COMMUNITY NUTRITION conference

CACFP Management Plan

Teresa Cornett
Manager for PES

TEXAS DEPARTMENT OF AGRICULTURE
COMMISSIONER SID MILLER

square meals

This session is NOT the place to evaluate a specific Management Plan.

- This is a 1 hour session.
- It is not all inclusive of all information contained in the documents below. CE's are responsible for understanding and complying with the below mentioned resource materials.
- **Resource Materials:**
  - USDA Guidance for Management Plans and Budgets
  - 2 Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.
  - 48 CFR Part 31 Contract Cost Principles and Procedures
  - FNS 796-2 Revision 4- Financial Management
  - 7 CFR Part 226 CACFP
  - TDA CACFP Handbooks
- **Disclaimer:** The examples and ideas included in this session are meant as viable options to teach and provide additional guidance to each organization. Please refer to applicable Federal & State regulations for additional guidance.

You promise to…

- Turn off the ringer on your phone.
- Sit next to someone that you DO NOT KNOW so you can fully benefit from the session activities.
- Sit in the front of the room, if possible.
- Leave the room if you need to text or take a call; come back when you are ready.

We promise to…

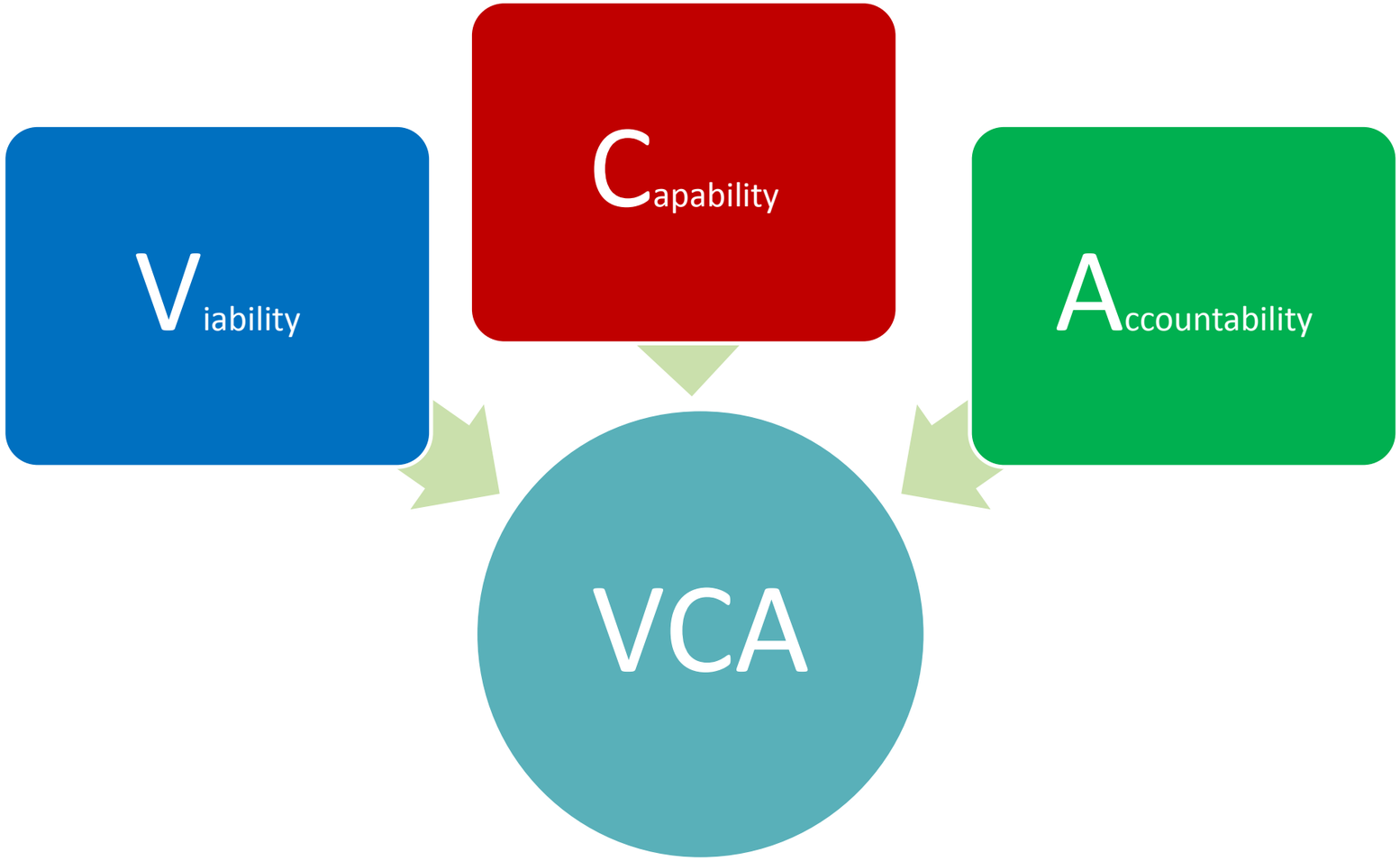
- Give you our undivided attention during this session.
- Share our experience and knowledge, and some Best Practices.
- We will start the session on time.
- We will end the session on time.

