

Guidance Memorandum K: CACFP Recordkeeping Requirements

Community Nutrition Programs Child and Adult Care Food Program (CACFP)

Applies To: Family Day Care Home Sponsoring Organizations in the CACFP

Revision Date: October 2014

The purpose of this memo is to provide sponsoring organizations of day care homes participating in the Child and Adult Care Food Program (CACFP) with a list of the records that must be kept. These records must be maintained in accordance with the record retention rule and be readily available for review by DPI, USDA, or other state officials. If there are outstanding unresolved audit findings, the records must be retained as long as required for resolution of the issues raised by the audit.

Record Retention Rule: the sponsoring organization and day care home provider must retain the required records for the CACFP on file, as specified in section I, for the current federal fiscal year plus the prior three federal fiscal years, except as noted.

I. Record Maintenance Requirements for Sponsoring Organizations

A. Contract Agreement Materials

1. Approved on-line CACFP Application.
2. Permanent Agreement/Policy Statement (PI-1459-AP), which must remain permanently on file beyond the three year retention rule.
3. Copy of the Department of Public Instruction (DPI) Home Application (PI-1472) for all new providers.
4. Documentation of current operating information for each continuing provider. For additional information, refer to *Guidance Memorandum J*.
5. Current licensure and/or certification for all providers.

B. Documentation of compliance with the civil rights requirements as indicated in *Guidance Memorandum H*.

C. Documentation of WIC Information Availability: Evidence that providers and parents of enrolled children receive information on the importance and benefits of the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and WIC income eligibility guidelines.

D. Records Related to Enrollment, Attendance, Eligible Meals and Tiering Determinations

1. **Copies of Sponsor-Provider Agreements (PI-1425)**
Form PI-1425 is a permanent agreement that must be maintained on file for at least three federal fiscal years after a provider terminates participation with a sponsor.
2. **CACFP Enrollment Forms (initial and annual updates)**
 - a. Enrollment documentation of each child's name, current address and home telephone number with the signature of each child's parent or guardian must be on file with the sponsoring organization prior to reimbursing the provider for meals served to the children. After the initial enrollment form is collected, annual written confirmation by the parent or guardian that the enrollment information is current for each child is acceptable instead of a collecting a new enrollment form.
 - b. Information and annual updates (including the parent/guardian signature and signature date) on each child's normal days and hours in care and the meals normally received while in care **may** be maintained at the sponsor's office. However, Information and annual updates (including the parent/guardian signature and signature date) on each child's normal days and hours in care and the meals normally received while in care **must** be maintained onsite in the day care home.
3. **Monthly menus for each participating home**
4. **Providers' daily records for all children enrolled in the CACFP**
The providers' daily records must include the names, ages, the number of meals served by type (Breakfast, AM snack, Lunch, PM snack, Supper, Evening snack), and the total daily attendance.
5. **Meal shift schedule documentation for each meal total which exceeds a provider's regulated capacity**

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6. Records of adjustments made on provider's monthly meal count forms

Providers must be notified of the reasons for all adjustments.

7. Household Size-Income Statements (HSIS)

Refer to *Guidance Memo I* for proper completion, determination, and approval of HSIS.

a. Tier I eligible providers based on collected HSIS (who are not area-eligible)

A HSIS must be on file for all Tier 1 eligible providers as well as verification documents to support this eligibility based on participation in a benefits program or all sources of current household income (and expenses if used to calculate net income for self-owned businesses or farms).

- Verification documents must substantiate all income or participation in a benefits program reported on the HSIS.
 - i. Verification of participation in a benefits program must detail current eligibility (i.e. eligibility as of the month the HSIS was completed and signed). A determination of Tier 1 status based on participation in a benefits program can be effective for a maximum of 13 months starting the first of the month of the effective date of determination made on the HSIS, unless the sponsor receives official notification that the eligibility was fraudulently obtained.
 - ii. Verification of income must substantiate the income amount(s) and time period of that income(s) as reported (i.e. the month prior to completion of the statement and/or the prior year's income).

