

Michigan Department of Education
Child and Adult Care Food Program

Items Requiring Prior Approval, Specific Prior Written Approval and FNSRO Approval

Note: page numbers and item numbers reference [FNS Instruction 796-2, Rev. 4](http://www.fns.usda.gov/sites/default/files/796-2_Rev_4.pdf)
([http://www.fns.usda.gov/sites/default/files/796-2 Rev 4.pdf](http://www.fns.usda.gov/sites/default/files/796-2_Rev_4.pdf)).

Topic or Cost	FNS 796-2 Rev. 4, Page Number	FNS 796-2 Rev. 4, Section VIII, I, Item Number	Description	Prior Approval	Specific Prior Written Approval	FNSRO Approval
Advertising & Public Relations Costs	19	3 a (2)	Advertising and public relation costs for pamphlets, news releases, and other information services	YES		
Communication and Technology Costs	21	8 a	Cellular telephones, cellular data plans, mobile hotspots, air cards, internet charges, and ADP equipment		YES	
Contributions & Donation Costs	22	10 a	Costs required to make goods or services donated to the institution usable for the Program		YES	
Day Care Home Licensing Standards Costs	26	12 a	Supplies such as smoke detectors & fire extinguishers; minor alterations such as adding handrails; and the costs of fire & safety inspections & licensing fees that are required to permit an income eligible day care home to meet licensing approval standards		YES	
Depreciation and Use Allowance	29	13 d (1) (a)	The use of any depreciation method other than straight line		YES	
Depreciation and Use Allowance	30	13 d (1) (c)	If an institution has not maintained acquisition records, they may use a reasonable estimate of the asset's original acquisition cost		YES	

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Depreciation and Use Allowance	30	13 d (2) (b)	For publicly owned buildings, the amount assigned as the acquisition cost		YES	
Employee Morale, Health, & Welfare Costs & Credits	32	14	All costs in this category		YES	
Expensing of Equipment Purchases and Other Capital Expenditures	34	16 a	An institution may directly expense capital expenditures (NOTE: see 16 b for unallowable costs)		YES	
Facilities & Space Costs	35	17 a (3)	The costs for rearrangement & alterations to facilities owned by the institution that are necessary for efficient and effective program operations but do not result in capital improvements (NOTE: see 17 b unallowable costs)		YES	
Facilities & Space Costs	36	17 d	All special lease arrangements; costs incurred by the institution during periods of non-occupancy; and maintenance and operation costs that are allocated based on a single base such as square footage, when these costs are not included in rent or other space charges		YES	

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Insurance	37	21 a (2) (a)	Costs of other insurance maintained by the institution in connection with the general activities of the Program when the type, extent, and cost of coverage are in accordance with general State or local government policy and sound business practices		YES	
Insurance	37	21 a (2) (b)	Costs of insurance or contributions to any self insurance reserve covering the risk, loss, or damage to Federal Government property to the extent that the institution is liable for such loss or damage		YES	
Insurance	37	21 a (2) (c)	Cost of insuring the lives of Directors and Officers, provided that the insurance policy actually provides liability coverage related to the CACFP; and, if the policy also provides coverage for non-CACFP liability, the CACFP share of the cost is properly allocated		YES	
Insurance	37	21 a (2) (d)	Contributions to a reserve for self-insurance to the extent that the reserve meets State insurance requirements, and the type of coverage, extent of coverage, and the rates and premiums would have been allowed had insurance been purchased from a commercial provider		YES	

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Interest, Fund Raising, & Other Financial Costs	38	22 a (1) (a) i	Stop payment charges for facility advance and reimbursement payments and other Program disbursements, whether by check or EFT		YES	
Interest, Fund Raising, & Other Financial Costs	38	22 a (1) (a) ii	Program account reconciliation and analysis fees, including the allocated share of fees charged for commingled accounts		YES	
Interest, Fund Raising, & Other Financial Costs	38	22 a (2)	Interest incurred after 10/1/98, for non-profit private institutions, and after 10/1/80, for public institutions, on institutional debt used to acquire or replace allowable equipment or other property or make allowable improvements (NOTE: See 22 b for unallowable costs)		YES	
Interest, Fund Raising, & Other Financial Costs	40	22 c (1)	Arms-length transactions for financing arrangements (NOTE: See section on information required when requesting specific prior written approval.)		YES	
Interest, Fund Raising, & Other Financial Costs	40	22 c (2)	Less-than-arms-length transactions for financing arrangements (NOTE: See section on information needed when requesting specific prior written approval)		YES	YES
Labor Costs	48	23 d (1)	Compensation to members of nonprofit institutions, trustees, directors, associates, officers, or the immediate families thereof		YES	

