Child and Adult Care Food Program

Child Care Center Manual 2014

Colorado Department of Public Health and Environment
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Acronyms & Abbreviations

ADAAA	Americans with Disabilities Act Amendments Act
CACFP	Child and Adult Care Food Program
CCAP	Child Care Assistance Program
CDPHE	The Colorado Department of Public Health and Environment
CDPHE-CACFP	The Colorado Department of Public Health and Environment, Child and Adult Care Food Program
CDHS	Colorado Department of Human Services
CN	Child Nutrition
CPI	Consumer Price Index
CPP	Colorado Pre-school Program
DEIP	Deployment Extension Incentive Pay
ECDP	Early Child Development Program
EFT	Electronic Funds Transfer
FAC	Federal Audit Clearinghouse
FDA	Food and Drug Administration
FDPIR	Food Distribution Program on Indian Reservations
FNS	Food and Nutrition Service
FNSRO	Food and Nutrition Service Regional Office
FSMC	Food Service Management Contract
IEF	Income Eligibility Form
IFB	Invitation for Bid
IRS	Internal Revenue Service
LEP	Limited English Proficiency
LES	Leave and Earning Statement
OMB	Office of Management and Budget
OWA	Organization-Wide Audit
RFP	Request for Proposal
ROMS	Record of Meals Served
SFA	School Food Authorities
SFSP	Summer Food Service Program
SNAP	Supplemental Nutrition Assistance Program
SOC	Sponsoring Organization of Centers
TANF	Temporary Assistance to Needy Families Program
TIN	Taxpayer Identification Number
USDA	United States Department of Agriculture
WIC	Women, Infant, and Children Program

Overview of the Child and Adult Care Food Program (CACFP)

Good nutrition is important to the health of infants, children and adults. The Colorado Department of Public Health and Environment (CDPHE), Child and Adult Care Food Program (CACFP) is funded by the United States Department of Agriculture (USDA) to provide reimbursement to child care providers for nutritious meals served to eligible, non-residential children in child care centers, Family Day Care Homes, homeless shelters, at-risk afterschool programs, Head Start and outside-school-hours programs, as well as to provide meals for older adults in adult day care centers.

The CACFP serves:

- Children under the age of 13
- Children of migrant workers age 15 and under
- Physically or mentally disabled persons receiving care in a family day care home or child care center where most participants are 18 years old or younger
- Adults who are functionally impaired or over the age of 60 and unable to care for themselves
- Residential children in homeless shelters under the age of 18
- Children up to 18 years old, enrolled in at-risk afterschool Programs providing education or enrichment activities

The goals of the CACFP are:

- To ensure that well balanced, nutritious meals are served to persons in care
- To help children learn to eat a wide variety of foods as part of a balanced diet
- Provide reimbursement for meals served to children or adults in care

The policies and procedures outlined in this manual are based on Federal regulations (7 CFR 226) and guidance governing the CACFP. The Colorado Department of Public Health and Environment, Child and Adult Care Food Program (CDPHE-CACFP) advises participating Institutions to refer to 7 CFR 226 and this manual to obtain information about the requirements for operating the CACFP. The CACFP regulations and applicable amendments can be found at http://www.fns.usda.gov/cacfp/child-and-adult-care-food-program.

The regulation 7 CFR 226.15(m) states: *Each Institution must comply with all regulations issued by Food Nutrition Service (FNS) and the Department, all instructions and handbooks issued by FNS and the Department to clarify or explain existing regulations, and all regulations, instructions and handbooks issued by the State agency that are consistent with the provisions established in Program regulations.*

This manual refers to several forms developed by the CDPHE-CACFP for use in completing the CACFP requirements. Many of the forms are available for download from the CDPHE-CACFP website http://www.colorado.gov/cs/Satellite/CDPHE-PSD/CBON/1251618272621, which is currently under revision. Please contact the CDPHE-CACFP office if you are unable to access the website and need information at (303) 692-2330.

SECTION 1-CACFP Participation Requirements

INTRODUCTION

The CACFP offers benefits to children in various settings, including child care centers (non-profit and eligible for-profit), eligible at-risk afterschool programs, outside-school-hours care centers, homeless shelters and Head Start programs. For each type of setting, the CACFP regulations define eligibility requirements. In addition, the CACFP requires participating organizations, referred to as Institutions throughout this manual, to meet several performance standards, which demonstrate the Institution's financial and administrative ability to operate the CACFP with integrity.

An Institution is defined as a sponsoring organization, child care center; outside school-hours care center, emergency shelter, at-risk afterschool center or adult day care center, when the Institution enters into an agreement with the State agency to assume final administrative and financial responsibility for Program operations. An Institution may be an organization that sponsors one facility/site, or multiple facilities/sites, where child or adult care is provided.

Throughout this manual, facilities or centers where child or adult care is provided are referred to as "sites."

This section describes the CACFP eligibility requirements and general performance standards for child care Institutions and sponsored sites. In later sections, this manual will discusses in detail specific responsibilities and requirements for the operation of the CACFP.

ELIGIBILITY REQUIREMENTS FOR CHILD CARE SITES

Child care sites must be licensed or approved to provide nonresidential child care services to enrolled children, with the exception of Head Start centers, homeless programs, at-risk afterschool programs and centers licensed by an Indian tribe or any of the United States (US) Armed Forces. The following section discusses specific eligibility requirements for various types of child care sites.

Non-Profit Child Care, Outside-School-Hours Care or Head Start Centers

Child care facilities sponsored or operated by private, non-profit organizations, exempt from Federal income tax, under section 501(a), including 501(c)(3) of the Internal Revenue Service (IRS) Code of 1954, are eligible to participate in the CACFP. Facilities operated by private organizations are also eligible if the organization is currently participating in another Federal program, which requires non-profit status. In either case, the organization must provide a copy of the tax-exempt status determination letter or documentation of participation in another Federal program requiring tax-exempt status. If an Institution's tax-exempt status is revoked by the IRS, the Institution is no longer eligible for participation in the CACFP. Revocation of tax exemption is considered a serious deficiency requiring corrective action or termination.

The CACFP does not require churches and public schools to apply for tax-exempt status or provide a determination letter.

Organizations that are a part of a public entity, such as Federal, State, county or local government units or departments are eligible for participation in the CACFP. Examples of such organizations include public schools, parks and recreation departments and public welfare agencies.

For-Profit Child Care & Outside-School-Hours Care Centers

For-profit child care or proprietary centers that provide nonresidential child care services are eligible for CACFP participation if at least 25% of enrolled children or 25% of license capacity are beneficiaries of funds under Title XX of the Social Security Act, also known in Colorado as the Colorado Child Care Assistance Program (CCAP). For-profit child care centers are also eligible if at least 25% of enrolled children or 25% of license capacity qualify for Free or Reduced CACFP meals. However, for-profit child care centers or proprietary centers approved to provide at-risk afterschool meals/snacks must not consider children who only receive at-risk afterschool meals and/or snacks in determining this eligibility. Sites must meet this requirement each month to receive CACFP reimbursement.

At-Risk Afterschool Programs

At-risk afterschool programs that provide afterschool hours care for children, through age 18, during the regular school year may be eligible to participate in the CACFP. At-risk afterschool programs that operate afterschool enrichment programs must be located in a geographical area served by a school where 50% or more of children enrolled are certified as eligible for Free or Reduced school meals. Emergency shelters are exempt from this area eligibility requirement. At-risk afterschool programs, must provide educational or enrichment activities for the children in care. Children served in these programs are eligible for a meal and/or snack reimbursement at the Free rate.

- Institutions participating in at-risk afterschool care component of CACFP are eligible to claim reimbursement at the Free rate for up to one meal and one snack served to each eligible participant per day.
- When school is in-session, at-risk meals and/or snacks must be provided to participants after the school day and for meals, this typically is supper.
- During the school year, at-risk meal and/or snack may be provided to participants on weekends or holidays, including vacation periods (.i.e., spring break) at anytime during the day with CDPHE-CACFP approval.
- At-risk meal and/or snack cannot be claimed during the summer vacation, unless the qualifying area school operates on a year round calendar.

For more information regarding at-risk afterschool programs, refer to the CDPHE-CACFP At-Risk Afterschool Manual found on the CDPHE-CACFP website, or contact the CDPHE-CACFP office at (303) 692-2330.

Homeless Programs

Homeless shelters, emergency shelters and day shelters, whose primary purpose is to serve homeless adults and their children, may participate in the CACFP. Eligible programs support homeless families with children 18 years of age and younger and disabled persons of any age, in temporary residential settings. Participants served by the shelter are eligible for three main meals each day. All meals served to participants in homeless or emergency shelters are eligible at the Free rate of reimbursement.

Sponsors of Centers (SOC)

Child care organizations may participate in the CACFP as an independent center, (an Institution with one participating site) or as a sponsoring organization, also known as a Sponsor of Centers (SOC) (an Institution with multiple sites). Public or private non-profit facilities are not eligible to participate under the auspices of a for-profit sponsoring organization. Refer to Section 5 of this manual entitled, "Sponsors of Centers" for additional eligibility requirements for sponsoring organizations.

PUBLIC RELEASE REQUIREMENT

The required annual public release announcing the availability of the CACFP is distributed by the CDPHE-CACFP for participating Institutions and sponsored sites. The annual public release informs applicants, participants and/or potentially eligible persons of Program rights and responsibilities, the nondiscrimination policy and the procedure to file a complaint.

CIVIL RIGHTS REQUIREMENTS

Participating Institutions must make CACFP benefits available to all eligible children without regard to race, color, age, sex, disability or national origin.

All participating Institutions must notify the CDPHE-CACFP of any lawsuit filed against the Institution or any of its sites alleging discrimination based on race, color, national origin, age, disability and sex.

Data Collection & Reporting Requirements

The USDA and the CDPHE-CACFP require civil rights data collection on annual basis. All Institutions must collect data by race and ethnic category on potentially eligible populations in surrounding Program service areas. In addition, the data must include the actual number of children served by race and ethnic category.

Ethnicity Category Definitions:

- Hispanic or Latino is defined as a person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.

Race Category Definitions:

- American Indian or Alaskan Native is defined as a person with origins in any of the original peoples of North, Central and South America.
- Asian is defined as a person with origins in any of the original peoples of the Far East, Southeast Asia or the Indian subcontinent, including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand and Vietnam.

- Black or African American is defined as a person with origins in any of the black racial groups of Africa.
- Native Hawaiian or Pacific Islander is defined as a person with origins in any of the original peoples of Hawaii, Guam, Samoa or other Pacific Islands.
- White is defined as a person with origins in any of the original peoples of Europe, the Middle East or North Africa.

Regulations require this data collection to determine if:

- The Program is effectively reaching potential eligible beneficiaries.
- Targeted outreach is necessary to reach certain groups and/or communities throughout Colorado.
- The participating Institutions comply with civil rights requirements.

Institutions may use census or public school enrollment data to obtain data on potentially eligible populations in surrounding Program service areas. Local libraries, schools, or the Internet are possible sources for census or school enrollment data.

Institutions may collect the racial/ethnic information for the children enrolled in the Institutions' Program on an ongoing basis using the Income Eligibility Form (IEF) or by other processes. It is ideal for parents or guardians of the children to self-identify the racial and ethnic categories; however, if the parent/guardian declines to self-identify, the Institution representative must make this determination and inform the parent/guardian that a visual identification will be made and recorded on the IEF or in the data system. Institutions must explain to parents/guardians that the collection of this information has no effect on the determination of their eligibility to receive Program benefits.

Institutions must keep civil rights information for all of its sites for three years and four months past the end of the current fiscal year. The CDPHE-CACFP will verify this information during reviews.

Limited English Proficiency (LEP) Requirements

Limited English Proficiency (LEP) persons are individuals who do not speak English as their primary language and who have a limited ability to read, speak, write or understand English. All Institutions must take reasonable steps to ensure LEF persons have meaningful access to information about the CACFP and related services provided by the Institution. The CDPHE-CACFP has some materials available for non-English speaking persons.

Other Civil Rights Requirements

- Each participating site must display the "And Justice for All" poster in a location visible by parents and visitors.
- No Institution receiving CACFP funds can discriminate against enrolled children and their families or potential participating children and their families based on religion or religious belief.
- Each Institution must inform the families of enrolled children of their Program rights and responsibilities and the steps necessary for participation. Provide a copy of the Dear Parent or Guardian Letter and IEF to families of each enrolled child every year.

- Include the non-discrimination policy statement as well as the procedures for filing a complaint on all published, written information directed to families of children who are currently or potentially enrolled participants in the CACFP (Refer to the "And Justice for All" poster for policy statement and procedures). If the material is too small to include the full statement, the material must include, at a minimum, that following statement: *"This Institution is an equal opportunity provider."*
- All participating Institutions must notify the CDPHE-CACFP of any lawsuit filed against the Institution or any of its sites alleging discrimination based on race, color, national origin, age, disability or sex.

Civil Rights Training Requirements

Institutions are required to provide civil rights training annually to all staff involved in any aspect of the CACFP. Required civil rights training may include the topics listed below:

- **Collection & Use of Data:**
- Each Institution must collect racial and ethnic data annually. Documentation must be on file and maintained for three years and four months past the end of the current fiscal year.
- **Effective Public Notification Systems:**
  Each Institution must distribute information to each potential application for enrollment regarding the Program and its availability. This information is included in the "Dear Parent or Guardian Letter" printed on the second page of the IEF.
- **Complaint Procedures:**
  The "And Justice for All" poster that provides instructions for filing a complaint must be displayed in a visible place for all participants and parent/guardians to see.
- **Requirements for Reasonable Accommodation of Persons with Disabilities:**
  Institutions must not restrict the ability of persons with disabilities to participate in the Program.
- **Requirements for Language Assistance:**
  Upon request, Institution must provide Program materials for non-English speaking participants (CDPHE-CACFP has materials available in other languages).
- **Conflict Resolution**
- **Customer Service**

The CDPHE-CACFP provides an option for civil rights training, which is a written self-study training guide and knowledge quiz. The quiz completed and signed by each staff should be maintained as documentation that this annual training requirement has been met. The CDPHE-CACFP verifies this training information during reviews or audits. Visit the CDPHE-CACFP website or contact the CDPHE-CACFP office at (303) 692-2330 to request civil rights training resources.

INFORMATION ON THE SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC)

Each Institution must provide families of enrolled children with current information regarding the benefits and eligibility of the Women, Infants, and Children (WIC) Program. The CDPHE-CACFP provides WIC information annually as an insert in the Program newsletter.

METHODS OF REIMBURSEMENT (USDA Foods & CASH-IN-LIEU OF USDA Foods)

Institutions have the option to receive USDA Foods, also known as commodities, through the USDA Food Distribution Program after one year of participation in the CACFP. Otherwise, the CACFP reimburses Institutions in the form of cash, in lieu of USDA Foods. Refer to Section 4 of this manual, entitled, "Program Reimbursement" for more information about reimbursement options.

CHARGES FOR MEALS

Most participating Institutions include the costs of meals served to the children at sites as part of a general tuition charge. These Institutions are **non-pricing**. Other Institutions charge families a fee separate from the tuition fee for meals served to children. These Institutions are **pricing**. The CACFP regulations outline different requirements for each type of Institution.

Non-Pricing Institutions

Non-pricing Institutions, which do not charge families separately for meals and snacks served at sites, receive reimbursement based upon the number of meals served to children and the income eligibility category (Free, Reduced and Paid) of the children. The Institution's operating funds from tuition or other sources pay for any differences between the CACFP reimbursement and the actual costs of meals. A non-pricing Institution may choose to receive reimbursement at the paid rate, if it chooses not to collect income eligibility information from families. A non-pricing Institution must ensure the following:

- The site serves all meals claimed at no separate charge regardless of race, color, national origin, sex, age or disability.
- The site conducts the meal service free of discrimination.
- The Institution claims meals for all sites on the Claim for Reimbursement in accordance with CACFP requirements.

Pricing Institutions

Pricing Institutions charge families a fee for meals and snacks served at the sites that are separate from the tuition fee. These Institutions may not charge families' fees for meals, whose child(ren) qualify for Free meals. The CACFP reimburses Institutions at the maximum rate for these meals. Pricing Institutions may not charge families, whose child(ren) qualify for Reduced meals more than **$0.40** for lunch or supper, **$0.30** for breakfast, and **$0.15** for snack (values defined by the Secretary of Agriculture). Pricing Institutions may use the CACFP reimbursement to pay for the difference between the charge to families and the actual costs of meals. The Institution must provide all enrolled children the opportunity to apply for Free or Reduced meals. A pricing Institution must ensure the following:

- The Institution uses USDA criteria for determining eligibility for Free and Reduced meals.
- The Institution follows established, written policies and procedures for distributing applications to families to apply for Free or Reduced meals.
- The Institution follows established, written policies and procedures for protecting the anonymity of children eligible for Free or Reduced meals as families make payments for full or reduced prices of meals.
- The Institution follows an established, written hearing procedure to use in the event of denial or termination of Free or Reduced benefits for families.

- No child receiving Free or Reduced meals will be overtly identified at any time, or discriminated against in the course of a meal service based on race, color, national origin, sex, age or disability.

Pricing Institutions applying for participation in the CACFP must contact the CDPHE-CACFP office at (303) 692-2330 to obtain special instructions, training and materials.

CACFP APPLICATION & RECERTIFICATION PROCEDURES

In accordance with CACFP regulations, the CDPHE-CACFP requires new and participating Institutions to provide specific information and documents in order to apply for CACFP participation initially and annually thereafter, to recertify participation in the CACFP. The CDPHE-CACFP also requires Institutions to demonstrate an ability to meet established performance standards prior to participation as well as during the recertification process each year. The CDPHE-CACFP requires SOC, which are organizations who oversee CACFP operations for more than one site, to meet additional recertification requirements. Refer to Section 5, entitled, "Sponsors of Centers" for additional information.

The CDPHE-CACFP initial application and recertification process is completed online using the CACFP Web-based System. Please contact the CDPHE-CACFP office at (303) 692-2330 to request information on how to complete the online application packet using the CACFP Web-based System. Institutions complete many of the application requirements online. Others are documents the Institution must send by mail to the CDPHE-CACFP office at:

Colorado Department of Public Health & Environment
Child & Adult Care Food Program (CACFP)
PSD-CAC-A4
4300 Cherry Creek Drive South
Denver, CO 80246-1530

Required Application Information for New & Recertifying Institutions

In addition to eligibility requirements previously discussed for specific types of child care facilities, the CDPHE-CACFP requires Institutions to provide records and information as part of the online application or recertification process, which may include, but are not limited to, the following:

- **Annual Recertification:** As part of the annual online application or recertification process, responsible principal(s) and individuals of new and recertifying Institutions must certify the following:
  - The information on the application is true and correct.
  - The Institution has not been disqualified from participation in any other publicly funded program in the past seven years.
  - The responsible principal(s) signing the certification has not been a principal of an Institution that has been ruled ineligible of violating a publicly funded program's requirements during the past seven years.
  - The responsible principal(s) signing the certification has not been convicted of a business-related offense during the past seven years.
  - The responsible principal(s) signing the certification is not on the CACFP National Disqualified List.

- **Civil Rights Data:** New and recertifying Institutions must provide an annual update of the racial and ethnic data of populations served and participants enrolled as described earlier in this section The Institution must also certify that annual civil rights training was provided to all Institution's key staff.
- **W-9 Form:** New Institutions must submit the State of Colorado Request for Taxpayer Identification Number (TIN) Verification form.
- **Participant Eligibility Information:** New Institutions must submit current information regarding the number of enrolled participants eligible for Free, Reduced and Paid meals.
- **Licensing/Approval:** Institutions must provide documentation of Colorado licensure or approval to provide child care services for each new site. Child care licenses are not required for at-risk afterschool programs, homeless shelters and sites that provide only Head Start services.
- **Fire Inspection, Health Inspection or Facility Study:** Institutions must submit a copy of a fire inspection, health inspection or facility study completed within the 12 months prior to the application for new sites. At-risk afterschool programs that are not licensed for child care must receive and provide documentation of a health inspection.
- **Documentation of For-Profit Eligibility (for-profit sites only):** Institutions must provide an enrollment roster and Title XX (CCAP) fiscal agreements and billing statements or IEF for new and recertifying sites as documentation of CACFP eligibility. This documentation must indicate that at least 25% of enrolled participants or licensed capacities at each site are beneficiaries of Title XX (CCAP) or qualify for Free or Reduced meals.
- **Food Service Management Contract (FSMC) (if applicable):** Institutions must submit a copy of a Food Service Management Contract (FSMC). Between the organization and a selected vendor if meals are vended at any new participating site. Refer to Section 7, entitled, "Procurement Procedures," for more information regarding FSMCs.
- **Budget:** All new Institutions must submit a budget for review by the CDPHE-CACFP with the initial application. Recertifying Institutions sponsoring only one site must review and update the budget every three years during the recertification application process. Institutions that sponsor more than one site may be required to update the budget more frequently. Refer to Section 5, entitled, "Sponsors of Centers" for additional information.
- **Management Plan:** All new Institutions sponsoring more than one site must submit a Management Plan for review by the CDPHE-CACFP with the initial application. Recertifying Institutions that sponsor more than one site must review and update the Management Plan at least every three years and more frequently if the Institution sponsors ten or more sites. Refer to Section 5, entitled, "Sponsors of Centers" for additional information.
- **Documentation of Compliance with Performance Standards:** New Institutions must submit required information sufficient to document its financial viability and administrative capability of operating the Program as well as internal control procedures to ensure accountability. These performance standards are discussed in further detail later in this section.

