Section 2000 Eligibility and Application Requirements

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At-risk afterschool care centers can participate in the CACFP (Program) through a contract directly with TDA (known as an independent center or a sponsoring organization (sponsor)) or under the auspices of a sponsor. All organizations that contract with TDA to participate in the Program, whether an independent center or sponsor, are referred to as contracting entities (CEs). At-risk afterschool care centers that participate under the auspices of a sponsor are referred to as sites.

By signing the agreement to participate in the Program, CEs accept final administrative and financial responsibility for the operation of the Program, and CEs that are sponsors also accept final administrative and financial responsibility for the sites they sponsor.

A sponsor may manage Program activities in one or more sites. It may sponsor similar sites, such as day care homes, child care centers or adult day care centers simultaneously, but must submit a complete application for each type of site.

NOTES:

- **Organizations that own two or more centers (known as affiliated) or organizations that manage the Program in one or more centers that are not owned by the organization (known as unaffiliated) are considered sponsoring organizations in the** Program**.**
- **For-profit organizations may not sponsor unaffiliated sites.**

Refer to Section 9000, *Terms, Definitions and Acronyms*, **of this handbook for a definition of independent center, sponsoring organization, affiliated site and unaffiliated site.**

Potential CEs must submit an application for the Program Year (PY) in which they intend to begin their participation. Each year CEs will be required to submit a renewal application (also known as a continuing application).

CEs that withdraw or terminate their participation in the Program at any time and later want to resume participation must complete a new application.

The at-risk afterschool care center subset of the Program is intended to:

- Provide a safe place for school aged children to go after school (those that wouldn't otherwise have child care);
- Incorporate educational and enriching activities;

- Minimize the risk of those children becoming involved in counterproductive and potentially dangerous activities;
- Provide an afterschool snack and/or supper meal as an additional benefit.

2100   Eligibility

At-risk afterschool care centers (public institutions, nonprofit and for-profit organizations) must meet the following criteria:

- Be licensed by federal, state or local authorities to provide child care, or exempt from licensure (and has documentation of exemption when required);

- If a nonprofit, have tax-exemption under 501(c)(3) of the Internal Revenue Code of 1986.

- If a for-profit child care center, outside-school-hours care center, or at-risk afterschool care center, demonstrate that either one of the below conditions was true during the month preceding initial application or renewal:

  o 25% of the enrolled children *or* 25% of the licensed capacity (whichever is less) are eligible for free or reduced-price meals; **or**

  o 25% of the enrolled children *or* 25% of the licensed capacity (whichever is less) receive Title XX benefits <u>and</u> the center receives compensation from amounts granted to Texas under Title XX;

- Operates an eligible after school program. An eligible afterschool program is one that:

  o Is organized primarily to provide care for children after school or on weekends, holidays, or school vacations during the regular school year;

  o Provides children with regularly scheduled activities in an organized, structured, and supervised environment;

  o Includes educational or enrichment activities; examples include, but are not limited to:

    ▪ Arts and crafts

    ▪ Homework assistance

    ▪ Life skills

    ▪ Remedial education

- ▪ Organized fitness activities

  - o Is open to all children, and does not limit participation or membership on the basis of the child's ability.

    - ▪ Programs designed to meet the special needs of enrolled children, such as programs for children with learning disabilities or children who are academically gifted may also be eligible to participate.

    - ▪ Organized athletic programs engaged in interscholastic or community level competitive sports *only* <u>are not</u> eligible to participate in the at-risk afterschool care center component of the CACFP; however, School Food Authorities (SFAs) that operate an approved afterschool program for other children may claim children that participate in school athletic programs.

- • Is located in an attendance area of a school in which 50 percent or more of the children enrolled are eligible for free or reduced-price school meals. Free and reduced-price enrollment data from private or charter schools may not be used to determine area eligibility unless the afterschool program is actually located in the private or charter school. Determinations of area eligibility are valid for five years and are not required to be re-determined annually unless TDA or the contracting entity obtains information indicating the at-risk afterschool care center is no longer area eligible. Reference Item 4231.2, *Documentation of Area Eligibility* for documentation requirements.

  Note: A list of schools in which at least 50% of the children enrolled are certified eligible for free or reduced-price meals is available at http://www.squaremeals.org under CACFP Administration and Forms.

- • Complete an application for participation, submit all required application documentation and enter into an Agreement with the Texas Department of Agriculture or a sponsoring organization.

Child care centers, whether for-profit or nonprofit (this includes independent centers and sponsored sites), that participate in the traditional child care center component of the CACFP and want to add the at-risk component must ensure: (1) they meet the criteria for at-risk, including providing an eligible afterschool program that is <u>separate and distinct</u> from the ongoing child care provided by the center; and (2) the at-risk program is available to any participant (not just those children enrolled for traditional child care). In this case:

- • The enrolled school age children attending the traditional child care center **after** their school day or on weekends, holidays, or school vacations that participate in the afterschool program can be claimed for at-risk snacks/meals received; and

- Children who are not school age and do not attend school would continue to participate in the traditional CACFP meals service and be claimed under traditional CACFP, even during the afterschool hours.

Additionally, a residential child care institution (RCCIs) may be eligible to participate in at-risk if it has a separate non-residential care program and offers education and enrichment programs for non-residential children.

Eligibility Requirements for Emergency Shelter Participation in the At-risk Afterschool Care Center component of the CACFP

To be eligible to participate, the emergency shelter must operate an afterschool program that has education or enrichment activities for homeless children and youth during the regular school year, and must meet applicable state and local health and safety standards.

Emergency shelters are <u>exempt</u> from meeting the area eligibility requirement.

The emergency shelter must only claim reimbursement for the at-risk afterschool snacks/meals provided to homeless school-age children who attend the at-risk after school program.

Effects of "Busing" or "School Choice" on Area Eligibility for the At-Risk Afterschool Care Center

CEs, other than emergency shelters, applying to participate in the at-risk afterschool care center component of the CACFP must meet area eligibility requirements.

If the site is located in the attendance zone of a public school that uses "busing" (the school assigns children to specific schools outside of the child's neighborhood to achieve racial and economic diversity in the schools) or allows "school choice" (meaning a student may choose which campus they wish to attend), the CE may use the enrollment/attendance data for either the public school that the children:

- Attend as a result of busing or school choice; or
- Would have attended if it were not for the school's busing or school choice policy (the neighborhood/attendance zone in which the at-risk afterschool care center is located and where the children live).

CEs must:

- Obtain the percentage of children eligible for free and reduced price meals at each school, both before and after the students are reassigned to the school outside their neighborhood.
  - This documentation must be obtained from both the school to which the students are attending and the school located in the neighborhood where the children live.
- Submit this documentation with their application to participate, or when adding an at-risk site to verify its area eligibility.

The CE must use the same method of determining eligibility for all sites in which busing or school choice occurs.

NOTE: Census data <u>may not</u> be used to determine area eligibility for at-risk.

Organizations which want to sponsor at-risk afterschool care centers must additionally meet the following criteria:

- If a nonprofit, have tax-exemption under 501(c)(3) of the Internal Revenue Code of 1986.
- Ensure that the sites they sponsor meet the child care center eligibility requirements stated above.
- Maintain required records and documents.
- Accept final administrative and financial responsibility for the Program operations.
- Attend all required TDA training.
- Operate a nonprofit food service.
- Personally manage Program operations, in other words, they may not subcontract the management of Program operations (refer to Section 3000, Item 3140, *Program Management*, for additional information related to subcontracting).
- Provide adequate supervisory and operational personnel to effectively manage and monitor Program operations.
- Restrict their employees from securing additional employment that interferes with their Program responsibilities and duties, i.e., scheduling or conflict-of-interest issues.
- Complete an application for participation, submit all required application documentation and enter into an Agreement with the Texas Department of Agriculture.
- Unmet Need – an organization applying to participate in the Program as a new sponsor, or reapplying to participate after a break in service, must document that its participation will help ensure the delivery of meal benefits to previously un-served sites. A "break in service" is defined as any period of time in which an organization does not have a signed and approved Food and Nutrition Division (FND) Permanent Agreement. The Permanent Agreement may have been terminated for cause or by mutual consent.

