

Independent Centers, At Risk Afterschool Centers, Head Start Centers: Budgeting Process in CACFP



Child and Adult Care Food Program (CACFP) Summit
Idaho State Department of Education
Child Nutrition Programs
August 21-22, 2014
Boise, ID
Kim Huntley



Welcome to this session on the Budgeting Process in the Child and Adult Care Food Program.

My name is (introduce yourself).

[Set up a Post It poster sheet with a parking lot for any questions that may come up that the trainer does not know the answer. Collect all attendees passports, stamp and return before end of session. Pass out both 796-2 rev. 4 and Budget/management plan manuals.]

Topics

- SDE Budgeting Process for CACFP
- Allowable and Unallowable Costs
- Unallowable vs Unapproved Costs
- Record Keeping Requirements



During this session we will take a look at the SDE budgeting process for CACFP, allowable and unallowable costs, unallowable vs unapproved costs and finally the budget record keeping requirements.

Budget Process in CACFP

Independent Centers CACFP Fiscal Year 2015 Budget
 Note: Only gray cells are unlocked. Adjust zoom level in Excel as necessary.

Organization Name: _____
 Agreement Number: _____
 Date: _____
 Telephone Number: _____

After completing the Child and Adult Care Food Program (CACFP) budget independent centers should list all CACFP related expenses and estimated reimbursement amounts for the upcoming fiscal year. There is a general understanding that the federal reimbursement may not be sufficient to cover all CACFP program expenses, but the exercise of completing a budget also demonstrates the center's ability to identify and categorize the costs associated with operating CACFP. The center's ability to identify adequate funds to cover the CACFP costs that exceed the reimbursement also demonstrates the center's financial stability.

If the institution does not intend to use non-CACFP funds to support any required CACFP functions, the institution's budget must identify a source of non-Program funds that could be used to pay overhead or other unavoidable costs (See page 2 Section A-2). If the institution intends to use any non-Program resources to meet CACFP requirements, these non-Program funds should be accounted for in the institution's budget and the institution's budget must identify a source of non-Program funds that could be used to pay overhead or other unavoidable costs (See page 2 Section A-2).

Receipts can be recorded over the course of the year's accounting period, or into a CACFP reimbursement amount. All events must be allowable as described in the FNS 796.2, 304. A restriction located on the State SDE CFP website: Costs of Federal Reimbursement: Costs in the receiving institution's budget must be allowable under the account designated by IS26A32CH46K431.

For a copy of FNS 796-Rev. 4 and CACFP Budgeting for Institutions: Data and Budgeting Requirements for Centers: <http://www.fns.gov/ohs/ohswebcenter/ohswebcenter.asp>

CACFP REIMBURSEMENT REQUEST

Submitting CACFP FY 2015 Reimbursement Amount. Since the revised budget information must be submitted prior to the close of the current Federal Fiscal Year (FFY) enter your total CACFP reimbursement received for the State Fiscal Year Period (SFY) July 1 - June 30 (or most recent 12 months available on Line 1 in the box below titled "Calculating Maximum Allowed CACFP Reimbursement Based on Budgeted Amount". Institutions can use either Option A, which allows for an increase in estimated reimbursements or Option B to reduce the estimated amount. Institutions can also use Option A and then the Percent Anticipated Growth (line 2) "Yes" to keep the SFY CACFP reimbursement the same as the amount entered on Line 1.

Option A - Prior Year SFY 1 (July 1 - June 30) Reimbursement Claims plus a percentage growth factor. Option A allows for any USDA CACFP reimbursement increase and/or for a growth percentage. An institution may increase the estimated period reimbursement by up to an additional 10% (Applicable. Institutions using Option A needs to provide written justification for the percentage growth in the state provided in this file or worksheet titled "Budget Justification Narrative" Item 1).

