CACFP Performance Standards & Best Practices

MH Miles Company, CPA PC

June 25, 2015

FY16 CACFP Renewal Summit
Mesa Convention Center

MH MILES COMPANY CPA PC

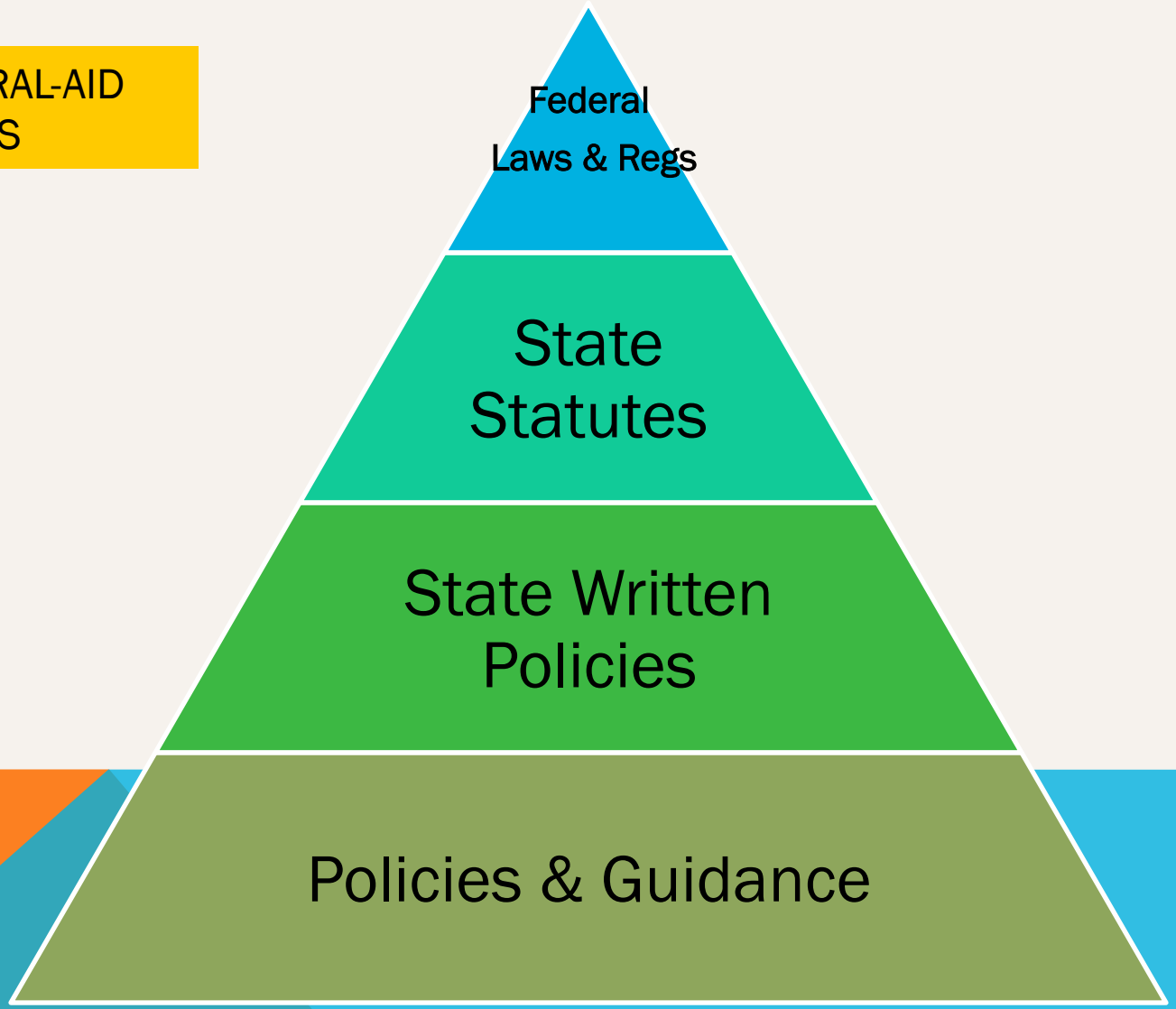
- Niche Certified Public Accounting Firm
- Specialize In Governmental Compliance
- NUTRITION, TRANSPORTATION, EDUCATION
- NURTRITION
  - State Agencies
    - Monitoring & Program Outreach
    - Investigations
    - Audits / Agreed-upon Procedures Reviews
    - Staff Augmentation
    - Training & Consulting Services
  - Sponsoring Organizations
    - Monitoring
    - Audits/Agreed-up Procedures Reviews
    - Consulting Services
    - Management Studies