The Management Plan . . .

- Is required by Federal law (CFR 226.7)
- Provides detailed information about the organization's administrative structure
- Is part of the application packet in TX-UNPS – 3 types:
    - Independents
    - Child Care Center Sponsors
    - Day Care Homes Sponsors
- Demonstrates the CE meets performance standards (VCA) of:
    - Financial **V**iability
    - Administrative **C**apability
    - Program **A**ccountability

VCA Basics

What is VCA?



Why is VCA important in the Child and Adult Care Food Program (CACFP)?

- Federal CACFP regulations require all participating institutions to demonstrate financial viability, maintain adequate administrative capability, and have internal controls for accountability.
  - These requirements were put into place to ensure that tax payer money is being used effectively for the intended purpose.

Financial Viability:

The CE must demonstrate it has the financial resources to meet all of the Program's requirements

- A Contracting Entity must have adequate financial resources:
  - To operate the program on a daily basis;
  - Have adequate sources of funds to continue to pay employees and suppliers during periods of temporary interruptions in program payments and/or fiscal claims against the organization.

Financial Viability (Cont.):

- An **Independent** Center may document Financial Viability by providing:
  - A current balance sheet and income statement.
  - A recent (within the last year) audit that meets the Single Audit requirements or TDA's for-profit audit requirements, and/or
  - An audited financial statement.

Financial Viability (Cont.):

- A **sponsoring** organization may document Financial Viability by providing:
  - Three years of comprehensive financial statements that include a balance sheet, income statement, statement of owner's equity and statement of cash flows.
  - Organizations with less than 3 years of financial history must submit comprehensive financial statements for the amount of time for which they have a financial history (for example, an organization that formed 18 months prior to applying for the CACFP must submit comprehensive financial statements for the entire 18 months) A current balance sheet and income statement. Organizations with less than 3 years of financial history must also submit a performance bond.

OR

  - Three years of audits that meets the Single Audit requirements or TDA's for-profit audit requirements.

Administrative Capability:

To demonstrate administrative capability the CE must:

- Document the qualifications it requires of the person designated to perform the Program functions.
- Sponsors must employ sufficient staff to monitor all sites to ensure compliance with Program Requirements and must also have written personnel policies and procedures in place.
- Sponsors must have written policies and procedures that assign CACFP responsibilities and duties and ensure compliance with civil rights requirements.

Program Accountability:

Two Areas:

1. **<u>Fiscal</u>** – ensure that Program dollars are being spent for the purpose of providing meals and/or snacks that meet Program requirements.

2. **<u>Program</u>** – implement and follow the approved Policies and Procedures on a consistent basis.