Option A - Prior Year SFY 1 (July 1 - June 30) Reimbursement Claims with no growth. Option A also allows for a no growth percentage. Leave the Percent Anticipated Growth (line 2) "Yes" to keep the SFY CACFP reimbursement the same as the amount entered on Line 1.

Option B - Reduction in Estimated CACFP Reimbursement Claims. Option B also includes to base their non-FFY program budget on a lower CACFP reimbursement amount (see the economy or other factors warrant). Enter the amount of a non-estimated CACFP reimbursement amount on line 4.

Depending on which Option selected enter either the amount on line 2 or the amount on line 4 in the Revenue Box below on the line titled "CACFP Reimbursement Estimated" Section A.1.

Calculating Maximum Allowed CACFP Reimbursement Portion of Budgeted Amount	FFY 15 Annual Total	FFY 16 Budget (USD USD)	% Increase Decrease
Line 1: CACFP Program Reimbursement Received from SFY July 1 - June 30		6,000	
Line 2: SFY Reimbursement plus anticipated growth			
Line 2: Percent Anticipated Growth			0.00%
Line 3: Base Budget CACFP Reimbursement on SFY claims plus growth factor			
Option B: Lower Estimated Reimbursement Budget			
Line 4: CACFP Budget CACFP Reimbursement on base SFY claims amount			1.00%

SDE Budgeting Process for CACFP

Step 1: SDE distributes the Next Fiscal Year (FY) budget workbook in April to the Program contact.

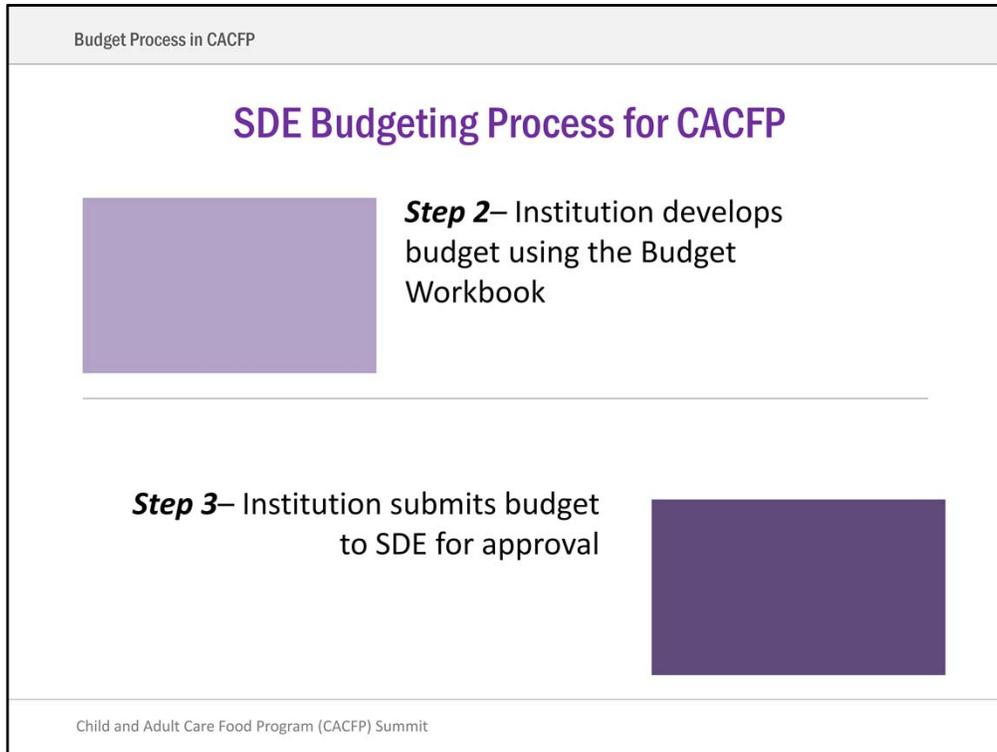
Note: CACFP Fiscal Year is from October 1 – September 30.

