

FNS 796-2, Revision 3

Cost Items Requiring Prior Approval, Specific Prior Written Approval, and/or FNSRO

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	Up to SA	Up to SA	
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		Up to SA	

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Employee Morale, Health, & Welfare Costs & Credits	14	31	All costs in this category		YES	
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	
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	

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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		
	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 needed 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	

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	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	
	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	

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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	61	The cost of studies directly related to the Program that are performed by entities other than the institution itself		YES	
Materials & Supplies	27	62	SAs may establish specific prior written approval requirements for durable supply acquisitions		Up to SA	
Meetings & Conferences	28 a (1)	63	Travel & registration fees for attending meetings & conferences devoted solely to the CACFP	YES; however SA may waive		
	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		

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	30 a (2)	65	Training-operating costs (NOTE: see section for a list of these costs.)	YES		
	30 a (3)	66	Facility appeal costs (NOTE: see section for more information.)	YES		
Proposal Costs	32	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		
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	

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Travel	39	76	Costs for Program travel (NOTE: see section for more information.)	YES		