CHILD AND ADULT CARE FOOD PROGRAM

ADULT DAY CARE MANUAL 2010

Colorado Department
of Public Health
and Environment

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Overview of the Child and Adult Care Food Program

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

The Child and Adult Care Food Program 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 child care home (FDCH) or child care center where most children 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 after school programs providing education or enrichment activities.

The goals of the Child and Adult Care Food Program are:
- To ensure that well balanced, nutritious meals are served to children and adults in care.
- Provide reimbursement for meals served to children and adults in care.

The policies and procedures outlined in this manual are based upon federal regulations (7 CFR 226) and guidance governing the CACFP. The 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.gpoaccess.gov/fr/index.html.

The regulation, 7 CFR 226.15(m) states: *Each institution must comply with all regulations issued by 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 CACFP website at http://www.cdphe.state.co.us/ps/cacfp/index.html.

Section 1
CACFP Participation Requirements

INTRODUCTION

The Child and Adult Care Food Program offers benefits to elderly and/or functionally impaired adults in non-profit and eligible for-profit adult day care settings. 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, or adult day care center which 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 or site, or multiple facilities or sites, where child or adult care is provided.
>
> Throughout this manual, facilities or centers where adult day care is provided may be referred to as "sites."

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

Eligibility Requirements for Adult Care Institutions

Adult day care facilities must be Medicaid certified or licensed or approved by alternate Federal, State, or local authorities to provide non-residential, day care services to functionally impaired adults or individuals 60 years of age or older in a group setting outside their home or a group living arrangement on a less than 24-hour basis.

Functionally impaired adults are defined by CACFP regulation as chronically impaired disabled persons 18 years of age or older, including victims of Alzheimer's disease and related disorders with neurological and organic brain dysfunction, who are physically or mentally impaired to the extent that their capacity for independence and their ability to carry out activities of daily living is markedly limited. Activities of daily living include, but are not limited to adaptive activities such as cleaning, shopping, cooking, taking public transportation, maintaining a residence, caring appropriately for one's grooming or hygiene, using telephones and directories, or using a post office. Marked limitations refer to the severity of impairments, and not the number of limited activities, and occur when the degree of limitation severely interferes with the ability to function independently.

Eligible adult day care facilities must provide a community-based group program designed to meet the needs of functionally impaired adults through an individual plan of

care. The programs provided must be structured and comprehensive, providing a variety of health, social, and related support services to enrolled adult participants.

Participants attending eligible adult day care programs are eligible for the CACFP if they reside in the community with family members or other caregivers who benefit from respite services, which the adult daycare setting provides. Participants who are responsible for themselves are also eligible for the CACFP. However persons who are institutionalized in facilities such as long term care residential facilities or residences in which they receive 24-hour care by hired staff are not eligible.

Non-profit Adult Day Care Facilities

Adult day 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 Code of 1954, are eligible to participate in the Child and Adult Care Food Program. 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.

The CACFP does not require churches to apply for tax-exempt status or provide a determination letter. However, the CACFP may require churches to provide copies of IRS forms 990 and 1023 to verify non-profit status.

Organizations that are a part of a public entity, such as federal, state, county, or local government units or departments are also eligible for participation in the CACFP.

For-profit Adult Day Care Facilities

For-profit adult day care facilities are eligible for CACFP participation if at least 25% of enrolled adults are beneficiaries of funds under Title XIX and/or Title XX of the Social Security Act. Participating sites must meet this requirement each month to receive CACFP reimbursement.

Sponsors of Centers

Adult day care organizations may participate in the CACFP as independent centers (an institution with one participating site) or as a sponsoring organization, also known as a Sponsor of Centers (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 will be 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 for filing of a complaint.

CIVIL RIGHTS REQURIEMENTS

Participating institutions must make CACFP benefits available to all eligible adult day care participants without regard to race, color, age, sex, disability, or national origin.

Data Collection and Reporting Requirements

The USDA and the CDPHE-CACFP require civil rights data collection annually. 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 participants served by race and ethnic category. Regulations require this data collection to determine if:

- The Program is effectively reaching potential eligible beneficiaries.
- Targeted outreach is needed to reach certain groups and communities in the state.
- The participating institutions comply with civil rights requirements.

Institutions may use census data to collect information on potentially eligible populations in surrounding program service areas. Local libraries, schools, or the internet are possible sources for census data.

Institutions may collect the racial/ethnic information for the adults enrolled in the institutions' programs on an ongoing basis using the Income Eligibility Form (IEF) or by other processes. It is ideal for participants, their families, or representatives to self-identify the racial and ethnic categories; however, if they decline to self-identify, the institution representative must make this determination and inform them that a visual identification will be made and recorded on the IEF or in the data system. Institutions must explain to participants/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 after 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) people 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 LEP people 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 people.

Other Civil Rights Requirements

- Each institution must provide annual civil rights training to staff members. Refer to S of this manual for more information regarding training requirements.

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- Each participating site must display the "And Justice for All" poster, in a location visible by the families or representatives of participants and visitors.
- No institution receiving CACFP funds can discriminate against enrolled participants, their families, or representatives or potential participants, their families, or representatives on the basis of religion or religious belief.
- Each institution must inform the participants, their families, or representatives of their program rights and responsibilities and the steps necessary for participation.
- Institutions must provide the Income Eligibility Form and IEF letter annually to participants, their families, or representatives.
- Institutions must include the non-discrimination policy statement and the procedures for filing a complaint on all published, written information directed to potentially enrolled participants, their families, or representatives, including menus (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, the 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 on the basis of race, color, national origin, sex, age, or disability.

METHODS OF REIMBURSEMENT (COMMODITIES and CASH-IN-LIEU of commodities)
Institutions have the option to receive 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 commodities. Refer to Section 4 of this manual, entitled, "Program Reimbursement" for more information about these reimbursement options.

CHARGES FOR MEALS
Most participating institutions include the costs of meals served to the participants at participating sites as part of a general service charge. These institutions are **non-pricing**. Other institutions charge a fee separate from the tuition fee for meals served to participants. 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 participants separately for meals and snacks served at participating sites, receive reimbursement based upon the number of meals served to participants and the income eligibility category (Free, Reduced, or Paid) of the participants. The institution's operating funds from tuition or other sources pay for any differences between the CACFP reimbursement and the actual cost 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 participants. A non-pricing institution must ensure the following:

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- 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 online form in accordance with CACFP requirements.

Pricing Institutions

Pricing institutions charge participants a fee for meals and snacks served at the sites that is separate from the tuition fee. These institutions may not charge fees for meals for participants who qualify for Free meals. The CACFP reimburses institutions at the maximum rate for these meals. Pricing institutions may not charge participants that 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 and the actual costs of meals. The institution must provide all enrolled participants the opportunity to apply for Free or Reduced meals. A pricing institution must ensure the following:

- The institution uses the USDA criteria for determining eligibility for Free and Reduced meals.
- The institution follows established, written policies and procedures for distributing applications to participants, their families, or representatives to apply for Free or Reduced meals.
- The institution follows established, written policies and procedures for protecting the anonymity of participants eligible for Free or Reduced meals as they make payments for full or reduced prices of meals.
- The institution follows an established, written hearing procedure for use in the event of the denial or termination of Free or Reduced benefits for participants.
- No participant receiving Free or Reduced meals will be overtly identified at any time, or discriminated against in the course of a meal service on the basis of race, color, national origin, sex, age, or disability.

