

**SPONSORING
ORGANIZATION
FINANCIAL
RECORD KEEPING**

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GENERAL BUDGETING REQUIREMENTS

PROCUREMENT PROCEDURES

Proper procedures must be used for securing goods and services. The primary purpose of procurement is to assure that the sponsoring organization (SO) obtains the best price for goods and services and to ensure that open and free competition exists to the maximum extent possible. The procurement procedures practiced must not restrict or eliminate competition. Competition helps assure that goods, equipment, and services will be obtained at the lowest possible cost. All procurements must be obtained through competition.

Purchases made for individuals through the Child and Adult Care Food Program (CACFP) account are not allowable. If a sponsor makes this a practice, the tax-exempt status of that sponsor could be placed in jeopardy.

SMALL PURCHASING METHODS

Most purchases may be done through small purchasing procedures. Any acquisition costing less than \$150,000 can be purchased using small purchasing procedures (41 U.S.C. 403[11]).

When small purchasing procedures are used, the following conditions, stipulations, and terms must be met:

- The goods, equipment, or services to be purchased must be adequately and consistently described for each prospective supplier so that each one can provide price quotes on the same merchandise or service. These specifications may be either verbal or written. Both must be documented.
- Specifications must be sent to (i.e., by fax or e-mail) or communicated to (i.e., by telephone) or presented in person to at least three vendors.
- Responses from vendors can be in either written or verbal form. Verbal quotes must be documented.
- If *lowest possible price* is not utilized, justification is required.

Price quotation responses must be retained by the sponsor with other Program documentation and records for a period of three years after the end of the fiscal year to which they pertain or until the findings of audits are resolved.

PROCUREMENT PRACTICES

- All vendor services must be billed to the SO, not an individual person.
- No personal credit cards or checks—all credit cards and checks must be in the corporation's name.
- May report only approved line items as an allowable expense. These costs must be supported by itemized receipts and be a necessary, reasonable, and allowable cost to the CACFP.
- All expenses must be charged off in the month in which they are incurred (i.e., Pikepass, postage).

LABOR COSTS

- All labor documentation must include the number of hours worked each day, starting and ending times, and any absences.
- Time-in/time-out sheets are required on all sponsor employees.
- Salary for each individual employee must not exceed the approved labor formula for that employee.

BUDGET AMENDMENTS

Amendments are allowed each fiscal year. When amending budgets, SOs must submit a justification letter, the appropriate schedule, and budget summary pages.

NOTE: Budget amendments can only be effective beginning the first of the month in which the amendment is received. (Example: A budget amendment received on October 25 can be effective on October 1.)

MONTHLY PERSONNEL RECORD WORKSHEET INSTRUCTIONS

This worksheet will be *created and maintained* each month when an SO updates its personnel records prior to submission of its claim. **NOTE:** A newly created position will continue to require a budget amendment prior to recording the position on the Monthly Personnel Record Worksheet.

EXPENDITURE WORKSHEET INSTRUCTIONS

The Expenditure Worksheet is a summary report of all allowable CACFP administrative costs incurred during the month. All administrative costs recorded on the Expenditure Worksheet must be further supported by appropriate documentation (i.e., receipts/invoices, payroll records, canceled checks). In addition, all costs reported must be approved on the SO's administrative budget.

Month and Year: Record the month and year during which the costs were incurred in the upper right-hand corner.

For each expenditure:

Date: Record the date the specific cost was incurred.

Item Entry: Record the name of the vendor or the first and last names of personnel receiving payment.

Check Number: Record the number of the check issued.

Page 1, Columns 1-7: Record the amount of the expenditure under the appropriate columns. Total each column.

Page 2, Columns 8-14: Record the amount of the expenditure under the appropriate columns. Total each column.

Page 3, Columns 15-20: Record the amount of the expenditure under the appropriate columns. Total each column.

APPROVAL OF CELL PHONE EXPENSES

If a sponsor wishes to purchase/lease cell phones for its employees, the sponsor must justify the expense. The sponsor needs to state who (by position) is receiving the cell phone and why the cell phone is necessary for the duties performed. The lease/purchase agreement will need to be submitted to the State Agency for approval.