To demonstrate unmet need, the organization must apply to sponsor only a site or sites that have not participated in the Program at any time during the twelve months prior to the date the organization submits their application. The organization must certify the accuracy of this information as provided in its application.

Once an organization is approved to participate as a sponsor, it may add sites under their sponsorship regardless of the sites' past participation in the Program. Refer to Items 4231, *Adding, Terminating, or Making Changes to Sites*, 4234, *Open Enrollment* and 4235, *Transfers*, in this handbook for further guidance and requirements.

EXCEPTIONS:

- SFAs currently participating in the NSLP/SBP are not required to demonstrate unmet need
- Currently participating Summer Food Service Program (SFSP) sponsoring organizations in good standing (meaning the SFSP sponsor is not currently in the serious deficiency process for mismanagement in the SFSP) applying to participate with sites that are currently participating in the SFSP are not required to demonstrate unmet need

NOTE: For-profit organizations may only sponsor the participation of sites that are part of the organization's legal entity (affiliated).

Ineligibility

An organization, including a site, is ineligible to participate in the Program if:

- A member of the organization's governing body, an agent, a consultant, a volunteer, or an employee has been convicted of any activity that occurred during the seven years preceding application or renewal that indicates a lack of business integrity. A lack of business integrity includes fraud, antitrust violations, embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property, making false claims, obstruction of justice, or any other activity indicating a lack of business integrity.
- The organization, or a principal within the organization, is on the National Disqualified List (NDL), or the Texas Excluded SFSP List (TEXSL).
- The organization's, or any principal of the organization's, participation in a publicly funded program was terminated for violating that program's requirements during the seven years preceding application or renewal, and eligibility to participate in that program has not been reinstated.
- A publicly funded program is defined as any program or grant funded by federal, state or local government. An organization must submit documentation that demonstrates

that the program noncompliance was corrected and that eligibility to participate in that program was reinstated, including repayment of any funds owed if applicable. The organization's application will not be approved without this documentation.

- The organization does not meet the eligibility requirements detailed above.
- The organization does not meet any other criteria as determined by TDA.

2200   Application

NOTE: SFAs and currently participating SFSP sponsors in good standing applying to participate in the at-risk afterschool care center component should visit the TDA website at http://www.squaremeals.org, "Can I be a CACFP Contracting Entity" for specific application requirements.

2210   Getting Started

Potential CEs will go to TDA's Texas Unified Nutrition Programs System (TX-UNPS) located at http://TXUNPS.TexasAgriculture.gov, "Interested in Applying", and complete the pre-eligibility form to request access to the application. An email with a logon will be sent to the email address provided once the information is processed. Once logged in, the CE will complete all required entries and submit those documents and items needed from the "checklist" menu.

Potential CEs will provide information about their organization and their plan to manage Program operations. The United States Department of Agriculture (USDA) does not allow organizations to hire an outside source to complete the application on their behalf. TDA and the Regional Education Service Centers (ESCs) can answer questions and provide technical assistance throughout the application process. A list of TDA Community Operations Field offices and ESC offices is located in Section 11000, *Resources* of this handbook.

If an organization submits an incomplete or incorrect application, TDA will request that it submit the information needed to complete the application. TDA will notify the organization of approval or denial within 30 calendar days of receipt of a complete application.

Upon approval of its application, the CE will receive a signed copy of its Permanent Agreement. TDA will not issue payment or reimbursement prior to execution of the Permanent Agreement. Additionally, the CE should notify TDA immediately, via TX-UNPS, if it's mailing address changes. This will ensure prompt delivery of the Permanent Agreement and other Program information.

A CE may operate multiple components of the Program such as day care homes, child care centers, and adult care centers at any one time. The CE will have a single Permanent Agreement

that includes all programs that it administers, but **must complete a separate application for centers and day care homes**.

Organizations unable to complete an application online using TX-UNPS may contact TDA at 877-TEX MEAL (877-839-6325) to obtain a paper copy of the application. However, it is highly recommended that organizations obtain access to the internet and submit the application using TX-UNPS.

Potential CEs are encouraged to use the TDA CACFP Handbooks to assist in completing the application process. For example, this section explains eligibility and application requirements, Section 4000, *Managing the Program* explains the day-to-day requirements of Program operation, and Section 7000, *Financial Management* explains the requirements around use, management and documentation of the funds. Each section will assist the potential CE is writing the procedures required to be submitted as part of its management plan.

2220   Management Plan

An important part of the application is the management plan. It must provide detailed information about the organization's administrative structure, including:

- An organizational chart with the names and functions of all officers, agents, consultants, volunteers, and employees of the organization.
- Staff assigned to Program management and monitoring.
- How the organization will:
  o Administer the Program;
  o Recruit and manage additional sites (if a sponsoring organization);
  o Pay the sites that it sponsors (if a sponsoring organization);
  o Collect information from its sites (if a sponsoring organization);
  o Ensure that staff take accurate meal counts at the point of service;
  o Train administrative and site staff;
  o Ensure that all procurement activity meets Program requirements;
  o Review the operation of the Program in its sites (if a sponsoring organization);
  o Monitor its food service management company/vendor (if applicable);
  o Comply with nondiscrimination laws (refer to Section 6000, *Civil Rights*, for additional information).

The management plan is one source used to determine an organization's ability to manage the Program. TDA also uses the management plan to determine how many sites a sponsoring organization will be approved to sponsor.

The following factors may affect this decision:

- Whether the organization is a new sponsor.
- Whether the management plan demonstrates that the organization can only manage a limited number of sites.
- Whether the organization operates the Program in a manner suggesting that it can only manage a limited number of sites.

If TDA limits the number of sites the organization may sponsor, any increase to this limit must be approved by TDA in writing, before it will be allowed to sponsor sites above the limit.

2221   Publicly Funded Programs

Organizations must provide a list of publicly funded programs in which they currently participate in and participated in during the past seven years.

A publicly funded program is defined as any program or grant funded by federal, state or local government.

Organizations must also certify that during the past seven years neither the organization nor any of its principals have been declared ineligible to participate in any other publicly funded program by reason of violating that program's requirements.

If the organization or any of its principals have been declared ineligible to participate in any other publicly funded program by reason of violating that program's requirements, the organization must submit documentation that demonstrates that organization or principal previously declared ineligible was later fully reinstated in or determined eligible for the program, including repayment of any funds owed if applicable.

2222   Performance Standards

New and renewing CEs must demonstrate in their application that they meet the following performance standards:

- Financial Viability and Financial Management– (V): the CE has the financial resources to meet all of the Program's requirements.
- Administrative Capability – (C): the CE has the staffing and expertise to meet all of the Program's requirements.
- Program Accountability – (A): the CE has in place internal controls to assure that Program funds for operational and administrative expenses are properly spent.

When providing procedures and processes to document the above, CEs must include the following:

- Who: The person/position responsible for performing the task(s) and who will backup that person in performing that function should the responsible person be unavailable;
- What: A detailed description of the task to be performed to accomplish the Program requirement;
- When: At what time/interval will the task be performed (i.e., daily, weekly, monthly).
- How: A detailed description of how the person(s) are to complete the task to accomplish the Program requirement.
- Where: The location of the written procedures and processes to ensure each position responsible for performing the tasks to accomplish the Program requirements is able to access them.

EXCEPTIONS:

- SFAs currently participating in the NSLP/SBP are not required to demonstrate VCA
- Currently participating SFSP sponsoring organizations in good standing (meaning the SFSP sponsor is not currently in the serious deficiency process for mismanagement in the SFSP) applying to participate with sites that are currently participating in the SFSP are not required to demonstrate VCA

Contracting Entities that are Sponsors

Sponsors assume final administrative and financial responsibility for all sites they sponsor. Sponsors are responsible for returning to TDA any funds received on behalf of a site or sites that are determined unearned, meaning disallowances are taken, regardless of whether the sponsor recoups those funds from the site(s). Additionally, sponsors are held responsible for Program violations committed by their sites.

