The United States Department of Agriculture (USDA) published Program Integrity Interim Regulations on June 27, 2002, implementing contractor participation requirements in the CACFP. This is advance notice that the following new requirements are applicable to all contractors participating in the CACFP effective with Program Year (PY) 2004 (beginning October 1, 2003).

**UNMET NEED**

A sponsoring organization that is

- applying to participate in the CACFP as a new contractor beginning with CACFP PY 2004, or
- re-applying to participate in the CACFP after a break in service occurring after October 1, 2003,

must document that its participation in the CACFP will help ensure the delivery of meal benefits to previously unserved facilities or participants. A “break in service” is defined as any period of time in which a contractor does not have a signed and approved Special Nutrition Programs (SNP) Agreement. The SNP Agreement may have been terminated for cause, mutual consent or expiration of its own accord. There is no time frame assigned to the duration of the break in service. A contractor that meets this criteria may only sponsor providers that have not participated in the CACFP at any time during the twelve months prior to the date the contractor submits his application to participate in the CACFP. A contractor must certify to the accuracy of this information as provided in his application.

**PUBLICLY FUNDED PROGRAMS**

A contractor applying to participate in the CACFP must list all publicly funded programs the organization and the organization’s responsible principals have participated in during the 7 years preceding the contractor’s application. A “publicly funded program” is defined as any program or grant funded by public funds including, but not limited to, federal, state, or local government funds. The SNP is prohibited from approving an organization’s application if, during the past seven years, the organization or any of its principals were declared ineligible for any other publicly funded program by reason of violating that program’s requirements. However, this prohibition does not apply if the organization or its principals have been fully reinstated or determined eligible to participate in the program and have repaid any debts owed to that program. A contractor must certify to the accuracy of this information as provided in his annual application. The submittal of false information concerning this requirement will be considered a serious deficiency and could result in SNP denying the contractor’s application or terminating its SNP Agreement and placing the organization and any responsible principals contributing to the false information on the National Disqualified List.

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BUSINESS RELATED OFFENSE (LACK OF BUSINESS INTEGRITY)

A contractor must document that neither the organization or any of its principals have been convicted of any business related offense that occurred during the 7 years preceding the contractor’s annual application that indicated a lack of business integrity. A business related offense includes fraud, antitrust violations, embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property, making false claims, obstruction of justice, or any other activity indicating a lack of business integrity as defined by SNP. The SNP may not approve an organization’s application if, during the past 7 years, the organization or any of its principals were convicted of any such activity as described above. A contractor must certify to the accuracy of this information as provided in its annual application. The submittal of false information concerning this requirement will be considered a serious deficiency and could result in SNP denying the contractor’s application or terminating its SNP Agreement and placing the organization and any responsible principals contributing to the false information on the National Disqualified List.

ADMINISTRATIVE CAPABILITY

The SNP must ensure that a contractor has staff assigned to perform certain functions identified as necessary for the successful operation of the CACFP. A contractor must identify the qualifications of the staff who will be performing those required functions. A contractor must document these qualifications in the designated item on the contractor’s annual application. A contractor must develop these qualifications based on the contractor’s job description for each identified function. The qualifications may be a general statement of the skills and abilities required for staff to perform that function. The contractor must also have written policies and procedures that assign CACFP responsibilities to specific staff positions. The written policies and procedures must be compliant with civil rights requirements.

MONITORING STAFF REQUIREMENTS

The following requirement only applies to a sponsoring organization with at least 50 sponsored providers. A contractor that fits that description must employ an appropriate number of program monitors to conduct the required monitoring functions. Such a contractor must have one full time equivalent (FTE) program monitor for each 50 – 150 sponsored providers. This FTE can be comprised of more than one staff who conduct monitoring-related duties and whose combined time spent performing those duties would be credited toward satisfying that requirement.

Monitoring related duties include:

- All activities related to conducting on-site reviews, including planning and scheduling;
- Pre-review preparation;
- Travel;
- Supervisory oversight of monitors and the monitoring function;
- Time spent in the facility during the review;
- Writing review reports;
- Conducting follow-up reviews, including activities related to the serious deficiency process (issuance of notice, evaluation of corrective action, appeal, and termination);
- Parental contacts, including conducting parent contacts or surveys to help determine the validity of a day care home’s claims;
- On-site and other training, meaning on-site training that occurs during a facility review, also, initial or subsequent training of sponsor staff that relates to the monitoring function;
- Reviewing menus to determine claim accuracy and meal eligibility;
- Technical assistance provided during a review.

A sponsor of 50 or more providers must complete a Sponsoring Organization Monitoring Staff Information form to determine the appropriate number of FTEs needed to satisfy its monitoring staff requirement. We have attached a copy of this new form and its instructions for your information. SNP is also including this form as a standard component of the CACFP annual application package.

**RESPONSIBLE PRINCIPALS**

A principal is any individual who holds a management position within, or is an officer of, a contractor, including all members of the organization’s board of directors. A contractor must provide the name, mailing address, and date of birth of the organization’s executive director and chairman of the board of directors.

**CACFP APPLICATION ATTACHMENTS**

SNP has added new items to the list of required attachments for submittal with a contractor’s complete annual application. A contractor must submit a list with the name of each member of the Board of Directors. In addition, you must submit a copy of your policy that restricts outside employment that interferes with the performance of CACFP responsibilities. Lastly, a contractor that sponsors at least 50 providers must submit a completed Sponsoring Organization Monitoring Staff Information form.

**CERTIFICATION**

When a contractor or a contractor’s authorized representative signs the Certification section of the annual application, that individual is certifying to the accuracy of all the information provided. At the time of application, if SNP discovers that the contractor or any responsible principal or individual in the contractor’s organization provided false information, SNP will take action up to and including the denial of the contractor’s application or termination of its SNP Agreement and placement of the contractor’s organization and all responsible principals and individuals on the National Disqualified List.

If you have any questions concerning these participation requirements, please contact your Area Program Office.

**ATTACHMENTS**