



This information is provided to outline the minimum requirements and federally mandated performance standards for institutions that are applying to participate in or that are currently participating in the Child and Adult Care Food Program (CACFP) as administrative sponsors and/or daycare home sponsors. Please read through this document before starting your application to ensure that you can meet the minimum requirements to operate the CACFP.

Here are some important definitions used throughout this document.

**“For-profit center”** means a childcare center, outside-school-hours care center, or adult day care center providing nonresidential care to adults or children that does not qualify for tax-exempt status under the Internal Revenue Code of 1986.

**"Institution"** means a sponsoring organization, childcare center, outside-school-hours care center, emergency shelter, or adult day care center which enters into an agreement with the State agency (Delaware Department of Education [DDOE]) to assume financial responsibility for Program operations. It also includes homeless shelters and "at-risk" after school care programs.

**"Sponsor" or "Sponsoring organization"** means a public or private nonprofit organization that is responsible for administering the food program for:

- One or more day care home(s);
- A childcare center, emergency shelter, at-risk afterschool care center, outside-school-hours care center, or adult day care center which is a legally distinct entity from the sponsoring organization;
- Two or more childcare centers, emergency shelters, at-risk afterschool care centers, outside-school-hours care center, or adult day care centers; or
- Any combination of childcare centers, emergency shelters, at-risk afterschool care centers, outside-school-hours care centers, adult day care centers, and day care homes.

The term “sponsoring organization” also includes an organization that is entirely responsible for administration of the Program in any combination of two or more childcare centers, at-risk afterschool care centers, adult day care centers or outside-school-hours care centers, which meet the definition of *For-profit center* in this section and are part of the same legal entity as the sponsoring organization.

### **Minimum Requirements for CACFP Participation**

Institutions applying to become CACFP administrative sponsors and/or day care home sponsors must ensure that their organization meets the following basic requirements prior to applying for participation. At a minimum, the institution must demonstrate the following:

1. That the institution and/or any of its principals are not in seriously deficient status in the CACFP and are not on the National Disqualified List (NDL). DDOE will validate this prior to moving forward with the application process and checks the NDL annually.
2. That the institution and/or any of its principals have not been convicted for any activity that occurred during the past seven years that indicates a lack of business integrity (See 7 C.F.R. 226.6 (c)(3)).
3. That the institution operates for public rather than private benefit by having non-profit status under the appropriate federal and state regulations and submitting verification such as a 501(c)(3) letter and supporting tax records.
4. That if the institution is a for-profit center or organization, they can demonstrate the following eligibility requirements:
  - a. A for-profit center serving adults must meet the definition of *Adult day care center* as defined in this section and, during the calendar month preceding initial application or reapplication, the center receives compensation from amounts granted to the States under title XIX or title XX and twenty-five percent of the adults enrolled in care are beneficiaries of title XIX, title XX, or a combination of titles XIX and XX of the Social Security Act.
  - b. A for-profit center serving children must meet the definition of *Child care center* or *Outside-school-hours care center* as defined in this section and one of the following conditions during the calendar month preceding initial application or reapplication:
    - i. Twenty-five percent of the children in care (enrolled or licensed capacity, whichever is less) are eligible for free or reduced-price meals; or
    - ii. Twenty-five percent of the children in care (enrolled or licensed capacity, whichever is less) receive benefits from title XX of the Social Security Act and the center receives compensation from amounts granted to the States under title XX. This is Purchase of Care (POC).
5. That the institution operates under the guidance of an independent Board of Directors that provides oversight of the institution's policies, operations, programs, and budget to ensure accountability. Upon request, copies of all board meeting minutes, the institution's budget for the last fiscal year and any other related funding sources must be submitted to DDOE to clearly demonstrate the institution's corporate and fiscal integrity.
6. The institutions and/or any of its principals have not been disqualified from participating in any other publicly funded program for violating that program's requirements.

In addition to meeting all of the Minimum Requirements listed above, all institutions applying to be and/or participating as CACFP sponsors must meet the three federal performance standard requirements to demonstrate that they are and can continue to be financially viable, administratively capable, and accountable for all CACFP operations. These performance standards are detailed below.

## **PERFORMANCE STANDARD 1**

### **FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT**

The institution must have established administrative and financial management controls. The institution must maintain a financial management and record keeping system that ensures fiscal integrity and accountability for all funds and property received, held, and disbursed and ensures that property is protected and used solely for authorized purposes. The institution must demonstrate that it has sufficient, well-trained staff to operate a financial management system and that it has adequate oversight by a board of directors that is accountable in its direction. The institution must adhere to federal and applicable state financial management standards. The institution must be able to demonstrate that they properly expend and account for funds in accordance with all federal, state, and local regulatory requirements and that they consistently utilize sound financial management principles. The institution must have implemented written operation policies and procedures for financial management that accurately reflect regulations, and federal, state, and local policies.

#### **Description of Need/Recruitment**

An institution applying to become a CACFP sponsor must clearly demonstrate that its participation will help ensure the delivery of Program benefits to otherwise unserved facilities or participants. All institutions applying to become CACFP sponsors must demonstrate that they will use appropriate recruiting practices for recruiting facilities. A description of need/recruitment is required to be submitted to DDOE with application materials.

