



Food and Nutrition Service  
U.S. DEPARTMENT OF AGRICULTURE

# Child Nutrition Program Integrity Final Rule

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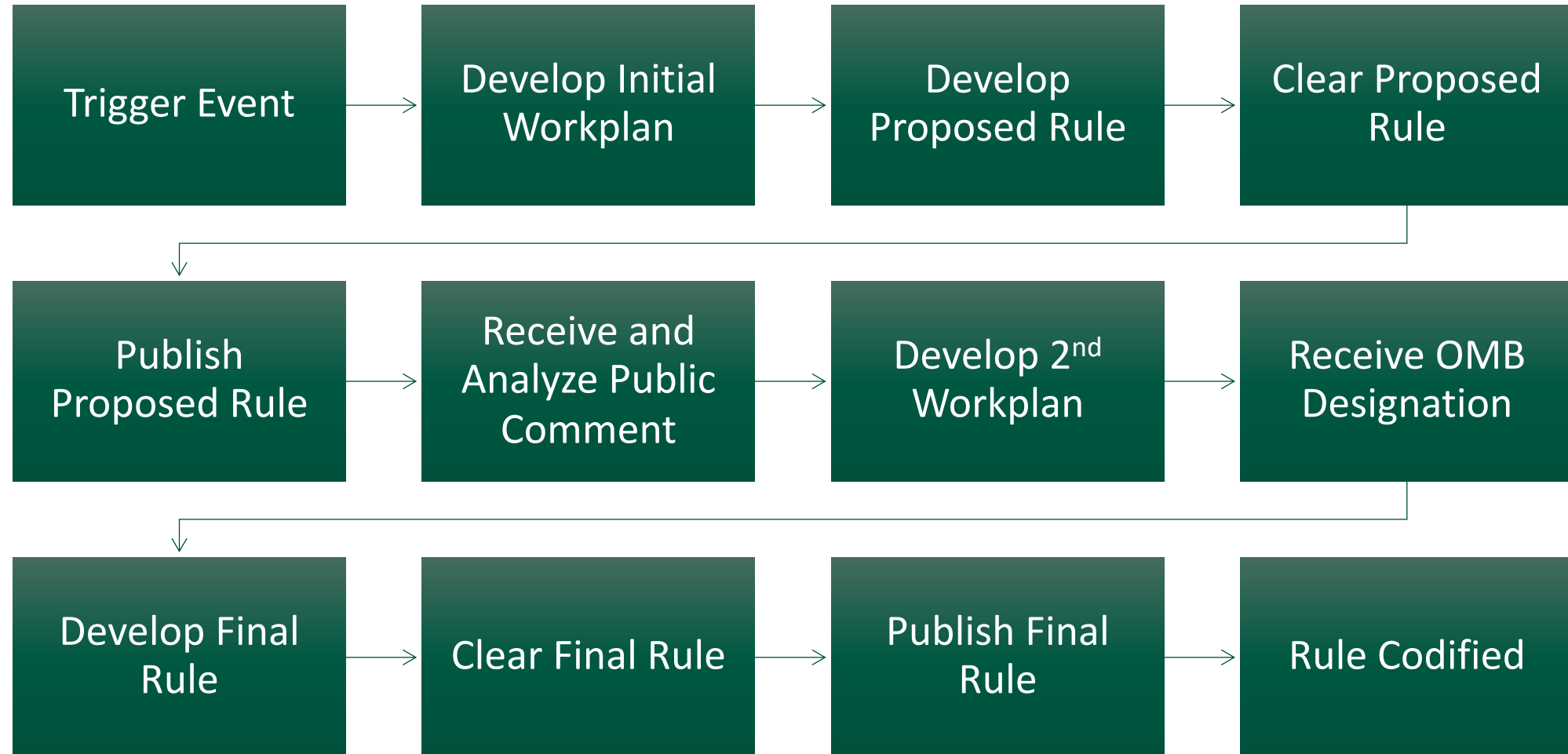
State Agency Meeting December 2023



# Agenda

- Overview of the Rule Making Process
- Overview of Final Rule Changes
- Highlight of Specific Provision Impacts on School Meals Programs
- Highlight of Specific Provision Impacts on Child and Adult Care Food Program
- Discussion

# Overview of the Rulemaking Process



Join at [menti.com](https://www.menti.com) | use code 5272 7070



# Instructions

Go to

[www.menti.com](https://www.menti.com)

Enter the code

**5272 7070**



Or use QR code







## **Poll Question**

### **True or False**

**Agencies like USDA are responsible for introducing legislation which eventually becomes law.**



A close-up photograph of a variety of pumpkins and gourds. The colors range from bright orange to pale yellow and green, with some featuring dark green or black mottled patterns. The pumpkins are of different shapes and sizes, some round and some elongated. The background is dark, making the vibrant colors of the pumpkins stand out.

