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MAINE DEPARTMENT  
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# Child Nutrition Program Integrity Final Rule

**Presented by: Maine Child and Adult Care Food Program**



# Agenda

- What is the Child Nutrition Program (CNP) Integrity Final Rule?
- CACFP program changes resulting from the CNP Integrity Final Rule
  - Who will be affected by program changes?
  - When will program changes go into effect?

# Child Nutrition Program Integrity

## Final Rule:

- Proposed in 2016 to strengthen oversight and operational performance of Child Nutrition Programs
- Effective September 22, 2023- with different compliance dates for different provisions
- Strengthens program integrity by:
  - Finalizing CACFP provisions that are already in place
  - Ensuring that programs at risk for serious management issues are reviewed more often and that their financial transactions are thoroughly reviewed
  - Improving FNS's and State Agencies' ability to address severe/repeated non-compliance violations

**Maine has applied for a waiver to delay the new requirements until the 2026 program year**

# CACFP Changes from CNP Integrity Final Rule

## ^ CACFP Provision Changes

Category	Status	Compliance Date
State Agency Review Requirements in CACFP	New Provision	Aug. 23, 2024
State Liability for Payments to Aggrieved Child Care Institutions	New Provision	Aug. 23, 2024
CACFP Audit Funding	Previously Implemented	Sept. 22, 2023
Financial Review of Sponsoring Organizations in CACFP	New Provision	Aug. 23, 2024
Informal Purchase Methods for CACFP	No Substantive Change	Aug. 23, 2024
Elimination of the Annual Application for Institutions	Previously Implemented	Sept. 22, 2023
Timing of Unannounced Reviews	Previously Implemented	Sept. 22, 2023
Standard Agreements Between Sponsoring Organizations and Sponsored Child Care Centers	New Provision	Sept. 22, 2023
Collection and Transmission of Household Income Information	Previously Implemented	Sept. 22, 2023
Calculation of Administrative Funding for Sponsoring Organizations of Day Care Homes	Previously Implemented	Sept. 22, 2023
Carryover of Administrative Funding for Sponsoring Organizations of Day Care Homes	Previously Implemented	Sept. 22, 2023

# CACFP Integrity Final Rule Changes Already in Effect

(Effective 9/22/23)

- Elimination of the Annual Application for Institutions
- Timing of Unannounced Reviews
- Standard Agreements between Sponsoring Organizations & Sponsored Child Care Centers
- Collection and Transmission of Household Income Information
- Calculation of Administrative Funding for Sponsoring Organizations of Day Care Homes
- Carryover of Administrative Funding for Sponsoring Organizations of Day Care Homes

# **\*NEW\* CACFP Integrity Final Rule Changes**

1. State Agency Review Requirements in CACFP
2. Annual Financial Review of Sponsoring Organizations in CACFP

# 1. State Agency Review (Monitoring) Requirements in CACFP

## EXISTING State Agency (SA) Review (Monitoring) Requirements:

- Independent centers must be reviewed at least once every 3 years
- Sponsoring organizations with up to 100 facilities (homes and/or centers) must also be reviewed at least once every 3 years
- Sponsoring organizations with more than 100 facilities (homes and/or centers) must also be reviewed at least once every 2 years
- New sponsoring organizations with 5 or more facilities (homes and/or centers) must be reviewed within the first 90 days of operation

**\*Existing CACFP SA monitoring requirements remain in effect and unchanged!**

# State Agency Review (Monitoring) Requirements in CACFP

## NEW Additional CACFP Review (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



# NEW Additional State Agency Review(Monitoring) Requirements:

**New change:** Review, on a 2-year cycle, institutions that conduct *activities other than those expressly related to the administration and delivery of CACFP.*

**Reasoning behind change:** increased monitoring of programs with multiple funding streams will help prevent program integrity issues and misallocation of CACFP funds.