#### **Fiscal Resources and Financial History**

All institutions applying to become CACFP sponsors must have a financial system and management controls already implemented and in place to ensure fiscal accountability. These institutions must demonstrate that they have adequate financial resources to operate the CACFP on a daily basis, have adequate resources to withstand temporary interruptions in Program payments and/or fiscal claims against the institution and can document their financial viability through audits, financial statements, etc. All institutions applying to become CACFP sponsors must demonstrate that they have adequate payment procedures and financial controls for processing facility payments so that claims will be processed accurately and in a timely manner. In order to demonstrate financial viability, the institution must provide DDOE with:

1. A description of all organizational activities that are not related to the CACFP.
2. The total revenue and resources broken out by source, frequency, type (earned income, grants, donations), function or purpose, and amount. Information should also indicate how long this revenue and/or resource has been available to the institution, whether the level, function or nature of the funding is expected to change in the coming fiscal year and if so, what impact will it have. There are costs associated with the operation and establishment of a business and/or nonprofit agency which, while required by state corporation laws, are not allowable costs under the CACFP. Please note that if the institution is solely administering the CACFP, you must provide verification that the institution has other

sources of funding to pay for the preparation of IRS paperwork for corporations, state corporate reporting requirements and the cost of conducting state mandated board meetings. (If an institution has no available revenue and/or resources besides the CACFP, it cannot cover these costs and will not be viewed as financially viable and therefore will not be allowed to participate in the CACFP as a sponsor.) DDOE collects two months of bank statements during application to help determine financial viability of the Sponsor.

3. A listing of all other resources available to the institution (fixed assets such as office space, desks, office equipment, etc., human resources, professional services, consultants, a board of directors, etc.)
4. A description of the institution's plan for repayment of fiscal overclaims, should they occur.
5. A copy of the institution's most recent independent audit or audited financial statement as prepared by a certified accountant.

## **PERFORMANCE STANDARD 2**

### **ADMINISTRATIVE CAPABILITY**

Institutions applying to be CACFP sponsors must also be administratively capable. Appropriate and effective management practices must be in effect to ensure that the Program operates in accordance with federal regulations. To ensure administrative capability, institutions applying to or participating in the CACFP as sponsors, must document that they meet the following criteria:

1. Institution must have an adequate number and type of qualified staff to ensure the successful operation of the Program in accordance with federal regulations.
2. Institution must employ sufficient staff to meet the ratio of monitors to facilities set forth in Section 226.16 (b) (1) of the federal regulations.
3. The institution must have Program policies and procedures in writing that assign Program responsibilities and duties and ensure compliance with civil rights requirements.
4. The institution must have an outside employment policy that ensures that the outside employment of any of its employees will not interfere with the performance of the employee's duties, including CACFP-related duties and is performed outside of the employee's approved work schedule. Employees must be required to request approval from the institution to have outside employment if it presents a real or perceived conflict of interest.
5. In order to demonstrate the requirements listed above, the institution applying to be a CACFP sponsor must provide DDOE with a description of staff. A template is included in the application packet.
6. Projected staffing patterns based on the number of projected centers and/or day care homes to be sponsored during the year.
7. Copy of the institution's outside employment policy. A template is included in the application packet.

## **PERFORMANCE STANDARD 3**

### **PROGRAM ACCOUNTABILITY**

Institutions must have internal controls and other management systems in effect to ensure fiscal accountability and to ensure that the Program operates in accordance with the requirements of federal regulations. To demonstrate Program accountability, institutions applying to be CACFP sponsors must document that they have adequate oversight of the Program by their governing board of directors. The institution must have a screening system in place to scrutinize any criminal convictions of board members which may disqualify them from performing Program administrative functions. The governing board must:

1. Meet applicable federal and state statutes and requirements;
2. Be comprised primarily of members of the community it serves who are not financially interested in the institution's activities, or related to its personnel or to each other;
3. Be responsible for policy setting, fiscal guidance, and ongoing governance;
4. Regularly review the institution's policies, programs, and budgets;
5. Approve decisions about compensation of employees and other parties providing services; and
6. Possess Program knowledge and have operational oversight.

Operations and decisions must be documented in board minutes which must be maintained and available for review by USDA, DDOE, and its agents at all times. The institution must:

1. Provide DDOE with a copy of the institution's governing board policies/procedures (these must be in compliance with the applicable Delaware laws, rules, and regulations regarding governing boards of corporations); and
2. Have an accounting system with management controls specified in writing. These written operational procedures must assure:
  - a. Fiscal integrity and accountability for all funds and property received, held, and disbursed;
  - b. The integrity and accountability of all expenses incurred;  
That claims are processed accurately, and in a timely manner;
  - c. That funds and property are used, and expenses incurred, for allowable Program purposes; and
  - d. That a system of safeguards and controls is in place to prevent and detect improper financial activities by employees.

The institution must maintain appropriate records to document compliance with Program requirements, including budgets, approved budget amendments, and if applicable, management plans and appropriate records on facility operations. Institutions applying to or participating in the CACFP may not engage in any activity that presents a real or perceived conflict of interest. The institutions must be able to demonstrate that the following will be provided:

1. Regular training of sponsoring organization staff and sponsored facilities in accordance with federal regulations;
2. Monitoring in accordance with federal regulations to ensure sponsored facilities accountably and appropriately operate the Program;

3. If applicable, accurate classification of day care homes as tier I or tier II in accordance with federal regulations;
4. A system that is already in place to ensure that administrative costs funded from Program reimbursements do not exceed regulatory limits set forth in the federal regulations; and
5. Practices which result in the operation of the Program in accordance with the meal service, recordkeeping, and other operational requirements of USDA regulations and DDOE policies will be followed. Institutions must be able to demonstrate how they will ensure that their sponsored facilities will:
  - Provide meals that meet the required USDA meal patterns;
  - Comply with licensure or approval requirements;
  - Have a 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; and
  - Claim reimbursement only for eligible meals.

If you feel that you are unable to successfully follow the CACFP regulations, please email [CACFP@doe.k12.de.us](mailto:CACFP@doe.k12.de.us) and one of our Field Agents will assist you in connecting with an established CACFP Sponsoring Organization.

This institution is an equal opportunity provider.