FNS Instruction 796-2, I(8)(a) dealing with **ALLOWABLE** communications costs identifies *the costs of supplies and services purchased or leased by the institution that are used for program operations* as allowable, with the stipulation that *the State Agency may impose prior approval or specific prior written approval requirements for cellular telephone and pagers leased or owned by the institution*. Conversely, FNS Instruction 796-2, I(8)(b), dealing with **UNALLOWABLE** communications costs, specifies as unallowable:

1. Supplies or services leased or purchased by individuals.
2. Supplies or services purchased or leased by the institution that are transferred to officers, trustees, directors, consultants, or to employees for any reason, including employment incentives, awards, or fringe benefits.
3. The cost of communication supplies and services used for nonprogram purposes regardless of ownership.

The decision as to whether or not cell phone usage would be an allowable cost comes down in large part to an assessment of context and usage. With regard to the nature of *reasonable*, it is safe to say that a sponsor would not necessarily need to pay for top of the line, state of the art telephone coverage. As a business function, the sponsor would only need a plan that provides a sufficient number of minutes for its staff to make necessary work-related telephone calls. If the sponsor needed more than this, it is incumbent upon the sponsor to justify the additional costs as reasonable and the service as necessary.

The nature of what is *necessary* is a different matter. There would not be a reason to pay for the cell phone of individuals other than those who do the majority of their work out of office; for instance, monitors, trainers, etc. The director, financial officer, etc., essentially those who spend the majority of their time in the office and have access to a landline on their desks would not appear to *need* a cell phone. That is not to say they do not, only that their justification will need to meet a higher level of proof than, for example, a monitor who is on the road more often than not.

As is the case with any shared expense, the phone usage will need to be prorated to determine the cost to the CACFP. Cell phone usage requires proration between personal and professional use as well as proration by CACFP activities. While a person sitting at his/her desk is likely to use his/her desk phone for personal business, on a limited basis and at a minimal cost to the CACFP, someone with a cell phone has access to the phone 24/7. The result is that the proportionate costs are likely to be more equal or even tilted to the personal, as opposed to business usage. In such a scenario, even if one has an *unlimited calling* plan and a case can be made that the CACFP would pay the same with or without personal use, it is necessary to determine the extent to which the phone is used for personal calls. As is the case with any device or technology provided by one's employer, there is no *expectation of privacy* on the part of the employee using the phone, so the sponsor will need to examine phone records to determine the employee's (and consequently the CACFP's) fair share of the expense.

USDA does not require the same level of separation for landlines, primarily because of the difference between the two types of service. In most instances, each cell phone stands alone with a separate associated cost. Generally speaking, the cost of a landline is the same no matter how many telephones are attached to it. Unlike cell phones, which need to be prorated by CACFP and nonCACFP-related activities as well as personal versus professional usage, landline usage, as noted above, tends to be prorated among the program areas and organization functions making use of the phone system. Also as noted, landlines tend to be tethered to the institution's office. An obvious exception to this would be a situation where an employee works out of his/her home and the CACFP is being charged for a portion of his/her home phone bill. In such a situation, it would be necessary to determine the percentage of personal and professional usage.

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CLAIM FOR REIMBURSEMENT INSTRUCTIONS

Claims are to be submitted and certified no later than the *fifteenth of the month following the month covered by the claim for reimbursement*. Normally, the Oklahoma State Department of Education (the *State Agency*) will process any certified claims on Tuesdays, excluding the last week of the month.

NOTE: It is highly recommended that sponsors report their total administrative expenses each month so that a year-end reconciliation can be done by the State Agency.

NOTE: Sponsors may choose to decline administrative reimbursement for any given month by checking the appropriate box.

10 Percent Carryover: During any fiscal year, the SO may carry over administrative reimbursement **NOT** to exceed 10 percent of the maximum homes times rate. In order to monitor the use of these funds, the following procedures are implemented by the Oklahoma State Department of Education (the *State Agency*).

