

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM	ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	2/1/93	6/12	6	6.8
CHAPTER Chapter 6. Financial Management		SUBJECT Carryover of Unused Administrative Payments			

Sponsoring Organizations of Homes may carry over a maximum of 10 percent of administrative payments into the succeeding fiscal year. The 10 percent maximum on the amount of administrative funds that may be carried over must be based on the total amount of homes times rates administrative payments received by the sponsor over the fiscal year. Administrative funds remaining at the end of the fiscal year that exceed 10 percent of that fiscal year's administrative payments must be returned to MDHSS. If the 10 percent carryover funds are not expended in the succeeding fiscal year, the sponsor is required to return the unused funds to MDHSS.

An annual budget is required, and the amount carried over must be accounted for in the budget for the succeeding fiscal year. Further, sponsors remain responsible for correctly accounting for costs, and maintaining records and sufficient supporting documentation to demonstrate that costs claimed have been incurred, are allowable, and comply with all applicable regulations and policies.

Because the final administrative claims may not be known when the annual budget is submitted to MDHSS, make a best estimate of the carryover amount when preparing the annual budget. The estimate should be based on a comparison of the administrative payments the sponsor expects to receive with the amount of allowable administrative expenses the sponsor expects to incur. As shown in the example below, this will yield the 10 percent carryover figure and any amount that must be returned to the State agency.

Example: Sponsor estimates administrative payments of \$100,000 during FY 2011
 Sponsor estimates incurring \$85,000 in allowable administrative costs during FY 2011
 Sponsor may carryover up to \$10,000 into FY 2012 ($\$100,000 \times .10$)
 Sponsor must return \$5,000 to the State agency ($\$15,000 - \$10,000$)

An amended budget must be submitted once the fiscal year close-out has occurred and the carryover amount is finalized and approved by MDHSS. It is still necessary for sponsors to use accrual accounting for the final claim of the fiscal year so that the end-of-year reconciliation and close-out can be performed.