



Georgia Department of Early Care and Learning

BRIGHT FROM THE START: Georgia Department of Early Care and Learning

Nutrition Services

POLICY	No.: CACFP/04-30	Effective Date:	1/1/2004
		Revised:	2/1/2005
		Revision Effective:	2/1/2005

SUBJECT: Performance Standards for Institutions Applying to be or Participating as Administrative Sponsors and/or Day Care Home Sponsors in the Child and Adult Care Food Program

LEGAL AUTHORITY: O.C.G.A. § 20-1A-5; O.C.G.A § 50-20-2; 7 C.F.R. § 226.6 (b) (18)

Cross Reference/See Also:

I. PURPOSE

The purpose of this policy is to outline the performance standard requirements for institutions that are applying to or participating in the Child and Adult Care Food Program (CACFP) as administrative sponsors and/or day care home sponsors.

II. APPLIES TO

This policy applies to all institutions applying to or participating in the CACFP as administrative sponsors and/or day care home sponsors.

III. DEFINITION(S)

"Institution" means a sponsoring organization, child care center, outside-school-hours care center, emergency shelter, or adult day care center which enters into an agreement with OSR to assume financial responsibility for Program operations. (7 C.F.R. 226.2) It also includes homeless shelters and "at-risk" after school care programs.

"Non-profit organization" means any corporation, trust, association, cooperative, or other organization that is operated primarily for scientific, educational, service, charitable, or similar purposes in the public interest; is not organized primarily for-profit; and uses its net proceeds to maintain, improve, or expand its operations. (O.C.G.A § 50-20-2)

"Sponsor" or "Sponsoring organization" means a public or private nonprofit organization that is

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responsible for administering the food program for one or more day care home(s) or more than one day care center.(7 C.F.R. § 226.2)

IV. POLICY

The United States Department of Agriculture (USDA) issued an interim rule on June 27, 2002. Through this rule, several legislative reforms were implemented in an effort to increase Program integrity. Federal regulations require Bright from the Start: Georgia Department of Early Care and Learning (DECAL) to assess the viability, capability, and accountability of all institutions applying to and/or participating in the CACFP as independent centers, administrative sponsors, and/or day care home sponsors to determine their ability to administer the Program properly, efficiently, and effectively. The sponsoring organization's role is to monitor sponsored centers and providers for compliance with Program rules, to maintain Program records and to compile and submit the monthly claim for reimbursement on behalf of the sponsored centers and providers, and to provide nutrition training and education. Sponsoring organizations are also responsible for ensuring that all meals served and claims submitted are compliant with all USDA regulations and State guidelines. For this reason, USDA has placed an even greater emphasis on institutions participating in the CACFP having internal controls and management systems in place to ensure accountability. In order to improve management in the CACFP, it is critical that an institution be required to demonstrate in its Program application that it is capable of administering the Program in accordance with Federal regulations. Federal regulations require an institution applying to or participating in the CACFP to submit documentation to DECAL sufficient to demonstrate that it is financially viable and administratively capable of operating the Program in accordance with federal regulations, and has internal controls in place to ensure Program accountability. In accordance with federal regulations, DECAL will only approve the applications of those institutions that in addition to meeting the minimum requirements listed below, can show documentation that they meet these performance standards and must deny the applications of those institutions that do not meet these standards.

MINIMUM REQUIREMENTS

Institutions applying to become CACFP administrative sponsors and/or day care home sponsors must ensure that their organization meets the following basic requirements prior to applying for participation. At a minimum, the institution must demonstrate the following:

1. That the institution and/or any of its principals are not in seriously deficient status in the CACFP and are not on the National Disqualified List;
2. That the institution and/or any of its principals have not been convicted for any activity that occurred during the past seven years that indicates a lack of business integrity (See 7 C.F.R. 226.6

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§ (c)(3);

3. That the institution operates for public rather than private benefit by having non-profit status under the appropriate federal and state regulations and submitting verification such as a 501(c) 3 letter and supporting tax records;

4. That the institution operates under the guidance of a Board of Directors that provides oversight of the institution's policies, operations, programs, and budget to ensure accountability. Copies of all board meeting minutes, the institution's budget for the last fiscal year and any other related funding sources must be submitted to DECAL to clearly demonstrate the institution's corporate and fiscal integrity;

5. The institutions and/or any of its principals have not been disqualified from participating in any other publicly funded program for violating that program's requirements.