OBJECTIVES

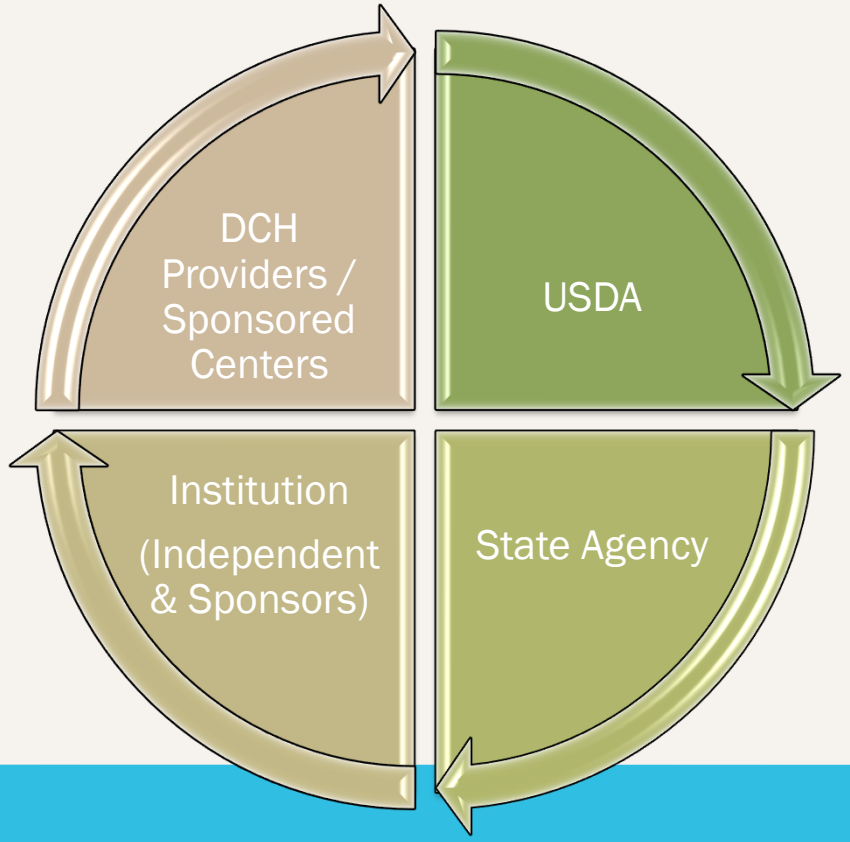
- Determine Authority & Responsibility
- Performance Standards
- Demonstrate what is required
- Evaluate Cost Categories & Review Best Practices to Demonstrate Compliance
- Review Best Practices to Maintain Compliance

WHO'S IN CHARGE

FOR FEDERAL-AID CONTRACTS



WHO MONITOR'S WHO



INSTITUTION PROVISIONS

- *Institution* - sponsoring organization, child care center, at-risk afterschool care center, outside-school-hours care center, emergency shelter or adult day care center which enters into an agreement with the State agency to assume final administrative and financial responsibility for Program operations.

- New & Renewing Institutions. has the administrative and financial capability to operate the Program in accordance with this part (226.15) and with the performance standards.

PERFORMANCE STANDARDS- VCA

1 – Financial Viability & Financial Management

- Description of need/recruitment
- Fiscal resources and financial history
- Budget-costs are necessary, reasonable, allowable, and appropriately documented;

2- Administrative Capability

- Adequate number and type of qualified staff
- Adequate staffing ratios
- Written policies & procedures

3- Program Accountability

- Adequate board oversight
- Fiscal accountability- written financial internal controls
- Adequate recordkeeping practices
- Sponsoring organization operations (management plan)
- Meal service & other operational requirements

INSTITUTION PROVISIONS

Responsibility. Each institution shall accept final administrative and financial responsibility for Program operations. No institution may contract out for management of the Program.

Staffing. Each institution shall provide adequate supervisory and operational personnel for management and monitoring of the Program.

Recordkeeping. Each institution shall establish procedures to collect and maintain all program records required, as well as any records required by the State agency. Failure to maintain such records shall be grounds for the denial of reimbursement for meals served during the period covered by the records in question and for the denial of reimbursement for costs associated with such records

