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DEPARTMENT OF EDUCATION
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**FISCAL YEAR 2009
CHILD AND ADULT CARE FOOD PROGRAM
FAMILY DAY CARE HOME SPONSOR
MEMORANDUM #6**

TO: Family Day Care Home Sponsors

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

DATE: March 27, 2009

SUBJECT: Record Maintenance Requirements for Family Day Care Home Providers in Child and Adult Care Food Program

The Michigan Department of Education (MDE) Child and Adult Care Food Program (CACFP) received guidance regarding record keeping requirements for family day care home providers from the United States Department of Agriculture (USDA). It is very important that these guidelines are implemented as soon as possible to avoid the requirement of corrective action.

According to federal regulations at 226.10(d) and 226.18(d), (e), and (g), records at family day care homes must 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. Although sponsors must require providers to submit records of menus, meal counts and enrollment, it is also important that copies of these records 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.

While sponsors may keep duplicate records, maintaining records on site at the day care home 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 MDE an audit trail and the ability to confirm the accuracy of the records at both locations. In addition, maintaining records at the day care home instills an internal control whereby the provider is assured that reimbursements are accurate, and that no errors have occurred in the payment process.

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Providers must 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 day care home. 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. Although Sponsors may establish earlier implementation dates, steps should be taken to minimize any unnecessary burden to providers. Providers should be given the opportunity to correctly implement this requirement without any fiscal or serious deficiency penalties against them for non-compliance, unless it is in violation of a previously established sponsor requirement or a provider's agreement with the sponsor. However, corrective action is appropriate for violations that occur after the final October 1, 2010, implementation date.

If you have any questions regarding this memo call our office at (517) 373-7391.