- Each sponsor must report to the State Agency the amount of administrative funds expended each fiscal year. This may be done on a monthly basis in the claim for reimbursement to assist the sponsor in tracking this information. However, whether the sponsor chooses to do this monthly or not, each sponsor is required to report the total amount of administrative funds spent in the previous fiscal year on the sponsor's new fiscal year application. Below is a copy of the part of the application where a sponsor would report this information.

| |
|---|
| <p>PART F FDCH SPONSORS ONLY 10 PERCENT ADMINISTRATIVE FUNDS CARRYOVER</p> |
|---|

| | | |
|---|---|--|
| FDCH sponsor desires to carry over up to 10% of administrative reimbursement received from previous fiscal year into the new fiscal year. | <input type="checkbox"/> Yes <input type="checkbox"/> No | <p>NOTE: Sponsors selecting the Yes box will be required to submit a year-end reconciliation of all administrative funds expended for the year.</p> |
|---|---|--|

| | |
|---|--|
| Prior Fiscal Year's Total Administrative Expenses | <input style="width: 80%; height: 20px;" type="text"/> |
|---|--|

Sponsors will not be given access to their October claims until the annual administrative expenditures for the previous fiscal year have been reported.

- During any fiscal year, a sponsor may carry over administrative reimbursement **NOT** to exceed 10 percent of the maximum homes times rate. If the administrative expenses reported on a sponsor's application show that the sponsor has more than a 10 percent carryover, the sponsor is sent a letter which requires the sponsor to pay back the extra funds. Access to the sponsor's November claim for reimbursement is denied until these monies are received. For a sponsor not wanting to carry over the 10 percent (or less), these funds too are recovered prior to the sponsor being given access to the November claim.
- If the sponsor wants to carry over the 10 percent funds from the end of one year into the next, the sponsor must spend the prior fiscal year funds first. Once these funds are spent, the sponsor must submit receipts for these expenditures to the State Agency. The State Agency will validate that the receipts submitted by the sponsor equal or exceed the amount of the 10 percent carryover funds.
- In the year that the sponsor is scheduled for an administrative review by the State Agency, the 10 percent expenditures will be validated, along with all other expenditures for that fiscal year, by reviewing the receipts on site.

Declines Administrative Reimbursement: Because there are some sponsors which do not (and cannot) use all of the administrative reimbursement (i.e., military bases), each claim for reimbursement will have a statement that reads *Sponsor declines administrative reimbursement for this month*. If a sponsor wishes to decline receiving administrative reimbursement for that month, the sponsor will click the appropriate box and the administrative reimbursement (homes x rates) will not be paid.

OKLAHOMA STATE DEPARTMENT OF EDUCATION

Child Nutrition—Child & Adult Care Food Program (CACFP)

CACFP Home Sponsor Program—Claim Summary

H-00-00—Name of Sponsor

Home Sponsor Claim Data

Claim Date []
Claim Month []
Claim Year []
Number of Days in Operation []
Number of Homes Tier I [] Tier 2 [] Mixed []

Meal Counts
Tier I Tier II-L Tier II-H
Number of Breakfast [] [] []
Number of Lunches [] [] []
Number of Suppers [] [] []
Number of Supplements [] [] []
Average Daily Attendance Tier I [] Tier 2 [] Mixed []
Tier I Total []
Tier II-L Total []
Tier II-H Total []
Calculated Admin Amount []

Sponsor declines administrative payment for this month []

Sponsor Prefers to Report Its Total Administrative Expenses for the Month \$ []

Subtotal []
Advance Amount []
Balance Due []
Payment Plan Amount []
Previous Claim Amount []
Amount Paid []
Date Signed []

Comments []

Submitted by: _____ on ____/____/____

[Certify]

[Return to Site Claims]

[Print Claim Summary]

[Print Site Summary]

[Print Disbursement]

CLAIM DOCUMENTATION—MEAL COUNTS BY PROVIDER INSTRUCTIONS

MONTH: Record the month of the claim.

SPONSORING ORGANIZATION: Record the name of the sponsor.

AGREEMENT NUMBER: Record the agreement number for the sponsoring organization.

