



**American Indian and Alaska Native Child
Care and Development Fund: Guide to
Financial Management, Grants
Administration, and Program
Accountability**

CCDF Administration Series
March 2018



ADMINISTRATION FOR
CHILDREN & FAMILIES



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Introduction

American Indian and Alaska Native (AI/AN) Child Care and Development Fund (CCDF) Administrators, fiscal and program managers, and staff working with federal CCDF funds must understand all the federal requirements that apply to their CCDF programs. They must be skilled in applying these requirements to the daily operation of their programs, whether they are starting a new program or striving to maintain a program that meets the intent of the enacting legislation. It is the responsibility of AI/AN CCDF fiscal and program managers to identify the regulations and other requirements that apply to the programs they administer.

This guide focuses on fiscal administration and accountability for AI/AN CCDF programs, including basic financial management and grant management principles. Footnotes in each section point to sources of additional information, including guidance documents from the Office of Child Care and specific sections of the federal regulations that govern the CCDF program.

By adhering to applicable regulations and working toward increased operating efficiency, AI/AN CCDF grantees have the opportunity to provide enhanced child care services that promote healthy child development for AI/AN children and economic self-sufficiency for AI/AN families.

Important Notice: Please Read Before Using This Guide

This guide was developed to provide general information for those overseeing the fiscal management of AI/AN CCDF programs. AI/AN CCDF Administrators and fiscal staff should always consult the regulations and current CCDF guidance for the most comprehensive and up-to-date information on fiscal management of AI/AN CCDF programs. When questions of policy arise, representatives of the Office of Child Care's regional offices should be consulted. Policy determinations from the Office of Child Care supersede any information provided in this guide.

Part 1. Child Care and Development Fund Basics

CCDF Overview

The Child Care and Development Fund is the primary federal funding source devoted to providing low-income families with help paying for child care and improving the quality of care for all children.¹ Each month, it provides child care financial assistance for 1.4 million children whose parents are working or participating in education and training.²

Additionally, CCDF investments in improving the quality of care benefit millions more of the nation's children who do not receive a child care subsidy but participate in child care programs that benefit from these quality investments, such as teacher training.

At the federal level, CCDF is administered by the Office of Child Care (OCC), Administration for Children and Families (ACF), U.S. Department of Health and Human Services (HHS). The Office of Child Care Regional Program Managers, located in each ACF regional office, are integral partners with AI/AN CCDF grantees in the administration of CCDF funds. OCC Regional Program Managers, their staff, and their regional fiscal colleagues work with AI/AN CCDF grantees as the primary federal points of contact for CCDF administration³.

CCDF Reauthorization and the Final Rule

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 consolidated funding for child care under section 418 of the Social Security Act (42 U.S.C. § 618) and made the funding subject to the requirements of the Child Care and Development Block Grant (CCDBG) Act of 1990, as amended. HHS subsequently designated the combined mandatory and discretionary funding streams as the CCDF program. The CCDBG Act is the law (along with Section 418 of the Social Security Act) that authorizes the CCDF program.⁴

In November 2014, the [CCDBG Act of 2014](#) was signed into law. The CCDBG Act of 2014, also known as **CCDF reauthorization**, reauthorized the CCDF program and made changes to strengthen the health, safety, and quality of child care and provide more stable child care assistance to families.⁵

In September of 2016, the Office of Child Care published a [final rule](#) that provided notice of regulatory changes to the CCDF program based on the CCDBG Act of 2014. The final rule contains the updated federal regulations for implementing the CCDBG Act of 2014 and administering the CCDF program in a way that meets the needs of children, child care providers, and families. The CCDF final rule regulations are published in the Code of Federal Regulations (C.F.R.) at [45 C.F.R. part 98](#).

The final rule outlines how the CCDF regulations apply to AI/AN grantees. The regulations were designed to provide flexibility for AI/AN CCDF grantees in meeting the needs of their communities in a manner consistent with the CCDF goals of promoting families' financial stability and fostering healthy child development.

To account for variations in funding, the CCDF final rule established three categories of AI/AN CCDF grantees with tiered requirements. These categories are based on CCDF funding amount, referred to as "allocation size" (table 1). This approach provides greater flexibility to grantees with lower levels of funding.

¹ Child Care and Development Fund (CCDF) Program, 81 Fed. Reg. 67,438 (Sept. 30, 2016) (codified at 45 C.F.R. pt. 98).

² Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services. (2015). Characteristics of families served by the Child Care and Development Fund (CCDF) based on preliminary FY 2015 data. Retrieved from <https://www.acf.hhs.gov/occ/resource/characteristics-of-families-served-by-child-care-and-development-fund-ccdf>

³ Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services. (2018). Office of Child Care Regional Program Managers. Retrieved from: <https://www.acf.hhs.gov/occ/resource/regional-child-care-program-managers>.

⁴ Child Care and Development Fund (CCDF) Program, 81 Fed. Reg. 67,438, 67,442 (Sept. 30, 2016) (codified at 45 C.F.R. pt. 98).

⁵ Child Care and Development Fund (CCDF) Program, 81 Fed. Reg. 67,438 (Sept. 30, 2016) (codified at 45 C.F.R. pt. 98).

Table 1. Allocation Sizes for AI/AN CCDF Grantees

Allocation Size	Funding Amount
Small allocation	Less than \$250,000
Medium allocation	Between \$250,000 and \$1 million
Large allocation	More than \$1 million

Source: Child Care and Development Fund (CCDF) Program, 81 Fed. Reg. 67,438, 67, 536 (Sept. 30, 2016) (codified at 45 C.F.R. pt. 98).

For AI/AN grantees, ACF will first determine compliance with the CCDF final rule through review and approval of the FY 2020–2022 CCDF Plans that become effective October 1, 2019.⁶

Applying for Funds

In order to be eligible to apply for CCDF funds, tribes must be federally recognized and the tribal population must include at least 50 children under age 13 living on or near the reservation or service area (the reservation requirement does not apply to tribes in Alaska, California, and Oklahoma). A tribe with fewer than 50 children under age 13 may participate in a consortium of eligible tribes.⁷

AI/AN CCDF grantees must designate a Lead Agency to apply for funding and administer the CCDF program.⁸ Within the federal regulations governing the CCDF program, the Lead Agency has considerable flexibility in administering and implementing the tribe’s program, deciding how to use the funds, and identifying spending priorities based on the specific needs of the Indian children and families in the AI/AN community.

AI/AN CCDF grantees must demonstrate that they have the resources necessary to carry out their CCDF program and meet CCDF requirements. To receive CCDF funds, AI/AN grantees must submit a CCDF Plan every 3 years (triennial plan).⁹ The CCDF Plan serves as the application for funds. It outlines how CCDF funds and programs will be administered to meet legislative requirements, federal regulations, and program instructions and guidelines.

Under the CCDF final rule, medium- and large-allocation AI/AN CCDF grantees are required to complete the full AI/AN CCDF Plan, and small-allocation grantees may submit an abbreviated plan.¹⁰ The Office of Child Care provides a “preprint” of the plan to be used as the framework for describing the child care program and services available to the tribal community. The development of the CCDF Plan provides AI/AN CCDF grantees with an opportunity to establish goals and priorities for serving the children and families of the community.

AI/AN CCDF grantees are required to submit a child count declaration with the triennial plan to certify the number of Indian children (as defined by the AI/AN grantee) younger than 13 years who reside on or near the AI/AN grantee–defined reservation or service area. The child count declaration is used by ACF to calculate the amount of the grant award. The child counts remains valid for the 3-year CCDF Plan cycle, with one exception for tribal consortia. If a consortium gains or loses one of its member organizations, adjustments to the child count must be made accordingly.¹¹

⁶ Child Care and Development Fund (CCDF) Program, 81 Fed. Reg. 67,438 (Sept. 30, 2016) (codified at 45 C.F.R. pt. 98).

⁷ Child Care and Development Fund, 45 C.F.R. § 98.80 (2016).

⁸ Child Care and Development Fund, 45 C.F.R. §§ 98.10, 98.83 (2016).

⁹ Child Care and Development Fund, 45 C.F.R. §§ 98.13, 98.17, 98.81 (2016).

¹⁰ Child Care and Development Fund, 45 C.F.R. § 98.81 (2016).

¹¹ Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services. (2016). *FY 2017–2019 tribal plan preprint* (Program Instruction CCDF-ACF-PI-2016-03). Retrieved from <https://www.acf.hhs.gov/occ/resource/ccdf-acf-pi-2016-03>

Public Laws 102-477 and 106-568

The Indian Employment, Training, and Related Services Consolidation Act of 2017 (P.L.106-568) amended the Indian Employment, Training, and Related Services Demonstration Act (P.L. 102–477). This program, commonly referred to as 102-477, was enacted to do the following:

- ◆ Facilitate the ability of tribal nations and tribal organizations to integrate the employment, training, and related services they provide from diverse federal sources in order to improve the effectiveness of those services;
- ◆ Reduce joblessness in AI/AN communities;
- ◆ Foster job creation activities; and
- ◆ Serve tribally determined goals consistent with the policy of self-determination, while reducing administrative, reporting, and accounting costs.

Public Law 102-477 permits tribal governments to consolidate their federally funded employment, training, and related services programs into a single coordinated, comprehensive program. Eligible applicants may include CCDF in their P.L. 102-477 consolidated program and plan. To receive CCDF funding under a consolidated P.L. 102–477 plan, all AI/AN grantees and applicants must meet the following criteria:

- ◆ Be eligible to receive CCDF funding;
- ◆ Submit, and receive OCC approval of, an abbreviated CCDF Plan;
- ◆ Have no outstanding CCDF program reports (ACF-700) or financial reports (ACF-696T) (applicable only to tribes submitting initial P.L. 102–477 plans); and
- ◆ Have received approval from the Department of the Interior (DOI) for a consolidated P.L. 102–477 plan that includes CCDF¹².

The DOI, Office of Energy and Economic Development, Division of Workforce Development, serves as the federal lead agency for all P.L. 102-477 plans. AI/AN CCDF grantees that consolidate their CCDF funds under a P.L. 102-477 plan are still required to operate comprehensive CCDF programs and, by applying for CCDF funds, agree to follow the provisions of the [CCDBG Act of 2014](#) and applicable regulations at [45 C.F.R. pt. 98](#) and [99](#), unless waived.

CCDF tribal grantees with an approved P.L. 102-477 plan will receive their CCDF funding through the DOI. **Therefore, all program and financial reporting for CCDF funds awarded under a P.L. 102-477 consolidated plan will be made to the DOI.** However, the expenditure and obligation of all CCDF funds awarded before a P.L. 102-477 plan is approved will continue to be reported to ACF on the ACF-696T financial reporting form.

Tribes that have received approval to consolidate CCDF funds under a P.L. 102–477 plan submit a triennial child count to OCC, but are not required to submit the triennial CCDF Plan.¹³

Availability of Funds

CCDF funds are available, subject to federal appropriations, to states, territories, and tribes. AI/AN CCDF grants are composed of funds from two sources: discretionary funds and mandatory funds. Both discretionary and mandatory funds are 100 percent federal funds, and no tribal match is required to receive these funds.^{14,15}

¹² Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services. (2015). *PI - 477 FY 2017-2019 Tribal Plan* (Program Instruction CCDF-ACF-PI-2016-04). Retrieved from <https://www.acf.hhs.gov/occ/resource/ccdf-acf-pi-2016-04>

¹³ Child Care and Development Fund (CCDF) Program, 81 Fed. Reg. 67,438, 67,444 (Sept. 30, 2016) (codified at 45 C.F.R. pt. 98).

¹⁴ Child Care and Development Fund, 45 C.F.R. § 98.60 (2016).

Discretionary Funds

Discretionary funds are provided to AI/AN CCDF grantees under the CCDBG Act. The CCDBG Act and final rule indicate that AI/AN CCDF grantees will receive no less than 2 percent of the funds appropriated for the Child Care and Development Block Grant. ACF sets the CCDF discretionary set-aside for AI/AN grantees at 2.5 percent for fiscal year (FY) 2015, and 2.75 percent for FY 2016 and FY 2017.¹⁶

Discretionary funds include a per-child amount based on the child count declaration. Discretionary allocations also include a base amount set by the Secretary of Health and Human Services. The base amount is \$30,000 for individual AI/AN grantees with at least 50 Indian children under age 13. Tribal consortia receive \$30,000 per member, or a prorated amount for any member with fewer than 50 children, plus the per-child amount.

The base amount provides an important source of funds that can be used for any costs that are consistent with the purposes and requirements of CCDF. It is not subject to the provisions regarding the [administrative cost limitation](#), [direct services](#), or [quality expenditures](#) discussed later in this guide.¹⁷ The base amount can provide AI/AN grantees with an opportunity to develop their infrastructure and capacity to operate a child care program and can be used for administrative costs, direct child care services to children, nondirect services, or quality or availability activities.¹⁸

In the past, discretionary funds included targeted funds that were required to be used specifically for school-age services—such as before- and after-school programs—or child care resource and referral services.¹⁹ FY 2015 was the last year that included these targeted funds. AI/AN CCDF programs will not be required to track expenditures in these categories for FY 2016 and onward. However, AI/AN CCDF grantees are required to continue tracking expenditures for quality activities and to spend a certain percentage of their funds on activities to improve the quality of child care. More information on quality spending requirements is found in the [Activities to Improve the Quality of Child Care](#) section of this guide.

