

A dark blue silhouette of a person sitting and reading a book, set against a lighter blue background with a subtle texture. The person is positioned on the left side of the frame, facing right.

MAINE DEPARTMENT
OF EDUCATION

CACFP Financial Reviews

Presented by: Troy Fullmer, CACFP Nutrition Consultant



Training Session Overview

- Integrity Final Rule Financial Review Requirements
- Introduction to Financial Review Processes

NOTE: This session is not intended for Independent Centers.



Background

On August 23, 2023, USDA- Food and Nutrition Services (FNS) published the [Child Nutrition Program Final Integrity Final Rule](#) and amended regulations at 7 CFR 226.7(b) and 7 CFR 226.10(c) to codify the requirement for annual reconciliation of bank account activity and accounting of reported actual expenditures with CACFP payments.

Child Nutrition Program Integrity Final Rule

- A few changes had an initial compliance date of August 23, 2024.
 - Maine was granted a waiver to delay implementation until PY2026 (starts 10/1/2025).
- 1. Review (monitoring) requirements. 2-year cycle, SA reviews institutions that-
 - Conduct activities other than those expressly related to the administration and delivery of the CACFP
 - Had prior reviews that detected serious management problems
 - Are at risk of serious management problems
- 2. Annual Financial Review of Sponsoring Organizations in the CACFP-
 - Compare 1 month bank account activity with supporting documentation
 - Review actual CACFP expenditures for SOs of unaffiliated centers

Guidance- CACFP Financial Review Requirements

- May 28, 2024-
 - USDA Policy Memo CACFP 09-2024
 - Provided a summary of each provision and instructions for how to complete the annual verification of bank account activity and actual expenditures.
- June 2024-
 - USDA Webinar- State Agency Financial Review Requirements in the CACFP
 - Provided SAs with guidance for implementing the financial review requirements in the CACFP that were codified in the CN Program Integrity Final Rule.
- December 2024-
 - USDA State Agency Meeting
 - Financial Integrity Reviews/Best Practices (LA and OK presented)

What?

- Amended regulations at 7 CFR 226.7(b) require SAs to:
 - 1.) Annually conduct reviews of bank account activity for all CACFP sponsoring organizations [7 CFR 226.7(b)(1)(i)];
 - 2.) Annually review actual expenditures and meal reimbursement funds retained from centers for administrative costs for CACFP SOs of unaffiliated centers [7 CFR 226.7(b)(1)(ii)]; and
 - 3.) Monitor and review institutions' documentation of their nonprofit status (nonprofit food service) [7 CFR 226.7(b)(1)(iii)].

What? (cont.)

- Specifically, new regulations at 7 CFR 226.7(b)(1)(i)-(ii) do the following:
 - 1.) SAs must, at a minimum, select and compare 1 month of a SO's CACFP bank account activity with supporting documentation;
 - 2.) SAs must annually validate program payments, using actual expenditures, to confirm the Program will not be charged for administrative costs in excess of 15% of meal reimbursements earned during the budget year; and
 - 3.) Verify, through a select sample of expenses, that administrative costs were actually incurred and documented.

Why?

- Uncover and prevent misuse of funds.
- Verify that funds are being spent on allowable cost categories approved in SOs' CACFP budgets.
- Verify that financial transactions meet Program requirements.
- Ensure that the portion of administrative costs charged to the CACFP do not exceed the 15% cap of meal reimbursements received in the budget year.
- Ensure that all participating institutions are operating a nonprofit food service, principally for the benefit of enrolled participants (FNS Instruction 796-2 Rev. 4, section VI).

Who?



*None of the provisions apply to SFAs operating CACFP and NSLP, as requirements are satisfied through NSLP reviews.

When?

- **End of Year (EOY) Report-**

- Submitted as part of the annual renewal application, July 1- August 31.

- **Annual review of 1 month's bank account activity-**

- Statements and documentation submitted as part of the annual renewal application, July 1- August 31.
- SA will complete review of bank account activity Oct. 1- Dec. 31.

- **Annual review of actual expenditures-**

- Initial report is due to the SA no later than the last business day in November.
- SA will complete review of actual expenditures during December.

End of Year Report

(EOY Report)

EOY Report

- All participating institutions must track their CACFP income and expenses separately from non-CACFP income and expenses on a monthly basis.
- All non-SFA participating agencies will submit an EOY Report.
- EOY Reports will cover the institution's most recently completed **fiscal year**.
- The [CACFP Financial Tracking Workbook](#) is being modified to include an EOY Report tab.
- A separate EOY Report template will be available for use.
- EOY Reports will be submitted as part of the annual renewal application process, July 1- August 31.

