

# CACFP Financial Management







## Running a Good (CACFP) Business

# Financial Management

- Management Overview Workshop Recap:
  - How reimbursements are calculated
  - Factors that affect reimbursements
  - The cost of non-compliance
  - Allowable vs. unallowable expenses



# Financial Management

- Find PowerPoints at: [osse.dc.gov/cacfp](http://osse.dc.gov/cacfp)
  - Click “[Training Resources](#)” under “Resources for Current CACFP Participants”
  - Click “[Management Overview Workshop](#)” under “Training Session”
    - Claim Calculations & Recalculations
    - Financial Management

# Financial Management

- Two components:
  - Demonstrating overall **Viability, Capability, and Accountability (VCA)**
  - Showing how you spend CACFP reimbursements



## The ABC's of the CACFP

# VCA

- Financial Viability:
  - Adequate financial resources to:
    - Operate the CACFP on a daily basis
    - Pay employees and vendors/suppliers
      - \*Even during temporary disruptions in CACFP payments\*
  - Repay overclaims

# VCA

- Financial Viability:
  - Demonstrate viability with:
    - Audit reports
    - Financial statements
    - Meeting your financial obligations

# VCA

- Administrative Capability:
  - “Appropriate and effective management practices” to ensure compliance with CACFP regulations

# VCA

- Administrative Capability:
  - Demonstrate capability with:
    - Policies and procedures
    - Having adequate staff
    - Training & training documentation
    - Organized files and complete records
    - Meeting CACFP requirements

# VCA

- Accountability:
  - “Internal controls and other management systems” to ensure fiscal integrity and regulatory compliance

# VCA

- Accountability:
  - Demonstrate accountability with:
    - Clear record keeping systems
    - Providing adequate oversight and monitoring
    - Cross-training employees
    - Having outside accountants conduct audits
    - Documentation for procurement

The background of the image is a pair of red theater curtains with a scalloped top edge. The curtains are closed and have a rich, deep red color with some vertical creases and folds. Centered on the curtains is the text "CACFP Theater Part I" in white. The text is arranged in three lines: "CACFP" on the top line, "Theater" on the middle line, and "Part I" on the bottom line. The font is a clean, sans-serif typeface.

**CACFP**  
**Theater**  
Part I



# CACFP Financial Management

# Spending CACFP Reimbursements

## ***REMEMBER:***

- Costs do not determine reimbursements
- Don't assume or guess



# Good Financial Management

- Spend money wisely and in accordance with regulations
- Keep all financial documents
- Track CACFP reimbursements
- Track CACFP-related expenses
- Compare reimbursements to expenses

# Financial Management

- Guiding principles:
  - Is the item or service necessary for operating the CACFP?
  - Is the amount reasonable?
  - Is the item or service an allowable CACFP expense?

# Financial Management

- Operating Costs
  - Food
  - Food service labor
  - Non-food supplies:
    - Paper products (plates, cups, napkins, etc.)
    - Dishes
    - Serving utensils
    - Cleaning products for the kitchen/food service area
  - Food service equipment

# Financial Management

- Administrative Costs
  - Administrative labor
    - For time spent on CACFP paperwork, training, etc.
  - Administrative supplies
    - Paper for CACFP records
    - Ink to print CACFP records
    - Portion of cost for computer hardware or software
  - Administrative services
    - Portion of cost for an accountant or auditor
    - Document storage costs

# Allowable Costs

- For all costs:
  - Is it CACFP-related?
  - Is it primarily for the benefit of participants?
  - Did I seek prior approval (*if needed*)?
  - Did I follow proper procurement procedures?
  - Did I allocate the cost (*if needed*)?
  - Do I have proper documentation?

# Financial Documentation

- Procurement documents
- Itemized receipts or invoices
  - Delivery slips
  - Donation records
- Allocations
- Payroll records
  - Time distribution reports
- Mileage logs

The background of the slide is a close-up of red theater curtains. The curtains are heavily pleated and have a rich, deep red color. The lighting is slightly darker at the top and bottom, creating a sense of depth and focus on the central text.

# CACFP Theater

Part II



**Doing the Math**

# Allocations

- Allocations are needed if the cost:
  - Benefits allowable and unallowable activities
  - Benefits both CACFP and other program areas
  - Benefits CACFP operations in multiple states
  - For sponsoring organizations: is both administrative and operational
- Must determine whether a cost is direct or indirect (overhead)

# Allocations

- **Indirect cost:** Cost of items or services that have a common purpose to support overall operations and cannot be readily assigned to a specific program or funding source
- **Direct cost:** Cost of items or services that can be identified with a specific program or funding source

# Allocations

- **Indirect cost:** allocation or rate must be based on a plan approved by the State Agency and is subject to FNS approval
- **Direct cost:**
  - Allocation must be based on use or benefit
  - Allocation must be pre-approved by the State Agency

# Labor Allocations

- Time distribution reports are required if
  - An allocation is required and
  - CACFP reimbursements will be used to pay for all or part of the employee's allowable wages or benefits.
- Only the share of the wages and benefits associated with CACFP-related labor may be paid with CACFP funds.

