KANSAS STATE DEPT OF EDUCATION, FISCAL AUDIT SECTION
CHILD AND ADULT CARE FOOD PROGRAM AUDIT GUIDE

Child Care and Adult Day Care Center Sponsors

This guide is designed to assist Kansas Department of Education auditors in completing audits of child care centers and adult day care centers participating in the Child and Adult Care Food Program (CACFP). No single audit guide can meet all possible circumstances and specific audit procedures cannot be prescribed to cover every situation that may occur. Therefore, in order to meet the audit objectives established in this guide, the auditor is expected to take audit steps beyond those prescribed to provide sufficient evidence to support the reporting requirements.

ENTRANCE AND EXIT CONFERENCES

The auditor will conduct an entrance conference with the Authorized Representative explaining the scope of the audit. At this time, learn with whom he/she is to work during the audit, discuss questions pertaining to the organization and request the necessary documentation for audit examination.

After the audit examination, the auditor will conduct an exit conference to discuss any findings, questioned costs, recommendations, and other concerns of the audit with the Authorized Representative of the organization. The auditor should avoid projecting the total financial adjustment since it is difficult to project the overall amount. Concurrence with the findings or non-concurrence will be reported in the final report submitted to KSDE by the auditor. If necessary, the auditor shall request a Corrective Action Plan (CAP). Send the CAP to the Sponsor via email and emphasize the importance of returning the CAP by the due date to Child Nutrition & Wellness via email to jladd@ksde.org and csjohnson@ksde.org. Auditor Note: As soon as the CAP is written, send via email to Jill Ladd, CNW Assistant Director, Cheryl Johnson, CNW Director and Laurel Murdie, Fiscal Auditing Director.

AUDIT PROCEDURES
"YES" answers are expected in the review. A "NO" response **MUST** include an explanation of the exception.

A. KDHE license for child care is posted and available for review

The state license shows the legal capacity of the child care center and must be available for all periods covered by the audit. Contact KSDE, CNW in order to determine license capacity during the audit period.

A closed center is required to return the license to KDHE and will not have the original posted or in a file.

B. The center claimed meals within the license capacity requirements

The license will show the center organization including number of rooms, ages allowed and number of children allowed. **If meals are claimed in excess of total license capacity, ask why**. They may have preschool students leaving and after school students coming in. If this is the case, then the auditor must verify that at any time the total license capacity was not exceeded. If at any time

the total license capacity was exceeded and the center feeds more children than allowed by the license, the meals exceeding the legal limit shall be disallowed.

C. The numbers of meals claimed for reimbursements are supported by accurate enrollment and meal count records

Each month's reimbursement claim should be checked for accuracy.

Centers shall maintain a daily record of the number of meals served by type to enrolled children/participants. A roster meal attendance form must be used and a facility cannot use "head count" forms. Note: Check for errors made in consolidation of Infant Meal totals from their menu forms to the claim meal counts.

At-Risk Sponsors maintain a record of attendance and meal counts but not required to maintain a "roster meal attendance" unless they are a Child Care Center that in fact has school age children participate in "At-Risk." Reminders:
- A roster is needed to determine those children that participate in breakfast claimed as a part of the Child Care Center claim.
- For-profit Centers mst quality first to be able to claim meals. Children that participate only in At-Risk cannot count towards the Child Care Center qualification.

Enrolled children:
- For auditing purposes, a child is considered enrolled if an Enrollment/Income Eligibility Form (E/IEF) is completed (it does not have to be determined/approved) or a CACFP Enrollment form is completed.
- All children who are claimed for CACFP meals (except At-Risk Afterschool Meals (At-Risk), Outside School Hours Care (OSHC), Adult Centers and Emergency Programs) must have an enrollment form on file.

Meals and snacks will not be claimed
- in excess of total license capacity.
- for children who do not have current enrollment information on file (except for At-Risk, OSHC, Adult, and Emergency).
- in excess of two meals and one snack **OR** two snacks and one meal per child/participant per day, **except** emergency shelters where up to 3 meals are allowed. At-Risk can only claim 1 meal and 1 snack.
- that have not been approved on the Site Application.

Changes made to any meal count should be documented on the **CACFP Meal Count Exception** worksheet which is part of the write-up program. This report should list only those months in which a change is required. The worksheet should show:
- Month & Year
- Claimed and Audited count for:
  - Breakfast   o PM Snacks o Lunch   o Evening Snacks
  - Supper   o At-Risk Afterschool Meals   o AM Snacks
- Reason for Adjustment

Record the total number of changes by meal type.