1. Record tiering status of provider.
2. Record the provider number.
3. List each name of provider.
4. Tier level of meals.
5. Report meals served to children in the correct tiering level by column and row.
6. Record the number of enrolled children by provider for the month. (This is not licensed capacity.)
7. Report the Average Daily Attendance (ADA) for each provider. ADA is computed for each home by adding the daily attendance for the month and dividing that total by the number of days of operation during the same month.
8. Record the number of days in operation for each provider for the month.

EXAMPLE
CLAIM DOCUMENTATION—MEAL COUNTS BY PROVIDER
Use this form to complete the claim for reimbursement

Month: October 20 YVVV Sponsoring Organization: H-90-01
 Agreement Number: H-90-01

Complete and maintain on file at the office of the sponsoring organization (SO) with the claim for reimbursement. List only the names of the providers claiming for the month.

| 1 TIER STATUS OF PROVIDER (I, II-H, II-L, OR II-M)* | 2 PROVIDER NUMBER | 3 LIST EACH PROVIDER UNDER CONTRACT Last Name Only | 4 TIER LEVEL OF MEALS | 5 NUMBER OF MEALS SERVED TO CHILDREN (Add first- and second-shift meals together) | | | | | 6 TOTAL ENROLLMENT | 7 ADA | 8 NUMBER OF DAYS | |
|--|----------------------|---|-------------------------------|--|-----------|---------|-----------|---------|-----------------------|----------|---------------------|-------------|
| | | | | BREAK-FASTS | AM SNACKS | LUNCHES | PM SNACKS | SUPPERS | | | | LATE SNACKS |
| I | 173 | PANTS | Tier 1 (Sum of Tier I Higher) | 20 | 0 | 24 | 24 | 0 | 0 | 3 | 2 | 10 |
| | | | Tier 2 (Sum of Tier II Lower) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| II-H | 12 | JONES | Tier 1 (Sum of Tier I Higher) | 14 | 0 | 16 | 16 | 0 | 0 | 1 | 1 | 16 |
| | | | Tier 2 (Sum of Tier II Lower) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| I | 128 | GOLD | Tier 1 (Sum of Tier I Higher) | 18 | 0 | 20 | 20 | 0 | 0 | 2 | 1 | 20 |
| | | | Tier 2 (Sum of Tier II Lower) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| II-M | 43 | PERFECT | Tier 1 (Sum of Tier I Higher) | 12 | 87 | 51 | 0 | 0 | 0 | 3 | 3 | 22 |
| | | | Tier 2 (Sum of Tier II Lower) | 18 | 18 | 17 | 0 | 0 | 0 | 1 | 1 | 22 |
| | | | Tier 1 (Sum of Tier I Higher) | | | | | | | | | |
| | | | Tier 2 (Sum of Tier II Lower) | | | | | | | | | |
| | | | Tier 1 (Sum of Tier I Higher) | | | | | | | | | |
| | | | Tier 2 (Sum of Tier II Lower) | | | | | | | | | |

I = Tier I home that receives Tier I reimbursement rates.
 II-H = Tier II-Higher Tier II home that receives all Tier I reimbursement rates.
 II-L = Tier II-Lower Tier II home that receives all Tier II reimbursement rates.
 II-M = Tier II-Mixed Tier II home that receives both Tier I and Tier II reimbursement rates.
 * II-M =

PAYMENT NOTICE

Once a claim for reimbursement has been filed by the sponsor and processed by the State Agency, the reimbursement will be automatically deposited in the sponsor's bank.

A payment notice will be mailed to the sponsor, informing the sponsor of the amount of the deposit and the date of the deposit. The SO must keep each payment notice as part of the permanent records.

EXAMPLE

OKLAHOMA STATE DEPARTMENT OF EDUCATION

**Oklahoma City, Oklahoma 73105-4599
NOVEMBER 20, YYYY**

PAYMENT NOTICE

PAYMENT OF FEDERAL CHILD NUTRITION FUNDS

TO: **Institution Name**

000 00 0000
(FEI Number)

Institution Name

Agreement No.: H-90-01

FROM: **STATE DEPARTMENT OF EDUCATION CHILD NUTRITION PROGRAMS**

The following payment(s) was(were) electronically deposited in your account on *November 24, YYYY*:

| WARRANT NO: | \$ AMOUNT | APPORT. OF TITLE | REV. CODE | CFDA NO. | PROJ CODE |
|-------------|-----------|------------------------------------|-----------|------------|-----------|
| 0000000000 | \$ | Child & Adult Care Food Program | 0000 | 10.5580001 | 769 |

TO REIMBURSE PROGRAM CODE 700/FY-2013

AWARD NAME: U.S. Department of Agriculture—CNP Block Consolidated
AWARD NUMBER: 60K300329

Funds to the above Agency for reimbursement claimed for October YYYY.