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Let's get started! Since 2010 when SDE implemented the new budget workbook and in 2012 when we transferred from CNP2000 to MyIdahoCNP application and claiming system the budgeting process has changed and this training will cover all current steps in the process.

The first step in the process begins in April of each year. SDE will distribute the next fiscal year (FY) budget workbook to all program contacts and executive director in the first week of April. The workbook is sent through SDE broad cast email system which limits who the workbook may be sent to in each Institution. It is important if the Program Contact or Executive Director are not the individual in your Institution to complete the work book, to forward the workbook to the correct individual.

CACFP program year begins October 1 and runs through September 30. The budget process begins early so Institutions may plan ahead, complete the workbook and receive SDE approval before the program year begins.



The second step in the process is when the Institutions develop and complete the budget workbook. During this time, Institutions may contact SDE with any questions or Sponsoring Organizations of Centers or Homes may work with the SDE Financial Consultant to complete the budget workbook.

The third step is to submit the completed budget workbook to SDE. IC and SOC budgets are due June 1st each year and SODCH budgets are due August 1st each year. It is very important the budget is complete and sufficient detailed information is provided for each budget item to assure SDE may approve your budget. Example: If you are budgeting for new laptops it is important to include who in the organization will be receiving the laptop (employee name and percentage of time working in CACFP). If an employee only works 50% of their time in CACFP only 50% of the cost of the laptop may be allocated to CACFP in the budget.

SDE Budgeting Process for CACFP

Step 4: SDE returns approved budget workbook to Institution



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Step four is when SDE reviews the Institutions budget workbook and determines if it is complete and ready for approval. If additional information is needed SDE will contact the Institution for revisions or additional information before approving the budget. Once the budget workbook is approved it will be emailed to the Institution Program Contact or Executive Director. The file name will have in it "SA approved". This is very important since it will distinguish the file from the original budget workbook sent to SDE. The approved budget has the signed SPWA form.

SDE Budgeting Process for CACFP

Step 5 Institution enters approved budget in MyIdahoCNP application packet for the next fiscal year

Packet Assigned To: Kim Huntley

Action	Form Name	Latest Version	Status
View Revise	✔ Sponsor Application	Original	Approved
View Admin	✔ Civil Rights Information		Approved
Revise Details	✔ Board of Directors	Original	Approved
View Revise	✔ Sponsor Budget Detail	Rev. 1	Approved
View Revise	✔ Sponsor Management Plan	Rev. 1	Approved
Details	✔ Checklist (3)		
Details	Application Packet Notes		
View	Application Packet Notes for Sponsor		
Details	Attachment List		

	Approved	Pending	Return for Correction	Denied	Withdrawn/Closed	Error	Total Applications
Site Application(s)	1	0	0	0	0	0	1

In step five the Institution will enter their approved budget in the next fiscal year application packet in MyIdahoCNP in the Sponsor Budget Detail form as highlighted above in this slide. When you first enter the budget summary in the budget detail you will need to click on “add”. Once the summary is added, then the action column will show “view/revise”.