Mandatory Funds

Mandatory funds are provided to AI/AN CCDF grantees under Section 418(a)(3) of the Social Security Act.²⁰ Not more than 2 percent of the amount of mandatory funds appropriated for CCDF can be set aside for AI/AN grantees. Mandatory funds are allocated to AI/AN CCDF grantees solely on a per-child basis, based on the child count declaration.

While discretionary and mandatory expenditures must be separately tracked for reporting purposes, funds from both funding streams can be expended for the same purposes, as described in the [Use of CCDF Funds](#) section in this guide.

In Alaska, only the 13 entities defined by the Alaska Native Claims Settlement Act may receive mandatory fund allocations: The Metlakatla Indian Community of the Annette Islands Reserve, Arctic Slope Native Association, Kawerak, Inc., Maniilaq Association, Association of Village Council Presidents, Tanana Chiefs Conference, Cook Inlet Tribal Council, Bristol Bay Native Association, Aleutian and Pribilof Islands Association, Chugachmiut, Central Council of the Tlingit and Haida, Kodiak Area Native Association, and Copper River Native Association.

Source: Child Care and Development Fund, 45 C.F.R. § 98.62 (2016).

¹⁵ Note that unlike tribes and territories, states do receive some CCDF funds that require a match.

¹⁶ Child Care and Development Fund (CCDF) Program, 81 Fed. Reg. 67,438, 67,530 (Sept. 30, 2016) (codified at 45 C.F.R. pt. 98).

¹⁷ Child Care and Development Fund, 45 C.F.R. § 98.83 (2016).

¹⁸ Child Care and Development Fund, 45 C.F.R. § 98.61 (2016).

¹⁹ Child Care and Development Fund (CCDF) Program, 81 Fed. Reg. 67,438, 67,530 (Sept. 30, 2016) (codified at 45 C.F.R. pt. 98).

²⁰ Child Care and Development Fund, 45 C.F.R. § 98.62 (2016).

Funding Awards

AI/AN CCDF funds are available to grantees each year soon after October 1, which is the beginning of the federal fiscal year. Notices of grant awards, including the annual allocations for discretionary and mandatory funds, are sent to the tribal chairperson by ACF's Division of Mandatory Grants.²¹ Figure 1 provides a sample notice of grant award for CCDF grantees. The notice of grant award will specify the following:

- ◆ Appropriation: The grant award number;
- ◆ CAN: The Common Accounting Number that identifies the funds;
- ◆ Allotment: The total funding amount awarded to the grantee for the fiscal year;
- ◆ This Action: The funding amount being obligated to the grantee as a result of this notice (the amount made available in the Payment Management System); and
- ◆ Cumulative: The cumulative funding amount obligated so far this fiscal year.

Figure 1. Sample Notice of Grant Award



ADMINISTRATION FOR
CHILDREN & FAMILIES

Office of Grants
Management Division of
Mandatory Grants
330 C Street, SW
Washington, DC 20201

January 31, 2018

Lead Agency Name
Lead Agency Address

Re: Notice of Grant Award- FY 2018

Dear Grantee:

This grant award represents obligation to the GRANTEE NAME for fiscal year 2018 for the Child Care Development Fund. Mandatory and Matching funds are subject to the requirements of Section 418 of Title IV-A of the Social Security Act as amended by Title VI of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, P.L. 104-193, effective October 1, 1996 (CFDA 93.596). Discretionary funds are subject to the requirements of the Child Care and Development Block Grant Act of 1990, as amended (CFDA 93.575).

Appropriation	CAN	Allotment	This Action	Cumulative
XX-XX-XXXX	XXXX,XXXXXXXX,ACF	X,XXX,XXX	XXX,XXX	X,XXX,XXX
XXXX, XXXXXXXX, ACF Discretionary				

EIN: XXXXXXXXXXXXX
Document Number: XXXXXXXCCDF

This award is subject to the requirements listed in the enclosed terms and conditions. The use of Federal funds from this award constitutes the GRANTEE's acceptance of these terms and conditions.

Funds included in this award will be made available through the DHHS Payment Management System (PMS). Questions pertaining to payments should be directed to DHHS Division of Payment Management, Post Office Box 6021, Rockville, MD 20852; telephone 1-877-614-5533. Please refer any other questions about this grant to NAME, the Financial Analyst assigned to this program, at (XXX) XXX-XXXX.

Sincerely,
SIGNATURE
NAME
Financial Management Specialist

This Notice of Grant Award has been issued under a continuing resolution (CR). The allotment is subject to change.

²¹ If the congressional appropriations process has not been completed by October 1, grantees will receive partial grant awards at the beginning of the fiscal year. Additional grant awards will then be sent once appropriations legislation has passed.

By accepting the grant award, AI/AN CCDF grantees agree to comply with the terms and conditions that accompany the grant award letter. CCDF terms and conditions are also available on the ACF website²². Failure to comply with these terms and conditions may result in the loss of federal funds and may be considered grounds for suspension or termination of the grant.²³

Grantees operating their CCDF programs under a P.L. 102-477 consolidation plan receive their funding through the Department of the Interior and therefore will not receive a notice of grant award from the Department of Health and Human Services.

Obligation and Liquidation Periods

CCDF grantees have two fiscal years to obligate, and an additional year to liquidate, the funds awarded each fiscal year.²⁴ These timeframes begin on October 1, regardless of when award letters are issued. Therefore, CCDF funds may be available for use in more than one fiscal year.

Generally speaking, an **obligation** is an action that commits the funds, such as a legally binding agreement, purchase order, contract, or subgrant between two parties for purchase of services, supplies, or equipment. **Liquidation** generally means the payment of funds to a third party as a result of an obligation.

These are general definitions; legal definitions of obligation and liquidation may vary in different jurisdictions. Determinations of whether a grantee's funds have been obligated and liquidated will be based on applicable tribal, state, or local law. If there is no applicable tribal, state, or local law, then the following definitions will be used:²⁵

- ◆ **Obligations** are orders placed for property and services, contracts and subawards made, and similar transactions during a given period that require payment by the nonfederal entity during that period or a future period.
- ◆ **Liquidations (or expenditures)** are charges made to the project or program.

For reports prepared on a cash basis, liquidations are the sum of actual cash disbursed for direct charges for goods and services, the amount of indirect expense incurred, the value of in-kind contributions applied, and the amount of cash advances and payments made to contractors and subgrantees.

For reports prepared on an accrued-expenditure basis, liquidations are the sum of actual cash disbursements; the amount of indirect expense incurred; the value of in-kind contributions applied; the new increase (or decrease) in the amounts owed by the grantee for goods and other property received, for services performed by employees, contractors, subgrantees, subcontractors, and other payees; and other amounts owed under programs for which no current services or performance are required, such as annuities, insurance claims, and other benefit payments.

When submitting [financial reports](#), grantees must be able to provide information on the unobligated balance of federal funds and the unliquidated balance. The **unobligated** balance is defined as the portion of the funds awarded by ACF that has not been obligated by the grantee, and is determined by deducting the total obligations from the total funds awarded. The **unliquidated** obligations are any obligations that have not yet been paid.

Depending on applicable law, obligations may include subgrants or contracts that require the payment of funds to a third party (for example, a [subrecipient or contractor](#)). A third party can include center-based providers, family and relative providers, and in home care providers that have grants or contracts with the Lead Agency to receive funding for child care services provided.

²²Administration for Children and Families, U.S. Department of Health and Human Services. (n.d). Mandatory: Formula, block and entitlement grants [Web page]. Retrieved March 29, 2018, from <https://www.acf.hhs.gov/grants/mandatory-formula-block-and-entitlement-grants#chapter-3>

²³ Child Care and Development Fund, 45 C.F.R. § 98.92 (2016).

²⁴ Child Care and Development Fund, 45 C.F.R. § 98.60 (2016).

²⁵ Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards, 45 C.F.R. § 75.2 (2016).

However, the following are not considered third-party grantees or contractors: (1) a local office of the Lead Agency, (2) another entity at the same level of government as the Lead Agency, and (3) a local office of another entity at the same level of government as the Lead Agency. This includes other programs within the organization or tribal government (for example, the tribal nation's transportation or maintenance department). In instances where the Lead Agency operates tribally-operated centers, CCDF funds used for operating costs (for example, for salaries) are not considered obligations for CCDF purposes, because the Lead Agency may not obligate to itself. Therefore, subrecipients or contracts with these other tribal entities are not considered obligations for CCDF purposes.²⁶

In instances where the Lead Agency issues child care [certificates or vouchers](#), funds for CCDF services provided will be considered obligated when a certificate or voucher is issued to a family in writing with the following information:

- ◆ The amount of funds that will be paid to a child care provider or family; and
- ◆ The length of time covered by the certificate, which is limited to the date established for redetermination of the family's eligibility, but can be no later than the end of the liquidation period.

In instances where third-party agencies issue child care certificates, the obligation of funds occurs upon entering into agreement through a subgrant or contract with such agency, rather than when the third party issues certificates to a family.²⁷

Allotment and Redistribution

In some circumstances, an AI/AN CCDF grantee may find that it will not be able to obligate all of a fiscal year's CCDF funds within the obligation period. CCDF regulations state that "any portion of a Tribe's allotment of Discretionary Funds that is not required to carry out its Plan, in the period for which the allotment is made available, shall be reallocated to other tribal grantees in proportion to their original allotments."²⁸

Each year, AI/AN CCDF grantees must notify ACF by letter at least 6 months before the end of the obligation period if they will be unable to obligate all of their discretionary allotment within the obligation period. This notification deadline is April 1 of the second year of the 3-year grant period. ACF will then issue a negative grant award to the grantee based on the amount of discretionary funds submitted in the letter. Based on the reallocation reports submitted by AI/AN grantees, ACF will reallocate these unused discretionary funds among the other AI/AN grantees.

Any CCDF funds that are not obligated within 2 years and not reported to ACF by the grantee within the required timeframe will revert to the federal government. If an AI/AN grantee does not submit a reallocation letter by the April 1 deadline, a determination will be made that the grantee does not have funds available for reallocation.

If the total amount available for reallocation from all AI/AN CCDF grantees is \$25,000 or more, funds will be reallocated to other eligible and interested AI/AN CCDF grantees in proportion to their original allotments. However, if the total available is less than \$25,000, no reallocation will take place, and funds will revert to the federal government. If an individual AI/AN CCDF grantee's reallocation amount is less than \$500, no reallocation award will be issued to that grantee, and the funds will revert to the federal government.

Funds that AI/AN grantees receive through the reallocation process must meet the same programmatic and financial requirements as the funds they received in their initial allotments. That is, any reallocated funds received must still be obligated and liquidated in their original allotment obligation and liquidation timeframes. For example,

²⁶ Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services. (2017). *Form ACF-696T—a financial reporting form for Child Care and Development Fund (CCDF) tribal lead agencies* (Program Instruction CCDF-ACF-2017-05). Retrieved from <https://www.acf.hhs.gov/occ/resource/ccdf-acf-pi-2017-05>

²⁷ Child Care and Development Fund, 45 C.F.R. § 98.60 (2016).

²⁸ Child Care and Development Fund, 45 C.F.R. § 98.64 (2016).

if a grantee receives reallocated funds from FY 2018, those funds must still be obligated by September 30, 2019, and liquidated by September 30, 2020.

Table 2. CCDF Obligation and Liquidation Timeframes

CCDF Funding Stream	Obligation Timeframe	Liquidation Timeframe
Discretionary	By the end of 2nd FY	By the end of 3rd FY
Mandatory*	By the end of 2nd FY	By the end of 3rd FY
Construction	N/A	By the end of 3rd FY
Reallocated discretionary*	Follow obligation and liquidation timeframes of FY in which the reallocated funds were initially awarded.	

* Please note that mandatory funds are not subject to reallocation.

Use of CCDF Funds

Direct Services

Under the CCDF final rule, AI/AN CCDF grantees with medium and large allocations are required to spend a substantial percentage of their discretionary funds (not including the base amount) on direct child care services—i.e., child care services provided directly to eligible children by eligible child care providers. After taking into account funds reserved for [quality activities](#) and [administrative costs](#), medium- and large-allocation grantees must use no less than 70 percent of the remaining discretionary funds to fund direct services.²⁹ The [discretionary base amount](#) of the CCDF grant is not subject to this provision, and can be used for any costs consistent with the purpose and requirements of the CCDF.³⁰

Parental Choice

AI/AN CCDF programs may use one or more of the following approaches to provide eligible families with direct child care assistance:

- ◆ Families may obtain a subsidy, in the form of a certificate or voucher, that they can use to purchase child care from the eligible provider of their choice;
- ◆ The tribe may operate a child care facility; and/or
- ◆ The AI/AN grantee may contract with, or provide grants to, eligible providers to make child care slots available to families who participate in the tribe’s child care assistance program.

The CCDF final rule requires that large-allocation grantees offer a certificate program that allows parents to choose from the full range of child care categories defined in the CCDF regulations (center-based child care, family child care, and in-home care). Small- and medium-allocation grantees are not required to offer a certificate program but may choose to do so.

Small- and medium-allocation grantees may also choose to offer subsidies through a voucher program, which operates like a certificate program but offers parents choices from fewer than three categories of care. All AI/AN

²⁹ Child Care and Development Fund, 45 C.F.R. § 98.50 (2016).

³⁰ Child Care and Development Fund, 45 C.F.R. § 98.83 (2016).