Reporting Changes to Application

The CDPHE-CACFP requires Institutions to update the online application information throughout the year as changes occur. If changes occur Institutions are required to submit any

related documentation to the CDPHE-CACFP office for approval. As licenses, Title XX fiscal agreements and FSMCs expire, the Institution must update the expiration date and any other new information in the online application and submit the required supporting documentation to the CDPHE-CACFP office for approval. Other required updates that may occur throughout the year include, but are not limited to, changes in responsible principal(s) and individuals, site closures, changes in meal times or approved meals, and changes in key staff members. If the address of a participating site changes, the Institution must complete a new Site Application and submit supporting documents for the site at the new address. In this case, the Institution should contact the CDPHE-CACFP office for additional guidance.

CACFP PERFORMANCE STANDARDS

The CACFP requires Institutions applying for CACFP participation to demonstrate an ability to meet three CACFP performance standards, which include financial **V**iability, administrative **C**apability and Program **A**ccountability. The CDPHE-CACFP refers to these standards as **VCA**. CACFP regulations require the CDPHE-CACFP to deny initial or recertifying applications of Institutions that do not meet the CACFP performance standards. The performance standards for sponsors of centers are more detailed. Refer to Section 5, entitled, "Sponsors of Centers" for further information. The CACFP performance standards are:

Performance Standard 1 - Financial Viability & Financial Management

Institutions applying for CACFP participation must be financially viable. Institutions must spend and account for CACFP funds in accordance with CACFP regulations, outlined in this manual. To demonstrate financial viability, new Institutions must provide documentation of the following:

- **Fiscal Resources & Financial History:** An Institution must demonstrate that it has adequate financial resources to operate the CACFP on a daily basis, has adequate sources of funds to withstand temporary interruptions in Program payments and/or fiscal claims against the Institution (over-claims) and can document financial viability through audits, financial statements, etc.
- **Budgets:** An Institution must document costs in its budget that are necessary, reasonable and allowable.

Performance Standard 2 - Administrative Capability

Institutions applying for CACFP participation must be administratively capable to operate the Program and have appropriate and effective management practices to ensure operation of the Program in accordance with CACFP regulations. To demonstrate administrative capability, new Institutions must provide documentation of adequate staffing, including an adequate number and type of qualified staff to ensure the operation of the CACFP in accordance with CACFP regulations.

Performance Standard 3 - Program Accountability

Institutions must have internal controls and other management systems in effect to ensure fiscal accountability and Program operations in accordance with CACFP regulations. To demonstrate Program accountability, Institutions must:

- Provide documentation that the Institution has adequate oversight of the Program by its governing board of directors (pertains to non-profit organizations).
- Provide in writing, a description of the financial system with management controls.

- Maintain appropriate records to document compliance with CACFP requirements, including budgets, accounting records and approved budget amendments.
- Follow Program practices in accordance with CACFP regulations with regard to the meal service, record keeping and other operational requirements.
- The application must reflect the Institution's CACFP operational practices and demonstrate that the Institution will:
  - Provide meals in compliance with the CACFP Meal Pattern requirements;
  - Comply with CACFP licensure or approval requirements;
  - Operate a food service compliant with applicable State and local health and sanitation requirements;
  - Comply with civil rights requirements;
  - Maintain complete and appropriate records on file;
  - Claim reimbursement only for eligible meals.

In addition to the review of application materials, CACFP regulations require the CDPHE-CACFP to conduct a pre-approval visit or record review prior to approval of a new Institution to participate in the CACFP.

DENIAL OF APPLICATIONS

CACFP regulations require the CDPHE-CACFP to deny initial or recertifying applications that do not meet all of the requirements discussed in this section. In the event of an application denial, the CDPHE-CACFP will grant the Institution appeal rights. Refer to Section 6, entitled, "Reviews & Audits" for CACFP appeal procedures.

SECTION 2-Administrative Record Keeping Requirements

ENROLLMENT RECORDS

Institutions may only claim meals for reimbursement that are served to children enrolled.

The CACFP and the CDHS, Division of Child Care (Rules Regulating Child Care Centers, 7.702.103) requires sites to maintain and update annually records of enrollment for all children in care, regardless of the children's eligibility for Free or Reduced meals. Enrollment records must include the signature of a parent/legal guardian.

The CDPHE-CACFP requires Head Start programs to update enrollment information every two years from the time of Head Start enrollment. Head Start programs must confirm enrollment information with the parent/guardian at the start of the second year of participation. The CDPHE-CACFP does NOT require maintenance of enrollment information for children cared for in emergency shelters or at-risk afterschool programs.

INCOME ELIGIBILITY FORMS (IEFs)

Introduction to Income Eligibility Form (IEF)

The CDPHE-CACFP reimburses participating Institutions for meals served at sites according to each enrolled child's eligibility for Free, Reduced or Paid meals. Authorized personnel determine eligibility using income information provided on the IEF by the parent/guardian of each child. The CDPHE-CACFP does not require participating at-risk afterschool programs and homeless shelters to maintain IEFs. The CACFP reimburses for meals and snacks in these settings at the Free rate. The CDPHE-CACFP also does not require IEFs for children enrolled in Head Start programs at participating sites. The CACFP reimburses meals and snacks served to these children at the Free rate.

Once the IEF is complete, an authorized Institution or site representative must compare the reported income to the current Household Eligibility Guidelines and indicate the appropriate income eligibility category (Free, Reduced, Paid) on the form. The income eligibility category is used to determine the amount of reimbursement the Institution will receive for the meals served to the child(ren) listed on the form.

The Institution receives the most reimbursements for meals claimed in the Free category and the least for meals claimed in the Paid category. The reimbursement amount for meals claimed in the Reduced category fall between the Free and Paid reimbursement amounts.

At the time of enrollment, the Institution must give parents/guardians an IEF and the Dear Parent or Guardian Letter. This letter describes the CACFP, informs the parent/guardian of the procedures regarding eligibility for Free and Reduced meals, and explains their rights and responsibilities. If the parent/guardian chooses not to complete the IEF, the Institution must claim meals served to all children of that family in the Paid category.

Institutions must keep a current, complete and valid IEF on file for all children whose meals are claimed in the Free and Reduced categories. This applies to all children including those who participate in the CPP. For exceptions, refer to "Head Start & Early Head Start Eligibility for

Free Meals" discussed later in this section. Additional documentation is required for children enrolled in Head Start programs. The Institution is not required to keep IEFs on file for children whose meals are claimed in the Paid category.

Institutions must update IEFs annually. IEFs are considered current and valid for a period of 12 months after the month in which the form is received and approved by the Institution. For example, if the determination date is July 2014, the form is valid from July 1, 2014 through July 31, 2015. The date to use when making this determination is either date the parent/guardian signs the IEF; or the date on which the center's official makes the eligibility determination, signs and dates the IEF.

Institution officials must decide which date to use as the effective date and apply the same method to all eligibility determinations made for all participants in all sponsored sites. This flexibility applies only to eligibility determinations made on complete IEFs that contain all required information.

The information reported on the IEF is confidential. Only authorized Institution and site representatives, CDPHE-CACFP authorized staff/auditors and USDA staff should have access to the forms.

Head Start Eligibility for Free Meals

Participating Head Start programs must maintain a list of children enrolled in the Head Start program to verify their automatic eligibility for Free meals. This list must be updated monthly for each participating site and needs to be signed and dated by a Head Start representative.

Children enrolled in Head Start programs, who are also participants of State-funded pre-kindergarten programs, are automatically eligibility for Free CACFP meal benefits. The guidance received from USDA indicates that participants of State-funded pre-kindergarten programs, which have the same or stricter income eligibility standards than Head Start; and who are enrolled in a Head Start program, are automatically eligible for Free CACFP meal benefits. Therefore, a State-funded pre-kindergarten program, which in Colorado includes the CPP, is providing services to pre-school children who are enrolled in Head Start programs and as such are not required to collect IEFs for Head Start enrolled participants. Documentation of Head Start eligibility must be captured on the monthly list of enrolled Head Start children maintained at each site, signed and dated by a Head Start representative.

Children enrolled in Federal and State-funded Head Start and Early Head Start programs and pregnant participants enrolled in Early Head Start are automatically eligible for Free meal reimbursement in the CACFP. Policy provision extends categorical eligibility for Free meal reimbursement for children and pregnant mothers enrolled in an Early Head Start or Head Start program, and who are also enrolled for care in an independent child care center or family day care home participating in CACFP.

Institutions, sponsors and School Food Authorities (SFA) may establish eligibility of all Head Start enrollees through documentation provided by the Head Start program. Forms of acceptable documentation include:

- An approved Head Start application

- A statement of Head Start enrollment
- A list of participants from a Head Start official listing the Early Head Start or Head Start participant's name

Parents/guardians of children enrolled in a Head Start or Early Head Start program, which are also enrolled for care with an independent child care center participating in CACFP, must indicate in Part I of the IEF that their child is enrolled in Early Head Start or Head Start program. The Institution must then obtain from the Head Start agency the required documentation to support Head Start eligibility. This documentation must be on file and available during CACFP reviews and audits.

Eligibility determinations for the Child Nutrition Programs are made on annually. As long as the child is enrolled in Head Start or Early Head Start at the time the annual eligibility determination is made, all reimbursable meals served to that child may be claimed at the Free Rate.

Child care sites providing Head Start services to only a portion of the children enrolled at the site, must collect IEFs for those portion of children not enrolled in the Head Start program or participate in other programs such as CCAP, Even Start, Wrap Around Child Care, the Early Child Development Program (ECDP) or CPP participants not enrolled in a Head Start program. Automatic eligibility only applies to children who are enrolled in Federally funded Head Start programs. Documentation of enrollment is required annually for each CACFP participant, including those enrolled in Head Start or Early Head Start.

Completing Income Eligibility Form (IEF)

The following section describes the IEF in detail. Institution or site representatives must guide parents/guardians in filling out the IEF to ensure accuracy and completeness. If special situations arise not discussed here, please contact the CDPHE-CACFP office at (303) 692-2330 for guidance and information.

Names of All Children for Whom the Application is Made

One IEF per household should be completed. Parents/guardians must write the full name (first and last) and age of each child enrolled for care at the site. The names of children who are not enrolled in child care should not be written in this section.

Ethnicity & Race of Participating Children

Parents/guardians have the option to indicate the ethnicity and race of each child. If the parent/guardian chooses not to provide this information, the site representative must complete this portion or maintain each child's ethnicity and race in an alternate process. The representative must inform the parent/guardian that a visual identification will be made and the collection of this information has no effect on the determination of their eligibility to receive Program benefits. Refer to the "Civil Rights Data Collection & Reporting Requirements" in Section 1 of this manual, entitled, "Participation Requirements."

Supplemental Nutrition Assistance Program (SNAP), Food Distribution Program on Indian Reservations (FDPIR) or Temporary Assistance to Needy Families (TANF) Program

If the child's family receives benefits from the Supplemental Nutrition Assistance Program (SNAP), formerly known as Food Stamps or the Food Distribution Program on Indian Reservations (FDPIR) or the Temporary Assistance to Needy Families Program (TANF) the parent/guardian must write the program case number on the IEF. Children of families who provide a SNAP or FDPIR case number are eligible for Free meals. The number must be a *case number*, not a Social Security Number or Quest card number.

Foster Children

Foster children are automatically eligible for Free meal reimbursement without an IEF as long as the Institution obtains documentation verifying the child is a foster child. Institutions may obtain documentation for the foster child by requesting a copy of a written communication between the foster family and the placement agency. If the foster family is unable to provide this information, the Institution may contact the placement agency to request documentation of the child's status as a foster child. Institutions must keep documentation on file for review purposes.

The presence of a foster child in the household does not convey automatic eligibility for Free meals to all children in the household. Households with foster and non-foster children may choose to include the foster child as a household member, as well as any personal income received by the foster child on the same IEF that includes their non-foster children. When determining eligibility, the Institution will determine the meals for the foster child as free, and then will determine if the remainder of the household is eligible for Free, Reduced or Paid meals based on the household's income or other information reported on the IEF. Foster payments received by the family from the placing agency are not considered income and do not need to be reported on the IEF.

All Other Household Members

The names of all persons other than those enrolled in child care that live in the household must be listed on the IEF, regardless of the person's age or income.

Reporting Household Income

Parents/guardians completing the IEF must report current income for each person who lives in the household, which is to include all money received prior to deductions by the household during the month prior to completing the form. Parents/guardians must report income for each person by type of income in the appropriate boxes on the form. The Institution or site representative must calculate the total reported income amounts for the household and record that total amount on the IEF. If necessary, convert multiple income schedules to annual income; multiply weekly income by 52, bi-weekly income by 26, and monthly income by 12 to obtain an annual figure, then use this total to determine eligibility for Free or Reduced meals.

Income reported on the IEF must be an exact amount. Income may not be written as a range between two figures. The following types of cash income must be reported:

- Wages, salaries, commissions, fees, etc.
- Net income from farm and/or non-farm self-employment
- Social Security
- Dividends or interest on savings or bonds
- Income from estates or trusts
- Net rental income
- Public assistance
- Unemployment compensation
- Student financial assistance not used for the cost of tuition, fees, books, supplies and other education expenses
- Retirement pensions (civilian, government and military)
- Veteran's payments
- Private pensions or annuities
- Alimony or child support payments: Payments received by the household is considered income, however, any money paid out for alimony or child support may not be deducted from that household's reported gross income.
- Regular contributions from persons not living in the household
- Net royalties
- Military benefits: All cash income received by the household, such as payments while on temporary duty, must be considered as income. However, the value of benefits other than cash, such as military base housing, is not considered income. Military service members who are deployed should be considered family members living apart on a temporary basis and considered a household member. However, only that portion of the deployed service member's income made available by them or on their behalf to the household will be counted as income to the household.
- Other cash income: Cash amounts received or withdrawn from any source including savings, investments, trust accounts, lottery winnings, garage sale proceeds and other resources, which would be available to pay the price of a child's meal.

Special Situations

Other Income

If the prior month's income does not accurately reflect circumstances, the parent/guardian may make a projection of current annual income. Irregular self-employment income, such as farm income, may be averaged over the previous 12 months.

- ***Self-employment*:** Persons who are self-employed may project their current annual income by using last year's income as a base. Such people list their net income in this section of the IEF.

  Net income for self-employed business people is calculated by subtracting business expenses from gross receipts. Business refers to a professional enterprise or partnership. Expenses include, but are not limited to, the cost of goods purchased, rent, heat, light, power, depreciation charges, wages and salaries paid and business taxes (not personal income taxes). Gross receipts include the total value of goods sold or services rendered by the business.

The value of saleable merchandise consumed by the proprietors of retail stores is not included as part of net income.

- ***Farmers*:** A farmer is anyone who operates a farm on his/her own account as an owner, renter or sharecropper. Net income for a self-employed farmer is calculated by subtracting their operating expenses from gross receipts.

  A farmer's operating expenses include, but are not limited to, cost of feed, fertilizer, seed, and other farming supplies; cash wages paid to farmhands; depreciation charges; cash rent; interest on farm mortgages; farm building repairs; and farm taxes (not including State and Federal income taxes). Gross receipts include, but are not limited to, the value of all products sold, money received from the rental of farm equipment to others and incidental receipts from the sale of items such as wood, sand and gravel.

  The value of fuel, food or other farm products used for family living is not included as part of a farmer's net income.

  In all cases of reporting net income from self-employment, operating expenses must always be subtracted from gross receipts. This difference is the amount of money available for living expenses. No negative income may be listed.

Income Exclusions

Income **not** to be reported or counted as income in the determination of a household's eligibility for Free and Reduced benefits includes:

- ***Federal Program benefits*:** Any cash income or value of benefits a household may receive from any Federal program that excludes reporting such income by legislative prohibition, such as the value of SNAP benefits received, the value of Free or Reduced meals received in schools or child care programs under the National School Lunch Act, and the value of child care benefits received under Title XX of the Social Security Act. ***Please note:** Title XX payments from the CDHS to the child care center is center income, not household income.

- ***Student financial assistance*:** Assistance provided for the costs of attendance at an education institution, such as grants and scholarships, awarded to help meet educational expenses should not be reported. However, any extra funds not used for the cost of education are considered income.

- ***Loans:*** Money received from loans is not considered as earned income since these funds are only temporarily available and must be repaid.

- ***Per capita payments*:** Payments for funds held in trust by the Secretary of Interior for the benefit of Indians (including trust funds covered by Public Law 98-64, 98 Stat. 365, August 2, 1983) are not to be counted as income or resources in determining benefits under Federal and Federally assisted programs. The Law states in part, "*None of the funds and any purchases made with such funds, including all interest and investment income accrued therein while such funds are so held in trust, shall be*

subject to Federal or State income taxes, nor shall such funds nor their availability be considered as income or resources nor otherwise utilized as the basis for denying or reducing the financial assistance or other benefits to which such household or members would otherwise be entitled under the Social Security Act, or, except for per capita shares in excess of $2,000, any Federal or Federally assisted program." This exempt status continues regardless of whether the funds are deposited in a bank or other financial institution. Until further notice, proceed on the assumption that the exemption of $2,000 or less applies to each separate payment to each Indian. Only amounts in excess of $2,000 should be counted as income or resources.

- ***"In-kind" compensation:*** The value of "in-kind" compensation allowances, such as military base housing or other subsidized housing, medical and dental services are not counted as income.

- ***Payments received by foster parents:*** Money received by foster parents for the care of foster children is not included in the household income. Refer to "Income Eligibility Form Definitions" in this section for more information about foster children.

- ***Military Combat and/or Deployment Extension Incentive Pay (DEIP):*** Money listed as part of the income received by a service member on the military Leave and Earning Statement (LES) or similar household income documentation is not counted as income.

Household Size
Parents/guardians must indicate the total number of people who live in the household on the IEF. The Institution or site representative uses this information to determine eligibility for Free or Reduced meals.

Social Security Number
If a SNAP, FDPIR or TANF case number is not provided, the adult household member who signs the IEF must provide the last four digits of his/her Social Security Number. If this person does not have a Social Security Number, this must be indicated on the form, using the checkbox provided. Without this information, the IEF is not valid.

Signature
The adult household member completing the IEF must sign and date the form and provide a contact telephone number and address of residence.

Institution Approval of IEF
An authorized Institution or site representative must first review the IEF for accuracy and completeness, then add and record the total income in the appropriate space.

The authorized representative must use the current Household Income Eligibility Guidelines to determine the correct income eligibility category (Free, Reduced or Paid).The authorized

representative must indicate the income eligibility category (Free, Reduced, Paid) on the IEF by checking the appropriate box in the section designated for staff use.

Once the determination is made, the authorized representative making the determination may use either the date the parent/guardian signs the IEF, or the date on which the center's official makes the eligibility determination, signs and dates the IEF.

Institution officials must decide which date to use as the effective date and apply the same method to all eligibility determinations made for all participants in all sponsored sites. This flexibility applies only to eligibility determinations made on complete IEFs that contain all required information.

Once the eligibility of the form is established, the IEF is considered current and valid until the last day of the month in which the form was dated by the authorized representative one year earlier. For example, if the authorized representative of the Institution signs and dates the form on July 12, 2014, the form is valid from July 1, 2014 through July 31, 2015. If an IEF is expired for an entire month, the Institution must claim meals for the participant in the Paid category.

If an IEF reflects zero income, the form is valid for an entire year (12-month period) from the date the parent/guardian signs the IEF or the date on which the center official makes the eligibility determination, signs and dates the IEF.

Tips for Maintaining Income Eligibility Forms (IEFs)

- Every July, update all IEFs, regardless of when they expire. By July of every year, the CDPHE-CACFP will provide updated Household Eligibility Guidelines to the Institution. This system ensures that Institutions use the most current Household Income Guidelines to determine the income eligibility of participants. In addition, staff members can update all forms at the same time each year, which minimizes errors and time spent tracking expiration dates of many IEFs.
- Keep all current IEFs together in a 3-ring binder, alphabetized by last name.
- Retain valid IEFs on file for all children whose meals are claimed in the Free or Reduced categories at any time, even if they are no longer enrolled in child care.
- Each year when the IEFs expire, file the old IEFs together in the back of the 3-ring binder or in a separate labeled folder.

Disaster Benefits & Eligibility for Free Meals

In circumstances where Institutions are responding to situations resulting from damage or disruptions of CACFP operations due to natural disasters, CDPHE-CACFP allows flexibility in meal service requirements and administrative procedures. For further information, please contact the CDPHE-CACFP office at (303) 692-2330.

Income Eligibility Form (IEF) Definitions

Adopted Child:

An adopted child is a child for whom a family has accepted legal responsibility. The adopted child is reported as a member of the household in which he/she resides.

Child Living with One Parent, Relative or Friends:
In cases where no specific welfare agency or court is legally responsible for the child or if the child is living with one parent, other relatives or friends of the family, the child is considered a member of the household with whom he/she resides. Children of divorced or separated parents are generally part of the household that has custody.

Foster Child:
A foster child is a child who is living with a family but who remains the legal responsibility of the welfare agency or court. Foster children are automatically eligible for Free CACFP meals without an IEF as long as the Institution obtains documentation verifying the child is a foster child. Institutions may obtain documentation for the foster child by requesting a copy of a written communication between the foster family and the placement agency. If the foster family is unable to provide this information, the Institution may place a telephone call to the placement agency to request documentation of the child's status as a foster child. Institutions must keep a copy of this documentation on file for review purposes.

Institutionalized Child:
A child who resides in a residential facility, that the State has determined is not a boarding school. Such a child is considered a household of one. An institutionalized child's income includes only the income a child earns from full-time or regular part-time employment and/or personally receives while in residence at the Institution. Payments from any source directly received by the Institution on the child's behalf are not considered as income to the child.

Military Families:
A household member who is serving in the military overseas or is assigned to a military base for an extended period of time, and is not living with the household is not considered part of the household. Military service members who are deployed and temporarily absent from the household are considered household members. In both situations, only that portion of the service member's income made available to the household will be counted as income to the household.