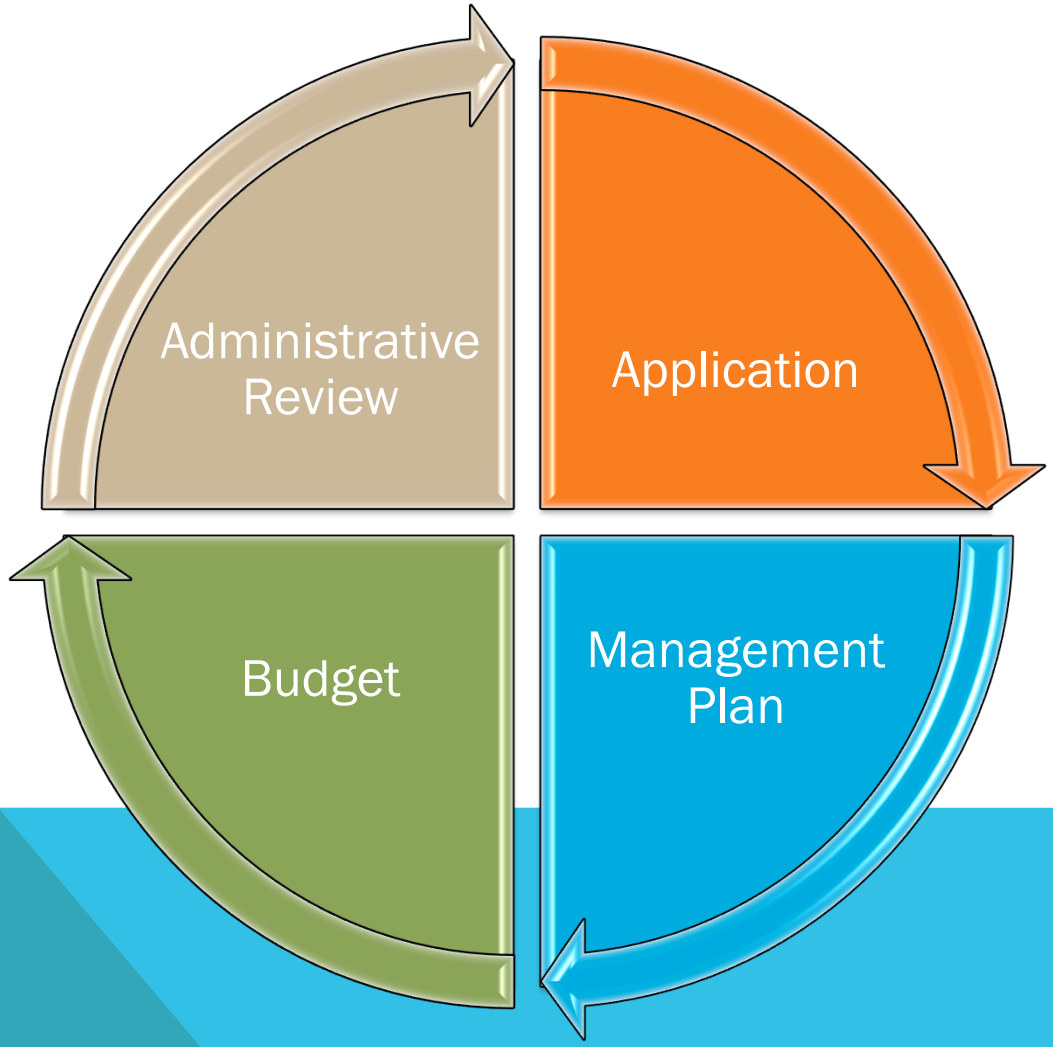
APPROVED !

STATE AGENCY REQUIREMENTS

- State agencies are required to monitor Program operations and use of Program funds in institutions and facilities to ensure CACFP requirements are met.

- Effective monitoring of institutions and facilities ensures they comply with Program guidelines, confirms their viability, accountability, and capability in operating the CACFP, and determines that records are available to justify reimbursement for meals served to participants.