CACFP EOY Report- Sample

EXAMPLE END OF THE YEAR REPORT

Institution Name: TOYS N NOISE

Year: YYYY

Fiscal Months: January - December

Expenditure for EACH Month (starting with first month of the fiscal year) (1)	OPERATING AND ADMINISTRATIVE COSTS (\$)								
	CACFP Admin. Labor (2)	CACFP Admin. Expenses (3)	Food Service Salaries/ Benefits (4)	Food Service Rent/Utilities/ Janitorial (5)	Food Service Equipment (6)	Food Purchases (Food & Milk) (7)	Nonfood Purchases (Food-Related Supplies) (8)	Misc. (9)	CACFP Reimbursement for each month (10)
JANUARY	\$ 250	\$	\$ 2,000	\$	\$	\$ 2,567.23	\$ 285.78	\$	\$ 4,769.09
FEBRUARY	\$ 250	\$	\$ 1,900	\$	\$	\$ 2,563.93	\$ 175.85	\$	\$ 4,005.91
MARCH	\$ 150	\$	\$ 2,250	\$	\$	\$ 2,060.28	\$ 105.07	\$	\$ 4,996.45
APRIL	\$ 150	\$	\$ 2,200	\$	\$	\$ 3,161.93	\$ 224.08	\$	\$ 5,060.34
MAY	\$ 250	\$	\$ 2,200	\$	\$	\$ 3,591.23	\$ 167.78	\$	\$ 6,109.87
JUNE	\$ 250	\$	\$ 2,500	\$	\$	\$ 4,561.22	\$ 87.02	\$	\$ 6,793.59
JULY	\$ 250	\$	\$ 2,500	\$	\$	\$ 4,987.22	\$ 308.94	\$	\$ 6,979.23
AUGUST	\$ 200	\$	\$ 1,800	\$	\$	\$ 3,579.45	\$ 212.81	\$	\$ 4,943.82
SEPTEMBER	\$ 175	\$	\$ 1,900	\$	\$	\$ 2,874.38	\$ 137.78	\$ 56.78	\$ 4,793.77
OCTOBER	\$ 150	\$	\$ 1,800	\$	\$	\$ 2,327.03	\$ 147.83	\$	\$ 4,421.11
NOVEMBER	\$ 175	\$	\$ 1,800	\$	\$	\$ 3,587.77	\$ 162.28	\$	\$ 5,089.05
DECEMBER	\$ 200	\$	\$ 2,000	\$	\$	\$ 3,598.60	\$ 238.95	\$	\$ 5,361.08
Grand Totals	\$ 2,450	\$	\$ 22,650	\$	\$	\$ 39,480.37	\$ 2,254.18	\$56.78	\$ 58,873.31

(11) Total CACFP Expenditures (Total of Columns 2 through 9)

\$ \$ 66,891.33

(12) Total Reimbursement Received (Total of Column 10)

\$ \$ 58,873.31

(13) Operating Balance (Item 11 Minus Item 12—See Instructions)

\$ \$ 8,018.02

Form completed by: Sam Gov

Contact Info: Sam.Gov@email.com

Questions?



Annual Review of 1 Month's Bank Account Activity

**Annual
Review of 1
month's bank
account
activity- SA
overview**

Obtain financial records

- Bank statements
- Supporting documents (receipts, invoices, accounting records, etc.)

Identify allowable transactions

- Compare to approved budget
- Your goal is to ensure that costs paid with CACFP funds are reasonable, allocable, and necessary

Compare and match transactions with supporting documents

- Verify facility disbursements

Investigate errors

- Expand review, if needed

Annual Review of 1 month's bank account activity

- Last month in the EOY Report is the review month for the Sponsoring Organization (SO).
- SO will use the *Bank Account Activity Review Documentation Checklist*.
- SOs follow the activities as described on the checklist.
- SO submits required bank statement(s) along and supporting documentation with the checklist as the cover sheet.
 - Statements for all accounts that have any CACFP related income or expenditure activities must be submitted for the review month.
 - SO identifies all CACFP income and expenses on bank statements and supporting documentation.
- CACFP income and expenditure tracking sheet for the review month is submitted.
- Supporting documentation for all CACFP income and expenditure activities are submitted.