Non-Citizens:
Eligibility to receive meal benefits is based on the household size and income criteria for all children regardless of US citizenship.

Student Away at School:
A child who is temporarily away at school (e.g., boarding school or college) and who receives his/her primary support from the family is considered a household member.

INTRODUCTION TO THE RECORD OF MEALS SERVED (ROMS)

The Record of Meals Served (ROMS) is the documentation of meals claimed each day of the week at each site, by meal type and income eligibility category, specifically for each child enrolled. The CDPHE-CACFP requires sites to complete these records, also known as meal counts. The ROMS are used to report monthly claims. Meal counts must be recorded on the ROMS at or near the time of the meal service each day according to visual observation that

children are served a creditable meal and participate in the meal service. A completed ROMS form includes:

- The full name of each child
- The code for the income eligibility category of each child (Free, Reduced and Paid) according to the IEF; this information is coded to maintain confidentiality (For example, Z=Free, Y=Reduced, X=Paid)
- A record of which creditable meals and snacks are served to each child on each day of the week

The CDPHE-CACFP requires at-risk afterschool programs to maintain only records of the total number of snacks served per day. Meal counts by name and income eligibility category are not required. Children participating in these programs qualify for Free snacks.

Each month, Institutions use the ROMS as a worksheet to complete the Claim for Reimbursement. Accuracy is crucial to ensure the Institution receives the appropriate reimbursement for meals served and to prevent errors that may result in an over-claim, for which the Institution may owe funds back to the CDPHE-CACFP. Institutions may claim a maximum of two meals and one snack or two snacks and one meal per child, per day. Use the ROMS to calculate total meal counts by meal type (breakfast, a.m. snack, lunch, p.m. snack, supper, late snack) and income eligibility category (Free, Reduced, Paid) as well as other information required on the Claim for Reimbursement.

The CDPHE-CACFP provides a ROMS form for use by the sites. The Institution may develop an alternate ROMS form but must reflect the same information as the CDPHE-CACFP form. In this case, the CDPHE-CACFP staff must approve the form for use.

Completing Record of Meals Served (ROMS)

The following section describes the ROMS form in detail. Institution representatives must guide staff in filling out the ROMS to ensure accuracy and completeness. If special situations arise not discussed here, contact the CDPHE-CACFP office.

Names & Income Eligibility Codes

Staff should use a separate ROMS form for each classroom or group and document meal counts for only one week on each form. When the month ends during the middle of the week, a new ROMS form must be created when the new month begins. Each ROMS form must include the following information:

- The name of the classroom or group;
- The full name of each child (last name, then first) listed alphabetically;
- The date for each day of the week;
- The code for the income eligibility category of each child (codes other than F, R and P to maintain confidentiality). ROMS should not reflect income eligibility codes on the ROMS until after the records are complete and removed from the classroom.

A valid and current IEF must be on file for all children whose meals are claimed in the Free or Reduced categories. If the Institution does not have an IEF for a child, meals served to that child must be claimed in the Paid category. Authorized staff should check the information on the ROMS for accuracy.

Recording Meal Counts

Each day, at the time of meal service, staff must mark an "**X**" in the appropriate boxes to show who is participating in the meal service and served a creditable meal or snack according to visual observation. Institutions may:

- Claim three meals or snacks per child, per day (no more than two meals and one snack or two snacks and one meal).
- Claim meals only for children who participate in the meal service.
- Claim meals only for children who consume the meal or snack while in care, not after the child leaves the site in care of a non-staff member.
- Claim meals that meet the CACFP Meal Pattern requirements.
- Claim meals recorded only at or near the time of meal service according to visual observation – ***Note:** Institutions may not use attendance records to complete the ROMS because attendance records are not specific and will not reflect special situations in which meals cannot be claimed.
- Claim meals only for children for whom all of the meal components are provided by the Institution.
- Claim meals only for children enrolled in child care.
- Claim only a total number of meals that does not exceed the site's authorized child care capacity at any point in time. Refer to the section in this chapter entitled "Shift Care" for exceptions to this requirement. It is the responsibility of the site staff to control enrollment to eliminate any chance of exceeding capacity. There may be occasions beyond the immediate control, when slight violations occur for a short time (late parents, bad weather, etc.), but regular attendance in excess of license capacity will be judged intentional and over-claims made accordingly.
- Claim reimbursement only for meals where records are available to support the claim.

Calculating Total Meal Counts

At the end of each week, an authorized staff member must calculate the total number of meals served to children by meal type and income eligibility category. Use of a highlighter to color code each name and corresponding meal counts according to the child's income eligibility category allows for easy and accurate counting of meals within each income eligibility category.

After highlighting meal counts according to income eligibility category, calculate the total number of Free, Reduced and Paid meals and snacks for each day. Record the totals in the appropriate boxes at the bottom of the chart. Once these totals are recorded, calculate weekly totals by meal type and income eligibility category, and then record them in the "Page Total" box.

The CACFP requires reporting of the total number of children who ate at least one meal or snack each day during the claiming period. These daily and weekly totals are recorded in the boxes at the top of the ROMS form. This information is then transferred to the online claim for reimbursement. The ROMS must be kept on file to support all Claims for Reimbursement.

Use of Computer Systems to Complete to Record of Meals Served (ROMS)

Many Institutions utilize computer programs to calculate total meal counts at the end of the month to transfer to the Claim for Reimbursement. These systems can reduce counting errors as

well as the time spent calculating totals. However, income eligibility category and claiming errors can occur when entering data from the ROMS. Use caution to ensure data entry is accurate.

In addition to the computerized records, the CDPHE-CACFP requires Institutions to maintain a hard copy of the ROMS taken at the time of meal service (generally, these are hand written records). The CDPHE-CACFP staff will review data on these records and compare them to computer data during a Program review.

Shift Care

Many sites care for children in shifts, in which different groups of children (i.e., school age children) arrive at, leave from the site and consume meals at different times throughout the day. Child care sites that care for children in shifts often claim meals of one type in excess of its authorized capacity. The CDPHE-CACFP requires sites to keep a schedule on file of the times specific groups of children arrive and leave as well as the times these groups consume meals. This schedule should demonstrate that the number of children in the center at any point in time does not exceed its authorized license capacity.

Tips for Managing Record of Meals Served (ROMS)

- As children enroll or discontinue care during the month, add or cross out their names on the ROMS form. If changes to the list are made, make a new, updated master list at the beginning of the next month.
- Ensure that meals ineligible for reimbursement are not included in the daily meal count; meals ineligible for reimbursement include, but are not limited to, non-creditable meals and meals not provided by the Institution.
- Ensure each child's name is listed only once on the ROMS.
- Be sure names are not listed on the ROMS of more than one classroom or group.
- Use first and last names on the ROMS; the names listed on the ROMS must match those listed on IEFs.
- Do not include more than one month on the ROMS form at any time.
- Keep one ROMS form for each classroom or group.
- Keep the ROMS forms without the indication of income eligibility category on a clipboard with a pencil attached near the dining areas.
- Have another staff person double check counting.
- Assign a designated staff person to complete the ROMS daily in each classroom.
- Do not leave the task of counting to the end of the month; procrastinating increases the possibility of errors.

TIME-IN & TIME-OUT RECORDS

The CDPHE-CACFP requires child care and Head Start centers to maintain parent/guardian daily records of the time each child arrives and departs from the center. For licensed child care centers, the CDHS, Division of Child Care also requires these records for the protection of the center and the children (CDHS, Division of Child Care, Rules Regulating Child Care Centers, 7.702.103). The CDPHE-CACFP staff will request time-in and time-out records during a CACFP review. Institutions may develop their own time-in and time-out form or may use one provided by the CACFP.

Time-in and time-out records must display the first and last names of each child and the date, including month, day and year. Parents or persons responsible for the children must record the time the child arrives at the center and the time the child leaves the center. Parents must sign, with a signature, each arrival and departure time. For children who are bused to and from the center, a staff person must complete the time-in and time-out record if the parent/guardian is not available to do so.

The CDPHE-CACFP does not require Institutions to print and file copies of computer-generated time-in and time-out records with parent signatures. Institutions using computerized systems are still responsible for maintaining time-in and time-out data provided by the parents, and will be required to print records for a random sample of children during a CDPHE-CACFP review.

The CDPHE-CACFP requires participating at-risk afterschool programs to maintain daily attendance records of Program participants. These might be daily attendance rosters or time-in sheets or other methods, which result in accurate recording of daily attendance. The CDPHE-CACFP does not require at-risk afterschool program sites to maintain time-in/time-out records signed by parents. However, these sites must maintain daily records of each participant's attendance.

The CDPHE-CACFP requires emergency or homeless shelters to provide records indicating the presence of participants and the duration of time at the shelter.

RECORDS TO DEMONSTRATE OPERATION OF A NON-PROFIT MEAL SERVICE

Introduction to Non-Profit Meal Service

The primary purpose of the CACFP reimbursement is to improve the quality of the meals served by the Institution and ensure compliance with the CACFP Meal Pattern requirements with regard to content and quantity. After these goals are achieved, participating Institutions may use CACFP reimbursement funds for other costs associated with the meal service and management of the CACFP.

The CACFP requires all Institutions to establish procedures to collect and maintain documentation of non-profit food service to ensure that all CACFP reimbursement funds are used solely for the conduct of the food service operation or to improve food service operations for the benefit of the enrolled participants.

Institutions must maintain records of their operating and administrative costs to support the operation of a non-profit food service and demonstrate appropriate use of the CACFP reimbursement funds. Records must be legible, dated and itemized. Refer to Charts 1 and 2 located in this section for required records of operating and administrative costs. For review purposes, Institutions must keep receipts, invoices and contracts and organize them by month.

Donated Foods

Although funds are not paid for donations of food and non-food items for the food service, the Institution must maintain documentation of donations received that are used for meals Claimed for Reimbursement. This documentation must include the date of donation, an itemized list of

goods and quantities of goods received the name of the donor and the contact information for the donor.

In the event that a participating Institution has left over foods that cannot be used towards the food service of Program participants and the food would otherwise be discarded that food may be donated. The Institution may donate food that has not been consumed to eligible local food banks or charitable organizations. Eligible food banks or charitable organizations are defined as those that are exempt from tax under section 501(c)(3) of the IRS Code. If there is leftover food on a frequent basis, menu planning and production practices should be adjusted to reduce leftovers and limit food waste.

Allowable Operating Costs

Operating costs are limited to the Institution's allowable expenses of serving meals to eligible participants. These costs include:

Food Costs:

Food costs include funds used to purchase food and beverages for the preparation of meals served to enrolled participants. These costs include the purchase price and charges for processing, transporting, storing/handling purchased or donated food including USDA Foods.

Food Service Labor Costs:

Food service labor costs are funds used to pay for labor related to the operation of the food service. These costs may include wages, salaries, employee benefits and the share of taxes paid by the Institution. Food service labor includes menu planning, meal preparation, meal service, supervision of the food service operation, cleanup after the meal and supervision of the participants during mealtime, preparation of CACFP menus and production records and purchasing of food and food service supplies.

Costs of Non-Food Supplies for Food Service:

Costs of non-food supplies for the operation of the food service may include purchases of paper goods, cleaning supplies for the food service and small equipment for use in the food service operation.

Food Service Equipment:

Allowable costs for food service equipment include direct costs for the purchase, maintenance and repair of food service equipment as well as depreciation expenses for non-expendable equipment. Depreciation is the expense associated with the use of the equipment for the operation of the CACFP. Depreciation is based on acquisition cost and the life expectancy of the item, and the costs of improvements, alterations or repairs that extend the useful life of the item. Any commonly accepted method of computing depreciation may be used as long as the method results in equitable charges considering the useful life of items and the benefits received by the CACFP. Depreciation is not allowed on any equipment considered fully depreciated or donated.

OPERATING COSTS	RECORDS TO KEEP
Food Costs • Purchases of food and beverages • Costs of processing, transporting, storing or handling purchased or donated foods	• Itemized and dated receipts of purchases of food and beverages • Invoices and contract for the purchase of meals from a school or food service management company • Invoices for the delivery, storage or handling of purchased or donated foods
Food Service Labor Costs • Wages • Salaries • Employee benefits • Taxes	• Payroll records, including rate of pay, benefits, taxes paid and total hours worked • Records of hours spent on specific food service duties • Verification that the employee has been paid (i.e., canceled check or Electronic Funds Transfer (EFT) deposit verification)
Non-Food Supplies Costs • Purchases of non-food supplies for the food service • Costs of processing, transporting, storing or handling purchased or donated non-food supplies	• Itemized and dated receipts and invoices of the purchase of non-food supplies for the food service operation • Invoices for the delivery, storage or handling of purchased or donated non-food supplies for food service operation
Food Service Equipment • Direct costs of the purchase or rental of food service equipment • Costs of maintenance and repair of equipment • Depreciation costs of equipment	• Itemized and dated receipts and invoices of the purchase of equipment for food service operation • Itemized and dated receipts and invoices of expenses for maintenance and repair of food service equipment • Depreciation records indicating the amount of depreciation taken each period and when appropriate, prorated between CACFP and non-CACFP use

Allowable Administrative Costs

Administrative costs are limited to the Institution's allowable expenses for planning, organizing and managing the CACFP. These costs include:

Administrative Labor Costs:

Administrative labor costs include salaries, wages, benefits and the share of taxes paid by the Institution for the following CACFP duties:

- Managing CACFP operations, including preparing and submitting application materials and planning, organizing and monitoring CACFP operations;
- Completing and maintaining daily records to support Claims for Reimbursement, including reviewing and approving IEFs, preparing the Claim for Reimbursement, managing meal count records and depositing and distributing reimbursement funds;
- Training staff on CACFP operations and providing nutrition education.

Accounting Costs:
Accounting costs include the costs of establishing and maintaining accounting and other information systems for the management of the CACFP. Institutions must use commonly accepted accounting principles.

Communications Costs:
Communications costs include the costs of supplies and services used for managing the CACFP, such as license fees for electronic mail software, telephone, telegrams, fax, Internet services, postage and messenger services. These costs must be allocated between CACFP and non-CACFP use.

Mileage Costs:
If the Institution owns or leases vehicles or its employees, officers, directors or trustees use personally owned or personally leased vehicles for CACFP purposes, the Institution may use CACFP reimbursement funds to pay for actual costs for operating vehicles or a mileage allowance.

- **Actual costs** include the CACFP share of costs for operating the vehicle including gas, oil, routine maintenance, and as applicable, depreciation, use allowance or leasing fee.
- **A mileage allowance** is the full amount allowed for the costs of operating the vehicle, excluding the driver's salary, parking fees and toll fees. The Institution may use either the CDPHE approved mileage allowance or the same allowance used by the Institution for reporting business vehicle costs for Federal tax purposes.

Printing & Reproduction Costs:
The Institution may use CACFP reimbursement funds to pay for the costs of printing and reproduction for materials related to the CACFP. If only a portion of the material is related to the CACFP, reimbursement funds may be used for the costs associated with that portion of the material.

Rental Costs:
CACFP reimbursement funds may be used for rental of equipment for use in the CACFP.

Purchased Services:
CACFP reimbursement funds may be used to pay for costs of purchased services that relate to CACFP operations, such as janitorial services, utilities and security.

ADMINISTRATIVE COSTS	RECORDS TO KEEP
Labor Costs • Managing CACFP operations • Completing and maintaining records • Training	• Payroll records, including rate of pay, benefits, taxes paid and total hours worked • Records of hours spent on specific administrative duties • Verification that the employee has been paid (i.e., canceled check or EFT deposit verification)
Accounting Costs • Costs of establishing and maintaining accounting and information systems	• Itemized and dated receipts and invoices of accounting expenses
Communications Costs • Costs of supplies/services for CACFP use	• Itemized and dated receipts and invoices of the purchase of supplies and services
Mileage Costs • Actual costs of operating vehicles, including gas, oil, routine maintenance or depreciation • Mileage allowance for costs of operating vehicles	For each trip: • Date, time, name of traveler, origin and destination, reason for trip, and certification in writing by responsible official documenting that all travel costs and mileage for Program purposes are reasonable • Mileage • Dated and itemized receipts for expenses considered actual costs • Depreciation costs, as applicable • Documentation of ownership of the vehicle by Institution or employee
Printing & Reproduction Costs • Costs of printing/reproduction of materials	• Itemized and dated receipts and invoices of the purchase of printing/reproduction supplies/services
Costs for Rental Equipment • Costs of rental of equipment used for the operation of the CACFP	• Dated and itemized rental documents, contracts or invoices
Costs of Purchased Services • Costs of purchased services such as janitorial services, security and utilities	• Dated and itemized service contracts or invoices

Unallowable Costs

Institutions must demonstrate that all CACFP funds are used solely for purpose of food service or operation of the CACFP. CACFP reimbursement funds may **not** be used for the following expenses:

Non-Creditable Foods Costs:

CACFP reimbursement may only be used for the costs of creditable foods; examples of non-creditable foods, for which costs are not allowed, include soft drinks, potato chips and cakes.

Donated Foods:
The value of donated foods and food service supplies or equipment may not be used to support the operation of a non-profit food service.

Entertainment Costs:
Costs for party items, amusement, gifts, social activity rentals and foods for social functions are not allowable.

General Business Expenses:
Costs conducting the general business of an organization are unallowable. These costs include non-food service related items and services purchased for the care setting, such as equipment, activity materials, etc. and salaries for non-CACFP related labor.

LOBBYING & LOBBYING RELATED ACTIVITIES

Office of Management and Budget (OMB) Circular A-122, *Cost Principles for Non-Profit Organizations* defines lobbying and lobbying related activities and their allow ability. The revised Circular changes the term "political advocacy" to "lobbying".” The Circular:

- Restricts attempts to influence legislation at legislative or grass roots level at Federal expense.
- Prohibits any attempt to influence the introduction of new or the modification of any pending Federal or State legislation through communication with government officials or employees connected with legislative decision-making process.
- Bans preparation or distribution of publicity or propaganda that urges the public (or any segment of it) to contribute to or participate in any mass demonstration, march, rally, fundraising drive, lobbying, letter-writing or telephone campaign.

***Note:** No costs associated with any of these activities are reimbursable by any Federal program.

This Circular's purpose is to ensure that the Federal Government does not subsidize lobbying efforts with appropriated funds. The philosophy behind the Circular is that the use of Federal funds for lobbying is not proper. If this were allowed, the political process could be distorted by favoring those with Federally funded contracts or grants over those required to conduct lobbying activities at their own expense.

The CDPHE-CACFP is responsible for advising its participants of this Circular and its contents. It must also establish procedures for resolving, in advance, interpretations and questions concerning this Circular.

It is the Institution’s responsibility to determine if an activity is allowable and any of its associated costs. If activities are undertaken and costs are incurred that are not approved in advance, and are subsequently judged unallowable, the Institution is responsible for them.

To determine allowable status of a lobbying related activity and any costs associated with the activity before incurring any cost, the Institution may:

- Submit a written inquiry concerning an activity or cost to the CDPHE-CACFP.

- Upon receipt of the inquiry, the CDPHE-CACFP will review and make a decision regarding it within 15 working days; if a decision cannot be made within that period, the CDPHE-CACFP will notify the Institution or sponsoring organization in writing as to when a decision will be made.
- The CDPHE-CACFP will send a written response when a decision is made.

STAFF TRAINING RECORDS

The CACFP regulations require key staff of the Institution to receive CACFP training prior to participating in the CACFP. The CDPHE-CACFP provides options for training, which include formal training sessions and written training modules. Participating Institutions must train key staff members at all sites at least annually thereafter on content areas defined by the CDPHE-CACFP. The CDPHE-CACFP defines "key staff" as persons who oversee CACFP functions at the sites (i.e., director, administrator), perform record keeping tasks or maintain paperwork (i.e., assistant director), perform food service and food service duties (i.e., cook, persons serving the meal), or any person responsible for CACFP duties.

Required annual training may include the topics listed below. All trainings must be appropriate to the level of experience and duties of staff. New staff will require more intensive training, while experienced staff may only require a refresher on the topics or training in an unfamiliar area. Likewise, staff with specific duties may not need training in all areas including:

- **CACFP Meal Pattern Requirements:** Meal pattern components, creditable and non-creditable foods and quantity of food requirements
- **Record Keeping Procedures:** ROMS, IEFs and Claim for Reimbursement
- **Food Service Operations:** Production records, cooking, use of the *Simplified Food Buying Guide Book*, the Online Food Buying Guide Calculator and food purchasing requirements
- **Nutrition & Physical Activity:** Healthy menu planning and nutrition and physical activity best practice guidelines
- **Meal Service:** Family style meal service, feeding practices, role modeling, division of responsibility for eating and nutrition education
- **Food Safety & Sanitation:** Safe food handling, sanitation of food service and preparation areas, hand washing, appropriate use of gloves and safe food temperatures
- **CPR or First Aid Training with a Choking Prevention Component**

Annual Civil Rights Training Requirements

In addition, all Institutions are required to provide civil rights training annually to all staff involved in any aspect of the CACFP. Refer to Section 1, entitled, "Civil Rights Training Requirements," for additional more information on this training requirement.

Training Record Keeping Requirements

The CDPHE-CACFP requires Institutions to maintain documentation of annual training received by key staff. Records must include the following information:

- Date of training
- Name of instructor and/or description of materials used
- Name and title of each attending staff member
- List of topics covered

RECORD KEEPING REQUIREMENTS FOR FOR-PROFIT INSTITUTIONS

If sites qualify for CACFP participation by Free and Reduced eligibility of children, the Institution must maintain all Free and Reduced IEFs, valid for each claiming month to demonstrate eligibility for the CACFP. Refer to Section 1, entitled, "For-Profit Child Care & Outside-School-Hours Care Center," for additional information regarding CACFP for-profit qualifications.