In those cases where a provider may need to report the income and expenses for their day care home business through the use of a sample ledger (or any other type of self-declaration form, such as a sample Schedule C or a sample 1040) the sponsor must verify all listed sources of income and expenses. In addition, the provider must supply documentation of all reported expenses.

b. Tier I eligible providers based on area eligibility for provider's own children

A HSIS must be on file for area-eligible providers before reimbursement is paid for provider's own children. Verification documents are not required to be submitted with the HSIS by area-eligible providers for claiming provider's own.

c. Tier II homes with enrolled children who qualify at the Tier I rates

A HSIS must be on file for all children enrolled to qualify them for the Tier I rates of meal reimbursement. Verification documents are not required to be submitted with the HSIS for children who qualify at the Tier 1 rates, but are enrolled in a Tier II home.

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d. Electronic Storage of HSIS and HSIS Verification Documents

If a sponsor solely stores HSIS and HSIS verification documents electronically and no longer retains the original hard copies of these documents, the sponsor's system for electronic storage of records must ensure that these records are preserved, maintained, and remain accessible for their designated retention period. The sponsor must have a written policy and procedure that includes the following information, as specified in points i-x below. This written policy and procedure must be submitted to DPI for approval prior to implementation.

- i. That **original copies** of the HSIS and the associated verification documents (as applicable – see section 7a above) submitted by providers will be retained electronically;
- ii. That paper copies will be printed per DPI, USDA, and/or a public records request;
- iii. What electronic storage hardware and software will be used (i.e. USB drives);
- iv. Where these electronic storage devices will be kept;
- v. What format the documents will be stored in (i.e. PDF version);
- vi. A description of the sponsor's back-up retention system for assuring that the documents remain readily accessible if the primary storage system is destroyed, lost, or stolen;
- vii. A description of the sponsor's migration plans for transferring the electronically stored documents if technological changes occur with the storage hardware and/or software initially used to retain the documents;
- viii. A description of how the electronically stored documents will be organized for assuring the following:
 - That they are readily accessible at all times (*during the sponsor's regular business hours*) for review by DPI and USDA officials;
 - That they will be retained for three (3) Federal Fiscal Years plus the current Federal Fiscal Year and will be retained for a longer period for serious deficient providers and providers who have been terminated for cause and disqualified, as specified in sections G and H of this guidance memorandum;
- ix. Which sponsor staff (by name and title) will be managing these electronically stored documents and which staff has access to them; and
- x. A description of the safeguards the sponsor has in place to assure that the electronically retained documents will remain confidential and that only authorized staff may have access to them.

8. Effective date and duration of determination of the Tier 1 status for all Tier I providers based on area-eligibility (school or census data)

Documentation of Tier I status based on school data and census data is effective from the first of the month of the effective date of determination to a maximum of five (5) years after the determination month, or until a provider moves at which point a new Tier determination must be made.

- Retroactive meal reimbursement at Tier I rates cannot be allowed prior to the actual month the determination was made.
- Area-eligibility determination records must be retained for at least three (3) years from the final month of the fiscal year for which the determination is valid, or longer if required for audit or investigation purposes.

9. Written notification to the relevant State child care regulator (DCF license specialist and/or County Certifier) whenever a home sponsor representative observes an imminent threat to the health and safety of children, child care staff, and/or the public.

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E. Sponsoring Organization Monitoring and Training

1. Records of preapproval visits, orientation and review visits for each provider

Refer to *Guidance Memorandum D*.

2. Documentation of training

This may include sponsor-offered meetings, (including the topic(s) covered, date and locations, and names of participants), other CACFP-related trainings, and “at-home” studies. Refer to *Guidance Memorandum E*.

3. Household Contacts

Documentation (on a provider by provider basis) of all household contacts and any subsequent actions taken in response to a household contact, as detailed in *Guidance Memorandum P*.

F. Fiscal Records

Refer to *Guidance Memorandum F*.

