



Food and
Nutrition
Service

Park Office
Center

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DATE: February 22, 2016

MEMO CODE: CACFP 07-2016

SUBJECT: Fiscal Year (FY) 2016 Reallocation of Child and Adult Care Food Program (CACFP) Audit Funds

TO: Regional Directors
Special Nutrition Programs
All Regions

State Directors
Child and Adult Care Food Programs
All States

This memorandum provides information needed to conduct the fiscal year (FY) 2016 reallocation of CACFP Audit funds. Reallocation is the process by which State agencies can request additional CACFP Audit funds above their initial authorized funding level. The availability of CACFP Audit funds for reallocation in future years cannot be guaranteed. State agencies that request funds should focus their need for resources on audit activities that are critical to CACFP.

The following are **key requirements** related to the reallocation of CACFP Audit funds.

1. Requests must be for allowable uses of CACFP Audit funds, including:
 - a. Funding the CACFP portion of organization-wide audits and the resulting CACFP audit resolution activities;
 - b. Conducting, handling, and processing CACFP-related audits and performing the resulting audit resolution activities; and
 - c. Conducting administrative reviews of CACFP, provided that all required program-specific audits have been performed.
2. Allowable costs include, but are not limited to: salaries; the purchase of equipment; information technology and systems projects (see Attachment A, *Guidance for ITS Procurements*); technical assistance to CACFP organizations and State agency staff; and travel expenses. However, to be funded, such costs must be incurred strictly to meet the audit requirements of 7 CFR 226.8, and subsequent to the completion of the administrative review requirements of 7 CFR 226.6.
3. State agency requests must be submitted to FNS Regional offices by **March 28, 2016**. Requests must include a justification for funds that describes what activity will be performed and why the activity is needed. It is critical this year that all Regional offices complete and submit Attachment B, *Fiscal Year (FY) 2016 CACFP Audit Reallocation Request*.

4. The reallocated CACFP Audit funds must be obligated by **September 30, 2017** and expended by **December 15, 2017**.
5. The amount of State Administrative Expense (SAE) funds that a State agency anticipates carrying over into FY 2016, as indicated on the *SAE Funds Reallocation Report* (FNS-525), will be a factor in approval of reallocated audit funds. A State agency that does not anticipate having SAE carryover funds will have higher priority to receive reallocated CACFP Audit funds.
6. Effective use of reallocated funds received by a State agency in previous fiscal years will be considered if funds become available for reallocation in future years.
7. State agencies that receive reallocated CACFP Audit funds must report on the use of funds on the *Federal Financial Report* (SF-425). SF-425s are due no later than 90 days after the end of the report period.
8. **Reporting Procedures for SF-425:** To facilitate a more efficient tracking process and increase reporting integrity, the SF-425 for reallocated CACFP Audit funds was incorporated into the Food Program Reporting System (FPRS) in FY 2014.

State agencies are required to submit an Annual and a Final SF-425 for these funds in FPRS (see Attachment C. *Reporting Instructions* for more information).

The following are the roles and responsibilities of FNS Regional and National offices.

Regional Offices

- Review the State agency's justification for funds which includes a description of what activity will be performed and why the activity is needed.
- Recommend for approval only requests meeting the above guidelines.
- Rank each State agency's request which is recommended for approval from high to low priority, based on the Regional office's perceived needs of State agencies and discussions with each State agency. A discussion of the reasons for each ranking must be included along with the Regional office's recommendation.

National Office

- Review all reallocation requests recommended for approval.
- Make final funding determinations based on the availability of funds and the merits of the individual requests.
- Prioritize the requests based on Regional office recommendations if the requests exceed the amount of funds available.
- Issue allowances to Regional offices with reallocation adjustments.

By **April 18, 2016**, Regional offices must submit to National office:

- 1) All reallocation requests recommended for approval;**
- 2) Supporting justifications, Attachment B; and**
- 3) A ranking of each State agency's request, high priority to low priority**

Requests must be submitted by Monday, April 18th to allow time for requests to be reviewed and prioritized so that the National office can fund the requests in May 2016. Due to the time limitations for reallocating CACFP Audit funds, if requests are not received by this date, they may not be considered.

Regional offices should send all funding requests via e-mail to the CN State Systems mailbox at cnstatesystems@fns.usda.gov. Please be sure the subject line contains **"FY 2016 CACFP Audit Reallocation – [add region and State(s) name]."**

The following table provides some key dates for CACFP Audit fund reallocation:

March 28, 2016	State agencies submit requests to FNS Regional office
April 18, 2016	Regional offices submit to National office all State agency proposals and Attachment Bs
May 2016	National office notifies Regional offices of results
September 30, 2017	Reallocated funds must be fully obligated
December 15, 2017	Reallocated funds must be fully expended
December 29, 2016	State agencies submit Annual SF-425 in FPRS
December 29, 2017	State agencies submit Final SF-425 in FPRS

State agencies with questions should contact the appropriate FNS Regional office.

Original Signed

for Sarah E. Smith-Holmes
Director
Program Monitoring and Operational Support Division
Child Nutrition Programs

Attachments