Participating for-profit Institutions whose sites qualify for the CACFP by CCAP (Title XX) participation, must maintain the following CCAP records:

Colorado Child Care Assistance Program (CCAP), Purchase of Child Care Certificates:

These certificates authorize the purchase of child care services and include the specific rate payable to the provider by the CDHS, as well as the parental fee, payable by the parent to the provider, for children listed on the form. Each for-profit site must maintain a form for each child or family who receives benefits from the CCAP.

Child Care Fiscal Agreements:

Agreements between a county department of social services and a child care site define the rate payable to the provider, and payment policies and responsibilities of the county department of social services and the provider. Each for-profit site must maintain a copy of a current agreement with each county from which it receives payments.

CCAP Child Care Attendance Record & Billing Form:

For each month, for-profit sites qualifying for the CACFP using the Title XX percentage must maintain copies of the Child Care Attendance Record and Billing Forms for each county. These forms are submitted monthly to the county department to receive CCAP payments.

Child Care Provider Verification of CCAP Payroll:

For each month, for-profit sites must maintain CCAP provider payroll statements, which display the names of children and the dollar amounts paid to the site for each child. These forms are also referred to as "Remittance Statements" or "CCAP Payment Check Stubs."

RECORD RETENTION REQUIREMENTS FOR ALL INSTITUTIONS

The CDPHE-CACFP requires all participating Institutions to maintain all records required by the CACFP for three years and four months past the end of the current fiscal year. These records may be stored off-site; however, they must be accessible in the event of a review.

SECTION 3-CACFP Meal Patterns & Food Service Record Keeping Requirements

INTRODUCTION TO CACFP MEAL PATTERNS

The CACFP provides reimbursement funds to Institutions with participating child care sites for creditable meals served to the infants and children enrolled in care. Creditable meals meet all requirements defined in the CACFP Meal Patterns for infants and children according to age. An Institution may receive reimbursement only for meals that include the required components, creditable foods and adequate quantities of food.

The CACFP Meal Patterns for infants and children are based upon nutrition requirements for proper growth and development. The requirements were designed to meet approximately ⅔ of the nutrition needs for infants and children in each age group when in care for eight hours or more.

COLORADO CACFP HEALTHIER MEAL INITIATIVES

The current USDA Meal Pattern for CACFP allows for a wide variety of foods designed to meet basic nutrition requirements. Colorado CACFP is moving beyond these requirements with the Colorado Healthier Meals Initiative, a set of nutrition policies aimed at improving the nutritional intake of children. These new policies require participating Institutions to meet the following requirements:

Policy 1: 1% or fat free milk for children ages 2 years & older (USDA policy since September 2011)

- 1% or fat-free milk has the same nutrients as other milks but with less solid fat and fewer calories
- Studies show no compromise in growth when switching to lower fat milk

Policy 2: Limit 100% fruit juice to no more than twice per week

- Fruits and vegetables are more nutritious than fruit juice and provide dietary fiber; 100% fruit juice offers no nutritional advantage over whole fruits
- Overconsumption of 100% fruit juice can contribute to overweight and obesity
- Providing fruits and vegetables to children instead of fruit juice reinforces healthier eating habits as children reach new developmental stages

Policy 3: Limit processed meats to once per week

- Processed meats are typically high in sodium, saturated fat and total fat
- Replacing processed meats with lean meats and/or meat alternates greatly reduces amount of calories, sodium and fat a child's diet

Policy 4: At least one whole grain product per day

- Whole grains are an excellent source of nutrients such as iron, magnesium, selenium, B vitamins and dietary fiber
- Increase whole grain intake by replacing refined grains with whole grains whenever possible

MEAL PATTERN REQUIREMENTS FOR CHILDREN (1-12 YEARS)

The CACFP Meal Pattern for children, also known as the *CACFP Food Chart*, specifies the minimum required meal components for breakfast, snack and lunch/supper for children, ages 1-12 years. For each component, the chart also reflects the minimum required quantities for each meal type according to age. The CACFP Meal Pattern requirements for children are specific to the following age groups:

- 1 through 2 years
- 3 through 5 years
- 6 through 12 years

The meal components and quantities reflected in the CACFP Meal Pattern are minimum requirements to receive CACFP reimbursement. Sites may serve larger quantities of the required components and additional food items; however, the Institution will not receive additional reimbursement from the CACFP. In many cases, children may need more food than the minimum requirements. The CACFP recommends sites to prepare adequate quantities of food to meet the needs of growing children.

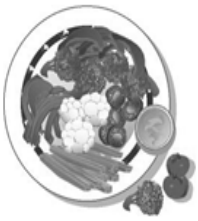
For children over the age of 1 year, the CACFP requires sites to purchase and provide all of the food components to receive reimbursement for meals and snacks. Meals and snacks for which parents provide all or part of the meal are not eligible for reimbursement.

When using the CACFP Meal Pattern to plan meals for children in care, remember the following specific requirements:

- At snack, two varieties of food from the same group of components (e.g., turkey and cheese or apples and orange juice) do not meet the requirement to serve at least two of the four possible components, regardless of quantity. Sites must select the two food items from two different component groups.
- At snack, sites may not serve fruit or vegetable juice with milk as the only two snack components.
- Sites may serve sweet bread/bread alternates only at breakfast and snack.
- Sites must limit sweet bread/bread alternates and tortilla chips to no more than twice per week on the menu.
- Many food items require a second component from the same group; the quantities of these foods are not sufficient or reasonable to count as a creditable part of the meal. For example:
  - If raisins are served at breakfast or snack, the site must serve a second fruit or vegetable. The quantity of raisins required at breakfast and snack is unreasonable for young children to consume.
  - If peanut butter is served as the meat/meat alternate at lunch or supper, the site must serve a second meat or meat alternate. The quantity of peanut butter required at lunch and supper is unreasonable for young children and may pose a choking hazard.
  - If the site uses a commercial meat/meat alternate, for which the quantity of meat cannot be verified, a second, creditable meat/meat alternate must be served. Examples include fish sticks, chicken nuggets, commercial lasagna, commercial meatballs.
- Sites may use 100% fruit or vegetable juices to satisfy no more than half of fruit/vegetable requirement at lunch and supper.

- At lunch and supper, the CACFP Meal Pattern requires two different varieties of fruits and/or vegetables. A mixture of fruits or vegetables, such as fruit cocktail or mixed peas and carrots, counts only as one of the varieties at lunch.
- Breast milk may be served in place of fluid cow's milk for children between the ages of 1 and 2 years without a Special Diet Statement.

CHART 1. CACFP FOOD CHART

Child & Adult Care Food Program **FOOD CHART** (Effective April 1, 2004)		AGE 1 through 2	AGE 3 through 5	AGE 6 through 12
BREAKFAST	Fluid Milk	½ cup	¾ cup	1 cup
	Juice or Fruit or Vegetable	¼ cup	½ cup	½ cup
	Bread/Bread Alternate	½ slice	½ slice	1 slice
SNACK ***(Serve 2)****	Fluid Milk	½ cup	½ cup	1 cup
	Juice or Fruit or Vegetable	½ cup	½ cup	¾ cup
	Meat/Meat Alternate	½ oz	½ oz	1 oz
	Bread/Bread Alternate	½ slice	½ slice	1 slice
LUNCH/SUPPER 	Fluid Milk	½ cup	¾ cup	1 cup
	Meat or Poultry or Fish or	1 oz	1 ½ oz	2 oz
	Cheese or	1 oz	1 ½ oz	2 oz
	Egg (large) or	½	¾	1
	Cooked Dry Beans & Peas or	¼ cup	⅜ cup	½ cup
	Peanut Butter	2 tablespoons	3 tablespoons	4 tablespoons
	Yogurt, plain or flavored	4 oz (or ½ cup)	6 oz (or ¾ cup)	8 oz (or 1 cup)
	Vegetables and/or Fruits (Must serve at least 2 different varieties**)	¼ cup total	½ cup total	¾ cup total
	Bread/Bread Alternate	½ slice	½ slice	1 slice

* Juice may not be served if milk is the only other component at snack
**A minimum of ⅛ cup each must be served

NOTE: Yogurt may also be served for snack as a meat/meat alternate as follows:
1 through 5 years old: *½ oz meat/meat alternate= 2 oz or ¼ cup of yogurt*
6 through 12 years old: *1 oz meat/meat alternate= 4 oz or ½ cup of yogurt*

USDA is an equal opportunity provider and employer

CREDITABLE FOODS FOR CHILDREN (1-12 YEARS)

In addition to the requirements for the types and quantities of food in a creditable meal, sites must also select foods that are creditable. Individual foods are considered creditable (OK) and non-creditable (Not OK). Meals that contain only creditable (OK) foods, in the appropriate quantities, are eligible for reimbursement.

Foods that are creditable may contribute to the requirements for a reimbursable meal or snack. Foods are creditable based upon the following requirements:

- The nutrient content of the food contributes to nutrition requirements for children
- The food serves its customary function in a meal
- The food meets the regulations governing the Child Nutrition Programs (for quantity and/or by definition)
- The food meets the Food and Drug Administration (FDA) Standards of Identity
- The food meets USDA standards
- The food complies with the CDPHE-CACFP policies regarding creditable foods

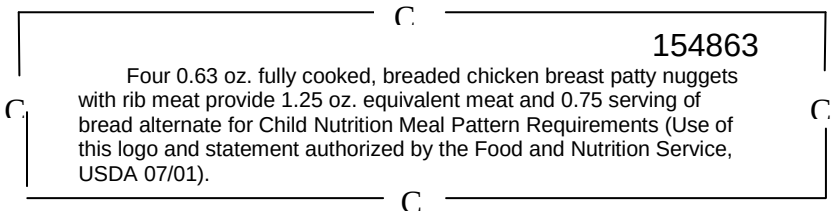
When planning menus, refer to the Guide Book entitled, "*Creditable Foods Guide for Child Care Centers & Family Day Care Homes*" to make sure the foods selected are creditable.

THE CHILD NUTRITION (CN) LABEL

The Child Nutrition (CN) Labeling Program is a voluntary Federal labeling plan for Child Nutrition Programs, which allows manufacturers to disclose a product's contribution to the meal pattern requirements on product labels. Consumers may find CN labels on main dish products that contribute significantly to the meat/meat alternate or bread/bread alternate components. Examples include chicken nuggets, beef patties, pizzas, burritos, egg rolls and breaded fish portions. A CN label will always contain the following:

- The CN logo, which has a distinct border
- The meal pattern contribution statement
- A 6-digit product identification number
- USDA/FNS authorization
- The month and year of approval

Sample CN Label



Based upon the information provided on the CN label, the participating site must determine the quantity of food to prepare and serve to each child to meet the CACFP Meal Pattern requirements.

If a commercial product containing meat or meat alternates does not bear a CN label, the Institution must obtain information from the manufacturer specifying the number of ounces of creditable meat or meat alternate in a measurable serving of the product. This information must be used to determine if the quantity of the product needed for each child to meet the minimum CACFP Meal Pattern requirements is a reasonable portion size for young children. The Institution must keep all product specifications on file for review purposes. If the Institution contracts with a vendor to provide meals, the Institution must request and maintain copies of this documentation.

The CACFP regulations define additional requirements for alternate protein products used alone or in combination with a creditable meat/meat alternate. The Institution must maintain sufficient documentation, which verifies the product's compliance with these requirements. Contact the CDPHE-CACFP office for more information regarding these requirements.

MEAL PATTERN REQUIREMENTS FOR INFANTS (BIRTH - 12 MONTHS)

The CACFP requires sites that care for infants under the age of 12 months to serve CACFP meals to the infants and claim infant meals for reimbursement. The CACFP Infant Meal Pattern reflects the minimum requirements, with regard to types of foods and quantities of foods, for infant meals according to age and development. The meal requirements are significantly different for each age group. These age groups are:

- 0 through 3 months
- 4 through 7 months
- 8 through 11 months

The CACFP Infant Meal Pattern is flexible to allow sites to offer foods to infants only when they are developmentally ready to accept them. Sites should continue to work with parents and health care providers in meal planning for infants. The requirements for each age group of infants are as follows:

Age 0-3 Months

The CACFP Infant Meal Pattern requires only breast milk or iron-fortified infant formula at meals and snacks for very young infants up to 3 months of age. Site staff may offer less than the minimum required amount of breast milk to infants who regularly consume smaller portions of breast milk. However, staff must offer additional breast milk if the infant is still hungry.

Age 4-7 Months

At a minimum, the CACFP Infant Meal Pattern requires breast milk or iron fortified infant formula at meals and snacks for infants' age 4 through 7 months. At some point during this period of development, parents generally begin to offer infants additional foods such as iron-fortified infant cereal, fruits and vegetables. Once the infant is developmentally ready to accept these additional foods, the CACFP requires sites to offer these foods to the infant in at least the minimum quantities specified on the Infant Meal Pattern. Staff members should consult with parents about making these changes.

Age 8-11 Months

By the age of 8 months, healthy infants who are developing normally should consume foods in addition to formula or breast milk. For breakfast, lunch and supper, the CACFP requires sites to offer all of the foods listed on the Meal Pattern for infants, age 8-11 months, in at least the minimum quantities to receive reimbursement. For snacks, the CACFP requires breast milk, iron-fortified infant formula, or 100% fruit juice. Once the infant is developmentally ready, the site must also offer crusty bread or crackers at snack.

CHART 2. INFANT MEAL PATTERNS

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Infant Meal Patterns

Child and Adult Care Food Program

Minimum Requirements [1]

		Birth through 3 months of age	4 through 7 months of age	8 through 11 months of age
BREAKFAST	Breast milk **or** Iron-fortified Infant Formula	4-6 fl. oz.[2]	4-8 fl. oz.[2]	6-8 fl. oz.[2]
	Iron-fortified Infant Cereal		0-3 Tbsp.[4]	2-4 Tbsp.
	Fruit **and/or** Vegetable of appropriate consistency **(not juice)**			1-4 Tbsp.
SNACK	Breast milk **or** Iron-fortified Infant Formula	4-6 fl. oz.[2]	4-6 fl. oz.[2]	2-4 fl. oz.[2]
	or Full-strength Fruit Juice **(after 8 months of age)**			2-4 fl. oz.
	Slice of Bread **or** Crackers			0-½ slice[4] 0-2
LUNCH/ SUPPER	Breast milk **or** Iron-fortified Infant Formula	4-6 fl. oz.[2]	4-8 fl. oz.[2]	6-8 fl. oz.[2]
	Iron-fortified Infant Cereal		0-3 Tbsp.[4]	2-4 Tbsp.
	and/or Meat[3] or Poultry or Fish **(after 8 months of age)**			1-4 Tbsp.
	or Egg Yolk			1-4 Tbsp.
	or cooked, dried Beans or dried Peas			1-4 Tbsp.
	or Cheese			½ - 2 oz.
	or Cottage Cheese			1-4 oz. (volume)
	or Cheese Food or Spread			1-4 oz. (weight)
	Fruit **and/or** Vegetable of appropriate consistency **(not juice)**		0-3 Tbsp.[4]	1-4 Tbsp.

1. Even though the infant meal pattern specifies breakfast, snack, lunch, and supper, these are just guidelines. Infants should be fed on demand and should not, in any way, be restricted to a rigid feeding schedule. You may find that some infants must be fed every 2 hours and will receive 5-6 meals while in care.
2. A serving of less than the minimum amount of **breast milk** may be offered for the infant who regularly consumes smaller portions. Additional **breast milk** must be offered, if the infant is still hungry.
3. Hot dogs, frankfurters, corn dogs, and sausages are NOT creditable for infants. Fish sticks, patties, nuggets, or other commercial breaded or battered seafood products or canned, fresh, or frozen fish with bones are NOT creditable for infants.
4. A serving of this component is required only when the infant is developmentally ready to accept it. Additional semisolid foods may be served, as developmentally appropriate.

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CREDITABLE FOODS FOR INFANTS (BIRTH - 12 MONTHS)

In addition to the requirements for the types and quantities of food for infants, sites must also select foods for infants that are creditable. Individual foods and formulas are considered creditable (OK) and non-creditable (Not OK). Meals that contain only creditable (OK) foods, in appropriate quantities, are eligible for reimbursement.

Infant formula is defined as any iron-fortified infant formula intended for dietary use as a sole source of food for normal, healthy infants, served in liquid state at the manufacturer's recommended dilution. Low iron formula is not creditable because it does not contain enough iron to meet the definition of iron-fortified infant formula. Only breast milk or iron-fortified infant formula may be served as part of a reimbursable meal for infants from birth through 11 months of age. Whole milk is not appropriate for infants under the age of 12 months; therefore, it is not creditable.

Determining If Infant Formula is Creditable

The CACFP List of Creditable Infant Formulas can be found at http://www.fns.usda.gov/cnd/care/regs-policy/infantmeals/formulalist.htm
If a formula is not on the CACFP list of creditable infant formulas, staff members may use the following guidelines to determine whether a formula is creditable, without the need of a Special Diet Statement:

- Ensure the formula is not listed as an FDA Exempt Infant Formula. The FDA defines an exempt infant formula as "an infant formula labeled for use by infants who have inborn errors of metabolism or low birth weight, or who otherwise have unusual medical or dietary problems." Participating sites must obtain special diet statements for infants who consume exempt infant formulas.

- Examine the nutrition label to ensure the formula is iron-fortified. Products labeled as iron-fortified infant formulas legally must meet the FDA definition of iron-fortified, which contain 1 milligram or more of iron in a quantity of product that supplies 100 kilocalories when prepared in accordance with label directions for infant consumption. The number of milligrams of iron per 100 kilocalories of formula is printed on the nutrition label.

- Formulas purchased outside of the US are likely not regulated by FDA; therefore, may not be creditable.

Infant cereal is defined as any iron-fortified dry cereal specially formulated for and generally recognized as cereal for infants that is routinely mixed with formula or breast milk prior to consumption.

Many foods that are creditable for children over the age of one year are not creditable for infants under the age of 12 months. These foods are not creditable because they are choking hazards for infants, are common food allergens, and/or do not provide the nutrition infants need for growth and development. Refer to the "Infant Feeding" section of the Guide Book, entitled, "*Creditable Foods Guide for Child Care Centers &Family Day Care Homes*" for a full list of creditable foods for infants.

FOODS PROVIDED BY PARENTS OR FAMILIES OF CHILDREN IN CARE

For children over the age of 12 months, the site must provide all of the components of the meal to receive reimbursement funds for the meal. For children who follow special diets, the site must also purchase and provide the substitute food items indicated on the Special Diet Form, completed by a recognized medical authority. Refer to "Exceptions to the Meal Pattern" in this section for more information on special diets requirements.

For infants under the age of 12 months, the CACFP recognizes the labor costs involved in feeding infants and allows parents to remain involved in meal planning and feeding of their infants. Within the following guidelines, which vary by age and development, Institutions may receive reimbursement for meals when parents provide creditable foods as part of a creditable meal:

- The CACFP requires sites to purchase and offer parents at least one creditable choice of iron fortified infant formula. The CDPHE-CACFP recommends offering a soy-based formula and a milk-based formula. Parents have the option to accept an offered formula or provide their own formula for the infant. Institutions must obtain Formula Decision Forms from the parents of all infants, with the exception of breastfed infants, which indicate the parents' decision to either accept or decline the offering of formula. Refer to "Record Keeping for Infants Under the Age of 12 Months" in this section for more information about the Formula Decision Form.
- For infants who consume only breast milk provided by the mother, the Institution may claim meals and snacks for reimbursement.
- For infants who consume only formula, the Institution may claim meals and snacks served to the infants regardless of whether the parents or the site provides the formula.
- For infants who consume foods in addition to formula or breast milk, such as iron-fortified infant cereal, fruits or vegetables, the participating site must provide at least one of the food components of the creditable meal or snack to claim it for reimbursement. Foods provided by the parent must be creditable and the entire meal or snack must meet the CACFP Meal Pattern requirements.

EXCEPTIONS TO THE MEAL PATTERN

The CACFP regulations require Institutions to offer Program meals that meet the CACFP Meal Pattern requirements to all children in care. Exceptions to the CACFP Meal Pattern may be necessary due to medical issues, developmental disabilities, religious or ethnic preferences, or economic situations. This section describes the requirements for these various exceptions.

Developmental Disabilities

Federal regulations require sites to make substitutions to the CACFP Meal Pattern for children who are developmentally disabled (handicapped) and whose disability restricts their diet. CACFP regulations require sites to offer Program meals to children who are developmentally disabled, whenever Program meals are offered to the general populations served at the site.

A "**Handicapped person**" is defined in 7 CFR 15b.3(i) as any person who has "a physical or mental impairment which substantially limits one or more major life activities, has a record of such impairment, or is regarded as having such an impairment" (Exhibit A, 7 CFR 15b.3).

"**Major life activities**" are defined in 7 CFR 15b.3(k) as "functions such as caring for one's self, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning and working."

The Americans with Disabilities Act Amendments Act of 2008 (ADAAA), amended the Federal definition of disability, broadening it to cover additional children and individuals who might be identified by their licensed physician as having a food-related disability. Therefore, for the purposes of identifying individuals with disabilities the ADAAA added a new category called "Major Bodily Functions." Major Bodily Functions refers to functions of the immune system, normal cell growth, digestive, bowel, bladder, neurological, brain, respiratory, circulatory, cardiovascular, endocrine and reproductive functions.

A licensed physician (including Doctors of Osteopathy) must determine whether a child has a disability that restricts his/her diet. The physician must complete a written statement of the child's disability, based upon the regulatory criteria for "handicapped person," defined in 7 CFR Part 15b.3(i), and state that the disability restricts the child's diet. An Institution representative should contact the CDPHE-CACFP office if they are unclear whether the medical statement meets the regulatory criteria.

