



**North Carolina Department of Health and Human Services
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CACFP 09-05

TO: Sponsoring Organizations of Day Care Homes

FROM: Arnette Cowan MS, RD, LDN
Special Nutrition Programs Director

Donna Beard MS, RD, LDN
Child Nutrition Program Assistant

RE: Record Maintenance Requirements for Family Daycare Home Providers in the Child and Adult Care Food Program

The State Agency has received clarification from Food and Nutrition Services (FNS) regarding the intent of 7 C.F.R. §226.10(d) and 7 C.F.R. 226.18 (d), (e) and (g) that require family day care home (FDCH) providers to maintain program records. Misinterpretation of these requirements and the extent of the associated recordkeeping problems found during various Program evaluation efforts, USDA Inspector General audits as well as reviews conducted during the Child Care Assessment Project (CCAP), indicate a need to clarify these established record maintenance requirements. Correct implementation of these provisions is intended to facilitate reviews, to enhance Program integrity, and to assure providers that they are being properly reimbursed by their sponsors.

Through recent audits and reviews, the State Agency has been informed that many sponsors collect and maintain most or all provider records. Section 226.10(d) requires that records shall be retained for three years after the date of submission of the final claim for the fiscal year to which they pertain, except that if audit findings have not been resolved, the records shall be retained beyond the end of the three year period as long as may be required for the resolution of the issues raised by the audit. We realize that sponsors must require providers to submit records of menus, meal counts and enrollment. However, it is important that copies of these records also be maintained at the provider’s facility in accordance with 226.18(e), which states that each day care home must maintain on file documentation of each child’s enrollment and must maintain daily records of the number of children in attendance and the number of meals, by type, served to enrolled children.



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While sponsors may keep duplicate records, maintaining records on site at the FDCH ensures that records are available for review when a monitor or auditor arrives at the home. Records that are kept at the provider's home also afford the SA an audit trail and the ability to confirm the accuracy of the records at both locations. In addition, maintaining records at the FDCH instills an internal control whereby the provider is assured that reimbursements are accurate and that no errors have occurred in the payment process.

FNS realizes that some might argue that the proper implementation of this existing regulation is an unnecessary administrative burden for providers. In an effort to satisfy that concern, providers must only maintain and have on hand for immediate review all records that support their program activities for the current month, as well as the previous twelve months of operation. Records should include documentation of attendance, enrollment, meal counts and menus. Providers may store the remaining two years of records offsite; however, they must still be in the control of the provider and accessible within a reasonable amount of time. If no offsite storage is used, providers must retain three years of records, onsite, at the FDCH. Records can be kept in hard copy or electronic format, provided that they are readily available to reviewers. Sponsors and providers must be aware that failure to maintain such records shall be grounds for the denial of reimbursement.

Sponsors should immediately begin taking measures to ensure that this established Program requirement is met in conformance with the original intent of the regulation. Correct implementation of this existing requirement should be completed not later than October 1, 2010. The State Agency is affording the opportunity now to correctly implement this requirement without any fiscal or serious deficiency penalties against providers for non-compliance. However, corrective action is appropriate for violations that occur after the final October 1, 2010, implementation date. Therefore the State Agency is relating this information to all sponsoring organizations of homes in North Carolina and is advising that all sponsors begin taking immediate measures to ensure that this established Program requirement is met.

C: SNP Staff
Auditors
Maryanne Burghardt
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