CACFP-662

Subject: Child and Adult Care Food Program (CACFP) Question and Answers (Q&As)

To: ALL STATE AGENCY DIRECTORS - Colorado DPHE, Iowa, Kansas, Missouri DH, Montana DPHHS, Nebraska, North Dakota, South Dakota, Utah, Wyoming

For your information attached is a list of policy Q&As on the CACFP that we have compiled based on questions raised by state agencies since our last Q&A memorandum, CACFP-653, issued August 2, 2001.

As you know, we periodically review questions asked by state agencies and issue a Q&A policy memorandum such as this. We will continue to transmit any National policies as the need arises.

If you have any questions, please contact our office.

BRIAN ALLISON
Acting Regional Director
Child Nutrition Programs

Attachment
CHILD AND ADULT CARE FOOD PROGRAM (CACFP)
QUESTIONS & ANSWERS (Q & A)
October 2001

Financial Management

1. Q. Is accrued vacation to be expensed at the time it is earned or taken? When does it become a cost for a Sponsoring Organization (SO)?

   A. It should be recorded at the time it is earned and then expensed when used.

2. Q. A SO submits a request to the State Agency (SA) asking for retroactive salaries to be paid to individuals who were not on the payroll for a period of time (i.e., January through July) but were performing work for the organization. Is it allowable for the SA to approve retroactive salaries?

   A. No. Payments may only be made to employees or contractors. If a person is working for an institution and is not paid, it would be considered donated labor. If compensation is to be paid either to employees or contractors, an agreement must be in place prior to the work being performed in order for payment to be made.

3. Q. If a SO’s only source of revenue is from its participation in the CACFP, are costs associated with the general operation of the business allowed as an CACFP expense?

   A. No. The rule of thumb to use when determining if a cost is allowable is to ask if the expense is necessary for the operation of the CACFP. In order for institutions to participate in CACFP, they must be viable, capable, and accountable. Viable institutions would be able to take care of the general operation of the organization without using CACFP funds.

4. Q. May a SA use CACFP funds to offset non-CACFP debts owed the state, (i.e., state tax liabilities owed by the institution)?

   A. No. However, if it is court-ordered, the SA would have to comply.

5. Q. Are general sanitation costs (i.e., toilet paper, cleanser, paper towels, etc.) an allowable expense for a SO of Family Day Care Homes (FDCHs)?

   A. Yes. These are allowable costs for which CACFP may pay its share.
6. Q. Is it required for all related party transactions to be disclosed to the SA for the cost to be allowable?

A. All related party transactions must be disclosed regardless of the method used to fund the cost. When an institution requests approval for direct expensing, the institution must still disclose if it is a related party transaction.

Family Day Care Homes

7. Q. Is it acceptable for two providers who share a duplex with two separate licenses to prepare their meals in one of the locations and transport the food to the second location? If so, can the two providers also submit one menu but two separate meal counts?

A. It is acceptable for the providers to work cooperatively with one another in the preparation of their meals; however, each provider is responsible for fulfilling its agreement with the SO. Each provider must submit his/her own paperwork to the SO including menus. NOTE: It is understood that this example is for two separate residences. The nature of a duplex is that there is a wall between separating them as two residences.

8. Q. A provider shares joint custody for his/her child with an ex-spouse. The provider is Tier I when the child is living with the provider; however, when the child is living at the ex-spouse’s home, the provider is Tier II. How are the meals for this child reimbursed – at the Tier I rate or Tier II? The SO/SA’s payment system(s) are unable to split the month and pay a portion of the month at Tier I and the rest at Tier II as stated in CACFP-537.

A. The SA may allow a SO to determine the percentage of time the child is living with the provider. If it is 50 percent of the time, the provider may be paid Tier I rates every other month. If it is 25 percent of the time, the provider may be paid Tier I rates every 3rd month (i.e., January, April, July, and October).