Pricing institutions applying for participation in the CACFP must contact the CDPHE-CACFP office to obtain special instructions, training, and materials.

CACFP APPLICATION AND RENEWAL PROCEDURES

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

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The CDPHE-CACFP initial application and renewal application process is online using the CACFP Web-based System. Refer to Appendix B, *The Application Process Using the CACFP Web-based System* for detailed instructions to complete the online application packet. Institutions complete many of the application requirements discussed in this section online. Others are documents the institution must send by mail.

Required Application Information for New and Renewing Institutions
In addition to eligibility requirements previously discussed, the CDPHE-CACFP requires institutions to provide records and information as part of the online application or renewal application, which may include, but are not limited to, the following:

- Certification: Responsible principles and individuals of new and renewing institutions must sign a certification which states the following:
  - The information on the application is true and correct.
  - The center 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 in a center that has been ruled ineligible as a result 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 Child and Adult Care Food Program National Disqualified List.
- Civil rights data: New and renewing institutions must provide racial and ethnic data of populations served and participants enrolled as described earlier in this section.
- 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.
- Medicaid certification: Institutions must provide documentation of Colorado Medicaid certification to provide adult day care services for each new site.
- Fire inspection, health inspection, or facility study: Institutions must submit a copy of the fire inspection, health inspection, or facility study completed within the 12 months prior to the application for new sites.
- Documentation of for-profit eligibility (for-profit sites only): Institutions must provide an enrollment list of participants and documentation of the receipt of Title XX or Title XIX funds for new and renewing sites as documentation of CACFP eligibility. This documentation must demonstrate that at least 25% of the enrolled participants are beneficiaries of these programs.
- Food Service Management Contract (if applicable): Institutions must submit a copy of the Food Service Management Contract between the organization and

the selected vendor if meals are vended at any new participating site. The CDPHE-CACFP Food Service Management Contract template must be used.

- Budget: All new institutions must submit a budget for review by the CDPHE-CACFP upon initial application. Renewing institutions that sponsor only one site must review and update the budget every three years, during the renewal application process. institutions that sponsor more than one site are required to update the budget annually. 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 upon initial application. Renewing 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 of Changes to the Application
The CDPHE-CACFP requires institutions to update the online application information throughout the year when changes occur and submit any related documentation to the CDPHE-CACFP office. As Medicaid certifications, Title XX or Title XIX agreements, and Food Service Management Contracts expire, the institution must update expiration dates and any other new information in the online application. The institution must 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 principals or 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 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 renewal 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 more information.

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Performance Standard 1-Financial Viability and 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 throughout this manual. To demonstrate financial viability, new institutions must provide documentation of the following:

- *Fiscal Resources and 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; and
- 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.
  - Claim reimbursement only for eligible meals.

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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 renewal 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 and Audits" for CACFP appeal procedures.

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INCOME ELIGIBILITY FORMS

Introduction to the Income Eligibility Form (IEF)
The CDPHE-CACFP reimburses participating adult day care institutions for meals according to each enrolled participant's eligibility for Free, Reduced, or Paid meals. An institution or site representative determines each participant's eligibility for Free, Reduced, or Paid meals using the participant's family size and household income information provided on the Income Eligibility Form (IEF), which is completed by the participant, a family member of the participant, or participant representative. Once the form is complete, an institution or site representative must compare the reported income to the current Household Eligibility Guidelines and indicate the appropriate income eligibility category (Free, Reduced, or Paid) on the form. The income eligibility category determines the amount of reimbursement the institution will receive for the meals served to the participant listed on the form.

The institution receives the most meal reimbursement 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 falls between the reimbursement amounts for Free or Paid meals.

Adults who are beneficiaries of Supplemental Security Income (SSI) or Medicaid are automatically eligible for free meals. In addition, adults who reside in households in which any member of the household receives benefits from any of the following programs are automatically eligible for free meals.
- Supplemental Nutrition Assistance Program (SNAP), previously known as Food Stamps
- Food Distribution Program on Indian Reservations (FDPIR)
- Temporary Assistance to Needy Families Program (TANF)

Upon enrollment, the institution must give participants or their representative an Income Eligibility Form and the IEF letter. This letter describes the CACFP, informs the participant or his/her representative of the procedures regarding eligibility for Free and Reduced meals, and explains their rights and responsibilities. If the participant or his/her representative chooses not to complete the IEF, the institution must claim meals served to the participant in the Paid category.

Institutions must maintain a valid IEF, on file, for all participants whose meals are claimed in the Free and Reduced categories. The institution is not required to keep IEFs on file for participants whose meals are claimed in the Paid category.

Institutions must update Income Eligibility Forms annually. IEFs will expire 12 months after the month in which the form is received and approved by the institution. For example, if the center representative signed and dated the form on July 12, 2010, the form is valid from July 1, 2010 through July 31, 2011.

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If an IEF reflects zero income, the form must be completed again within 45 days, and every 45 days thereafter until the participant or participant representative reports a non-zero income amount. In this special case, the form is valid 45 days from the date the participant or participant representative signs the form.

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

Completing the Income Eligibility Form (IEF)
The following section describes the Income Eligibility Form in detail. institution or site representatives must guide persons completing the form to ensure accuracy and completeness. If special situations arise that are not discussed here, contact the CDPHE-CACFP office for more information.

Name of Participant

The name of the participant must be written clearly on the IEF.

Racial/Ethnic Identity of Participating Participant

The participant or representative has the option to indicate the participant's ethnicity and race. If the person completing the form chooses not to provide this information, the institution or site representative must complete this portion or maintain this information in an alternate process. The site representative must inform the participant or 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 Civil Rights Data Collection and Reporting Requirements in Section 1 of this manual.

Medicaid or SSI Number, or case numbers for the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance to Needy Families Program (TANF), or the Food Distribution Program on Indian Reservations (FDPIR)

If the participant receives Medicaid benefits, Supplemental Security Income (SSI), or if any member of the participant's household receives benefits from the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance to Needy Families Program (TANF), or the Food Distribution Program on Indian Reservations (FDPIR), the person completing the form must write the case numbers for any of these programs in the appropriate box on the IEF. Forms for participants receiving SNAP benefits must reflect the case number, not a social security number or SNAP card number. Participants who receive any one of these benefits qualify for Free CACFP meals regardless of income.

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Reporting Household Income

The participant or participant representative completing the Income Eligibility Form must report the participant's age and all previous month's gross income (or expected estimate if the previous month is not an accurate reflection of income) received by the participant and any other people who live with the participant and depend upon the participant for financial support. Reported income must include all money received prior to deductions by type of income in the appropriate boxes on the form. The institution representative is responsible for totaling the reported income amounts for the household and recording the total amount on the IEF. This total is used 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 participant's meal.

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Special Situations

If the prior month's income does not accurately reflect circumstances, the participant or guardian may make a projection of current annual income. Irregular self-employment income, such as farm income, may be averaged over the previous twelve 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 figured 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 figured by subtracting his/her 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 participant's eligibility for Free and Reduced benefits includes:

- *Income earned by people living with the participant in the household, but who do not depend upon the participant for financial support.*

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- *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 Supplemental Nutrition Assistance Program benefits, the value of Free or Reduced meals received in schools or participant care programs under the National School Lunch Act, and the value of participant care benefits received under Title XX of the Social Security Act.
- *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.

Household Size
The person completing the form must indicate the total number of people who live in the household who depend upon the participant for financial support on the IEF. The institution or site representative uses this information to determine eligibility for Free or Reduced meals.

