whichever is less) are eligible for free or reduced priced meals.

- For adult centers, at least 25% of enrolled participants receive Title XIX or Title XX benefits.
For Profit Eligibility Requirements

Once a center is approved for CACFP, for-profit centers may not claim for reimbursement during any month that they do not meet 25% but the organization must continue to comply with CACFP requirements.

For-profit organizations must also show that they are in good standing the Secretary of State or have a Privilege Tax License.
Non-profit organizations in the CACFP must be:

- A public institution (federal, city, county, military); or
- A private, non-profit tax-exempt organization

Private, non-profit organizations must be tax-exempt under 501(c)(3) of the Internal Revenue Service Code and maintain that status throughout their participation in the CACFP.
Non-profit organizations must also show that they are in good standing with the Secretary of State and the IRS and maintain that good standing.
Sites participating in the CACFP, either as an independent center, sponsored site, or provider must meet the following licensing requirements as applicable to their program.

- Sites must keep any applicable license in good standing and provide documentation of any changes in licensing.
- Each child care site must have a current child care license through MS Dept of Health. There are exceptions on a case by case basis.
Exceptions:

1. Military bases or a tribal reservation can be licensed by the federal government or local tribal authorities in lieu of a license from the Dept of Health.

2. Some organizations may be exempt from licensure. The Dept of Health makes this determination in writing.
Adult Day Care Licensing:

The institution must provide documentation that each Adult Day Care site has a current certification from the local fire marshal. A staff member must complete the Food Safety Nuts and Bolts Manual or Tummy Safe or Serve Safe to obtain a Food Service Certificate.
Day Care Homes Licensing:

Providers must be currently licensed or have alternate approval with the Health Dept.

*Exception*: Providers who are under the sponsorship of a federal entity, e.g., military installations and Indian reservations, are not required to be licensed or registered by state licensing authority. They may be licensed by military or tribal authority.
An organization may be eligible to participate in the at-risk afterschool care center component of the CACFP if it:

- Provides nonresidential child care to children after school through an approved afterschool care program.
An eligible afterschool program is one that:

• Is organized primarily to provide care for children after school or on weekends, holidays, or school vacations during the regular school year,

• Provides children with regularly scheduled activities in an organized, structured, and supervised environment.
At-Risk Afterschool Care Program

- Includes educational or enrichment activities.
- Is open to all children and does not limit participation or membership on the basis of the child’s ability.
- Programs designed to meet the special needs of enrolled children, such as programs for children with learning disabilities or children who are academically gifted, may also be eligible to participate.
Students who are part of a sports team or club can receive afterschool snack, but meals cannot be limited to a sports team.
An eligible afterschool program is one that is located in an attendance area of a school in which 50% or more of the children enrolled are eligible for free or reduced-price school meals. Determinations of area eligibility are valid for 5 years and not required to be re-determined annually.
An eligible afterschool program is one that:

- Obtains a license or exception/authorization documentation from the MS Dept of Health
• Organizations must demonstrate throughout their participation in the CACFP that they meet the following performance standards:

• Financial Viability and Financial Management (V)

• Administratively Capability (C)

• Accountability (A)
**VCA**

<table>
<thead>
<tr>
<th>V</th>
<th>Financial Viability and Financial Management</th>
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<tbody>
<tr>
<td></td>
<td>Shows that the organization has the financial standing and management skills necessary to meet the program requirements. Examples are audits, balance sheets, and bank statements</td>
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<tr>
<td>C</td>
<td>Administrative Capability</td>
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<tr>
<td><strong>A</strong> Accountability</td>
<td>Shows that the organization has the ability to track and monitor its actions regarding program funds and meal service. Examples are budgets, training, monitoring schedules</td>
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Financial Management

• In order to participate in the CACFP, all organizations must operate a non-profit food service principally for the benefit of the enrolled participants and maintain records documenting the operation of that food service.

• The non-profit food service account funds are restricted and can only be used for allowable food service costs. An organization must maintain no more than 3 months of average expenditures in the non-profit food service account. If there is an excess, they are directed to spend the funds on preapproved costs.
Sponsors must ensure that all centers under their sponsorship maintain a non-profit food service. Sponsors in **Child Care** and **Adult Day Care** are allowed to retain up to 15% of the CACFP reimbursements to cover their costs incurred in supporting the operation the non-profit food service in all sites sponsored, i.e. monitoring and training.