CCDF grantees may choose to offer parents the option of using a contracted provider or a tribal child care center, but large-allocation grantees must always offer the option of receiving a certificate.³¹

Priority for Services

Medium- and large-allocation grantees must provide direct child care services based on the priorities outlined in the CCDF final rule. This means giving priority to children with special needs, which may include any vulnerable populations defined by the AI/AN CCDF grantee, as well as children experiencing homelessness.³²

Sliding Fee Scales for Family Copayments

Eligible child care providers are paid for the direct services they provide. The payment is composed of two parts:

- ◆ The subsidy amount that the Lead Agency pays based on the payment rates or “reimbursement rates,” set by the AI/AN grantee; and
- ◆ The family’s portion of the child care fee, which is called a family copayment, also called the “copay” or “family fee.”

When determining family copayments, AI/AN CCDF grantees with medium and large allocations must use a sliding fee scale that helps eligible families afford child care. Sliding fee scales must enable families to choose from a range of child care options, be based on family income and size, and provide for affordable copayments.³³ The CCDF final rule recommends a benchmark for affordable copayments as no more than 7 percent of family income.³⁴ AI/AN CCDF grantees can choose to allow copayments to be waived for families whose incomes are at or below the poverty level for a family of the same size, those with children who receive or need to receive protective services, or those that meet other criteria as established by the Lead Agency.³⁵

Services for Children Experiencing Homelessness

The CCDF final rule requires AI/AN CCDF grantees with medium and large allocations to spend CCDF funds on activities to improve access to quality child care services for children experiencing homelessness.³⁶ This includes the following activities:

- ◆ Allowing enrollment (after an initial eligibility determination) of children experiencing homelessness while required documentation is obtained;
- ◆ Providing training and technical assistance for providers and appropriate Lead Agency (or designated entity) staff on identifying and serving children experiencing homelessness and their families; and
- ◆ Conducting targeted outreach to families experiencing homelessness.

Child Care Resource and Referral

The final rule clarifies that a Lead Agency may, but is not required to, use funds to establish or support a system of local or regional child care resource and referral organizations.³⁷ If a Lead Agency uses CCDF funds for this purpose, additional requirements apply, such as the following:

³¹ Child Care and Development Fund, 45 C.F.R. §§ 98.30, 98.83 (2016).

³² Child Care and Development Fund, 45 C.F.R. §§ 98.46, 98.83 (2016).

³³ Child Care and Development Fund, 45 C.F.R. § 98.45.

³⁴ Child Care and Development Fund (CCDF) Program, 81 Fed. Reg. 67,438, 67,440 (Sept. 30, 2016) (codified at 45 C.F.R. pt. 98).

³⁵ Child Care and Development Fund, 45 C.F.R. § 98.45.

³⁶ Child Care and Development Fund, 45 C.F.R. § 98.51.

³⁷ Child Care and Development Fund, 45 C.F.R. § 98.52.

- ◆ Any resource and referral organizations that receive CCDF funds must provide parents in the service area with consumer education information concerning the full range of child care options, including child care provided during nontraditional hours and through emergency child care centers;
- ◆ To the extent possible, resource and referral organizations should work directly with families receiving assistance through CCDF to help them make an informed decision about which child care provider they would like to use. This includes making efforts to ensure that families are enrolling their children in child care settings that suit their needs and are of high quality;
- ◆ Resource and referral organizations are required to collect data on the coordination of services and supports for children with disabilities, and to provide this information to the Lead Agency; and
- ◆ The resource and referral organization should partner with public agencies and private organizations, including faith-based and community-based child care providers, to increase the availability and quality of child care services.

Additional requirements can be found in 45 C.F.R. § 98.52

Activities to Improve the Quality of Child Care

All AI/AN CCDF grantees are required to spend a percentage of their total CCDF expenditures on quality improvement activities.³⁸ This is referred to as the *quality set-aside*. Starting in FY 2017, AI/AN grantees will spend increasing minimum amounts on quality activities, reaching 9 percent in 2022. AI/AN CCDF grantees are given a phase-in period to allow time to plan for these quality increases each year.

Starting in FY 2019, AI/AN grantees receiving large and medium allocations are also subject to a 3 percent infant and toddler quality spending requirement (AI/AN grantees with small allocations are exempt).

Quality expenditures are cumulative over the 3-year liquidation period of each fiscal year’s grant. The minimum spending requirements for quality activities apply to total funds expended (mandatory and discretionary funds, excluding the [discretionary base amount](#)), rather than total funds allocated. It is important for CCDF grantees and their fiscal staff to develop a process to code expenditures to ensure proper use and tracking of quality and infant toddler funds.

Table 3. Quality Spending Requirements in the CCDF Final Rule

Quality Spending	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022 (and ongoing)
Quality set-aside (all grantees)	4%	7%	7%	8%	8%	9%
Infant/toddler set-aside (medium- and large-allocation grantees)	0%	0%	3%	3%	3%	3%

The CCDF final rule includes a list of 10 activities that count toward the quality spending requirement.³⁹ AI/AN CCDF grantees must use their quality funds to carry out at least one of the following:

- ◆ Supporting the training, professional development, and postsecondary education of the child care workforce as part of a progression of professional development;

³⁸ Child Care and Development Fund, 45 C.F.R. §§ 98.53-98.83 (2016).

³⁹ Child Care and Development Fund, 45 C.F.R. § 98.53 (2016).

- ◆ Improving upon the development or implementation of early learning and development guidelines;
- ◆ Developing, implementing, or enhancing a tiered quality rating and improvement system (QRIS);
- ◆ Improving the supply and quality of child care programs and services for infant and toddlers;
- ◆ Establishing or expanding a statewide system of child care resource and referral services;
- ◆ Facilitating compliance with health and safety requirements;
- ◆ Evaluating and assessing the quality and effectiveness of child care programs and services offered, including evaluating how such programs positively impact children;
- ◆ Supporting child care providers in the voluntary pursuit of accreditation by a national accrediting body with demonstrated, valid, and reliable program standards of high quality;
- ◆ Supporting efforts to develop or adopt high-quality program standards related to health, mental health, nutrition, physical activity, and physical development; and
- ◆ Carrying out other activities, including implementing consumer education provisions, determined by the Lead Agency.

AI/AN CCDF programs can also use quality funds to support cultural heritage, tribal traditions, and native language acquisition within various early childhood settings, including in-home care, family child care, and center-based care.

AI/AN CCDF grantees are required to describe their quality goals and activities in their CCDF plans. Although the activities listed above are all allowable uses of CCDF quality funds, grantees can only expend funds on the quality activities that are specified in their CCDF plan. Grantees may amend their CCDF plan to incorporate additional quality activities that are listed above.

Administrative Costs

CCDF, like many other federal grant programs, limits the amount of administrative costs that can be charged. Of the combined CCDF mandatory and discretionary funds allocated in a given fiscal year, AI/AN grantees may spend no more than 15 percent on administrative costs.⁴⁰ The 15 percent cap is calculated based on the cumulative expenditures over the 3-year grant liquidation period, not on the original amount allocated. For example, if a grantee is allocated \$300,000 in a fiscal year but only \$100,000 of that amount is spent within the 3-year liquidation period, the administrative cap would be applied to the \$100,000 spent. The [discretionary base amount](#) is not subject to the administrative limitation and is excluded from the calculation.⁴¹

Administrative costs include the organization-wide management functions of accounting, budgeting, coordination, direction, and planning, as well as the management of payroll, personnel, property, and purchasing. Such costs can be for either personnel or non-personnel functions. Administrative costs also include the following:⁴²

- ◆ Salaries of staff performing administrative functions;
- ◆ Planning, developing, and designing the CCDF program;
- ◆ CCDF Plan and application preparation;
- ◆ Developing agreements with administering agencies in order to carry out program activities;
- ◆ Monitoring program activities for compliance;

⁴⁰ Child Care and Development Fund, 45 C.F.R. § 98.83 (2016).

⁴¹ Child Care and Development Fund, 45 C.F.R. § 98.83 (2016).

⁴² Child Care and Development Fund, 45 C.F.R. § 98.54 (2016).

- ◆ Preparing reports and other documents related to the program for submission;
- ◆ Providing the public with information about the program, including holding public hearings;
- ◆ Maintaining substantiated complaint files;
- ◆ Coordinating CCDF services with other federal, state, and local child care, early childhood development, and before- and after-school care programs;
- ◆ Coordinating the resolution of audit and monitoring findings;
- ◆ Program evaluation;
- ◆ Personnel management;
- ◆ Travel, equipment rental, supplies, and the like for administrative staff or functions; and
- ◆ Indirect costs.

Indirect costs are administrative costs that cannot be easily charged to a specific program. Among other things, these generally include: the cost of accounting services, personnel services, and general administration of the organization. Indirect costs are identified as an allowable administrative expense for AI/AN CCDF programs.

Regardless of an AI/AN CCDF grantee's negotiated indirect cost rate, CCDF administrative costs cannot exceed the 15 percent cost limitation.

Source: Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services. (2017). *Form ACF-696T—a financial reporting form for Child Care and Development Fund (CCDF) tribal lead agencies* (Program Instruction CCDF-ACF-2017-05). Retrieved from <https://www.acf.hhs.gov/occ/resource/ccdf-acf-pi-2017-05>

Non-Direct Services

AI/AN CCDF grantees may use a portion of their funds for non-direct services. Non-direct services are child care program costs that are not direct services to families, that are not quality or construction expenditures, and that are not considered administrative costs under the CCDF regulations. The following activities should not be categorized as administrative costs and are considered non-direct services:⁴³

- ◆ Preparing eligibility determinations and redeterminations;
- ◆ Establishing and operating a certificate program;
- ◆ Preparation for and participation in judicial hearings;
- ◆ Child care placement;
- ◆ Recruitment, licensing, and inspection of child care providers;
- ◆ Reviews and supervision of placements;
- ◆ Rate setting;
- ◆ Resource and referral services (may also be a quality activity);

⁴³ Child Care and Development Fund, 45 C.F.R. § 98.65 (2016).

- ◆ Training of child care staff; and
- ◆ Establishment and maintenance of computerized child care information systems.

Remember that non-direct services are not the same as indirect costs, which, as noted above, are administrative costs that cannot be easily allocated to a specific program.

Construction or Major Renovation of Child Care Facilities

AI/AN CCDF grantees may request approval to use CCDF funds for new or ongoing construction or major renovation projects.⁴⁴ However, CCDF funds cannot actually be expended for construction or major renovation costs until ACF approval is granted. Whenever an AI/AN CCDF grantee is seeking ACF approval to use CCDF funds to engage in construction or major renovation of facilities, the *Real Property Standard Form SF-429 Cover Page* and the *SF-429-B Request to Acquire, Improve, or Furnish* must be submitted in the On-Line Data Collection (OLDC) system, along with the additional information required by the CCDF final rule. The SF-429-B form may only be used to request CCDF funds to improve (i.e., construct or renovate) child care facilities. CCDF funds cannot be used to acquire or purchase facilities. See the [Real Property Reporting](#) section of this guide for more information.⁴⁵

Upon receiving ACF approval, grantees may spend mandatory or discretionary funds, or both, on construction or major renovation. Grantees are required to follow ACF's application and fiscal procedures for construction and major renovation projects.⁴⁶ Any CCDF funds used for construction or major renovation must come from the grantee's CCDF allocation; a grantee will not receive any additional CCDF funds for construction or renovation.

Use of CCDF funds for construction or major renovation cannot result in a decrease in the level of child care services compared to the preceding fiscal year. However, this requirement can be waived if the decrease is temporary. In order for the requirement to be waived, AI/AN CCDF grantees must submit a plan to ACF that demonstrates that the level of direct child care services will increase or the quality of child care services will improve once the construction or renovation is completed.⁴⁷

ACF will transfer CCDF funds to be used for construction and major renovation to a separate grant award with a separate grant document number. ACF will send an award letter to notify the Lead Agency of this transfer. Funds in this separate grant award can only be used for construction or renovation activities (unless ACF authorizes the AI/AN CCDF grantee to use the funds for other CCDF activities).

Lead Agencies must liquidate CCDF funds for construction or major renovation by the end of the second fiscal year following the fiscal year for which the grant is awarded. This gives the Lead Agencies up to 3 years to liquidate funds approved for use on construction or major renovation. There is no obligation period for CCDF funds approved for use on construction or major renovation. The liquidation timeframe for construction or renovation begins with the date that the funds are originally awarded—not the date that the funds are transferred to the separate grant award for construction or renovation.⁴⁸

Amounts used for construction and major renovation are not considered administrative costs for purposes of the [15 percent administrative cost limit](#).⁴⁹ Also, construction and renovation costs cannot be counted as quality expenditures for the purposes of meeting the minimum [quality expenditure requirements](#).⁵⁰

⁴⁴ Child Care and Development Fund, 45 C.F.R. § 98.84 (2016).

⁴⁵ Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services. (2017). *Electronic submission of Real Property Standard Form (SF)-429 and attachments* (Program Instruction CCDF-ACF-PI-2017-06). Retrieved from <https://www.acf.hhs.gov/occ/resource/ccdf-acf-pi-2017-06>.

