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February 9, 2026

MEMORANDUM

TO: Child and Adult Care Food Program (CACFP) Sponsors

FROM: Aimee F. Beam, MS, RD *AB*
Director, Nutrition Programs

RE: **2026 Operational Memo 6 - 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 E](#), require organizations that exceed the threshold of the amount of federal funds expended in a given fiscal year to have an audit completed. Effective October 1, 2024, the audit threshold was increased to \$1,000,000. This applies to Fiscal Year (FY) 2025 and forward.

Non-profit Organizations:

The USDA regulation requires all non-profit Sponsors and Government Agencies who expend more than \$1,000,000 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](#). The 19 Delaware public school districts are part of the annual statewide audit. Therefore, the audit is automatically conducted, and no further action is required unless corrective action is warranted.

For-profit Organizations:

The State Agency (SA) requires all for-profit organizations that expended more than \$1,000,000 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. This is reported annually in DENARS on the Annual Audit Status Certification Form. All Sponsors should engage in an audit immediately if the \$1,000,000 threshold was exceeded.

Federal funds may include, but are not limited to:

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

Note: In Delaware, Purchase of Care (POC) funds are not included in the amount of federal funds expended.

The audit requirement applies to the agency as a whole. If the Sponsor expended other federal funds in addition to what was expended in federal reimbursement received 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 Government Accountability Office (GAO).

The audit, the data collection form, and the reporting package must be submitted either to the FAC or to the SA **no later than nine months after the end of the audit period**. If the auditee receives the audit package sooner, it must be submitted within 30 calendar days. Sponsors who do not submit the audit reports by the required deadline may be declared Seriously Deficient (SD) in their operation of the CACFP.

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 Sponsor will receive correspondence from our office.

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

cc: DDOE Nutrition Team