Program Accountability: Fiscal

- Achieved by maintaining a Financial Management System to account for ALL PROGRAM FUNDS.
- All accounting records are supported by source documentation (G/L, 4502, etc.) and clearly showing the *source and use* of the CACFP funds.
- Accounting records are current and correct and no co-mingled with other business interests or food programs (only non-profit food service account and separated per Program Year).
- Program assets are safeguarded by internal controls (bank reconciliations, segregation of duties, etc.), and a periodic budget review is completed comparing budgeted/projected expenses and revenues to actuals and results are then analyzed and utilized to revise the budget as appropriate.
- Organization-wide audits are conducted as required (Single Audit is organization receives $750k or more in federal funds), and any findings noted are addressed/resolved.

Program Accountability: Program

- Implement and follow the approved Policies and Procedures on a consistent basis.
  - Menu planning and preparation is in compliance with nutritional requirements.
  - The organization maintains complete and accurate records of daily site meal counts.
  - Staff is trained in a timely and consistent manner to ensure program compliance, and training documentation is complete and accurate (i.e. training attendance and completion documentation, including name of staff, name of training, date(s) of training, date(s) of training completion, verification of length of training, and copies of all training materials (at minimum)).

ACCOUNTABILITY

There were four people and an important job to be done.

Nobody knew that Everybody was not going to do it.
Everybody was sure that Somebody would do it.
Anybody could have done it.
In the end, Nobody did it.

Policy and Procedures

When providing procedures and process to document program accountability CE's **must** include the following:

- **Who:** The person/position responsible for performing the task(s) and who will backup that person in performing that function should the person be unavailable,
- **What:** A detailed description of the task to be performed to accomplish the Program requirement,
- **When:** At what time/interval will the task be performed (daily, weekly, monthly),
- **How:** A detailed description of how the person(s) are to complete the task to accomplish the Program requirement,
- **Where:** The location of the written procedures and processes to ensure each position responsible for performing the task to accomplish the Program requirements is able to access them

Sections of the Management Plan in TX-UNPS

- Center Certifications
- Financial Viability and Management
- Administrative Capability
- Compensation Plan
- Certification Statement

Center Certifications

A. Center Certification – list all publicly funded programs in which the CE and its principals have participated in the past 7 years and currently participate in.

Common Error:
Ensure the name and phone number of the contact person for each Publicly Funded Program are entered.

Financial Viability and Management

B. Financial Viability and Management

A Contracting Entity must have adequate financial resources to operate the program on a daily basis and have adequate sources of funds to withstand temporary interruptions in program payments and/or fiscal claims against the organization.

CEs that are Independent Centers: Within the Application Packet Checklist menu item, upload/submit the Contracting Entity's most recent audit or audited financial statement. If neither document is available, attach a balance sheet and income statement.

Performance Bond:

CEs that are Sponsors: Within the Application Packet Checklist menu item, upload/submit a comprehensive financial statement, including all expenditures and sources of income to the organization as a whole for the past three years. If the organization has fewer than three years of successful financial and administrative history, you must submit a performance bond.

If your organization has three or more years of successful financial and administrative history you may submit a written statement requesting a performance bond waiver, including any documentation you have to support the request.

Limitations on Administrative Reimbursement for Sponsoring Organizations:

Sponsors may only withhold an amount not to exceed 15% of the CACFP reimbursement paid annually as a source of income for paying actual allowable administrative costs incurred in supporting the operation of the nonprofit food service in its sites. The sponsor must maintain documentation to support the percentage of CACFP reimbursement withheld. Sponsors that are operating with less than 15% (for example, sponsors that have operated at 12% for 2 or more consecutive months) are expected to retain no more than 12% each month unless or until they can document that the amount needed has increased or decreased. Sponsors are expected to have written procedures in place to manage the retention and use of administrative funds.

Common Error:

Requested financial documents are not submitted (this applies only to NEW CE's or renewing CE's if requested by TDA.)

REMINDER: RENEWAL CE's are required to maintain VCA at all times.

Administrative Capability

Contracting entities must have an adequate number of staff with appropriate qualifications.

Common Errors:

- **The information provided is used to determine if the CE has adequate staff to perform all functions required by regulations.**
- **The chart must include, in detail, qualifications that the CE requires for the person(s) that perform each listed function.**
- **The qualifications should be sufficient in detail that they explained what educational background and work experience are required and must demonstrate that the employee designated to perform the function is able to perform it and ensure Program compliance and integrity.**

Administrative Capability

2. **Sponsoring Organizations ONLY:** Within the Application Packet Checklist menu item, upload/submit the Sponsoring Organization's policies and procedures that assign CACFP and Civil Rights responsibilities.