⁴⁶ Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services. (2016). *Procedures for requests from tribal lead agencies to use Child Care and Development Fund (CCDF) funds for construction or major renovation of child care facilities* (Program Instruction CCDF-ACF-PI-2016-05). Retrieved from <https://www.acf.hhs.gov/occ/resource/ccdf-acf-pi-2016-05>

⁴⁷ Child Care and Development Fund, 45 C.F.R. § 98.84 (2016).

⁴⁸ Child Care and Development Fund, 45 C.F.R. § 98.84 (2016).

⁴⁹ Child Care and Development Fund, 45 C.F.R. § 98.83 (2016).

AI/AN CCDF grantees with approved plans under P. L. 102-477 must request and receive ACF approval prior to spending CCDF funds on construction or major renovation. ACF will notify the U.S. Department of Interior upon approving a P.L. 102-477 grantee's construction or renovation application. The grantee cannot use CCDF funds for construction or renovation until the Department of Interior notifies the grantee that the scope of work for its P.L. 102-477 grant/compact has been modified to include the approved construction or renovation project (please note that P.L. 102-477 grantees will not receive a separate grant award notice).

Source: Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services. (2016). *Procedures for requests from tribal lead agencies to use Child Care and Development Fund (CCDF) funds for construction or major renovation of child care facilities* (Program Instruction CCDF-ACF-PI-2016-05). Retrieved from <https://www.acf.hhs.gov/occ/resource/ccdf-acf-pi-2016-05>

Restrictions on the Use of CCDF Funds

The CCDF final rule clarifies that CCDF funds must be spent in a manner that is consistent with the CCDBG Act of 2014; the CCDF final rule; Section 418 of the Social Security Act; and applicable state, tribal, and local laws. It also specifies certain activities that are restricted and cannot be paid for using CCDF funds, which are described in this section.⁵¹

For students enrolled in grades 1 through 12, CCDF funds may not be used for tuition, including any service provided during the regular school day, any service for which the student would receive academic credit toward graduation, or any instructional services that supplant or duplicate the academic program of any public or private school.

CCDF funds provided under grants or contracts to providers (slots for direct services) may not be used for any sectarian purpose or activity, including religious worship or instruction. Therefore, organizations receiving direct grants or contracts from an AI/AN CCDF program must take steps to separate, in time or location, their inherently religious activities from the services funded under this program.

However, assistance provided to parents through certificates or vouchers may be expended for sectarian purposes or activities, including sectarian worship or instruction, when provided as part of the regular child care services for which the family has been determined eligible. For example, a parent can use a CCDF certificate or voucher to pay for child care services provided in a church facility, even when part of the child care program includes worship or religious instruction. The reason for this distinction is that use of a certificate or voucher is an agreement between the parent and the provider, whereas a contract or grant is an agreement between the CCDF program and the provider (and use of CCDF funds in the form of contracts and grants in this manner is restricted by law).

CCDF funds may not be used as part of the nonfederal share or match for any other federal grant programs unless explicitly authorized by statute. CCDF funds also cannot be used to purchase land or an existing building or facility, although a Lead Agency may request to use CCDF funds to pay for the cost of constructing or renovating a modular unit, including the costs of buying and installing the unit.⁵²

⁵⁰ Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services. (2016). *Procedures for requests from tribal lead agencies to use Child Care and Development Fund (CCDF) funds for construction or major renovation of child care facilities* (Program Instruction CCDF-ACF-PI-2016-05). Retrieved from <https://www.acf.hhs.gov/occ/resource/ccdf-acf-pi-2016-05>

⁵¹ Child Care and Development Fund, 45 C.F.R. § 98.56 (2016).

⁵² Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services. (2016). *Procedures for requests from tribal lead agencies to use Child Care and Development Fund (CCDF) funds for construction or major renovation of child care facilities* (Program Instruction CCDF-ACF-PI-2016-05). Retrieved from <https://www.acf.hhs.gov/occ/resource/ccdf-acf-pi-2016-05>

Program Income

Program income is any revenue generated by a grant-funded program or activity. Program income includes fees collected for grant-funded services performed and rent payments for real or personal property acquired with grant funds.⁵³

If an AI/AN CCDF grantee opts to collect [family copayments](#) rather than have families pay their providers directly, the grantee should treat the fees as program income and reinvest them in the program. If the AI/AN CCDF grantee receives the fees during the obligation period of the fiscal year for which the CCDF funds were appropriated, the fees can be used in addition to the funds ACF has awarded. The fees must be obligated within the same obligation period they are received, and must be used for activities specified in the grantee's approved CCDF Plan. If the fees are received after the obligation period, the fees must be returned to ACF.⁵⁴

If a Lead Agency operates a [tribally owned child care facility](#) with CCDF funds and the facility and operating costs are paid for solely with CCDF funds, any parent copayments collected should be treated as above. If facility or operating costs are partially paid from non-CCDF sources (for example, the Department of Housing and Urban Development), the treatment depends on the particular cost-sharing circumstances. Since it is possible that most or little of the income could be CCDF program income, a case-by-case determination is necessary. If CCDF program income is found to exist, the disposition options are the same as for other parent copayments received.

[Construction regulations](#) in the final rule⁵⁵ state that grantees constructing or renovating facilities with CCDF funds are subject to program income regulations found in the [uniform administrative requirements, cost principles, and audit requirements for HHS awards](#) (45 C.F.R. § 75.307).⁵⁶ Therefore, if an AI/AN CCDF grantee constructs a building with CCDF funds and rents space to another tribal program during down time, any proceeds received are considered program income.

Subrecipients and Contractors

AI/AN CCDF grantees have broad authority to administer their CCDF programs through other agencies, known as subrecipients and contractors. These include governmental and nongovernmental agencies and other public and private local agencies. The following are not considered third-party grantees or contractors:⁵⁷

- ◆ A local office of the Lead Agency:
- ◆ Another entity at the same level of government as the Lead Agency: nor
- ◆ A local office of another entity at the same level of government as the Lead Agency.

If a Lead Agency chooses to use other agencies to implement the program, it still maintains overall responsibility for the program and serves as the single point of contact for CCDF administration issues. When using subrecipients and contractors, the CCDF Lead Agency is still responsible for deciding how CCDF funds will be used and determining priorities for the expenditure of CCDF funds.⁵⁸

AI/AN CCDF grantees must oversee the expenditure of funds by subrecipients and contractors in accordance with government-wide grant requirements issued by the Office of Management and Budget and adopted by HHS. Specifically, grantees must follow the [uniform administrative requirements, cost principles, and audit requirements](#)

⁵³ Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards, 45 C.F.R. § 75.2 (2016).

⁵⁴ Child Care and Development Fund, 45 C.F.R. § 98.60 (2016).

⁵⁵ Child Care and Development Fund, 45 C.F.R. § 98.84 (2016).

⁵⁶ Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards, 45 C.F.R. § 75.307 (2016).

⁵⁷ Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services. (2017). *Form ACF-696T—a financial reporting form for Child Care and Development Fund (CCDF) tribal lead agencies* (Program Instruction CCDF-ACF-2017-05). Retrieved from <https://www.acf.hhs.gov/occ/resource/ccdf-acf-pi-2017-05>

⁵⁸ Child Care and Development Fund, 45 C.F.R. § 98.11 (2016).

for HHS awards (45 C.F.R. pt. 75) sections related to subrecipient and contractor determinations, requirements for pass-through entities, and fixed-amount subawards.⁵⁹

AI/AN grantees that administer their CCDF programs through other agencies are required to determine whether these agencies are considered subrecipients or contractors for CCDF purposes.⁶⁰ Federal awards spent by subrecipients are subject to [audit](#) under 45 C.F.R. part 75, subpart F.⁶¹ In contrast, a contractor recipient supplies either goods or services and is not subject to audit requirements.

A recipient is considered a subrecipient and is subject to audit requirements if it meets the following conditions:

- ◆ Determines who is eligible for the program;
- ◆ Is subject to performance measurement based on whether the objectives of the federal program were met;
- ◆ Is responsible for programmatic decision making;
- ◆ Must adhere to applicable federal program compliance requirements specified in the federal award; and
- ◆ Uses federal funds to carry out a program as compared to providing goods or services for a program of the grantee.

In contrast, a recipient is considered a contractor and is not subject to audit requirements if it meets the following conditions:

- ◆ Provides goods and services within normal business operations;
- ◆ Provides goods and services similar to those of many different purchasers;
- ◆ Operates in a competitive environment;
- ◆ Provides goods or services that are ancillary to the operation of the federal program; and
- ◆ Is not subject to compliance requirements of the federal program.

When determining if a recipient is a subrecipient or a contractor, the substance of the relationship is more important than the form of the agreement. All of the characteristics listed in the definitions above may not be present in all cases. Therefore, the Lead Agency must use judgement in classifying each agreement as a sub recipient or contractor⁶².

Under 45 C.F.R. part 75, Lead Agencies must ensure that every subaward is clearly identified to the subrecipient as a subaward. AI/AN CCDF grantees are required to advise subrecipients of requirements imposed on them by federal laws, regulations, and grant agreements or contracts, as well as any supplemental requirements imposed by the grantee. These include grant administrative requirements and audit requirements according to recipient type.⁶³

Subrecipients are also subject to the provisions of 45 C.F.R. part 75, subpart F. AI/AN CCDF grantees must ensure that subrecipients expending \$750,000 or more in federal awards during the subrecipient's fiscal year have an audit in compliance with the requirements of 45 C.F.R. part 75, subpart F.⁶⁴

Lead Agencies that use governmental or nongovernmental subrecipients to administer the CCDF program must have written agreements in place outlining roles and responsibilities for meeting CCDF requirements. The written

⁵⁹ Child Care and Development Fund, 45 C.F.R. § 98.11 (2016).

⁶⁰ Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards, 45 C.F.R. § 75.351 (2016).

⁶¹ Child Care and Development Fund, 45 C.F.R. § 98.65 (2016).

⁶² Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards, 45 C.F.R. § 75.351 (2016).

⁶³ Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards, 45 C.F.R. § 75.352 (2016).

⁶⁴ Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards, 45 C.F.R. § 75.501 (2016).

agreements must outline the tasks to be performed, a schedule for completing tasks, a budget, and performance measures. The CCDF final rule requires Lead Agencies to oversee the expenditure of funds by subgrantees, monitor programs and services, and ensure that subgrantees that determine individual eligibility operate according to rules established by the program.⁶⁵

CCDF programs are required to adhere to the Subaward and Executive Compensation reporting requirements of the Transparency Act (as defined in 2 C.F.R. pt. 170). Under the Transparency Act, all subawards (as defined in 2 C.F.R. pt. 170) over \$25,000 must be reported, unless exempted.⁶⁶

⁶⁵ Child Care and Development Fund, 45 C.F.R. § 98.11 (2016).

⁶⁶ Administration for Children and Families, U.S. Department of Health and Human Services. (n.d.). *Award term for Federal Financial Accountability and Transparency Act (FFATA)*. Retrieved from <https://www.acf.hhs.gov/grants/award-term-for-federal-financial-accountability-and-transparency>

Part 2. Sample Budgets for FY 2018

Table 4. Budget Example for Medium-Allocation Grantee, FY 2018

Item	Amount
Per-child amount calculation	\$520,000 total grant (mandatory and discretionary, including base amount) - \$30,000 discretionary base amount = \$490,000 per-child amount
Administrative cap calculation	\$490,000 per-child amount x 15% administrative cap = \$73,500 maximum CCDF funds that can be expended on administrative costs
Minimum quality expenditure calculation for FY 2018*	\$490,000 per-child amount x 7% quality minimum expenditure = \$34,300 minimum CCDF funds that must be spent on quality activities
Remainder of CCDF funds after administrative cap and quality expenditures are deducted	\$520,000 total grant (mandatory and discretionary, including base amount) - \$73,500 maximum CCDF funds that can be expended on administrative costs - \$34,300 minimum quality expenditure = \$412,200 Remaining CCDF funds, including the discretionary base amount (\$30,000),** to be used on direct services,*** non-direct services, and quality activities

* Minimum quality expenditures increase to 8 percent in FY 2019 and 9 percent in FY 2022. Starting in FY 2019, medium- and large-allocation grantees must spend an additional 3 percent on quality activities for infant and toddlers.

** The discretionary base amount (\$30,000) can also be used for administrative costs.

*** Beginning in FY 2020, after taking into account funds reserved for quality activities and administrative costs, AI/AN CCDF grantees must spend 70 percent of the remaining **discretionary funds** on direct services. This calculation excludes the base amount.

Table 5. Budget Example for Medium-Allocation Grantee, FY 2018 (with construction)

Item	Amount
Per-child amount calculation	\$520,000 total grant (mandatory and discretionary, including base amount) - \$30,000 discretionary base amount = \$490,000 per-child amount
Administrative cap calculation	\$490,000 per-child amount x 15% administrative cap = \$73,500 maximum CCDF funds that can be expended on administrative costs
Minimum quality expenditures calculation for FY 2018*	\$490,000 per-child amount x 7% quality minimum expenditure = \$34,300 minimum CCDF funds that must be spent on quality activities
Construction set-aside**	\$520,000 total grant (mandatory and discretionary, including base amount) - \$200,000 construction set-aside = \$320,000 adjusted grant after construction
Remainder of CCDF funds after construction set-aside, administrative cap, and quality expenditures are deducted	\$320,000 adjusted grant after construction set-aside - \$73,500 maximum CCDF funds that can be expended on administrative costs - \$34,300 minimum CCDF funds that must be spent on quality activities = \$212,200 remaining CCDF funds, including the discretionary base amount (\$30,000),*** to be used on direct services,**** nondirect services, and quality activities

* Minimum quality expenditures increase to 8 percent in FY 2019 and 9 percent in FY 2022. Starting in FY 2019, medium- and large-allocation grantees must spend an additional 3 percent on quality activities for infant and toddlers.