Though it is not a Program requirement that a sponsor determine a site's Viability, Capability and Accountability prior to applying for the Program on behalf of a site, it would be prudent for the sponsor to evaluate whether the site is capable of meeting Program requirements, including the return of unearned funds to the sponsor. Refer to FNS Instruction 796-2, *Financial Management – Child and Adult Care Food Program* for instructions on recovery of overpayments from sites.

2222.1 Financial Viability and Financial Management

To demonstrate financial viability and financial management, the CE must document the following:

1. It has adequate financial resources to operate the Program on a daily basis, has adequate sources of funds to continue to pay employees and suppliers during periods of temporary interruptions in Program payments and/or to pay debts when fiscal claims have been assessed against it.
   An independent CE may document this by providing:

   - A current balance sheet and income statement (profit and loss). CEs must show that current assets exceed current liabilities, or that there is cash on hand to pay for current costs. Current costs include short-term debts as well as regular operating expenses, and/or
   - A recent (within the last year) audit that meets the Single Audit requirements or TDA's for-profit audit requirements, and/or
   - An audited financial statement.

     A CE that is a sponsoring organization may document this by providing:

   - Three years of comprehensive financial statements that includes a balance sheet, income statement, statement of owner's equity and statement of cash flows. CEs with less than three years of financial history must submit comprehensive financial statements for the amount of time for which they have a financial history (for example, an organization that formed 18 months prior to applying for the CACFP must submit comprehensive financial statements for that entire 18 months), or
   - Three years of audits that meets the Single Audit requirements or TDA's for-profit audit requirements.

2. Costs funded from Program reimbursement are necessary, reasonable and allowable. The organization must identify all costs, and obtain the required level of approval: prior approval, specific prior written approval and those that require USDA approval.

   Organizations can reference Section 7000, *Financial Management* of this handbook, 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and FNS Instruction 796-2, *Financial Management - Child and Adult Care Food Program*, located at http://www.squaremeals.org under CACFP Policy & Handbook, for guidance on determining allowable and unallowable costs, direct and indirect costs and required levels of approval for each cost.

3. Funds will be spent and accounted for in accordance with Program regulations and instructions. (If an administrative review has been conducted, findings related to improper use and/or inadequate documentation of Program funds will be part of determining financial viability.)

NOTE: Other documentation to support financial viability, other than that discussed above, may be requested.

2222.2 Administrative Capability

To demonstrate administrative capability, the CE must document that appropriate and effective management practices are in effect to ensure that the Program operates in accordance with requirements.

In addition CEs must meet the following criteria as demonstrated through the management plan:

1. CEs are required to have an adequate number and type of qualified staff to ensure the operation of the Program.
   a. The CE will document in the management plan the qualifications it required/requires of the person designated to perform the following Program functions.
      i. Direct and manage the Program
      ii. Train staff and sites
      iii. Determine eligibility (free/reduced-price)
      iv. Financial management
      v. Review meal counts, menus and attendance records to ensure compliance
      vi. Plan menus
      vii. Purchasing (procurement)
      viii. Record keeping (maintain records) – administrative and operational
      ix. Enforcement of civil rights requirements
      x. Preparation and submission of claims
      xi. Meal preparation
      xii. Documentation of meal production records
      xiii. Serve meals
      xiv. Take meal counts
      xv. Reimburse sites (if a sponsoring organization)
      xvi. Recruitment of sites (if a sponsoring organization)
      xvii. Monitor sites (if a sponsoring organization)

The qualifications required are those the CE required when the employee was hired for his or her position within the organization and must demonstrate that the employee designated to perform the Program function has the ability to perform that function in a manner that ensures Program compliance and integrity.

For example, the person designated to <u>direct and manage the </u>Program might be the at-risk afterschool care center's Director. The Director may have been required to have the following qualifications: Bachelor's degree in childhood education and a business management minor or coursework, 7 years' experience including teaching, excellent verbal and written communication skills, highly effective organizational, time-management and multi-tasking skills.

2. Sponsors must employ staff sufficient to monitor all sites to ensure compliance with Program requirements and must also have written personnel policies and procedures in place. Sponsors of 25 or more sites must complete item C. Administrative Capability, #4 *Sponsoring Organization Monitoring Staff Information* in the Management Plan section of TX-UNPS.

Note: sponsors that initially apply with less than 25 sites must amend the management plan and complete the above section if and when their sponsorship increases to 25 or more sites.

This provides a method to determine the **minimum** number of staff a CE might need to properly monitor its sites. However, if at any time it is determined by TDA that the number of staff a CE has dedicated to monitoring site compliance is insufficient the CE will be required to either increase staff or decrease the number of sites it sponsors.

3. Sponsors must have written policies and procedures that assign Program responsibilities and duties and ensure compliance with civil rights requirements.

Written procedures for each process requested in the Management Plan must be provided, and must demonstrate that the organization will be capable of operating the Program. Refer to Item 2222, *Performance Standards*, for more information.

CEs that include labor costs in the budget must also submit a compensation policy that includes at least the minimum information required by FNS Instruction 796-2, *Financial Management-Child and Adult Care Food Program*. Refer to Item 2230, *Budget* for more information on labor costs.

If an administrative review is available, it will be one of the resources used to help TDA determine a CE's administrative capability. Having a "proven track record" is important for an organization to demonstrate this standard.

2222.3 Program Accountability

To demonstrate Program Accountability, the CE must track and monitor its own actions in two areas:

- Program funds – ensure that Program dollars are being spent for the purpose of providing meals and/or snacks that meet Program requirements.
- Meal service – ensure the quality of the meal service and compliance with Program requirements.

Written procedures must be submitted as part of the Management Plan that demonstrates that the organization:

1. Has adequate oversight of the Program by an independent governing board of directors. Refer to Section 9000, *Terms, Definitions and Acronyms*, for the definition of independent governing board of directors.
2. Has a financial system with management controls specified in writing, that accounts for:
   - All Program funds and property received, held and disbursed;
   - All Program expenses incurred;
   - Accurately and timely claims processing; and
   - System safeguards and controls to prevent and detect improper financial activities by employees.
3. Maintains appropriate records to document compliance with Program requirements including, but not limited to:
   - Budgets;
   - Accounting records;
   - Approved budget revisions;
   - Training plan; and
   - Monitoring plan (sponsors only).
4. Maintains documentation that demonstrates:
   - Meals meet the CACFP meal patterns;
   - Civil rights requirements are met;
   - Records are complete and maintained on file (reference Item 4430, *Types of Records*); and
   - Claims are submitted only for eligible meals.

The procedures should be as detailed as possible to ensure TDA staff reviewing the application can clearly understand the processes and procedures being used by the organization to manage the Program. Refer to Item 2222, *Performance Standards*, for more information.

A CE that cannot demonstrate it meets the VCA requirements will not be approved. If an application is denied, the CE has the right to appeal the decision. Refer to Section 8000, *Denials, Terminations and Appeals* of this Handbook for more information.

Governing Body Awareness

Organizations must submit documentation that their independent governing board of directors is aware of the responsibilities and liabilities of participating in the Program.

A *Governing Body Awareness* (GBA) form is available at http://www.squaremeals.org for CEs use in submitting the above information.

Additionally, organizations must submit the following information for each member, including owners of for-profit organizations:

- Full legal name;
- Complete home mailing address;
- Complete home street address, if different from mailing address;
- Phone number;
- Date of birth;
- Relationship with any other member or employee of the organization; and
- Compensation, if any, that they receive for services provided to the organization.

CEs can submit the identifying information in TX-UNPS through the Board of Directors screen.

This documentation must be submitted with the application, and whenever changes occur in the members of the governing body, or to the information submitted (for example, a member's home address).