* Any comments that cannot be noted on this page need to be submitted as a checklist item.

3. **Sponsoring Organizations ONLY:** Within the Application Packet Checklist menu item, upload/submit the Sponsoring Organization's Outside Employment Policy.

* Any comments that cannot be noted on this page need to be submitted as a checklist item.

Common Errors:

Question #2:

- 4 Parts to the question –
  - Policy for assigning Civil Rights responsibilities
  - Procedure for assigning Civil Rights responsibilities
  - Policy for assigning CACFP responsibilities
  - Procedure for assigning CACFP responsibilities

Question #3:

- The outside employment policy must sufficiently explain how the organization would restrict its staff from any employment outside the organization that would interfere with the performance of their CACFP duties or that would constitute a conflict of interest.
- Be sure to include the employee's responsibility and what would be the consequences if the employee does not properly disclose a conflict of interest?

Administrative Capability

Sponsors only: Sponsors must employ staff sufficient to monitor all sites to ensure compliance with Program requirements.

4. **Sponsoring Organization Monitoring Staff Information**
Contracting Entities that are Sponsoring Organizations must also complete this section.

Do you have 25 or more sites? ◉ Yes ○ No

Part I: Monitor Staff Resources

Administrative Capability

Part III: Meeting Requirements

Total FTEs Available

Total FTEs Required

TX-UNPS will calculate the number of required Full Time Equivalents (FTE) needed to complete monitoring duties.

Common Errors:

- **If the total FTEs required is more than total FTEs available the application will be returned for correction.**
- **The Total FTEs available *must* be greater than FTEs required as this indicates that your organization does not have sufficient staff to monitor the sites that are sponsored.**

Note: A Full Time Equivalent (FTE) staff year is the amount of work that one person, working full-time 40 hours per week, would perform in a year.

Program Accountability

Program Accountability
Contracting Entities must have internal controls and other management systems to ensure fiscal accountability and program compliance with federal and state regulations.

a. The Contracting Entity must have a financial system with management controls specified in writing. Provide the Sponsoring Organization's Financial Written Procedures that assure ALL of the items noted below are addressed; if you need additional space to provide a complete response upload/submit the appropriate checklist item:

- Fiscal integrity and accountability for all program funds and property received, held and disbursed;
- Disbursement of advances and/or reimbursements to sponsored sites will occur within five days of receipt of funds from TDA (for Sponsoring Organizations only);
- Integrity and accountability of all authorized program expenses incurred;
- Claims will be processed accurately and in a timely manner;
- Funds and property are properly safeguarded and used; and
- Safeguards and controls are in place to prevent and detect improper financial activities by employees.

b. The Contracting Entity must have sound management practices that will result in the operation of the program in accordance with the meal service, record keeping, and other operational requirements. Provide the Sponsoring Organization's Management Practices Written Procedures that assure ALL of the items noted below are addressed; if you need additional space to provide a complete response upload/submit the appropriate checklist item:

- Meals provided meet the required meal pattern;
- Civil rights requirements are met;
- Complete and accurate records for enrollment, attendance, free and reduced price eligibility, meal preparation meal counts, and claims are kept; and
- Claims are submitted only for eligible meals.

Program Accountability

Question (a) Financial System with Management Controls
Common Errors: Insufficient detail per bulleted item

- Does your organization have an accountant? What position manages CACFP money? What position can approve CACFP spending? How are costs approved and spent, and how does your organization make sure CACFP money is used only for CACFP purposes? What document does your organization use to determine if costs are allowed? What position reviews and evaluates financial statements?
- What are your steps for payments of advances and reimbursements to sites? How does your organization make sure that sites are paid within 5 days of reimbursement received from TDA? How does your organization make sure that sites don’t get paid if they are no longer eligible?

