Subject: Child Care Food Program (CCFP) Adult Day Care Provisions - Non-CCFP Audit Requirements

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

This memorandum responds to questions on non-CCFP audit requirements for adult day care centers. Discussions with the Department of Health and Human Service's (DHSS) Administration on Aging (AOA) and Health Care Financing Administration (HCFA) revealed the following information on DHHS audit requirements for adult day care centers receiving funds under Title III of the Older Americans Act and Title XIX of the Social Security Act.

Title III

Programs receiving Title III funds are required to perform audits in accordance with OMB Circular A-128, Audits of State and Local Government, which requires an organization-wide audit of State or local governments that receive $100,000 or more a year in Federal funds. State or local governments that receive between $25,000 and $100,000 a year may either have an audit in accordance with A-128 or Federal laws and regulations governing the participating program. AOA has not issued regulations establishing audit requirements different from those in A-128. Institutions of higher education and other nonprofit organizations which receive Title III funds are required to conduct audits in accordance with OMB Circular A-110.

Title XIX

Funds provided under Title XIX of the Social Security Act (Medicaid) are distributed directly to States. States receiving Medicaid funds are subject to the audit requirements of OMB Circular A-128. There is no alternative audit system for entities receiving between $25,000 and $100,000 because all participating States receive more than $100,000. Within a State, a Medicaid State Agency administers public and private