



**Georgia Dept
of Early Care
and Learning**

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Area **Memo:**

Recordkeeping

Programs **CACFP, SFSP**

Meal and Cost Disallowances in the Child and Adult Care Food Program (CACFP)

Purpose

The purpose of this memorandum is to provide guidance to institutions as to meals that are ineligible for CACFP reimbursement and costs for which CACFP funds cannot be used.

Legal Authority

FNS Instruction 796-2 Rev. 4; 7 CFR 226.11(b)(2); 7 CFR 226.10(c); 7 CFR 226.14(a)

Requirements

Institutions are approved to participate in the Child and Adult Care Food Program to provide healthy meals to children and adults in care. For the meals served, institutions must submit valid monthly claims for reimbursement to DECAL. Earned CACFP reimbursement can be used for allowable operating and administrative costs incurred during the operation of the CACFP. This memorandum provides guidance to CACFP institutions on meals that are ineligible for reimbursement and costs for which reimbursement cannot be used.

Meal Disallowances in the CACFP

Federal Regulations require institutions to report each month within the claim for reimbursement the total number of Program meals, by type (breakfasts, lunches, suppers and snacks) served to children or adult participants. Regulations also advise that each institution must certify that the claim for reimbursement is correct and that the records are available to support the claim. In addition, DECAL shall consider claims for reimbursement not payable when an institution fails to comply with the recordkeeping requirements that pertain to records directly supporting claims for reimbursement.

Meals Ineligible for Reimbursement

Meals that are not reimbursable include, but are not limited to:

- Meals served over licensed capacity of the organization;
- Meals served outside of approved mealtimes;
- Meals served with missing meal components or insufficient serving sizes;
- Meals served with insufficient amounts of milk or incorrect milk types;
- Meals served to adults that are 18 years of age or older and not functionally impaired;
- Meals served at Adult centers for adults who attend workshops, single day or series, substance abuse programs, vocational or prevocational training, social programs or events;
- Meals served via Offer vs. Serve that do not meet requirements;
- Meals served where there is no equal access to the Program;
- Meals served at a location, not licensed through DECAL, that does not meet health inspection/permit requirements;
- Meals served on field trips without having submitted proper and timely notice to DECAL;
- Meals served to ineligible participants;
- Meals served that exceed the required 2 meals and one snack or one meal and two snacks per participant per day (1 meal and 1 snack for At-Risk Afterschool Meal Programs);
- Meals served that do not meet infant meal requirements; and
- Meals served that do not meet meal modifications requirements.

As per regulation and [DECAL Policy CACFP 02-18, Recordkeeping in the Child and Adult Care Food Program](#), in order to justify claims for reimbursements, institutions are required to keep full and accurate records to substantiate the number of Program meals that are claimed. Records that are to be retained include, but are not limited to, documents that support daily meal counts, menu records, enrollment and attendance records, and records of program costs (costs related to food and the meal service).

Therefore, meals are also ineligible for reimbursement when the following records are not accurate, complete, maintained, and/or made available for review (not an exhaustive list):

- Point of service meal counts are not accurately taken and documented at the time of the meal service;
- Weekly Menu and Food Service Records are incomplete, missing, or not made available for review;
- Weekly Menu and Food Service Records indicate that meals served are not consistent with CACFP meal pattern requirements;
- Missing or insufficient documentation to support the purchase and serving of sufficient quantities of milk and/or correct milk types required for the meals claimed;
- Annual income eligibility statements are incomplete, inaccurately classified, missing, or not made available for review;
- Attendance records do not support the number of meals claimed;

- Documentation to support annual enrollment of participants is missing, expired, or not made available for review; and
- Documentation does not support that 25% of the children or adults in care (based upon enrollment or license capacity) are eligible for free or reduced-price meals or are Title XX beneficiaries (for-profit institutions only)

Repayment of Ineligible Meals that are Claimed

Institutions that claim ineligible meals and receive reimbursement for ineligible meals will be required to repay all applicable CACFP reimbursement back to DECAL. As per [DECAL Policies CACFP 04-32, Institutions Owing Outstanding Debts to the Child and Adult Care Food Program](#), and [CACFP 14-37, Sponsored Facilities Owing Outstanding Debt](#), repayment of the reimbursement, in most cases, occurs as follows:

- For independent institutions, DECAL will attempt to recover or recoup reclaims from the institution's first available claim for reimbursement. If the reclaim cannot be recouped from a future claim for reimbursement, institutions must repay funds by submitting a certified check or money order to DECAL's Finance Division. If an institution has been terminated and there are no future claims submitted to recoup reclaimed meals, the repayment of the reclaim must be paid directly to DECAL.
- For sponsored facilities, the facility's sponsor will recoup the reclaimed meals from future Program payments. If a facility has been terminated and there are no future claims submitted to recoup reclaimed meals, the repayment of the reclaim must be paid directly to the sponsor. The sponsor must then return the repayment to DECAL.

