

**Items Requiring Prior Approval, Specific Prior Written Approval, and FNSRO Approval
FNS 796-2, Revision 3**

The following is a list of items that require the institution to receive prior or specific prior written approval from DECAL or the Food and Nutrition Services Southeast Regional office prior to using CACFP reimbursement to pay for the item. The first column lists the cost topic that requires prior approval, the second column lists the section, and the third column lists the page where the item is found in the FNS Instruction. The fourth column lists the specific item that requires prior approval. If the organization uses reimbursement to pay for any of the items listed, but does not submit a budget and receive approval prior to paying the cost, the cost is unallowable and will have to be repaid to the CACFP account.

| Cost topic | Section | Pg # | Specific Item | Prior Approval | Specific Prior Written Approval | FNSRO Approval |
|--|-----------------|------|---|---------------------------|---------------------------------|----------------|
| Advertising & Public Relations Costs | 3 a (2) | 20 | Public relation costs for pamphlets, news releases & other information services | YES | | |
| Communications | 8 a (1) | 23 | Cellular phones & pagers owned or leased by the institution -- SAs may impose prior approval or specific prior written approval | *YES DECAL requires | | |
| Contributions & Donation Costs | 10 a | 24 | Costs required to make goods or services donated to the institution usable for the Program | | YES | |
| Day Care Home Licensing Standards Costs | 12 a (1, 2 & 3) | 27 | Supplies such as smoke detectors & fire extinguishers; minor alterations such as adding handrails; and the costs of fire & safety inspections & licensing fees are required to permit an income eligible day care home to meet licensing approval standards | | YES | |
| Depreciation and Use Allowance | 13 a (1)(b) | 29 | All space and facility depreciation methods other than 30 year straight line or method used & accepted for Federal income tax reporting purposes | | YES | |
| | 13 a (1)(c) | 29 | For publicly owned buildings, the amount assigned as the acquisition cost | | YES | |
| | 13 a (2)(a) | 30 | All equipment depreciation methods other than 15 year straight line depreciation or method used & accepted for Federal income tax reporting purposes | | YES | |
| | 13 d (1) | 31 | Unknown acquisition cost | | YES | |
| | 13 e | 31 | Life expectancies | | *YES DECAL requires | |
| Employee Morale, Health, & Welfare Costs & Credits | 14 | 31 | All costs in this category | | YES | |

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| Expensing Equipment and Other Property | 16 a | 33 | The program's share of the cost for most equipment & improvements can be directly expensed (NOTE: See 16 b for unallowable costs.) | | YES | |
| Facilities & Space Costs | 17 a (3) | 35 | 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 unallowable costs.) | | YES | |
| | 17 d (1) | 36 | All special lease arrangements (see 36 d, below) | | YES | |
| | 17 d (2) | 36 | Costs incurred by the institution during periods of non occupancy | | YES | |
| | 17 d (3) | 36 | A single base such as square footage to prorate maintenance and operation costs between program and nonprogram activities when these costs are not included in rent or other space charges | | YES | |
| Insurance | 21 a (1)(a) | 37 | Costs of other insurance, not required by the SA, maintained by the institution in connection with the general activities of the Program when the type, extent, & cost of coverage in accordance with general state or local government policy and sound business practices | | YES | |
| | 21 a (1)(b) | 37 | 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 | |
| | 21 a (1)(c) | 37 | 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, & the rates & premiums would have been allowed had insurance been purchased to cover the risks | | YES | |
| Interest, Fund Raising, & Other Financial Costs | 22 a (1)(a) i | 38 | Stop payment charges for facility advance & reimbursement payments and other Program disbursements, whether by check or EFT | | YES | |
| | 22 a (1)(a) ii | 38 | Program account reconciliation and analysis fees, including the allocated share of fees charged for commingled accounts | | YES | |