SDE Budgeting Process for CACFP

A. Anticipated Annual CACFP Revenue		
1. Number of sites anticipated for sponsorship	0	
2. Projected Total Annual Revenue	\$0.00	\$0.00
B. Projected Operating CACFP Expenditures		
1. Salary and Wages	\$0.00	\$0.00
2. Benefits	\$0.00	\$0.00
3. Travel Expenses	\$0.00	\$0.00
4. Meal Contribute (meal cost)	\$0.00	\$0.00
5. Mileage (meal transportation cost)	\$0.00	\$0.00
6. Non-Food Supplies	\$0.00	\$0.00
7. Food Service Quota/Supplies/Equipment/Repair	\$0.00	\$0.00
8. Purchased Services	\$0.00	\$0.00
9. Food Service Space	\$0.00	\$0.00
10. Reimbursement to Unaffiliated Centers	\$0.00	\$0.00
Total Operating Costs	\$0.00	\$0.00
C. Net Operating Amount		
1. Difference (A-B)	\$0.00	\$0.00
D. Projected Administrative CACFP Expenditures		
1. Salary and Wages	\$0.00	\$0.00
2. Benefits	\$0.00	\$0.00
3. Quota/Supplies under \$5,000	\$0.00	\$0.00
4. Office Materials/Operational Supplies	\$0.00	\$0.00
5. Equipment Purchases over \$5,000	\$0.00	\$0.00
6. Equipment Rental/Lease	\$0.00	\$0.00
7. Printing	\$0.00	\$0.00
8. Postage	\$0.00	\$0.00
9. Office Space/Rental/Lease/Depreciation/Use Allowance	\$0.00	\$0.00
10. Utilities/Facility Maintenance/General Services	\$0.00	\$0.00
11. Communications	\$0.00	\$0.00
12. Travel for Program Operations	\$0.00	\$0.00
13. Center Volunteer/Participant Training	\$0.00	\$0.00
14. Nutrition Education Materials	\$0.00	\$0.00
15. Meetings, Conferences and Staff Training	\$0.00	\$0.00
16. Contracted/Professional Services	\$0.00	\$0.00
17. Insurance/Premium/Bonding	\$0.00	\$0.00
18. Memberships/Subscriptions/Professional Activities	\$0.00	\$0.00
19. Other Administrative Expenses/Travel/Advertising	\$0.00	\$0.00
Total Direct Administrative Costs	\$0.00	\$0.00
20. Total Indirect Direct Costs (THDC)*	\$0.00	\$0.00
21. Total Indirect Costs	\$0.00	\$0.00
Total Direct Costs/THDC/Indirect Costs	\$0.00	\$0.00

Institution enters budget summary in MyIdahoCNP budget detail form and attaches approved budget workbook before saving

This is a snap shot of the form in the Sponsor Budget Detail. The summary of the budget workbook is the only information entered into this form. So refer to the summary section of your budget workbook to complete this step. Once the budget summary is completed, if your Institution had any items in the budget requiring Specific Prior Written Approval please check the appropriate box on the form, certify the information is true and correct and before saving the form attached your approved budget work book file in the form. This is done at the bottom of the form where forms may be attached. Once the “SA approved” budget work book file is attached save the Sponsor Budget Detail in MyIdahoCNP.

When your application packet is fully reviewed and updated the “Submit for Approval” button will light up in red so you may submit your packet for approval. SDE at this time may review and approve your packet. If SDE has any questions, SDE will contact you via email for any necessary changes before approving the packet. All packet must be approved by the start of the program year (October 1).

Note: For-Profits application packets are due August 15 and Nonprofits are due September 15 each year to SDE.

Budget Process in CACFP

SDE Budgeting Process for CACFP---- Quarterly Reports

Child and Adult Care Food Program



Applications | Claims | Compliance | Reports | Security | Search
Programs | Year | Help | Log Out

Applications >
Program Year: 2014 - 2015

Item	Description
Sponsor Manager	CACFP Sponsor's Profile, Site and Hold Information
Application Packet - Center	Center Application Packet
Application Packet - DCH	DCH Application Packet
Download Forms	Forms for Downloading - CACFP
ACQR - Centers	Center Actual Cost Quarterly Report
ACQR - DCH	DCH Actual Cost Quarterly Report
ACQR Summary - Centers	Displays a summary of ACQR report activity for Centers.
ACQR Summary - DCH	Displays a summary of ACQR report activity for Homes.

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At this point, your application packet is approved and when October 1 arrives you are ready to operate in CACFP for another program year.

During the months of October, November and December it is important to maintain all budget expense and revenue receipts and to track actual expenses/revenue monthly by each budget category (line item). This is very important so you can enter your actual expenses and revenue for the three months into the first Quarterly Report. To access the Quarterly reports, select Application in MyIdahoCNP and in the drop down menu select ACQR –Centers if you are an Independent Center or Sponsoring Organization of Centers or select ACQR-DCH is you are a Sponsoring Organization of Day Care Homes.