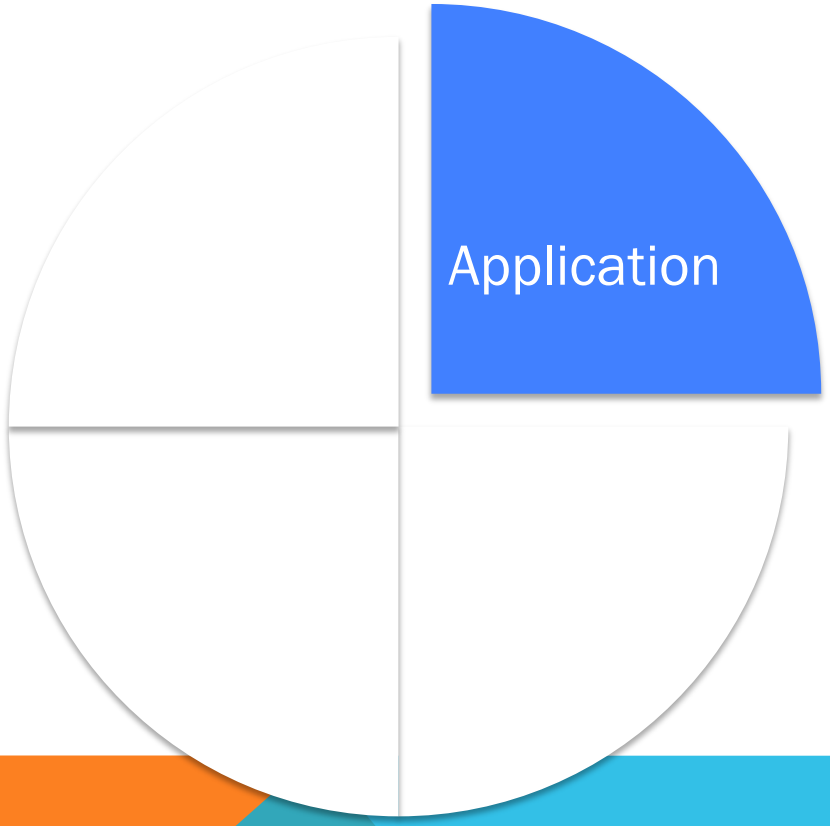
EVALUATING PROVISIONS



RESOURCES FOR FINANCIAL MANAGEMENT

- Financial Management-Child and Adult Care Food Program 796-2 Revision 4
- CACFP Management Plans & Budgets Handbook
- 7 CFR Part 226
- 2 CFR 200
- 2 CFR 215
- 2 CFR 220 (OMB A-21)
- 2 CFR 225 (OMB A-87)
- 2 CFR 230 (A-122)
- 48 CFR Part 31
- Agency Polices, Handbooks, Guidance, & Memos

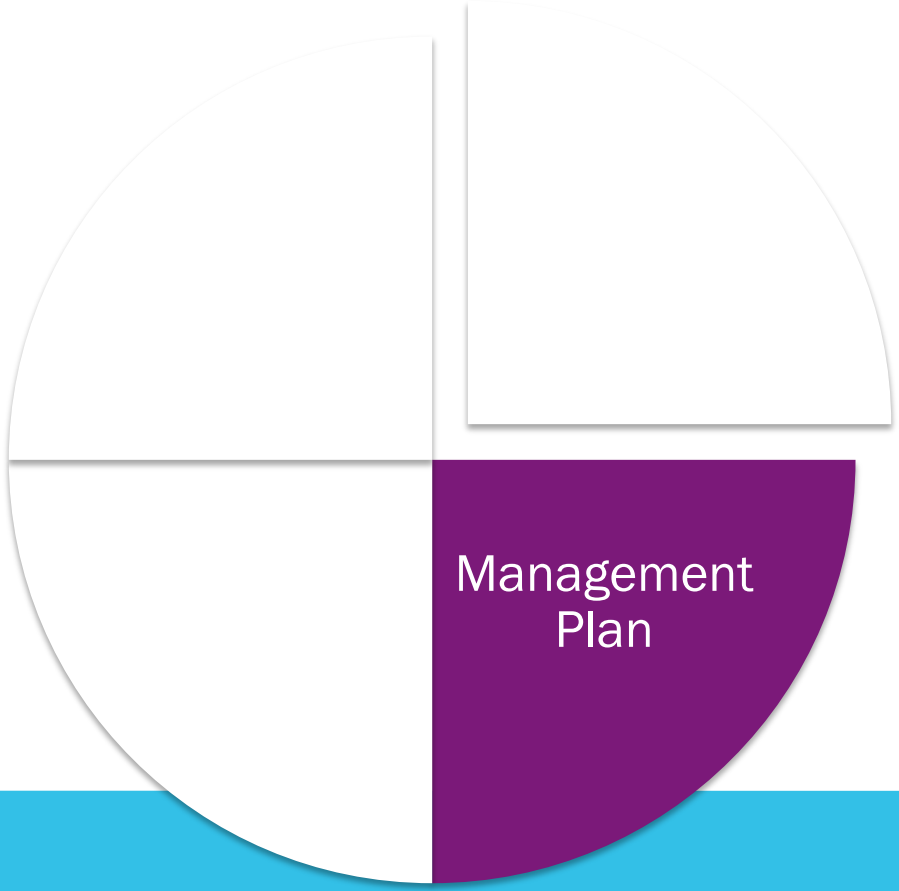
DATA EVALUATED:



- Written policies and procedures
  - Operational
  - Financial
- Financial Data
  - Financial Statements
  - Tax Returns
  - Bank statements
- Board Minutes & Confirmations
- Organizational Info
  - Org. Chart
  - Staffing Plan
  - Resumes/Job Descriptions

DATA EVALUATED:

- Written policies and procedures- Operational
  - Eligibility Evaluation Process
  - Edit Check Process
  - Claim Process
- Written policies and procedures- Financial
  - Financial Management System
- Organizational Info
  - Org. Chart
  - Staffing Plan
  - Resumes/Job Descriptions



COST REQUIREMENTS

- Necessary and Reasonable;
- Allowable and Allocable; and
- Program funds are to be expended efficiently, economically, and in accordance with applicable laws and regulations.

