Rely to
Attn. of: CACFP-487

Subject: Child and Adult Care Food Program (CACFP) Policy Clarification on Proprietary Title XIX and Title XX Audits

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

The purpose of this guidance is to clarify auditing requirements applicable to Proprietary Title XIX and Title XX centers. In Policy CACFP-207, State Agencies (SA) were given the option of raising the threshold to $25,000 for Proprietary Title XIX and Title XX center audits. This audit threshold of $25,000 includes Federal Financial Assistance (FFA) from Child Nutrition Programs and commodities as well as other Federal sources. For those Proprietary Title XIX and Title XX centers that do receive $25,000 or more in FFA, the requirement is that those institutions have a Program-specific audit at least once every 2 years. However, if a Proprietary Title XIX or Title XX institution receives an organization-wide audit (OWA), the SA will meet the audit requirement if the OWA includes the CACFP in the scope of the audit. The SA cannot require a for-profit center to obtain an OWA.

Although the SA has the option not to audit Proprietary Title XIX and Title XX centers that receive less than $25,000 in combined FFA. Program funds made available under Section 226.4(h) may continue to be used for those audit expenses if any are conducted. If the SA chooses not to audit those Proprietary Title XIX and Title XX centers, it may adopt this decision on a Statewide or other basis determined by criteria established by the SA.

The auditing threshold for private nonprofit institutions and institutions of higher learning has been raised by the Office of Management and Budget to $300,000 on April 30, 1996 in the Federal Register; however, the revised A-133 Circular has not been codified so this higher threshold may not be considered at this time for these types of sponsors. You will be notified when this new threshold will be applicable to your private nonprofit institutions and institutions of higher learning. Audit requirements for Proprietary Title XIX and Title XX centers are not based on OBM Circulars A-128 or A-133 provisions so these for-profit institutions will not be subject to the $300,000 threshold.
If you have any questions, please feel free to contact a member of my staff at (303) 844-0359.

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