Sponsors of **DCH** providers will receive a separate administrative reimbursement based on the number of providers sponsored.
Financial Management

Budget

All organizations develop and maintain an annual budget listing the operation costs and administrative costs for the food program.

The Budget will:

• Project the amount of revenue in the non-profit food service account and contain the allowable cost items and projected expenses.
Budget

- All budgets **MUST** be pre-approved by the State Agency.

- All costs **MUST** be on this budget and approved by the SA before any costs are incurred.

- Documentation **MUST** be maintained on each of these costs.
Financial Guidance

When creating their budget and financial management plan, organizations should consult the most current revision of the FNS Instruction 796-2, Financial Management-Child And Adult Care Food Program. This guidance covers important topics such as:

- Allowable Costs
- Unallowable Costs
- Levels of Approval
Allowable Costs

The organizations participating in the CACFP must ensure that their non-profit food service funds are used only for allowable costs that are *reasonable and necessary* for the operation of a non-profit food service.
Reasonable Costs

To help determine if a cost is reasonable, the organization should ask: “Would a sensible, prudent person pay this amount for the same item or service?” If the answer is no, then it may not be a reasonable cost.
Necessary Costs

To help determine if a cost is necessary, the organization should ask:

“Is this item or service required for the operation of the CACFP?”

Depending on the item or service the answer may be:

- Yes
- Partially
- No
Yes. If not for the CACFP this cost would not be incurred.

Partially. The cost would be incurred for normal business purposes, but a portion can be attributed to the CACFP. In this case then the org would need to prorate the cost and determine the amount it can allocate to the non-profit food service account.

No. This cost is not at all due to the CACFP.
Operating costs vs. Administrative Costs

Costs in the non-profit food service fall in to one of two categories: Operating and Administrative costs.

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<th>Operating Costs</th>
<th>Administrative Costs</th>
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<tr>
<td>Allowable expenses used for serving meals to enrolled participants in eligible sites.</td>
<td>Allowable expenses used for planning, organizing, and managing the non-profit food service</td>
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<tr>
<td>Examples: Food, Labor, and Supplies-pots, pans, forks, napkins, etc.</td>
<td>Examples: Monitoring, Recordkeeping, Planning, Training</td>
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Amendments and Changes

• Generally once approved to participate in the CACFP, an organization must update its application documents with the SA as changes occur.

• Examples of changes include a new director, adjusted meal service times, or the closure of a site. Please notify your program specialist as changes occur or create an amendment in MARS.
Adding New Sites or Day Care Home Providers:

When adding new sites or a new day care home provider to an approved application organizations must submit the following documents:

- Facility License, Letter of Exemption, Fire Marshal’s Report, and Day Care Home Inspections
- Food Service Permit and/or Food Safety Training
• Privilege Tax License or Documentation of Good Standing with Sec. of State
• Site/Provider Agreement (signed copy)
• Pre-Approval Visit Form for FDCH
• Verification of absence from National Disqualified List
Renewal Process

- Organizations are required to renew their participation in the program each year.
- In addition to the information organizations must provide each year, the organization will be required to submit certain items as part of the renewal.

The following items are required for uploading in MARS for renewal:

• Bank statements from the Food Account for the previous program year. SA will accept a General Ledger or an Audit.

• License, Letter of Exemption, Fire Marshal’s Report, and FDCH Inspections

• Food Service Certificate (Permit)
• Staffing Pattern

• Board minutes accepting final financial and administrative responsibility for the CACFP for the new program year.

• Privilege Tax License or Good Standing documentation with the Secretary of State

• Change of Signature Form only if authorized personnel has changed
• Agreement to Furnish Food if obtaining meals from an outside source

• Supporting documentation for rental agreement, method of proration, cost allocation-if requesting these items in your budget.
For all **unaffiliated sponsors**: Please submit your Sponsor/Site Agreements for any new sites you are adding at this time. Returning sites will not need this as the agreements are perpetual.

For **At Risk Sponsors**: In addition to the above items, please submit your exemption letter or an email from the Health Dept if you had changes to your program schedule i.e. times or days of operation.
For Adult Day Care Sponsors: In addition to the above items, please submit a current letter or inspection from your local Fire Marshal.
Family Day Care Homes Sponsors-

In addition to the above items, please submit copies of:

- Money orders
- Request to Inspect for providers who are due for inspections for the months of September and October.
- FDCH provider spreadsheet
- A list of providers who qualify for Tier 1 based on SNAP participation
- Administrative Reimbursement Worksheet