**Poll Answer**

**Answer**

# What's the Difference?



## Law

- Introduced by any member of the House or the Senate
- Passed by both houses of Congress and signed by President



## Regulation

- Created by a rule-making process
- Final rules have the full force of law



## Guidance

- Developed by agencies to operationalize laws and regulations
- Resource to support successful implementation

# Final Integrity Rule Overview

## Proposed Rules

- **Child and Adult Care Food Program: Amendments Related to the Healthy Hunger-Free Kids Act of 2010**
- **Child Nutrition Program Integrity Proposed Rule**
- **Simplifying Meal Service and Monitoring in the National School Lunch and School Breakfast Programs**





## **Poll Question**

### **True or False**

**The effective date and the compliance date are the same.**



**Poll Answer**

**Answer**





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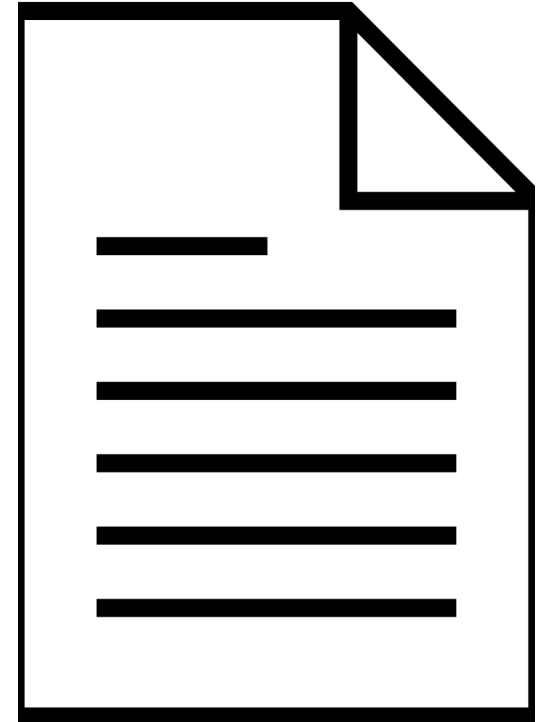
# School Meal Programs Provisions



# Child Nutrition Program Integrity Final Rule Guidance

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- SP 03-2024: Administrative Review and Food Service Management Company Review Cycles
- SP 04-2024: State Agency Discretion for Meal Pattern Violation Fiscal Action







# Review Cycles

**Allows State agencies to implement a review cycle that is longer than 3 years, without the need for a waiver, while targeting more oversight for high-risk School Food Authorities (SFAs).**

**States with a review cycle greater than 3 years will submit a State Plan**

**High- risk SFAs will receive a targeted follow-up review.**

**Aligns the FSMC review cycle with new AR cycle option.**

**Compliance Date: July 1, 2024**

# 5-Year Review Cycle – Summary

School Year										
	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
5-year Review Cycle Example	1	2	3	4	5	1	2	3	4	5
	AR ↓ SFA identified as high risk		Follow-up Review			AR				
FSMC Review	FSMC Review					FSMC Review				



# Meal Pattern Fiscal Action

**Allows State agencies the discretion to take fiscal action against SFAs for repeated violations for milk type and vegetable subgroup requirements.**

**Compliance Date: September 22, 2023**





# Substitution of Local Level Audits

**Allows State agencies to use information from local-level audits to substitute for related parts of the Administrative Review.**

**State agencies may use recent and applicable findings from local-level audits initiated by SFAs or other entities including tribes, supplementary audit activities, or requirements added to Federal or State audits by local operators.**

**FNS approval is required for State agencies to participate to ensure that the local level audit aligns with Federal audit standards.**

**Compliance Date: July 1, 2024**





# Completion of Review Requirements Outside of an Administrative Review

Allows State agencies to omit specific, redundant areas of the AR, when sufficient oversight is conducted outside of an AR.

FNS approval is required for State agencies to participate:

- State agencies must submit a plan that describes the specific oversight activities and the critical or general areas of review that would be replaced.
- Any updates or additions to their plan must be submitted to FNS for approval.

**Compliance Date: July 1, 2024**



# Framework for Integrity Focused Process Improvements

Allows State agencies to modify, reduce, or eliminate designated areas of the Administrative Review when a State Agency or SFA has opted in to implement FNS-specified error reduction strategies or utilize FNS-specified monitoring efficiencies.

FNS-approved processes will be developed based on the latest findings from USDA research, independent audits, and FNS analysis of administrative data.

**Compliance Date: September 22, 2023**



# Fines for Violating Program Requirements

Allows the State agency to impose a fine against an SFA and allows FNS to impose a fine against a State agency under exceptional circumstances only.

This provision is designed to be used VERY rarely and for exceptional circumstances.