** AI/AN CCDF grantees may request approval to use CCDF funds for new or ongoing construction or major renovation projects. However, CCDF funds cannot actually be expended for construction or major renovation costs until ACF approval is granted.

*** The discretionary base amount (\$30,000) can also be used for administrative costs.

**** Beginning in FY 2020, after taking into account funds reserved for quality activities and administrative costs, AI/AN CCDF grantees must spend 70 percent of the remaining **discretionary funds** on direct services. This calculation excludes the base amount.

Part 3. Applicable Regulations, Policies, and Assurances and Certifications

AI/AN CCDF grantees are required to adhere to federal requirements for financial management, grant administration, and program accountability. This includes CCDF program-specific regulations in the CCDBG Act, the regulations at 45 C.F.R. part 98, and policies issued by OCC. However, there are additional federal rules that grantees must be aware of that apply to all HHS awards. These requirements address aspects of program administration, including financial management. There are also *assurances*, which define standards for operation, such as the Drug-Free Workplace. When completing the CCDF Plan, AI/AN grantees must sign that they agree to abide by these assurances.

Code of Federal Regulations, Title 45

The Code of Federal Regulations (C.F.R.) is a collection of the rules published in the Federal Register by the executive departments and agencies of the federal government. The C.F.R. is divided into 50 titles that represent broad areas subject to federal regulation. Some of these are devoted to common regulations that apply across several different departments of the government. Other titles contain only the regulations of a single department, such as Title 7, Agriculture. Title 25, Entitled Indians, includes regulations related to programs funded through the Bureau of Indian Affairs, U.S. Department of the Interior.

Each title is divided into chapters, which usually contain the name of the issuing agency. Each chapter is further subdivided into parts that cover specific regulatory areas. Large parts may be subdivided into subparts. All parts are organized in sections, and most citations in the C.F.R. are provided at the section level.

HHS regulations pertaining to human services are contained in Title 45, Public Welfare. Regulations specifically related to the operation of an AI/AN CCDF program are found at 45 C.F.R. [Part 98, Child Care and Development Fund](#), and [Part 99, Procedure for Hearings for the Child Care and Development Fund](#). Part 98, subpart I, specifies the extent to which general regulatory requirements apply to AI/AN CCDF grantees. In accordance with the CCDF final rule, AI/AN CCDF grantees are subject to regulatory requirements under 45 C.F.R., part 98, to varying degrees based on the size of their awarded funds (allocation size).⁶⁷

Subpart I also lists general regulatory requirements that apply to AI/AN CCDF grantees and identifies requirements that do not apply. Financial management issues that apply to AI/AN grantees are addressed in Subpart G, Financial Management, and data reporting issues that apply to AI/AN grantees are addressed in Subpart H, Program Reporting Requirements.

Part 99 outlines the procedures for CCDF hearings, including Subpart B, Notice of Hearing or Opportunity for Hearing; Subpart C, Hearing Procedures; and Subpart D, Posthearing Procedures, Decisions.

OMB Uniform Guidance and 45 C.F.R. Part 75

On behalf of the executive branch of the federal government, the Office of Management and Budget (OMB) leads the development of government-wide policy to assure that grants are managed properly and that federal dollars are spent in accordance with applicable laws and regulations. As the final step of this process, OMB issues instructions and information to federal grantmaking agencies.

In December 2013, OMB published final guidance in the Federal Register that contained new uniform administrative requirements, cost principles, and audit requirements for federal awards. These new rules are adopted in regulations at 2 C.F.R. part 200. The regulations at 2 C.F.R. part 200 are known as the Uniform Guidance, and they supersede and streamline a number of previous OMB circulars and guidance documents.

⁶⁷ Child Care and Development Fund, 45 C.F.R. § 98.80 (2016).

HHS issued a final rule to adopt the OMB requirements in HHS rules at 45 C.F.R. part 75. The CCDF final rule refers to the uniform administrative requirements, cost principles, and audit requirements as they were adopted by HHS (45 C.F.R. pt. 75).⁶⁸

To allow for grantee flexibility to implement the CCDF program, HHS guidance states that many OMB circulars and guidance documents do not apply to CCDF. This includes many of the regulations at 45 C.F.R. part 75. CCDF Lead Agencies must still continue to expend and account for CCDF funds in accordance with their own laws and procedures. According to 45 CFR §75.101(d), only the following sections in the uniform administrative requirements, cost principles, and audit requirements apply:⁶⁹

- ◆ Subpart A – Acronyms and Definitions
 - 45 C.F.R. § 75.1, Acronyms
 - 45 C.F.R. § 75.2, Definitions
- ◆ Subpart B – General Provisions
 - 45 C.F.R. § 75.100, Purpose
 - 45 C.F.R. § 75.101, Applicability
 - 45 C.F.R. § 75.102, Exceptions
 - 45 C.F.R. § 75.103, Authorities
 - 45 C.F.R. § 75.104, Supersession
 - 45 C.F.R. § 75.105, Effect on other issuances
 - 45 C.F.R. § 75.106, Agency implementation
 - 45 C.F.R. § 75.107, OMB responsibilities
 - 45 C.F.R. § 75.108, Inquiries
 - 45 C.F.R. § 75.109, Review date
 - 45 C.F.R. § 75.110, Effective/Applicability date
 - 45 C.F.R. § 75.111, English language
 - 45 C.F.R. § 75.112, Conflict of interest
 - 45 C.F.R. § 75.113, Mandatory disclosures
- ◆ Subpart C – Pre-Federal Award Requirements and Contents of Federal Awards
 - 45 C.F.R. § 75.202, Requirement to provide public notice of federal financial assistance programs (this requirement applies to federal agencies rather than grantees)
- ◆ Subpart D – Post Federal Award Requirements
 - 45 C.F.R. § 75.351, Subrecipient and contractor determinations

⁶⁸ Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services. (2015). *Applicability of uniform administrative requirements, cost principles, and audit requirements (2 CFR Part 200) to Child Care and Development Fund (CCDF)* (Program Instruction CCDF-ACF-PI-2015-01). Retrieved from <https://www.acf.hhs.gov/occ/resource/pi-2015-01>

⁶⁹ Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards, 45 C.F.R. § 75.101 (2016).

- 45 C.F.R. § 75.352, Requirements for pass-through entities
- 45 C.F.R. § 75.353, Fixed amount subawards
- ◆ Subpart F – Audit Requirements
 - 45 C.F.R. § 75.500, Purpose
 - 45 C.F.R. § 75.501, Audit Requirements
 - 45 C.F.R. § 75.502, Basis for determining Federal awards expended
 - 45 C.F.R. § 75.503, Relation to other audit requirements
 - 45 C.F.R. § 75.504, Frequency of audits
 - 45 C.F.R. § 75.505, Sanctions
 - 45 C.F.R. § 75.506, Audit costs
 - 45 C.F.R. § 75.507, Program-specific audits
 - 45 C.F.R. § 75.508, Auditee responsibilities
 - 45 C.F.R. § 75.509, Auditor selection
 - 45 C.F.R. § 75.510, Financial statements
 - 45 C.F.R. § 75.511, Audit findings follow-up
 - 45 C.F.R. § 75.512, Report submission
 - 45 C.F.R. § 75.513, Responsibilities
 - 45 C.F.R. § 75.514, Scope of audit
 - 45 C.F.R. § 75.515, Audit reporting
 - 45 C.F.R. § 75.516, Audit findings
 - 45 C.F.R. § 75.517, Audit documentation
 - 45 C.F.R. § 75.518, Major program determination
 - 45 C.F.R. § 75.519, Criteria for Federal program risk
 - 45 C.F.R. § 75.520, Criteria for a low-risk auditee
 - 45 C.F.R. § 75.521, Management decision
- ◆ Appendix
 - Appendix II to Part 75 – Contract Provisions for Non-Federal Entity Contracts Under Federal Awards
 - Appendix X to Part 75 – Data Collection Form (SF-SAC)
 - Appendix XI to Part 75 – Compliance Supplement

In addition, AI/AN CCDF programs using CCDF dollars for ACF-approved construction or major renovation of child care facilities are required to follow certain regulations in 45 C.F.R. 75:⁷⁰

- ◆ Federal-share requirements and use-of-property requirements at 45 C.F.R. § 75.318;
- ◆ Transfer and disposition-of-property requirements at 45 C.F.R. § 75.318(c);
- ◆ Title requirements at 45 C.F.R. § 75.318(a);
- ◆ Program income requirements at 45 C.F.R. § 75.307;
- ◆ Procurement procedures at 45 C.F.R. § 75.326 through 75.335; and
- ◆ Any additional requirements established by program instruction.

Policies

Policies are developed to guide the implementation of regulations. Generally, new policies are developed and existing policies are updated to reflect current understanding of best practices, or because a particular regulatory requirement is frequently misinterpreted. Policies are generally issued in the form of an Information Memorandum (IM), Program Instruction (PI), Policy Announcement (PA), or Policy Interpretation Question (PIQ). Policies issued by OCC can be accessed online at the OCC policy and program resources web page.⁷¹

Assurances and Certifications

When grantees accept federal funding, they are asked to certify (or assure) that they will adhere to certain cross-cutting requirements. The assurances and certifications that apply to AI/AN CCDF programs are outlined in the CCDF regulation.⁷² These include, but are not limited to, the following:

- ◆ Certification regarding debarment (includes definitions for use with the certification of debarment);
- ◆ HHS certification regarding drug-free workplace requirements;
- ◆ Certification of compliance with the Pro-Child Act of 1994; and
- ◆ Assurance of compliance with title VI of the Civil Rights Act of 1964.

AI/AN CCDF grantees are also required to assure that their CCDF program will comply with the approved CCDF Plan, the CCDBG Act, the CCDF regulations, and all other relevant federal laws and regulations. The final rule also requires grantees to include assurances in their CCDF Plans regarding the implementation of specific program requirements. For example, AI/AN CCDF grantees must assure that they will coordinate, to the extent feasible, with the CCDF Lead Agency in their state to carry out the CCDF program. A full list of assurances and certifications is provided in Appendix C.

⁷⁰ Child Care and Development Fund, 45 C.F.R. § 98.84 (2016).

⁷¹ Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services. (n.d.). Policy & program resources [Web page]. Retrieved from <https://www.acf.hhs.gov/occ/resource-library>

⁷² Child Care and Development Fund, 45 C.F.R. §§ 98.13, 98.15, 98.81 (2016).

Part 4. Financial and Grant Management Principles

Financial Management Systems

Federal grantees should have effective and efficient financial management systems that enable accurate, current, and complete disclosure of financial information while providing for oversight and protection of federal funds in a timely manner.

A financial management system is composed of accounting records (checkbooks, journals, ledgers, and so forth) and written processes and procedures assigned to staff, outside professionals, or both. These systems ensure that financial data and transactions are properly entered into accounting records and that financial reports are prepared accurately and in a timely fashion.

All agencies have common requirements to fulfill when administering federal programs, such as the following:

- ◆ Contract and compliance requirements must be fulfilled;
- ◆ Grant and contract funds must be expended appropriately;
- ◆ Accounting records must be maintained;
- ◆ Assets must be safeguarded;
- ◆ Internal control systems must be adequate;
- ◆ Internal policies and procedures must be developed and implemented;
- ◆ Costs must be allocated to the correct program based upon a cost allocation plan in cases where costs are shared by programs; and
- ◆ Grantees must have an annual audit.

Often, AI/AN CCDF grantees administer many grants and contracts, each with differing requirements. Coordination and communication between program staff and fiscal staff is critical to ensuring successful program operations, including reporting of activities and expenditures.

Accounting Systems

The AI/AN grantee's fiscal department is responsible for accounting records. Initial set-up of the chart of accounts (the list of all accounts used by the AI/AN grantee in the general ledger) should be based on the terms and conditions and regulations applicable to the program. It should also be based on communication with CCDF program managers and, if necessary, the grantee agency's auditor or other financial consultant to determine necessary information to be tracked.

For example, AI/AN CCDF programs must track and limit administrative costs and must track expenditures of [quality funds](#) (including infant and toddler quality funds for medium- and large- allocation grantees, beginning in FY 2019) that may be spent in multiple categories. Correct categorization of the chart of accounts will help meet these requirements. In addition, since CCDF funds can be obligated and liquidated over a 3-year period, accounting systems should be able to track different fiscal year allocations over multiple expenditure years.

The end products of the accounting process are financial statements that summarize all of the grantee's financial transactions for a designated period. Because each grantee faces different financial issues and has different resources, each grantee will choose a different set of regular financial reports to prepare and analyze.

It is critical that financial statements meet the needs of their end users—the individuals who will use the reports to support their decision making. For example, financial statements prepared for the AI/AN grantee's governing body may not contain the same level of detail, or be formatted the same way, as those produced for program managers. CCDF program staff may need detailed budget-to-actual reports to help them ensure that sufficient funds will be available throughout the fiscal year to support ongoing program operations. Other reports that may be produced include a balance sheet (showing the agency's assets and liabilities) and a cash flow statement (which provides an analysis of cash available for operations).