Bank Activity Review Documentation Checklist

Maine Department of Education- Child Nutrition Sponsoring Organization Bank Account Activity Review Documentation Checklist		
Sponsoring Organization:	Mo./Yr. of Review:	Name of individual completing Checklist:
Activity/Documentation	Completed	Comments
CACFP Income and Expense tracking sheet for the review month (last month in CACFP End of Year report) and bank statement(s) for the review month are secured.		
Supporting documentation for all CACFP transactions on bank statement(s) for the review month are secured. This may include, but is not limited to: <ul style="list-style-type: none"> • Itemized receipts • Dated invoices • Canceled checks • Credit card statements • Payroll documentation • Records to support allocations 		
Separate all personal and non-CACFP transactions on bank statement(s). All CACFP reimbursement income and expenses are highlighted/identified on bank account statements.		
Separate all personal and non-CACFP transactions on supporting documentation. All CACFP reimbursement income and expenses are highlighted/identified on supporting documentation.		
Prepare a document bundle to be uploaded as one packet into <u>CNPweb</u> in the following order- <ol style="list-style-type: none"> 1. Completed CACFP SO Bank Account Activity Review Documentation Checklist is the cover sheet. 2. CACFP Income and Expense tracking sheet for the review month. 3. Banks statements for the review month. 4. Supporting documentation. 		
Upload the completed document bundle to <u>CNPweb</u> on the designated line in the Checklist tab.		

Instructions:

1. Enter the name of the Sponsoring Organization.
2. Enter the month and year of the bank statement activity review month. The review month is the last month of the EOY Report/Organization's Fiscal Year.
3. Enter the name of the individual completing the CACFP SO Bank Account Activity Review Documentation Checklist.
4. Finish all listed activities and mark as completed when tasks are done.
5. Add any comments that would be helpful to the Sponsoring Organization and/or the State Agency.
6. Upload the completed document bundle into CNPweb on the designated line in the Checklist tab. This completed CACFP SO Bank Account Activity Review Documentation Checklist is the cover sheet for the bundle.

Review of 1 month's bank account activity process table

<p>All non-SFA participating institutions upload the CACFP End of Year (EOY) Report into CNPweb.</p> <p>The EOY Report aligns with the Organization's Fiscal Year.</p> <p>The financial review month is the last month of the EOY Report.</p>	<p>SO secures the following documents for the review month:</p> <ul style="list-style-type: none"> • CACFP Income and Expense tracking form • Bank account statements • Supporting documentation for CACFP transactions reflected on bank account statements <p>Highlights/identifies CACFP reimbursement income and expenses on:</p> <ul style="list-style-type: none"> • bank statements, and • supporting documentation. 	<p>SO completes the <i>SO Bank Account Activity Review Documentation Checklist</i>.</p> <p>SO prepares the financial review document bundle and uploads the completed bundle to CNPweb.</p>
---	--	---

Banking Activity- What CACFP Reviewers Do

- Confirm CACFP income & expenses are tracked separately from non-CACFP transactions.
- Look for any banking fines or overdraft fees.
- Confirm claim deposits against claim payments in CNPweb.
- Confirm that CACFP expenditures are for approved budget line items.
- Verify that supporting documentation exists for CACFP transactions on bank account statements.
- Verify that expenditures are reasonable, allocable, and necessary.



Questions?



Annual Review of Actual Expenditures

Annual Review of Actual Expenditures

- SOs of unaffiliated centers must make available to the SA an annual expense report that: 1.) details actual expenditures of program funds and the amount of meal reimbursement funds retained from centers, if any, for administrative costs for the year to which the claim applies; and 2.) uses the same cost categories as the approved annual budget submitted by the sponsoring organization (7 CFR 226.10(c)(2)).
- In other words, the sponsoring organization must produce a report that demonstrates how program funds were used for approved costs and how program funds were disbursed to sponsored centers.



Annual Review of Actual Expenditures (cont.)

- Only applies to SOs of unaffiliated centers. (FDCH providers are excluded)
- SO completes the *Annual Report of Expenditures for Unaffiliated Centers Form*.
- Report is completed for the prior **Program Year** (Oct. 1- Sept. 30).
- Report is submitted via email to the assigned CACFP Reviewer by Nov. 30.
- Financial review is completed by the Reviewer during December.