D. Enrollment & Income Eligibility Forms (E/IEF) were available and correctly determined

Verify the approved status (free, reduced, paid).

Income Eligibility Guidelines for the current and 3 previous fiscal years are made available in the Auditor's Quick Reference Guide.

Eligibility forms should be considered current & valid from the 1st day of the month of the effective signature to the last day of the month one year later. Example: if the signature on the form is July 11, the effective date of the application is July 1 through July 30 the following year. (If the form is used for enrollment only, no determination has to be made.) Sponsors also have the option to select the date the parent signs the application as the effective date. Sponsors select the option on the Sponsor Application (Q #41) in KN-CLAIM.

Exceptions: If the sponsor selects the parent date as the effective date of eligibility, the determining official MUST make the determination and sign the application in the same or following month as the parent signs. ALL applications must be determined to be valid.

Examples:
- Parent signs July 15 and determining official determines on August 30 – the effective date is July 1.
- Parent signs July 20 and determining official determines on September 15 – the effective date must be September 1 because the determining official did not make the determination in the month of or month following the parent signature.
- Parent signs July 15 and the determining official does not sign and date the application – the application is not valid until the determining official signs and dates the application. For example, the parent signs July 10 and the determining official makes the determination on September 3, the effective date is September 1.

Data that must be completed by parents or guardians (or adult participant):
- Names of all children/participant for whom application is made.
- Names of all other household members.
- When providing income information, the last four (4) digits of the Social Security Number (SSN) of the person signing the application is required, or the box checked stating that the person does not possess a social security number. o If the SSN is missing, give the center an opportunity to get the number during the audit. If the last 4 digits of the SSN are not available or the box checked stating the person does not possess a SSN has not been checked, then the form is not valid and cannot be used to classify the child/participant as free or reduced price.
- Total current household income (if qualifying by income).
- Signature of adult member of household (or adult participant) and date.

All income forms (child care or adult care) with missing or incomplete data are not valid to substantiate the determination of children/participants as eligible for the free or reduced price category.

Child Care Center (CCC) FA, TAF, or FDPIR Qualification. Child Care Centers must have parents or guardians complete the following information: • Names of children participating in the CACFP
- Food Assistance Program (8 digits beginning with 0, 1 or 2), TAF, or FDPIR case number - effective October 1, 2017.
- Signature of the adult member of the household and date.

CCC Foster Children Qualification. Data for child care centers required to be completed by the parent or guardian and includes:

- Names of children participating in the CACFP
- Foster child • Signature of the adult member of the household and date.

Adult Day Care (ADC) Qualification. Data for adult day care centers required to be completed includes:
- Name of adult participating in the CACFP
- Medicaid, SSI, Food Assistance Program/TAF, or FDPIR case number
- Signature of the adult participant/guardian and date.

E. Enrollment information on the E/IEF was complete

The following items must be completed by parents/guardians on the enrollment form:
- **Participant's name***
- Date of birth*
- Normal arrival and departure times
- Normal days of care
- Normal meal types
- Racial and ethnic information* (If the parent does not complete then the center must make the determination to the best of their ability.)
- **Parent/Guardian Signature & Date***
- **Form not over 12 months old***

 * Adult Requirements
 Bold = Disallow Meals if not Complete

If the parent/guardian failed to sign and date the form or the form is over 12 months old, meals must be disallowed. If other required items from the list above are missing, meals do not need to be disallowed but a CAP must be issued. If the issue is still present at the next review or audit, meals would then need to be disallowed

Note: Outside School Hours Centers collect income forms (may be the E/IEF) but are not required to collect enrollment information.

F. The center does not use the E/IEF and has current and complete CACFP enrollment forms available (This section may be "N/A" for many sponsors.)

 The enrollment form must have the following items completed:
- Child's name
- Date of birth
- Normal arrival and departure times
- Normal days of care • Normal meal types.
- Racial and ethnic information should be completed by the household, but missing racial/ethnicity is a corrective action, not a disallowance of meals.

The parent/guardian signed and dated the form.

The form is not over 12 months old.

If the parent/guardian failed to sign and date the form or the form is over 12 months old, meals must be disallowed. If other required items from the list above are missing, meals do not need to

be disallowed but a CAP must be issued. If the issue is still present at the next review or audit, meals would then need to be disallowed.

G. A list for Income Eligibility Categories (or Head Start Automatic list) was available and complete

A list of children/participants must be on file for October and any time that new numbers of free, reduced price and paid numbers are claimed.