Acceptable documentation includes:

- A copy of the minutes taken at an official meeting of your governing body that documents its decision to participate in the Program and includes:
  o Date of the meeting;
  o Items discussed, including the decision to participate or continue participation in the Program;
  o Names of all governing body members who were present;

- o Names of all governing body members who voted on the action items; and
- o Signature of the Secretary of the Board.
- A written declaration by each member of your governing body that states they are aware of Programs responsibilities and liabilities.

NOTE: If all Board Members are not present at the official meeting, a copy of the minutes as well as a written declaration from the member/members not present may be submitted together to document governing body awareness.

EXCEPTIONS: Governing body awareness does not apply to public institutions (such as Governmental, Military, or Indian Reservations).

2223   Free and Reduced Price Policy Statement

A CE which does not serve meals at a separate charge shall agree to the following free and reduced-price meal policy:

The representative(s) of the contracting entity applying for participation in the Program agree to accept the responsibility of and assure that the contracting entity:

a. will not physically segregate nor discriminate in any way against any person receiving a free or reduced-price meal benefit and that it will protect the anonymity of these persons and that there will be no overt identification of persons receiving a free or reduced-price meal; and

b. will serve the same meals or snacks to all Program participants at no separate charge, regardless of race, color, national origin, sex, age, or disability and that there will be no discrimination in the course of the food service.

By agreeing to this statement the contracting entity assures the Texas Department of Agriculture (TDA) it will uniformly implement the free and reduced-price policy statement in all CACFP sites under its jurisdiction. This policy statement is permanent and remains in effect until it is modified by TDA.

A CE that does charge separately for meals must complete and submit with its application the *Free and Reduced Price Meal Policy Statement* (H4515) and the *Collection Procedures* (H4515-A).

2230   Budget

A budget may include estimated annual expenses for:

- Labor, including fringe benefits;
- Food;
- Facilities and Space;
- Supplies and Equipment;
- Purchased Services;
- Media Costs
- Contracted services; and
- Other expenses, for example, postage, printing, office supplies.

The proposed budget is reviewed to ensure that:

- The Program will not operate at a deficit.
- Individual line items in the budget are:
    o   Approved uses of Program funds.
    o   Reasonable for the item or service to which the cost is attributed.
    o   Necessary for the operation of the Program.

TDA determines the limits of a reasonable budget based on the size of the Program, the duties of personnel, and the economic conditions in the community. TDA may collect budget data from a representative number of organizations to determine if the costs contained in a budget are reasonable.

If budgeted costs exceed the Program reimbursement that the CE might expect, the CE must disclose the source(s) of funds to support the additional expense, and/or disclose the source(s) and amount(s) of funds/income designated specifically for use in the nonprofit food service.

NOTE: Funds designated specifically for use in the nonprofit food service become restricted funds and must be used solely in the nonprofit food service, and accounted for according to Program requirements.

If TDA determines that a budget provides insufficient funds to manage the Program (for example, the amount budgeted for food costs appears too low) or that it includes excessive or unnecessary costs (for example, the costs for paper supplies appear too high), the organization will be asked to revise its budget or provide additional information.

Some items of cost cannot be included in the budget prior to the CE receiving specific prior written approval (SPWA) from TDA or FNS Regional Office approval. In the case of costs that

require specific prior written approval the CE must submit the cost separately in TX-UNPS by selecting "Request for Specific Prior Written Approval" in applications. After selecting request for specific prior written approval the CE will select "create a request" and follow the prompts. The CE must upload all supporting documentation before the request can be considered. The CE will receive an automated email that either approves or denies the requests or indicates a need for correction.

Once approved the CE must amend the budget to add the item in the appropriate cost category. If the CE fails to amend the budget to include the cost and uses Program **funds the cost will be disallowed and the CE will be required to repay the non-profit food service**.

NOTE: SPWA is only valid for the Program year in which it was obtained. CEs must request SPWA each year for costs requiring SPWA. The cost and the required supporting documentation cannot be carried forward from one year to the next.

A CE's <u>approved</u> budget will include the level of potential costs approved by TDA and is based on the budget that the organization submits. **The approved budget does not imply in any way that the CE will be reimbursed for the full amount of each budgeted item**; rather, it specifies the areas of costs that <u>may be</u> allowable and gives reasonable levels for those costs. If a CE finds that the levels approved in the budget are inadequate, or if TDA determines that a budget amendment is necessary, the CE may amend the budget with approval by TDA for each item.

TDA **will not** approve a retroactive amendment to the budget.

Refer to Section 7000, *Financial Management* and FNS Instruction 796-2, Financial Management – Child and Adult Care Food Program for guidance on budgets, levels of approval, allowable costs, and circumstances which cause allowable costs to become unallowable, as well as a list of costs that require specific prior written approval and/or FNS Regional Office approval.

To assist in determining what may be a reasonable salary to budget to the Program for employees that perform Program duties, CEs can use the TDA Compensation Tools for CACFP located at the bottom right of the screen at:

 http://www.squaremeals.org/Programs/ChildandAdultCareFoodProgram.aspx.

The compensation tools utilize data from the North American Industry Classification System (NAICS) and the Bureau of Labor Statistics (BLS) job categories under the "Social Assistance" industry type to determine the maximum salary range for positions which perform CACFP functions.

2240   Contracting Entity/Site Operations

In addition to the information contained in a CE's management plan, checklist items and budget, independent CEs and sponsoring organizations must submit information about their operations, including but not limited to:

- Identifying information: name, address, phone number;
- Qualifying information: licensure/certification, tax-exemption, area eligibility, percentage of Title XX/free or reduced-price eligibility (if for-profit);
- Operational information: method of meal preparation, meal service types and times, days and hours of operation, and the number of enrolled children in each eligibility category.
- Approval to operate: All Non-ISD organizations submitting approval for a site(s) participating on a school campus MUST provide a signed agreement from the appropriate District Office/District Official for each (of the) sites(s). The agreement must confirm that the appropriate District Office/District Official has given permission for the Non-ISD organization to operate the Program on the school campus (the agreement must include all of the school campuses/sites that the Non-ISD organization is submitting for approval), the program that the Non-ISD organization is allowed to operate on each of the school campus/site, and the effective date of the agreement. Please note that if the school district in question is providing the same services as proposed to be provided by the non-school entity there may be a conflict of interest and/or possible non-compliance issue; school-districts will receive priority of service as decreed by program rules and regulations.

For complete information on documentation and required information, reference Item 4231, *Adding, Terminating, or Making Changes to Sites* in Section 4000, *Managing the Program* of this handbook.

CEs must provide a complete physical address of the primary business office where Program records will be maintained and where all essential Program management functions, such as review and approval of menus/meal counts and processing payment of claims for reimbursement will be performed. CEs must submit changes to their application/management plan, including the budget if needed, when there will be a change in the location of their primary business office.   Additionally, CEs must submit a new license if their primary business office is also a licensed center.

Records must be available for review during normal business hours, which are at a minimum from 8:00 a.m. to 5:00 p.m., Monday through Friday. Additionally, an appropriate representative of the CE must be available to meet with TDA staff with no more than four hours' notice during normal business hours.

CEs that are sponsors must also be available by telephone to their sites and TDA. This means that:

- A representative of the organization can be contacted at the primary business office during normal business hours, usually 8:00 a.m. to 5:00 p.m., Monday through Friday.
- The CE must provide a voice mail service and contact, within 24 hours, a site or TDA staff member who has left a voice mail message.

Dun and Bradstreet Data Universal Numbering System (DUNS)

Non-federal agencies and organizations that do business with the Federal government must use the Dun and Bradstreet Data Universal Numbering System (DUNS) as their identifier. The DUNS number will not replace the Employer Identification Number (EIN), but will become an identifier for a non-federal entity to apply for funding under a Federal assistance program.

The DUNS number is a nine-digit number issued by Dun & Bradstreet to each business located in the Dun & Bradstreet database having a unique, separate, and distinct operation. The DUNS number is random and the digits have no apparent significance. It is a tool of the federal government to track how federal money is distributed.