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| | 22 a (2) | 38 | 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 unallowable costs.) | | YES | |
| | 22 c (1) | 40 | Arms length transactions (NOTE: See section on information required when requesting specific prior written approval.) | | YES | |
| | 22 c (2) | 41 | Less-than-arms-length transactions (NOTE: See section on information required when requesting specific prior written approval.) | | YES | YES |
| Labor Costs | 23 d (1) | 48 | Compensation to members of nonprofit institutions, trustees, directors, associates, officers, or the immediate families thereof require special consideration and specific prior written approval | | YES | |
| | 23 d (2) | 48 | Stipends to compensate board members for the costs of attending corporate meetings when program business is conducted requires special consideration and specific prior written approval | | YES | |
| | 23 d (3) | 48 | 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 all employees requires special consideration and specific prior written approval | | YES | |
| Overtime, Holiday Pay, and Compensatory Leave | 23 h | 51 | Payment of overtime, holiday pay for work performed on a nonwork holiday & compensatory leave (NOTE: See section regarding exceptions.) | | YES | |
| | 23 i | 52 | Incentive payments and awards (except for awards of minimal value, see i (6)) | | YES | |
| | 23 j | 54 | Severance pay when it does not constitute excess compensation and is required by law, written employer/employee agreement, written policies of the institution, or the terms of a negotiated written labor relations agreement | | YES | |

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| | 23 k (1) | 54 | Deferred compensation when SA determines the deferral is in best interest of the Program and it 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 | | YES | |
| | 23 k (11) | 58 | Amendments or modifications to approved deferral plans | | YES | |
| Legal Expenses & Other Professional Services | 24 a (1) | 58 | The sponsoring organization's cost to pursue administrative and judicial recovery of funds due from sponsored facilities | | YES | |
| | 24 a (2) | 58 | 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 | 26 (a) | 61 | The cost of studies directly related to the Program that are performed by entities other than the institution itself | | YES | |
| Meetings & Conferences | 28 a (1) | 63 | Travel & registration fees for attending meetings & conferences devoted solely to the CACFP | *YES DECAL requires | | |
| | 28 a (2) | 63 | Prorated share of travel & registration fees when CACFP is only a portion of a larger Child & Adult Care related agenda | | YES | |
| Membership, Subscriptions, & Professional Organization Activities | 29 a (4) | 64 | Costs of public and not for profit institutions memberships in civic or community organizations | | | YES |
| Participant Training & Other Participant Support Costs | 30 a (1) | 65 | Training-administrative costs (NOTE: See section for a list of these costs.) | YES | | |
| | 30 a (2) | 65 | Training-operating costs (NOTE: See section for a list of these costs.) | YES | | |
| | 30 a (3) | 66 | Facility appeals costs (NOTE: See section for more information.) | YES | | |
| Proposal Costs | 32 (a) | 66 | Costs of preparing proposals on potential FNS Child Nutrition Program grants | | YES | |
| Publication, Printing, & Reproduction | 33 | 67 | All allowable costs require prior approval | YES | | |

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| Purchased Services -- Other | 34 a (1)(a) | 67 | Arms-length transactions for the maintenance, repair or upkeep of administrative & food service equipment that neither adds to its value nor prolongs its intended life | YES | | |
| | 34 a (1)(b) | 68 | Costs of utilities, purchased security and janitorial service, etc., not included in space or labor compensation costs | YES | | |
| | 34 a (2) | 68 | All less-than-arms-length transactions; maintenance & service repair contracts on Program equipment; and all other purchased service costs needed for Program operation | | YES | |
| Rental Costs | 36 d | 72 | Special lease arrangements -- capital leases, sale-with-lease-back leases, less-than-arms-length transactions, & lease with option-to-purchase (NOTE: See section for more information. These also require special consideration.) | | YES | |
| Termination Costs | 38 a | 75 | Institution's necessary & reasonable costs of ceasing CACFP operations | | YES | |
| Travel | 39 | 76 | Costs for Program travel (NOTE: See section for more information.) | YES | | |