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Social Security Number

If a minimum of one Medicaid number or SSI number, or case number for SNAP, TANF, or FDPIR is not provided, the form must reflect the social security number of the participant, or the participant's representative signing the IEF. If the person does not have a Social Security Number, this must be indicated on the form. Without this information, the IEF is not valid.

Signature

The participant or representative completing the IEF must sign and date the form, which certifies the accuracy of the information and provide a contact telephone number and address of residence.

Institution Approval of the IEF

An authorized institution or site representative must first review the IEF for accuracy and completeness, then total all reported income 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 chart on the IEF letter must not be used to determine eligibility.

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

Once the determination is made, the authorized representative must sign and date the IEF for approval. The IEF will expire 12 months after the month in which the form is received and approved by the institution. For example, if the center representative signed and dated the form on July 12, 2010, the form is valid from July 1, 2010 through July 31, 2011. If an IEF is expired for an entire month, the institution must claim meals for the participant in the Paid category.

If the IEF reports zero household income, the participant or representative must complete a new IEF in 45 days, and every 45 days thereafter, until an income other than zero is reported. An IEF reporting zero income is only valid for 45 days from the day the participant or representative signs the form.

Tips for Maintaining Income Eligibility Forms
- Every July, update all IEFs, regardless of when they expire. Prior to 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. Also, 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.

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- Retain valid IEFs on file for all participants whose meals are claimed in the Free or Reduced categories at any time, even if they no longer attend the adult day 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.

Definitions Regarding Household Members

Adopted Child: A child for whom a family has accepted legal responsibility. The adopted child is reported as a household member if he/she resides with the adult day care participant and depends upon the participant for financial support.

Foster Child: A child who is living with a family but who remains the legal responsibility of the welfare agency or court. The IEF must reflect this child and his/her income if the child resides with the adult day care participant and depends upon the participant for financial support. The foster child's income includes funds provided by the welfare agency that are specifically identified by category for the personal use of the child, such as for clothing, school fees, and allowances. Other funds received by the child, including any income the child earns for full-time or regular part-time employment, and money provided by the child's family for personal use, are also considered income. Welfare funds paid to the foster parents identified by category for shelter and care, and those identified as special needs funds, such as those for medical and therapeutic needs, are not considered income.

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 should be reflected on the IEF as household members if they also depend upon the adult day care participant for financial support. 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 participants regardless of U.S. citizenship.

Student Away at School: A student who is temporarily away at school (e.g., boarding school or college) and who receives his/her primary support from the family. The student should be reflected on the IEF as a household member if the student is also dependent upon the adult day care participant for financial support.

RECORD OF MEALS SERVED

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 participant enrolled. The CDPHE-CACFP requires participating sites to complete

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these records, also known as meal counts. The ROMS serve as the basis for the information reported on the Claim for Reimbursement. Meal counts must be recorded on the ROMS at or near the time of the meal service each day according to visual observation of which participants are served a creditable meal and participate in the meal service. A completed ROMS form includes:

- The full name of each participant
- The code for the income eligibility category of each participant (Free, Reduced, Paid) according to the Income Eligibility Form. 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 participant on each day of the week

Each month, institutions use the Record of Meals Served 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 participant, 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, which must reflect the same information as the CDPHE-CACFP form. In this case, the CDPHE-CACFP staff must approve the form for use.

Completing the Record of Meals Served (ROMS)
The following section describes the Record of Meals Served form in detail. Institution representatives must guide staff in completing the ROMS to ensure accuracy and completeness. If special situations arise that are not discussed here, contact the CDPHE-CACFP office. The ROMS must be kept on file to support all Claims for Reimbursement.

Names and Income Eligibility Codes

Staff should use a separate ROMS form for each group of participants (if groups of participants consume meals in separate dining areas) 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 group of participants, if applicable.
- The full name of each participant (last name, then first), listed alphabetically.
- The date for each day of the week.
- The code for the income eligibility category of each participant (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 dining areas.

Remember that a valid and current Income Eligibility Form must be on file for all participants whose meals are claimed in the Free or Reduced categories. If the institution does not have an IEF for a participant, meals served to that participant 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 participant, per day (no more than two meals and one snack or two snacks and one meal).
- Claim meals only for participants who participate in the meal service.
- Claim meals only for participants who consume the meal or snack while in care.
- 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. Institutions may not use attendance records to complete the ROMS. Attendance records are not specific and will not reflect special situations in which meals cannot be claimed.
- Claim meals only for participants for whom all of the meal components are provided by the institution.
- Claim meals only for participants enrolled in adult day care.
- Claim meals that are not claimed under part C of Title III of the Older Americans Act of 1965.
- Claim meals served to participants who reside in the community, with family members or other caregivers who benefit from respite services, which the adult day care setting provides. Meals served to individuals who have no caretakers and are responsible for themselves are also eligible for reimbursement. However, meals served to participants who are institutionalized in facilities such as a long term care residential facility or residences in which they receive 24-hour care by staff hired to provide the care are not eligible for reimbursement.

Calculating Total Meal Counts

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

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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 record them in the "page total" box.

The CACFP requires reporting of the total number of participants 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 Claim for Reimbursement.

Tips for Managing the Record of Meals Served (ROMS)
- As participants 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.
- Ensure each participant's name is listed only once on the ROMS.
- Use first and last names on the ROMS. Be sure these names 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 group of participants, if applicable.
- Keep the ROMS forms, without income eligibility categories indicated, 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.
- Do not leave the task of counting to the end of the month. Procrastinating increases the possibility of errors.

ATTENDANCE RECORDS
The CDPHE-CACFP requires participating adult day care institutions to maintain a record of attendance for each day meals are claimed for reimbursement.

INDIVIDUAL PLANS OF CARE
The CACFP requires participating institutions to develop an individual plan of care for each functionally impaired adult participant. The CDPHE-CACFP will request a sample of individual care plans during CACFP reviews.

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 met,

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 the charts on p. 22 and 24 for required records of operating and administrative costs). For review purposes, institutions must keep receipts, invoices, and contracts organized by month.

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 received, the name of the donor, and the contact information for the donor.

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 the enrolled participants. These costs include the purchase price and charges for processing, transporting, storing, and handling purchased or donated food, including USDA commodities.

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, cleanup after the meal, supervision of the food service operation, 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 the 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 generally 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.

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Administrative Record Keeping Requirements

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 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 the 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 the 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.

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- Completing and maintaining daily records to support Claims for Reimbursement, including reviewing and approving Income Eligibility Forms, 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 generally accepted accounting principles.

Communications Costs: Communications costs include the costs of supplies and services used for managing the CACFP, such as telephone, telegrams, fax, license fees for electronic mail software, 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 and 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.

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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 and 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 the 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 and Reproduction Costs • Costs of printing and reproduction of materials	• Itemized and dated receipts and invoices of the purchase of printing and reproduction supplies and 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.

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Unallowable Costs

Institutions must demonstrate that all CACFP funds are used solely for the 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, materials for activities, etc., and salaries for non-CACFP related labor.

LOBBYING AND LOBBYING RELATED ACTIVITIES

OMB Circular A 122 "Cost Principles for Non Profit Organizations" defines... lobbying and lobbying related activities and their allowability. The revised Circular changes the term "political advocacy" to "lobbying." The Circular:

- Restricts attempts to influence legislation at the 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 the legislative decision-making process.
- Bans the preparation or distribution of publicity or propaganda that urges the general 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.