Annual Report of Expenditures for Unaffiliated Centers

Maine Department of Education- Child Nutrition Annual Report of Expenditures for Unaffiliated Centers

Name of Sponsoring Organization:	
Name of Individual Completing Report:	
Email Address:	
Phone Number:	
CACFP Program Year:	

1. Total CACFP Reimbursements

In the table below, list total reimbursement amounts received from the State Agency for the applicable Program Year for all unaffiliated centers.

Month	Year	Amount
October		
November		
December		
January		
February		
March		
April		
May		
June		
July		
August		
September		
Total CACFP Reimbursements		

2. Reimbursements, Administrative Withholdings, and Disbursements for Unaffiliated Centers

Please complete the table below using totals for the applicable Program Year.

Total CACFP reimbursements for unaffiliated centers:	
Total actual administrative withholdings for unaffiliated centers:	
Total disbursements to unaffiliated centers:	

3. Total Costs of Actual Administrative Expenditures for Unaffiliated Centers

Please list the organization's administrative expenditures for unaffiliated centers for the applicable program year in the table below.

Cost Category	Amount
Labor	
Contracted services	
Other Admin.- Misc. Office Expenses	
Other Admin.- Mileage, Lodging, Etc. for Monitoring	
Other Admin.- Conference Travel/Training costs	
Facility	
Utilities	
Total CACFP Administrative Costs for Unaffiliated Centers	

Signature of individual completing report: _____

Date completed: _____

Annual review of actual expenditures process table

July 1 *	October 1- November 30
Based on information in the prior Program Year CACFP application, SOs of unaffiliated centers are notified via email by the SA Reviewer assigned to look at their agency's annual CACFP renewal application, that the SO is subject to the review of annual actual expenditures and administrative funds for unaffiliated centers.	<p>SO completes the <i>Annual Report of Expenditures for Unaffiliated Centers</i>.</p> <p>The report is submitted via email to the assigned SA Reviewer no later than the last business day of November +.</p> <p>NOTE: The SA Reviewer will look at the report and determine the sample of supporting documentation that needs to be submitted by <u>the SO</u>. The SO must submit the documentation within 5 working days of the request being made by the Reviewer.</p>

Actual Expenditures- What CACFP Reviewers Do

- Confirm that CACFP expenditures are for approved budget line items.
- Verify that expenditures are reasonable, allocable, and necessary.
- Check sample expenditures and supporting documentation to validate actual expenses reported.
- Confirm that administrative reimbursement withheld from unaffiliated centers does not exceed the 15% cap.



Financial Tools and Resources

- EOY Reporting template
- 1 month bank activity document bundle cover sheet and instructions
- Actual expenditure report template
- Financial Review process manual for Sponsoring Organizations



Takeaway Messages

- All non-SFA agencies need to start planning now to complete the EOY Report.
 - Make sure that CACFP income and expenses are being tracked separately from non-CACFP income and expenses on a monthly basis.
 - Completing consistently in more real time will support efficiencies and accuracy.
- SOs need to have systems in place to ensure they are prepared to fulfill their responsibilities with the new financial review processes.
- Start planning soon- review deadlines and plan backwards, adding time for the unexpected so agencies can comfortably adopt new processes and meet deadlines.



Questions?



In accordance with federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, this institution is prohibited from discriminating on the basis of race, color, national origin, sex (including gender identity and sexual orientation), disability, age, or reprisal or retaliation for prior civil rights activity.

Program information may be made available in languages other than English. Persons with disabilities who require alternative means of communication to obtain program information (e.g., Braille, large print, audiotope, American Sign Language), should contact the responsible State or local Agency that administers the program or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339.

To file a program discrimination complaint, a Complainant should complete a Form AD-3027, *USDA Program Discrimination Complaint Form* which can be obtained online at: <https://www.usda.gov/sites/default/files/documents/USDA-OASCR%20P-Complaint-Form-0508-0002-508-11-28-17Fax2Mail.pdf>, from any USDA office, by calling (866) 632-9992, or by writing a letter addressed to USDA. The letter must contain the complainant's name, address, telephone number, and a written description of the alleged discriminatory action in sufficient detail to inform the Assistant Secretary for Civil Rights (ASCR) about the nature and date of an alleged civil rights violation. The completed AD-3027 form or letter must be submitted to USDA by:

- (1) **mail:**
U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410; or
- (2) **fax:**
(833) 256-1665 or (202) 690-7442; or
- (3) **email:**
program.intake@usda.gov

This institution is an equal opportunity provider.