FINANCIAL MANAGEMENT-CHILD AND ADULT CARE FOOD PROGRAM 796-2 REVISION 4

Costs charged to the nonprofit food service are for food service provided principally to enrolled, eligible participants, and where applicable, where costs claimed for reimbursement under the CACFP are necessary and reasonable for the effective and efficient operation of the nonprofit food service, and are otherwise allowable under FNS Instruction 796-2 Rev. 4.

DATA EVALUATED:

- Written policies and procedures- Operational
- Written policies and procedures- Financial
- Organizational Info
- Financial Data
  - Tax records
  - Financial Statements
  - Bank statements
  - Cancelled checks
  - Source documents
- Inventory Reco
- Procuremen
- Compensation
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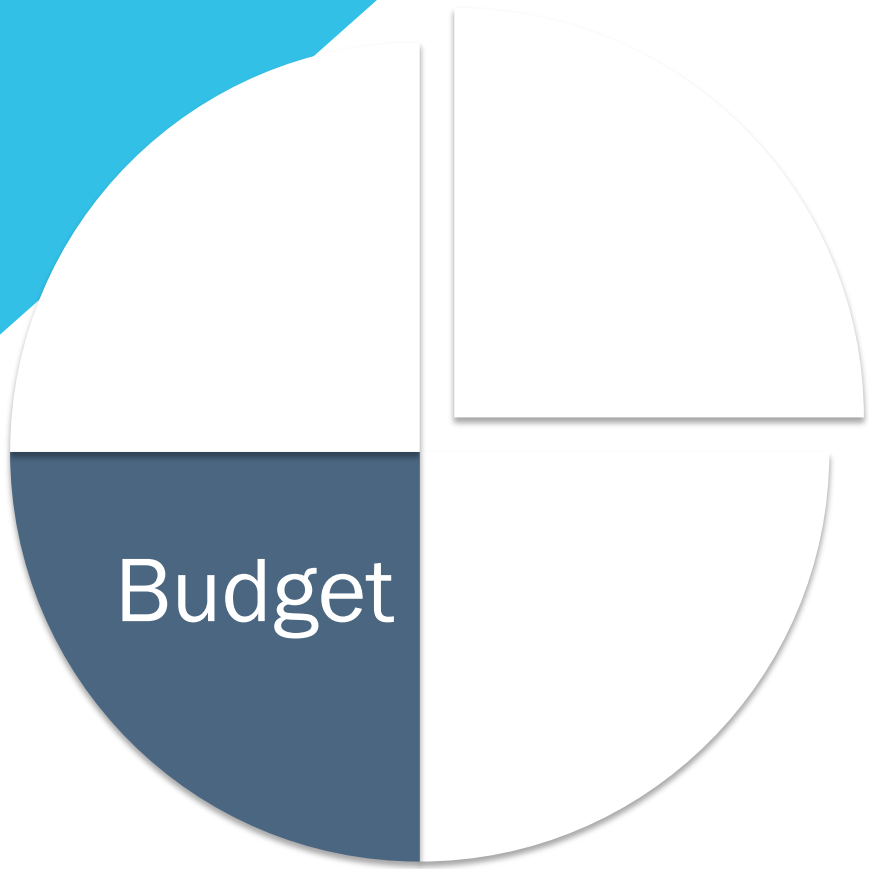
- Allocation Methodolo