All costs associated with any of these activities are not 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.

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It is the institution's responsibility to determine the allowability of an activity 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 the allowability 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 fifteen (15) working days. If a decision cannot be made within that period, the CDPHE-CACFP will notify the institution in writing as to when a decision will be made.
- The CDPHE-CACFP will send a written response when a decision is made.

The CDPHE-CACFP requires any recipient of $100,000 or more in federal funds to complete a form certifying that no appropriated funds are used for lobbying and related activities. The institution must complete the form once, which becomes a part of the permanent records maintained by the CDPHE-CACFP. The certification applies to all current and future grants and awards between the CDPHE-CACFP and the institution.

STAFF TRAINING RECORDS

Staff Training Requirements
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 participating sites at least annually thereafter on content areas defined by the CDPHE-CACFP. The CDPHE-CACFP defines "key staff" as people 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, people serving the meal), or any person responsible for CACFP duties. Required annual training may include the topics listed below. All training must be appropriate to the level of experience and duties of staff. New staff will require much 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 the following areas:
- **CACFP Meal Pattern Requirements:** Meal pattern components, creditable and non-creditable foods, and quantity of food requirements.
- **Record Keeping Procedures:** Record of Meals Served (ROMS), Income Eligibility Forms (IEFs), and Claim for Reimbursement
- **Food Service Operations:** Production records, cooking, use of the Simplified Food Buying Guide, and food purchasing.
- **Nutrition and Physical Activity:** Healthy menu planning and nutrition and physical activity guidelines.

- **Meal Service:** Mealtime environment, feeding techniques, and meal service style options.
- **Food Safety and 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

All participating institutions must ensure that frontline staff and managers of frontline staff be trained annually on civil rights requirements. Frontline staff members are people who interact with participants and their families or representatives. Topics selected for civil rights training should be applicable to the duties and skill level of the staff members. These topics may include:

- Annual collection and use of civil rights data (reported race and ethnicity)
- The institution's method of informing participants of CACFP availability, rights and responsibilities, nondiscrimination policy, and the procedure for filing a complaint
- Procedure for filing a complaint for discrimination
- Required reasonable accommodations of persons with disabilities
- The institution's methods of providing language assistance when needed
- Conflict resolution
- Customer service

Training Documentation 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

Institutions participating for-profit adult day care institutions must maintain documentation for each participating site, which verifies that at least 25% of the enrolled participants at the site receive benefits under Title XIX of the Social Security Act, the Grant to States for Medical Assistance Programs (Medicaid), or Title XX of the Social Security Act. This documentation must verify eligibility for each claiming month.

RECORD RETENTION REQUIREMENTS FOR ALL INSTITUTIONS

The CDPHE-CACFP requires 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 and Food Service Record Keeping Requirements

MEAL PATTERN REQUIREMENTS FOR ADULTS

The Child and Adult Care Food Program provides reimbursement funds to adult day care institutions for creditable meals served to the participants in care. Meals that are creditable meet all requirements defined in the CACFP Meal Patterns for adults. An institution may receive reimbursement only for meals that include the required components, creditable foods, and adequate quantities of food.

The CACFP Meal Pattern for adults specifies the minimum required meal components for breakfast, snack, and lunch/supper. The meal components and quantities reflected in the CACFP Meal Pattern are minimum requirements to receive CACFP reimbursement. Participating sites may serve larger quantities of the required components and additional food items. However, the institution will not receive additional reimbursement from the CACFP. The CDPHE-CACFP allows participating sites to choose from several styles of meal service, which may affect the Adult Meal Pattern. Refer to "Meal Service Options" later in this section for more information.

The CACFP requires the institution to purchase and provide all of the food components to receive reimbursement for meals and snacks. Meals and snacks consisting of foods that are not provided or purchased by the institution are not eligible for reimbursement.

When using the CACFP Meal Pattern to plan meals for reimbursement, 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. Participating sites must select the two food items from two different component groups.
- At snack, participating sites may not serve fruit or vegetable juice with milk as the only two snack components.
- Participating sites may serve sweet bread/bread alternates only at breakfast and snack.
- Participating sites must limit sweet bread/bread alternates and tortilla chips to no more than twice per week on the menu.
- 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: breaded chicken patties, commercial lasagna, commercial meatballs, etc.
- Participating sites may use 100% fruit or vegetable juice to satisfy no more than half of the 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, only count as one of the varieties at lunch.

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Adult Daycare Food Program
FOOD CHART

FOOD COMPONENTS	Breakfast	Lunch	Supper	Snack
MILK Fluid milk	1 cup	1 cup	No milk required at supper.	1 cup
VEGETABLES AND/OR FRUITS Vegetable(s) and/or Fruit(s) or	½ cup	Must offer at least two different varieties to total 1 cup.	Must offer at least two different varieties to total 1 cup.	½ cup
Full strength vegetable or fruit juice or	½ cup			½ cup
An equivalent combination of vegetables, fruits, and juice				
GRAINS/BREAD/BREAD ALTERNATES	*Two servings of bread/bread alternates must be offered at breakfast, lunch, and supper. For example: 2 slices of toast or ½ cup of pasta and 1 slice of bread.*			
Bread or	1 slice	1 slice	1 slice	1 slice
Cornbread, biscuits, rolls, muffins, etc. or	1 serving	1 serving	1 serving	1 serving
Cold, dry cereal or	¾ cup or 1 oz.	¾ cup or 1 oz.	¾ cup or 1 oz.	¾ cup or 1 oz.
Cooked cereal or	½ cup	½ cup	½ cup	½ cup
Cooked pasta or noodle product or	½ cup	½ cup	½ cup	½ cup
Cooked cereal grains or an equivalent quantity of any combination of bread/bread alternates	½ cup	½ cup	½ cup	½ cup
MEAT/MEAT ALTERNATES Lean meat, poultry, or fish or	No meat/meat alternate is required at breakfast.	2 oz.	2 oz.	1 oz.
Cheese or		2 oz.	2 oz.	1 oz.
Eggs or		1 egg	1 egg	½ egg
Cooked dry beans or peas or		½ cup	½ cup	¼ cup
Peanut butter or soynut butter or other nut or seed butters or		4 tbsp.	4 tbsp.	2 tbsp.
Peanuts or soynuts or tree nuts or seeds or		1 oz.=50%**	1 oz.=50%**	1 oz.
Yogurt, plain or sweetened and flavored		8 oz. or 1 cup	8 oz. or 1 cup	4 oz. or ½ cup
OFFER VERSUS SERVE	One of the four food items.	Two of the six food items.	Two of five food items.	Must serve two of the four components.

**May only be used for 50% of the meat component.

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Section 3
CACFP Meal Patterns and Food Service Record Keeping Requirements

CREDITABLE FOODS FOR ADULTS

In addition to the requirements for the types and quantities of food in a creditable meal, participating 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 the nutrition requirements for adults.
- 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.

Contact the CDPHE-CACFP office for a list of creditable and non-creditable foods.

Main Dish Products:

Some adult day care sites may choose to serve prepared main dish products such as, frozen lasagna, pizzas, burritos, egg rolls, and breaded meat, poultry, or fish products. The labels of many of these products do not display the quantity of creditable meat/meat alternate or bread/bread alternate a serving of the product provides. Adult day care sites must maintain documentation of this information for any prepared main dish product served.