These funds should be deposited to the credit of the Child Nutrition Programs. These funds shall be accounted for in a manner that will make all expenditures clearly identifiable.

Very truly yours,

State Superintendent of Public Instruction

PAYMENT VOUCHER/DISBURSEMENT RECORD INSTRUCTIONS

Provider's Name: Record the provider's name.

Mailing Address: Record the provider's mailing address.

Home Agreement Number: Record the provider's home agreement number.

Month/Year of Claim: Record the month being claimed for reimbursement.

Date Paid: Record the date the provider's warrant is issued.

Check Number: Record the warrant/check number of the provider's reimbursement check.

Reimbursement Due:

- Record the total number of Tier I and Tier II meals served at each meal service during the month.
- Multiply the total number of meals for each meal service by the Tier I or Tier II reimbursement rate currently established.
- Record the total reimbursement for each meal service.
- Total the allowable Tier I and Tier II reimbursement.
- Add together the total allowable Tier I and Tier II reimbursement to get the total reimbursement to be paid to the provider.

Date: The CACFP coordinator must date the form to indicate that the payment voucher is correct.

Claim Adjustments: Indicate the reason for any adjustments made to the provider's initial claim. When meals are disallowed, the SO must indicate the reason. Determine the percentage of meals claimed in error. If the error rate is 25 percent or more, the provider must be declared seriously deficient.

EXAMPLE

PAYMENT VOUCHER/DISBURSEMENT RECORD

Provider's Name: PATTY PERFECT Home Agreement Number: 43
 Mailing Address: 100 SUNNYLANE Month/Year of Claim: OCTOBER YYYY
BIG HILL OK 71234 Date Mailed/Paid: 11/24/YYYY
 Check Number: 410

Reimbursement Due:

Total Number of *Tier I* Meals Served:

| | | | | | | | | |
|---|-----------|---|----|-------------|---|----|--------------|--------------|
| Breakfast | <u>12</u> | x | \$ | <u>1.28</u> | = | \$ | <u>15.36</u> | |
| Lunch | <u>12</u> | x | \$ | <u>2.40</u> | = | \$ | <u>28.80</u> | |
| Supper | <u>0</u> | x | \$ | <u> </u> | = | \$ | <u> </u> | |
| Snacks | <u>13</u> | x | \$ | <u>.71</u> | = | \$ | <u>9.23</u> | |
| Total Allowable <i>Tier I</i> Reimbursement | | | | | | | \$ | <u>53.39</u> |

Total Number of *Tier II* Meals Served:

| | | | | | | | | |
|--|-----------|---|----|-------------|---|----|--------------|--------------|
| Breakfast | <u>18</u> | x | \$ | <u>.47</u> | = | \$ | <u>8.46</u> | |
| Lunch | <u>17</u> | x | \$ | <u>1.45</u> | = | \$ | <u>24.65</u> | |
| Supper | <u>0</u> | x | \$ | <u> </u> | = | \$ | <u> </u> | |
| Snacks | <u>18</u> | x | \$ | <u>.19</u> | = | \$ | <u>3.42</u> | |
| Total Allowable <i>Tier II</i> Reimbursement | | | | | | | \$ | <u>36.53</u> |

TOTAL REIMBURSEMENT PAID \$ 89.92

Payment Approved by:

Sponsor Representative: JENNIFER JONES
 Date: 11/05/YYYY

$$\frac{\text{Total Meals Disallowed}}{\text{Total Meals Claimed}} = \frac{\text{Percentage of Meals Claimed in Error}^*}{\%}$$

Claim Adjustments: _____

*If the error rate is 25 percent or more, the provider must be declared seriously deficient.

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