Program Accountability

Question (a) Financial System with Management Controls
Common Errors: Insufficient detail per bulleted item

- What position compares the program's reimbursement to total expenses? List the financial documents used and kept to verify program costs.
- What position will file claims? How does your organization maintain correct, current, and complete meal count records? Does your organization use form H4502? If not, how will you document claims for reimbursement? When does your organization plan on filing the previous month's claim?
- What positions monitors unapproved spending by employees? What steps are in place to prevent improper financial activities?
- How does your organization identify improper financial activities by employees? What steps are in place to prevent improper financial activities? What corrective actions are taken, if needed?

Program Accountability

Question (b.) Sound Management Practices

Common Errors: Insufficient detail per bulleted item.

- How does your organization make sure that meals meet the required meal pattern? What guide does your organization use to plan meals? What positions are responsible for meal planning and meal preparation? What training is provided by your organization on meal patterns?
- How does your organization comply with Civil Rights regulations? Does your organization have written policies and procedures that cover Civil Rights requirements? What training is provided on Civil Rights and how often is it offered?
- Does your organization have written recordkeeping policies and procedures? How long are all CACFP documents kept? Provide a list of all documents kept for the CACFP. Is documentation reviewed for accuracy? How often, and by what position?
- What documents are reviewed to make sure claims are only submitted for eligible children? How many meals per child is your organization allowed to claim for per day? How does your organization document meal counting and attendance?

Program Accountability

c. Provide the Sponsoring Organization's Training Policy that include training for ALL of the staff noted below are addressed; if you need additional space to provide a complete response upload/submit the appropriate checklist item:

- New Sponsoring Organization staff who perform key activities before assuming CACFP duties (applies to Sponsoring Organizations only);
- Current Sponsoring Organization staff who perform key activities annually (applies to Sponsoring Organizations only);
- Monitors that conduct site reviews (applies to Sponsoring Organizations only);
- New site staff before program participation (applies to Sponsoring Organizations and Independent Centers); and
- Current staff of participating site(s) annually (applies to Sponsoring Organizations and Independent Centers).

d. All Contracting Entities must ensure that each site's license, exemption or other documentation remains valid before paying each monthly claim reimbursement. List the steps you will take to ensure this requirement.

e. **Sponsoring Organizations ONLY:** Provide the Sponsoring Organization's Site Monitor Review Procedures. If averaging, include the criteria used to determine which sites will receive one, two, three or four visits. If you need additional space to provide a complete response upload/submit the appropriate checklist item:

f. **Sponsoring Organizations ONLY:** Provide the Sponsoring Organization's Recruitment Plan detailing how you will recruit new sites, including your method of contact, how you will ensure you will not recruit sites who are currently participating with another sponsor, how you will budget your recruitment costs and ensure you do not use CACFP funds to recruit sites already participating in the Program. If you are not planning to recruit sites, submit a written statement in lieu of a recruitment plan. If you need additional space to provide a complete response upload/submit the appropriate checklist item:

Program Accountability

Question (c.) Training Policies
Common Errors: Insufficient detail per bulleted item.

- What steps are taken to train new staff? Provide a list of CACFP topics that organization staff are trained on. When are new organization staff trained on CACFP topics? What position conducts training? What documentation is kept to record attendance?
- What steps are taken to train current organization staff? How often are trainings held for current organization staff? What documentation is kept to record attendance?
- What steps are taken to train monitors? How often are trainings held for monitors? What documentation is kept to record attendance?
- Provide a list of CACFP topics that site staff are trained on. When are new site staff trained on CACFP topics? What position conducts training? How often are trainings held?
- How often are current site staff trained on CACFP topics? How is attendance documented?

Program Accountability

Question (d.) Site, license or other documentation is valid

Common Errors: Insufficient detail provided, steps are not listed

- List steps taken by your organization to make sure that your site's license or exemption is valid.

Question (e.) Site Monitor Review Procedure

Common Error: Insufficient detail provided, steps are not listed

- List the steps of the organization's Site Monitor Review Procedures.