The Child Nutrition labeling program is a voluntary federal labeling program for Child Nutrition Programs, which allows manufacturers to state a product's contribution to the meal pattern requirements on product labels. Although intended for Child Nutrition Programs, adult day care institutions can also use the CN label as the required documentation for these products. 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

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

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CACFP Meal Patterns and Food Service Record Keeping Requirements

Sample CN Label

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┌──────────── CN ────────────┐
│                                        154863 │
│ Four .63 oz. fully cooked, breaded chicken breast patty        │
│ nuggets with rib meat provide 1.25 oz. equivalent meat and .75 │
CN serving of bread alternate for Child Nutrition Meal Pattern    CN
│ Requirements (Use of this logo and statement authorized by     │
│ the Food and Nutrition Service, USDA 07/01).                   │
└──────────── CN ────────────┘
```

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 the quantity of the product that would meet the CACFP Adult Meal Pattern requirements. The institution must keep all product specifications on file for review purposes.

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.

OFFER VERSUS SERVE
"Offer versus Serve" is an allowable CACFP meal service option available to participating adult day care sites. This meal service option allows participants the opportunity to select foods and decline foods, if desired, at each meal without affecting the CACFP reimbursement earned by the center.

Potential Benefits of Offer Versus Serve
The offer versus serve option may:
- *Enhance the mealtime experience for participants.* If participants have food choices and the option to decline foods they don't wish to eat, they may be more satisfied with the meal service. Participants are not forced to accept a food item on the plate, thus reducing the potential for disappointments or arguments at mealtime.
- *Improve the participants' food intake.* If participants are served foods they desire, they may be more likely to consume them. Offering additional choices of the required meal components can also improve intake.
- *Enable adult day care staff to better meet participants' dietary needs.* Many older and/or functionally impaired adults have special dietary needs. Some may need smaller portions to prevent reflux, have smaller appetites, or become overwhelmed when presented with a large meal. Others may have medically prescribed special diets or calorie controlled diets.
- *Reduce the amount of food waste.*

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CACFP Meal Patterns and Food Service Record Keeping Requirements

Offer Versus Serve Requirements
Programs using offer versus serve must offer participants all of the required meal components. However, participants may be permitted to decline:

- At breakfast – one of the required four food items (one serving of milk, one serving of vegetable(s) and/or fruit(s), and two servings of bread or bread alternate).
- At lunch – two of the required six food items (one serving of milk, two servings of vegetable(s) and/or fruit(s), two servings of bread or bread alternate, and one serving of meat or meat alternate).
- At supper – two of the required five food items (two servings of vegetable(s) and/or fruit(s), two servings of bread or bread alternate, and one serving of meat or meat alternate).
- At snack, both snack components must be served.

If using offer versus serve, the reimbursement earned for the meals served to the participants shall not be affected if the participants decline the allowed number of food items. If a participant declines the service of more than the allowed number of items, the meal would not be eligible for reimbursement.

Some adult day care sites also offer additional choices of required meal components to increase food intake and decrease waste. For example, at lunch on a particular day, chicken and fish might be the options for the meat/meat alternate component. Participants could choose one or the other, or if desired, could decline the component entirely, without affecting the institution's reimbursement for the participant's meal.

Applying Offer Versus Serve to the Meal Service
The offer versus serve meal service option can be applied to any style of meal service.

- Traditional Cafeteria-Style Line Service: Participants can choose not to accept all items on their plates.
- Pre-Plated Service: Adult day care staff can introduce the meal and available choices verbally to the participants at the table and ask participants to choose what they would like to accept for their meal. The requested meal could be plated for each participant.
- Family-Style Service: Participants can choose which foods to serve themselves from the selections on the table.

As participants choose the items they wish to consume, the adult day care staff members have the important role to provide assistance with meal component selection to ensure well-balanced meals are provided to the participants in care.

The CACFP staff is available to answer any questions about offer versus serve meal service. Please contact the CDPHE-CACFP office at (303) 692-2330 for further guidance.

Section 3
CACFP Meal Patterns and Food Service Record Keeping Requirements

EXCEPTIONS TO THE MEAL PATTERN
The CACFP regulations require institutions to offer Program meals that meet the CACFP Meal Pattern requirements to all participants 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 participating sites to make substitutions to the CACFP Meal Pattern for participants who are developmentally disabled (handicapped) and whose disability restricts their diet. CACFP regulations require participating sites to offer Program meals to participants 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."

A licensed physician (including Doctors of Osteopathy) must determine whether a participant has a disability that restricts his or her diet. The physician must complete a written statement of the participant'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 participant's diet. An institution representative should contact the CDPHE-CACFP office if it is 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 participant's disability and an explanation of how the disability restricts the participant's diet.
- The major life activity affected by the disability.
- The food(s) to omit from the participant'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, participating sites must provide food services to disabled participants in the most integrated setting possible and ensure participation with all other participants present to the maximum extent appropriate to their needs.

CACFP regulations do not require participating sites to make substitutions for participants 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 participants within the normal Program meal service when a variety of nutritious foods are offered to the participants. Generally, participants who have food allergies, intolerances, or are overweight are not "handicapped persons," as defined in 7 CFR 15b.3(i). Participating 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 (anaphylactic) reactions.
- the overweight condition is severe enough to substantially limit a major life activity.

In these cases, the participant 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 individual participants 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 participating 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.

If the substitute food item is not creditable, the participating site must obtain a 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, which present the same information, are acceptable. Special Diet Statements must be updated annually for participants. The supporting statement must include:

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

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CACFP Meal Patterns and Food Service Record Keeping Requirements

The CDPHE-CACFP requires participating 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 participant or his/her guardian to provide the substitute.

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 participant or to a participant with other special dietary needs.

Staff members should work closely with responsible family members and all other medical, and community personnel who are responsible for the health, well-being, and education of the participants with developmental disabilities or with other special dietary needs, to ensure reasonable accommodations to allow such individuals' participation in the meal service. This cooperation is particularly important when accommodating participants whose developmental disabilities require significant modifications or personal assistance.

Exceptions to the 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.

Timing of Meals
Institutions may receive CACFP reimbursement only for meals approved by the CDPHE-CACFP that are served within approved meal times. Participating sites may serve food at any time during the day; however, institutions may only claim meals served within approved time frames. The online site application for each site reflects its approved meal types and times. At minimum, the CDPHE-CACFP requires participating 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

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CACFP Meal Patterns and Food Service Record Keeping Requirements

care for groups of participants that arrive at different times during the day, may establish separate time ranges for different groups that do not exceed a total of one hour.

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.

Staff members must allow the participants 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 participants 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 participant to eat at another location without the supervision of site personnel. Institutions may not claim meals eaten at restaurants, which are not considered care settings.

FOOD SERVICE RECORD KEEPING REQUIREMENTS

Menus and Production Records
The CDPHE-CACFP requires all institutions to maintain daily menus for all meals and snacks claimed for reimbursement. Institutions must also maintain daily production records for all meals and snacks claimed. Production record forms are available from the CDPHE-CACFP. Participating sites may use alternate forms, but must seek approval from the CDPHE-CACFP office prior to their use.

Food service staff generally complete 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 participants and staff members participating in the meal service and the estimated quantities of food needed to prepare the meal (the *Simplified Food Buying Guide* 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 participants and staff served or a food substitution,

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CACFP Meal Patterns and Food Service Record Keeping Requirements

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 Records for meals and snacks claimed 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; and
  - Pie crust, which would meet part or all of the 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, etc. For example: stew beef, 10 lbs.; carrots, #10 can, etc. Use the *Simplified Food Buying Guide* to determine the amounts of food to prepare.
- The number of participants served at each meal or snack.