For Head Start programs, a list of children must be on file for October and any time that new income category numbers are reported. The form is signed by a Head Start official. Children participating in Head Start do NOT need an IEF on file as they are automatically eligible for free meals if on the Head Start List. If the Head Start list is not available or is not signed, call the CNW Director. An enrollment form is still required for Head Start children.

To be eligible for inclusion on the Income Eligibility Category list and to be claimed for reimbursement, each child must be enrolled and meet one of the following criteria:
- A child 12 years of age and under
- A child of migrant workers 15 years of age and under
- A child or individual with a disability, age 18 or under, enrolled in an institution or child care facility serving a majority of persons 18 years of age and under
- A child 18 years of age and under participating in At Risk Afterschool Meals.
- A child 18 years of age and under participating at an Emergency or Homeless Shelter

Count all enrolled children/participants who received a CACFP meal service during the month.

The October claiming percentages are valid for 12 months or until changed. If the center changes its claiming percentage other than the October percentages, the auditor shall verify the new claiming percentages.

Changes made to any Income Eligibility Category list SHALL be documented on the CACFP Income Eligibility Exception worksheet. Auditors reconstructing an Income Eligibility Category List MUST document by name of child/participant or have a list of eligible children/participants so that a lump sum adjustment can be made. If using a list, a copy of the center's list MUST be submitted with the audit. When Income Eligibility Summaries are not available – a corrective action plan must be given.

H. The numbers for IEC were reported accurately

The numbers for free, reduced price, and paid matched the IEC list for October or any time enrollment changes by 15% or more and for any month that IEC numbers were audited.

I. Center meets monthly for-profit requirements (DCF/Title XX, F/RP, Medicaid)
Nonprofit Centers
Nonprofit childcare centers and preschools must be exempt from federal income tax and have an IRS letter documenting tax-exempt status.

For-profit Centers
For-profit child care centers are eligible to participate in the CACFP and receive reimbursement if 25% or more of its enrolled participants or 25% of the license capacity (whichever is less) are

Social Services Block Grant (SSBG) beneficiaries, i.e. center receives child care payments from SRS/DCF. If there is a capacity overlap on the license, the overlap will be excluded when calculating the 25% of license capacity.

- For-profit child care centers may use either the method described above **OR** they may participate if 25% of their participants or 25% of license capacity (whichever is less) are eligible for free or reduced price meals. If there is a capacity overlap on the license, the overlap will be excluded when calculating the 25% of license capacity.
- For-profit adult day care centers are eligible to participate in the CACFP and receive reimbursement if 25% of its enrolled participants or 25% of the license capacity (whichever is less) are Medicaid beneficiaries, i.e. center receives payment from Medicaid.
- The enrollment portion of the 25% eligibility determination will be computed each month as follows: o Total enrollment for each month must be taken on the last day of the month. o A child who attends but does not have a meal service provided by the center

  (example, an infant whose parent provides food) counts in the total enrollment.
- To document the 25%, a list of children/participants must be compiled each month. The list is submitted each month either electronically via KN-CLAIM to the State agency.

- To audit the center's monthly lists:
  - o **SSBG beneficiaries/DCF Child Care Subsidies.** Use DCF payment records, usually electronic receipts similar to credit card receipts, to confirm DCF participation. DCF has subcontracted with other agencies. o **F/RP.** Use current Enrollment and Income Eligibility Forms to ensure that each child that is listed qualifies for free or reduced price.
  - o **Medicaid.** Use Medicaid payment records to confirm Medicaid participation. (Adult Centers Only)

J. At Risk Afterschool Meals are adequately documented and claimed (Not applicable to adult day care.)

At Risk Afterschool Meals record keeping requirements are described in the CACFP Administrative Handbook, Child Care Centers, Chapter 13.
- A child may be claimed for up to one snack and one meal per day, typically pm snack and/or supper.
- At Risk Afterschool Meals is available from the first day to the last day of the school year or on weekends and school breaks during the school year.
- Children only attending At Risk Afterschool Meals are not required to have an enrollment or income form.
- Daily Attendance and Meal Count records are required.

If a child is in care for a third meal service (or breakfast before school on school days) the child can be claimed for the traditional center meal with a valid enrollment form.

K. A ledger for nonprofit food service fund documents CACFP reimbursement and CACFP expenditures

Use of funds
CACFP reimbursement must be used to operate a nonprofit food service principally for the benefit of enrolled children/participants and only for the operation or improvement of such food service.

