

Audit Requirement for the Child and Adult Care Food Program

PURPOSE: To inform and clarify sponsors of changes and updates in federal and state audit requirements.

DESCRIPTION: **GENERAL GUIDELINES**

Public Sponsors

The audit requirements for public CACFP sponsors are outlined in 7 CFR Part 3052 and OMB Circular A-133. These requirements state that any organization that expends more than \$500,000 in federal dollars in any year must be audited. The audit requirement is generally met by an organization wide audit, though in certain instances a program specific audit can be substituted. Audits must be annual except for entities that had biennial audits for all biennial periods ending between July 1, 1992 and January 1, 1995.

Private Nonprofit Organizations

The federal audit requirement for Private, Not-for-Profit CACFP sponsors is outlined in 7 CFR Part 3052 and OMB Circular A-133. These requirements state that any organization that expends more than \$500,000 in federal dollars must be audited. The audit requirement is generally met by an organization wide audit, though in certain instances a program specific audit can be substituted. Audits must be annual except for entities that had biennial audits for all biennial periods ending between July 1, 1992 and January 1, 1995. An agency that meets this condition may retain its biennial audit frequency; however, a non-profit agency that previously obtained annual audits or has not documented audit history covering the "window of opportunity" could not adopt a biennial audit cycle.

All Private Not-for-Profit sponsors must also comply with Indiana Code (IC) 5-11-1-9, which outlines audit requirements for nongovernmental entities receiving government funds. All Private Not-for-Profit sponsors must register with the State Board of Accounts by annually filing form E-1 (Entity Annual Report). The form and instructions may be accessed at the following website:

<<http://www.in.gov/sboa/publications/manuals/forme1/>>. This form is returned to the State Board of Accounts. Based on the information obtained in the report, the State Board of Accounts will determine whether an audit will be required. Entities whose public fund disbursements are

less than 50% of their total, and entities incorporated as not-for-profit corporations whose public fund disbursements are equal to or greater than 50%, but less than \$100,000, generally qualify for waiver of these audit requirements.

Private, For-Profit/Proprietary Organizations

The federal requirements (7 CFR Part 3052) do not apply to for-profit recipients. However, the State Agency remains responsible for monitoring the organization's program operations. We will do this through review of audits and program reviews.

A for-profit entity registers with the Board of Accounts through the annual filing of Form E-1 (Entity Annual Report). The Board of Accounts will then determine when an audit is necessary according to their criteria found in IC 5-11-1-9.

FINANCIAL STATEMENT FINDINGS OR FEDERAL AWARD FINDINGS

At the completion of the audit, the agency shall prepare a corrective action plan to address each audit finding included in the current year auditor's reports. The corrective action plan shall provide the name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date. If the agency does not agree with the audit findings or believes corrective action is not required, then the corrective action plan shall include an explanation and specific reasons.

The corrective action plan should be a part of the audit report.

AUDIT REPORT DUE DATE

Audits are due to the Division of School and Community Nutrition Programs nine months after the end of the audited period/fiscal year.

REIMBURSEMENT FOR AUDIT COSTS

The Division of School and Community Nutrition Programs no longer has discretionary funds available to fund a portion of the cost of audits. The portion of the audit cost related to operating the CACFP is still an allowable program expense, but sponsors will receive no additional funding beyond the normal monthly reimbursement payments.

Audit Guidance

The following resources are available for auditors and auditees:

- Circular No. A-133
<http://www.whitehouse.gov/omb/circulars/a133/a133.html>
- Catalog of Federal Domestic Assistance
<http://www.cfda.gov/>
- State Board of Accounts
<http://www.state.in.us/sboa/>

Policy 95-04, Policy 00-5a, and Policy 00-5b are repealed and replaced with Policy Instruction 03-12.

SOURCE: Division of School and Community Nutrition Programs Policy
State Board of Accounts Guidance
Circular No. A-133, Revised June 24, 1997
Audits of States, Local Governments, and Non-Profit Organizations