- The number of staff members served at each meal or snack. Institutions may not claim meals served to staff members for reimbursement. However, production records must reflect the number of servings prepared for staff members and plan adequate quantities of food for the staff members and participants eating the meal.
- The production records must verify that adequate quantities of all required meal components were available to meet at least the minimum requirements as shown on the CACFP Meal Pattern.

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

Participating 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. This documentation on the back of each production record must include the date, the number of participants actually served, and any changes or

adjustments to the original plan such as quantity of food prepared and/or menu substitutions.

Menu and Production Record Requirements for Contract Food Service
If the participating 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 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 previous to the current fiscal year may be stored off site; however, they must be accessible for review.

Section 4
Program Reimbursement

INTRODUCTION
The CDPHE-CACFP provides reimbursement for meals served to enrolled participants in care at approved adult day care sites. The reimbursement amount is based upon rates for meal type (breakfast, lunch, supper, and snack) and income eligibility category (Free, Reduced, and Paid). The United States Department of Agriculture adjusts reimbursement rates annually in July of each year, to reflect changes in the Federal Poverty Guidelines and the consumer price index 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 participants who are enrolled for care at the site.
- Claim no more than three meals or snacks per participant, per day (two meals and one snack <u>or</u> two snacks and one meal).
- Claim meals only for participants who participate in the meal service.
- Claim meals that meet the CACFP Meal Pattern requirements.
- Claim meals for which all food components are provided by the site.
- 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 approved meals for claiming. This change will be subject to approval by a CDPHE-CACFP Nutrition Consultant.

THE REIMBURSEMENT PROCESS
Institutions participating in the Child and Adult Care Food Program submit monthly claims online using the CACFP Web-based System. Institutions 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 for the institution, which includes funds earned by all participating 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 days of the last day of the claim month and revised claims within 90 days of the last day of the claim month. The CDPHE-CACFP regularly processes submitted claims, which generally allows institutions to receive reimbursement within 7-10 business days of submission. Institutions can view the status of a submitted claim any time using the CACFP Web-based System. Refer to Appendix C, *The Claiming Process Using the CACFP Web-based System* for specific instructions to submit a claim for reimbursement online.

Section 4
Program Reimbursement

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 only includes information specific to the type of site. This section describes the information reported on the online claim.

Attendance Reporting:

Number of Days Meals were Provided During the Claim Period:
The number of days during the month that the site was open, serving meals, and claiming meals for reimbursement.

Total Attendance:
Obtained from the Records of Meals Served (ROMS), 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 be reported 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 of this manual for more information about these boxes).

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

Number of Title XX Participants **(for-profit institutions only):**
The number of participants who are beneficiaries of Title XX funding and in attendance at least once during the claim month.

Number of Title XIX Participants **(for-profit institutions only):** The number of participants who are beneficiaries of Title XIX (Medicaid) funding during the claim month. Refer to the Medicaid billing forms for the claim month to obtain this figure.

Average Daily Attendance:
The online claim will calculate the average daily attendance.

Eligibility:

Number of Free, Reduced, and Paid Participants:
The number of enrolled participants who are eligible 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 online claim will total the number of Free, Reduced, and Paid participants and display the total number of eligible participants in this box.

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Program Reimbursement

For-Profit Eligibility (For-profit institutions only):
The online claim will display information in this section only if the institution is for-profit.

Title XIX and Title XX Eligibility:
The online claim will calculate the percentage of enrolled participants that are eligible beneficiaries of Title XIX (Medicaid) and Title XX funding.

Meals/Snacks Served:
Obtained from the Records of Meals Served (ROMS). These values are the total numbers of breakfasts, lunches, snacks, and suppers by income eligibility category.

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, institutions may submit an online revised claim. Institutions may submit revised claims resulting in an increased amount of reimbursement for up to 90 days from the last day of the claim month. After the 90-day period, institutions may submit revisions for claims not resulting 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.

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:
- The Food Service Management Contract expires for one or more participating sites and the institution fails to update the online site application and submit a copy of a current contract for approval.

Section 4
Program Reimbursement

- 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.
- 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.

Commodities or Cash-In-Lieu of Commodities
The USDA provides participating institutions the option to receive USDA-donated commodity foods in addition to CACFP reimbursement. The commodity foods must only be used for reimbursable meals served in approved sites participating in the Child and Adult Care Food Program.

Commodities are surplus foods purchased by the USDA to improve the diets of Americans and support the United States 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.

During the spring of each year, the CDPHE-CACFP distributes a survey, through which institutions may choose to receive commodity foods in addition to CACFP reimbursement or additional cash instead of commodities (cash-in-lieu of commodities).

The commodity foods option is beneficial for participating sites that have an experienced cook on staff and sufficient storage space for large quantities of food. institutions that choose the commodities option receive approximately $ 0.19 less cash reimbursement for every lunch claimed and the same amount of cash reimbursement for breakfasts and snacks as the cash-in-lieu of commodities option. For more information about commodity foods, contact the CDPHE-CACFP office.

Denial of Claims and 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.

Section 4
Program Reimbursement

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 and 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 collections.
- 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 period, the CDPHE-CACFP will propose to terminate the institution and its responsible principles from participation in the CACFP.

DISCONTINUING PROGRAM PARTICIPATION AND 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 refers to a public or non-profit private organization or Program eligible for-profit organization, which is entirely responsible for the administration of the CACFP in one or more child care centers, outside school hours care centers, adult day care centers, at-risk after school programs, Head Start programs, homeless shelters, 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 participating 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 Sponsor of Centers, an organization must:

- Complete an application for participation for the 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 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 policies concerning Program operations, training, and integrity that are implemented consistently.

Application Process

The sponsoring organization must complete the online institution Application, the site application for each site, an Administrative Budget, and a Management Plan for approval by the CDPHE-CACFP. The institution must submit all required documents for the institution and for each site.

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Sponsors of Centers

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, allocation of funds, claims submission, staff training, and monitoring of CACFP operations at sponsored sites. 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 sponsoring organization and its sponsored sites. No more than 15% of the meal reimbursements estimated or actually earned during the budget year may be used for administrative costs, described below. Sponsoring organizations must use the remainder of the reimbursement for meal service costs. This budget must reflect the operation of a non-profit food service, in which the sponsoring organization uses all CACFP funds for the food services and administration of the CACFP.

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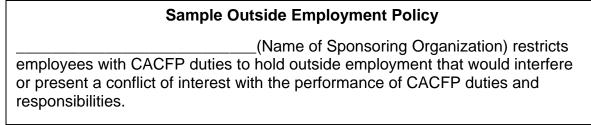
- *Administrative costs include:* planning, organizing, managing, preparing claims, determining income eligibility, updating enrollment information, monitoring, and training.
- *Food Service costs include:* costs of food, food service supplies, food preparation, and the meal service.

Refer to Section 2 of this manual for more information and 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 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:

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- 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 the 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 sponsoring organization's initial application, it must conduct and document a pre-approval site 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. Sponsoring organizations must use the site visit form provided by the CDPHE-CACFP or one approved by the CDPHE-CACFP.
- **Certification regarding disqualification from publicly funded programs and conviction of crimes:** Sponsoring organizations must certify, at the time of application and renewal, that neither the sponsoring organization, nor any of the sites included in the application, nor any of the sponsoring organization's or the sites' principals, have been disqualified from participation in any other publicly-funded program for violating that program's requirements, and that none have been convicted of, or concealed, certain crimes indicating a lack of business integrity.

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CACFP PERFORMANCE STANDARDS
The CACFP requires sponsoring organizations applying for CACFP participation as a Sponsor of Centers 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 renewal applications of sponsoring organizations that do not meet the CACFP performance standards.

Performance Standard 1-Financial Viability and Financial Management