The CCDF final rule requires fiscal control and accounting procedures that are sufficient to permit the preparation of reports required by the Secretary of Health and Human Services. It also requires that these procedures enable funds to be traced to a level of expenditure adequate to establish that they have not been used in violation of the provisions of the law or regulations.⁷³

Cash Management

AI/AN grantees should have procedures to safeguard federal funds. These procedures should address, for example, minimizing the amount of time that cash is held, use of interest-bearing accounts, cash secured in insured accounts (e.g., FDIC), the ability to identify what cash goes with what funding source, and so forth.

Although AI/AN CCDF programs are not covered by the requirements outlined at 31 C.F.R. part 205, which implements the Cash Management Improvement Act, or 45 C.F.R. 75 which require procedures for advance funding, it is expected that AI/AN CCDF grantees will draw down funds only as necessary in order to demonstrate prudent administration of fiscal funds.

Payment Management System

CCDF funds, with the exception of those funding programs administered through P.L. 102-477, are accessed through the Payment Management System.⁷⁴ This system provides disbursement, grant monitoring, reporting, and cash management services to both awarding agencies and grant recipients. The system is maintained by HHS's Division of Payment Management, a component of the Financial Management Service within the HHS Program Support Center.

The Payment Management System accomplishes all grant payment–related activities for HHS from the time of award throughout the life of the grant. By accepting CCDF funds, AI/AN grantees agree to comply with the requirements imposed by the Payment Management System.

Federal grant funds are “drawn down” (wired into an agency's bank account) as needed. With this flexibility comes the responsibility to ensure that only the amount needed is drawn. AI/AN fiscal departments should have procedures in place to be sure that federal cash is managed appropriately.

⁷³ Child Care and Development Fund, 45 C.F.R. § 98.67 (2016).

⁷⁴ Administration for Children and Families, U.S. Department of Health and Human Services. (n.d.). Discretionary post-award requirements: Requesting payment of federal awards [Web page]. Retrieved from <https://www.acf.hhs.gov/discretionary-post-award-requirements>

Note on Payment Management System (PMS)

Payments under CCDF will be made through the Department of Health and Human Services' Payment Management System (PMS). Information regarding PMS requirements and processes is available online:

- General information and website: <https://pms.psc.gov/>.
- Information specific to ACF grantees regarding the submission of financial reports through the PMS: https://pms.psc.gov/grant_recipients/acf.html
- PMS access procedures: https://pms.psc.gov/grant_recipients/acf.html

Program Budgets

A budget is a plan that identifies the sources and amounts of a program's income and expenses. Having a comprehensive budget in place can be a key factor to successful program operations. A realistic budget acts as the roadmap that guides the program throughout the year. A comprehensive program budget helps to record, in monetary terms, what the realistic goals or objectives of the program are for the coming year or years, and provides a tool to monitor the program's financial activities throughout the fiscal year.

The budget should be a dollars-and-cents expression of how, and to what degree, the CCDF program will serve the child care needs of the children in the community. A typical CCDF budget might include the following cost categories:

- ◆ Direct services (whether child care services are provided in a tribally operated center; through certificates, vouchers, or grants; or a combination of these);
- ◆ Salaries and fringe benefits;
- ◆ Staff training;
- ◆ Equipment;
- ◆ Supplies;
- ◆ Travel;
- ◆ Printing and postage;
- ◆ Quality expenditures;
- ◆ Infant and toddler quality expenditures (for medium- and large- allocation grantees, beginning in FY 2019); and
- ◆ Other administrative costs (including indirect costs).

In addition to its annual CCDF grant, an AI/AN CCDF program may include other income sources such as parent copayments and tribal contributions.

Expenses for a tribally operated center might also include items such as facility maintenance and repair, utilities, food, and curriculum materials. A tribally operated center's other income sources might also include state CCDF subsidies, the U.S. Department of Agriculture Child and Adult Care Food Program, and child care fees from private-pay families.

Effective budget planning entails examining past performance and determining the future direction of the program in both programmatic and financial terms. Therefore, the connection between the budget and program activities requires ongoing coordination efforts between program staff and fiscal staff. This ensures that program activities are carried out within the framework of available financial resources.

Successfully putting a budget in motion requires that AI/AN CCDF program staff and fiscal staff develop and follow processes for the following:

- ◆ Informing and educating other staff and tribal leaders about resource allocations and cost constraints;
- ◆ Routinely reviewing budgetary concerns; and
- ◆ Jointly engaging in budget monitoring and cost-containment efforts.

Cost Allocation

The CCDF final rule requires the Lead Agency and any subgrantees to keep on file cost allocation plans or indirect cost agreements that have been amended to include costs allocated to CCDF. AI/AN CCDF grantees are not required to have these plans and agreements approved, but they are subject to review under the final rule.⁷⁵

Costs can be allocated in one of three ways: as a direct cost, a proportionately allocated post, or an indirect cost.

- ◆ A direct cost is a cost incurred specifically for one program, such as the salary of a program manager.
- ◆ A proportionately allocated cost is one that benefits more than one program. An example of a proportionately allocated cost is the salary of an administrative assistant who works for two programs. This salary cost could, for example, be allocated based on the number of hours worked for each program. A written cost allocation plan is required for costs that are allocated proportionately between programs. The plan must include the items of cost, the basis for allocation, and the funding source information to which the cost will be allocated.
- ◆ [Indirect costs](#) typically benefit all programs in an agency or tribal government equally and are therefore difficult to individually allocate to a particular program. These costs are charged to an indirect cost pool and allocated to programs using an indirect cost rate. This rate is determined during the tribe's indirect cost negotiation process and is approved by the cognizant federal agency, which, for all American Indian tribal governments, is the Department of the Interior. Indirect costs are considered administrative costs and are included in the calculation of the 15 percent administrative cap.

Coordination between CCDF Program Staff and Fiscal Staff

Often when the issue of budgets and expenditures arises within a program, the response is to “let the experts handle it”; in other words, let the fiscal staff take all the responsibility. Fiscal staff are experts in regard to accounting procedures, but they do not always have deep knowledge of the ins and outs of program implementation. In this respect, program staff are the experts, and they should be equally responsible for ensuring that the program operates within its resources. A combination of fiscal and program knowledge will produce an expert approach to financial management.

Coordination and communication between CCDF program staff and fiscal staff are key factors to ensuring successful program operations. Coordination ensures the following:

- ◆ Fiscal staff get the information they need to track CCDF funds as required by regulations;

⁷⁵ Child Care and Development Fund, 45 C.F.R. § 98.57 (2016).

- ◆ Program staff get the information they need to make informed budgetary decisions; and
- ◆ The grantee expends funds appropriately and submits timely reports, which can reduce adverse audit findings and the potential for sanctions, penalties, or negative grant awards.

Program and fiscal staff can keep the lines of communication open through routine budget reviews where both can share concerns about the program's progress in resource allocation and expenditure. CCDF program and fiscal staff should also coordinate when completing required financial reports (e.g., ACF-696T) and in the development of the triennial CCDF Plan.

Regardless of when or how often budget reviews are conducted and reports are developed, it is critical that program and fiscal staff take time to reflect on what worked and what didn't regarding allocation and expenditure of the program's financial resources. Reviews need to occur at various times during the budget period to allow for adjustments and modifications. Waiting until the end of the budget period to review costs leaves the program open to potential budget overruns or underspending, as well as a lack of resources for critical program activities.

Required Financial Reporting

ACF-696T

In accordance with the CCDF final rule, AI/AN CCDF grantees must submit the ACF-696T financial reporting form annually within 90 days after the end of the federal fiscal year (no later than December 29 or, if December 29 falls on a weekend, the next business day).⁷⁶ This report details how CCDF funds have been expended over the prior 12-month period. Cost categories in the report include the following:

- ◆ Direct child care services;
- ◆ Child care administration;
- ◆ Non-direct services;
- ◆ Quality activities ;
- ◆ Infant and toddler quality activities (for medium- and large-allocation grantees, beginning in FY 2019); and
- ◆ Construction and renovation expenditures.

While AI/AN CCDF grantees and states operate under approved 3-year plans, CCDF funds are awarded annually, and they must be accounted for by federal fiscal year on the ACF-696T form. Grantees must also report their unobligated balances and unliquidated obligations. One report is submitted for each grant year; thus, the grantee may be responsible for submitting as many as three separate financial reports yearly.

AI/AN Lead Agencies must submit the form ACF-696T electronically through the OLDC system. The OLDC reduces paperwork, allows for quicker processing, automatically completes required calculations, and checks for potential errors. The ACF-696T form and instructions are distributed to AI/AN CCDF grantees in a Program Instruction from the Office of Child Care.⁷⁷

Failure to submit financial, program, or other required reports on time may be the basis for withholding financial payments or suspending or terminating the grant.

⁷⁶ Child Care and Development Fund, 45 C.F.R. § 98.65 (2016).

⁷⁷ Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services. (2017). *Form ACF-696T—a financial reporting form for Child Care and Development Fund (CCDF) tribal lead agencies (Program instruction: CCDF-ACF-2017-05)* Retrieved from <https://www.acf.hhs.gov/occ/resource/ccdf-acf-pi-2017-05>

A negative award will be issued to recoup unobligated or unliquidated funds reported on the final ACF-696T report. Compliance with discretionary spending requirements, minimum quality expenditures, and the administrative spending cap will be verified at the end of the grant period or when the final ACF-696T is submitted. A negative award will be issued to recoup funds that were not spent in accordance with federal requirements.

Federal Financial Report (FFR or SF-425)

AI/AN CCDF grantees are responsible for reviewing, on a quarterly basis, the drawdowns made for CCDF and for submitting a quarterly cash transaction report using the Federal Financial Report (FFR or SF-425).⁷⁸ Even if grantees do not expend funds in a given quarter, they must still submit a quarterly Federal Financial Report. The Federal Financial Report is submitted through the [Payment Management System](#). Cumulative annual FFRs should be reconciled with the ACF-696T at the end of the fiscal year to ensure that all liquidated funds have been drawn down.

ACF-700 Report and Fiscal Data

ACF requires AI/AN grantees to submit aggregate information on services provided using the CCDF Tribal Annual Report, or the ACF-700⁷⁹. The ACF-700 is due annual and consists of two parts:

- ◆ Administrative data: Data on children and families that received CCDF-funded child care services and data on services that were provided; and
- ◆ Tribal narrative: Description of general child care activities and actions in the Lead Agency's reservation or service area.

Grantees must include the number of children and families receiving direct CCDF-funded child care services each fiscal year on the ACF-700 report. The report is submitted through the [ACF-700 data submission online system](#) by December 31st of each fiscal year. Line 6 of the ACF-700 asks for the average monthly amount paid for child care service and the average monthly copayment per child. At the end of the fiscal year, program staff will need financial data to complete this report. It is important that these figures contain all direct child care expenditures for any open CCDF grant year that funds were expended⁸⁰.

AI/AN CCDF grantees can receive assistance regarding ACF-700 report requirements, data tracking, and submission from the National Center Child Care Data and Reporting (NCDR). NCDR can be contacted at ncdr@ecetta.info or 1-877-249-9117.

⁷⁸ Administration for Children and Families, U.S. Department of Health and Human Services. (n.d.). *Discretionary post-award requirements: Reporting*. Retrieved from: <https://www.acf.hhs.gov/discretionary-post-award-requirements#chapter-2>

⁷⁹ Child Care and Development Fund, 45 C.F.R. § 98.70 (2016).

⁸⁰ Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services. (2017). *CCDF Annual Report for Tribal Lead Agencies* (Program Instruction CCDF-ACF-PI-2017-04). Retrieved from <https://www.acf.hhs.gov/occ/resource/ccdf-acf-pi-2017-04>.

CCDF AI/AN grantees with an approved P.L. 102-477 plan will receive their CCDF funding through the DOI. Therefore, financial reporting on CCDF funds awarded under a P.L. 102-477 consolidated plan will be made to the DOI. However, the expenditure and obligation of all CCDF funds awarded before P.L. 102-477 plan approval will continue to be reported to ACF on the ACF-696T financial reporting form. OCC recommends that CCDF programs operating under P.L. 102-477 send OCC copies of their financial reports.

Grantees with an approved P.L. 102-477 plans are not required to submit the ACF-700 report and should follow reporting guidance as specified by DOI.

Source: Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services. (2015). *PI - 477 FY 2017-2019 Tribal plan* (Program Instruction CCDF-ACF-PI-2016-04). Retrieved from <https://www.acf.hhs.gov/occ/resource/ccdf-acf-pi-2016-04>

Required Real Property Reporting

AI/AN CCDF grantees with real property in which the federal government retains an interest (i.e., real property that was constructed or renovated in whole or in part with CCDF dollars) must submit the Real Property Standard Form (SF)-429 and Attachments. AI/AN CCDF grantees are required to submit reports at least annually on the status of real property in which the federal government retains an interest.

Beginning on or after September 30, 2017, all AI/AN CCDF grantees with real property in which the federal government retains an interest (i.e., real property that was constructed or renovated in whole or in part with CCDF dollars) are instructed to prepare and submit the SF-429 with Attachment A on an annual basis at the same time as their annual ACF-696T Financial Report is due (i.e., by December 29 each year). The Attachments SF-429-B and SF-429-C are required only when a grantee requests approval of actions related to real property as noted on each attachment. General facilities guidance is available in *Procedures for Requests from Tribal Lead Agencies to Use Child Care and Development Fund (CCDF) Funds for Construction or Major Renovation of Child Care Facilities* (CCDF-ACF-PI-2016-05)⁸¹. Carefully read the instructions accompanying the SF-429 and its attachments when filing to ensure that the forms are accurate and complete.