For medical statements, the CDPHE-CACFP recommends that Institutions provide the CACFP form, which is specific to disabilities, for the physician to sign; however, alternate forms, which present the same information, are acceptable. Once the site receives the statement signed by a licensed physician, the site must follow the instructions on the statement. The medical statement must identify:

- The child's disability and an explanation of how the disability restricts the child's diet
- The major life activity affected by the disability
- The food(s) to omit from the child's diet and the recommended substitute food(s). If the disability requires modifications to calorie intake or the use of a liquid nutritive formula, the physician must indicate this information in the statement. For textural modifications to the regular Program meal that does not modify the food components of the Meal Pattern, the medical statement is recommended but not required.

In addition to dietary modifications, sites must provide food services to disabled children in the most integrated setting possible and ensure that they participate with all other children present to the maximum extent appropriate to their needs.

CACFP regulations do not require sites to make substitutions for children whose conditions do not meet the definition of "handicapped person" set forth in 7 CFR 15b.3(i). In most cases, the staff members can manage special dietary needs of non-handicapped children within the normal meal service when varieties of nutritious foods are offered to the children. Generally, children who have food allergies, intolerances, or are overweight are not "handicapped persons," as defined in 7 CFR 15b.3(i). Sites are not required to make substitutions for them. However, for specific situations, the site must make all substitutions prescribed by a physician if, according to the physician's assessment:

- The food allergies may result in severe, life threatening reactions (anaphylactic reactions); or
- The overweight condition is severe enough to substantially limit a major life activity.

In these cases, the child is considered a handicapped person by definition and the participating site must offer the substitutions prescribed. Contact the CACFP staff if questions arise regarding this requirement.

Exceptions to the Meal Pattern for Medical Needs Not Related to Disability

Staff members may, at their discretion, make substitutions for children who are not "handicapped persons," as defined in 7 15b.3(i), but who are unable to consume a food item because of medical or other special dietary needs. If the site is able to provide a creditable substitute for the food item, within the CACFP Meal Pattern requirements, the meal is eligible for CACFP reimbursement. The CDPHE-CACFP requires sites to purchase and provide the recommended substitute food(s) as part of creditable meals and snacks to receive reimbursement. If the recommended substitute is difficult to obtain or presents a financial hardship, an Institution representative may contact the CDPHE-CACFP office to request a waiver to allow the child's parent/guardian to provide the substitute.

Non-Dairy Milk Substitutes

In the case of children and adults, who cannot consume fluid milk due to medical or other special dietary needs, other than a disability, non-dairy beverages may be served in lieu of fluid milk. Non-dairy beverages, such as soymilk, must be nutritionally equivalent to milk and meet the nutritional standards for the fortification of calcium, protein, vitamin A, vitamin D and other nutrients to levels found in cow's milk, as outlined in the National School Lunch Program. These nutritional standards per cup of milk are as follows:

NUTRIENT	USDA REQUIREMENT PER CUP	DAILY %
CALCIUM	276 mg	28%
PROTEIN	8 g	16%
VITAMIN A	500 IU	10%
VITAMIN D	100 IU	25%
MAGNESIUM	24 mg	6%
PHOSPHORUS	222 mg	22%
POTASSIUM	349 mg	10%
RIBOFLAVIN	0.44 mg	26%
VITAMIN B-12	1.1 mcg	18%

Non-dairy milk substitutions are at the option and the expense of the facility. If the parent/guardian submits a written request using the Parent Request Form for a creditable non-dairy milk substitute and chooses to provide the substitute, the Institution may serve the requested substitute and claim reimbursement. If the parent/guardian submits a written request for a creditable non-dairy milk substitute and chooses not to provide the substitute, the caregiver has the option to supply the non-dairy milk substitute and claim reimbursement or to not supply the non-dairy milk substitute and decline reimbursement. Non-dairy milk substitutes that do not meet the above nutrient requirements are not creditable for meal reimbursement. Contact product manufacturers to obtain accurate nutritional information. In addition, a list of identified creditable non-dairy milk substitutes is available on the CDPHE-CACFP website.

If the substitute food item is not creditable, such as almond or rice milk, the site must obtain a special diet statement signed by a recognized medical authority, which supports the need for the substitute. In these cases, recognized medical authorities include physicians, physician assistants, nurse practitioners, or registered dietitians. The CDPHE-CACFP recommends use of the CACFP form for special diets, for the medical authority to sign; however, alternate forms that present the same information are acceptable. Special diet statements for children over the age of one year must be updated annually. For infants under the age of 12 months, the Special Diet Statement must be updated every six months. The supporting statement must include:

- An identification of medical or other special dietary needs that restricts the child's diet
- The food or foods to be omitted from the child's diet
- The recommended substitute food(s)

The CACFP reimburses Institutions for meals that contain authorized food substitutes at the same reimbursement rate as meals that meet the CACFP Meal Pattern requirements. The Institutions must not charge separately for the substituted food(s) either to a developmentally disabled child or to a child with other special dietary needs.

Staff members should work closely with parents or other responsible family members and all other medical, and community personnel who are responsible for the health, well-being and education of the children with developmental disabilities or with other special dietary needs, to ensure reasonable accommodations to allow their participation in the meal service. This

cooperation is particularly important when accommodating children whose developmental disabilities require significant modifications or personal assistance.

Exceptions to Meal Pattern for Other Special Dietary Needs or Situations

The CDPHE-CACFP may approve modifications to the Meal Pattern, on an experimental or continuing basis when evidence exists that such variations are nutritionally sound and necessary to meet ethnic, religious, economic or physical needs. Institutions must contact the CDPHE-CACFP for approval.

In the event of a disaster, the CDPHE-CACFP may temporarily allow Institutions to claim meals for reimbursement that do not meet the CACFP Meal Pattern requirements.

When a parent asks staff members not to serve a food that is a required meal component, as specified in the CACFP Meal Pattern, the Institution cannot claim the meal for reimbursement. If the participating site provides an appropriate creditable substitution that meets the CACFP Meal Pattern, the Institution may claim the meal. However, a staff member must record the substitute food on the Menu and Production Record for that meal.

MEAL SERVICE REQUIREMENTS

Sites may serve children using family style meal service or unitized meal service (pre-plated). Sites must follow specific requirements established by the CDPHE-CACFP for each style of meal service to meet CACFP requirements.

Meeting CACFP Requirements Using Family Style Meal Service

Many sites choose to serve meals family style, in which staff members serve the food and milk in bowls and pitchers on the table and the children pass the food during the meal and serve themselves. This style of meal service provides many benefits for the children, including skill building, socialization and prevention of childhood overweight. In most cases, family style meal service can reduce the amount of food waste and facilitate a more relaxed, positive meal service.

Sites choosing to serve meals family style must meet the following requirements during the meal service:

- At least the minimum required quantity of food and milk must be in pitchers or bowls on the table at the beginning of the meal service for all children seated at the table.
- For the service of milk, cups must be sufficient in size that it easily holds at least the minimum required quantity of milk according to the CACFP Meal Pattern, by age.
- Once all food is available on the table, children may choose what and how much of the components to serve themselves.
- Institutions may claim meals for those children who are seated at the table and participating in the meal service.
- Water must not be offered as a beverage option during the breakfast, lunch or supper meal service; sites should offer water between the services of meals and may serve it at snack, with two other creditable components.

Meeting CACFP Requirements Using Unitized (Pre-Plated) Meal Service

Sites who choose the unitized or pre-plated method of meal service must meet the following requirements:

- Staff members must serve at least the minimum required quantity of food and milk components on each child's plate and in each child's cup at the beginning of the meal service.
- For the service of milk, cups must be sufficient in size that easily holds at least the minimum required quantity of milk according to the CACFP Meal Pattern, by age.
- Once food and milk are served to the children, the children may choose what and how much to eat or drink.
- Institutions may claim meals for children who were offered a creditable meal and participated in the meal service.
- Water must not be offered as a beverage option during the breakfast, lunch or supper meal service; sites should offer water between the services of meals and may serve it at snack, with two other creditable components.

Timing of Meals

Institutions may receive CACFP reimbursement only for meals approved by the CDPHE-CACFP that are served within approved meal times. Sites may serve food at any time during the day; however, Institutions may only claim meals served within approved time periods. The Online Site Application for each site reflects its approved meal types and times. At minimum, the CDPHE-CACFP requires sites to begin the service of breakfasts, lunches, snacks and suppers within the following time ranges:

Breakfast:	**6:00 a.m.**	**-**	**9:30 a.m.**
Lunch:	**11:00 a.m.**	**-**	**1:30 p.m.**
Supper:	**5:00 p.m.**	**-**	**7:30 p.m.**

Approved time ranges may not exceed a two-hour period for breakfast, lunch or supper. For snacks, time ranges may not exceed a one-hour period. Sites providing care for groups of children that arrive at different times during the day, such as school age children, may establish separate time ranges for different groups that do not exceed a total of one hour. For example, the approved time range for snacks for younger children may be from 2:00-2:30 p.m. For school age children that arrive later, the approved snack time may be 3:00-3:30 p.m.

If special situations arise, in which the site must serve meals outside of the approved meal schedule, an Institution representative must describe the schedule in the Online Site Application. This schedule will be subject to approval by a CDPHE-CACFP Nutrition Consultant.

The CACFP does not require staff members to offer meals and snacks to infants and toddlers at the same time as other children. The CDPHE-CACFP allows flexibility in the schedules for these children according to demand or frequent eating patterns. For infants, the site must provide all required food components to receive reimbursement for infant meals; however, staff members may serve the infants within a span of time consistent with the infants' eating habits. Staff members must allow the children adequate time to consume meals and snacks, which is approximately 30 minutes for meals and 20 minutes for snack. For meals and snacks claimed for reimbursement, the CDPHE-CACFP also requires a span of at least two hours between the

beginning of one meal or snack service and the beginning of the next meal or snack service. A span of at least 1½ hours must elapse from the end of one meal or snack service and the beginning of the next meal or snack service. If no snack is served, at least four hours must elapse between the beginning of the lunch service and the beginning of the supper service.

Meals Served Off-Site

Institutions may receive CACFP reimbursement only for meals served to enrolled children who are present and participating in the CACFP during the meal service. Meals "packed" at the site and eaten at another location while under the supervision of site personnel are eligible for reimbursement.

Institutions may not claim meals or snacks for reimbursement that are "packed" at the site and sent with a child to eat at another location without the supervision of site personnel. Institutions may not claim meals eaten at restaurants, which are not considered child care settings or restaurant food.

FOOD SERVICE RECORD KEEPING REQUIREMENTS

Menus for Children & Infants

The CDPHE-CACFP requires all Institutions to maintain daily menus for all meals and snacks claimed for reimbursement. The CDHS, Division of Child Care (Rules Regulating Child Care Centers 7.702.65) requires licensed child care facilities to plan menus at least one week in advance and post dated menus in a place visible to parents.

Pre-planned menus for each meal and/or snack served to children age 12 months or older must meet the CACFP Meal Pattern Requirements. For infants under the age of 12 months, menus must meet the CACFP Infant Meal Pattern Requirements. Institutions may not claim meals for reimbursement that do not meet the CACFP Meal Pattern Requirements.

Production Records for Children Age 12 Months & Older

Institutions must maintain daily production records for all meals and snacks claimed for children age 12 months and older (infant production records are discussed in detail later in this section). Forms are available from the CDPHE-CACFP website for each age group (ages 1-2, ages 3-5, and ages 6-12). If the site's largest age group is preschool children (ages 3-5) with smaller groups of toddlers and school age children, use of the Production Record Form for children, ages 3-5, is appropriate. If the majority of the children are 1-2 years old or above the age of 6, use of the Production Record form specific to that age group is best. Sites may use alternate forms, but must seek approval from the CDPHE-CACFP office prior to their use.

Food service staff generally completes production records in advance and use them as a planning tool and shopping list. Prior to the meal service, the production records are a plan of the estimated number of children and adults participating in the meal service and the estimated quantities of food needed to prepare the meal (the *Simplified Food Buying Guide Book* and/or the Online Food Buying Guide Calculator, found at http://fbg.nfsmi.org, is used to determine adequate quantities of food). When the meal service occurs, food service staff members make any adjustments to the original plan, such as a change in the number of children and adults

served or a food substitution, at that time. The records must reflect the food items and quantities of food actually prepared and served at each meal or snack.

Menus and Production Record for meals and snacks claimed for children age 12 months and older must include the following information:

- The date (month, day and year) of the meal or snack service.
- The menu planned for the meal or snack.
- A list of ingredients used to meet meal or snack requirements. The CDPHE-CACFP does not require documentation of items that do not contribute to the CACFP Meal Pattern requirements, such as potato chips, catsup, pickles, cream of mushroom soup, etc. For example, the ingredients of beef pot pie that would contribute to a creditable lunch or supper include:
  - Stew beef, which would meet the meat/meat alternate requirement;
  - Potatoes and carrots in the pie, which would meet the requirement of one fruit or vegetable component;
  - Pie crust that meet part or the full bread/bread alternate requirement.
- The quantity of each ingredient or food item used to meet the CACFP Meal Pattern Requirements. Report food quantities in measurable units, such as pounds, ounces, gallons, quarts, cups, size of can, number of items; for example, stew beef, 10 lbs; carrots, #10 can, etc. Use the *Simplified Food Buying Guide Book* and/or the Online Food Buying Guide Calculator to determine the amounts of food to prepare.
- The number of children served at each meal or snack.
- The number of adults served at each meal or snack. If the adults generally consume adult-size portions, multiply the number of adults by two (if using the production record for children ages 3-5). An adult-size portion is approximately twice the amount of a portion for children, ages 3-5 years. Institutions may not claim meals served to adults for reimbursement. However, production records must reflect the number of adult servings prepared and plan adequate quantities of food for the adults and the children eating the meal.
- The production records must verify that adequate quantities of all required meal components were served to the children to meet at least the minimum requirements as shown on the CACFP Meal Pattern.

Cycle Menus & Production Records

Many sites use cycle menus if the number of children served each day is usually constant. Cycle menus are planned for several weeks (generally four or six weeks) and repeated over and over again.

Sites that use cycle menus may also use cycle production records. For each meal in the cycle menu, the site also develops a production record. Each time the menu is served during the cycle; food service staff can refer to the production record for that menu and prepare the meal according to the plan. For cycle menus, daily documentation of the production information is recorded on the back of the production record for that meal. The documentation on the back of each production record must include the date, the number of children actually served, and any changes or adjustments to the original plan such as quantity of food prepared and/or menu substitutions.

Menu & Production Record Requirements for Contract Food Service

If the site contracts for meals with an external food service management company or vendor, the company must maintain and provide appropriate menus and production records for each meal delivered to the site. The Institution must maintain production records on file for review by the CDPHE-CACFP.

Record Keeping for Infants Under the Age of 12 Months

For infants under the age of 12 months, the CDPHE-CACFP requires Institutions to maintain the following records:

- Individual Infant menus and production records for each infant meal and snack Claimed for Reimbursement
- ROMS
- Formula Decision Forms

Infant Menus & Production Records

Institutions must complete daily Infant menus and production records for each meal and snack Claimed for Reimbursement that is served to infants under the age of 12 months. The CDPHE-CACFP provides forms for these records. Sites may develop alternate forms for this purpose, but must obtain approval from the CDPHE-CACFP office. The Infant Menu and Production Record must reflect the following information:

- The name of the infant;
- The brand of formula or an indication that the infant receives breast milk;
- The date (month, day and year) the menu is served;
- A record of the food items served at the meal or snack;
- A record of the quantity of each food item and formula or breast milk offered to each infant. Generally, quantities are reported in tablespoons or ounces. Records should report quantities of food items offered to the infant, not quantities consumed by the infant.
- A signature of the staff person who served the majority of the meals during the week.

The Infant Production Records must verify that adequate quantities of all required meal components were served to each infant to meet at least the minimum requirements as shown on the CACFP Infant Meal Pattern.

Infant Records of Meals Served (ROMS)

The CDPHE-CACFP requires sites to record ROMS for all enrolled children, including infants. Institutions must maintain these records for review purposes. Refer to Section 2 of this manual, entitled, "Administrative Record Keeping Requirements" for detailed information about the ROMS.

Formula Decision Forms

Sites that care for infants must distribute and maintain the Formula Decision Form, provided by the CDPHE-CACFP to parents/guardians of each infant enrolled (except for breastfed infants). This form must reflect the name of the formula(s) offered by the site. Institutions must offer parents/guardians of infants enrolled the option of one milk-based, iron-fortified formula and one soy-based, iron-fortified formula according to the parent's choice on the Formula Decision Form.

RECORD RETENTION REQUIREMENTS

The CDPHE-CACFP requires all Institutions to retain all CACFP records, including records pertaining to the food service operations, for three years and four months past the end of the current fiscal year. Records prior to the current fiscal year may be stored off site; however, they must be accessible for review.

SECTION 4-Program Reimbursement

INTRODCUTION

The CDPHE-CACFP provides reimbursement for meals served to enrolled children in care at participating sites. The reimbursement amount is based upon rates for meal type (breakfast, lunch, supper and snack) and income eligibility category (Free, Reduced, Paid). The USDA adjusts reimbursement rates annually in July of each year, to reflect changes in the Federal Poverty Guidelines and the Consumer Price Index (CPI) for the cost of food. In July, the CDPHE-CACFP notifies all Institutions of the adjusted reimbursement rates and Household Income Eligibility Guidelines.

Institutions must follow specific guidelines when claiming meals for reimbursement. Institutions must:

- Claim meals only for children who are enrolled for care at the site.
- Claim no more than three meals or snacks per child, per day (two meals and one snack or two snacks and one meal).
- Claim meals only for children who participate in the meal service.
- Claim meals that meet the CACFP Meal Pattern requirements.
- Claim meals when all food components are provided by the site (children over the age of 12 months).
- Claim reimbursement only for a total number of meals that does not exceed the licensed child care site's authorized capacity at any one time. It is the responsibility of the Institution to control enrollment to eliminate any chance of exceeding capacity. There may be occasions beyond immediate control, when slight violations occur for a short time (late parents, bad weather, etc.), but regular attendance in excess of license capacity will be judged intentional and over-claims made accordingly.

Claim meals that are approved by the CDPHE-CACFP office. CACFP regulations allow Institutions to receive reimbursement only for meal types that are approved by the CDPHE-CACFP and specified in the agreement. An Institution representative must modify the Online Site Application to change, delete or add meals for claiming. This change will be subject to approval by a CDPHE-CACFP Nutrition Consultant.

THE REIMBURSEMENT PROCESS

Institutions submit monthly claims online using the CACFP Web-based System. Institutions must enter claim information online for each participating site. The CACFP Web-based System then compiles the claim information for all sites for which a claim exists into one aggregate claim for the Institution. The CDPHE-CACFP issues one payment to the Institution for funds earned by all sites.

Institutions may submit a Claim for Reimbursement as early as the first day of the month following the claim month. Institutions must submit original claims online within 60 calendar days of the last day of the claim month and revised claims within 90 calendar days of the last day of the claim month. The CDPHE-CACFP regularly processes submitted claims, which generally allows Institutions to receive reimbursement within 7-14 business days of submission.

Institutions can view the status of a submitted claim any time using the CACFP Web-based System.

Information Reported on the Online Claim for Reimbursement

Each month, the Institution enters attendance and meal count information for each site into the online Claim for Reimbursement. The online claim form only includes information specific to the type of site. The following describes the information reported on the online claim:

Attendance Reporting:

The questions in the attendance reporting section of the claim apply to all sites, except for sites only operating at-risk afterschool programs.

- **Number of Days Meals provided During Claim Period:**
  List the number of days during the month that the site was open, serving meals and claiming meals for reimbursement.

- **Total Attendance:**
  Obtain total attendance from the ROMS form, from the box furthest to the right, in the row of boxes along the top of the ROMS form. The total of figures in this box on all ROMS forms for the month is the total attendance to report on the claim. These boxes contain the number of participants who ate at least one meal or snack during that particular day. Refer to Section 2, entitled "Administrative Record Keeping Requirements" for more information about these boxes.

- **Total Enrollment:**
  The number of participants enrolled at the site during the month, regardless of whether the participant is eligible for the CACFP.

- **Number of Title XX Participants (for-profit child care Institutions only):**
  List the number of participants who are beneficiaries of Title XX funding and in attendance at least once during the claim month. For child care specifically, Title XX funding is also known as CCAP Payments.

  Refer to the Department of Human Services Attendance Record and Billing Form from each county for the claim month to obtain this figure.

- **Average Daily Attendance:**
  The system will calculate the average daily attendance.

- **License Capacity (CDHS, Division of Child Care licensed sites only):**
  The system will automatically display the license capacity of the site based upon information in the Site Application.

Eligibility:
The questions in the eligibility section apply to all CACFP sites except for sites only operating at-risk afterschool programs.

- **Number of Free, Reduced & Paid Participants:**
  The number of enrolled participants who qualify for Free and Reduced meals and the number of participants who are not (Paid participants). Indicate these values in the appropriate boxes.

- **Total Eligibility:**
  The system will total the number of Free, Reduced and Paid participants and display the total number of eligible participants in this box.

- **For-Profit Eligibility (For-profit child care sites only):**
  The system will display information in this section only if the Institution is for-profit.

- **Title XX (CCAP) Eligibility & Free/Reduced Eligibility:**
  The system will calculate the percentage of enrolled participants that are beneficiaries of Title XX (CCAP) funding and the percentage of enrolled participants that are eligible for Free and Reduced meals.

Meals/Snacks Served:
The values are the total numbers of breakfasts, lunches, snacks and suppers by income eligibility category that are obtained from the ROMS.