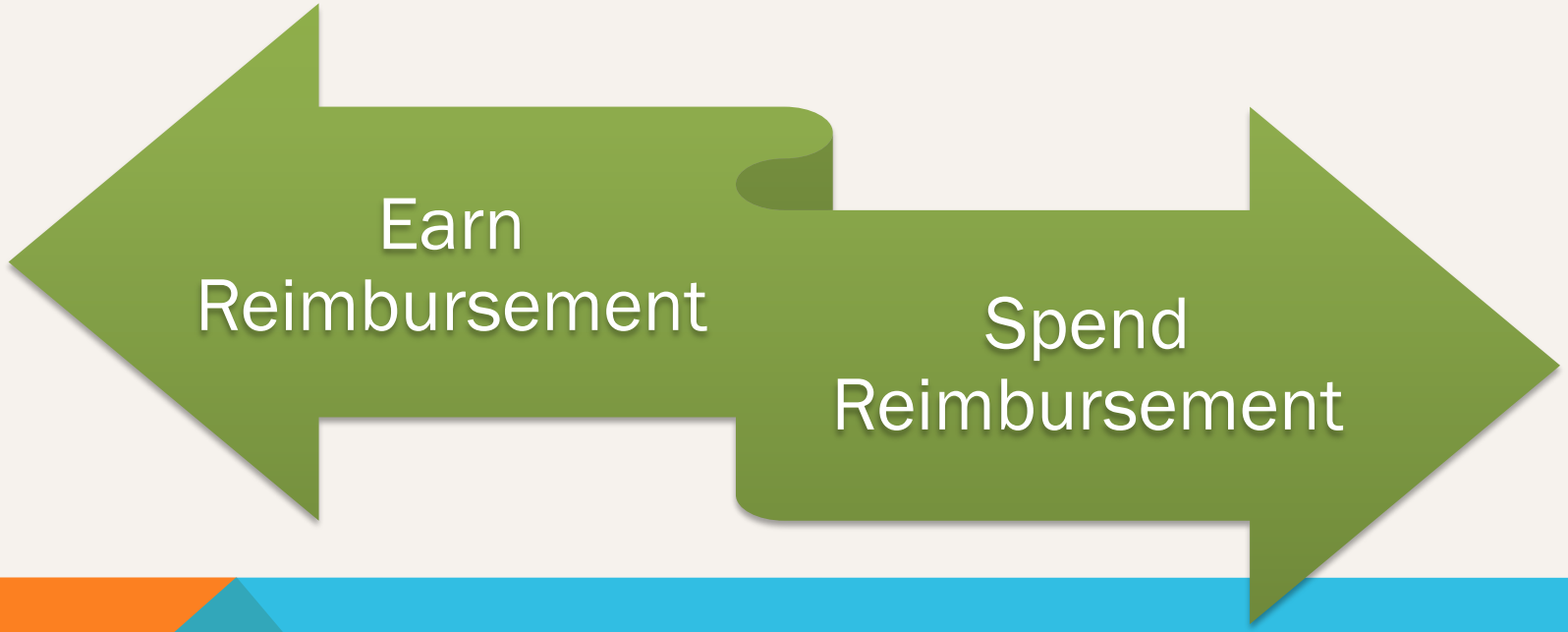


PROVISIONS EVALUATED

- Compliance with VCA
- Programmatic & Financial Compliance
- Nonprofit Food Service Status
  - Sponsors
  - Independent
  - Sponsored Centers

WHAT AFFECTS THE MONEY?

- Claim for reimbursement
- How funds are expended



NONPROFIT FOOD SERVICE EVALUATION

All participating institutions must operate a nonprofit food service principally for the benefit of enrolled participants and maintain records documenting the operation of that food service.

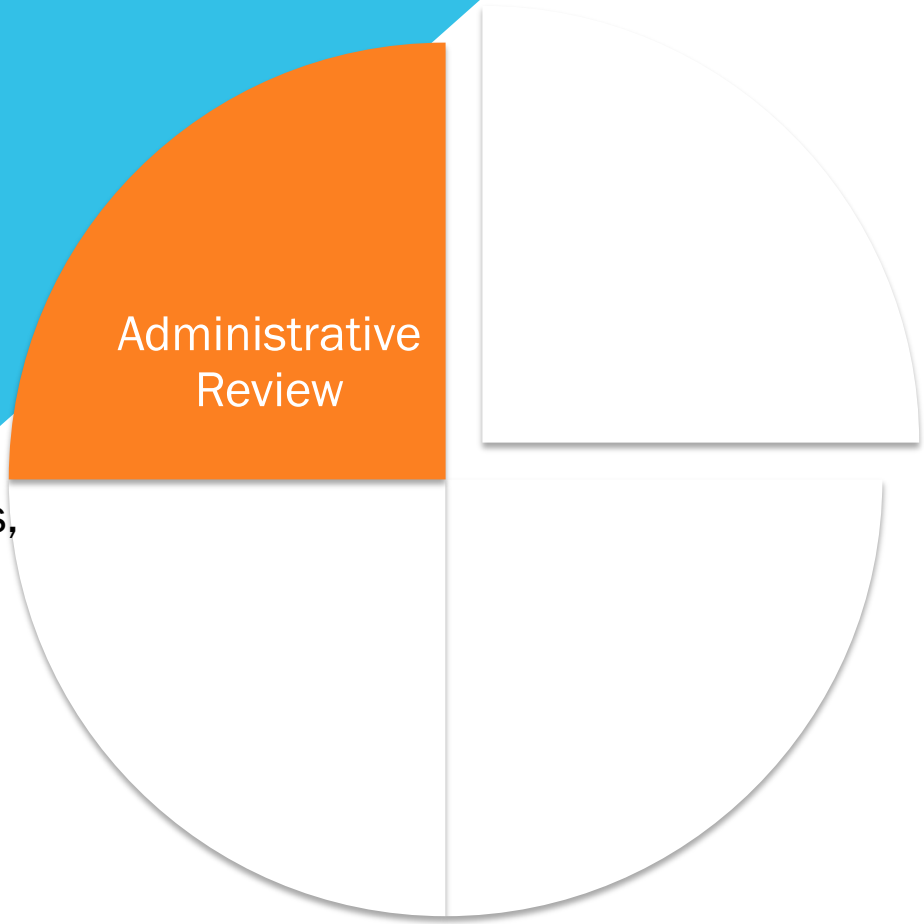
Nonprofit food service includes all food service operations conducted by the institution principally for the benefit of enrolled participants, from which all of the Program reimbursement funds are used solely for the operation or improvement of that food service. Food service account activity must be monitored to determine nonprofit food service status for institutions.