To obtain a DUNS number, free of charge, call Dun & Bradstreet using the toll-free number, 1-866-705-5711 and indicate that you are a Federal grant applicant/prospective applicant. You can also request a DUNS number on-line by accessing the following website at: http://fedgov.dnb.com/webform. Please be advised the waiting period to obtain a DUNS number can be anywhere from 24 to 72 hours, or several weeks, so organizations should request their numbers as soon as possible.

Organizations applying for participation in any of the Child Nutrition Programs must obtain and provide to TDA their DUNS number.

2241   Licensing

At the time of application the CE must provide documentation that each center is licensed to operate by one of the following:

- Texas Health and Human Services Commission (HHSC) (formerly Texas Department of Family and Protective Services (DFPS));
- Military installation; or
- Indian reservation.

CEs must also provide documentation of the centers' licensed status whenever their licenses are amended or relinquished, or provide documentation demonstrating compliance with procedures to renew licensing or approval. CEs that are sponsors must provide a documentation of licensure or exemption for each new site added.

During renewal (continuation) processing, CEs will not be required to submit a copy of each sites' license unless the license status has changed. The CE will however be required to certify that each site has a current license or exemption.

Exemptions to HHSC licensing requirements:

At-Risk Afterschool care centers **may be** exempt from licensing requirements. The following conditions, as defined by HHSC regulations, determine whether an organization is exempt and if it must obtain a written exemption from HHSC:

- Sites operating for less than two hours per day, regardless of the number of days service is provided, are not subject to licensing regulation and do not require a written exemption from HHSC.
- Sites operating for more than two hours per day, but less than three days per week, are not subject to licensing regulation and do not require a written exemption from HHSC.
- Sites that operate exactly two hours per day for three or more days a week require a license or written exemption from HHSC.
- Sites operating more than two hours per day and three days per week or more, require a license or written exemption from HHSC.

NOTE: "Less than two hours", "more than two hours", and "exactly two hours" applies to the "Normal Hours of Child Care Operations", as indicated on the site application, and not the meal service duration.

Organizations exempt from licensing based on any of the above, must submit documentation demonstrating compliance with city, county or state health and safety requirements with the site application.

A copy of the most recently completed inspection report, a certificate that states the center/shelter is in compliance with health and safety regulations or other documentation from the health and/or safety authority stating your center/shelter is in compliance with health and safety regulations will be accepted.

Organizations exempt from licensing that do not or cannot obtain documentation of compliance with city, county or state health and safety requirements are not eligible to participate in the Program.

EXCEPTIONS:

- SFAs currently participating in the NSLP/SBP are not required to submit health or safety documentation for school sites
- Non-SFA sites located in a school that participates in NSLP/SBP are not required to obtain an additional health and safety inspection provided the school has obtained the required food inspections for the NSLP/SBP.
  If the school has not obtained the required food inspections the CE will have to obtain the required health and safety documentation. CEs should verify the schools compliance with school officials.
- Currently participating SFSP sponsoring organizations in good standing (meaning the SFSP sponsor is not currently in the serious deficiency process for mismanagement in the SFSP) applying to participate with sites that are currently participating in the SFSP are not required to submit health and safety documentation if it was submitted during the site's summer participation (submission of a letter to the local health or safety authority does not qualify as documentation of compliance).

If you are unsure who your local health or safety authority is you may view local public health organizations at http://dshs.texas.gov/regions/lhds.shtm to find a contact in your area.

Documentation of Licensure

Documentation of licensure shall be a copy of the license issued to the center/site by the HHSC, Licensing, or a copy of the certification/license issued by the military installation or Indian reservation.

 If a child care center has been approved to care for children by HHSC Licensing, but has not yet received a copy of its license, a CE may request approval for participation in the Program by submitting alternate documentation as described below.

Acceptance of alternate documentation shall not relieve a CE of the requirement to submit a copy of each child care center license.

TDA will suspend the option to approve a CEs sites on the basis of the alternate documentation procedure for any CE that:

- Fails to submit copies of licenses within a reasonable time following submission of alternate documentation; or
- Establishes a pattern indicating a failure to make a good faith effort to obtain licenses prior to requesting approval according to the alternate documentation procedure.

Alternate HHSC Documentation

A CE may submit a print screen from the HHSC website as temporary proof of license for the center, if the center has not yet received their license from HHSC. The print screen can only be used temporarily and the copy of the license must be submitted to TDA immediately upon receipt.

Sponsors who do not receive a copy of the license from their sponsored site must contact that site or HHSC within 3 months of submitting the print screen to TDA to obtain the license or obtain a status on the license.

To access the HHSC website and obtain a print screen follow the instructions below:

Log on to www.dfps.state.tx.us.
Select "Child Care Licensing" from the menu on the left hand side of the screen.
Select "Search Texas Child Care" from the menu on the left hand side of the screen.
Select "Search for a Day Care" from the selections in the middle of the screen.
Enter applicable information and print the results.

CEs may also use a print screen for centers that have changed location but have not yet received their new license, as long as the print screen has the address of the new location.   Under those circumstances, the center would continue to be eligible to claim meals; however, if the address has not been updated and the print screen still has the old address, the center would not be eligible to claim meals.

A sample of what the print screen would look like is located in Section 11000, *Resources*. The print screen must have the HHSC logo and name at the top.

TDA staff will verify the alternate documentation submitted and if TDA determines that the print screen provided is not from the HHSC website, or has been altered, the organization, responsible principals and responsible individuals will be placed in the serious deficiency process for falsifying government records.

2241.1 Weekend Care

If a CE that is a sponsor approves a site to claim meals during weekend care, the sponsor must:

- Ensure the site is licensed to operate on weekends.
- Document the approval of the site to participate during weekends on the site application.
- Monitor the site's weekend participation.

2241.2 Minimum Standards

Licensed child care and at-risk afterschool care centers must adhere to all applicable State and Federal rules, regulations, policies and procedures concerning minimum standards for child care centers.

The rules and regulations, issued by the HHSC are located at www.dfps.state.tx.us, select Child Care Licensing, and then select "Minimum Standards for Child-Care Center".

HHSC requires centers to notify them in advance and be approved before making changes (reference HHSC Minimum Standard §746.301) to the hours, days or months it will operate, in addition to other changes.   TDA will not approve meals/snacks and weekend participation if the hours of operation and/or days of operation listed by the CE on the site application do not match the approved hours, days and months listed for the site on the HHSC licensing website.

TDA will report any center violating licensing rules, including requirements regarding meals and snacks, to HHSC for investigation. Additionally, sponsoring organizations that become aware of a site they sponsor violating licensing rules, including requirements regarding meals and snacks and hours, days and months of operation, must report that site to HHSC for investigation.

2242   Tax Exemption

Private nonprofit organizations must have received and must maintain tax-exempt status under 501(c)(3) from the U.S. Internal Revenue Service (IRS), either individually or as part of a group ruling.

If an organization acquired tax-exempt status under a group ruling, it must submit proof of their affiliation with the parent organization that has tax-exempt status.

Organizations that lose their tax-exempt status are not eligible to participate in the **Program**. Failure of an organization to notify TDA of loss of tax-exempt status and voluntarily terminate

its Permanent Agreement will result in the organization's placement in the serious deficiency process.

NOTE: A CE that is a sponsor of unaffiliated sites must obtain, retain, and make available the same information for each of the nonprofit sites that it sponsors.

EXCEPTIONS:

- Churches are not required to provide proof of tax exemption, however an organization must ensure that it qualifies as a church according to IRS publications 557, *Tax Exempt Status for Your Organization* and 1828, *Tax Guide for Churches and Religious Organizations*. Organizations that represent themselves as a church and do not meet the qualifications of a church will be required to submit proof of tax exempt status.
- SFAs currently participating in the NSLP/SBP are not required to submit proof of tax-exemption.
- Currently participating SFSP sponsoring organizations in good standing (meaning the SFSP sponsor is not currently in the serious deficiency process for mismanagement in the SFSP) applying to participate with sites that are currently participating in the SFSP are not required to submit proof of tax-exemption.