A description of each required form follows:

- ◆ SF-429 Cover Page must accompany all reports and requests: Provides recipient (grantee) information. Include the SF-429 cover page when submitting each form.
- ◆ SF-429-A General Reporting: Must be submitted annually on the same date the AI/AN CCDF grantee's annual ACF-696T Financial Report for the budget period is due (i.e., by December 29). A separate Attachment A is required for every parcel of real property subject to a federal interest as defined in 45 CFR § 98.84.
- ◆ SF-429-8 Request to Acquire, Improve, or Furnish: Must be submitted along with the additional information required by 45 CFR § 98.84 whenever a grantee is seeking ACF approval to use CCDF funds to engage in construction or major renovation of facilities as defined in 45 CFR § 98.2 and 98.84. This form may only be used to request CCDF funds to improve (i.e., construct or renovate) child care facilities; CCDF funds cannot be used to acquire or purchase facilities. Information included in SF-429-B can be cross-referenced if also required by 45 CFR § 98.84.

⁸¹ Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services. (2016). *Procedures for requests from tribal lead agencies to use Child Care and Development Fund (CCDF) funds for construction or major renovation of child care facilities* (Program Instruction CCDF-ACF-PI-2016-05). Retrieved from <https://www.acf.hhs.gov/occ/resource/ccdf-acf-pi-2016-05>

- ◆ SF-429-C Disposition or Encumbrance Request: Must be submitted at closeout and whenever a grantee is seeking ACF approval to sell, transfer, or encumber property subject to a federal interest, including the refinancing of existing indebtedness and subordination of a federal interest to the rights of a lender under 45 CFR § 98.84. SF-429-C implements the requirements for grantees making requests for disposition of real property under 45 CFR § 98.84 (d). Any use of real property subject to a federal interest as collateral for a loan or mortgage requires prior approval, and an encumbrance includes any use of property subject to a federal interest as collateral for future borrowing. CCDF-ACF-PI-2016-05 remains in effect and provides a simplified disposition process for older modular units.

AI/AN Lead Agencies must submit the SF-429 and attachments electronically through the OLDC system. The SF-429 form, attachments, and instructions are distributed to AI/AN CCDF grantees in a Program Instruction from the Office of Child Care.⁸²

Failure to submit financial, program, or other required reports on time may be the basis for withholding financial payments or suspending or terminating the grant.

Program Integrity and Internal Controls

AI/AN CCDF grantees are required to have internal controls in place for their CCDF programs and to describe these controls in their CCDF Plans. Internal controls are systems established by the Lead Agency that are designed to ensure integrity and accountability while maintaining continuity of services.⁸³ These include the following:

- ◆ Processes to ensure sound fiscal management;
- ◆ Process to identify areas of risk;
- ◆ Processes to train child care providers and staff about program requirements and program integrity;
- ◆ Regular evaluation of internal control activities;
- ◆ Processes to identify fraud or other program violations; and
- ◆ Processes to investigate and recover fraudulent payments and implement consequences in response to fraud.

The CCDF final rule also requires Lead Agencies to describe in their CCDF Plans their procedures for documenting and verifying that children meet eligibility criteria at the time of eligibility determination and redetermination. Lead Agencies are responsible for ensuring that all children served by CCDF are eligible at the time of eligibility determination or redetermination.⁸⁴ This includes verifying or maintaining documentation of the child's age, family income, and require proof that parents are engaged in eligible activities.

Grantees can document income using records such as pay stubs, tax records, child support enforcement documentation, alimony court records, government benefit letters, and receipts for self-employed applicants. To document participation in eligible activities (e.g., work, school, or training programs), grantees can use school registration records, class schedules, or job training forms.⁸⁵

In summary, internal controls are the Lead Agency's system of checks and balances that help minimize or eliminate programmatic or financial risks and help protect the Lead Agency, and the programs it operates, from fraud, theft, errors, improper payments, and other inappropriate uses of funds. Internal controls also help ensure

⁸² Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services. (2017). *Electronic submission of Real Property Standard Form (SF)-429 and attachments* (Program Instruction CCDF-ACF-PI-2017-06). Retrieved from <https://www.acf.hhs.gov/occ/resource/ccdf-acf-pi-2017-06>.

⁸³ Child Care and Development Fund, 45 C.F.R. § 98.68 (2016).

⁸⁴ Child Care and Development Fund, 45 C.F.R. § 98.68 (2016).

⁸⁵ Child Care and Development Fund (CCDF) Program, 81 Fed. Reg. 67,438, 67,531 (Sept. 30, 2016) (codified at 45 C.F.R. pt. 98).

that financial information is accurate and reliable, which is critical for making sound programmatic and other decisions.

Improper Child Care Payments

An improper payment (or erroneous payment) is any payment that should not have been made, or that was made in an incorrect amount (overpayment or underpayment), under a statutory, contractual, administrative, or other legally applicable requirement. Improper payments include any payment that was made to an ineligible recipient or for an ineligible service, as well as any inappropriate denials of payment or service, duplicate payments, payments for services not received, and payments that do not account for credit for applicable discounts.⁸⁶

HHS and OCC have taken significant steps to safeguard federal funds, including implementing program integrity and accountability efforts to help their grantees assess and analyze the causes of improper payments, implement internal controls to prevent improper payments from occurring, and identify and recover improper payments when they occur. OCC's efforts to ensure program integrity focus on reducing administrative errors and preventing, detecting, and eliminating fraud.

In November 2009, the President issued Executive Order 13520, which underscored the importance of reducing improper payments in federal programs while protecting access to programs by their intended beneficiaries.⁸⁷ Program integrity efforts can help ensure that limited program dollars are used to the benefit of eligible low-income children and families, but Lead Agencies must take care not to unnecessarily restrict access to child care subsidies in the name of accountability. OCC provides training, technical assistance, and resources to CCDF grantees to help them find an appropriate balance between program access and program accountability.⁸⁸

As recipients of federal funds, AI/AN CCDF grantees must ensure that adequate internal controls are in place and functioning in order to minimize improper payments, fraud, waste, and abuse. The strengthening of internal controls can reduce the rate of errors related to improper payments and can improve the overall efficiency of the CCDF program, which can improve services to parents and providers. AI/AN CCDF fiscal and program staff can play an important role in this effort through the following:

- ◆ Ensuring that all program and fiscal management policies and procedures are adequately documented and fully enforced;
- ◆ Reviewing the annual 45 C.F.R. part 75, subpart F, audit report, in particular the auditors' statement on internal controls;
- ◆ Resolving any 45 C.F.R. part 75, subpart F, audit findings with ACF in a timely manner and making any changes necessary to strengthen internal control systems;
- ◆ Ensuring that adequate documentation exists for all transactions, including provider monitoring visits, provider payments, and child and family eligibility determinations and verifications; and
- ◆ Ensuring that budget expenditures are consistent with the approved triennial CCDF Plan and all applicable regulations, OMB guidance adopted by HHS at 45 C.F.R. part 75, and federal and tribal policies.

⁸⁶ Child Care and Development Fund, 45 C.F.R. § 98.100 (2016).

⁸⁷ Reducing Improper Payments, 74 Fed. Reg. 62,201 (Nov. 25, 2009).

⁸⁸ Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services. (2010). *Program integrity, financial accountability, access to child care* (Program Instruction CCDF-ACF-2010-06). Retrieved from <https://www.acf.hhs.gov/occ/resource/pi-2010-06-0>

The final rule clarifies that the following situations are not considered errors or improper payments:

- A family's circumstances change during the eligibility period; nor
- A child experiencing homelessness or in foster care is permitted to initially enroll, but is found to be ineligible once all documentation is submitted.

Source: Child Care and Development Fund, 45 C.F.R. §§ 98.51, 98.68 (2016).

Recovery of Improper Child Care Payments

Improper payments may not be charged to the CCDF program. Any payments not made in accordance with the law, regulation, or approved CCDF Plan will be [disallowed](#).⁸⁹

Lead Agencies are required to recover child care payments that are a result of fraud committed by child care providers or parents. CCDF regulations require that these recoveries be made from the party or parties responsible for committing the fraud.⁹⁰ Should a grantee choose not to pursue fraudulent payments (because, for example, doing so may not be cost-effective), the amount of that fraudulent payment may not be charged to the CCDF. Grantees should work closely with the Office of Child Care Regional Offices regarding processes for improper payments and should keep Regional Offices informed of any developments in this area.⁹¹

Audits

All agencies, including tribal governments that expend more than \$750,000 in federal cash, are required to have an audit completed for each fiscal year of funding.⁹² The audit is referred to as a “single audit,” as the auditor will review the entire operations of the agency, including all major federal programs. Audits must be conducted after the close of the 3-year CCDF program period. No later than 30 days following the completion of the audit, Lead Agencies must submit a copy of the audit report to the tribal council, the HHS Inspector General for Audit Services, and to ACF.⁹³

The compliance supplement in 45 C.F.R. part 75, appendix XI,⁹⁴ helps auditors fulfill their responsibilities and define compliance issues for each program. The audit, which is completed by an independent auditor, will help to determine whether the following conditions are met:

- ◆ The grantee's financial statements are accurate;
- ◆ The grantee is complying with the terms and conditions of the grant;
- ◆ Appropriate financial and administrative procedures and controls have been installed and are operating effectively; and
- ◆ The grantee is complying with laws, regulations, and the provisions of contracts or grant agreements.

A financial audit is a process for testing the accuracy and completeness of information presented in an organization's financial statements as well as evaluating the financial systems used to gather this information.

⁸⁹ Child Care and Development Fund, 45 C.F.R. § 98.66 (2016).

⁹⁰ Child Care and Development Fund, 45 C.F.R. § 98.69 (2016).

⁹¹ Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services. (2018). *Office of Child Care Regional Program Managers*. Retrieved from: <https://www.acf.hhs.gov/occ/resource/regional-child-care-program-managers>.

⁹² Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards, 45 C.F.R. § 75.501 (2016).

⁹³ Child Care and Development Fund, 45 C.F.R. § 98.65 (2016).

⁹⁴ Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards, 45 C.F.R. § 75, Appendix XI (2016).

This testing process enables an independent certified public accountant to issue what is referred to as “an opinion” on how accurately the grantee’s financial statements represent its financial position and whether they comply with generally accepted accounting principles.

The audit team also will develop an opinion regarding the tribe’s internal-control structure. The team may test program data to ensure compliance with regulations. During the audit, the auditor may determine that there are “[disallowed costs](#)” or costs that were not appropriate under the terms of the grant.⁹⁵ For example, fundraising costs are specifically unallowable and may not be paid with federal funds. Significant findings will be written up in the audit report. Audit findings are sent to the funding agency, and disallowance of federal funds or financial penalties may result.

45 C.F.R. part 75, subpart F,⁹⁶ states that auditors will do the following:

- ◆ Perform an audit of the financial statements for the federal program in accordance with generally accepted government auditing standards [45 C.F.R. § 75.507(b)(3)(i)]
- ◆ Perform procedures to determine whether the auditee has complied with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on the federal program, consistent with the requirements for a major program [45 C.F.R. § 75.507(b)(3)(iii)]
- ◆ Follow up on prior audit findings, perform procedures to assess the reasonableness of the summary schedule of prior audit findings prepared by the auditee, and report, as a current year audit finding, when the auditor concludes that the summary schedule of prior audit findings materially misrepresents the status of any prior audit finding in accordance with the requirements [45 C.F.R. § 75.507(b)(3)(iv)]

CCDF Administrators should be involved in the audit of their programs and in the audit resolution process. OCC Regional Program Managers and Regional Grants Management Officers can assist CCDF Administrators and fiscal staff in reviewing the audit report and resolving audit findings.

Disallowance Procedures, Penalties, and Sanctions

AI/AN CCDF grantees are subject to disallowances, penalties, and sanctions based on the results of the annual audit under 45 C.F.R. part 75, subpart F. These actions may also result from any finding that the grantee failed to comply with the CCDBG Act, the final rule, or the grantee’s approved CCDF Plan.⁹⁷

Disallowance Procedures

Any expenditures of CCDF funds that do not comply with the CCDBG Act, the final rule, or the CCDF plan are disallowed.⁹⁸ If an expenditure is determined to be disallowed as the result of an audit or review, HHS will notify the Lead Agency of this decision in writing. Then, the Lead Agency has two options:

- ◆ Agree with the finding, fulfil the provisions of the notice, and repay the disallowed funds; and
- ◆ Appeal the finding by requesting reconsideration from the Assistant Secretary of HHS or appealing the decision to the Departmental Appeals Board.

⁹⁵ Child Care and Development Fund, 45 C.F.R. § 98.66 (2016).

⁹⁶ Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards, 45 C.F.R. § 75.507 (2016).

⁹⁷ Child Care and Development Fund, 45 C.F.R. § 98.92 (2016).

⁹⁸ Child Care and Development Fund, 45 C.F.R. § 98.66 (2016).

Penalties and Sanctions

The following penalties can be applied when it has been determined that the Lead Agency has failed to substantially comply with provisions of the law, regulations, or the CCDF Plan:⁹⁹

1. Disallowance of improperly expended funds;
2. An amount equal to or less than the improperly expended funds will be deducted from the administrative portion of the allotment for the following fiscal year; or
3. A combination of the above options.