The auditor shall determine that federal funds were:

- used primarily for the benefit of enrolled children/participants in the operation or improvement of the CACFP.
- not used to purchase land or buildings or to construct buildings.
- not used for partisan political activity of any person or organization involved in the administration of federally assisted programs.
- separately accounted by the institution as CACFP revenues and expenditures. (CACFP revenue is deposited in the CACFP fund).

L. Receipts/bills/etc. are on file to document the food service fund

For the months audited, ledger entries should be compared to the receipts for food and **allowable** food service related items:
- Food and nonfood items (such as paper plates) are allowable costs.
- The cook's salary and/or the Director working on CACFP related tasks can be paid by the CACFP reimbursement if a CACFP Time and Task log is completed to document.

Non-allowable items:
- Items for classrooms (paint and supplies), for the teachers, or non-creditable food items (pop, candy, etc.).

M. The audited entity is in compliance with CACFP policies and guidelines as prescribed in the CACFP Administrative Handbook

All the items covered in the CACFP Administrative Handbook.
DETAILS OF CACFP EXCEPTIONS NOTED BY ITEM # FROM LIST ON PAGE 1

Any item on page 1 of the write-up program that has a NO answer MUST be listed in this section with detailed explanation of the exception.

STATUS OF CORRECTIVE ACTION RECOMMENDED IN PRIOR AUDIT OR REVIEW

Review the previous audit and the CNW review (available in KN-CLAIM) to determine if prior corrective actions are in place. If the sponsor has a Deferred Serious Deficiency status, it will be noted on the Serious Deficiency Tracking Log provided by CNW. Questions regarding if the Serious Deficiency CAP is being premanently and continuously implemented can be directed to the Director or Assistant Directors of CNW.

Evaluation of Internal Controls
Determine how much reliance can be placed on the audited entity's internal controls to ensure accurate financial and program data, and to ensure compliance with applicable laws and regulations. Evaluate the institution's internal control system to determine that:
- The system provides for actual count of meal service by type (breakfast, lunch, supper, am snack, pm snack and evening snack).
- The system provides for documentation of the data submitted on the Income Eligibility Categories used to compute the claiming percentage (enrolled, free, reduced and paid children/participants).
- The evaluation of internal controls should be documented in the audit work papers including tests made to assure compliance (e.g. If the auditor's sample of meal counts revealed errors, and the auditor's sample of Income Eligibility Categories information revealed a number of errors, the auditor would conclude that internal controls were inadequate in those areas.)

- The documentation should include the auditor's conclusion on how much reliance may be placed on records and reports generated by the center's system.

Audit Procedures

Determine that the internal control system:
- Segregates and documents income and expenditures for compliance with regulations and directives.
- Provides for the actual count of meal service by type (breakfast, lunch, supper, am snack, pm snack, and evening snack).
- Provides for documentation of the data submitted on the claim and used to compute the "claiming percentage," (enrolled, free, reduced, and paid children/participants).
- Provides for documentation of enrollment.

CORRECTIVE ACTION PLANS

Corrective Action Plans (CAPs) are required for any **systematic** problems. A CAP should state what the problem is and how the entity plans to correct the problem. A "systematic" problem is a weakness in the way something is done at the entity. A miscount in the number of meals in one month is not a systematic problem; however, a miscount in many months does show a weakness.

Explain the process of completing the CAP to the sponsor. Emphasize the CAP is to be completed by the due date and the action is to be permanently continued. Subsequent reviews with the same requirement for correction may result in being declared seriously deficient.

When issuing a CAP, a copy of the CAP should be left with or emailed to the Sponsor and also sent to the CNW Assistant Director, CNW Director and Director of Fiscal Auditing. CNW will ensure that the CAP is completed, returned to KSDE, and approvable. Sponsors who fail to return an approvable CAP may be declared seriously deficient.

AUDITOR'S RECOMMENDATIONS

The auditor may make recommendations for center improvements. Recommendations should be documented in the audit report for follow-up by consultant.

Addendum A
Kansas Statutes and Regulations for Licensing
Preschools and Child Care Centers

Definition (K.A.R. 28-4-420)

(o) "License capacity" means the maximum number of children that is allowed to attend at any one time.

Terms of License (K.A.R. 28-4-421)

(a) License capacity shall be specified on the license.
 (1) License capacity shall be determined by age of children, available space, program director qualifications, and number of self-contained units per facility.
 (2) Permission for a change of license capacity, age of children to be enrolled or number of units shall be requested on forms prescribed by the Kansas Department of Health and Environment. No change shall be made unless permission is granted in writing by Kansas Department of Health and Environment. If granted, permission shall be posted.