Reasons Organization's Lose Tax-Exempt Status

Most organizations lose tax-exempt status due to failure to file an annual form 990 (990, 990-PF, 990-N (also known as the e-Postcard), or 990-EZ) series information return for three consecutive years. However, organizations can also lose tax-exempt status due to:

- A material change in the character, purpose or method of operation of the organization which is inconsistent with exemption;
- Enactment of legislation or ratification of a tax treaty;
- Any other reasons determined by the IRS.

Organizations must ensure compliance with the 990 filing requirements, including small tax-exempt organizations whose gross receipts are normally $50,000 or less. The Pension Protection Act of 2006 (PPA) requires organizations whose gross receipts are normally $50,000 or less to annually file Form 990-N, also known as the e-Postcard unless the organization chooses to file Form 990 or 990-EZ.

Additional information about tax-exemption and the filing requirements can be found at www.irs.gov.

2243   For-profit Sites

Once a for-profit organization is approved for participation, it may continue to participate even if the percentage of enrolled children or licensed capacity (whichever is less) receiving Title XX benefits <u>or</u> free or reduced-price meals falls below 25 percent. **However**, no reimbursement will be made to a for-profit organization for meals and/or snacks served at any site during any month in which the percentage falls below 25%. **This includes meals served in both the traditional child care and at-risk afterschool care center components of the CACFP.**

The following is an example of how to calculate the percentage of enrolled children or licensed capacity that receive Title XX benefits or free or reduced-price meals:

A CE or site provides day care services to 110 enrolled children. Their licensed capacity is 90.

Because the licensed capacity is less than the enrollment, licensed capacity must be used to determine if the site meets the 25% eligibility requirement, as follows:

- Twenty-eight (28) children receive Title XX benefits. 28 divided by 90 equals .311 or 31 percent.
- Fifteen (15) children are eligible for free or reduced-price meals. 15 divided by 90 equals .166 or 16 percent (do not round up).

In this situation, the CE or site is eligible for reimbursement because the percentage of children receiving Title XX benefits is at least 25% of its licensed capacity, even though only 16 percent of the children were eligible for free or reduced-price meals.

IMPORTANT: For-profit organizations must not round up when calculating the percentage of children that received Title XX benefits or free or reduced-price meals. For example, a site that receives Title XX benefits or free or reduced-price meals for 24.99 percent of its enrolled participants or licensed capacity (whichever is less) is not eligible to claim reimbursement in the CACFP during that month. Children participating <u>only</u> in the at-risk afterschool care center component of the organization **may not** be counted in the percentage of children eligible for free/reduced-price or Title XX benefits.

A child who receives assistance from the Child Care Development Fund "pool" is a recipient of Title XX benefits for the purpose of establishing a CE's or site's eligibility to participate in the Program. Additionally, a child who receives Title XX benefits in support of "self-arranged" care would be included when determining eligibility.

NOTE: A Native American tribal government that is recognized as a "public entity" or "local government" by Federal or state law is considered a public institution for Program purposes

and may operate sites located on a reservation or tribal lands over which it has jurisdiction. In this situation, a centers directly administered by the tribal government would also be considered a public entity. If a tribal government is not recognized as a public institution, but has been granted nonprofit status by the Internal Revenue Service (IRS), a center directly administered by the tribal government would also be considered a nonprofit entity. Centers that are neither administered by a tribal government nor recognized as nonprofit entities by the IRS are considered " for-profit organizations", and are subject to the 25% Title XX or free or reduced-price eligibility requirements.

2250   Pre-Award Civil Rights Compliance Review

A new CE must submit information related to its compliance with applicable nondiscrimination laws using the *Pre-Award Civil Rights Compliance Review* form located in download forms in TX-UNPS. Refer to Section 6000, *Civil Rights*, for additional information.

Sponsors may require sites to complete and submit the *Pre-Award Civil Rights Compliance Review* as part of its application requirement to ensure civil rights compliance during the pre-approval visit.

2260   Advance Payments

An advance payment is financial assistance made available to a CE for its Program costs prior to the costs being incurred. An advance is based on what TDA or the CE **estimates** its reimbursement will be, and must be repaid by the CE. Advances for the current PY are recouped from the July and August claims filed by the CE. If the July and August claims are not sufficient to recoup the advances, TDA will continue recouping the advances from the subsequent claims. Advances for the next PY will not be issued until all outstanding advances are repaid.

Organizations are urged to carefully consider their choice in receiving advances. TDA cautions organizations from choosing advances as overestimating participation and fluctuations in participation could result in reimbursement being less than the amount of advances given and the organization owing a debt for unearned advances at the end of the PY.

Reminder: A CE that owes advances at the end of the PY will not be eligible to receive advances the next PY until the debt has been repaid.

If an organization intends to request advance payments, its application and all required documentation should be submitted at least 60 days before the first day of the month in which it wants to begin participating in the Program.

An organization may request advance payments, or may choose not to receive advance payments. Receipt of advance payments is not required for participation in the Program. A CE that requests advance payments may request discontinuation of the advance payments at any time by submitting a written request, including the month in which it wants to discontinue advances. Requests to discontinue advances should be submitted at least one month in advance to ensure the request is processed before the CE receives any further advance payments.

Written requests may be submitted via:

➢ email to CACFP.Bops@TexasAgriculture.gov;

➢ fax at (888) 232-2759;

➢ mail to the Texas Department of Agriculture, Attn: Business Operations – Advances, P.O. Box 12847, Austin, TX 78711; or

➢ overnight delivery to the Texas Department of Agriculture, Attn: Business Operations – Advances, 1700 N. Congress Ave., Austin, TX 78701.

Failure to return unearned advance payments may result in adverse action including placement in the serious deficiency process, termination of your Permanent Agreement, and referral for criminal prosecution.

Advances are not issued for the months of September and October of each year.

2270 Audit Compliance

Organizations must complete the *Annual Audit Form* (in TX-UNPS or via paper) certifying that it will obtain an audit if it meets the single audit or TDA for-profit audit requirements.

Refer to Item 5400, *Audits*, for specific information related to audit requirements, including for-profit organization audit requirements.

2300 Performance Bond

Non-governmental **sponsoring** organizations with fewer than three years of successful administrative and financial history within the preceding seven years must submit a performance bond with their application to insure against misuse of federal funding. The bond must be obtained from an approved surety company listed in the most recent publication of the U.S. Treasury Department's Circular 570.

A letter explaining the bonding requirement and a standard bond form and instructions are provided in the download forms screen in TX-UNPS as well as the forms section of the TDA website. Organizations must present the letter to the surety company and complete the bond form following the instructions.

Organizations subject to the bonding requirement must submit a performance bond with the initial application and a Continuation Certification (if applicable) with each renewal application until relief is granted from this requirement.

NOTE: Currently participating SFSP sponsoring organizations that are in good standing (meaning the SFSP sponsor is not currently in the serious deficiency process for mismanagement in the SFSP) are not required to submit a performance bond.

2310   Amount of a Performance Bond

The amount of the performance bond will be determined by the sponsor's anticipated enrollment (attendance) and the sum of the following formula for each meal type the organization intends to claim:

(Total enrollment/attendance) x (Current Free Reimbursement Rate for Meal Type) x 90

Example: A sponsor has two centers with a combined enrollment of 50 children. Both centers intend to claim a snack and supper. Free reimbursement for snack is $.86 and supper is $3.16.

50 (total enrollment/attendance) x $4.02 (combined free rate for each meal type) x 90 = $18,090.00

The sponsor would have to obtain an initial bond in the minimum amount of $18,090.00.

Sponsors must increase the bond amount based on the following:

- Enrollment or reimbursement increases by 50% of the original anticipated enrollment/attendance or reimbursement;
- Each time the enrollment or reimbursement increases by 50% of the actual participation or reimbursement from the time the bond was last increased.

