



DEPARTMENT OF EDUCATION


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January 9, 2024

MEMORANDUM

TO: Directors of Residential Child Care Institutions
Other Appropriate Personnel

FROM: Aimee F. Beam, MS, RD 
Education Associate, Nutrition Programs

RE: **SY 2023-2024 Operational Memo #16**
Annual Audit Requirements

The purpose of this memo is to clarify audit requirements in the Child Nutrition Programs. The United States Department of Agriculture (USDA) regulations in 2 CFR 200, Subpart F, require organizations that exceed the threshold of the amount of federal funds expended in a given fiscal year to have an audit completed. Effective January 1, 2015, the audit threshold was increased to \$750,000. This applies to Fiscal Year (FY) 2015 and forward.

Non-profit Organizations:

USDA Regulation requires all non-profit Sponsors and Government Agencies who expend more than \$750,000 in federal funds in any FY to procure a program-specific, organization-wide, or single audit. Audits must be submitted on the Federal Audit Clearinghouse website. Please note, there is a new website to use beginning with FY 2023 audits: <https://www.fac.gov/>.

For-profit Organizations:

The State Agency (SA) requires all for-profit organizations that expended more than \$750,000 in federal funds in the last FY to obtain a single audit. A copy of this report must be submitted directly to the SA.

The SA determines if your organization will need an audit by reviewing the total amount of federal funds expended in the last complete fiscal year; School Food Authorities (SFAs) report this on the Annual Audit Status Certification Form in DENARS. SFAs should engage in an audit immediately if the \$750,000 threshold was exceeded. The 19 Delaware school districts are part of the annual statewide audit. Therefore, the audit is automatically conducted; no further action is required unless corrective action is required.

Federal funds may include, but are not limited to:

- Federal Reimbursement (National School Lunch Program/School Breakfast Program, Summer Food Service Program, and the Child and Adult Care Food Program)
- Other Federal grants
- Other Federal Program funds

The audit requirement applies to the agency as a whole. If the school or school district expended funds in addition to what was expended in federal reimbursement through the Child Nutrition Programs, those funds are to be included in the total federal funds expended. If your agency expended less than the threshold in

federal funds in the last complete fiscal year, you are not required to submit an audit; however, records must be available for review or audit by appropriate officials of the federal agency, pass-through entity, and General Accounting Office (GAO).

All audits will be reviewed by the SA. If there are any findings related to Child Nutrition Programs, corrective action is required. In the case of a finding, the SFA will receive correspondence from our office.

Please contact us with any questions at (302) 857-3356.

cc: Nutrition Team