(3) Permission for an overlap period of attendance to accommodate lunch time and shift changes shall be requested from the Kansas Department of Health and Environment, and if granted, shall be posted.

(4) Children enrolled on an irregular basis shall not cause the center or preschool to exceed its license capacity.

(5) Each license shall be valid only for the licensee and the address appearing on the license.

(b) A copy of "regulations for licensing child care centers and preschools," provided by the Kansas Department of health and environment shall be kept on the premises at all times.

(Authorized by K.S.A. 65-508; implementing K.S.A. 1983 Supp. 65-504 and K.S.A. 65-508; effective May 1, 1983; amended Mary 1, 1984.)

Programs for school-age children (K.A.R. 28-4-441)

(b) (2) Each unit for school-age children shall be separate from units for younger children, except for periods not to exceed two hours before and after school. Staff/child rations and unit size shall conform to the provisions of K.A.R. 28-4-428 and shall be based on the age of the youngest child in the group.

Staff requirements (K.A.R. 28-4-428)

(a) Minimum staff/child ratio.
(1) The ratio between staff and children shall be determined by the age of children and type of service provided.
(2) The minimum staff-child ratio and the maximum number of children per unit shall be the following at all times:

Age of Children	Minimum Staff/Child Ratio	Maximum Number Of children per unit
Infants (2 weeks to 12 months)	1 to 3	9
Infants to 6 years	1 to 4 (max.2 infants)	8 (max. 4 infants)
Toddlers (12 mos. to 2 ½ years if walking alone)	1 to 5	10
2 years to 3	1 to 7	14
2 ½ years to school age	1 to 10	20
3 years to school age	1 to 12	24
Kindergarten enrollees	1 to 14	28
School age	1 to 16	32

(3) No child shall be left unsupervised.

(b) Substitute staff. Each preschool and each child care center shall have two additional adults who are available to work in case of illness or emergency. These adults' names and phone numbers shall be posted and these individuals' health certificates shall be on file at the preschool or child care center.

(c) Volunteers. Each volunteer shall be at least 14 years of age. Any volunteer may be counted in the staff/child ratio if the individual is at least 16 years of age, completes the education and training requirements for a volunteer specified in K.A.R. 28-4-428a, and is supervised at all times by a staff member who is not a volunteer.

(d) Program director.

(1) Each preschool and each child care center shall have a program director who is employed full time.

(2) Each <mark>preschool and each</mark> <mark>child care center</mark> licensed for more than 60 children shall employ a program director who has no other assigned responsibilities.

Sponsor of Family Day Care Homes

This guide is designed to assist Kansas Department of Education auditors in completing audits of sponsors of family day care homes participating in the Child and Adult Care Food Program. Since no single audit guide can meet all possible circumstances, specific audit procedures cannot be prescribed to cover every situation that may occur. Therefore, in order to meet the audit objectives established in this guide, the auditor is expected to take audit steps beyond those prescribed to provide sufficient evidence to support the reporting requirements.

ENTRANCE AND EXIT CONFERENCES

The auditor will conduct an entrance conference with the Authorized Representative explaining the scope of the audit. At this time, the auditor will learn with whom he/she is to work during the audit, discuss questions pertaining to the organization and request the necessary documentation for audit examination.

At termination of the audit examination, the auditor will discuss any findings, questioned costs, recommendations, and other concerns of the audit with the authorized representative of the organization. Concurrence with the findings or non-concurrence will be reported in the final report submitted to KSDE by the auditor. If necessary, the auditor shall request a Corrective Action Plan.

AUDIT PROCEDURES

Verify 2 entire months for every year of the audit period. If the sponsor received a program audit during the audit period, do not select the same month that was selected during the administrative review.
- Review documentation of 10% of providers if the sponsor has less than 100 providers and 5% of providers if the sponsor has more than 100 providers reported for those months on the claim for reimbursement.
- Review the administrative costs reported for those months on the claim for reimbursement.

"YES" answers are expected in the review. A "NO" response **MUST** include an explanation of the exception.

ADMINISTRATIVE VERIFICATION

A. Documentation of provider reimbursement being distributed supports the claim for reimbursement

The sponsor must distribute reimbursement payments to each provider within 5 business days after the sponsor has received payment from KSDE.

Each sponsor will mail or release checks to all providers on the same day of the 5-day disbursement period unless the sponsor has reason to suspect provider fraud.