NOTE: The reimbursement rates used in the example above are not the actual rates and are only used for illustrative purposes. CEs must ensure they use the current reimbursement rates when calculating the amount of performance bond needed.

The increase in the bond amount must be made and submitted to TDA within 45 days of the increase in enrollment or reimbursement.

A sponsor may submit a written request to decrease the amount of the bond if the sponsor experiences a significant decrease in enrollment or reimbursement.

NOTE: An organization that operates **all of its sites** two days per week or less may submit a written request to TDA requesting a reduced performance bond amount. The organization's written request must include: (1) the number of sites it operates; (2) the number of days per week each site will operate; (3) the meal type(s) each site will be serving; and (4) the number of children enrolled for care at each site or the number of children the organization anticipates serving at each site each day.

Written requests may be submitted via:

➢ email to CACFPBops@TexasAgriculture.gov;

➢ fax at (888) 223-8645;

➢ mail to the Texas Department of Agriculture, Attn: Business Operations – Applications, P.O. Box 12847, Austin, TX 78711; or

➢ overnight delivery to the Texas Department of Agriculture, Attn: Business Operations – Applications, 1700 N. Congress Ave., Austin, TX 78701.

2320   Relief from the Bonding Requirement

A CE that was required to obtain a performance bond at application that can subsequently demonstrate that it has accumulated three years of successful administrative and financial history may request relief from the bonding requirement by submitting a written request for relief. A CE may make the written request for relief from the bonding requirement when submitting the annual application to renew its participation.

Successful participation in the Program will be considered in determining the approval or denial of a request for relief.

NOTE: A request for relief from the bonding requirement will be denied if a sponsor has an outstanding financial obligation to TDA.

2330 Cost of Obtaining a Performance Bond

The initial cost of obtaining a performance bond to meet TDA requirements may be an allowable cost if the cost is incurred the same month in which participation is approved. The costs of maintaining and renewing a bond required for continued participation in the Program is allowable. The cost must be included in the CEs approved budget.

2400   Additional Information

2410   Disqualification

USDA maintains a list of organizations and individuals disqualified from participation in the Program, known as the National Disqualified List (NDL). TDA maintains a list of organizations and individuals excluded from participation in the Summer Food Service Program (SFSP), known as the Texas Excluded SFSP List (TEXSL).

Organizations and individuals on the NDL and/or the TEXSL are **not** eligible to participate as a CE, site, day care home, or as an employee in any CE's operation in which they perform Program activities.

Additionally, individuals on the list may not hold any management (principal) positions within an organization, whether or not they perform Program activities. Management positions include, but are not limited to, board member, director, owner, co-owner and partner.

Organizations and individuals placed on the list by TDA will remain on the NDL until such time as USDA, in consultation with TDA, determines that the serious deficiencies have been corrected, or until seven years after their disqualification. However, if any debt relating to the serious deficiencies has not been repaid, they will remain on the list until the debt has been repaid.

Organizations can request access to the NDL at:

https://snp.fns.usda.gov/ndlweb.Welcome.action

CEs must check the lists:

- Prior to hiring any employees who will hold any management position within the organization or perform Program activities; and
- Prior to signing an agreement with a site.

It is also recommended CEs check the lists periodically to ensure current staff in management positions or performing Program activities, and/or sites and site staff in management positions or performing Program activities were not added to the list after being hired or added to the CEs sponsorship.

Links to the USDA NDL are also located at http://www.squaremeals.org under "Child and Adult Care Food Program" on the right hand side of the screen and in the "download forms" screen in the Texas Unified Nutrition Programs System (TX-UNPS)

NOTE: The Texas Excluded SFSP List (TEXSL) is located in download forms in TX-UNPS.

2420   Background Checks

During the application process, and at any time during an organization's participation in the Program, TDA may conduct background checks on each principal of a non-governmental organization to determine if any principal has a criminal history that would make the organization ineligible to participate in the CACFP.

Criminal history that would meet this criterion includes a criminal conviction in the seven years preceding the date of application (or date of the background check) that indicates a lack of business integrity including, but not limited to:

- Fraud
- Anti-trust violations
- Embezzlement
- Theft
- Forgery
- Bribery
- Falsification or destruction of records
- Making false statements
- Receiving stolen property
- Making false claims
- Obstructing justice

Organizations must certify to the truth of the information submitted with the application for participation in the Program. Failing to disclose a criminal history that meets the criteria above would result in the organization's placement in the serious deficiency process. Refer to Section 10000, *Serious Deficiency* for more information.

2430   Government Issued Identification

Organizations must submit a form of government issued identification that contains a picture as well as proof of residential mailing address for each principal of the organization. A combination of identification can be used to achieve this requirement.

Acceptable forms of government issued identification include:

- Drivers' license or personal identification card issued by the Texas Department of Public Safety, or a similar document issued by an agency of another state, regardless of whether the card or license has expired,
- Military identification,
- Valid US Passport,
- Any other proof approved by TDA.

Acceptable documentation to prove residential mailing address includes:

- Drivers' license,
- Official mail addressed to the person's current address, by name, from a utility provider or government agency or bank,
- Current, valid voter registration card,
- A lease (that has not expired) executed by the individual,
- Any other proof approved by TDA.

If at any time during participation principals within the organization change, the above information must be sent to TDA for the new principal(s).

CEs that are sponsors must obtain and maintain the above documentation for the principals of their sponsored sites and make these documents available to TDA upon request.

EXCEPTION: This requirement does not apply to public institutions (such as Governmental, Military, or Indian Reservations).

2440   Amendments

A CE's application/management plan and signed Permanent Agreement can only be amended with TDA's approval. There are two types of amendments: universal and contracting entity-specific.

2440.1 Universal Amendments

Universal amendments are modifications to the terms and conditions of the Permanent Agreement that apply to all CEs, including amendments that are specific to a particular

program, regardless of whether a particular CE has been approved to participate in that program. Universal amendments are initiated by TDA.

Failure to return a universal amendment could result in placement in the serious deficiency process. Refer to Section 10000, *Serious Deficiency* for additional information.

2440.2 Contracting Entity-Specific Amendments

Contracting Entity-Specific amendments are limited to:

- Adding participation in a TDA-administered program;
- Deleting participation in a TDA-administered program;
- Changing the name of the organization in which the EIN remains the same under the existing Permanent Agreement; or
- Changing the name of the organization in which other documentation establishing its legal identity remains the same under the existing Permanent Agreement.

Whenever necessary, TDA will amend the Permanent Agreement using an "amendment form" to indicate a CE's current participating status and/or organization name.

EXAMPLE (adding a program): If a CE is approved to participate in the Summer Food Service Program (SFSP) and later applies to participate in the Child and Adult Care Food Program (CACFP), the CE will complete the amendment form available both on SquareMeals and in TX-UNPS under download forms. The CE will sign the form and return it to TDA. A signed copy will be returned to the CE for its files.

EXAMPLE (name change): If a CE notifies TDA that the name of its organization has changed, but the EIN, or other documentation establishing its legal identity has not, TDA will enter the new name of the CE on an amendment form and send it to the CE that will then sign the form and return it to TDA. Upon receipt and approval of the signed amendment form, TDA will sign the form and a copy will be returned to the CE for its files.
These amendments can be initiated by either TDA or the CE. An amendment initiated by a CE to add or delete a program can be withdrawn. The CE may decide not to participate in the program being added or continue participation in the program being deleted. In the event that a CE decides to withdraw an amendment, it must inform TDA in writing.

Failure to return a contracting entity-specific amendment, or to notify TDA it intends to withdraw the action, could result in placement in the serious deficiency process. Refer to Section 10000, *Serious Deficiency* for additional information.

2440.3 Application/Management Plan Changes

The Permanent Agreement stipulates that a contracting entity (contractor) will perform according to its application, supporting documents, and approved amendments. Therefore, approved changes to the application and management plan do not require an amendment to the Permanent Agreement.