## **Excluded Activities:**

- Operating other federal child nutrition programs (e.g. NSLP; SFSP)
- Activities and programs conducted for the purpose of providing child care (e.g. Pre-K grants; subsidized child care; Head Start)

# NEW Additional State Agency Review(Monitoring) Requirements:

New change: Review, on a 2-year cycle, institutions that conduct *activities other than those expressly related to the administration and delivery of CACFP.*

## Activities/Institutions subject to more frequent monitoring:

- Contract services, such as training and administrative services;
- Community-based organizations;
- Extremely large sponsoring organizations, e.g. multi-state sponsors;
- Food Banks; and/or
- For-profit charter schools

# **NEW Additional State Agency Review(Monitoring) Requirements:**

**New change:** Review, on a 2-year cycle, institutions that conduct *activities other than those expressly related to the administration and delivery of CACFP.*

## **Programs *potentially* affected by this change in Maine include:**

- CAP Agencies and Sponsoring Organizations
- Community Organizations
- Food Banks
- Programs that contract services, such as training and administrative services

# NEW Additional State Agency Review(Monitoring) Requirements:

## New change:

- 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

**Reasoning behind change:** ensure that findings and mismanagement problems have been fully and permanently corrected. Ensure that targeted technical assistance is provided by SA.

# NEW Additional State Agency Review(Monitoring) Requirements:

## New change:

- 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

Serious management problems= the types of administrative weaknesses that affect an institution's ability to meet the CACFP performance standards- Financial Viability, Administrative Capability & Accountability

# **NEW Additional State Agency Review(Monitoring) Requirements:**

## **New change:**

- 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

## **Examples of PRIOR Serious Management Problems:**

- Failure to respond to requests for agreement renewal information
- Failure to attend State Agency training

# **NEW Additional State Agency Review(Monitoring) Requirements:**

## **New change:**

- 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

## **Examples of RISK for Serious Management Problems:**

- Significant staff turnover
- Change in ownership
- Loss of other funding sources
- New licensing
- Sponsoring organization complaints
- Significant differences in number of claims or amounts of claims submitted
- Large increases in number of sponsored centers or homes

# NEW Additional State Agency Review(Monitoring) Requirements:

- Programs that regularly engage in “other” activities which make them subject to more frequent reviews will be notified directly regarding their status and new 2-year review schedule
- Community-based organizations and food banks meeting USDA’s criteria which make them subject to more frequent reviews will be notified directly regarding their status and new 2-year review schedule
- Programs that were determined to have **prior** serious management problems in a recent review and programs that are **at risk** for serious management problems will be notified directly regarding their status and new 2-year review schedule



## 2. Annual Financial Review of Sponsoring Organizations in CACFP

**NEW change**: Annually verify bank account activity and actual expenditures by sponsoring organizations.

**Reasoning behind change**: ensure that sponsoring organizations' financial transactions meet program requirements

# Annual Financial Review of Sponsoring Organizations in CACFP

**Sponsoring organization** (per 7 CFR 226.2) means a public or nonprofit private organization that is entirely responsible for the administration of the food program in:

- (1) One or more day care homes;
- (2) A child care center, emergency shelter, at-risk afterschool care center, outside-school-hours care center, or adult day care center which is a legally distinct entity from the sponsoring organization;
- (3) Two or more child care centers, emergency shelters, at-risk afterschool care centers, outside-school-hours care center, or adult day care centers; or
- (4) Any combination of child care centers, emergency shelters, at-risk afterschool care centers, outside-school-hours care centers, adult day care centers, and day care homes.

The term “sponsoring organization” also includes an organization that is entirely responsible for administration of the Program in any combination of two or more child care centers, at-risk afterschool care centers, adult day care centers or outside-school-hours care centers, which meet the definition of *For-profit center* in this section and are part of the same legal entity as the sponsoring organization

# Annual Financial Review of Sponsoring Organizations in CACFP

- Annually verify bank account activity and actual expenditures by sponsoring organizations.
- Compare at least 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.
- Includes requirement to annually review CACFP expenditures reported by sponsoring organizations of **un**affiliated centers.
- Although FNS does not require it in CACFP, maintaining a separate bank account for Child Nutrition Program funds is a recommended practice.

# Annual Financial Review of Sponsoring Organizations in CACFP

- We'll be collecting financial documents for a specific month of operation
- Documents we could request include (but are not limited to):
  - Bank Statements
  - Invoices, Receipts
  - Other documents adequate to support that financial transactions meet program requirements

**What time of year would financial reviews work best for your program?**

# When do these NEW changes go into effect?

- **State Agency Review Requirements in CACFP:**
  - 2025 program year  
-or-
  - 2026 program year (if our waiver request is granted)
  
- **Financial Review of Sponsoring Organizations in CACFP:**
  - 2025 program year  
-or-
  - 2026 program year (if our waiver request is granted)

# Child Nutrition Program Integrity Final Rule:

# Questions?



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- (2) **fax:**  
(833) 256-1665 or (202) 690-7442; or
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