At-Risk Afterschool Meal and/or Snack:
The questions in this section will appear only on site claims for at-risk afterschool programs.

- **At-risk afterschool centers must report the total number of at-risk afterschool snacks and/or the total number of at-risk afterschool meals served to eligible participants based on:**

  The total number of at-risk children attending throughout the month (each child counted once).

- **Number of Days Meals and/or Snacks Provided During the Claim Period:**
  List the number of days during the month that the site was open, serving meals and/or snacks, and claiming meals and/or snacks for reimbursement.

- **Number of At-Risk Meals and/or Snacks Served:**
  The figure is the total number of creditable snacks served during the claim month that are obtained from the ROMS.

- **At-Risk Average Daily Meal & Snack Attendance:**
  The system will calculate and display the average daily attendance.

Submitting Late Claims for Reimbursement

The CDPHE-CACFP will not process original Claims for Reimbursement received after the 60-day period or revised claims after the 90-day period unless the Institution chooses to utilize its one-time exception. Once used, the one-time exception is not available for three years, unless the delay in submission is a result of circumstances beyond the Institution's control. In this case, the CDPHE-CACFP may submit the claim to USDA for its approval for payment. Institutions must contact the CDPHE-CACFP office and complete required paperwork to use a one-time exception for the payment of a late claim.

Submitting Revised Claims for Reimbursement

If the Institution discovers an error on the original claim for one or more sites after submitting the online claim to the CDPHE-CACFP, Institutions may submit an online revised claim. Institutions may submit revised claims resulting in an increased amount of reimbursement for up to 90 calendar days from the last day of the claim month. After the 90-day period, Institutions may submit revisions, which do not result in an increase in reimbursement.

Payment of Claims

Federal regulations require the CDPHE-CACFP to reimburse participating Institutions within 45 days of the date an Institution submits a valid and error free Claim for Reimbursement online. Generally, Institutions will receive payment before this deadline. However, circumstances beyond the control of the CDPHE-CACFP may delay payment of a claim up to the 45-day deadline.

Circumstances or errors made by the Institution on the Claim for Reimbursement will prevent the Institution from submitting the claim online, thus delaying payment. The Institution representative receives an error message in most of these situations. Such circumstances include, but are not limited to, the following:

- A child care license expires for one or more site and the Institution fails to update the Online Site Application and submit a copy of the current license to the CDPHE-CACFP office for approval (applies to licensed child care sites only).
- The Child Care Fiscal Agreement(s) with the Department of Human Services for the care of CCAP beneficiaries expires for one or more site and the Institution fails to update the Online Site Application and submit a copy of the current agreement(s) to the CDPHE-CACFP office for approval (applies to for-profit Institutions only).
- The FSMC expires for one or more site and the Institution fails to update the Online Site Application and submit a copy of a current contract for approval.
- The Institution makes errors on the Claim for Reimbursement such as providing incorrect meal counts or attendance numbers or claiming meals the Institution is not approved to claim.
- The Institution attempts to submit a claim for a site that has not been approved for participation by the CDPHE-CACFP office.
- A for-profit Institution fails to provide required for-profit eligibility document for sites whose percentage of Title XX beneficiaries or Free and Reduced beneficiaries is between 25% and 30% of total enrollment.
- The Institution does not submit CACFP records by established deadlines to support a Claim for Reimbursement as requested by the CDPHE-CACFP for any reason.

- The Institution's records do not support the Claim for Reimbursement, resulting in a revision of the claim by the CDPHE-CACFP.

Institutions have the option to receive the CACFP reimbursement in the form of a check sent by mail or by electronic deposit into a bank account. Contact the CDPHE-CACFP office to change the Institution's method of payment.

USDA FOODS OR CASH-IN-LIEU OF USDA FOODS

The USDA provides participating Institutions the option to receive USDA Foods (also known as commodities) in addition to CACFP reimbursement. The USDA Foods must only be used for reimbursable meals served in approved sites participating in the CACFP.

USDA Foods are surplus foods purchased by the USDA to improve the diets of children and support the US agricultural market. Depending upon the season and available crops, the USDA may purchase foods including, but not limited to meats, canned or fresh fruits and vegetables, dairy products, wheat products and peanut butter. The USDA distributes these foods to states, which distribute them to various organizations, including sites participating in the CACFP. All of the USDA Food items offered are grown in the US.

During the spring of each year, the CDPHE-CACFP distributes a survey, through which Institutions may choose to receive USDA Foods in addition to CACFP reimbursement or additional cash instead of USDA Foods (cash-in-lieu of USDA Foods). An Institution's "entitlement" for USDA Foods is based on the total number of lunches and suppers claimed from July through June of the prior year. Because the USDA Foods are purchased in large quantities, the "entitlement value" of the USDA Foods is often less than supermarket prices.

The USDA Foods option is beneficial for sites that have an experienced cook on staff and sufficient storage space for large quantities of food. Institutions that choose the USDA Foods option receive approximately **$0.23** less cash reimbursement on each lunch and supper claimed. The cash reimbursement received for breakfasts and snacks is the same as the cash-in-lieu of USDA Foods option. For more information about USDA Foods, contact the CDPHE-CACFP office.

DENIAL OF CLAIMS & RECOVERY OF OVER-PAYMENTS

The CDPHE-CACFP will deny payment of any portion of a Claim for Reimbursement and recover any payment made to an Institution that is not properly payable under Program regulations. The CDPHE-CACFP may consider claims not properly payable if an Institution does not comply with record keeping or meal service requirements to support the claim, or if the CDPHE-CACFP has reason based on the results of reviews or audits to believe that the Institution has engaged in unlawful acts with respect to CACFP operations.

If the CDPHE-CACFP denies a portion of a claim or demands repayment of an over-claim, the CDPHE-CACFP will take the following actions:

- The CDPHE-CACFP will notify the Institution of the reasons for any denial or demand for repayment in writing.

- The CDPHE-CACFP will provide the Institution with information about appeal rights. CACFP regulations allow Institutions 15 days after the receipt of the notice of claim denial or demand for repayment to submit a written request for appeal. Refer to Section 6 of this manual entitled, "Reviews & Audits" for more information about appeals.
- The CDPHE-CACFP will allow the Institution 30 days to repay the over-claim amount before interest will accrue on the unpaid balance.
- If the Institution fails to repay the over-claim amount, the CDPHE-CACFP will declare the Institution and its responsible principles seriously deficient in the operation of the CACFP and the unpaid debt will be transferred to the State collections agency.
- If the CDPHE-CACFP declares the Institution seriously deficient, repayment of the associated over-claim is a condition of the serious deficiency corrective action plan. The Institution must repay the over-claim amount in full within 30 days. If the seriously deficient Institution fails to repay the over-claim within the allowed time, the CDPHE-CACFP will propose to terminate the Institution and its responsible principles from participation in the CACFP.

DISCONTINUING PROGRAM PARTICIPATION & PAYMENT OF FINAL CLAIM

When an Institution discontinues participation in the CACFP, the CDPHE-CACFP may require the Institution to submit records to support the final claim. Institutions must notify the CDPHE-CACFP in advance of the intention to discontinue participation. The CDPHE-CACFP will provide instructions to the Institution at that time if a record review is necessary. If any portion of the claim is invalid or unsupported by records, the CDPHE-CACFP will adjust the claim accordingly and grant the Institution appeal rights.

SECTION 5-Sponsors of Centers

INTRODUCTION

A Sponsoring Organization of Centers (SOC) refers to a public or non-profit private organization or Program eligible for-profit organization that assumes full responsibility for the administration of the CACFP. Responsibility is assumed for one or more child care center, outside-school-hours care center, adult day care center, at-risk afterschool program, Head Start program, homeless shelter, or any combination of these, that are unaffiliated, or any combination of these that are affiliated. Unaffiliated sites are legally distinct entities from the sponsoring organization. In contrast, affiliated sites are part of the same legal entity as the sponsoring organization. The sponsoring organization is administratively and fiscally responsible for all sites listed on the agreement and must manage and monitor them as defined by the regulations.

PARTICIPATION REQUIREMENTS

To participate in the CACFP as a SOC, an organization must:

- Complete an Online Application for participation for Institution and each site
- Complete a Management Plan and Administrative Budget
- Demonstrate financial viability, capability and accountability for CACFP participation
- Assume final administrative and financial responsibility for operating the Program
- Assume responsibility for submitting and maintaining online applications for participation for the organization and for its sites
- Provide adequate supervisory and operational staff for management and monitoring of the Program at all sites
- Provide Program and nutrition related training and technical assistance to personnel with CACFP duties
- Conduct monitoring visits and review monthly claims from sites to ensure compliance with Program regulations
- Undertake corrective action when necessary and conduct follow-up visits to ensure resolution of problems
- Comply with requirements related to the financial aspect of the Program
- Maintain appropriate records of costs and meals to support the number of meals claimed for reimbursement and demonstrate the operation of a non-profit food service
- Submit Claims for Reimbursement to the CDPHE-CACFP office and distribute reimbursement funds to the sites for use in food service operations
- Develop and implement consistent policies concerning Program operations, training and integrity

APPLICATION PROCESS

The SOC must complete an online Institution Application, a Site Application for each individual site, an Administrative Budget and a Management Plan, and then submit to CDPHE-CACFP for approval. The Institution must submit all required documents for the Institution and for each site.

The Management Plan and Administrative Budget must demonstrate the organization's financial viability and administrative capability to operate the Program according to regulations. The Management Plan must describe systems to fulfill all required CACFP tasks, including record

keeping, food service, claims submission, staff training, monitoring of CACFP operations at sponsored sites and allocation of funds. The online Management Plan includes questions addressing all of these areas.

The Administrative Budget must include all projected income and costs of operating the CACFP by the SOC and its sponsored sites. SOC's may use up to 15% of the estimated meal reimbursements or actually earned during the budget year for administrative costs, described below. The Administrative Budget must reflect the operation of a non-profit food service, in which the SOC uses all CACFP funds for the food services and administration of the CACFP. SOC's must use the remainder of the reimbursement for meal service costs.

SOC's in more than one State (multi-State sponsors) are also subject to this 15% administrative expenditures cap within each individual State and overall. Multi-State sponsors must develop a comprehensive budget that identifies its cost, by State and in total. These costs must represent the sum of direct and shared costs from each individual State program and the sponsor's home office costs. The budget must identify the method used by the sponsor to allocate shared costs between State programs and identify the amount of CACFP reimbursement the sponsor would retain for home office costs. In addition, the budget must reflect the amount of reimbursement that each State would receive for direct administrative costs occurring within the State.

- **Administrative costs include** planning, organizing, managing, preparing claims, determining income eligibility, updating enrollment information, monitoring and training.
- **Food Service costs include** costs of food, food service supplies, food preparation and the meal service.

Refer to Section 2, entitled "Administrative Record Keeping Requirements" for more information, including examples of administrative costs and food service costs.

Through the Management Plan, applicants must describe the sponsoring organization's processes for adhering to the following policies and requirements:

- **Monitoring Staffing:** All applicants must employ adequate administrative staff to meet the requirements (described later in this section) for conducting CACFP monitoring of sponsored sites through record review and site visits. **All organizations sponsoring 25 or more sites** must employ the equivalent of one full-time staff person for each 25 to 150--location sites it sponsors.

  For purposes of determining the monitor-to-site ratio, and to comply with this CACFP requirement, the following defines which staff duties will count as monitoring:
  - All activities related to conducting CACFP on-site visits, including planning and scheduling, pre-visit preparation, travel, supervisory oversight of monitors, and the monitoring function. Duties also include time spent in the site during the visit, writing the site visit reports, conducting follow-up to the site visits to ensure compliance in all CACFP areas, and following up on any activities related to the

serious deficiency process (evaluation of corrective action, appeal and termination).
- On-site training related to nutrition or CACFP administration that occurs during a site visit and initial or subsequent training of sponsor staff that relates to the monitoring function.
- Technical assistance related to CACFP, if provided during site visit.
- Claims processing duties, including menu reviews to determine claim accuracy and meal eligibility.
- All time spent in the site by the monitor as part of the CACFP site visit.

- **Outside Employment Policy:**
Each sponsoring organization must provide and keep on file a copy of an outside employment policy, which restricts other employment by employees that interferes with the employee's performance of Program-related duties. This includes any employment that constitutes a real or apparent conflict of interest. This policy does not restrict employees from holding other employment, but other employment must not interfere with CACFP duties. Sponsoring organizations may use the sample employment policy developed by the CDPHE-CACFP.

Sample Outside Employment Policy

_____ (Name of Sponsoring Organization) restricts employees with CACFP duties to hold outside employment that would interfere or present a conflict of interest with the performance of CACFP duties and responsibilities.

- **Pre-Approval Site Visits:**
As part of the SOC's initial application, it must conduct and document pre-approval meal observation visit at all sites included in the application to discuss Program benefits and verify the staff members' capability of managing the proposed food service operations and record keeping systems. SOC's must use the Site Visit Form provided by the CDPHE-CACFP or one approved by the CDPHE-CACFP.

- **Household Contacts Policy to Verify Attendance & Enrollment of Children:**
Each SOC must establish a system and written policy, in which the SOC verifies attendance and enrollment information by contacting adult members of households as part of site reviews when time-in/time-out records are unavailable, incomplete or invalid. The household contact process is not required for at-risk afterschool program sites and homeless or emergency shelters.

The SOC may use the sample policy developed by the CDPHE-CACFP, which is located on the CDPHE-CACFP website. The policy must specify the following information:
- The method of contact (phone contacts or letters with open-ended questions about attendance and meals received)
- Staff members assigned to complete the household contacts and document findings

- Staff members responsible for determining further action or the need for further household contacts based on findings
- The timeline to complete household contact information; allow time for parents to respond
- Alternate plans to verify attendance records if contact cannot can't be made due to circumstances, such as a disconnected phone, returned mail correspondence, no answer, or relocation of a family
- Method of documentation of all findings and contacts made or attempted

For contacts by mail, the sponsoring organization may use the form developed by the CDPHE-CACFP. Refer to "Review Content Requirements" discussed later in this section for more information regarding household contacts.

- **Certification regarding disqualification from publicly funded programs & conviction of crimes:**
  At the time of application and recertification, SOC's must:
  - Certify that neither it, nor any site included in the application, or any sponsoring organization principals' or any sites principals, have been disqualified from participation in any other publicly funded program for violating that program's requirements.
  - Certify that neither it, nor any site included in the application or any sponsoring organization principals' nor any sites principals have been convicted of or concealed certain crimes indicating a lack of business integrity.

SUMMER FOOD SERVICE PROGRAM (SFSP) SPONSORS & SCHOOL FOOD AUTHORITIES (SFA) TRANSITIONING TO CACFP AT-RISK AFTERSCHOOL MEALS

Summer Food Service Program (SFSP) sponsors in good standing are eligible to apply to participate in CACFP with minimum application requirements. Certain documentation requirements may be waived to lessen duplication of documents that were submitted for the purpose of participation in SFSP. Additionally, a SFA who successfully operated the National School Lunch Program and/or a SFSP is eligible to apply to participate in the at-risk afterschool meals component of CACFP through streamlined requirements. Please refer to the Colorado CACFP At-Risk Afterschool Manual or contact CDPHE-CACFP office at (303) 692-2330 for more information.

CACFP PERFORMANCE STANDARDS

The CACFP requires sponsoring organizations applying for CACFP participation as a SOC to demonstrate in the Management Plan and Administrative Budget the ability to meet three CACFP performance standards, which include financial **V**iability, Administrative **C**apability and Program **A**ccountability. The CDPHE-CACFP refers to these standards as **VCA**. CACFP regulations require the CDPHE-CACFP to deny the initial or recertifying applications of SOC's that do not meet the CACFP performance standards. The performance standards are:

Performance Standard 1 - Financial Viability & Financial Management

SOC's applying for initial participation in the CACFP or recertification of participation must be financially viable. SOC's must spend and account for CACFP funds in accordance with CACFP regulations, outlined throughout this manual. To demonstrate financial viability, sponsoring organizations must provide documentation of the following in the Management Plan and Administrative Budget:

- ***Description of Need:*** A sponsoring organization must demonstrate that its participation will help ensure the delivery of Program benefits to facilities that would otherwise not be served or participants.
- ***Fiscal Resources & Financial History:*** A SOC must demonstrate that it has adequate financial resources to operate the CACFP on a daily basis, has adequate sources of funds to withstand temporary interruptions in Program payments and/or fiscal claims against the sponsorship (over-claims) and can document financial viability through audits, financial statements, etc., upon request.
- ***Budgets:*** A SOC must document costs in the sponsorship's budget that are necessary, reasonable and allowable.

Performance Standard 2 - Administrative Capability

SOC's applying for CACFP participation must be administratively capable to operate the CACFP. They must have appropriate and effective management practices to ensure operation of the Program in accordance with CACFP regulations. To demonstrate administrative capability, sponsoring organizations must provide documentation of the following:

- Employment of an adequate number and type of qualified staff to ensure the operation of the CACFP according to regulations;
- Employment of adequate staff sufficient to meet the ratio of monitors to sites according to regulations;
- Establishment of CACFP policies and procedures in writing that assign CACFP responsibilities and duties and ensure compliance with civil rights requirements.

Performance Standard 3 - Program Accountability

SOC's must have internal controls and other management systems in effect to ensure fiscal accountability and Program operations in accordance with CACFP regulations. To demonstrate Program accountability, SOC's must:

- Provide documentation that the sponsorship has adequate oversight of the Program by its governing board of directors, if non-profit.
- Provide a written description of the financial system with management controls; these systems must assure fiscal integrity and accountability for all CACFP funds received and expenses incurred, timely and accurate claims processing, proper use and safeguards of CACFP funds and expenses, and a system of safeguards and controls to prevent and detect improper financial activities.
- Maintain appropriate records to document compliance with CACFP requirements, including budgets, accounting records, approved budget amendments, management plans, and sponsored site operations records.
- Document in the Management Plan, the provision of adequate and regular training of sponsoring organization and sponsored site staff, adequate monitoring of sponsored sites,

and the establishment of a system to ensure that no more than 15% of CACFP reimbursement is used for administrative expenses.

- Follow Program practices in accordance with CACFP regulations with regard to the meal service, record keeping and other operational requirements; application must reflect the CACFP operational practices of sponsored sites and demonstrate that they will:
  - Provide meals in compliance with the CACFP Meal Pattern requirements;
  - Comply with CACFP licensure or approval requirements;
  - Operate a food service compliant with applicable State and local health and sanitation requirements;
  - Comply with civil rights requirements;
  - Maintain complete and appropriate records on file;
  - Claim reimbursement only for eligible meals.

In addition to the review of application materials for new sponsoring organizations, CACFP regulations require the CDPHE-CACFP to conduct a pre-approval visit or record review prior to the approval of a new sponsorship to participate in the CACFP.

ADDING NEW SITES TO THE SPONSORSHIP

The CDPHE-CACFP must approve participation for new sites before the SOC's may claim reimbursement for meals served at the sites. SOC's must complete an Online Site Application for each new site, update the Institution application, provide required documents and complete a pre-approval site visit as part of the application process. The CDPHE-CACFP staff will review applications once they are complete. Sponsoring organizations will then receive written notification of the CDPHE-CACFP's decision to either approve or deny the application. The CDPHE-CACFP will not provide reimbursement for meals served until the new site is approved. The CDPHE-CACFP will not approve new sites to participate while the SOC, responsible principle(s), responsible individual(s), or any of its sites are considered seriously deficient or on the National Disqualified List.

If a participating site moves to a new location, the Institution must provide a written notice to the CDPHE-CACFP office stating that the site is no longer located at the approved address or location site and then complete the process to add a new site to the sponsorship at the new location.

RIGHT OF SITES TO PARTICIPATE DIRECTLY WITH THE CDPHE-CACFP

SOC's that sponsor unaffiliated sites (not part of the same legal entity as the sponsoring organization), must inform the sites of their right to participate in the CACFP directly with the CDPHE-CACFP, without the sponsorship of the organization.

RECERTIFICATION PROCEDURES FOR SPONSORING ORGANIZATIONS

SOC's must review and update the online Institution and Site Applications and the Administrative Budget to recertify participation each year, prior to the beginning of the upcoming Federal fiscal year (October through September). Sponsoring organizations must review and update the online Management Plan at least every two or three years. The Budget and Management Plan must demonstrate compliance with performance standards, as described

earlier in this section. The sponsoring organization may need to revise the Budget and Management Plan more frequently at the request of the CDPHE-CACFP.

TRAINING REQUIREMENTS

The CACFP regulations require SOCs to provide initial training before Program participation and annually thereafter. The CDPHE-CACFP requires monitoring staff of the sponsoring organization and key staff responsible for CACFP duties at sponsored sites to participate in training. The CDPHE-CACFP defines "key staff" as persons who oversee CACFP functions at the site (i.e., director, administrator), perform record keeping tasks or maintain paperwork (i.e., assistant director), perform food service and food service duties (i.e., cook), or any person responsible for CACFP duties.

At a minimum, annual training must include the topics listed below. All training must be appropriate to the level of experience and duties of staff. New staff will require more extensive training, while experienced staff may only require a refresher on the topics. Likewise, some staff may not require training in all areas, depending upon their CACFP duties. Annual training topics include:

- **CACFP Meal Pattern Requirements:** Meal pattern components, quantity of food requirements, and food preparation
- **Meal Counts:** Methods for ensuring accuracy
- **Claims Submission & Review Procedures:** Method of submitting claim information to the sponsoring organization and methods for the sponsoring organization to verify claim accuracy
- **Record Keeping Requirements:** Record-keeping systems for all areas of the Program
- **Reimbursement System:** Entire process from recording meal counts to receiving the reimbursement
- **Civil Rights:** All Institutions are required to provide civil rights training annually to all staff involved in any aspect of the CACFP (refer to Section 1, entitled, "Civil Rights Training Requirements" for additional information on this requirement)

In addition to the minimum training requirements, the CDPHE-CACFP also recommends training staff on topics such as nutrition for children and infants, food safety and sanitation, as well as best practices in feeding children and infants.