Verify that reimbursement payments were distributed to each provider for the month audited and that each provider check was correctly calculated and disbursed within 5 days of the sponsoring organization receiving the monies from KSDE.

B. <u>Organized filing system kept and records available on premises</u>

October 1 through September 30 is the program year. An organized filing system that permits rapid access to required records should be established. Records are the property of the sponsoring agency and should be kept where they can be retrieved and are secure from damage or loss. All records must be kept for four years or until any consultant review or audit findings are resolved.

PROVIDER FILE VERIFICATION

C. <u>Provider Agreements were on file</u>

Each provider must have a signed agreement on file.

D. <u>Tier Notification Forms were on file</u>

Notification is to be completed immediately upon determination or re-determination and on file as soon as it is signed by both parties.

NOTE TO AUDITOR: Tier Classification Chart is available www.kn-eat.org, CACFP, Guidance, Administrative Handbook, Related Forms, Tier Classification Chart

A home is classified as Tier 2 until determined to be Tier 1. A home can be determined to be Tier 1 either by location of home in an eligible area ("area eligibility") or by the provider's income. Income Eligibility (IE) forms are used to determine a **provider** as Tier 1 or for **children** to determine a provider as Tier 2 Mixed or Tier 2 Higher.

1. Tier 1
   a. **Area Eligible** – School or Census (now encouraging census because of ease of access: http://www.fns.usda.gov/areaeligibility
   - **School** – The sponsor obtains school boundary information and identifies the home as being within the boundary served by a school that is 50% or more eligible for F/RP meals. The eligible schools are listed on KSDE Data Central.
   - **Census** –The sponsor uses a geo map to confirm the census tract data to document that a home is located within the eligible area using the USDA or FRAC mapping information.
   - **Census averaging** – With KSDE approval, a provider located in a non-eligible census area that is 40% or more F/R eligibility may be approved through census averaging. Up to three adjacent Census Block Groups (CBGs) may be combined to determine eligibility. If combining the adjacent CBGs results in a weighted average of 50% or more F/R eligibility, the CBG can be considered eligible.

   b. **Provider Income Eligible** –Income or Categorical
   - **Income eligible -** An Income Eligible (IE) form must be accurately completed and accompanied with verification documentation for all sources of income.
   - **Categorically eligible -** A provider may qualify for Tier 1 by participation in Food Assistance Program, temporary assistance to families (TAF) or FDPIR and providing documentation of participation.

2. Tier 2

Note: The provider's children are **not** eligible for reimbursement in any Tier 2 home.

- **Tier 2 Low** – None of the children in care are eligible for Tier 1 rates so the provider will receive the low rate (Tier 2) reimbursement for all children, except her own children who are not eligible.
- **Tier 2 High** – All of the children participating during the month are eligible for Tier 1 rates so the provider will receive the high rate (Tier 1) reimbursement for all children, except her own children who are not eligible.
- **Tier 2 Mixed** – Some of the children participating during the month are eligible for Tier 1 rate and remainder of the children are not eligible so the provider will receive high (Tier 1) rate for some and the low rate (Tier 2) for other children, and her own children are not eligible for reimbursement.

For children in care to qualify for the high rate, families must (1) complete the Family IE form and submit to the sponsor, or (2) have an SRS/DCF Notice of Eligibility, and submit an SRS/DCF eligibility letter for each child to the sponsor. This letter is valid only for the months (effective dates reverts to first day of month and expiration date to last day of month) listed on the letter. Completing the IE form is similar to centers and does not require verification.

E. Home site visit forms were on file

Auditor will verify:
- That home site visits were conducted at least 3 times during the program year (October – September), unless the provider participated less than 10 months during the year then the number can be pro-rated to less;
- The home visits have no more than 6 months elapsed between site visits; and
- At least two home visits must be unannounced; one of the unannounced visits must include meal observation.
- New providers must have an initial visit prior to starting on CACFP and a second visit within the first four weeks of beginning participation.

F. Copy of KDHE license was on file

A provider must be licensed by Kansas Department of Health and Environment (KDHE) to participate in CACFP (except homes located on federal property).

A copy of the License or Temporary License issued by KDHE must be on file.

G. Child enrollment forms were on file for each child claimed for reimbursement

The enrollment form must include, but is not be limited to, child's name, date of birth, normal arrival/departure times, normal days of care, normal types of meals, date of enrollment, parent/guardian name, address and phone number, and signature of parent/guardian. To verify age limitations, child enrollment forms should be utilized.