In addition to the above options, the following sanctions may also be imposed:

1. Disqualification of the Lead Agency from receiving further funding under CCDF;
2. A penalty of not more than 4 percent of the discretionary funds allotted for a fiscal year will be withheld if it is determined that the Lead Agency failed to implement a provision of the law, regulations, or the CCDF Plan;
3. A penalty of 5 percent of the discretionary funds allotted for a fiscal year will be withheld if it is found that the Lead Agency failed to give priority for services to children with special needs and children experiencing homelessness; or
4. A penalty of 5 percent of the discretionary funds allotted for a fiscal year will be withheld if it is found that the Lead Agency has failed to comply substantially with the criminal background check requirements in the CCDF final rule.

In accepting the CCDF grant award, the Lead Agency agrees to comply with the terms and conditions of the grant award, including administrative requirements, financial and program progress reporting, and requirements for subrecipients and vendors. Failure to comply could result in any of the penalties or sanctions noted above.

Recordkeeping and Record Retention

Grantee financial records, supporting documents, statistical records, and all other records pertaining to the grant award must be retained for a period of at least 3 years from the date of submission of the final annual financial report.¹⁰⁰ Exceptions to this are as follows:

- ◆ If any litigation, claim, financial management review, or audit is started before the expiration of the 3-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.
- ◆ Records for real property and equipment acquired with federal grant funds must be retained for 3 years beyond the date of final disposition (the date the equipment or property was sold or otherwise disposed).

Federal awarding agencies have the right to timely and unrestricted access to any of the grantee's books, documents, papers, or other records pertinent to the grant award in order to make audits, reviews, examinations, excerpts, transcripts, and copies of such documents. This right of access exists as long as the records are retained.

⁹⁹ Child Care and Development Fund, 45 C.F.R. § 98.92 (2016).

¹⁰⁰ Child Care and Development Fund, 45 C.F.R. § 98.90 (2016).

Appendix A. Websites for Documents Referenced in This Guide

45 C.F.R. Part 75 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards)

<https://www.ecfr.gov/cgi-bin/text-idx?node=pt45.1.75>

45 C.F.R. Part 98 (Child Care and Development Fund)

https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title45/45cfr98_main_02.tpl

45 C.F.R. Part 99 (Procedure for Hearings for the Child Care and Development Fund)

<https://www.ecfr.gov/cgi-bin/text-idx?SID=7a78c295fb2723ded9602d775727598c&mc=true&node=pt45.1.99&rgn=div5>

Child Care and Development Fund (CCDF) 2016 Final Rule in the Federal Register

<https://www.federalregister.gov/documents/2016/09/30/2016-22986/child-care-and-development-fund-ccdf-program>

Child Care and Development Fund (CCDF) Law (CCDBG Act of 2014)

<https://www.gpo.gov/fdsys/pkg/USCODE-2015-title42/html/USCODE-2015-title42-chap105-subchapII-B.htm>

Child Care and Development Fund Financial Reporting for Indian Tribes (form ACF-696T)

<https://www.acf.hhs.gov/occ/resource/acf-696t>

- ◆ Program Instructions and Guidance: <https://www.acf.hhs.gov/occ/resource/ccdf-acf-pi-2017-05>
- ◆ Electronic Submission of Form ACF-696T: <https://extranet.acf.hhs.gov/ssi>
- ◆ On-Line Data Collection Documentation: <https://extranet.acf.hhs.gov/oldcdocs/materials.html>

Generally Accepted Accounting Principles

<http://www.fasab.gov/accounting-standards/>

Indian Employment, Training and Related Services Demonstration Act, as Amended (Public Law 102-477)

<https://doleta.gov/dinap/cfml/477page.cfm>

Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) (Public Law 104-193)

<http://www.gpo.gov/fdsys/pkg/PLAW-104publ193/html/PLAW-104publ193.htm>

Additional Information

For additional information about the topics covered in this guide, please visit these websites:

- ◆ Office of Child Care: <http://www.acf.hhs.gov/programs/occ/>

- ◆ U.S. Department of Health and Human Services: <http://www.hhs.gov>
- ◆ U.S. Department of the Interior (for information related to P.L. 102-477): <http://www.doi.gov/>

Appendix B. AI/AN CCDF Fiscal Dates to Remember

	FY 2016 Funds	FY 2017 Funds	FY 2018 Funds	FY 2019 Funds	FY 2020 Funds	FY 2021 Funds	FY 2022 Funds
Triennial CCDF Plan* and child count	8/1/16	Not due	Not due	7/1/19	Not due	Not due	7/1/22
Public hearing on CCDF Plan (at least one hearing held during each timeframe)	1/1/16–7/1/16	Not required	Not required	1/1/19–7/1/19	Not required	Not required	1/1/22–7/1/22
Construction application	7/1/16	7/1/17	7/1/18	7/1/19	7/1/20	7/1/21	7/1/22
Funds available	10/1/15	10/1/16	10/1/17	10/1/18	10/1/19	10/1/20	10/1/21
Funds must be obligated	9/30/17	9/30/18	9/30/19	9/30/20	9/30/21	9/30/22	9/30/23
Funds must be liquidated	9/30/18	9/30/19	9/30/20	9/30/21	9/30/22	9/30/23	9/30/24
Discretionary reallocation letter	4/1/17	4/1/18	4/1/19	4/1/20	4/1/21	4/1/22	4/1/23
Interim ACF-696T financial report*	12/29/16 12/29/17	12/29/17 12/29/18	12/29/18 12/29/19	12/29/19 12/29/20	12/29/20 12/29/21	12/29/21 12/29/22	12/29/22 12/29/23
Final ACF-696T financial report*	12/29/18	12/29/19	12/29/20	12/29/21	12/29/22	12/29/23	12/29/24
SF-425 federal financial report (cash transaction report)*	Quarterly 1/30/16 4/30/16 7/30/16 10/30/16	Quarterly 1/30/17 4/30/17 7/30/17 10/30/17	Quarterly 1/30/18 4/30/18 7/30/18 10/30/18	Quarterly 1/30/19 4/30/19 7/30/19 10/30/19	Quarterly 1/30/20 4/30/20 7/30/20 10/30/20	Quarterly 1/30/21 4/30/21 7/30/21 10/30/21	Quarterly 1/30/22 4/30/22 7/30/22 10/30/22
Audit	Conduct audit after 9/30/18	Conduct audit after 9/30/19	Conduct audit after 9/30/20	Conduct audit after 9/30/21	Conduct audit after 9/30/22	Conduct audit after 9/30/23	Conduct audit after 9/30/24
Audit report	Within 30 days of completion of the audit	Within 30 days of completion of the audit	Within 30 days of completion of the audit	Within 30 days of completion of the audit	Within 30 days of completion of the audit	Within 30 days of completion of the audit	Within 30 days of completion of the audit

* Denotes items that do not apply to AI/AN grantees electing to operate CCDF under a consolidated P.L. 102-477 plan.

Appendix C. Assurances and Certifications Required by the CCDF Final Rule

Note: New assurances or certifications under the 2016 CCDF final rule are marked with a Δ .

Tribal Lead Agencies are required to provide the following assurances or certifications:

1. An assurance that the Lead Agency will comply with the requirements of the CCDBG Act of 2014 and the CCDF final rule.
2. An assurance that the Lead Agency provides a drug-free workplace pursuant to 45 C.F.R. § 76.600, or a statement that such an assurance has already been submitted for all HHS grants.
3. A certification that no principals have been debarred pursuant to 45 C.F.R. § 76.500.
4. Assurances that the Lead Agency will comply with the applicable provisions regarding nondiscrimination at 45 C.F.R. part 80 (implementing title VI of the Civil Rights Act of 1964, as amended), 45 C.F.R. part 84 (implementing section 504 of the Rehabilitation Act of 1973, as amended), 45 C.F.R. part 86 (implementing title IX of the Education Amendments of 1972, as amended) and 45 C.F.R. part 91 (implementing the Age Discrimination Act of 1975, as amended).
5. Assurances that the Lead Agency will comply with the applicable provisions of Public Law 103-277, Part C—Environmental Tobacco Smoke, also known as the Pro-Children Act of 1994, regarding prohibitions on smoking.

The Lead Agency is required to include the following assurances in the CCDF Plan:

1. Upon approval, it will have in effect a program that complies with the provisions of the CCDF Plan, and that is administered in accordance with the Child Care and Development Block Grant Act of 1990, as amended, section 418 of the Social Security Act, and all other applicable federal laws and regulations.
2. The parent or parents of each eligible child within the area served by the Lead Agency who receives or is offered child care services for which financial assistance is provided are given the option either enrolling such child with a child care provider that has a grant or contract for the provision of the service or receiving a child care certificate as defined in 45 C.F.R. § 98.2. **Note: Only large-allocation grantees are required to operate a certificate program.**
3. In cases in which the parent or parents, pursuant to 45 C.F.R. § 98.30, elect to enroll their child with a provider that has a grant or contract with the Lead Agency, the child will be enrolled with the eligible provider selected by the parent to the maximum extent practicable.
4. In accordance with 45 C.F.R. § 98.30, the child care certificate offered to parents shall be of a value commensurate with the subsidy value of child care services provided under a grant or contract. **Note: Only large-allocation grantees are required to operate a certificate program.**
5. With respect to state and local regulatory requirements (or tribal regulatory requirements), health and safety requirements, payment rates, and registration requirements, state or local (or tribal) rules, procedures or other requirements promulgated for the purpose of the CCDF will not significantly restrict parental choice from among categories of care or types of providers, pursuant to 45 C.F.R. § 98.30(f).
6. Training and professional development requirements comply with 45 C.F.R. § 98.44 and are applicable to caregivers, teaching staff, and directors working for child care providers of services for which assistance is provided under the CCDF. Δ
7. To the extent practicable, enrollment and eligibility policies support the fixed costs of providing child care services by delinking provider payment rates from an eligible child's occasional absences in accordance with 45 C.F.R. § 98.45(l). Δ **Note: Requirements regarding payment practices only apply to medium- and large-allocation grantees.**
8. Funds received to carry out this subchapter will not be used to develop or implement an assessment for children that will be the primary or sole basis for a child care provider being determined to be ineligible to participate in the program carried out under this subchapter; will be used as the primary or sole basis to provide a reward or sanction for an individual provider; will be used as the primary or sole method for

assessing program effectiveness; or will be used to deny children eligibility to participate in the program carried out under this subchapter. **Δ**

9. To the extent practicable and appropriate, any code or software for child care information systems or information technology that a Lead Agency or other agency expends CCDF funds to develop must be made available upon request to other public agencies, including public agencies in other states, for their use in administering child care or related programs. **Δ**

The Lead Agency is required to include the following certifications in the CCDF Plan:

1. In accordance with 45 C.F.R. § 98.31, the Lead Agency has procedures in place to ensure that providers of child care services for which assistance is provided under the CCDF afford parents unlimited access to their children and to the providers caring for their children, during the normal hours of operations and whenever such children are in the care of such providers.
2. As required by 45 C.F.R. § 98.32, the Lead Agency maintains a record of substantiated parental complaints and makes information regarding such complaints available to the public on request. **Note: Consumer education requirements only apply to medium- and large-allocation grantees.**
3. It will collect and disseminate to parents of eligible children, the general public and, where applicable, child care providers, consumer education information that will promote informed child care choices, information on access to other programs for which families may be eligible, and information on developmental screenings, as required by 45 C.F.R. § 98.33. **Δ Note: Consumer education requirements only apply to medium- and large-allocation grantees.**
4. There are in effect within the state (or other area served by the Lead Agency), under state or local (or tribal) law, requirements designed to protect the health and safety of children that are applicable to child care providers that provide services for which assistance is made available under the CCDF, pursuant to 45 C.F.R. § 98.41.
5. In accordance with 45 C.F.R. § 98.42(a), procedures are in effect to ensure that child care providers of services for which assistance is provided under the CCDF comply with all applicable state or local (or tribal) health and safety requirements.
6. Caregivers, teachers, and directors of child care providers comply with the state's, territory's, or tribe's procedures for reporting child abuse and neglect as required by section 106(b)(2)(B)(i) of the Child Abuse Prevention and Treatment Act [42 U.S.C. 5106a(b)(2)(B)(i)], if applicable, or other child abuse reporting procedures and laws in the service area, as required by 45 C.F.R. § 98.41(e). **Δ**
7. There are in effect monitoring policies and practices pursuant to 45 C.F.R. § 98.42. **Δ Note: AI/AN CCDF grantees can propose an alternative approach to monitoring.**
8. Payment rates for the provision of child care services, in accordance with 45 C.F.R. § 98.45, are sufficient to ensure equal access for eligible children to comparable child care services in the service area that are provided to children whose parents are not eligible to receive assistance under this program or under any other federal or state child care assistance programs. **Note: Equal access requirements only apply to medium- and large-allocation grantees.**
9. Payment practices of child care providers of services for which assistance is provided under the CCDF reflect generally accepted payment practices of child care providers that serve children who do not receive CCDF assistance, pursuant to 45 C.F.R. § 98.45(l). **Δ Note: Requirements regarding payment practices only apply to medium- and large-allocation grantees.**
10. There are in effect policies to govern the use and disclosure of confidential and personally identifiable information about children and families receiving CCDF assistance and child care providers receiving CCDF funds. **Δ**



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