

*Additional Information:*

United States Department of Agriculture  
Uniform Federal Assistance Regulations,  
7 CFR Parts 3016, 3019, and 3052.

[www.gpo.gov/nara/cfr/index.html](http://www.gpo.gov/nara/cfr/index.html)

United States Department of Agriculture,  
Child and Adult Care Food Program  
Regulation, 7 CFR Part 226.

[www.usda.gov/cnd](http://www.usda.gov/cnd)

United States Department of Agriculture,  
Food and Nutrition Service, Instruction  
796-2, Rev. 3, Financial Management -  
Child and Adult Care Food Program.

Office of Management and Budget  
Circulars: A-87, August 29, 1997; A-102,  
March 11, 1988; A-110, November 29,  
1993; A-122, June 1, 1998; and A-133,  
June 24, 1997.

[www.whitehouse.gov](http://www.whitehouse.gov)

United States General Services  
Administration, Federal Acquisition  
Regulations, 48 CFR Part 31.

[www.gsa.gov](http://www.gsa.gov)

Contact State administering agencies or  
United States Department of Agriculture,  
Food and Nutrition Service Regional  
Offices for a copy of FNS Instruction,  
796-2, Rev. 3, Financial Management -  
Child and Adult Care Food Program.



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**CHILD and ADULT  
CARE FOOD  
PROGRAM**

**FNS INSTRUCTION  
796-2, Rev. 3**

**# 1  
GENERAL  
INFORMATION**

*This is the first in a series of brochures on  
FNS Instruction 796-2, Revision 3.*

## CHILD AND ADULT CARE FOOD PROGRAM (CACFP)

USDA provides CACFP funds to State agencies through grants and other means, to initiate, maintain and expand nonprofit food service programs to children and adult participants.

### FNS INSTRUCTION 796-2

FNS Instruction 796-2 provides financial management information and guidance to State agencies, Regional Offices and institutions participating in the CACFP.

### HISTORY

FNS Instruction 796-2, Financial Management, was first issued in 1980. Revision 1 was issued in 1983, Revision 2 in 1994 and Revision 3 in 2001.

### CAUSE FOR REVISION

The most recent revision to FNS Instruction 796-2 results from changes in:

- Office of Management and Budget Grant and Cooperative Agreement, Cost Principle and Audit Circulars;
- Federal Acquisition Regulations 48 CFR Part 31, Contract Cost Principles and Procedures;

- CACFP legislation and regulations (7 CFR Part 226); and
- Departmental regulations (7 CFR Parts 3015, 3016, 3019, 3052).

Additional changes made to the Instruction reflect the Department's commitment to improve the integrity of the CACFP through comprehensive guidance.

### PURPOSE

FNS Instruction 796-2, Revision 3 establishes standards, principles and guidelines for financial management to:

1. Assure the costs charged to the nonprofit food service are allowable, necessary and reasonable for effective and efficient program operations.
2. Assist State administering agencies and institutions in developing and maintaining financial management systems that comply with CACFP requirements.
3. Provide, to the extent possible, all institutions of similar type doing the same work, with the same requirements.

## CONTENTS

FNS Instruction 796-2, Revision 3 consists of 12 Parts and 8 Exhibits:

- I. Purpose
- II. Authority
- III. Abbreviations
- IV. Scope
- V. Definitions
- VI. Monitoring Nonprofit Food Service Status
- VII. Basic Guidelines for Determining Allowability of Costs
- VIII. Standards for Allowable Costs
- IX. Basic Guidelines for CACFP Payments and Use of Funds
- X. Food Donation
- XI. Implementation
- XII. Office of Management and Budget Approval

### EXHIBITS:

- A. Glossary
- B. Food Cost
- C. Index
- D. Recording Equipment and Depreciation Format
- E. Cost of Goods Used Format
- F. Purchases Record Format
- G. Inventory Reconciliation Format
- H. Inventory Record Format

***NOTE: Consult 796-2, Rev. 3 and the appropriate administering agency for more information.***