In addition to meeting all of the Minimum Requirements listed above, all institutions applying to be and/or participating as CACFP sponsors must meet the performance standard requirements to demonstrate that they are and can continue to be financially viable, administratively capable, and accountable for all CACFP operations.

PERFORMANCE STANDARD 1

FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT

The institution must have established administrative and financial management controls. The institution must maintain a financial management and record keeping system that ensures fiscal integrity and accountability for all funds and property received, held, and disbursed and ensures that property is protected and used solely for authorized purposes. The institution must demonstrate that it has sufficient, well-trained staff to operate a financial management system and that it has adequate oversight by a board of directors that is accountable in its direction. The institution must adhere to federal and applicable state financial management standards. The institution must be able to demonstrate that they properly expend and account for funds in accordance with all federal, state, and local regulatory requirements and that they consistently utilize sound financial management principles. The institution must have implemented written operation policies and procedures for financial management that accurately reflect regulations, and federal, state, and local policies.

Description of Need/Recruitment

An institution applying to become a CACFP sponsor must clearly demonstrate that its participation will help ensure the delivery of Program benefits to otherwise unserved facilities or participants. All institutions applying to become CACFP sponsors must demonstrate that they

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will use appropriate recruiting practices for recruiting facilities. The description of need and recruitment plan must include:

1. Copy of the institution's recruitment policies and procedures.
2. Description of proposed geographic area of service.
3. Listing of potential homes and/or centers that are not currently participating in the CACFP. This listing must include the legal name all potential providers and centers and the legal name of the program contact in the potential centers.
4. Licensing information for all potential homes and/or centers.

Fiscal Resources and Financial History

All institutions applying to become CACFP sponsors must have a financial system and management controls already implemented and in place to ensure fiscal accountability. These institutions must demonstrate that they have adequate financial resources to operate the CACFP on a daily basis, have adequate resources to withstand temporary interruptions in Program payments and/or fiscal claims against the institution and can document their financial viability through audits, financial statements, etc. All institutions applying to become CACFP sponsors must demonstrate that they have adequate payment procedures and financial controls for processing facility payments so that claims will be processed accurately and in a timely manner. In order to demonstrate financial viability, the institution must provide DECAL with:

1. A description of all organizational activities that are not related to the CACFP.
2. The total revenue and resources broken out by source, frequency, type (earned income, grants, donations), function or purpose, and amount. Information should also indicate how long this revenue and/or resource has been available to the institution, whether the level, function or nature of the funding is expected to change in the coming fiscal year and if so, what impact will it have. There are costs associated with the operation and establishment of a business and/or nonprofit agency which, while required by state corporation laws, are not allowable costs under the CACFP. Please note that if the institution is solely administering the CACFP, you must provide verification that the institution has other sources of funding to pay for the preparation of IRS paperwork for corporations, state corporate reporting requirements and the cost of conducting state mandated board meetings. (If an institution has no available revenue and/or resources besides the CACFP, it cannot cover these costs and will not be viewed as financially viable and therefore will not be allowed to participate in the CACFP as a sponsor.)
3. A listing of all other resources available to the institution (fixed assets such as office space, desks, office equipment, etc., human resources, professional services, consultants, a board of directors, etc.)

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4. A description of the institution's plan for repayment of fiscal overclaims, should they occur.
5. A copy of the institution's most recent independent audit or audited financial statement as prepared by a certified accountant.