Auditor will verify that each child participating in the CACFP has a current enrollment form (must be updated annually). If enrollment forms are not available, children cannot be claimed for meal reimbursement and the meal count should be adjusted.

If forms are not signed, dated or are more than 12 months old, meals must be disallowed. If other required items from the list above are missing, a CAP must be issued.

H. <u>Income Eligibility Forms were correct, properly categorized and on file</u>

Also known as the free and reduced applications, these forms should be available for review, as completed by parents or guardians (family) or provider for provider's own children.

Income Qualification:
- Names of all children for whom application is made.
- Names of all other household members.
- The last four (4) digits of the Social Security Number of the person signing the application or a note that the person does not possess a Social Security Number. If the missing information (SSN) is not available then the form is not valid and must not be used.
- Total current household income (if qualifying by income)
- Signature of adult member of household
- Date

Income forms, which **do not** contain the data as mentioned above, are considered incomplete and insufficient to substantiate the determination of children as eligible for Tier 1.

FA, TAF, or FDPIR qualification. Data required to be completed by parents or guardians includes:
- Names of children participating in the CACFP
- Food Assistance Program, TAF, or FDPIR case number
- Signature of the adult member of the household
- Date

Foster Child/ren Qualification. Data required to be completed by the parent or guardian and includes:
- Names of children participating in the CACFP
- Foster Child
- Signature of the adult member of the household
- Date

Income Eligibility Guidelines for the current and 2 previous fiscal years can be found in the Auditor's Quick Reference Guide. "Eligible" is reduced price (185% of federal poverty guidelines) and under.

Application effective dates
Applications are considered current & valid from the 1st day of the month of the effective signature to the last day of the month one year later. Example: If the signature on the form is July 1, the effective date of the application is July 1 through July 30 the following year.
- To date the effective signature is the determining official's signature and date. Beginning with the FY 2016 management plan, the sponsor will indicate the choice to use the signature date of the determining official or the parent as the effective date.

CLAIM VERIFICATION

I. <u>Expenses claimed for administrative costs were documented and comply with regulations</u>

Since sponsors of homes earn administrative funds it is extremely important for all expenditures to be adequately documented and all costs be allowable.

Allowable costs for the home administrative funds are detailed in FNS 796-2 Rev. 4. Several types of costs must receive specific prior written approval from Child Nutrition & Wellness.

Receipts, invoices, and other similar documentation for at least two entire months should be audited for the administrative fund. Review the wage/salary form in KN-CLAIM and compare to the employee pay checks and records to determine if Sponsors are paying what was approved.

J. The number of participating homes on the monthly claim for reimbursement were accurately reported

In KN-CLAIM, provider-level claiming should ensure that each provider who is claimed is approved.

K. Meal counts and menu forms for each participating provider were on file

Meal Counts - The number of meals claimed on the reimbursement form must be supported by written documentation. Reimbursement is limited to no more than two meals and one snack **or** two snacks and one meal per day per child. Meal counts must be recorded on a roster sheet indicating each child served a meal ("roster count").

Menus – All meals claimed for reimbursement must have a menu listed which documents the food served to the children. CACFP consultants will evaluate menus on review.

Auditors should check to assure the sponsor has menus for each meal claimed.

L. The provider claimed meals within the license capacity requirements

Capacity allows a maximum amount of children on the premises at any one time. Children reported over the capacity can be claimed when the arrival and departure times verify a shift of children in care.

For licensed or group licensed homes, 2 capacity exceptions are allowed by KDHE. See below for specific exemptions. KDHE no longer requires an exception statement.

(j)   Additional children on the premises. In addition to the number of children permitted under the terms of the temporary permit or the license and specified in subsections (e) and (f), other children may be permitted on the premises.

    (1)   Not more than two additional children 2 1/2 years of age or older who attend part-day preschool or part-day kindergarten may be present at any time between the hours of 11:00 a.m. and 1:00 p.m. for the noon meal on days that school is in session.

    (2)   Not more than two additional children at least five years of age but under 11 years of age may be present between the hours of 6:00 a.m. and 6:00 p.m. The additional children may be present as follows:

        (A)   During the academic school year before and after school, in-service days, school holidays, scheduled or emergency closures, and school breaks not to exceed two consecutive weeks; and

        (B)   during the two consecutive weeks before the opening of the academic school year in August or September and following the end of the academic school year in May or June.

    (3)   Not more than two additional children 11 years of age or older, unrelated to the applicant with a temporary permit or the licensee, may be present for not more than two hours a day during child care hours if all of the following conditions are met:

        (A)   The additional children are not on the premises for the purpose of receiving child care in the facility.