Question (f.) Organization's recruitment plan

Common Error: Insufficient detail provided

- What is your method of contact?
- How will you ensure you will not recruit sites who are currently participating with another sponsor?
- How will you budget your recruitment costs and ensure you do not use CACFP funds to recruit sites already participating in the program?

Program Accountability

Free and Reduced-Price Policy Statement (Non-pricing ONLY)

All Contracting Entities (Sponsoring Organizations and Independent Centers) which do not serve meals at a separate charge, shall agree to the following free and reduced-price meal policy:

The representative(s) of the Contracting Entities applying for participation in the CACFP agree to accept the responsibility of and assure that the Contracting Entity:

a. Will not physically segregate or discriminate in any way against any person receiving a free or reduced-price meal benefit and that it will protect the anonymity of these persons and that there will be no overt identification of persons receiving a free or reduced-price meal; and

b. Will serve the same meals or snacks to all CACFP participants at no separate charge, regardless of race, color, national origin, sex, age, disability and that there will be no discrimination in the course of food service.

By agreeing with this statement, the Contracting Entity assures the Texas Department of Agriculture (TDA) it will uniformly implement the free and reduced-price policy statement in all CACFP sites under its jurisdiction. This policy statement is permanent and remains in effect until it is modified by TDA.

Do you agree? ◉ Yes ○ No ○ N/A

Program Accountability

Compensation Plan

Please note that the compensation plan must be in agreement with the submitted budget information, the labor costs noted, and must address all of the following topics, to be allowable and potentially approvable.

a. Positions/Employees Included in Plan

Designate who the compensation plan applies to (which individual, or which group of individuals, employed by the CE/organization), rate of pay and hours worked.

Category	Position	Employee Name	Applies?	Cost/Value	Hours Worked

b. Regular/Standard Compensation Policy and Payment Schedule

Provide the regular/standard compensation policy and payment schedule for each position or group that the compensation plan applies to that includes but not limited to, timing and frequency.

Category	Position	Employee Name	Regular Policy, Timing, Frequency

Program Accountability

c. Overtime Compensation Policy and Payment Schedule

Provide the overtime compensation policy and payment schedule for each position or group that the compensation plan applies to that includes but not limited to, timing and frequency.

Category	Position	Employee Name	Overtime Policy, Timing, Frequency

d. Compensatory Policy and Payment Schedule

Provide the compensatory time compensation policy and payment schedule for each position or group that the compensation plan applies to that includes but not limited to, timing and frequency.

Category	Position	Employee Name	Compensatory Policy, Timing, Frequency

Program Accountability

e. Holiday Pay Compensation Policy and Payment Schedule

Provide the holiday pay compensation policy and payment schedule for each position or group that the compensation plan applies to that includes but not limited to, timing and frequency.

Category	Position	Employee Name	Holiday Pay Policy, Timing, Frequency

f. Explanation of Benefits and Benefit Structure

Provide the explanation of benefits and benefit structure for each position or group that the compensation plan applies that includes, but not limited to, rate of pay per position/individual.

Category	Position	Employee Name	Explanation of benefits and structure	Cost/Value

Program Accountability

g. Explanation of Awards Structure

Provide the awards structure and/or awards available for each position or group that the compensation plan applies to, including, but not limited to, bonus pay and incentives that may be awarded to an individual.

Category	Position	Employee Name	Award Structure

h. Explanation of Severance Pay Policy

Provide the severance pay policy/plan for each position or group that the compensation plan applies to, including, but not limited to, bonus pay and incentives that may be awarded to an individual.

Category	Position	Employee Name	Severance Pay Policy	Cost/Value

Program Accountability

i. Payroll Tax Withholding

Provide the payroll tax withholding process utilized for each position or group that the compensation plan applies to, including, but not limited to, rate of pay per position/individual.

Category	Position	Employee Name	Payroll Tax Withholding Pay Policy	Cost/Value
				0
				0
				0

j. Additional Information

Please provide any other information that you wish to share with TDA in reference to your organization's Compensation Plan; you may submit additional information as part of the checklist (Compensation Plan/Policy – Additional information) should this text box not be sufficient for your needs.

