



Budgets & Financial Management

Financial Management

- Two components:
 - Demonstrating overall **Viability, Capability, and Accountability (VCA)**
 - Showing how you spend CACFP reimbursements



Determining VCA of institutions

ANNUAL CACFP BUDGET

Operating the CACFP

- Adequate resources to operate the CACFP on a daily basis
 - Sources of the institution's income and expenses?
 - May include tuition and other funding sources
 - Correct determination of reimbursement to be received on a monthly basis
 - Business operating expenses (salaries, utilities, etc.)



REMEMBER...

Your costs do not determine
your reimbursements

Annual Budget Process

- Estimate reimbursements
- Estimate labor costs
- Estimate general administrative costs
- Identify how CACFP reimbursements will be used
 - Costs not included in budget are not allowable

Annual Budget Process

- Developing the Fiscal Year 2017 Budget
 - Start with last year's budget
 - Review actual costs
 - Make realistic cost projections
 - Determine:
 - 1) How CACFP funds will be spent
 - 2) What funds will be used if CACFP does not cover all of your costs



Administrative Costs

***Sponsors may use up to 15% of its CACFP reimbursement to cover program-related administrative costs.**

**The State Agency may approve sponsors for less than 15% based on the budget review.*



Administrative Labor

Administrative Costs: A closer look

- Administrative labor
 - Time spent on paperwork, training, monitoring, etc.
 - How did last year go?
 - How much time was really spent on these duties?



The Costs of Running the Business

Administrative Costs: A closer look

- Administrative supplies & activities
 - Services (accountants/storage)
 - Rental and Lease Costs
 - Depreciation/Use Allowance
 - Equipment Costs
 - Travel Costs
 - Communications Costs
 - Materials and Supplies
 - Publication, Printing and Reproduction Costs
 - Advertising and Public Relations Costs
 - Provider training and support costs
 - Meetings and Conferences
 - Memberships, Subscriptions and Professional Org. Activities
 - Insurance
 - Purchased Services
 - Facility Space and Costs
 - Miscellaneous Costs

Annual Budget Process

- Guiding principles:
 - Is the item or service **necessary**?
 - Benefits eligible CACFP participants?
 - Supports food service operations?
 - Required for CACFP compliance?
 - Is the amount **reasonable**?
 - Is it an **allowable** expense?
 - See “Financial Management: Child and Adult Care Food Program” (FNS 796-2 rev. 4)

Allocations

- Allocations are needed if the cost:
 - Benefits allowable and unallowable activities
 - Benefits both CACFP and other program areas
 - Benefits CACFP operations in multiple states
- Must determine whether a cost is direct or indirect (overhead)

Allocations

- **Indirect cost:** Cost of items or services that have a common purpose to support overall operations and cannot be readily assigned to a specific program or funding source
- **Direct cost:** Cost of items or services that can be identified with a specific program or funding source

Allocations

- **Indirect cost:** allocation or rate must be
 - Based on plan pre-approved by the State Agency
 - Approved by USDA Food & Nutrition Service
- **Direct cost:** allocation must be
 - Based on use or benefit
 - Pre-approved by the State Agency

Labor Allocations

- Only the share of the wages and employer costs associated with CACFP-related labor may be paid with CACFP funds.
- Time distribution reports are required if
 - An allocation is required and
 - CACFP reimbursements will be used to pay for all or part of the employee's allowable wages or benefits.

Budget Pitfalls

- Estimates
 - Overly ambitious projections
 - Low projections
- Poor allocations
- Insufficient budget narratives/documentation
- Not remembering items that need prior approval



How are you using CACFP funds?

DOCUMENTING & TRACKING

Documentation

- Procurement documents and contracts
- Itemized receipts and invoices
 - Delivery slips
- Labor costs:
 - Payroll records
 - Time distribution reports (*if needed*)
- Documentation to support allocations, such as
 - Mileage logs
 - Floor plan and lease/mortgage documents

Labor Allocations

- Time distribution reports must be:
 - Done by the employee
 - Complete
 - Account for all activity (not just CACFP labor)
 - Filled out after the fact
 - Show actual time spent on various duties
 - Prepared at least monthly
 - Signed by the employee
 - Signed by the employee's supervisor

Financial Management Resources

The screenshot shows a web browser window with the URL osse.dc.gov/service/child-and-adult-care-food-program-cacfp-training-resources#Program-Management. The browser's address bar and tabs are visible at the top. The main content area is divided into two columns. The left column contains a navigation menu with various categories, including 'Post-Secondary Education' and 'Public Charter School Financing and Support'. The right column is titled 'By Topic' and lists resources under the heading 'Program Management'. A green rectangular box highlights the following items in the list:

- [Claim Calculations and Recalculations](#)
- [Claims for Reimbursement](#)
- [Financial Management](#)
- [Financial Management, Procurement, & Budget Refresher for FY 2015](#)

osse.dc.gov/cacfp → “Training Resources” under Resources for Current CACFP Participants

Financial Management Resources

F N S	Food & Nutrition Service	FNS INSTRUCTION	NUMBER
		U.S. DEPARTMENT OF AGRICULTURE 3101 PARK CENTER DRIVE ALEXANDRIA, VA 22302-1500	796-2 Rev. 4

ACTION BY: Regional Directors
Special Nutrition Programs

INFORMATION FOR: Regional Offices
State Agencies

FINANCIAL MANAGEMENT -
CHILD AND ADULT CARE FOOD PROGRAM

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