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Labor Costs	48	23 d (2)	Stipends to compensate board members for the costs of attending corporate meetings when Program business is conducted		YES	
Labor Costs	48	23 d (3)	Any change to an institution's compensation policy that results in a substantial increase in the institution's level of compensation to an individual or to all employees		YES	
Labor Costs	7	VI D 3	Excess funds from an institution's nonprofit food service account used for increases in salaries or fringe benefit costs to improve food service operations, principally for the benefit of the participants		YES	
Labor Costs (Overtime, Holiday Pay, and Compensatory Leave)	50	23 h	Payment of overtime, holiday pay for work performed on a non-work holiday, and compensatory leave, when an employee will earn overtime, holiday pay, or compensatory leave in lieu of overtime (NOTE: See section regarding exceptions)		YES	
Labor Costs (Incentive Pay and Awards)	51	23 i	Incentive payments and awards (except for awards of minimal value, see i (6))		YES	
Labor Costs (Severance Pay)	52	23 j	Severance pay when it does not constitute excess compensation and is required by law, written employer/employee agreement executed at the time the employee was hired, established written policies of the institution, or the terms of a negotiated written labor relations agreement		YES	

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Labor Costs (Deferred Compensation)	53	23 k (1)	Deferrals of compensation for officers and employees when the State Agency determines the deferral is in the best interests of the Program; and the deferral does not represent the establishment of a contingency fund, an attempt to defer compensation as a result of an overclaim, repayment request, or funding limitation, or an attempt to acquire Program funds for unallowable cost purposes (NOTE: See section for additional information)		YES	
Labor Costs (Deferred Compensation)	55	23 k (11)	Amendments or modifications to approved deferral plans		YES	
Legal Expenses & Other Professional Services	56	24 a (1)	The sponsoring organization's cost to pursue administrative and judicial recovery of funds due from sponsored facilities		YES	
Legal Expenses & Other Professional Services	56	24 a (2)	The institution's costs for services performed by individuals who are not officers, employees, or members of the institution (NOTE: See section for additional information)		YES	
Management Studies	58	26 a	The cost of studies directly related to the Program that are performed by entities other than the institution itself		YES	
Materials & Supplies	59	27 c (2)	State agencies may establish specific prior written approval requirements for durable supply acquisitions.		YES	

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Meetings & Conferences	59	28 a (1)	Travel & registration fees for attending meetings and conferences devoted solely to the CACFP	YES		
Meetings & Conferences	59	28 a (2)	The allocated share of travel & registration fees when CACFP is only a portion of a larger child and adult care-related agenda		YES	
Membership, Subscriptions, & Professional Organization Activities	60	29 a (4)	Costs of public and nonprofit institution memberships in civic or community organizations			YES
Membership, Subscriptions, & Professional Organization Activities	60	29 a (5)	Membership in discount warehouse buying clubs, provided the institution has offered sufficient justification that the membership would be used strictly for the organization and would save the Program money	YES		
Participant Training & Other Participant Support Costs	61	30 a (1)	Training-administrative costs (NOTE: see section for a list of these costs)	YES		
Participant Training & Other Participant Support Costs	62	30 a (2)	Training-operating costs (NOTE: see section for a list of these costs)	YES		
Participant Training & Other Participant Support Costs	62	30 a (3)	The administrative costs of the sponsoring organization's system for hearing appeals of actions taken by the sponsor that affect a facility's Program participation or funding (NOTE: see section for more information)	YES		
Proposal Costs	64	32 a	Costs of preparing proposals on potential FNS Child Nutrition Programs grants		YES	

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Publication, Printing, & Reproduction	64	33 a	Direct costs for publication, printing, and reproduction of materials related solely to the Program, and the allocated share of direct costs when Program and non-Program purposes are benefited	YES		
Purchased Services – Other	65	34 a (1) (a)	Arms-length transactions for the maintenance, repair, or upkeep of administrative and food service equipment that neither add to its value nor prolong its intended life but keep it in an efficient operating condition	YES		
Purchased Services – Other	65	34 a (1) (b)	The costs of utilities, purchased security and janitorial service, etc., not included in space costs or labor compensation costs	YES		
Purchased Services – Other	65	34 a (2)	The cost of all services obtained through less-than-arms-length transactions, maintenance and service repair contracts on Program equipment, and all other purchased service costs needed for Program operations		YES	
Rental Costs	68	36 d	Special lease arrangements - capital leases, sale-with-lease-back leases, less-than-arms-length transactions, and leases with option-to-purchase agreements (NOTE: see section for more information)		YES	
Termination Costs	71	38 a	The institution's necessary and reasonable costs of ceasing CACFP operations		YES	

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Travel	72	39 a	Costs for program travel may be charged on actual, per diem, or mileage basis provided the method used results in charges consistent with those normally allowed by the institution in its nonprogram operations.	YES		