        (B)   The additional children are visiting the applicant's or the licensee's own child or children.

        (C)   The additional children are supervised by a provider if they have access to the children in care.

Auditor will verify that license capacity was not exceeded for meal service claimed for reimbursement.

M. Children were correctly identified by tier type on the monthly provider claims

When provider reimbursement for Tier 2 Mixed or Tier 2 High is determined by the actual meal count method, children need to be identified by tier type on the monthly provider claims. A "roster count" meal count sheet is to be used when determining reimbursement under this method.

Note to auditor: This statement is not applicable (NA) if the actual meal count method is not used for determining reimbursement.

N. Provider meal counts were correctly totaled and consolidated correctly on the sponsor claim for reimbursement

The sponsoring organization is responsible for accurately totaling and consolidating all provider claims. Individual provider claim data is entered into KN-CLAIM and consolidated for the sponsor claim.

Auditor will verify the accuracy of the claim submitted for reimbursement. Any changes made to any meal count should be documented on the CACFP Meal Count Exception worksheet, which is a part of the write-up program. This report should list only those months in which a change is required, be specific; provider's name, reason for the adjustment, and total number of changes listed by meal type.

O. Audit was discussed with (authorized representative or designee)

After the audit examination, the auditor will discuss any findings, questioned costs, recommendations, and other concerns of the audit with the authorized representative or designee of the organization. Concurrence with the findings or non-concurrence will be reported in the final report submitted to KSDE by the auditor. If necessary, the auditor leaves a Corrective Action Plan (CAP).

DETAILS OF CACFP EXCEPTIONS NOTED BY ITEM LETTER FROM LIST ON PAGE 1

Any item on page 1 of the write-up program that has a "NO" answer MUST be listed in this section with detailed information as to why the auditor marked "NO".

STATUS OF CORRECTIVE ACTION RECOMMENDED IN PRIOR AUDIT OR REVIEW

Included in the audit material, should be a copy of the previous audit. The auditor is to follow-up on any items mentioned for corrective action in the document stating if the item has been corrected.

A copy of the latest consultant's review is available in KN-CLAIM. The auditor is to review it and check to see if the CAP is working to get the desired outcome. Previous reviews could be helpful to identify possible problem areas. Sponsors who have been declared seriously deficient will be listed on the Serious Deficieny Tracking Log provided by CNW and will have a CAP in KN-CLAIM as part of the review that should also be reiviewed to determine that the serious deficiency is being permanently and continually corrected.

Evaluation of Internal Controls
Determine how much reliance can be placed on the audited entity's internal controls to ensure accurate financial and program data, and to ensure compliance with applicable laws and regulations. The auditor will evaluate the institution's internal control system to determine that:

- The system provides for actual count of meal service by type (breakfast, lunch, supper, and snack – am/pm/eve).
- The system provides for documentation of the data submitted by tier type.
- The evaluation of internal controls should be documented in the audit work papers including tests made to assure compliance (e.g. If the auditor's sample of meal counts revealed errors, and the auditor's sample of provider claims information revealed a number of errors, the auditor would conclude that internal control was inadequate in those areas.)
- The documentation should include the auditor's conclusion on how much reliance may be placed on records and reports generated by the sponsor's system.

Audit Procedures
Determine that the internal control system:

- Segregates and documents income and expenditures for compliance with regulations and directives.
- Provides for the actual count of meal service by type (breakfast, lunch, supper, and snack am/pm/eve).

CORRECTIVE ACTION PLANS

Corrective Action Plans (CAPs) are required for any **systematic** problems. A CAP should state what the problem is and how the entity plans to correct the problem. A "systematic" problem is a weakness in the way something is done at the entity. A miscount in the number of meals in one month is not a systematic problem; however, a miscount in many months does show a weakness.

The auditor should explain the process of completing the CAP to the sponsor. Emphasize the CAP is to be completed by the due date and the action is to be permanently continued. Subsequent reviews with the same requirement for correction will result in being declared seriously deficient.

A copy of the CAP must be provided to the Sponsor on-site or emailed. The CAP must also be sent to the CNW Assistant Director, CNW Director and Director of Fiscal Auditing upon issuance. CNW will ensure that the CAP is completed, returned to KSDE, and approvable. Sponsors who fail to return an approvable CAP will be declared seriously deficient.

AUDITOR'S RECOMMENDATIONS

The auditor may make recommendations on how the sponsoring organization can improve.