Cost Disallowances in the CACFP

As mentioned earlier, earned CACFP reimbursement can be used for allowable operating and administrative costs incurred during the operation of the CACFP. Institutions are required to include actual operating and/or administrative costs as part of the monthly claim for reimbursement. In addition, institutions must maintain and make available for review all records to support the use of CACFP reimbursement on allowable costs.

Allowable Costs

As advised in FNS Instruction 796-2 Rev. 4, section VII(A)(3), costs are allowable when the following factors are met:

- Costs are necessary to fulfill regulatory requirements for the proper and efficient administration of the Program;
- Costs must be reasonable and would not exceed what a prudent person would pay under the same circumstances;
- Costs must be authorized or at least not prohibited under Federal, State or local laws, regulations, and 796-2 Rev. 4;
- Costs must conform to any limitations or exclusions set forth in 796-2 Rev. 4, Federal, State or local laws, or regulations as to types or amounts of cost items;

- Costs must not be assignable or included as a cost to a prior or future period;
- Costs must not be assignable or included as a cost to any other current or prior Federally-financed Program;
- Costs must be treated consistently through the application of Generally Accepted Accounting Principles (U.S. GAAP);
- Costs must be net of all applicable credits;
- Costs must be properly allocated so that only the allowable share of the cost is assigned to the Program; and
- Costs must be supported by documentation that adequately demonstrate that the costs have been incurred, are Program costs, and comply with all applicable laws, regulations and 796-2 Rev. 4.

Costs Considered Unallowable

In accordance with 7 CFR 226, [DECAL Policies CACFP 02-18, Recordkeeping in the Child and Adult Care Food Program](#) and [CACFP 17-39, Financial Recordkeeping in the Child and Adult Care Food Program \(CACFP\) and the Summer Food Service Program \(SFSP\)](#), institutions are required to maintain documentation of costs incurred for the operation and administration of the CACFP. Institutions are also to make available upon request all documents to support the use of CACFP reimbursement. Failure to maintain or make available all documents to support the use of CACFP reimbursement will result in costs being deemed unallowable.

Costs that are determined to be unallowable include, but are not limited to:

- Costs that are inconsistent with FNS Instruction 796-2 Rev. 4;
- When CACFP reimbursement is used for costs without obtaining required prior or specific prior written approval, or costs that are not submitted and approved in the institution's CACFP annual budget;
- When CACFP reimbursement is used on costs that exceed the amount approved in the institution's CACFP annual budget;
- When shared costs are not properly allocated between organizational activities;
- When allocation methodologies are inconsistent with U.S. GAAP, are not related to the actual costs, or cannot be replicated;
- Costs associated with other costs that have been deemed unallowable (e.g. labor costs for staff is determined unallowable; therefore, all mileage reimbursement paid to the staff for CACFP travel is also unallowable);
- When required procurement procedures are not followed;
- When records (i.e., invoices, receipts, labor documentation, bank statements, financial records) are not authentic, incomplete, missing, not made available for review, or do not conform to Federal or State requirements;
- When support is not maintained and/or provided to show use of CACFP reimbursement; and
- When institutions apply greater than 15% of the CACFP reimbursement towards administrative costs.

Repayment of Unallowable Costs

As per [DECAL Policies CACFP 04-32, Institutions Owing Outstanding Debts to the Child and Adult Care Food Program](#), and [CACFP 14-37, Sponsored Facilities Owing Outstanding Debt](#), institutions and sponsored facilities that use CACFP reimbursement towards unallowable costs will be required to repay the applicable funds to the institution's/sponsored facility's CACFP non-profit food service account for future use in the CACFP.

If an institution has been terminated, the repayment of funds resulting from unallowable costs must be paid directly DECAL. If a sponsored facility has been terminated, the repayment of funds resulting from unallowable costs must be paid directly to the sponsor. The sponsor must then return the repayment of unallowable costs to DECAL.

Repayments to the organization's CACFP non-profit food service account cannot be made with excess CACFP funds or any other Child Nutrition Program (CNP) funding. Institutions/facilities will be required to provide verification of the repayment and the verification may be subject to future reviews.

For questions concerning this memorandum, please contact the Policy Administrator at 404-651-8193.