PERFORMANCE STANDARD 2

ADMINISTRATIVE CAPABILITY

Institutions applying to be CACFP sponsors must also be administratively capable. Appropriate and effective management practices must be in effect to ensure that the Program operates in accordance with federal regulations. To ensure administrative capability, institutions applying to or participating in the CACFP as sponsors, must document that they meet the following criteria:

1. Institution must have an adequate number and type of qualified staff to ensure the successful operation of the Program in accordance with federal regulations.
2. Institution must employ sufficient staff to meet the ratio of monitors to facilities set forth in Section 226.16 (b) (1) of the federal regulations.
3. The institution must have Program policies and procedures in writing that assign Program responsibilities and duties and ensure compliance with civil rights requirements.
4. The institution must have an outside employment policy that ensures that the outside employment of any of its employees will not interfere with the performance of the employee's duties, including CACFP-related duties and is performed outside of the employee's approved work schedule. Employees must be required to request approval from the institution to have outside employment if it presents a real or perceived conflict of interest.

In order to demonstrate the requirements listed above, the institution applying to be a CACFP sponsor must provide DECAL with:

1. An organizational chart.
2. Organizational mission statement and bylaws.
3. Written job descriptions on the full-time and part-time employees and information on the contract employees assigned to perform CACFP duties. A description of qualifications for all CACFP positions and their prospective salary ranges as well as resumes of individuals employed by the institution who will be performing CACFP duties is required.

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4. CACFP staff training plan.
5. Copy of the staff performance appraisal procedures.
6. Projected staffing patterns based on the number of projected centers and/or day care homes to be sponsored during the year.
7. Copy of the institution's outside employment policy.

PERFORMANCE STANDARD 3

PROGRAM ACCOUNTABILITY

Institutions must have internal controls and other management systems in effect to ensure fiscal accountability and to ensure that the Program operates in accordance with the requirements of federal regulations. To demonstrate Program accountability, institutions applying to be CACFP sponsors must document that they have adequate oversight of the Program by their governing board of directors. The institution must have a screening system in place to scrutinize any criminal convictions of board members which may disqualify them from performing Program administrative functions. The governing board must:

1. Meet applicable federal and state statutes and requirements;
2. Be comprised primarily of members of the community it serves who are not financially interested in the institution's activities, or related to its personnel or to each other;
3. Be responsible for policy setting, fiscal guidance, and ongoing governance;
4. Regularly review the institution's policies, programs, and budgets;
5. Approve decisions about compensation of employees and other parties providing services; and
6. Possess Program knowledge and have operational oversight.

Operations and decisions must be documented in board minutes which must be maintained and available for review by USDA, DECAL, and its agents at all times. The institution must:

1. Provide DECAL with a copy of the institution's governing board policies/procedures (these must be in compliance with the applicable Georgia laws, rules, and regulations regarding governing boards of corporations); and
2. Have an accounting system with management controls specified in writing. These written operational procedures must assure:
 - a. Fiscal integrity and accountability for all funds and property received, held and disbursed;

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- b. The integrity and accountability of all expenses incurred;
- c. That claims are processed accurately, and in a timely manner;
- d. That funds and property are used, and expenses incurred, for allowable Program purposes; and
- e. That a system of safeguards and controls is in place to prevent and detect improper financial activities by employees.

The institution must maintain appropriate records to document compliance with Program requirements, including budgets, approved budget amendments, and if applicable, management plans and appropriate records on facility operations. Institutions applying to or participating in the CACFP may not engage in any activity that presents a real or perceived conflict of interest.

The institutions must be able to demonstrate that the following will be provided:

1. Regular training of sponsoring organization staff and sponsored facilities in accordance with federal regulations;
2. Monitoring in accordance with federal regulations to ensure sponsored facilities accountably and appropriately operate the Program;
3. If applicable, accurate classification of day care homes as tier I or tier II in accordance with federal regulations;
4. A system that is already in place to ensure that administrative costs funded from Program reimbursements do not exceed regulatory limits set forth in the federal regulations; and
5. Practices which result in the operation of the Program in accordance with the meal service, recordkeeping, and other operational requirements of USDA regulations and DECAL policies will be followed. Institutions must be able to demonstrate how they will ensure that their sponsored facilities will:

- Provide meals that meet the required USDA meal patterns;
- Comply with licensure or approval requirements;
- Have a food service that complies with applicable state and local health and sanitation requirements;
- Comply with civil rights requirements;
- Maintain complete and appropriate records on file; and
- Claim reimbursement only for eligible meals.