Independent centers, sponsors of day care homes and sponsors of centers must meet this requirement. While day care homes are exempt from maintaining a nonprofit food service, sponsors of centers need to ensure their centers maintain a non-profit food service.

State agencies are required to conduct reviews of participating institutions to ensure these requirements are met.

DATA EVALUATED:

- Written policies and procedures
- Organizational Info
- Financial Data
  - Tax records
  - Financial Statements
  - Bank statements
  - Cancelled checks
  - Source documents- contracts, invoices, receipts
- Inventory Records
- Procurement Documentation
- Compensation Plan
- Payroll Records
- Time Cards/ Time Distribution
- Allocation Methodology



BOTTOM LINE

Institutions must maintain <u>full and accurate records</u> to demonstrate Program compliance.

FULL AND ACCURATE RECORDS

- Institution's responsibility to demonstrate compliance
- Required records and forms:
  - Provided by SA to assist with demonstrating compliance
  - Does not represent 100% of what is needed to demonstrate compliance
- Supplemental documentation to support Program compliance

SUPPORT FOR AN ACCURATE CLAIM

- Point of Service Meal Count
- Records supporting inventory exists to support creditable meals were served
- Other records to support meal service compliance
  - Training
  - Menus
  - Civil rights compliance
  - Procurement
  - Enrollment
  - Eligibility
  - Management Plan, budget, SOPs

HOW FUNDS ARE EXPENDED

Allowable Costs

Approved in Budget

- Necessary
- Reasonable
- Allocable

Adequately Documented

PERSPECTIVE

BUDGET/MANAGEMENT PLAN

Roadmap to support your plan for utilizing funds earned in compliance with the regulations

ADMINISTRATIVE REVIEW

Demonstration that compliance is occurring and has occurred.

FINANCIAL MANAGEMENT SYSTEM

- Track Program Income and Expenses

- Records must be adequate & reliable

COST CATEGORIES

- Salaries & Benefits
- Supplies
- Training & Travel
- Utilities/ Space Costs

SALARIES & BENEFITS

- Board Minutes
- Management Plan
  - Staffing Plan & Schedule
  - Operating Manual
  - Employee Handbook
  - Standard Operating Procedures
  - Compensation Plan
- Time and Attendance
- Payroll Records
- Distribution Reports
- Tax Records
- Contracts/Employment Agreements
- Benefit Statements
- Canceled Checks

COMMON PITFALLS (SALARIES & BENEFITS)

- Inconsistent Practices
- Lack of labor review process
- Failure to obtain Acknowledgement (Signatures)
- Lack of required documentation
- No support for proof of payment
- No support for Tax Remittance
- No related party disclosure
- Blanket/conflicting board approval

SUPPLIES

- Management Plan
  - Operating Manual
  - Procurement Standard Operating Procedures
- Procurement Support
- Board minutes
- Contract
- Invoice/Receipts
- PO vouchers & Support
- Canceled Checks
- Credit Card Statements
- Petty Cash logs

COMMON PITFALLS

- Lack of written process
- No petty cash/employee reimbursement management system
- Lack of source documentation
- No credit card statements
- No proof of payment

TRAVEL/ TRAINING

- Travel/Mileage Log & Supporting documentation (e.g. mapquest)
- Invoice/Receipts
- Agenda/ Interview staff
- Bank statements
- Canceled Checks
- Time sheets/ Activity Reports
- Monitoring Reports
- Board Minutes
- Management Plan
  - Staffing Plan & Schedule
  - Operating Manual
  - Employee Handbook
  - Travel Standard Operating Procedures
  - Compensation Plan

COMMON PITFALLS (TRAVEL/TRAINING)

<u>Travel</u>

- Lack of minimum disclosures for travel
- No signatures
- No travel evaluation process
- Lack of written procedures

<u>Training</u>

- Failure to articulate understanding of information provided in training
- No support (agenda, presentation, attendance)

