

# Performance Standards

## Financial Viability, Administrative Capability, Program Accountability

The executive director and the board chair or owner of the Child and Adult Care Food Program (CACFP) sponsors and those named as responsible individual and food program contact must, due to their position in the facility, accept final administrative and financial responsibility for the CACFP and ensure that the CACFP is operated with program integrity.

Each new independent facility, sponsoring organization (SO) of two or more facilities, or renewing facility must submit information sufficient to document that it is financially viable, is administratively capable of operating the program in accordance with CACFP regulations, and has internal controls in place to ensure accountability. To document this, any new institution must demonstrate in its application that it is capable of operating in conformance with the CACFP performance standards.

The Department of Health and Senior Services-Community Food and Assistance (DHSS-CFNA) must only approve the applications of those new institutions that meet these performance standards and deny the applications of those new institutions that do not meet the standards. In ensuring compliance with these performance standards, the DHSS-CFNA establishes rules and procedures and makes decisions based on information from internal controls at the federal and state level that includes information obtained during the application process, information from audits and complaints, results of edit checks, claim reviews, monitoring reviews; and notice of civil and criminal action.

Each new independent facility, SO of two or more facilities, or renewing facility must submit information sufficient to document they are operating in accordance with the **CACFP Performance Standards – Viability, Capability, and Accountability (VCA)** outlined in 7 CFR 226.6(b)(1):

1. The organization must be **Financially Viable**. The facility must have a budget and demonstrate it has adequate financial resources to operate the CACFP on a daily basis, has adequate sources of funds to continue to pay employees and suppliers during periods of temporary interruptions in CACFP payments and/or to pay debts when fiscal claims have been assessed against the institution, and can document financial viability through audits or financial statements. Sponsors must ensure that CACFP funds are expended and accounted for in accordance with CACFP regulations, 2 CFR 400, and the requirements in FNS Instruction 796-2, rev. 4.

The organization should expect that DHSS-CFNA will review the SO's financial records at least annually. The following records must be made available to DHSS-CFNA upon request:

- At least 1 month of all the SO's bank account activity that is associated with CACFP will be reviewed against other associated records to verify that the financial transactions meet program requirements.
- The SO's actual expenditures of CACFP funds and the amount of meal reimbursement funds retained from unaffiliated centers to support the SO's administrative costs will be reviewed.
- The reported expenditures will be reconciled with program payments to ensure that funds are accounted for fully.

2. The organization must be **Administratively Capable**. The facility must have appropriate and effective management practices in place to provide program benefits to all participants and an adequate number and type of qualified staff to operate the CACFP. An SO of two or more facilities must document in its management plan that it employs staff sufficient to meet the ratio of monitors to facilities, taking into account the factors that DHSS-CFNA will consider in determining an SO's staffing needs, as set forth in CACFP regulations. An SO must have written program policies and procedures that assign program responsibilities and duties. An SO's policies and procedures must also ensure compliance with civil rights requirements.
  
3. The organization's program must be **Accountable**. The facility must have internal controls and other management systems in effect to ensure fiscal accountability and ensure that the CACFP will operate in accordance with requirements. To demonstrate program accountability, the institution must document that it meets the following criteria:
  - **Board of Directors** – have adequate oversight of the program by an independent governing board of directors.
  - **Fiscal Accountability** – have a financial system with management controls specified in writing. These written operational policies must ensure the following:
    - Fiscal integrity and accountability for all funds and property received, held, and disbursed.
    - The integrity and accountability of all expenses incurred.
    - Claims will be processed accurately and in a timely manner.
    - Funds and property are properly safeguarded and used.
    - Expenses incurred are for authorized program purposes.
    - A system of safeguards and controls is in place to prevent and detect improper financial activities by employees.
  - **Recordkeeping** - maintains appropriate records to document compliance with CACFP requirements, including budgets, accounting records, approved budget amendments, management plans, and appropriate records on facility operations. There must be documentation in the management plan that the organization will provide adequate and regular training of their staff and sponsored facilities.
  - **SO operations** - documentation in the management plan that the SO will perform monitoring to ensure the sponsored facilities accountably and appropriately operate the program and have a system in place to ensure that administrative costs do not exceed the regulatory 15 percent limitation.
  - **Meal Service and other operational requirements** - follow the practices that result in the operation of the program in accordance with the meal service, recordkeeping, and other operational requirements of the federal regulations. These practices must be documented and must demonstrate the independent site or sponsored facilities will:
    - Provide meals that meet meal pattern requirements.
    - Comply with licensure or approved requirements.
    - Have food service that complies with applicable state and local health and sanitation requirements.
    - Comply with civil rights requirements.
    - Maintain complete and appropriate records on file.
    - Submit claim reimbursement only for eligible meals.