Sponsoring organizations applying for initial participation in the CACFP or renewal of participation must be financially viable. Sponsoring organizations 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 otherwise unserved facilities or participants.
- ***Fiscal Resources and Financial History:*** A sponsoring organization 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., if requested.
- ***Budgets:*** A sponsoring organization must document costs in the sponsorship's budget that are necessary, reasonable, and allowable.

Performance Standard 2-Administrative Capability
Sponsoring organizations applying for CACFP participation must be administratively capable to operate the CACFP. The sponsoring organization 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
Sponsoring organizations 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, sponsoring organizations must:

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- Provide documentation that the sponsorship has adequate oversight of the Program by its governing board of directors, if non-profit.
- Provide in writing, a 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. The application must reflect the CACFP operational practices of sponsored sites and demonstrate that the sponsored sites 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; and
  - 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 sponsoring organization may claim reimbursement for meals served at the sites. Sponsoring organizations must complete the 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 at any new site until approval for the new site is granted. The CDPHE-CACFP will not approve new sites to participate while the sponsoring organization, responsible principle(s), responsible individual(s), or any of its sites are considered seriously deficient or on the National Disqualified List.

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If a participating site moves to a new location, the institution must provide a notice in writing to the CDPHE-CACFP office that the site is no longer at the approved location and 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
Sponsoring organizations that sponsor unaffiliated sites (not part of the same legal entity as the sponsoring organization), must inform the participating sites of their right to participate in the CACFP directly with the CDPHE-CACFP, without the sponsorship of the organization.

Renewal Procedures for Sponsoring Organizations
Sponsoring organizations must review and update the online institution and Site Applications, and the Administrative Budget to renew 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 2 or 3 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 sponsoring organizations 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 much 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.
- **CACFP Meal Pattern Requirements:** Meal pattern components, quantity of food requirements, and food preparation.
- **Meal Counts**: Methods for ensuring accuracy.
- **Claims Submission and 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 Training**: Refer to page 27 for possible topics.

In addition to the minimum training requirements, the CDPHE-CACFP also recommends training staff on topics such as nutrition for older adults, food safety and sanitation, and feeding techniques.

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.
- 5-day reconciliation policies and procedures.
- Technical assistance, as provided during a review.
- Claims processing.
- Menu reviews.

The sponsoring organization must maintain documentation of initial and annual CACFP training for monitoring staff and key staff at all sites. In addition, the sponsoring organization 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 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 online for training.
- Staff may utilize this manual as a training resource.
- It may contact the CDPHE-CACFP staff for other training options, such as technical assistance by phone.

Distribution of CDPHE-CACFP Correspondence:
The sponsoring organization must distribute copies of pertinent mailings from the CDPHE-CACFP to the individual sites, including newsletters and pertinent policy memorandums, etc.

REVIEW REQUIREMENTS
The CACFP regulations require sponsoring organizations to monitor CACFP operations at all sites throughout the year. Monitoring staff of the sponsoring organization, who are

trained in all areas of CACFP operation, must include a review of operations at each site three times each year. These reviews are referred to as site visits or site reviews.

In addition, the sponsoring organization 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.
- Not more than six months may elapse between reviews.
- Monitoring staff conducting reviews must show photo identification, which verifies their employment by the sponsoring organization.
- Unannounced reviews must occur during the site's normal hours of operation.

Review Averaging
CACFP regulations permit sponsoring organizations 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 sponsoring organization 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
Sponsoring organizations 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 participants or the public in a sponsored site, CACFP regulations require sponsoring organizations to immediately notify the appropriate State health authorities and take action consistent with the recommendations and requirements of those authorities.

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Review Content Requirements for Sponsored Sites
The sponsoring organization must use the CDPHE-CACFP Site Visit Form or a form approved by the CDPHE-CACFP staff for all required reviews of sponsored sites. Sponsoring organizations must keep these completed forms on file for the required period of the current fiscal year plus 3 1/3 years. The CDPHE-CACFP staff will evaluate these forms during CACFP 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.**
- **5-day Reconciliation:**
  For a 5-day period during the claim month, the reviewer must compare the total number of meals of each type claimed to the total number of participants in attendance on each day using attendance records.

  If there is a discrepancy between meal counts and attendance records the reviewer must attempt to correct the difference and take further action if necessary. Appropriate action may include meal disallowance, or establishment of a corrective action plan. On the day of the review, if there is a discrepancy between the number of participants in attendance and prior meal count patterns, the reviewer must investigate further to identify reasons for the discrepancy.
- **Monthly Edit Checks:** The sponsoring organization 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 participants).
  - Block claims are detected, in which the number of meals claimed by a site, for one or more meal types, is identical for 15 consecutive days in operation within a claiming period. If the site were not open on weekends, the edit check would consist of a review of records for three weeks, including Monday through Friday. The following example describes a block claim: The site cares for 20 participants. The Records of Meals Served reflect claiming of 20 breakfasts, 20 lunches, and 20 snacks for 15 consecutive days in operation.

    Once the sponsoring organization detects a block-claiming pattern, the sponsoring organization must investigate further to identify the possible cause of this unlikely occurrence. The sponsoring organization must conduct an unannounced site review within 60 days of the claim. 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 sponsoring organization 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.

If the sponsoring organization detects a block-claiming pattern, conducts the unannounced visit within 60 days of the claim, and identifies a legitimate reason for the block claiming pattern and determines the site may legitimately submit additional block claims on a regular basis, the sponsoring organization must document the legitimate reason for the repeated block claiming patterns and maintain this documentation in the sponsoring organization's file. If the sponsoring organization's edit check detects legitimate block claims from this site during the same year, further unannounced site reviews in excess of regular review frequency requirements are not required.

- **An assessment of compliance with Program requirements:** This assessment must evaluate compliance with regulations pertaining to the meal pattern, Medicaid approval, attendance at training, meal counts, and menu and production records. Reviews must also involve an evaluation of record keeping accuracy, use of CACFP funds, feeding practices, and food safety and sanitation.
- **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 all 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. Records must be kept for 3 years and 4 months past the end of the applicable 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, then submit the entire claim on behalf of the institution once all site claims have been evaluated. 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.

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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 and 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 a minimum of once every three years. The CDPHE-CACFP will review institutions sponsoring more than one site at a minimum of every other year if it sponsors 10 or more participating sites and once every three years if it sponsors less than 10 participating sites.

Audits are slightly different from CACFP reviews. Audits are required of all institutions that receive more than $500,000 in 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. All such audits are called A-133 Single Organization Wide Audits and must be conducted in accordance with the requirements of OMB Circular A-133.

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 the 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:
- Income Eligibility Forms
- Record of Meals Served (ROMS)
- Records of Attendance
- Record of Deposit
- Training Records
- Civil Rights Compliance
- Kitchen Inspection Report
- Invoices and Receipts
- Food Service Labor Cost Records
- Menus
- Menu and Production Records (MPRs)
- Special Diet Statements

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In addition, 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

During the review, the Nutrition Consultant may identify Program deficiencies. The Nutrition Consultant will discuss the deficiencies with one or more responsible principles or individuals of the institution and establish a required corrective action plan to resolve the deficiencies. The Nutrition Consultant will provide technical assistance as needed to enable the institution to successfully complete its corrective action. The Nutrition 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.

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 participants whose attendance records do not support their presence during the time of meal service.
- Claiming meals for persons who are not enrolled for care at the site.
- Claiming meals for participants who are not eligible for CACFP benefits.
- Claiming more meals than indicated on the Record of Meals Served.
- Failure to maintain current, accurate, and valid Income Eligibility Forms for participants 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 to meet the minimum quantity requirements at all meals claimed according the CACFP Meal Pattern requirements.