For monitoring staff of the sponsoring organization, the CDPHE-CACFP recommends providing training in the following areas:

- Activities related to conducting site reviews, including planning, scheduling and documenting reviews
- Corrective action and follow-up processes and requirements
- Household contact and 5-day reconciliation policies and procedures, if applicable to the sponsored sites
- Technical assistance, as provided during a review
- Claims processing
- Menu reviews

The SOC must maintain documentation of initial and annual CACFP training for monitoring staff and key staff at all sites. In addition, the SOC must also certify compliance with training requirements at the time of review and reapplication for participation each year. Documentation of training must include the date of training, names of attendees, and a list of the topics covered during the training. Failure of the SOC to train and document training of sponsored site staff, or failure of staff to participate in training, may result in a serious deficiency during a CDPHE-CACFP review. Several options are available for sponsoring organizations to meet training requirements, including the following:

- The sponsoring organization may conduct its own trainings for staff; trainings may be held in group or individual sessions.
- Staff may register to attend a training seminar, free of cost, provided by the CDPHE-CACFP staff -visit the CACFP Web-based System to register for an online training.
- Staff may complete written training modules developed by the CDPHE-CACFP on various aspects of the Program (Contact the Nutrition Consultant working with the sponsoring organization to obtain these materials).
- The SOC may contact the CDPHE-CACFP staff for other training options, such as technical assistance by phone.

Distribution of CDPHE-CACFP Correspondence

The SOC must distribute copies of pertinent mailings from the CDPHE-CACFP to the individual sites, including the annual WIC information flyer, newsletters, pertinent policy memorandums, etc.

REVIEW REQUIREMENTS

The CACFP regulations require SOCs to monitor CACFP operations at all sites throughout the year. Monitoring staff of the SOCs, who are trained in all areas of CACFP operation, must review operations at each site three times each year. These are referred to as "site visits" or "site reviews."

In addition, the SOC must meet the following review requirements:

- At least two of the three reviews must be unannounced
- Two of the three reviews must include the observation of a complete meal service
- At least one review must occur during each new sponsored site's first four weeks of Program operations
- For Programs in operation for nine months or less, the first site visit of each year must occur within the first four weeks of Program start-up; reviewers must allow sufficient time before the end of the Program year to conduct follow-up visits, if necessary
- No more than six months may elapse between reviews
- Monitoring staff conducting reviews must show photo identification, which verifies their employment by the sponsoring organization
- Monitoring staff conducting reviews must be a responsible principal or individual from the sponsoring organization, who has received CACFP training specific to the duties of the position and who is not a staff or volunteer at the monitored site
- Unannounced reviews must occur during the site's normal hours of operation and must vary in timing to ensure that visits are unpredictable

- Visits must be a minimum of 30 minutes in length in order to have adequate time to complete the meal observation, 5-day record reconciliation, review menus and production records, license and to provide adequate technical assistance to the site coordinator

Review Averaging

CACFP regulations permit SOCs to conduct an average of three reviews of all sites each year. Use of this option allows sponsorships to choose not to conduct a third review of a site, for which no findings were identified during the first two unannounced reviews. Overall, the sponsoring organization must conduct the same number of site reviews for the entire sponsorship. The SOC must review each site no fewer than two times, both of which must be unannounced, and one of which must include a review of the meal service. Prior to averaging site reviews, the sponsoring organization must submit a plan for implementation and tracking to the CDPHE-CACFP for prior approval.

Review Notification

SOC's must provide to each site under its sponsorship a written notice of the right of the sponsoring organization, the CDPHE-CACFP, the USDA and other State and Federal officials to make announced or unannounced reviews of its operations during the site's normal hours of operation. Sites must be notified that anyone making such reviews must display photo identification that verifies their employment by of one of these entities. The sponsoring organization must provide this notice prior to serving meals that will be claimed at the site.

Imminent Threat to Health or Safety

If the sponsoring organization discovers conduct or conditions that pose an imminent threat to the health or safety of children or the public in a sponsored site, CACFP regulations require SOCs to immediately notify the appropriate State or local licensing or health authorities and take action consistent with the recommendations and requirements of those authorities.

REVIEW CONTENT REQUIREMENTS FOR SPONSORED SITES

The SOC must use the CDPHE-CACFP Site Visit Form, or a form approved by the CDPHE-CACFP staff, for all required reviews of sponsored sites. SOC's must keep these completed forms on file for the required period of the current fiscal year plus three years and four months in addition to the current fiscal year. The CDPHE-CACFP staff will evaluate these forms during reviews. As indicated on the CDPHE-CACFP Site Visit Form, reviews conducted by the sponsoring organization must include the following areas:

- **An assessment of whether problems identified during previous reviews have been corrected**

- **Meal Count Reconciliation**

  Child care & outside-school-hours care sites:

  Reviews must include an examination of the meal counts recorded by the site for approximately 10% of the children listed on the ROMS, for five consecutive days during the current or previous month. The previous month should only be used if the visit is conducted in the current month but there are less than five-days available for the two-day reconciliation.

For sites with 50 or fewer enrolled children, the sponsoring organization must complete the examination of records for at least five enrolled children. For each day during the 5-day period, the reviewer must compare meal counts for breakfasts, lunches, suppers and snacks to time-in/time-out records. The reviewer must also ensure that current enrollment information is on file for every child for whom meals are claimed. Based on that comparison, the reviewer must determine whether the meal counts were accurate.

At-risk Afterschool Programs:
The reviewer must compare the total number of meals and/or snacks claimed to the total number of children in attendance on each day using attendance records and reconcile meal and snack counts if necessary.

Homeless or Emergency Shelters:
If attendance records are available, the reviewer must compare the total number of meals claimed of each type to the total number of children in attendance on each day using the attendance records, and reconcile if necessary. If attendance records are not available, the reviewer must conduct a more general review of the site's meal counting and claiming procedure. This review would not include a 5-day reconciliation of meal counts. If there is a discrepancy between meal counts and time-in/time-out or attendance records, the reviewer must attempt to correct the difference and take further action if necessary. Appropriate action may include meal disallowance, further investigation according to the household contact policy, if applicable, and/or establishment of a Corrective Action Plan (CAP). On the day of the review if there is a discrepancy between the number of children in attendance and prior meal count patterns, the reviewer must investigate further to identify reasons for the discrepancy.

- **Monthly edit checks:** The SOC must review each site's monthly claim to determine the validity of the claim. The edit checks must ensure the following:
  - Each site claims only meals approved by the CDPHE-CACFP office.
  - For each meal type, the number of meals claimed does not exceed the maximum number of meals possible for the month (number of days in operation multiplied by the total number of enrolled children).
  - If the SOC detects a block-claiming pattern, the SOC must investigate further to identify the possible cause of this unlikely occurrence. If the sponsoring organization fails to identify a legitimate cause for the pattern, the claim may be considered false or invalid. In this case, the SOC's must pursue the process of corrective action, follow-up and documentation of the process. The sponsoring organization must also take action for repeated block claiming patterns.

- **An assessment of compliance with Program requirements:** This assessment must evaluate compliance with regulations pertaining to the Meal Pattern, licensing or approval, attendance at training, meal counts, menu and production records and the annual updating of enrollment forms. Reviews must also involve an evaluation of record keeping accuracy, use of CACFP funds, child and infant feeding practices and food safety and sanitation.

- **If necessary, household contacts:** SOC's must use household contacts according to the sponsorship's established household contact policy, as discussed earlier in this section, to verify the attendance and enrollment of children and specific meal services in which children participate, if time-in/time-out records are unavailable, incomplete, or invalid during the review of a site. SOC's may contact an adult member of the household by mail or phone in order to verify information regarding the dates/times the children were in care. Sponsoring organizations may use the sample Household Contact Form for mail contacts developed by the CDPHE-CACFP, which is located on the CDPHE-CACFP website. The sponsoring organization must address and correct all discrepancies between claims and information received.

- **Documentation of any review findings:** Monitoring staff must document areas of non-compliance identified during the review, the required corrective action to correct problems, and a description of technical assistance provided to the site staff. Sponsoring organizations must conduct follow-up visits to evaluate whether problems identified during site visits are corrected. Sponsoring organizations must maintain documentation of necessary follow-up visits and note resolutions to problems.

RECORD KEEPING REQUIREMENTS

Sponsoring organizations must keep administrative and food service records as outlined in Sections 2 and 3 of this manual for all sponsored sites that participate in the CACFP. In addition, sponsoring organizations must maintain records of site reviews and documentation of training for sponsoring organization monitoring staff and staff responsible for CACFP duties at individual sites. Keep records for three years and four months in addition to the current fiscal year.

CLAIM FOR REIMBURSEMENT

The sponsoring organization must develop a system to obtain claim information from all sites, conduct the required edit checks and submit claims by site using the CACFP Web-based System. The CDPHE-CACFP recommends designating an organization representative to complete these tasks. If the Institution prefers to allow designated persons from each site to enter claim data for each site separately, an Institution representative must conduct the required edit checks for each site on a monthly basis, and then submit the entire claim on behalf of the Institution after evaluating all site claims. Any person entering claims into the CACFP Web-based System, must sign documents as a responsible principle or individual and obtain user access to the online system.

DISBURSEMENT OF CACFP FUNDS

Sponsoring organizations must make payments of Program funds to the sites it sponsors within five working days of receipt from the State agency, based upon processes described in the Management Plan approved by the State agency. These disbursements may not exceed the Program costs documented by each facility during any fiscal year. If the sponsoring organization purchases food and food service related goods for all sites, the sponsoring organization must ensure that funds spent for each site are reflective of the reimbursement earned by each site and ensure the goods are delivered appropriately to the sites.

SECTION 6-Reviews & Audits

INTRODUCTION

The CDPHE-CACFP will review CACFP operations of participating Institutions to ensure compliance with CACFP regulations and provide technical assistance and best practice guidance.

In addition, Institutions may also be subject to an audit conducted by an independent auditor. The CDPHE-CACFP conducts reviews of Institutions at minimum, once every three years. The CDPHE-CACFP will review Institutions sponsoring more than one site every other year and if it sponsors 10 or more sites, once every 3 years if it sponsors less than 10 sites.

Audits are slightly different from CACFP reviews. Audits are required of all Institutions (including for-profit entities) that receive more than $500,000 in total Federal funds for the entire Institution during a fiscal year. Audit requirements for Institutions that participate in the CACFP are outlined in 7 CFR Part 3052 and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations.* In order to maintain continuity between non-profit and for-profit Institutions, the CDPHE-CACFP has used the OMB Circular A-133 as a guide for establishing the audit policies for for-profit Institutions as well.

Institutions may be reviewed or audited anytime at the discretion of the CDPHE-CACFP for any reason.

REVIEW PROCEDURES – WHAT TO EXPECT

As previously mentioned, the CDPHE-CACFP will review all Institutions once every two or three years or more frequently if necessary. Reviews of Institutions with more than one site will include announced and unannounced site visits to sponsored sites. Nutrition Consultants employed by the CDPHE-CACFP conduct these reviews.

A Nutrition Consultant will contact a representative of the Institution in advance to schedule the review, unless the review will be unannounced. The CDPHE-CACFP will review records for at least one month of the current Program fiscal year, which begins in October and ends in September. If the CDPHE-CACFP identifies problems, the reviewer may evaluate records from additional months.

The CDPHE-CACFP review will include, but is not limited to, the following records:

- IEFs (child care and outside-school-hours sites only)
- ROMS
- Time-In/Time-Out Records (child care, outside-school-hours and Head Start sites only)
- Records of Attendance (at-risk afterschool programs and homeless shelters only)
- Enrollment Records (child care, outside-school-hours and Head Start sites only)
- Record of Deposit
- Documentation of Eligibility for the Selected Review Month (for-profit child care sites only)
- Training Records – for both civil rights and annual CACFP staff training
- Civil Rights Compliance
- Kitchen Inspection Report

- Invoices and Receipts
- Food Service Labor Cost Records
- Menus
- Menu and production records for children and individualized records for infants, if applicable
- Formula Decision Forms (child care sites caring for infants only)
- Special Diet Statements

In addition to the above items, Institutions sponsoring more than one site must provide the following records during a CACFP review:

- Documentation of site visits
- Documentation of CACFP-related administrative costs, including administrative labor and supplies for the review month
- Documentation of household contacts that were conducted during the previous and current fiscal year, if applicable

During the review, the Nutrition Consultant may identify Program deficiencies. The Consultant will discuss the deficiencies with one or more responsible principles or individuals of the Institution and work together to establish a required CAP that resolves the deficiencies. The Nutrition Consultant will provide technical assistance as needed to ensure the Institution can successfully complete its corrective action. The Consultant may require the Institution to provide documentation of successful corrective action to continue Program participation.

After each review, the CDPHE-CACFP will provide the Institution with a detailed report of the review results. The CDPHE-CACFP will require the Institution representative to provide a signature indicating understanding of the report contents.

OVER-CLAIMS

During the review, the Nutrition Consultant may identify meals claimed for reimbursement that are not supported by accurate or complete records. The CDPHE-CACFP will assess an over-claim for errors related to non-compliance with regulations. The CDPHE-CACFP may assess an over-claim for reasons including, but not limited to, the following:

- Claiming meals for children whose time-in/time-out records do not support their attendance during the time of meal service
- Claiming meals for children who are not enrolled for care at the site
- Claiming more meals than indicated on the ROMS
- Failure to maintain current, accurate and valid IEFs for children whose meals are claimed in the Free and Reduced categories
- Claiming meals in the incorrect income eligibility category
- Claiming meals that do not meet the CACFP Meal Pattern Requirements
- Failure to purchase and maintain documentation of adequate quantities of food and milk to meet the minimum quantity requirements at all meals claimed according the CACFP Meal Pattern requirements
- Claiming meals during a month in which it does not qualify for Program participation (for-profit centers only)

- Any other reason in which meals claimed for reimbursement are not supported by records required by CACFP regulations

DETERMINATION OF SERIOUS DEFICIENCIES

If during a review of a participating Institution, the Consultant identifies serious deficiencies, the CDPHE-CACFP must declare the Institution seriously deficient, provide a CAP and determine if the Institution has demonstrated compliance and subsequent correction of the serious deficiencies in a timely manner. If the Institution does not correct the serious deficiencies, the CDPHE-CACFP must propose to terminate the Institution and provide the Institution appeal rights as outlined below.

The list of possible serious deficiencies is not identical for all types of Institutions (new, recertifying and participating). The type of information likely to be available to the CDPHE-CACFP is different for each type of Institution.

Serious Deficiencies for New Institutions

Serious deficiencies for new Institutions include:

- Submission of false information on the application for participation, including but not limited to, a determination that the Institution has concealed a conviction for any activity that occurred in the past seven years and that indicates a lack of business integrity; lack of business integrity includes fraud, antitrust violations, embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property, making false claims, obstruction of justice, or any other activity indicating a lack of business integrity as defined by the State agency
- Any other action affecting the Institution's ability to administer the Program in accordance with Program requirements

Serious Deficiencies for Recertifying Institutions

Serious deficiencies for recertifying Institutions include:

- Submission of false information on the recertification application for participation, including but not limited to, a determination that the Institution has concealed a conviction for any activity that occurred in the past seven years and that indicates a lack of business integrity; lack of business integrity includes fraud, antitrust violations, embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property, making false claims, obstruction of justice, or any other activity indicating a lack of business integrity as defined by the State agency
- Failure to operate the Program in conformance with the performance standards of financial viability and financial management, administrative capability and Program accountability as outlined in 7 CFR 226.6(b)(18)
- Failure to comply with the bid procedures and contract requirements of applicable Federal procurement regulations
- Use of a food service management company that is in violation of health codes
- Failure by a sponsoring organization to properly train or monitor sponsored facilities in accordance with 7 CFR 226.16(d)
- Failure to perform any of the other financial and administrative responsibilities required by this part, 7 CFR 226.6

- Any other action affecting the Institution's ability to administer the Program in accordance with Program requirements

Serious Deficiencies for Participating Institutions

Serious deficiencies for participating Institutions include:

- Submission of false information on the application for participation, including but not limited to, a determination that the Institution has concealed a conviction for any activity that occurred in the past seven years and that indicates a lack of business integrity; lack of business integrity includes fraud, antitrust violations, embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property, making false claims, obstruction of justice, or any other activity indicating a lack of business integrity as defined by the State agency
- Permitting an individual who is on the National Disqualified List to serve in a principal capacity with the Institution or permitting such an individual to serve as a principal in a sponsored site
- Failure to operate the Program in conformance with the performance standards of financial viability and financial management, administrative capability and Program accountability as outlined in 7 CFR 226.6(b)(18)
- Failure to comply with bid procedures and contract requirements of applicable Federal procurement regulations
- Failure to return to the CDPHE-CACFP any advance payments that exceeded the amount earned for serving eligible meals, or failure to return disallowed start-up or expansion payments
- Failure to maintain adequate records
- Failure to adjust meal orders to conform to variations in the number of participants
- Claiming reimbursement for meals not served to participants
- Claiming reimbursement for a significant number of meals that do not meet Program requirements
- Use of a food service management company that is in violation of health codes
- Failure of a sponsoring organization to disburse payments to its facilities in accordance with the regulations at 7 CFR 226.16(g)(h) or in accordance with its management plan
- Failure by a sponsoring organization to properly train or monitor sponsored facilities in accordance with 7 CFR 226.16(d)
- Failure to perform any of the other financial or administrative responsibilities required by this part, 7 CFR 226.6
- The fact the Institutions or any of the Institution's principals have been declared ineligible for any other publicly funded Program due to violating that Program's requirements; however, this prohibition does not apply if the Institution or the principal has been fully reinstated in, or is now eligible to participate in that Program, including the payment of any debts owed
- Conviction of the Institution or any of its principals for any activity that occurred during the past seven years that indicates a lack of business integrity; a lack of business integrity includes fraud, antitrust violations, embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property, making false claims, or obstruction of justice

- Any other activity indicating a lack of business integrity as defined by the CDPHE-CACFP; or any other action affecting the Institution's ability to administer the Program in accordance with Program requirements.

Notice of Serious Deficiency

If the CDPHE-CACFP determines that a new, recertifying or participating Institution is seriously deficient in Program operations, the CDPHE-CACFP will provide the Institution, its responsible principals and responsible individuals a notice of the serious deficiency(ies) and an opportunity to correct the deficiencies. The notice will specify the following:

- The name of the Chairman of the Board, Executive Director/Director, and any additional responsible principals and responsible individuals;
- The serious deficiency(ies);
- The required actions to be taken to correct the serious deficiency(ies); the serious deficiency notices must provide detailed information on the required CAP for the identified serious deficiency(ies), which are specific to the deficiency(ies) needing correction and which address the root causes of the problems discovered;
- The time allowed to correct the serious deficiency(ies);
- That the serious deficiency determination is not subject to administrative review/appeal;
- That failure to fully and permanently correct the serious deficiency(ies) within the allowed time will result in denial of the new or renewing Institution's application, and-issuance of a Notice of Proposed Termination and Disqualification;
- That the CDPHE-CACFP will not pay any claims for reimbursement for eligible meals served or allowable administrative expenses incurred until the CDPHE-CACFP has approved the new or recertifying Institution's application and the Institution has signed a Program agreement;
- That for participating Institutions, unless payment has been suspended, the CDPHE-CACFP will continue to pay any valid unpaid claims for reimbursement for eligible meals served and allowable administrative expenses incurred until the serious deficiencies are corrected or the Institution's agreement is terminated, including the period of any administrative review;
- That voluntary termination of an Institution's agreement with the CDPHE-CACFP after it has been declared seriously deficient will result in the issuance of a Notice of Termination and Disqualification and placement on the National Disqualified List.

Corrective Action Plan (CAP) for Institutions & Responsible Principal(s) & Individual(s)

In response to the serious deficiency determination, the Institution must submit a CAP to the CDPHE-CACFP, which includes at minimum the following information:

- Name(s) of Institution associated with serious deficiencies along with address of Institution and dates of birth for responsible principal(s) and individuals(s);
- Each serious deficiency and procedures to be implemented to correct the issue;
- Personnel who will be addressing the serious deficiency(ies);
- The timeframe for implementation of the procedures to correct the issue;
- Location where CAP documentation will be retained associated with correcting the issue;

- The policies and procedures that have been modified to include the procedures for maintain compliance with meal pattern requirements (written policies and procedures are recommended);
- Additional supporting documentation that must be submitted with the CAP including but not limited to: copies of IEFs, enrollment forms, enrollment rosters, staff training documentation, site monitoring reports, menus, CN labels or manufacturers' product analysis sheets or recipes, attendance records, meal count forms, itemized food receipts, etc.

Successful Corrective Action

If the Institution successfully demonstrates correction of the serious deficiency(ies) within the allowed time, the CDPHE-CACFP will:

- Notify the new, recertifying or participating Institution, its responsible principals and responsible individuals that the CDPHE-CACFP has – temporarily deferred the serious deficiency determination; and offer the new or recertifying Institution the opportunity to resubmit its application. If the new or recertifying Institution resubmits its application, the CDPHE-CACFP must complete its review of the application within 30 days after receiving a complete, corrected application;
- At the same time the notice is issued, the CDPHE-CACFP must also update the CDPHE-CACFP list to indicate that the serious deficiencies have been corrected, and provide a copy of the notice to the appropriate FNSRO.