SDE Budgeting Process for CACFP

Step 7: Institution submits budget amendments to SDE
(as needed)



The final step in the budgeting process is to submit budget amendments to SDE as needed. When entering your actual expenses and revenue in the quarterly reports this is a good time to review your Institution's budget status. In the far right column in the quarterly report is the % of the budget that has been expended. If your Institution is in the second quarter (half way through your program operation) and the expenditure in Food and Milk is already at 95%, you will need to complete a budget amendment.

Institutions may **not** go over more than 10% per any line item expense. Any amount over 10% on any line item will be unallowable and must be paid with other program funds. It is important to submit an amended budget and receive approval before spending funds over the current approved Institutions budget.

To submit a budget amendment to SDE, use the Institutions "SA approved" budget workbook and make any necessary changes in the workbook. If you cannot find the "SA approved" workbook in your files you may access the most current approved budget in MyIdahoCNP Sponsor Budget Detail in the Institutions application packet.

Once the workbook is updated, submit the amended budget to SDE for approval. SDE will review and request and changes or ask any questions in order to approve the budget amendment. Once SDE approves the amended budget, SDE will update MyIdahoCNP Sponsor Budget Detail, attach the current approved amended budget workbook in the budget detail form and email the "SA approved" amended budget workbook to the Institution. At this point, when the Institution accesses the Quarterly reports they will

notice the percentage expended is updated.

Allowable Costs

Necessary and Reasonable

- Required to operate CACFP
- Cost reflects what a sensible or practical person would pay

- Legal under State and local laws
- Conform with Federal regulations
- Cost is consistently treated
- Adequate Documentation
- Allocable (shared expense)
- Prior or Specific Prior Approval

Now let's talk about allowable costs in CACFP. Costs must be Necessary, Reasonable and required to operate in CACFP. The cost should reflect what a sensible or practical person would pay. Example: If purchasing a car for monitors an Organization would not purchase a Lexus when an economical vehicle would be more reasonable.

Legal under State and Local Law

In order to be allowable, the cost must be authorized or at least not prohibited under Federal, State or local laws and regulations. Some State or local laws are more restrictive than Federal laws and regulations and may therefore prohibit certain costs.

EXAMPLE: Some States or local governments/organizations have lower small purchase thresholds than the current Federal small purchase threshold. An institution wishing to vend meals or procure other services must make sure it follows the State/local small purchase threshold if the State/local small purchase threshold is lower than Federal threshold.

Conform with Federal Regulations

The cost must conform to limits or exclusions, as set forth in FNS Instruction 796-2, Rev. 4 and Federal laws, or other governing regulations. If a cost is prohibited by the IRS, it cannot be allowed in CACFP.

EXAMPLE: Personal expenses are not deductible as business expenses under both the IRS rules and CACFP regulations. On the other hand, car expenses associated with conducting CACFP reviews are allowable business expenses under all Federal laws, and reimbursement is based on the actual mileage driven to conduct the reviews.

Consistent Treatment

The cost must be treated consistently through the application of U.S. GAAP principles. This means the same cost cannot be charged differently depending on the Program to which it is assigned [FNS Instruction 796-2, Rev. 4 (Section VII A 2)].

EXAMPLE: If an organization pays \$0.55 per mile for business travel for the staff that conducts non-CACFP travel, it cannot claim \$0.60 per mile for CACFP business travel.

All expenses and revenue must be documented and the Institution must maintain the documentation.

If expenses in the budget is allocable it must be allocated accurately and if prior or specific prior written approval is necessary it is approved by SDE before the Institution assumes the cost. Costs must be approved by SDE in the Institutions budget before the Institution may begin spending CACFP funds on the costs.

