Policy Update

Integrity Rule - CACFP

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This product was funded by USDA.
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Program Integrity Final Rule Purpose

Published August 23, 2023

https://www.fns.usda.gov/cn/integrity-rule

- Ensure that child nutrition programs are properly operated and managed to protect federal funds and taxpayer dollars.
- Strengthen program integrity by modernizing how state agencies oversee child nutrition programs.
- Ensure that child nutrition programs can serve the millions of children who depend on them to reach their full potential.

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Program Integrity Final Rule

- This is a high-level summary.
- TDA is waiting on more guidance from USDA.
- Affects all Child Nutrition Programs, but this presentation will focus on the community programs.
- Most major items covered must be implemented August 23, 2024 (unless otherwise noted).

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01

New Requirements

CACFP Review Requirement Changes

TDA must **annually** verify bank account activity and actual expenditures for ALL sponsoring organizations in CACFP.

(August 23, 2024, implementation date)

- TDA must annually select and compare 1 month of a sponsoring organization's CACFP bank account activity with other documents that are adequate to support that the financial transactions meet program requirements.
- Expansion of the test month may be warranted if discrepancies are found.

CACFP Review Requirement Changes

TDA must **annually** review CACFP expenditures reported by sponsoring organizations of unaffiliated centers.

(August 23, 2024, implementation date)

- Sponsoring organizations must annually report the amount of program expenditures of program funds and the amount of meal reimbursement funds retained from their unaffiliated centers for administrative costs.
- No frequency mentioned in the regulations (Whole year? Test month?)

REMINDER: Unaffiliated sponsors **must** only retain reimbursement based on **actual** administrative costs. 15% is the max that can be retained, but you should not be retaining 15% if your actual expenses are less.

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CACFP Review Requirement Changes

In addition to reviewing CEs with over 100 sites every 2 years as currently required, TDA must also review every 2 years:

- Any CE that engages in activities other than CACFP
- Has had serious management problems in previous reviews
- Is at risk of having serious management problems.

(August 23, 2024, implementation date)

CACFP Review Requirement Changes

Risk factors may include but are not limited to changes in ownership, significant staff turnover, new licensing status, complaints about a sponsoring organization, sizable differences in the number of claims, or the amount of claims submitted by an institution, or large increases in the number of sponsored centers or day care homes.

AWAITING GUIDANCE: How are “activities other than CACFP” defined? Final rule lists the following as potentially needing more frequent reviews:

- Sponsors engaging in “other community programs”
- Head Start programs
- School districts

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Appeal Process Changes

If TDA goes over the 60 days required to deliver an outcome of an appeal, it must pay valid claims to the CE **using non-federal funds** beginning the 61st day.

FNS can approve, on a case-by-case basis, a written request for an exception to the 60-day deadline.

(August 23, 2024, implementation date)

Fine Assessment

TDA may assess fines on School Food Authorities under exceptional circumstances of systemic non-compliance (August 23, 2024 implementation date).

- Fines may be assessed for non-compliance in any CNP in which the SFA participates.

Termination for Convenience

Definition of "Termination for Convenience" added to CACFP and SFSP regulations:

When a sponsor, institution, facility, or State agency chooses to permanently end program participation, due to considerations unrelated to its performance of program responsibilities. If an entity decides to apply to participate in SFSP or CACFP, at a future date, a new agreement is required.

Any termination for convenience initiated by TDA requires prior consultation with FNS

(August 23, 2024, implementation date)

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MORE GUIDANCE COMING!

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02

Miscellaneous Existing Requirements Now Codifed

Application Requirements Already in Effect

- CACFP application process requires an initial application for new institutions and annual updates, as needed, for renewing institutions.

- CACFP sponsoring organizations must enter into permanent agreements with their unaffiliated centers.

- CACFP and SFSP CEs must submit a certification that all information on the application is true and correct, along with the name, mailing address, and date of birth of the institution's executive director and board of directors' chair or, in the case of a for-profit center, the owner of the for-profit center.

Sponsor's Site Reviews

- CACFP sponsoring organizations must vary the timing of unannounced reviews and vary the type of meal service subject to review.

- TDA must assess the timing of each CACFP sponsoring organization's reviews of day care homes and sponsored centers.

Collection and Transmission of Household Income Information

Allows Tier II day care homes to assist in collecting meal benefit forms from households and transmitting the forms to the sponsoring organization on the household's behalf.

- Provider is prohibited from reviewing applications from households.
- Household must provide written consent for income information to be transferred to the sponsor.

Reimbursement

- Codifies in CFR the calculation of monthly administrative reimbursement that sponsoring organizations of day care homes are eligible to receive.

- Allows Day Care Home sponsors to carryover 10% of administrative funds with TDA approval.

NOT INCLUDED IN THE FINAL RULE

Serious Deficiency Process and Disqualification in SFSP and CACFP – Will be addressed in separate rulemaking

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