Unsuccessful Corrective Action

If the new or recertifying Institution does not demonstrate timely correction of the serious deficiency(ies), the CDPHE-CACFP will notify the Institution, its responsible principals and responsible individuals that the new or recertifying Institution's application has been denied.

If a participating Institution fails to demonstrate timely corrective action to fully and permanently correct the serious deficiency(ies), the CDPHE-CACFP will issue a Notice of Proposed Termination and Disqualification. The CDPHE-CACFP will notify the Institution's Chairman of the Board, Executive Director/Director, and any additional responsible principals and responsible individuals that the notice proposes to terminate the Institution's agreement and disqualify the Institution, its responsible principals and responsible individuals.

At the same time the CDPHE-CACFP issues either notice, the CDPHE-CACFP will update the CDPHE-CACFP list and provide a copy of the notice to the appropriate FNSRO. The notice will specify:

- That the new or recertifying Institution's application has been denied and the CDPHE-CACFP will disqualify the Institution, its responsible principals and responsible individuals
- That the CDPHE-CACFP will propose to terminate the participating Institution's agreement and disqualify the Institution, its responsible principals and responsible individuals
- The basis for the actions
- The procedures for seeking an administrative review of the application denial or proposed termination and disqualification

Program Payments

The CDPHE-CACFP is prohibited from paying any Claims for Reimbursement from a new Institution for eligible meals served or allowable administrative expenses incurred until the CDPHE-CACFP has approved its application and the Institution and the CDPHE-CACFP have signed a Program agreement.

For renewing and participating Institutions, unless participation has been suspended, the CDPHE-CACFP will continue to pay any valid unpaid claims for reimbursement for eligible meals served and allowable administrative expenses incurred until the serious deficiency(ies) is corrected or the Institution's agreement is terminated, including the period of any administrative review.

Administrative Reviews (Appeals)

The CDPHE-CACFP has procedures for offering administrative reviews (appeals) to Institutions, responsible principals and responsible individuals. The administrative review (appeal) procedures are offered annually to all Institutions, upon request, and whenever the following actions are taken by the CDPHE-CACFP:

- Denial of a new or recertifying Institution's application for participation
- Proposed termination of a participating Institution's agreement
- Proposed disqualification of a responsible principal or responsible individual of the Institution
- Suspension of an Institution's participation due to a suspension for health and safety reasons or submission of a false or fraudulent claim
- Denial of a sponsoring organization's application for start-up or expansion funds
- Recovery of all or part of an advance in excess of the claim for the applicable period
- Denial of all or part of an Institution's Claim for Reimbursement (except for a denial based on a late claim submission)
- Decision by the CDPHE-CACFP not to forward to FNSRO an exception request by Institution for payment of late claim or a request for an upward adjustment to a claim
- Demand for the remittance of an over payment
- Any other action of the CDPHE-CACFP affecting an Institution's participation or its Claim for Reimbursement

The CDPHE-CACFP **is prohibited from** offering administrative review (appeal) procedures for the following actions:

- A decision from FNSRO to deny an exception request by an Institution for payment of a late claim or for an upward adjustment of a claim
- Decision by the CDPHE-CACFP that an Institution's corrective action for noncompliance was not complete and permanent
- Decision by the CDPHE-CACFP or the FSNRO that an Institution's corrective action is inadequate to be removed from the National Disqualified List
- A determination that an Institution is seriously deficient
- Disqualification of an Institution, responsible principal or responsible individual, and the subsequent placement on the CDPHE-CACFP list and the National Disqualified List
- Termination of a participating Institution's agreement

The CDPHE-CACFP administrative review (appeal) procedures include the following elements:

- The Institution's Executive Director and Chairman of the Board of Directors, and the responsible principals and responsible individuals, will be given notice of the action being taken or proposed, the basis for the action and the procedures to follow to request an administrative review (appeal) of the action being taken.
- The procedures state that the request for administrative review (appeal) must be submitted in writing no later than 15 days after the date the notice of action is received. The CDPHE-CACFP must acknowledge the receipt of the request for an administrative review (appeal) within 10 days of its receipt of the request.
- The Institution and the responsible principals and responsible individuals may retain legal counsel or may be represented by another person.
- Any information on which the CDPHE-CACFP based its action must be made available to the Institution, its responsible principals and responsible individuals for inspection from the date of receipt of the request for an administrative review.
- The Institution, its responsible principals and responsible individuals may refute the findings contained in the notice of action in person or by submitting written. documentation to the administrative review (appeal) official; written documentation must be submitted to the administrative review (appeal) official no later than 30 days after receipt of the notice of action.
- A hearing by the administrative review (appeal) official is only required when the Institution, responsible principals, or responsible individuals submit a written request for a hearing. If the Institution's representative, responsible principals or responsible individuals fail to appear at a scheduled hearing, they waive the right to a personal appearance before the administrative review (appeal) official, unless the official agrees to reschedule the hearing. A representative of the CDPHE-CACFP must be allowed to attend the hearing to respond to the testimony of the Institution, responsible principals or responsible individuals; and to answer questions posed by the administrative review (appeal) official. If a hearing is requested, the Institution, responsible principals, responsible individuals and the CDPHE-CACFP will be provided with at least 10 days advance notice of the time and place of the hearing. The administrative review (appeal) official will be independent and impartial. If the review official is a CDPHE-CACFP employee, they will not have been involved in the action being taken. The sponsoring organization, responsible principals and responsible individuals will be permitted to contact the administrative review (appeal) official directly if they choose to.
- The administrative review (appeal) official must make a determination based solely on the information provided by the CDPHE-CACFP, the Institution, the responsible principals and responsible individuals, and based on Federal and State laws, regulations, policies and procedures governing the Program.
- Within 60 days of the CDPHE-CACFP's receipt of the request for an administrative review (appeal), the administrative review (appeal) official will inform the CDPHE-CACFP, the Institution's Executive Director, Chairman of the Board of Directors, responsible principals and responsible individual, of the administrative review (appeal) outcome. This timeframe is an administrative review (appeal) requirement for the

CDPHE-CACFP and may not be used as a basis for overturning the CDPHE-CACFP's action if a decision is not made within the specified timeframe.

- The determination made by the administrative review (appeal) official is the final administrative determination to be afforded the Institution, its responsible principals and responsible individuals.

Disqualification/National Disqualified List

When the time for requesting an administrative review (appeal) expire or when the administrative review (appeal) official upholds the CDPHE-CACFP's denial and proposed disqualification, the CDPHE-CACFP will notify Institution, its responsible principals and responsible individuals that the Institution, its responsible principals and responsible individuals have been disqualified.

At the same time the notice is issued, the CDPHE-CACFP will update the CDPHE-CACFP list and provide a copy of the notice, the mailing address and date of birth for each responsible principal and responsible individual to the appropriate FNSRO.

Once an Institution, responsible principal or responsible individual is placed on the National Disqualified List, they will remain on the list for seven years from the date of their disqualification. However, if the Institution, responsible principals or responsible individuals have failed to repay debts owed under the Program, they will remain on the list until the debt has been repaid.

No Institution or individual on the National Disqualified List may participate in the Program nor act as a principal in any organization participating on the Program, nor participate as a family child care home provider.

AUDIT PROCEDURES -WHAT TO EXPECT

All Institutions (including for-profit organizations) which receive more than $500,000 in Federal funds, from all combined Federal sources, in any year are required to have an audit conducted by an independent auditor, as outlined in 7 CFR Part 3052 and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

A-133 single Organization-Wide Audit (OWA) includes an audit of all funds received by an Institution, including Federal, State, local and private funds. The audit requirement applies to Institutions receiving total Federal financial assistance equal to, or in excess of $500,000 per year, and is designed to satisfy the needs of all funding sources. OWA audits are conducted based on the fiscal year of the Institution. The OWA will include an audit of Federal funds identified by the auditor as a Major Program; generally, the largest Federally funded program in the organization.

Program Specific Audits

If the Institution is a private non-profit and for-profit organization, the Institution may elect to obtain a Program-specific audit if the Institution receives only Federal funding from the CACFP.

The Program-specific audit covers only one Program (i.e., CACFP) and includes Program compliance and financial management of the Institution.

AUDIT REPORT SUBMISSION REQUIREMENTS

Non-Profit & Governmental Institutions

The CDPHE-CACFP will utilize the Federal Audit Clearinghouse (FAC) database to review posted audit reports. If the Institution has any audit findings related to the CACFP, a copy of the audit report must be submitted to the CDPHE-CACFP within 30 days after the audit is completed, but no later than nine months after the end of the Institution's fiscal year.

For-Profit Institutions

For-profit Institutions must submit a copy of their audit to the CDPHE-CACFP within 30 days after the audit is completed, but no later than nine months after the end of the audited Institution's fiscal year.

Multi-State Institutions

Institutions who operate the CACFP in one or more states must submit an OWA to the State agency administering the CACFP in the State in which the for-profit agency's headquarters office is located, within 30 days after the audit is completed, but no later than nine months after the end of the audited Institution's fiscal year.

AUDIT FOLLOW-UP

The CDPHE-CACFP is required to follow-up on any findings or questioned costs related to the CACFP identified in the audit report. The CDPHE-CACFP will issue a management decision on the findings or questioned costs and ensure appropriate corrective action. Once corrective action is complete, the CDPHE-CACFP will issue a closure notice.

SECTION 7-Procurement Procedures

INTRODUCTION

Procurement procedures must ensure maximum open and free competition and ensure that the purchasing organization (participating Institution) receives the best possible product or service at the lowest price.

This section establishes standards and guidelines for the procurement (purchase) of foods, supplies, equipment and other goods and services. These standards ensure goods and services are obtained efficiently and economically and in compliance with applicable law. All procurements made with CACFP funds must comply with the procurement requirements in 7 CFR Part 226.22 of the CACFP regulations.

These standards and guidelines do not relieve the Institution of any contractual responsibilities. The Institution is responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative disputes related to procurements.

Institutions may establish their own procurement procedures, which reflect applicable State or local laws and regulations if these procedures conform to the standards set forth in this section.

Institutions must maintain records related to procurement for three years and four months from the end of the Federal fiscal year to which these records pertain. These records must include, but are not limited to, information pertaining to the method of procurement, selection of contract type, contractor selection of rejection and the basis for the cost or price.

CODE OF CONDUCT

All Institutions must maintain a written Code of Conduct. This policy governs performance of the officers, employees and agents of the Institution who are engaged in selecting, awarding and administering procurements and contracts. Of these individuals, none may participate in selecting, awarding or administering procurements and contracts if, to the best of their knowledge, a conflict of interest real or apparent exists. Such a conflict would arise when any of the following has a financial or other interest in the firm selected for an award:

- The employee, officer, board member or agent
- Any member of his/her immediate family
- His/her partner
- Any organization, which employs any of the above or with which any of them have an arrangement concerning prospective employment

No member of the Board of Directors, officers, employees or agents of the Institution shall solicit or accept gratuities, favors, or anything of monetary value from current or potential vendors, consultants or contractors. A violation of this provision by an officer shall result in disciplinary action pursuant to the corporate bylaws; a violation by an employee shall result in disciplinary action pursuant to the Institution's personnel policies. A violation by an agent shall result in disciplinary action pursuant to the contract with the agency.

AFFIRMATIVE ACTION

Institution policy must assure that a fair share of contracts is awarded to small and minority business firms. Steps shall be taken to ensure that small and minority businesses are utilized when possible as sources for materials and services. Such affirmative steps include the following:

- Include qualified small and minority businesses on solicitation lists.
- Ensure that small and minority businesses are solicited whenever they are potential sources.
- Ensure that women's business enterprises are solicited whenever they are potential sources.
- When economically feasible, divide total procurement requirements into smaller tasks, or quantities to permit maximum participation of small and minority businesses and women's business enterprises.
- Where possible, establish delivery schedules that will encourage participation by small and minority businesses including those primarily owned by women.
- Use the services and assistance of the Small Business Administration, the Office of Small and Disadvantaged Business Utilization of the Department of Commerce, and/or the Office of Community Services, as required.
- If any subcontracts are allowed, require the prime contractor to take the affirmative steps listed above.

GEOGRAPHICAL PREFERENCE

Institutions may apply a geographic preference only when procuring agricultural products that are unprocessed, locally grown and locally raised, and have not been cooked, seasoned, frozen, canned or combined with any other products. When utilizing the geographic preference to procure such products, the Institution making the purchase has the discretion to determine the local area to which the geographic preference option will be applied.

PROCUREMENT AGGREGATE

An aggregate procurement is the sum total of goods or services which can logically be purchased from one vendor during the Program or calendar year. The requirement to aggregate goods on a yearly basis applies to all purchases where annual needs can be anticipated. This requirement does not apply to the purchase of fresh produce, meat or frozen goods, which are perishable, purchased more frequently and priced according to market fluctuations. Any attempt to divide an aggregate procurement unnecessarily is a violation of the intent of Federal procurement regulations and may affect the Institution’s ability to participate in the CACFP. The only exception to this rule permits the division of aggregate purchases for encouraging the participation of small, minority or other disadvantaged businesses.

METHODS OF PROCUREMENT

Federal regulations allow four methods of procurement: 1) small purchase procedures for aggregate purchases under $150,000 annually, 2) competitive sealed bids 3) competitive negotiation, and 4) noncompetitive negotiation for aggregate purchases of $150,000 or more annually.

These four methods are detailed below. Regardless of which method is utilized, the purchasing organization should avoid all provisions that might restrict competition or result in the agency

paying higher prices because only one or a limited number of vendors can supply the needed product or service.

Small Purchase Procedures

When goods or services total less than $150,000 in aggregate value for a calendar or Program year, the purchasing organization may utilize small purchase procurement methods. The purchasing organization must contact at least three known suppliers of the product or service and obtain competitive price quotations from them. This contact may be conducted over the phone or in writing. Whether contact is made over the phone or in writing, all suppliers must receive the same information about the purchasing organization's requirements. Small purchase methods are not appropriate when a purchasing agency divides a unified contract requirement into smaller purchases in order to bring each individual purchase under $150,000.

Records of Solicitation

Whether written or phone contact is made, the purchasing organization must document all procurement information for small purchases. At a minimum, documentation must include the date, names of vendors contacted, description of item(s), price quotes, names of persons providing the quotation, cash terms and any delivery data. Whenever only one quotation is received, documentation must include written justification for the purchase.

Competitive Sealed Bid Procedures

Purchasing organizations must utilize competitive sealed bids when procurements are expected to total $150,000 or more in aggregate value and a) the product or service can be completely described in the agency's bid specifications, and b) the award of a contract can be made primarily based on price alone.

Purchasing organization must take the following steps to conduct a competitive sealed bid:

- **Preparation of Bid Specifications:** The purchasing organization must prepare an Invitation for Bid (IFB) that provides uniform information regarding the organization's specific contracting requirement (the product or service to be procured) to all prospective bidders.

  The purchasing organization must describe the requirement as clearly and completely as possible in the IFB; however such descriptions must not include information that could serve in any way to restrict competition. Information that could be considered restrictive of competition might include the specification of brand name products or the inclusion of nonessential product characteristics. Furthermore, the purchasing organization must inform all bidders of any amendments or changes to the IFB.

  In addition to providing information on the requirements, the IFB must also state clearly, where and when bids must be submitted. The IFB must at a minimum, allow 14 days between the public advertisement of an IFB and the deadline for submission of bids.

- **Publicizing the Procurement:** The purchasing organization must send the IFB to known suppliers of the same product or service. Due to the difficulty of sending the IFB to all suppliers of certain products or services, purchasing organizations may rotate through a

list of suppliers on a predetermined basis, and add other names whenever a supplier requests to be included on the bidders' list.

In addition to mailing IFBs, the purchasing organization must formally advertise the proposed procurement to other potential vendors. The easiest way to formally advertise procurement is to place legal notices in local newspapers of general circulation throughout the State of Colorado.

A formal advertisement need not include more detail than 1) name, address and phone number of the Institution, 2) how to obtain the IFB, 3) a brief general description of the contracting requirement, 4) the deadline for receipt of bids, and 5) the date, time and place of the public bid opening.

- **Bid Opening & Contract Award:** The purchasing organization must keep any bids received prior to the final deadline for bid submission in a secure place. Bids received after the deadline must be returned unopened to the bidders. All bids received must be date and time stamped and made part of the public record.

  After the bid deadline, the purchasing organization must open the bids and read them aloud publicly. The official responsible for the opening of bids should state, "The lowest bid appears to be …We will award a contract to the lowest responsive and responsible bidder." The purchasing organization must not announce a contract award until it has had sufficient time to examine the low bid for responsiveness to the IFB and determine whether the low bidder is a responsible firm.

  For a bid to be considered responsive, it must offer a product that does not substantively differ from the requirements of the IFB. All terms of the IFB, including price, expected quantities, delivery schedule and quality, are minimum requirements, and any attempt to modify these minimum requirements (i.e., for a bidder to offer twice a week delivery rather than daily delivery required in the IFB) would make the bid non-responsive. Furthermore, any attempt to make the bid price conditional or contingent upon other factors would make the bid non-responsive unless contingent bids have been authorized in the IFB.

  In a competitive bid situation, the purchasing organization must award the contract to the low bidder unless the bidder is found to be non-responsive or not responsible (7 CFR Part 226.22 (i)(2)). The purchasing organization must clearly document such a finding, since a low bidder may file a suit if not awarded the contract. The purchasing organization may reject bids when there are sound, documented reasons in the best interest of the CACFP.

Competitive Negotiation

The purchasing organization may utilize competitive negotiation when procurements are expected to total $150,000 or more, and a) are of such a complex and technical nature (e.g., consulting, research and development, etc.) that they cannot be fully described in bid specifications, and b) the award of the contract must be based on factors other than price alone. Evaluation factors other than price must only be used when they are clearly described in the

purchasing organization's bid specifications, also referred to as a Request for Proposal (RFP) in the process of competitive negotiation.

In a competitive negotiation, the purchasing organization requests the potential contractor to describe in detail how the objective can best be met. Therefore, in addition to a cost proposal, the potential contractor's response to an RFP must also include a technical proposal. The technical proposal describes the methods the potential contractor will use to complete the project described in the RFP and the underlying costs associated with those methods.

The RFP will identify all significant evaluation factors, including price or cost where required, and their relative importance. Furthermore, the purchasing organization will provide a mechanism for technical evaluation of the proposals received to determine which responsible bidders will be contacted for the purpose of further written and oral discussions and selection for contract award.

The process of actually conducting a competitive negotiation is similar to conducting a competitive sealed bid. The purchasing organization prepares an RFP, which states as clearly as possible the purchasing organization's requirements and objectives. The purchasing organization formally advertises the procurement and sends the RFP to known suppliers of the product or service. The deadline for receipt of proposals must be at least 30 days after publication of the RFP, depending on the complexity of the procurement. After evaluation and negotiation, the purchasing organization awards a contract to the contractor whose overall proposal, price and technical factors are considered most advantageous to the purchasing organization.

Non-Competitive Negotiation

The non-competitive negotiation method of procurement is appropriate only when a) a public emergency, such as a natural disaster, prevents the time required to publicize the procurement, b) only one source of the product or service exists, or c) after competitive solicitation, only one bid or proposal is received. In any event, even if non-competitive negotiation seems justified for one of the above reasons, the center or sponsoring organization must obtain written approval from the CDPHE-CACFP prior to awarding the contract.

To obtain the CDPHE-CACFP approval of non-competitive procurements, the center or sponsoring organization must submit documentation of its attempts to solicit competition in an appropriate manner. The center or sponsoring organization must submit the documentation records prior to the date the contract is to begin in sufficient time for the CDPHE-CACFP to review the request. Such documentation must include the following:

- A copy of the public advertisement
- A copy of the IFB or RFP
- Copies of all letters received from prospective bidders or respondents, including letters indicating a prospective bidder's lack of interest in competing for the contract.
- A copy of the bidders' list
- A copy of the criteria used to evaluate bids
- Copies of all bids submitted
- The mathematical weighing formula used to select the bidder when factors other than price were used in the selection process

- The names of the individuals evaluating the bids
- The justification for selection if other than just price
- Any other materials, which would serve to justify the Institution's use of non-competitive procurement

FOOD SERVICE MANAGEMENT COMPANY CONTRACTS

Program regulations allow participating Institutions to contract with outside vendors for the preparation and delivery of the meals it serves. This can be a viable option for Institutions that do not have adequate facilities to prepare its own meals.

Types of Contractors

Institutions may contract with commercial food service management companies, individual schools or school districts to prepare its meals.

A food service management company is defined in the Program regulations as an organization other than a public or private non-profit school that can be contracted with for preparing and/or delivering the meals to be served.

Although a school is not defined as a food service management company, it still performs the same functions. The competitive bid process is not required if the Institution purchases meals from a SFA.

Administrative Requirements

Program regulations require the Institution to have a valid contract in place if it chooses to contract with a food service management company or a SFA for the meals provided to CACFP participants. Regulations also require the Institution to submit the contract to the CDPHE-CACFP prior to the effective date of the food service management company contract.

The CDPHE-CACFP requires all Institutions to use the standard template food service management company contract, which contains the elements required by CACFP regulations. Addition requirements may be added to the standard contract as an addendum.

The standard CACFP contract also includes a site information form that must be completed for each site to receive meals. A copy of the standard contract can be downloaded from the Institution's Online Site Application in the section entitled, "Type of Food Service."

If there are no material changes to the original procurement specifications and language was included in the original bid-allowing contract renewals, FSMC may be extended on a yearly basis for up to four years, for a total contract of five years.

Procurement Requirements for Food Service Management Companies

For contracts under $150,000 annually, the Institution must follow the small purchase procedures described above. For contracts of $150,000 or more annually, the Institution must conduct the procedures as outlined above for competitive sealed bids, competitive negotiation or non-competitive negotiation.

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