1. Documentation of CACFP administrative costs

- a. Itemized receipts, invoices, and purchase orders
- b. Time sheets and/or payroll records
- c. A payment summary, expense or disbursement ledger with all food program costs clearly identified under appropriate headings

2. Documentation of CACFP income

- a. Income from CACFP reimbursement and advances, including any interest, as well as expansion grant funds
- b. Transfer of funds from other program income to cover Food Program costs
- c. Deductions from provider payments
- d. Bank account records showing electronic deposits of CACFP payments
- e. A receipt or income ledger with all CACFP income clearly identified

3. Itemized administrative costs reported on the monthly reimbursement claim used to support the total administrative costs submitted to DPI

4. Provider claim information to support the monthly reimbursement claim

- a. Number of days of service
- b. Total enrollment
- c. Highest number of operating days
- d. Number of meals served by type and tier classification
- e. Total number of meals served
- f. Average daily attendance (ADA).
 $ADA = \text{Total Daily Attendance (day}_1 + \text{day}_2 + \text{day}_3 \dots) \text{ divided by Number of days of service}$

5. Records of the amount and date of provider payments

6. Copies of independent audit reports and documentation of any actions taken in response to the audit findings

G. Records relating to National Disqualified List

All records and documentation relating to day care homes that have been placed on the National Disqualified List (NDL) must be retained on file by the sponsoring organization for the entire period that the day care home remains on the NDL. This is necessary to ensure that the documentation supporting the disqualification is available to respond to any challenge to the home’s placement on the NDL or to a request for removal from the NDL. Therefore, the sponsoring organization must retain all records and documentation relating to the disqualification of a day care home provider for three years after the date the day care home is removed from the NDL.

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H. Records relating to a declaration of serious deficiency

Records relating to any serious deficiency declaration must be retained by the sponsoring organization for three years after the sponsoring organization accepts and approves a corrective action plan from the day care home provider. This will permit the sponsor to conduct one or more follow-up reviews to ensure that the day care home provider has fully and permanently corrected the cause(s) of the serious deficiency(ies) and will provide the needed documentation for a proposed termination if it is found that the approved correction action plan has not been permanently implemented.

II. Record Maintenance Requirements for Day Care Home Providers

A. Application and Agreement

1. *Application – Day Care Home (PI-1472)*

Retain on file for the current federal fiscal year plus the prior 3 federal fiscal years.

2. *CACFP Agreement Between Sponsoring Organization and Day Care Home (PI-1425)*

Retain on file until at least three years after the provider has terminated participation in the CACFP with the sponsoring organization.

B. Claim Documentation

At a minimum, all items listed below, in points 1 through 4, must be retained onsite in the provider's home for the current month as well as the previous twelve (12) months. Providers may store the records prior to the most recent 13 months offsite; however, the records must still be in the control of the provider and accessible within a reasonable amount of time. If no offsite storage is used, providers must retain three years of records (plus the current year) onsite at the day care home.

Records can be kept in hard copy or electronic format.

Failure to maintain such records as detailed above can be grounds for the denial of reimbursement and could result in a declaration of serious deficiency.

1. Menus

2. Meal Counts

3. Enrollment Documentation with Annual Updates

The CACFP enrollment information regarding normal days and hours in child care, and meals normally received while in care, including annual updates, must be retained on file by the provider in the day care home.

- Providers who submit enrollment documentation through the sponsoring organization's online system do not have to retain copies of the signed original enrollment forms and re-enrollment documentation in the day care home, as long as they can access all enrollment information on their computer during a review. However, these signed copies must be retained at the sponsoring organization's administrative office. Those providers who submit their enrollment documentation via paper to the sponsoring organization must retain signed copies of the enrollment forms and re-enrollment documentation in the day care home.

4. Attendance records as Required by Licensing and/or Certification

DCF 250.04(b) for licensed providers and DCF 202 for certified providers do not require that providers record their own children who are seven years or older within their attendance records. Refer to *Guidance Memo D* for documenting the discrepancy between meal counts and attendance records within the 5 day reconciliation information when providers' own children who are seven years or older are not recorded within the attendance records.