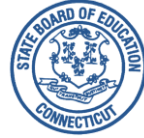
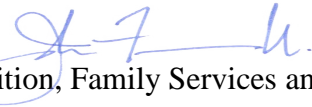




STATE OF CONNECTICUT  
DEPARTMENT OF EDUCATION



**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 28, 2016

**SUBJECT: Operational Memorandum No. 1P-17**  
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.

On December 26, 2013, the Federal Office of Management and Budget (OMB) released its Final Rule of [Uniform Grant Guidance](#) in an effort to deliver on the promise of a more efficient, effective and transparent government. Formally titled 2 CFR Chapter I, Chapter II, Part 200, et al. *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, this document is also referred to as the “OMB Super Circular.” It supersedes and streamlines requirements from OMB Circulars A-21, A-87, A-110, and A-122 (which have been placed in various OMB guidance); Circulars A-89, A-102, and A-133; and the guidance in Circular A-50 on Single Audit Act follow-up.

For fiscal years beginning on or after December 26, 2014, the Uniform Grant Guidance contains the set of cost principles and audit requirements that apply to grants and subgrants awarded to nonfederal entities. To maintain continuity between non-profit and for-profit institutions, the CSDE is using the following Uniform Grant Guidance to establish the audit policies for for-profit institutions:

**2 CFR Part 200 Subpart E** – *Cost Principles* supersedes 2 CFR Part 225, “Cost Principles for State, Local and Indian Tribal Governments” (OMB Circular A-87).

**2 CFR Part 200 Subpart F** – *Audit Requirements* supersedes OMB Circular A-133. The standards set forth in this part applies to audits of fiscal years beginning on or after December 26, 2014. One of the major changes included in this part is that the audit threshold was increased to \$750,000 in federal award expenditures. In addition, changes were made to the major program determination process and auditees are now required to include the amount of federal funds provided to subrecipients in the Schedule of Expenditures of Federal Awards.

**2 CFR Part 200, Appendix XI (June 2016)** – *Compliance Supplement*. 2 CFR Part 200 Subpart F describes the non-Federal entity’s responsibilities for managing Federal assistance programs (2 CFR §200.508) and the auditor’s responsibility with respect to the scope of audit

(2 CFR §200.514). Auditors are required to follow the provisions of 2 CFR Part 200 Subpart F and the Compliance Supplement in 2 CFR Part 200, Appendix XI (revised June 2016) to be used in conjunction with that audit.

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 \$750,000 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 the Uniform Grant Guidance, 2 CFR Part 200 Subpart F and the applicable Compliance Supplement in 2 CFR Part 200, Appendix XI (revised June 2016) to be used in conjunction with that audit.
- **For-profit institutions that expend total federal awards of more than \$100,000 but less than \$750,000 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.
- 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 \$750,000 in a year in total federal awards) **or audited financial statements** (for institutions that expend between \$100,000 and \$750,000 in a year in total federal awards) **must be submitted to the CSDE's Child Nutrition Unit within six months from the end of the institution's fiscal year.**

**Please note that effective January 23, 2017, the CSDE’s Child Nutrition Unit will be relocated to Hartford.** The new mailing address is:

Connecticut State Department of Education  
Child Nutrition Programs  
Bureau of Health, Nutrition, Family Services and Adult Education  
450 Columbus Boulevard, Suite 504  
Hartford, CT 06103

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.

Questions may be directed to the CACFP consultants below.

CACFP ASSIGNMENTS	CONSULTANT	E-MAIL AND PHONE
Child and adult day care centers	Susan Boyle	<a href="mailto:susan.boyle@ct.gov">susan.boyle@ct.gov</a> 860-807-2074
Child and adult day care centers	Benedict Onye	<a href="mailto:benedict.onye@ct.gov">benedict.onye@ct.gov</a> 860-807-2080
Child and adult day care centers Family day care homes	Celia Cordero	<a href="mailto:celia.cordero@ct.gov">celia.cordero@ct.gov</a> 860-807-2076

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 Susan Boyle no later than February 1, 2017. All forms and related audit reports may be scanned and emailed to [susan.boyle@ct.gov](mailto:susan.boyle@ct.gov).**

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, 2015 – June 30, 2016
- October 1, 2015 – September 30, 2016
- January 1, 2016 – December 31, 2016
- 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 \$750,000 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 Uniform Grant Guidance, 2 CFR Part 200 and the applicable Compliance Supplement in 2 CFR Part 200, Appendix XI (revised June 2016) to be used in conjunction with that audit, **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 \$750,000 or more of federal awards in a year are required to have an annual organization-wide audit performed in accordance with the provisions of Uniform Grant Guidance, 2 CFR Part 200 and the applicable Compliance Supplement in 2 CFR Part 200, Appendix XI (revised June 2016) to be used in conjunction with that audit.