Unallowable Costs

- Costs that are not a reasonable expense specifically for the CACFP;
- Costs that are not necessary for the operation/administration of the CACFP;
- Costs that are not approved in the CACFP budget or a budget amendment;
- Costs that are not properly allocated between CACFP and other non-CACFP Programs;
- Less-than-arms-length transactions that are not properly disclosed and approved;

Unallowable Costs are:

- Costs that are not a reasonable expense specifically for the CACFP;
- Costs that are not necessary for the operation/administration of the CACFP;
- Costs that are not approved in the CACFP budget or a budget amendment;
- Costs that are not properly allocated between CACFP and other non-CACFP Programs;
- Less-than-arms-length transactions that are not properly disclosed and approved;

Unallowable Costs

- Alcoholic beverages;
- Paying bad debts;
- Entertainment – including amusement, diversion, and social activities, and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities);
- Lobbying;
- Contracting with the sponsoring organization’s employees, officers or board members; and
- Recruitment incentive payments to employees of a sponsoring organization of DCHs, either with Program or non-Program money [7 CFR 226.16(m)]. **Note:** Recruitment incentives are an unallowable activity, even with non-Program funds. However, employees can be paid or evaluated on the basis of recruitment activities accomplished.

Unallowable Costs include but are not limited to:

- Alcoholic beverages;
- Paying bad debts;
- Entertainment – including amusement, diversion, and social activities, and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities);
- Lobbying;
- Contracting with the sponsoring organization’s employees, officers or board members; and
- Recruitment incentive payments to employees of a sponsoring organization of DCHs, either with Program or non-Program money [7 CFR 226.16(m)]. **Note:** Recruitment incentives are an unallowable activity, even with non-Program funds. However, employees can be paid or evaluated on the basis of recruitment activities accomplished.

Unallowable Costs vs Unapproved Costs

If an Institution pays for a cost that was not included in the Institutions approved budget the cost is unapproved and therefore unallowable even though it might be an allowable expense if the Institution received prior approval.



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Unallowable Costs vs. Unapproved Costs

When SDE finds that CACFP funds have been used to pay for an unapproved cost, SDE must disallow the cost. Even if the expenditure would have been allowable had it received prior approval, the cost becomes an unallowable cost. SDE can either request that the funds be returned to SDE or off-set future payments; either of these actions is appealable through the Administrative Review process.

Record Keeping Requirements

All records to support the budget expenses and revenue must be maintained for three years plus the current program year in CACFP. This includes but is not limited to:

- Food and Supply receipts,
- Invoices, purchase orders, itemized cash receipts, delivery tickets
- Cost records for transportation (mileage records)
- Expenses related to vended meals
- Lease or rental invoices
- Training and Travel receipts
- Time sheets, time and attendance reports, payroll records

Here are the record keeping requirements for the Budget process in CACFP.

All records to support the budget expenses and revenue must be maintained for three years plus the current program year in CACFP. This includes but is not limited to:

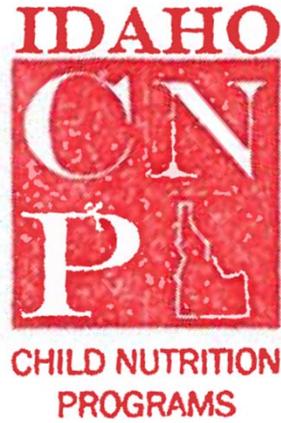
- Food and Supply receipts,
- Invoices, purchase orders, itemized cash receipts, delivery tickets
- Cost records for transportation (mileage records)
- Expenses related to vended meals
- Lease or rental invoices
- Training and Travel receipts
- Time sheets, time and attendance reports, payroll records

Wrap Up

Get your passport stamped
before you leave!

Remember to complete the
evaluation.

Thank you!



I hope you have found this session helpful. Please make sure I have stamped your passport before you leave this session. Remember to complete the evaluation.

Budget Process in CACFP

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