CACFP Financial Review Policy

To: Child and Adult Care Food Program (CACFP) Sponsors
From: Brigette Hires, Administrator, Office of Nutrition
Date: August 23, 2024, Revised November 2024, February 2026
Re: CACFP Financial Review Requirements Policy

Purpose

On August 23, 2023, the Food and Nutrition Service (FNS) published the Child Nutrition Program Integrity Final Rule and amended regulations at 7 CFR 226.7(b) and 7 CFR 226.10(c) to codify the requirement for an annual reconciliation of bank account activity and accounting of reported actual expenditures with Child and Adult Care Food Program (CACFP) payments. The State agency will implement these new requirements with sponsors at the beginning of the program year on October 1, 2024. In Ohio, the Ohio Department of Education and Workforce is the child nutrition state agency and is hereby known as the Department.

This memorandum provides a summary of the provisions of annual verification of bank account activity and actual expenditures provided in United States Department of Agriculture FNS memo CACFP 09-2024

Regulatory Authority

The amended regulations at 7 CFR 226.7(b) require the Department to expand the routine reviews of institutions' finances. Beginning with program year 2024-2025, the Department must:

(1) Annually conduct reviews of bank account activity for all CACFP sponsoring organizations. [7 CFR 226.7(b)(1)(i)]

(2) Annually review actual expenditures and meal reimbursement funds retained from centers for administrative costs for CACFP sponsor organizations of unaffiliated centers. [7 CFR 226.7(b)(1)(ii)]

(3) Monitor and review institutions' documentation of their nonprofit status. [7 CFR 226.7(b)(1)(iii)]

Provisions (1) and (2) above do not apply to independent centers. Regular oversight conducted by the Department of independent centers ensures financial viability for these institutions.

Provisions (1) though (3) above do not apply to school food authorities operating the CACFP and the National School Lunch Program (NSLP). The Department routinely performs reviews of nonprofit food service accounts in accordance with NSLP regulations that satisfy the requirements defined above.

Documentation Required

ANNUAL VERIFICATION OF BANK ACCOUNT ACTIVITY FOR CACFP SPONSORING ORGANIZATIONS

The Department will annually select and compare one month of a sponsoring organization's CACFP bank account activity with supporting documents to verify that the financial transactions meet Program requirements.

Acceptable source documents may include bank statements, itemized expense reports, canceled checks, electronic deductions and transfers, itemized receipts, dated invoices, and other financial records that substantiate cash or credit card transactions.

The Department will notify the Sponsoring Organization by email in advance of the deadline for submission of the financial documents. The email will instruct the Sponsoring Organization which month's documents to submit, the type of documents to be submitted, and how to submit the documents in the Claims Reimbursement and Reporting System (CRRS) and examples of acceptable documents.

In cases where unallowable costs are identified, the Department may expand the review to examine additional months of bank account activity. The findings may also require a full compliance review to include other elements of Program administration, including but not limited to, meal pattern compliance and facility monitoring. In addition, the sponsor may undergo a full financial viability analysis to ensure the organization's capacity to maintain Program operations in accordance with regulatory requirements. Please refer to the Financial Viability Policy for more information.

Institutions must exhibit appropriate tracking and separation of funds. Although separate bank accounts for Child Nutrition Program-related transactions and personal or non-Child Nutrition Program transactions are not required, sponsoring organizations must demonstrate the maintenance of nonprofit food service records.

ANNUAL REVIEW OF ACTUAL EXPENDITURES FOR CACFP SPONSORING ORGANIZATIONS OF UNAFFILIATED CENTERS

The Department will annually review reported CACFP expenditures for sponsoring organizations of unaffiliated centers. An unaffiliated center is legally distinct from the sponsoring organization.

The Department must confirm funds are fully accounted for by comparing reported expenditures with Program payments. Comparing and matching financial records related to actual expenditures of sponsoring organizations of unaffiliated centers ensures the Program funds are being spent on allowable cost categories approved in the budget. This monitoring activity will also check that sponsoring organizations are adhering to the regulatory requirements at 7 CFR 226.16(b)(1), which requires that the portion of the administrative costs to be charged to the Program may not exceed 15 percent of the meal reimbursements estimated or earned during the budget year.

Sponsoring organizations of unaffiliated centers must make available to the Department an annual expense report that:

(1) Details actual expenditures of Program funds and the amount of meal reimbursement fund retained from centers, if any, for administrative costs for the year to which the claims apply; and

(2) Uses the same cost categories as the approved annual budget submitted by the sponsoring organization.

The Department will send an email to the Sponsoring Organization on the first business day of the month to inform them which month of documentation is being requested for review, the submission due date which will be 5 business days later and how to submit their documents in the Claims Reimbursement and Reporting System (CRRS). The chart below documents the schedule for the financial reviews. Late submissions could result in the Department determining the Sponsoring Organization is seriously deficient in the operation of the Child and Adult Care Food Program.

Annual Dates of Review		
Financial Review Month	**Documentation Month**	**Submission Due Date**
January	October	January 9th
February	November	February 10th
March	December	March 10th
April	January	April 8th
May	February	May 8th
June	March	June 9th
July	April	July 8th
August	May	August 8th
September	June	September 8th
October	July	October 8th
November	August	November 10th
December	September	December 8th

MONITORING DOCUMENTATION OF NONPROFIT STATUS FOR ALL INSTITUTIONS

The Department must review institutions' documentation of nonprofit status to ensure that all Program reimbursement funds are used solely for food service operations, primarily for the benefit of children or adult participants.

This activity will be conducted as a part of the routine compliance review.

Contact
For any questions or clarification, please reach out to your Education Program Specialist (EPS) for support. Your EPS is here to assist and guide you through all program-related matters.

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