



United States
Department of
Agriculture

Food and
Nutrition
Service

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DATE: March 21, 2013

MEMO CODE: CACFP 08 - 2013

SUBJECT: Guidance on 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 the information needed to conduct the fiscal year (FY) 2013 reallocation of CACFP audit funds. Reallocation is the process by which State agencies (SA) 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. SA's that request funds should focus their need for resources on audit activities that are critical to CACFP.

The following are the **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 projects (please see attached *Guidelines for IT Procurements*), technical assistance to CACFP organizations and SA staff and travel expenses; provided that such costs are incurred strictly to meet the audit requirements of §226.8 and, subsequent to the completion of the administrative review requirements of §226.6.
3. SA requests must be submitted to Regional Offices (ROs) by **Friday, April 5, 2013**. 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 ROs complete and submit Attachment A, *Fiscal Year (FY) 2013 CACFP Audit Reallocation Request*. For IT system requests, please review the attached guidelines (Attachment B – *Guidelines for IT Procurements*).

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The contents of this guidance document do not have the force and effect of law and are not meant to bind the public in any way. This document is intended only to provide clarity to the public regarding existing requirements under the law or agency policies.

4. The reallocated funds must be obligated by **September 30, 2014** and expended by **December 15, 2014**.
5. The amount of State Administrative Expense (SAE) funds that a SA anticipates carrying over into FY 2013, as indicated on the *SAE Funds Reallocation Report* (FNS-525), will be a factor in approval of reallocated audit funds. A SA that does not anticipate having SAE carryover funds will have higher priority to receive reallocated audit funds.
6. Effective use of the reallocated audit funds received by a SA in previous fiscal years will be considered if funds become available for reallocation in future years.
7. SAs that receive reallocated CACFP audit funds must report on the use of funds on the *Federal Financial Report* (SF-425). SAs must submit an SF-425 report to the Financial Management Director in the Regional Office no later than 90 days after the end of each FY.

The following are the roles and responsibilities of the RO and Headquarters.

Regional Offices

- Review the SA'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 SA's request recommended for approval from high to low priority based on the RO's perceived needs of SAs and discussions with each SA. A discussion of the reasons for each ranking must be included along with the RO's recommendation.

Headquarters

- 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 RO recommendations if the requests exceed the amount of funds available.
- Issue allowances to ROs with reallocation adjustments.

By **Friday, April 26, 2013**, ROs must submit to Headquarters:

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

Requests must be submitted by Friday, April 26 to allow time for requests to be reviewed and prioritized so that Headquarters can fund the requests in May/June 2013. Due to the time limitations for reallocating CACFP audit funds, if requests are not received by this date, they may not be considered.

Send request via e-mail or hard copy to Margaret Applebaum at margaret.applebaum@usda.fns.gov with a cc to Ann McMahon at ann.mcmahon@fns.usda.gov.

The following table provides some key Audit Reallocation dates:

Key Dates

April 5, 2013	SAs submit requests to RO
April 26, 2013	ROs submit to FNS HQ all SA proposals and Attachment A
Late May/early June 2013	FNS HQ notifies ROs of results
September 30, 2014	Reallocated funds must be fully obligated
December 15, 2014	Reallocated funds must be fully expended

SAs should contact their RO with any questions.

Original Signed

Melissa A. Rothstein
Acting Director
Child Nutrition Division

Attachments

FISCAL YEAR 2013 CACFP AUDIT REALLOCATION REQUEST

State Agency: _____

Total amount requested by SA: \$ _____

Ranking provided by RO: _____

Amount of funds denied by RO: \$ _____

Do you have any unspent FY 12 CACFP Audit Funds? If so, please list amount \$ _____

Prior years' receipt of Audit Reallocation funds, including all IT projects		
Fiscal Year	\$ Amount Approved	Approved item(s): (bulleted form)
FY 08		
FY 09		
FY 10		
FY 11		
FY 12		

Itemization:

Please provide an itemized list of the SA requests:

- 1)
- 2)
- 3)
- 4)
- 5)

Supporting justification for each item listed:

RO recommendation for each item requested:

Guidelines for IT Procurements

The purpose of this guidance is to enable State agencies (SA) to determine their information systems (IS) needs and manage these costly projects effectively and efficiently. It is important to be familiar with the legislation, regulations, and policies that pertain to each Food Nutrition Service program before submitting requests for funding. This basic guidance is intended to serve as a base line for those SA and FNS staff that must prepare, review, and/or approve plans for the development and acquisition of State IS that support the National School Lunch (NSLP), Child and Adult Care Food Program (CACFP), Summer Food Service Program (SFSP) and the School Breakfast Program (SBP). Information technology is forever evolving, and so is the terminology used to describe the technology. For purposes of this guidance, the following terms are used interchangeably: information systems, management information systems, and automated data processing.

FNS has identified several recurring issues associated with the approval process, such as missed requirements or the need for multiple document clarifications, which may delay the approval process. Examples of some recurring issues include the following:

- Insufficient understanding of the impact and resources involved in the anticipated data conversion strategy and schedule.
- Incomplete cost allocation methodology that excludes State-only cases or all participating Federal programs.
- Inadequate descriptions of the methodology, costs, and assignment of responsibilities for system maintenance and operations.
- Insufficient funding for user training and user support functions.
- Exclusion of State staff costs as part of the project's budget.
- Inadequate time in the project schedule to assess the full impact on business processes, change business rules where necessary, and prepare staff for the transition.
- Lack of familiarity with the dollar thresholds requiring FNS approval.
- Underestimation of the strain of new IS development on the entire organization.
- Not involving State IT and procurement staff throughout the project. State program staff may be unaware of State standards, current procurements and contracts, and even conflicts with existing development efforts.
- Lack of current technical knowledge and expertise within the SA to write or review documents such as requests for proposals (RFP), contracts, system design, and functional requirements, which can render a State vulnerable to the contractors' idea of what would be best—and have costly consequences.

FNS Staff is available to answer questions and provide technical assistance to any SA that requests assistance in their Information System planning process, such as the following:

- Providing guidance in developing request documents.
- Providing most up-to-date policy, procedures, and requirements.
- Reviewing hardware/software requests with focus on costs and compatibility with existing system.
- Clarifying technical terms found in documents.
- Providing current information on technology products.
- Interfacing with other Federal agencies.
- Responding to official requests regarding the SAE and CACFP Audit fund formulation process or SAE/CACFP Audit Fund reallocation requests (e.g., Freedom of Information Act (FOIA), General Accounting Office (GAO)).
- Providing information on conferences and/or training opportunities.
- Conducting meetings and/or conference calls to discuss items of concern to one or more States.

Regardless of which System Development Life Cycle (SDLC) phase a SA may be in, all CN State agencies should follow the same process when requesting reallocated funds to procure software, hardware, and contractual services for information technology (IT) purposes and are responsible for ensuring the allowable and effective use of these funds.