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All institutions currently applying to or participating in the CACFP as sponsors must meet the minimum requirements and the performance standard requirements outlined in this policy.

V. PROCEDURE(S)

Institutions Currently Participating in the CACFP as Sponsors:

All institutions currently participating in the Program as sponsors must ensure that they are meeting the requirements of this policy at all times. Institutions will be asked to demonstrate they meet the Performance Standard requirements throughout the fiscal year through submission of documentation to verify fiscal and Program accountability. Renewing institutions will also be required to demonstrate that they meet the Performance Standard requirements annually during the renewal application process. Institutions participating in the CACFP who do not meet the Performance Standard requirements will be declared seriously deficient. (See CACFP/00-9 Corrective Action for and Termination from the CACFP)

Institutions Applying to become Sponsors in the CACFP:

Nonprofit organizations applying to become CACFP sponsors must ensure that they meet all of the requirements of this policy. The steps of the application process include:

1. Submitting a written letter of interest to the Day Care Home and Administrative Sponsor Coordinator at Bright from the Start: Georgia Department of Early Care and Learning, 10 Park Place, Suite 200, Atlanta, GA 30303;
2. Upon receipt of the written letter of interest, the day care home and administrative sponsor coordinator will send the interested institution Part 1 of the application, which consists of a viability checklist, to complete;
3. The institution applying to become a CACFP sponsor must complete the Sponsor Viability Checklist that will assess the institution's financial viability, administrative capability, and Program accountability;
4. Upon review of the information submitted in the viability checklist by the institutions applying to participate as a CACFP sponsor, an Application Committee comprised of the Day Care Home and Administrative Sponsor Coordinator, Program Manager, and Nutrition consultants, will determine if the institution meets the three performance standard requirements of financial viability, administrative capability, and program accountability;

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5. Institutions applying to become administrative sponsors that DECAL determines meet the Performance Standard requirements through completion of Part 1 of the application process must attend the two day CACFP Program Training and will also receive additional training from the Day Care Home and Administrative Sponsor Coordinator. Institutions applying to become day care home sponsors that DECAL determines meet the Performance Standards through completion of Part 1 of the application process must contact the Day Care Home and Administrative Sponsor Coordinator to schedule a Day Care Home Training Session. DECAL will deny the application of institutions that DECAL determines do not demonstrate that they meet the Performance Standards required by federal regulations through completion of Part 1 of the application process. (7 C.F.R. 226.6 (b)(18) Denial of an institution's application for participation is an adverse action and may be appealed (See DECAL's Appeal Procedures).

6. Institutions that DECAL determines meet the Performance Standards through completion of Part 1 of the application process must complete Part 2 of the application process which consists of submitting a complete application and they must also have a successful Pre-Operational Visit conducted by DECAL staff prior to approval for sponsorship;

7. If the institution's CACFP application is approved and the Pre-Operational Visit is completed and approved, DECAL will grant "sponsorship approval;"

8. If it is determined by the Application Committee that the institution applying to become a CACFP sponsor does not meet all Program application requirements, reattendance at training may be required and technical assistance may be given to the institution to provide clarification of what is needed to meet all Program requirements. If an institution applying to become a day care home and/or administrative sponsor ultimately cannot demonstrate that it meets all Program requirements, their application for participation in the CACFP will be denied. Denial of an institution's application for participation is an adverse action and may be appealed (See DECAL's Appeal Procedures).

VI. COMMENT(S)

Any questions concerning this policy should be directed to the Policy Coordinator at (404) 651-7181.