



**North Carolina Department of Health and Human Services  
Division of Public Health – Women’s & Children’s Health Section**

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Michael F. Easley, Governor

Carmen Hooker Odom, Secretary

**CACFP 04-02  
SFSP 04-01**

January 23, 2004

**To:** Institutions Participating in the Child and Adult Care Food Program  
Sponsors Participating in the Summer Food Service Program

**From:** Arnette Cowan, MS, RD, LDN  
Head, Special Nutrition Programs

**Subject:** **Audits of States, Local Governments, and Non-Profit Organizations**

This memo is to inform you of two changes for the Child and Adult Care Food Program (CACFP) and the Summer Food Service Program (SFSP).

**Audits of States, Local Governments, and Non-Profit Organizations**

The Office of Management and Budget (OMB) has increased the threshold for A-133 audits from \$300,000 to \$500,000. OMB has also increased the threshold for cognizant agency for audit from \$25 million to \$50 million. The revision also changes the base years for determining cognizant agency for audit assignments. Currently, the cognizant agency for audit determination is based on the amount of Federal funding in the year immediately preceding each five-year audit cognizant period. This revision changes the base year to the second year preceding the five-year audit cognizant period to allow sufficient time to make cognizant agency for audit determinations before the start of the audit cognizance period. These revisions are effective for fiscal years ending after December 31, 2003.

**Grants Management Regulations**

The second revision concerns procurement of goods. As you know, formal advertising requirements applied to procurements of \$10,000 or more. The small purchase threshold for all non-government, not-for-profit organizations operating USDA entitlement programs has been increased to \$100,000. However, since section 3016.36(B) instructs a governmental entity to use its own procurement rules to the extent they are not inconsistent with the Federal rules, the small purchase threshold actually available to a governmental program operator is the lower of \$100,000 or the threshold set by State or local laws and regulations. Therefore, governmental program operators may be unable to fully realize the benefits of this change until their governing bodies take action to raise their respective thresholds.

Attached are the documents received from Food and Nutrition Services concerning these two issues.

Attachments

cc: SNP Staff  
Audit Unit