# Labor Allocations

Time distribution reports must be:

- Done by the employee
- Complete
  - Account for all activity (not just CACFP labor)
- Filled out after the fact to reflect actual time spent on various duties
- Prepared at least monthly
- Signed by the employee
- Signed by the employee's supervisor

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**CACFP**  
**Theater**  
Part III



## Getting the Most for Your (CACFP) Money

# Procurement

Procurement standards and regulations ensure **food, supplies, equipment, and other goods and services** are obtained *efficiently, economically, and in accordance with the law.*

# Procurement

- Reasons to do procurement:
  - Promote **free and open competition** for your business
  - Get the **best possible services** that meet your needs at the **best price**
  - Avoid problems with conflict of interest ... and worse (accusations of fraud, bribery, etc.)

# Procurement

- If using Federal and/or District funds for a contract or a single item/service costing \$10,000-\$100,000+
  - Follow formal procurement procedures
- For everything else: comparison shopping

# Procurement

- Formal Procurement Procedures:
  - $> \$10,000$  but  $\leq \$100,000$ : Written specifications and written quotes
  - $> \$100,000$ : Invitation for Bids or Request for Proposals and written bids/proposals
- Written contracts may include the option for up to three renewals

# Procurement

- Informal Procurement Procedures:
  - Obtain verbal quotes for services
  - Comparison shop
- Document quotes and price comparisons as needed
  - No less than annually

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**CACFP**  
**Theater**  
Part IV

# Good Financial Management

- Spend money wisely and in accordance with regulations
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- Track CACFP-related expenses
- Compare reimbursements to expenses



# CACFP Annual Budget

# Budget

- Financial planning tool
- Identifies training/assistance needs



# Budget

- Estimate reimbursements
- Estimate costs
- Identify how CACFP reimbursements will be used

# Budget

<b># 1 Estimated Monthly CACFP Reimbursement</b>					
Estimated Monthly CACFP Reimbursement	\$	-			
<b># 2 Proposed Food Service Budget</b>					
<i>Include expenses associated with providing CACFP meals to eligible participants only. Do not report the total cost to your organization for overhead expenses or shared costs that support other programming areas; report only the portion of the cost associated with CACFP. The share of the cost must be associated with use or benefit to the CACFP. Contact your CACFP Specialist for more information on allocating shared costs.</i>					
Line Item	Est'd Monthly CACFP-Funded Amount	Est'd Monthly Non-CACFP Funded Amount	Line Item Total	Source of Non-CACFP Funds	Description of How Estimate was Made
<b>Food Service Management Company Contract</b> <i>Specify what contract includes (child food, infant food, utensils, etc.):</i>			\$ -		
<b>Food Service Labor*</b>			\$ -		
<b>Equipment Rental</b>			\$ -		
<b>Food</b>			\$ -		
<b>Non-Food Supplies</b> <i>(Cleaning products used in food preparation and service areas, dishes, utensils, etc.)</i>			\$ -		
<b>Equipment Rental</b>			\$ -		
<b>Kitchen Rental or Rent/Mortgage for Kitchen Space**</b>			\$ -		
<b>Utilities**</b>			\$ -		
<b>Vehicle Rental or Maintenance***</b>			\$ -		
<b>Transportation or Delivery Expenses</b> <i>(Gas, etc.)***</i>			\$ -		
<b>Other – Specify:</b>					
			\$ -		
<b>Total:</b>	\$ -	\$ -	\$ -		

\* To determine labor costs associated with CACFP food service operations, please use the CACFP Labor Budget Workset tab.

\*\* To use CACFP reimbursements to pay for these costs, you must determine the square footage of the kitchen/food service areas and calculate their percentage of the total square footage. Of the total cost, no more than the calculated percentage of square footage may be paid using CACFP funds. For example, if the kitchen and food storage area represents 10% of the center's total square footage, no more than 10% of the rent may be paid with CACFP funds. This assumes that the kitchen is used only for CACFP purposes.

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To use CACFP reimbursements to pay for these costs, you must keep mileage logs and determine how much driving is associated with CACFP purposes like grocery shopping or meal delivery. Of the total cost, no more than the calculated mileage percentage may be paid using CACFP funds. For example, if 25% of the miles driven in a given month are associated with grocery shopping, no more than 25% of maintenance, mileage, or gas costs may be paid with CACFP funds.

# Renewal Process

- Due by Friday, August 29:
  - Annual Information Certification
  - Spreadsheet of file information **and annual budget**
  - Current CDC license / alternate approval documents
  - Current DC Dept. of Health Food Safety Manager certificates
  - A-133 Audit Report
  - Food service management company procurement or contract renewal documents, business license, and health inspection report

# THE END



Please Finish Your Questions & Collect Your CEU