TO: Child and Adult Care Food Program Institutions

FROM: Mary Ann Chartrand, Director
Grants Coordination and School Support

DATE: January 7, 2005

SUBJECT: Allowability of Cost for Directors and Officers Insurance in the Child and Adult Care Food Program

This memo concerns the allowability of “Directors and Officers” (D&O) insurance as an administrative cost in the Child and Adult Care Food Program (CACFP).

The cost of D&O insurance is an allowable CACFP administrative cost, provided that the following conditions apply:

1. The insurance policy actually provides liability coverage for activities related to the CACFP (many policies specifically exclude coverage related to the administration of a Federal program); and

2. If the policy also provides coverage for non-CACFP liability, the CACFP share of the cost must be properly allocated.

While D&O insurance is an allowable cost as described above, institutions that purchase such insurance should be fully aware of all provisions and exclusions in any policy they consider.

Please keep this memo on file or in a notebook for quick and easy reference.