Reply to
Attn. of:  CACFP-555

Subject:  Child and Adult Care Food Program (CACFP) Questions and Answers

To:  STATE AGENCY DIRECTORS -  Colorado DPHE, Iowa, Kansas, (Child Nutrition Programs) Missouri DH, Montana DPHSS, 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-552, dated August 13, 1998.

We will continue to compile additional information and submit it to the State Agencies as the need arises.

Ann C. De Groat
ANN C. DE GROAT
Regional Director
Child Nutrition Programs

Attachment
CHILD AND ADULT CARE FOOD PROGRAM (CACFP)
QUESTIONS AND ANSWERS
SEPTEMBER 1998

Incorporated Providers

1. Q. A corporation owns a home and provides the facility for day care. It hires a person to be the licensed caregiver, and pays the person a salary. The agreement is between the Sponsoring Organization (SO) and the caregiver. Who should receive the reimbursement check?

   A. The caregiver should receive the reimbursement check because the SO has an agreement with the caregiver and not the corporation. The SO may not give the reimbursement check or make out the reimbursement check to an entity that it does not have an agreement with. (See CACFP-550)

2. Q. A SO enters into a CACFP agreement with the individual provider, not the corporation who actually owns the home. As the result of an audit, an overclaim is assessed against the provider. When the SO attempts to recover the overclaim, the provider responds that she will not re-pay the CACFP funds because the corporation removes her from personal liability in matters such as this. What steps can the SO take to recover the funds?

   A. The agreement is with the provider and the corporation cannot shield the individual/provider that signed the agreement from collection. Agreements with providers should be very clear on this point.

3. Q. A group home is incorporated, and three individuals are partners. All partners are considered "employees". Some children attending this home are children of the employees. A SO enters into a CACFP agreement with one individual. Only the income of this individual will be considered for tiering purposes. Will children of this person who signed the agreement be considered "provider's own children"? Will the children of the other partners be considered "outside children"?

   A. Yes to both questions. However, if more than one of the partners shared the residence, additional issues such as determining an "economic unit" and how to determine income, and the residency versus non-residency of the children must be considered.
Other Issues

4. Q. Can a center directly purchase meals from a school that contracts with a Food Service Management Company (FSMC)?

A. No. The center would have to procure meals through normal procurement procedures. Since the school is not the agent preparing the meals, the center would need to go out for bids or price quotes allowing for open competition. A determination of whether formal or informal procedures are used is based on the dollar value of the center’s food program.

5. Q. A SO is enclosing a list of bulk creditable food items sold by a local distributor, along with reimbursement checks that each provider may order from. This list does not increase the postage needed to mail the reimbursement checks and is seen as a service to providers. Is this allowable?

A. No. Although the postage is the same whether or not the list of bulk creditable foods items is enclosed, the sale of these food items is not a Program activity. Postage is an allowable cost when used for CACFP purposes as explained in Instruction 796-2, Rev. 2, VIII A 5. In addition, this practice could appear to give USDA approval to this food distributor and perhaps afford an unfair business advantage.

6. Q. A Headstart center brings food to classrooms on a cart. The teacher dishes the food the children want on to a plate and encourages the children to eat all foods. Can this be considered family style service?

A. No. This is not a family style service unless the children sit at the table with the food on the table. Therefore, all meal components must be placed on each child’s plate in this situation.

7. Q. Are Title XX centers required to complete the Office of Budget and Management Data Collection Form that is required of other entities that are required to have a single audit?

A. No. This form is only for non-profit organizations which exceed the $300,000 threshold. Title XX centers do not fall into this category.
8. Q. A man and wife have a license for a family day care home which their niece is operating for them. The CACFP agreement with the SO is with the niece. Whose income level is used to establish Tier I or II?

A. Although the license is for the aunt/uncle, the CACFP agreement is with the niece. Therefore, the income of the niece would be used for the determination of Tier I or II.