Reply to
Attn. of: CACFP-414

Subject: Child and Adult Care Food Program (CACFP) Policy Memorandum

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

Attached is a summary of questions and answers that have been raised since our last CACFP question and answer memorandum, CACFP-400, dated June 28, 1994. The first four questions are a result of questions asked at the State Directors' Meeting in Jackson Hole. We will continue to compile additional information and submit it to the State Agencies as the need arises.

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Regional Director
Child Nutrition Programs

Attachment
1. A. What guidance is there for determining what should be covered in program-specific audits?

Q. The Compliance Supplement for Audits of Institutions Of Higher Learning and Other Nonprofit Institutions dated October 1991, and the Compliance Supplement for Single Audits of State and Local Governments dated September 1990, may be used for all Child Nutrition Programs when auditors are performing program-specific audits.

2. Q. When will the CACFP recipe cards be available?

A. Spring 1996. There will be 175 recipes; 75 new and 100 old revised CACFP and school lunch recipes.

3. Q. Have any states in other regions developed criteria/guidance to use for approving expansion funds in low income or rural areas?

A. No. States seem to be adapting the sample Application and Agreement forms that Headquarters sent out (CACFP-264).

4. Q. For proprietary for-profit centers, is there a CACFP requirement to have a Federal tax identification number?

A. No. However, some States have this as a requirement to pay claims.

5. Q. A for-profit center is considering becoming a nonprofit center or being taken over by a nonprofit college. What would be their tax status in these situations?

A. If the center continues to operate independently, it must apply for nonprofit status through the Internal Revenue Service (IRS). Once the application is submitted, this would be considered moving toward tax exempt status. The center must respond, on request, to IRS promptly and adequately to continue in the moving toward status. If the center is taken over by a nonprofit college, which is 501(c)(3), and is the authority by which the center operates, there is no need for application to be made for nonprofit status.

6. Q. State Agencies (SAs) are now required under Section 504 of the Rehabilitation Act to include, as part of any training it provides, provisions for the hearing impaired, if needed. Would these same requirements apply to institutions in their training sessions?

A. Yes. Sponsors will also eventually have to have the correct equipment, such as a telephone, whereby their hearing impaired providers can communicate with the office staff.
7. Q. Is the bread portion of Pop Tarts creditable as a bread alternate?
   A. It would be creditable under Group B if the bread portion serving size is at least .7 ounce. The method for determining this would be to remove any fruit filling (and frosting if applicable) and weigh the bread portion.

8. Q. A FDCH provider cares for children of construction workers who work out of town. Meals are claimed for three days temporary care for these children. Can the remaining two days be claimed?
   A. No. Instruction 776-4 only allows three days of temporary "emergency" care. These children are not in an emergency situation and they would be considered residential children. Therefore, the children can not be claimed as they are not the provider's own.

9. Q. A FDCH provider cares for children of shift workers. The parents go to work before the child gets home from school and then get off work between 11:00 pm and 2:00 am. Not wanting to interrupt the children's sleep, they are left with the provider. The provider feeds them breakfast and sends the children off to school, and the cycle repeats itself. Could these meals be claimed?
   A. No; not if they are in care for 24 hours or more. The children would have to be in the parent's care for a portion of the 24-hour day.

10. Q. A Title XX center went out of business in November 1992, and it earned over $25,000 in FY1992. Is an audit required?
    A. Yes.

11. Q. What kind of documentation is needed when a sponsor does not have to go out for formal bids?
    A. The sponsor must show that it allowed for competition. It must get price quotations by telephone or in writing. The record should reflect who was contacted, prices, dates, and the reason for not selecting the lowest bid (if applicable).

12. Q. Must a sponsor include all food items in one request for bid or can the sponsor separate the bid by item type; i.e., frozen foods, dairy products, meats, etc.? However, when separated out, the individual requests for bid may be less than $10,000.
    A. The SA must determine what the sponsor's normal purchasing procedures are. If this is how the sponsor usually purchases these items, it is allowable to continue with that practice. In addition, sponsors are encouraged to, where feasible, separate large bids to allow for small and minority business participation. The sponsor cannot switch to this procedure to get around the bid requirements.
13. Q. In order to avoid a break in reimbursement, a SO of day care homes signs the Free/Reduced Price application for its providers who are income eligible. Is this allowable?
   A. No.

14. Q. During a sponsor's review of a FDCH provider, it was noted that the provider was serving three meals within three hours. Do the Regulations or Instructions address limitations on the length of time between meal services?
   A. The Regulations address this only for outside-school-hours centers. However, three meals within three hours is unreasonable. A SA or SO may develop policy on the amount of time between meal services.