Program Accountability

Common Errors: Compensation Plan

Compensation Plan **must** be in agreement with the submitted budget information.

- Per job position, please ensure there's consistency with **each** figure in the Compensation Plan and the Total Base salary, Additional Costs and/or Benefits in the budget.
- Ensure the names and job positions are consistent with the budget and organizational chart.
- Cost/value is equivalent to the base salary as noted in budget; Hours worked is equivalent to number of hours (per day) spent in food service duties as noted in the budget.
- Ensure the policy and payment schedule includes but is not limited to, timing and frequency.
- Provide an explanation of benefits, benefit structure, awards, awards structure, and severance pay policy/plan; provide the payroll tax withholding process per job position or group.
- The cost/value and amounts noted in these sections should be consistent with the respective Additional Costs and/or Benefits noted in the budget.

Refer to the FNS 796-2, page 44 at www.fns.usda.gov/sites/default/files/796-2%20Rev%204.pdf for more information.

Program Accountability

Common Errors: Compensation Plan

Compensation Plan and Budget detail does not match.

Cost/Benefits Location

Cost/benefits in budget	Categories in Compensation Plan
• Disability –	**f.** Explanation of Benefits and Benefit Structures
• FICA –	**i.** Payroll Tax Withholding
• Healthcare -	**f.** Explanation of Benefits and Benefit Structures
• Medicaid/Medicare -	**i.** Payroll Tax Withholding
• Merit Pay/Bonus Pay –	**g.** Explanation of Awards Structure; **h**. Explanation of Severance Pay Policy
• Paid Time Off – Compensatory	**f.** Explanation of Benefits and Benefit Structures; **c.** O/T; **d.**
• Retirement -	**f.** Explanation of Benefits and Benefit Structures
• Sick Time -	**f.** Explanation of Benefits and Benefit Structures
• Unemployment Ins. -	**f.** Explanation of Benefits and Benefit Structures
• Vacation/Holiday –	**e.** Holiday Pay Compensation Policy and Payment Schedule

Indicate if holiday pay is a fringe benefit or for work performed on a non-work holiday. Vacation time is a fringe benefit.

Certification Statement

Certification Statement

- ☐ I hereby certify that neither the Contracting Entity not its principals/authorized representatives is presently debarred, suspended, proposed for debarment, declared ineligible, disqualified, or voluntarily excluded from participation in this transaction by any Federal/State department or agency.
- ☐ I certify under penalty of perjury that the information on this form (and supplemental documents submitted) are true and correct, and that I will immediately report to the Texas Department of Agriculture any changes that occur to the information submitted. I understand that this information is being given in connection with receipt of federal funds. The Texas Department of Agriculture may verify the information; and the deliberate misrepresentation of information will subject me to prosecution under applicable federal and state criminal statutes.
- ☐ On behalf of the Contracting Entity, I hereby agree to comply with all state and federal laws and regulations governing the Child Nutrition Programs administered by the Texas Department of Agriculture. In accordance with Federal law and the U.S. Department of Agriculture policy, this Contracting Entity does not discriminate on the basis of race, color, national origin, sex, age or disability. I will ensure that all monthly claims for reimbursement are true and correct and that records are available to support these claims.

THANK YOU

TEXAS DEPARTMENT OF AGRICULTURE
COMMISSIONER SID MILLER

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, sex, disability, age, or reprisal or retaliation for prior civil rights activity in any program or activity conducted or funded by USDA.

Persons with disabilities who require alternative means of communication for program information (e.g. Braille, large print, audiotape, American Sign Language, etc.), should contact the Agency (State or local) where they applied for benefits. Individuals who are deaf, hard of hearing or have speech disabilities may contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, (AD-3027) found online at: http://www.ascr.usda.gov/complaint_filing_cust.html, and at any USDA office, or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by:

1. **Mail**:

   U.S. Department of Agriculture
   Office of the Assistant Secretary for Civil Rights
   1400 Independence Avenue, SW
   Washington, D.C. 20250-9410;
2. **Fax**: (202) 690-7442; or
3. **E-Mail**: program.intake@usda.gov.

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