UTILITIES/SPACE COSTS

- Board Minutes
- Contract/Invoice
- Tax Records
- Allocation Methodology
- Management Plan
- SOPs
- Bank Statements/Canceled Checks
- General Ledger

COMMON PITFALLS- UTILITIES/SPACE COSTS

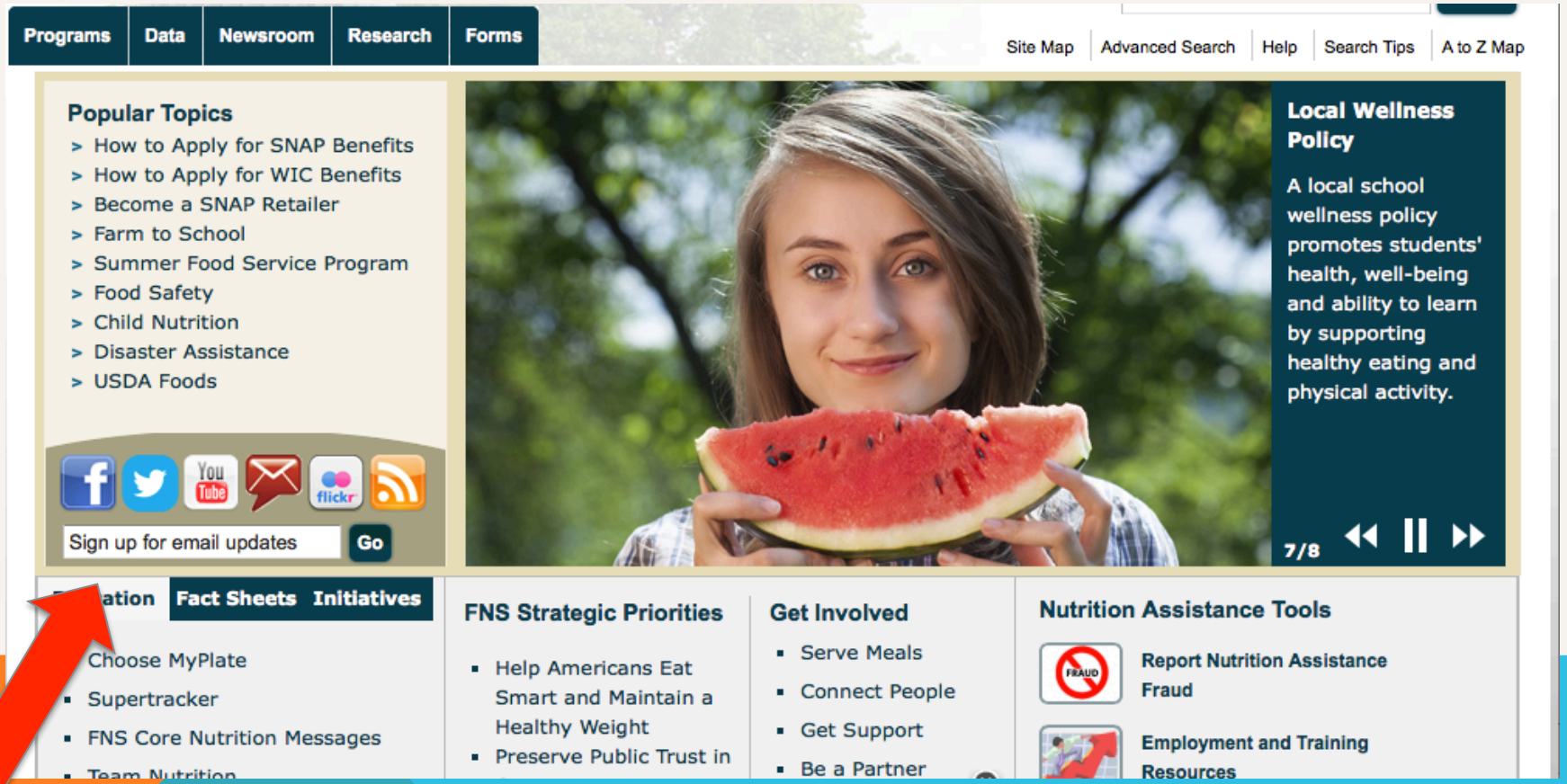
- No related party disclosure
- No sourced documentation
- No amendments on file
- No proof of payment

Best Practices for Maintaining Compliance

LET THE RECORDS TELL THE STORY

- Organization
- Adequately Monitor- Minimum requirements <u>AND</u> follow up
- Internal Audit
- Utilize Board Expertise
- Obtain Adequate Advisory Support
- Technical Assistance

HTTP://WWW.FNS.USDA.GOV



Questions?

Thank You!

Cherese Myree, CFE

MH Miles Company CPA PC

(404) 633-4555

www.mhmiles.com

cmyree@mhm-cpa.com