Reply to
Attn. of:

CACFP-403

Subject: Child and Adult Care Food Program (CACFP) Two Percent Audit Funds

To: STATE AGENCY DIRECTORS (Special Nutrition Programs) - Colorado DH, Iowa, Kansas, Missouri DH, Montana DHES, Nebraska ED, North Dakota, South Dakota, Utah and Wyoming ED

The purpose of this memorandum is to give clarification on the use of two percent audit funds in the CACFP. As described in Part 226.8(b) and (c), these two percent audit funds are provided to State Agencies (SAs) to: (a) fund the CACFP portion of organization-wide audits and the resulting CACFP audit resolution activities, (b) conduct, handle and process CACFP-related audits and perform the resulting audit resolution activities, and (c) conduct administrative reviews of CACFP, provided that all required program specific audits have been performed.

Two percent audit funds may be used for any allowable costs associated with conducting, handling and processing CACFP-related audits and CACFP administrative reviews. This policy would allow SAs to use such funds for allowable costs including, but not limited to, salaries, the purchase of equipment, etc., provided that, such costs are incurred strictly to meet the audit requirements of Part 226.8 and, subsequent to the completion of the required audits, the administrative review requirements of Part 226.6. Corresponding changes will be made to FNS Instruction 901, Advance Planning Document Handbook.

If you have any questions on the above, feel free to contact my staff at (303) 844-0359.

[Signature]
ANN C. DEGROAT
Regional Director
Special Nutrition Programs