The criteria that warrant fines include:

- Failure to correct severe program mismanagement
- Disregard of a program requirement of which an SFA or State agency has been informed; or
- Failure to correct repeated violations of program requirements

Compliance Date: August 23, 2024





## **Poll Question**

### **True or False**

**Fines should be used very rarely and only for exceptional circumstances.**





**Poll Answer**

**Answer**



# Food Service Management Companies

**Requires each State agency to annually review and approve each contract and contract amendment between any SFA and FSMC in the NSLP.**

**Defines fixed-price contract in the School Meal Programs.**

**Requires that the value of USDA foods accrue only to the benefits of the SFA's nonprofit school food service account.**

**Compliance Date: August 23, 2024**





# Annual NSLP Procurement Training

Requires State directors, school nutrition directors, management, and staff who work on NSLP procurement activities to complete procurement training annually.

Trainings resources will continue to be available thru FNS' Professional Standards Training Database.

FNS does not require a specific number of training hours for the annual procurement training.

**Compliance Date: August 23, 2024**



# USDA Cooperative Agreement With Urban School Food Alliance



Through the new agreement with USDA Urban School Food Alliance will:

- Organize an advisory group of school nutrition stakeholders to create an action plan that will address challenges with school food procurement through the development of targeted trainings and resources.
- Develop new tools to educate school districts on best practices for purchasing school foods.
- Develop an interactive bid template that will help standardize procurement processes in school nutrition.







# Technical Changes

## Assessment of Resource Management Risk

- Allows State agencies to conduct the assessment of an SFA's nonprofit school food service account at any point in the review process.

## Buy American Area of Review

- Codifies the inclusion of the Buy American provision in the Administrative Review process.

## Reducing Performance-Based Reimbursement Reporting

- Allows State agencies to submit their report annually rather than quarterly.

## State Administrative Expense (SAE) Funds

- Requires State agencies to return any unobligated SAE funds to FNS at the end of the fiscal year following the fiscal year for which the funds are awarded.

**Compliance Date: September 22, 2023**





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# Child and Adult Care Food Program Provisions





# Previously Implemented Provisions

- **Timing of Unannounced Reviews**
- **Collection and Transmission of Household Income Information**
- **CACFP Audit Funds**

**Compliance Date: September 22, 2023**





# Previously Implemented Provisions

- **Calculation of Administrative Funding for Sponsoring Organizations of Day Care Homes**
- **Carryover of Administrative Funding for Sponsoring Organizations of Day Care Homes**

**Compliance Date: September 22, 2023**

## **Poll Question**

**How are administrative payments to sponsoring organizations of day care homes calculated?**

- A. Meals times rate**
- B. Homes times rate**
- C. Actual expenses only**
- D. Participants times rate**





**Poll Answer**

**Answer**





# Elimination of the Annual Application for Institutions

Requires an initial application for new institutions and annual updates, as needed, for renewing institutions.

**Compliance Date: September 22, 2023**



# Standard Agreements Between Sponsoring Organizations and Sponsored Child Care Centers

Requires sponsoring organizations to enter into permanent agreements with their unaffiliated centers.

Adds a new definition of facility and sponsored center.

Compliance Date: September 22, 2023





# State Agency Review Requirements in CACFP

Establishes additional priorities and criteria for State agencies to use in selecting institutions for review.

**Compliance Date: August 23, 2024**





# Financial Review of Sponsoring Organizations

Requires the State agency have procedures in place to annually review:

- Sponsoring organization's bank activity
- Sponsoring organization's actual expenditures

**Compliance Date: August 23, 2024**

## **Poll Question**

**How frequently are State agencies required to review sponsoring organization's bank activity?**

- A. During the scheduled monitoring review**
- B. As needed, based on claiming anomalies**
- C. Annually**
- D. Only during the budget submission process**





**Poll Answer**

**Answer**





# State Liability for Payments to Aggrieved Child Care Institutions

Requires State agencies to provide fair and timely hearings through the serious deficiency process.

Compliance Date: August 23, 2024



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**We want to hear from  
you!**



# Discussion

We want to hear from you!

## **CACFP "Other Activities"**

Would it help to exclude other Child Nutrition Programs?

Would it help to exclude child care programs or activities conducted to support the general facilitation of providing child care?

How much time would you need to implement this provision?



# Discussion

We want to hear from you!

## **CACFP - Financial Review**

What TA materials are you interested in that will help you conduct the financial review of sponsoring organizations?

# Discussion

We want to hear from you!

## AR Cycle

For those planning to return to a 4 or 5-year review cycle, do you plan to add additional criteria to target SFAs as high-risk?

If yes, what criteria are thinking about using?

# Discussion

We want to hear from you!

## Targeted Reviews

Please provide us feedback on Targeted Reviews.



# Discussion

We want to hear from you!

## Challenge areas

Of the provisions discussed today, where do you anticipate the greatest challenge(s) with implementation?

What resources or technical assistance would be most helpful?



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## Integrity Rule Question Portal



## Child Nutrition Program Integrity Rule Website

