



HNS # 01-2025

Original Signed

MEMORANDUM

To: Child and Adult Care Food Program Operators

From: Melissa Conner, Senior Deputy Associate Superintendent
Arizona Department of Education, Health and Nutrition Services Division

Date: February 21, 2025

Subject: Financial Review Requirement for CACFP Sponsoring Organizations

The purpose of memorandum is to announce that Food and Nutrition Service (FNS) published the Child Nutrition Program Integrity Final Rule and amended regulations at 7 CFR 226.7(b) and 7 CFR 226.10(c) to codify the requirement for an annual reconciliation of bank account activity and accounting of reported actual expenditures with Child and Adult Care Food Program (CACFP) payments. The process ensures administrative costs do not exceed 15 percent of the meal reimbursements estimated to be earned during the budget year for sponsoring organizations of centers. The regulation at 7 CFR 226.7(b)(1)(ii) extends this requirement to sponsoring organizations of unaffiliated centers.

The amended regulations require state agencies to expand the routine reviews of institutions' finances and develop procedures to:

1. Annually conduct reviews of bank account activity for all CACFP sponsoring organizations;
2. Annually review actual expenditures and meal reimbursement funds retained from centers for administrative costs for CACFP sponsoring organizations of unaffiliated centers; and
3. Monitor and review institutions' documentation of their nonprofit status.

Operators must provide one month of data for review. The Arizona Department of Education (ADE) has selected the month of December of the current program year to review data for all CACFP operators. In cases where unallowable costs are identified, state agencies may expand the review to examine additional months of bank account activity. The assigned specialist will request the data through ADE's secure file transfer system. Documentation is due by close of business on **March 10th, 2025**.

CACFP Sponsoring Organizations will provide the following information:

- December Bank Statement
- Monthly Expense Worksheet

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- Completed by the Operator: [CACFP- Monthly Expense Worksheet \(azed.gov\)](#)
- Supporting documentation should include items like:
 - itemized expense reports;
 - actual expenditure reports;
 - itemized receipts;
 - dated invoices;
 - canceled checks;
 - payroll documentation;
 - evidence of disbursements made to sponsored facilities;
 - records to support allocations; and
 - records to support credit card and cash transactions.

Some of the records listed above are insufficient and may require additional documentation to substantiate transactions.

If you have questions or need more technical assistance, please contact your HNS Programs Specialist.

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Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
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- 2. Fax:*
(833) 256-1665 or (202) 690-7442; or
- 3. Email:*
Program.Intake@usda.gov

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