- 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 Nutrition Consultant identifies serious deficiencies, the CDPHE-CACFP must declare the institution seriously deficient, provide a corrective action plan, and determine if the institution has demonstrated compliance and 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.

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The list of possible serious deficiencies is not identical for all types of institutions (new, renewing, and participating), as described on the next few pages.

Serious Deficiencies for New Institutions
Serious deficiencies for new institutions are:
- 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. 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, obstruction of justice, or any other activity indicating a lack of business integrity as defined by the State Agency; or
- Any other action affecting the institution's ability to administer the Program in accordance with Program requirements.

Serious Deficiencies for Renewing Institutions
Serious deficiencies for renewing institutions are:
- Submission of false information on the renewal application for participation, including but not limited to, a determination that the institutions has concealed a conviction for any activity that occurred in the past seven years and 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, obstruction of justice, or any other activity indicating a lack of business integrity as defined by the State Agency; or
- 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 are:
- 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. 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, obstruction of justice, or any other activity indicating a lack of business integrity as defined by the State Agency; or

- 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 the 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) and (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 by reason of 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, obstruction of justice, or
- 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.

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Notice of Serious Deficiency
If the CDPHE-CACFP determines that a new, renewing, 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 serious deficiency(ies).
- The required actions to correct the serious deficiency(ies).
- The time allowed to correct the serious deficiency(ies).
- That the serious deficiency determination is not subject to administrative review.
- 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 proposed termination of the participating institution's agreement and the disqualification of the institution, its responsible principals, and responsible individuals.
- 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 renewing 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 CDPHE-CACFP's proposed termination of the institution's agreement and the proposed disqualification of the institution, its responsible principals, and responsible individuals.

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, renewing, or participating institution, its responsible principals, and responsible individuals that the CDPHE-CACFP has rescinded the serious deficiency determination; and offer the new or renewing institution the opportunity to resubmit its application. If the new or renewing institution resubmits its application, the CDPHE-CACFP must complete its review of the application within 30 days after receiving a complete and correct 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 Food and Nutrition Service Regional Office (FNSRO).

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Unsuccessful Corrective Action
If the new or renewing 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 renewing institution's application has been denied.

If a participating institution fails to demonstrate timely correction of the serious deficiency(ies), the CDPHE-CACFP will notify the institution that it will propose 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 also update the CDPHE-CACFP list and provide a copy of the notice to the appropriate FNSRO. The notice will specify:
- That the new or renewing 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 renewing 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 an institution for payment of a 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.
- A determination that an institution is seriously deficient.
- Disqualification of an institution, responsible principal, or responsible individual, and the subsequent placement on 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 not 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, he/she 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 individuals, 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) expires 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 also 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.

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Reviews and Audits

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 or act as a principal in any organization participating on the Program.

AUDIT PROCEDURES - WHAT TO EXPECT
CACFP regulations require participating institutions that receive more than $500,000 in federal funds, from all combined federal sources, in any year to have an A-133 Single Organization-Wide Audit conducted. CDPHE-CACFP also requires for-profit institutions to have an audit conducted if they receive more than $500,000 in federal funds from all federal sources. If the for-profit institution has an audit conducted that does not follow the audit requirements of OMB Circular A-133, the organization must submit the audit to CDPHE-CACFP for review. CDPHE-CACFP will determine if the audit meets the general requirements as set forth in OMB Circular A-133.

A-133 Single Organization-Wide Audits (OWA)
An A-133 single organization-wide audit 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 on the basis of the fiscal year of the institution. The OWA will include an audit of federal funds identified by the auditor as a Major Program; generally, this is the largest federally funded program in the organization. An independent auditor will conduct the audit.

Program Specific Audits
A Program specific audit may be conducted when an institution receives only federal funding from the CACFP. The program specific audit covers only one program (e.g., CACFP). The audit includes Program compliance and financial management of the institution.

Audit Report Submission Requirements
Institutions must submit a copy of the A-133 Single Organization Wide Audit report or written notification of the completion of the audit in accordance with A-133, with no audit findings related to the CACFP, within thirty (30) days after the audit is completed, but no later than nine (9) months after the end of the audited institution's fiscal year. The audited organization must submit the report or written notification to the Child and Adult Care Food Program, Colorado Department of Public Health and Environment, 4300 Cherry Creek Drive South, Denver, Colorado 80246-1530.

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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 has taken place. 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 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, 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, provided that 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 current federal fiscal year. 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 his/her 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; and a violation by an agent shall result in disciplinary action pursuant to the

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contract with the agency.

AFFIRMATIVE ACTION
Institution policy must ensure 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 so as to permit maximum participation of small and minority businesses and women's business enterprises.
- Where possible, establish delivery schedules, which 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 awarded, require the prime contractor to take the affirmative steps listed above.

PROCUREMENT AGGREGATE
An aggregate procurement is the sum of materials or services that can 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.

PROCUREMENT DOLLAR LIMITS
Aggregate purchases under $100,000 annually - Small Purchase Procedures. Aggregate purchases over $100,000 annually - Competitive Sealed Bid, Competitive Negotiation, or Noncompetitive Negotiation.

METHODS OF PROCUREMENT

Small Purchase Procedures
When goods or services total less than $100,000 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 $100,000.

Records of Solicitation: Whether written or telephone 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 over $100,000 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 on the basis of price alone. **The 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. Such descriptions; however, 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 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 also formally advertise

the proposed procurement to other potential vendors. The easiest way to formally advertise procurement is to place legal notices in area newspapers of general circulation in the state.

A formal advertisement should include (1) the name, address, and phone number of the institution, (2) how to obtain the IFB, (3) a brief and 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 and 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 over $100,000 but (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.

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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. Further, 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 the selection (if other than just price).
- Any other materials, which would serve to justify the institution's use of noncompetitive 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 (FSMC) is defined in the Program regulations as an organization other than a public or private nonprofit school that can be contracted with for preparing and/or delivering the meals to be served.

A school is not defined as a FSMC, but performs the same functions.

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 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. CACFP regulations require the contracts to include certain elements. The standard CACFP contract includes all such elements. An institution and the food service management company contractor may choose to include additional specific requirements in the contract. The institution must submit any additional information as an addendum to the standard contract.

The standard CACFP contract also includes a site information form that must be completed for each site that will receive meals from the food service management company. Download a copy of the standard contract in the section of the online site application entitled, "Type of Food Service" or from the CDPHE-CACFP website at http://www.cdphe.state.co.us/ps/cacfp/index.html.

Procurement Requirements for Food Service Management Companies
For contracts under $100,000 annually, the institution must follow the small purchase procedures described above.

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For contracts in excess of $100,000 annually, the institution must conduct the procedures as outlined in this section for competitive sealed bids, competitive negotiation, or non-competitive negotiation.

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