



Memo Code: CACFP 05-2006

**United States  
Department of  
Agriculture**

January 24, 2006

Food and  
Nutrition  
Service

**SUBJECT:** Guidance on Reallocation of Fiscal Year (FY) 2005 Child and Adult Care Food Program (CACFP) Audit Funds

**TO:** Regional Directors  
Special Nutrition Programs  
All Regions

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This memorandum and attachments provide the information needed to conduct the reallocation of FY 2005 CACFP audit funds. Reallocation is the process by which State agencies (SAs) can request additional CACFP audit funds above their initially authorized funding level. We anticipate that the amount of CACFP audit funds that will be available for this reallocation will be limited; therefore, SAs that request funds should focus their needs for resources on audit activities that are critical to CACFP. We won't know the amount of audit funds available for reallocation until final closeout is completed in late April 2006. Furthermore, the availability of CACFP audit funds for reallocation in future years cannot be guaranteed.

The following are the key requirements related to the reallocation of CACFP audit funds.

- Requests must be for allowable uses of CACFP audit funds, including those described in the attached memoranda dated February 22, 1999, and July 1, 1994.
- Requests must include a justification for funds that describes what activity will be performed and why the activity is needed.
- Since funding is not guaranteed for future years, priority will be given to those reallocation requests that focus on one-time only projects that are critical to CACFP audit activities.
- Activities funded with CACFP reallocated audit funds must be completed by September 30, 2007. The reallocated funds must be obligated by September 30, 2007, and expended by December 15, 2007.

- The amount of State Administrative Expense (SAE) funds that an SA anticipates carrying over into FY 2007, as indicated on the SAE Funds Reallocation Report (FNS-525), will be a factor in approval of reallocated audit funds. An SA that does not anticipate having SAE carryover funds will have higher priority to receive reallocated audit funds.
- Effective use of the reallocated FY 2005 audit funds received by an SA in FY 2006 will be considered if funds become available for reallocation in future years.
- SAs that receive reallocated CACFP audit funds must report on the use of funds on the Financial Status Report Short Form (SF-269A). SAs must send a SF-269A report to the Financial Management Director in the Regional Office, no later than 90 days after the end of each fiscal year.

The following are the roles and responsibilities of the Regional Offices (ROs) and Headquarters.

### **Regional Offices**

- Prepare and provide the reallocation materials to all SAs which administer the CACFP.
- Review the SA's justification for funds which includes a description of what activity will be performed and why the activity is needed.
- Recommend for approval only requests which meet the above guidelines.
- Rank each SA's request recommended for approval from high to low priority based on the RO's perceived needs of SAs and discussions with each SA. A discussion of the reasons for each ranking should be included along with the RO's recommendation.

### **Headquarters**

- Review all reallocation requests recommended for approval.
- Make final funding determinations based on the availability of funds and the merits of the individual requests.
- Prioritize the requests based on RO recommendations if the requests exceed the amount of funds available.

- Notify RO program and financial management directors of the results of the reallocation.
- Issue allowances to ROs with reallocation adjustments.

**By April 1, 2006**, please submit all reallocation requests recommended for approval by the RO, with supporting justifications, and a ranking of each SA's request, high priority to low priority. Requests must be submitted by April 1 to allow time for requests to be reviewed and prioritized so that as soon as closeout information becomes available we can fund the requests in mid-May. Due to the time limitations for reallocating CACFP audit funds, if requests are not received by this date, they may not be considered.

If your staff has any questions, please have them contact Joan Tressler at 703-305-2322.

**Original Signed**

STANLEY C. GARNETT  
Director  
Child Nutrition Division

Attachments