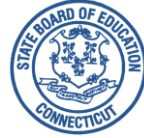




STATE OF CONNECTICUT  
DEPARTMENT OF EDUCATION



**TO:** Child and Adult Care Food Program (CACFP) **For-Profit Institutions**

**FROM:** John Frassinelli, Chief  
Bureau of Health/Nutrition, Family Services and Adult Education

**DATE:** December 21, 2015

**SUBJECT: Operational Memorandum No. 1P-16  
Audit Requirements for For-profit Subrecipients**

The Connecticut State Department of Education (CSDE) is required to institute audit procedures applicable to for-profit subrecipients participating in the Child and Adult Care Food Program (CACFP). Each State agency has the authority to establish audit policy for for-profit child care and for-profit adult day care (Title XIX) institutions with regard to the receipt of Federal funds.

In order to maintain continuity between non-profit and for-profit institutions, the CSDE has used Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* revised June 27, 2003 and June 26, 2007, as a guide for establishing the audit policies for for-profit institutions.

**The audit policies and procedures for for-profit child care and for-profit adult day care (Title XIX) institutions participating in CACFP are as follows:**

- **For-profit institutions that expend \$500,000 or more in a year in total federal awards will be required to have an annual organization-wide audit performed in accordance with the provisions of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* revised June 27, 2003 and June 26, 2007, and the applicable Compliance Supplement (revised June 2015) to be used in conjunction with that audit.**
- **For-profit institutions that expend total federal awards of more than \$100,000 but less than \$500,000 in a year must submit a copy of the entity's annual audited financial statements (or in lieu thereof, compiled financial statements that include at a minimum, the entity's Balance Sheet and Income Statement), and the enclosed *Notice of Audit Exemption form*.**
- **For-profit institutions that expend total federal awards of less than \$100,000 in a year are not required to submit either an annual organization wide audit or audited financial statements, but must still complete and return the enclosed *Notice of Audit Exemption form*.**

Additionally:

- **Federal funds include CACFP program and cash-in-lieu reimbursements**, as well as any other Federal funds expended by the institution.
- Cost principles and procedures for the audit will fall under the guidance in 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* at: [http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)
- The cost of the audit is an allowable cost to the CACFP. Those institutions required to have an organization-wide audit performed can, with prior State agency approval, amend their approved CACFP budgets to include the prorated cost of conducting the audit.
- **The annual organization-wide audit** (for institutions that expend more than \$500,000 in a year in total federal awards) **or audited financial statements** (for institutions that expend between \$100,000 and \$500,000 in a year in total federal awards) **must be submitted to the Connecticut State Department of Education's Child Nutrition Unit within six months from the end of the institution's fiscal year.**

**The address is as follows:**

**Connecticut State Department of Education  
Child Nutrition Unit  
25 Industrial Park Road  
Middletown, CT 06457**

- State agencies are required to take immediate corrective action when subrecipients are noncompliant with the audit requirements. Failure to submit the required organization-wide audit, audited financial statements or the *Notice of Audit Exemption* form may result in the State agency instituting the Serious Deficiency process.
- **OMB Circulars** can be found at:  
[http://www.whitehouse.gov/omb/circulars\\_default/](http://www.whitehouse.gov/omb/circulars_default/)
- The **June 2015 revision of the OMB Circular A-133 Compliance Supplement** can be found at:  
[https://www.whitehouse.gov/omb/circulars/a133\\_compliance\\_supplement\\_2015](https://www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2015)

Please contact Susan Boyle at 860-807-2074, Celia Cordero at 860-807-2076, Benedict Onye at 860-807-2080 or Terese Maineri at 860-807-2145 if you have any questions.

JF:shb

Enclosure

Important: This is a numbered Connecticut State Department of Education (CSDE) operational memorandum that contains important program information. Please read carefully and retain in a binder for future reference. All CSDE operational memoranda are posted on the CSDE's [Operational Memoranda for the CACFP](#) Web page.

## Notice of Audit Exemption

### For-Profit Child Care and For-Profit Adult Day Care (Title XIX) Child and Adult Care Food Program Institutions

**Instructions: Please complete this form and return it to the State Department of Education, Child Nutrition Unit, 25 Industrial Park Road, Middletown, CT 06457, ATTENTION: Susan Boyle no later than February 1, 2016.**

Child and Adult Care Food Program (CACFP) Agreement # \_\_\_\_\_

Name of Institution \_\_\_\_\_

Institution Fiscal Year (check the fiscal operating cycle covered by this report):

- July 1, 2014 – June 30, 2015
- October 1, 2014 – September 30, 2015
- January 1, 2015– December 31, 2015
- Other (indicate): \_\_\_\_\_ through \_\_\_\_\_

Total Amount of Federal Awards expended during the fiscal operating cycle covered by this report (*approximate amount from **all** federal sources*): \$ \_\_\_\_\_

Audit Exemption (*check one*):

- This CACFP institution** has expended total federal awards of more than \$100,000 but less than \$500,000 for the fiscal year indicated above, and therefore, **is not required to have an annual organization-wide audit** performed in accordance with the provisions of OMB Circular A-133, **but will submit a copy of the entity's audited financial statements to the Child Nutrition Unit upon completion.**
- This CACFP institution** has expended total federal awards of less than \$100,000 for the fiscal year indicated above, and therefore, **is not required to submit either an annual organization-wide audit or audited financial statements to the Child Nutrition Unit.**

Signature: \_\_\_\_\_  
*Authorized Representative (Signature # 1 ED-099)*

Date: \_\_\_\_\_

**Note:** For-profit CACFP institutions that expend \$500,000 or more of federal awards in a year are required to have an annual organization-wide audit performed in accordance with the provisions of OMB Circular A-133 and the applicable Compliance Supplement to be used in conjunction with that audit.

Rev. 12/15