



Date: February 26, 2024

Memo code: CACFP 05-2024

Subject: Implementation Guidance: State Agency Review Requirements

To: Regional Directors, Child Nutrition Programs, State Directors
State Directors, Child Nutrition Programs, All States

This memorandum provides additional information regarding the provisions related to the frequency and number of reviews for State Agencies monitoring the Child and Adult Care Food Program (CACFP), that were codified in the [Child Nutrition Program Integrity Final Rule](#) published on August 23, 2023. These provisions have a compliance date of August 23, 2024, and are consistent with the statutory mandate under section 17(d)(2)(C) of the NSLA. FNS codified regulations at 7 CFR 226.6(m) to increase the frequency of reviews for some institutions operating the CACFP.

State Agency Review Requirements

Monitoring is an essential part of Program oversight and ensuring integrity in the CACFP. Routine monitoring activities help to identify and prevent management deficiencies, fraud, and abuse, and improve CACFP operations. Regulations at 7 CFR 226.6(m)(6) require State agencies to annually review at least a third (33.3 percent) of all institutions participating in the CACFP in each State. The Child Nutrition Program Integrity Final Rule amended CACFP monitoring regulations to include additional provisions.

Guidance documents lack the force and effect of law, unless expressly authorized by statute or incorporated into a contract. USDA may not cite, use, or rely on any guidance that is not available through their guidance portal, except to establish historical facts.

Existing CACFP Monitoring Requirements*

- Independent centers must be reviewed at least once every 3 years.
- Sponsoring organizations with up to 100 facilities must also be reviewed at least once every 3 years.
- Sponsoring organizations with more than 100 facilities must be reviewed at least once every 2 years.
- New sponsoring organizations with five or more facilities must be reviewed within the first 90 days of operation.

* Existing CACFP monitoring requirements remain in effect and unchanged.

New additional CACFP Monitoring Requirements

- Review on a 2-year cycle, institutions that conduct activities other than those expressly related to the administration and delivery of CACFP.
- Review on a 2-year cycle, institutions that had prior reviews that detected serious management problems.
- Review on a 2-year cycle, institutions that are at risk of serious management problems.

State agencies must establish a monitoring schedule that ensures that the types of institutions listed above are monitored on a 2-year review cycle and document their policies and procedures for implementation of these provisions. FNS will evaluate all written policies and procedures during Management Evaluations.

Guidance documents lack the force and effect of law, unless expressly authorized by statute or incorporated into a contract. USDA may not cite, use, or rely on any guidance that is not available through their guidance portal, except to establish historical facts.

Activities Other Than CACFP

Large scale institutions and institutions that operate other programs (referred to as multi- purpose sponsors) may need additional oversight to ensure that funds and resources are appropriately expended for the sole benefit of the Program. Increased monitoring of institutions with multiple funding streams will help to prevent Program integrity issues and the misallocation of CACFP funds.

However, there are activities, including participation in other Child Nutrition Programs and activities related to providing child care, that should not be considered when determining increased monitoring requirements for CACFP. These activities are already subject to additional Federal, State, and local oversight and FNS does not expect State agencies to conduct increased monitoring solely based on their participation in these types of programs. To ensure that increased monitoring is implemented efficiently, the following activities alone would **not** subject an institution to additional oversight:

- Operating other Child Nutrition Programs, such as the National School Lunch Program and the Summer Food Service Program; and/or
- Activities and programs conducted for the purpose of providing child care (e.g., Pre-K grants, subsidized child care, and Head Start).

Activities and institutions that would be subject to more frequent monitoring include:

- Contract services, such as training and administrative services;
- Community-based organizations;
- Large nonprofit and for-profit institutions, such as multi-state sponsoring organizations;
- Food banks; and/or
- For-profit charter schools.

Guidance documents lack the force and effect of law, unless expressly authorized by statute or incorporated into a contract. USDA may not cite, use, or rely on any guidance that is not available through their guidance portal, except to establish historical facts.

Serious Management Problems

Effective August 2024, institutions that have experienced or are at risk for serious management problems are now required to be monitored every two years to ensure that findings and mismanagement problems have been fully, and permanently corrected, and that targeted technical assistance is provided by the State agency. Serious management problems include the types of administrative weaknesses that affect an institution's ability to meet CACFP performance standards—financial viability, administrative capability, and accountability.

Institutions that had PRIOR reviews that detected serious management problems

Sponsoring organizations that have prior serious management problems should now be reviewed every 2 years as well. State agencies may consider failure to respond to renewal information and failure to attend State agency training as prior serious management problems to require a sponsor to be on a 2-year review schedule.

Institutions that are at RISK for serious management problems

State agencies must also target sponsoring organizations that are at risk of serious management problems to increase the review cycle to every 2 years. Sponsoring organizations may be at risk of serious management problems if there has been significant staff turnover, a change in ownership, loss of other funding sources, new licensing, 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.

State agencies should also consider providing supplementary technical assistance to preempt a lapse in compliance with Program regulations and requirements. State agencies can utilize supplementary technical assistance as a preventive measure by targeting institutions affected by one or more risk factors that would trigger increased monitoring. This

approach may reduce the number of reviews needed as program errors are caught early and resolved.

State agencies are reminded to distribute this information to Program operators immediately. Program operators should direct any questions concerning this memorandum to their State agency. State agencies should direct questions to the appropriate FNS Regional Office.

Original Signed

Jessica Saracino

Director, Program Monitoring and Operational Support Division

Child Nutrition Programs