A CE must submit changes as they occur to ensure TDA has the most current information on its Program operation, including budget amendments that do not change the actual amount of the total budget.

EXAMPLE: If a CE wants to increase its expenditure on facilities and space by an additional $100 per year and reduce expenditures on media costs by $100 per year, TDA must approve the proposed changes for each cost category in advance even though the total amount of the budget would remain unchanged.

Independent Contracting Entities

Independent CEs will request changes to their application and management plan through TX-UNPS. If necessary the CE will also upload information or mail, fax or email it to complete the change request.

CEs will not be required to complete and maintain the corresponding paper form for the change(s) submitted, however CEs may choose to do so or may print a copy of the TX-UNPS screens for their Program files.

For those independent CEs that do not have access to the Internet or to TX-UNPS, changes may be submitted by contacting TDA for a paper version of the applicable section(s) in TX-UNPS and mailing, faxing or emailing it to TDA.

Claims for reimbursement may be delayed or negatively affected if a CE fails to properly request changes in advance.

Contracting Entities that are Sponsoring Organizations

Sponsors will request changes to the Application and Management Plan, or changes to the sponsored site's application, through TX-UNPS. If necessary, sponsors will also upload information or mail, fax or email it to complete the change request.

Sponsors must maintain a completed site application for each change submitted on behalf of an unaffiliated sponsored site, either through TX-UNPS or via paper as well as provide a copy to the sponsored site.

NOTE: Sponsors can make amendments to the site application on behalf of their participating unaffiliated sites without first obtaining the site representative's signature. Copies of the site application must be maintained with the Program files, and copies must be sent to the site for its files.

For other documentation required for sponsored sites, reference Item 4231, *Adding, Terminating, and Making Changes to Sites*, in this handbook.

For those sponsors that do not have access to the Internet or to TX-UNPS, changes may be submitted by contacting TDA for a paper version of the applicable section(s) in TX-UNPS and mailing, faxing or emailing it to TDA.

Claims for reimbursement may be delayed or negatively affected if a CE fails to properly request changes in advance.

2500   Training

There are mandatory training requirements for both current and potential CEs in the Program.

The organization will receive a training certificate after a representative of the organization successfully completes the training. Certificates are awarded in the name of the organization, rather than in the name of an individual who completes the training and are not transferrable between organizations. The organization must retain the training certificate with its Program records.

NOTE: Training expenses are an allowable expense if they are included in the CE's approved budget.

Potential Contracting Entity Training

A representative of the organization must complete *Introductory Training for New CACFP Contractors* as part of the application process, before its application to participate can be approved and a Permanent Agreement can be executed. A representative from a currently participating SFSP sponsoring organization's administrative staff must receive this training prior to application approval.

To locate *Introductory Training for New CACFP Contractors*, check the TDA website at http://www.squaremeals.org. Select the F&N Resources from the menu at the top of the screen, choose training, and then select Introductory Training for New CACFP Contractors and complete the applicable training.

When a representative completes the training session, they will receive a training certificate. The organization may be asked to submit the training certificate along with any other documents requested to complete its application.

If the organization's representative fails to complete the entire training session, they will not be given a certificate of training. A representative of the organization may enroll in the next regularly scheduled *Introductory Training for New CACFP Contractors*. The application will not be approved until this training is completed.

It is recommended that the representative(s) who receive the training be either the owner(s) or director(s) of the center and be able to provide training to all persons in the organization who will have Program responsibilities.

If …	Then …
The organization previously participated in the Program, but withdrew for any reason.	A representative of the organization must complete *Introductory Training for New CACFP Contractors* prior to resuming participation in the Program.
The organization experienced a complete legal identity change and the principal staff changed.	A representative of the new organization must complete *Introductory Training for New CACFP Contractors* prior to approval for participation in the Program.
The organization had a name change, but the Employer's Identification Number (EIN), or other documentation establishing legal identity remained the same, and the principal staff did not change.	The organization would not be required to attend *Introductory Training for New CACFP Contractors* again.
The organization experienced a complete legal identity change but the principal staff did not change.	The organization would not be required to attend *Introductory Training for New CACFP Contractors* again, unless TDA determines that training would be helpful.

NOTE: Training can be completed prior to application submittal; however, it is only valid for one year from the date of the training. An organization that does not submit its application to TDA before the year expires will have to attend the training again.

Mandatory Contracting Entity Training

After the application is approved, TDA may require that a representative of the CE attend one or more mandatory training sessions during each PY. CEs will receive notification of any mandatory training they will be required to attend. Refer to Item 4236, *Training and Education*, for additional information related to annual training requirements.

Staff Training

CEs must train each staff member before they assume any Program duty, and must document its procedure in the management plan. Further, CEs must train each staff member during each PY thereafter. CEs must document the training and retain this documentation with their records. Refer to Item 4236, *Training and Education*, for specific information.

2600   Visit Prior to Approval

TDA conducts visits to organizations that are not currently participating in the Program prior to approval of an application and execution of the Permanent Agreement.

The purpose of the visit is to:

- Provide technical assistance;
- Assess the potential CE's ability to successfully manage and operate Program activities;
- Verify the information submitted in the application and supporting documents;
- Verify the center's ability to provide a meal service;
- Verify the resources that are dedicated to successfully managing Program activities.

Additionally, TDA will review and assess any Program documentation already being maintained by the organization, to determine whether it qualifies to claim reimbursement for meals that were served during the month prior to the month in which its application is approved.

NOTE: Inconsistencies between TDA's observations and the information that was submitted with the application and/or during the visit could result in the denial of the application, and/or placement in the serious deficiency process.

EXCEPTIONS:

TDA will not conduct a visit prior to approval for
- SFAs currently participating in the NSLP/SBP
- Sponsoring organizations currently participating in SFSP that are in good standing (meaning the SFSP sponsor is not currently in the serious deficiency process for mismanagement in the SFSP) applying to participate with sites that are currently participating in the SFSP

2700 Application Renewal

The CACFP PY corresponds with the federal fiscal year, October 1 - September 30. A CE is required to submit a renewal application each year. However, the information provided on certain checklist items is routinely valid for a longer period.

As a result, TDA may retain documents from a prior PY, thereby reducing the number of items that a CE must submit for additional program years.

Additionally, some information in TX-UNPS will "roll-over" each PY, and some information will not. The information that rolls-over <u>must</u> be reviewed and updated by the CE as needed. The information that does not roll-over will need to be re-entered by the CE. Failure to complete all items will delay the renewal process and could result in termination.

CEs with less than two years participation in the Program and/or those that experienced operational issues (for example, placement in the serious deficiency process at any time in the prior three program years, owe a debt to TDA, in the claim validation process) will be required to submit significantly more information during the renewal period. TDA will identify these CEs prior to renewal and notify those CEs via email of their renewal requirements.

CEs that do not have access to the Internet or to TX-UNPS may submit the renewal application via manual methods. Start by requesting a paper copy from TDA at 877-TEX MEAL (877-839-6325). Complete the paper forms and mail, fax or email them to TDA. Please note that submitting a renewal via paper forms may delay the renewal process.

2800   Forms

CEs may obtain TDA provided forms online by accessing the TDA website at http://www.squaremeals.org. CEs will be notified via the TX-UNPS bulletin board or other means when a form has been revised and posted on the website.

Most forms (for example, *Certificate of Authority*) are posted in both Word and PDF format. A few forms may be in Excel. If a CE is having problems printing a form in one format, TDA recommends using another format. The problems a CE could experience might be due to the printer settings of the individual user's computer or printer. In such cases, contact the CE's Information Technology (IT) department or the support service for the specific type of software, hardware, or printer.

TDA also provides some sample forms, in word format only, in Section 11000, *Resources*, of this handbook. If a CE is unable to print these forms correctly, TDA recommends using the copy and paste process. Copy the form and paste it into another word document and format them in a way that works with current printer settings being utilized.

Although TDA is committed to helping CEs operate a successful Program, TDA cannot correct individual user issues with software or hardware.