



Food and
Nutrition
Service

Park Office
Center

3101 Park
Center Drive
Alexandria
VA 22302

DATE: April 12, 2017

MEMO CODE: CACFP 11-2017

SUBJECT: Request for Additional FY 2017 CACFP Audit Funds

TO: Regional Directors
Special Nutrition Programs
All Regions

State Directors
Child Nutrition Programs
All States

This memorandum provides further clarification of the procedures for State agencies requesting additional fiscal year (FY) 2017 Child and Adult Care Food Program (CACFP) Audit funding. As discussed in memorandum CACFP 10-2016 issued on May 9, 2016, Section 335 of the Healthy, Hunger-Free Kids Act of 2010 amended Section 17(i) of the National School Lunch Act to allow USDA to increase funding from 1.5 percent to a total of up to 2 percent of the funds used by each State agency in the Program. The request for additional funds replaces the previous CACFP Audit funding reallocation procedure.

As a reminder, allowable uses of CACFP audit funds include: funding the CACFP portion of organization-wide audits and the resulting CACFP audit resolution activities, conducting, handling and processing CACFP-related audits and performing the resulting audit resolution activities, and conducting administrative reviews of CACFP. In addition, allowable costs include, but are not limited to: salaries, the purchase of equipment, information technology and systems projects (please 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 §226.8 and, subsequent to the completion of the administrative review requirements of §226.6.

On September 21, 2016, the Food and Nutrition Service (FNS) Regional offices were provided with State agency funding levels at the established 1.5 percent and the maximum of 2 percent for each eligible State agency in their respective Region.

Further, notice was provided at that time that State agencies had the opportunity to request up to the maximum of 2 percent at the beginning of FY 2017 and again at the end of the 2nd quarter of FY 2017. This memo serves as the second opportunity for State agencies to request additional CACFP audit funding. State agencies may not

exceed a *cumulative* amount of 2 percent of the funds available for their use in any fiscal year.

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Request Procedures:

- **By Friday, May 5, 2017** State agencies that recognize an existing need for additional funds to meet the Program requirements under 7 CFR 226.8 and 7 CFR 226.6 should send their funding level request to their respective FNS Regional offices.
- **No additional information is needed** from the State agency requesting additional funds. This was changed from the procedures outlined in memo CACFP 10-2016 to alleviate unnecessary burden.
- **By Friday, May 12, 2017** FNS Regional offices should send all State agency funding requests to the FNS National Office at cnstatesystems@fns.usda.gov. Please be sure the subject line contains “FY 2017 CACFP Audit Funds Request – [add Region and State(s) name].”
- **Reporting requirements have not changed.** State agencies must continue to report on the use of the CACFP Audit Funds on a quarterly basis on the FNS-777 *Financial Status Report* in the Food Program Reporting System (FPRS).
- **State agencies that have made previous requests** for additional CACFP Audit funds, may request additional funds as long as the total requested does not exceed 0.5 percent.
- **State agencies will not receive more than 0.5 percent** additional CACFP Audit funds regardless of previously submitted requests.
- **Additional funding will be added** to the FY 2017 CACFP Audit fund allocation for the State agencies requesting these funds as soon as all requests are processed.

FNS Regional offices will be notified of the additional funds allocated to State agencies by the FNS National office and State agencies will receive notice of their funding increases by their respective Regional offices.

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This is the final opportunity for State agencies to submit a request for additional FY 2017 funding. State agencies with questions should contact their respective FNS Regional office. Regional office questions should be sent to Jessica Saracino at jessica.saracino@fns.usda.gov.

A handwritten signature in blue ink, appearing to read "Sarah E. Smith-Holmes". The signature is fluid and cursive, with the first name "Sarah" being the most prominent.

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