9. Q. May a provider claim her visiting grandchild for reimbursement?

A. If the grandchild is spending the night with grandma, that makes the grandchild residential. Then the determination must be made if the child is provider’s own. In most cases of children visiting grandparents, they would not be considered provider’s own.
Head Start

10. **Q.** If the Head Start application includes all CACFP required information, may a Head Start center or sponsor of Head Start centers use that application in lieu of taking a separate Income Eligibility (IEF) for CACFP?

   **A.** Yes. The SA may consider the Head Start application an alternate form of IEF as long as it is equivalent to what is required on a CACFP IEF.

Meal Components

11. **Q.** A previous Q & A, CACFP-630-16, addressed the Final Regulation dated March 9, 2000, page 12441, Modification of the Vegetable Protein Products. There was an error in the Final Regulation regarding the amounts of lean meat, poultry, fish, cheese and alternate protein products for snacks. When the correction was made with CACFP-630-16, it did not mention that the correction was for snacks. What are the correct amounts for lean meat, poultry, fish, cheese and alternate protein products for snacks for the various age groups?

   **A.**

<table>
<thead>
<tr>
<th>AGE</th>
<th>AMOUNT</th>
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<tbody>
<tr>
<td>1-2 years</td>
<td>½ ounce</td>
</tr>
<tr>
<td>3-5 years</td>
<td>½ ounce</td>
</tr>
<tr>
<td>6-12 years</td>
<td>1 ounce</td>
</tr>
<tr>
<td>Adult</td>
<td>1 ounce</td>
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Procurement

12. **Q.** During the summer, Center A purchases portions of meals from Center B. Center A has no kitchen and vends from a school food authority during the school year. Center A and Center B are not part of the same organization. Must there be a contract in place for these meals?

   **A.** Center B is a food service management company as defined in the CACFP Regulations. If Center A is a private non-profit center, it follows 3019 which states that formal bidding procedures are followed for contracts $100,000 or more. If Center A is a public center, it follows 3016 which allows the threshold to be $100,000 if the state or local procurement rules are that high. If the purchase is not high enough to require formal bidding procedures, there should still be an agreement stating the arrangements between the two parties. The Regulations at Part 226.21 discusses food service management companies and Part 226.22 discusses procurement standards.
Claims for Reimbursement

13.  Q.  When a claim does not pass edit checks, may a SA make adjustments/corrections to the claim based on conversations with the institution in order for the claim to be paid?

A.  If a claim does not pass edit checks, it should be returned to the institution for correction with an explanation of what is wrong. This is not an appealable action since the claim has not been denied. As long as the institution submits a corrected claim that passes edit checks within 90 days of the end of the claim month, it should be paid. If the sponsor re-submits the claim and the claim still does not pass edit checks, the claim should be denied. Appeal rights must be given to the institution when the claim is denied. Under no circumstances does FNS recommend that SAs change any information on a claim for any reason.

Adult Day Care

14.  Q.  In several Management Evaluations (MEs), findings have indicated that the definition of family as it relates to adult participants in the CACFP has not been accurate. What is the correct definition to be used regarding adult participants and where should it be noted?

A.  Family may be defined in a state's policies, newsletters, etc., but most definitely, it is defined on an IEF. The definition as found in Part 226.2 states, “Family means ... in the case of adult participants, the adult participant, and if residing with the adult participant, the spouse and dependent(s) of the adult participant.

15.  Q.  Continuing what was stated in question #14, what about an adult participant who lives with his or her children?

A.  The preamble of the December 28, 1988, Adult Day Care Interim Regulation (53 FR 52586), specifically states “…in the case of an adult participant who is residing with and being cared for by his or her children, the income of the children would not be counted when determining free or reduced price meal eligibility...” This section of the preamble discusses how the definition of household or family applies to only adult participants and limits the income to be counted to only that earned by the adult participant and his or her spouse and any dependents. The term dependent means “…an individual or individuals who are economically dependent on the adult participant.”

16.  Q.  Continuing what was started above, what about an adult participant who lives with his or her parents?
A. CACFP-125 dated March 1989 allows a functionally impaired adult living with his/her parents to be considered a “family” separate from his/her parents for the purpose of determining family size and income.