Date: May 15, 2009  
Reference: # CACFP DCH 2009-14

To: Child and Adult Care Food Program-Day Care Homes (CACFP DCH) Sponsors

Subject: Monitoring and Meal Disallowances

Effective Date: Immediately

Purpose

REPLACE CACFP-DCH Handbook Items:
• 4311, Pre-Approval Visits
• 4320, Enrolling and Deleting Day Care Homes
• 4340, Monitoring Reviews

NOTIFY Sponsors that CACFP regulations do not allow for claiming grace periods for new day care home providers that fail to serve reimbursable meals. Ineligible meals must always be disallowed.

Implementation

Immediately

Procedure

Replace Item 4311, Pre-Approval Visits, with the following:

Before a sponsor enrolls a provider, they must make a pre-approval visit to the provider. During the visit, you must discuss program benefits and requirements, including meal pattern requirements, and determine whether they can provide food service in accordance with CACFP requirements.

You must use Form H1607-P, Day Care Home Provider Pre-Approval Visit, to document pre-approval visits. Alternate versions of this form will not be accepted.

Replace Item 4320, Enrolling and Deleting Day Care Homes, with the following:

Providers must be located in their private residence, the residence of another person, or a rented or unoccupied private residence. As a result, providers who are located in commercial properties, for example, churches, schools, corporations, are ineligible to participate in the CACFP. Providers are limited to one location when participating in the CACFP.

Some providers have incorporated their day home operations. However, you must enter into an agreement with the provider as an individual. Providers cannot participate in the CACFP as a corporation.

continued

This Policy Remains in Effect Until Further Notice
Procedures continued

A corporation may sponsor more than one provider. If providers wish to participate in the CACFP, they must comply with these requirements:

• Each home must be operated by a different provider.

• Each provider must have an individual CACFP agreement with a sponsor.

• The license/registration must be issued to the provider, not the corporation.

In cases where more than one provider operates from a single home, all providers who are licensed at the same residence must care for different children and must participate under the sponsorship of a single contractor.

When enrolling a day care home, you must submit the following items for approval:

• A complete and correct Form H1537, Application Between Sponsoring Organization and Day Care Home.

• A complete and correct Form H1542, Agreement Between Sponsor and Day Care Home Provider.

• A copy of the provider's license/registration.

• A complete and correct Form H1658, Documentation of Provider's Tier Determination, if the provider qualifies as Tier I.

You will report, on Form H1603, Changes in Day Care Home Participation, information regarding those providers who you want to add or delete.

You must submit the original Form H1537 and Form H1542 for each provider whom you intend to sponsor. The original Form H1537 and Form H1542 must have signatures that are clearly discernable as originals, representing both the provider and you. We do not accept faxed or e-mailed copies of Form H1537, Form H1542, or Form H1603.

NOTE: If the license/registration lists more than one person, all persons listed must sign and date the Form H1537 and Form H1542.

You must submit Forms H1537 and H1542 together, but you may complete these forms in any sequence, for example, you may execute an agreement with a provider:

• At the same time they complete the provider's application.

• Before completing the provider's application.

After completing the provider's application.

Forms H1537 and H1542 are legally binding documents. By signing the forms, the provider and you certify that the information contained is true and correct. A provider is not contracted with you until Form H1542 has been signed and dated by both parties.

continued
The date upon which a provider may begin participating in the CACFP is based on the latest date that either you or the provider signs Form H1542. We will neither approve a provider's participation, nor can you claim reimbursement or administrative payments for meals served, before the latest of the following dates:

- The date of the provider's license/registration.
- The date of your pre-approval visit.
- The date of the agreement (Form H1542) between the provider and you.
- The latest date that Form H1542 is signed by the provider or you.
- The date of participation we assigned.
- The first day of the month in which an approvable agreement is received by TDA.

Additionally, you may not claim meals for a provider who is not in compliance with meal pattern or other program requirements, regardless of the date TDA has approved the provider for participation and claiming. You may not allow a new provider a “grace period” to meet meal pattern or other program requirements. You must disallow any meals that do not meet requirements from the beginning of their participation as you would with any other provider. Sponsors who make special provisions for new providers may be placed in the serious deficiency process for failure to perform administrative and financial responsibilities.

You cannot add a provider unless the provider has at least one nonresidential child enrolled for child care at the time of application. You and a provider may sign Forms H1537 and H1542 prior to the enrollment of a nonresidential child, but you may not submit Form H1537 or Form H1542 to us for approval until the enrollment occurs.

If a nonresidential child is not enrolled for child care when the provider signs Form H1542 to participate under your sponsorship, you will:

- Complete all of the information on Form H1537, but leave the section for the number of enrolled nonresident children blank.
- Give the provider a copy of the completed/signed Form H1537 and keep the original.
- Instruct the provider to notify you as soon as they enroll a nonresidential child for child care.

As soon as the provider notifies you that a nonresidential child has been enrolled for child care:

- Complete the section for the number of enrolled nonresident children on Form H1537.
- Put the date that the provider enrolled the first nonresidential child next to the number of enrolled nonresident children on Form H1537 and put your initials next to the number of enrolled nonresident children on Form H1537.
Procedures continued

- Send a copy of Form H1537 to the provider and keep a copy in your files.
- Submit the required documents to your F&N FOO to request approval for the provider to participate in the CACFP.

The deadline for submitting complete and correct Forms H1537 and H1542, with supporting documentation, is the 25th of the month in which you want the provider's participation to begin.

If the 25th of the month is a non-workday, we must receive Forms H1537 and H1542, with supporting documentation, no later than the preceding workday. If Forms H1537 and H1542, with supporting documentation, are received after the 25th day but before the last day of the month, the provider will be ineligible for participation until the following month, unless you provide evidence showing that you mailed the form(s) on or before the 21st of the month. We accept as proof of submission a postmark affixed by the U.S. Postal Service or equivalent documentation from a private postal service showing when the item was mailed.

NOTE: We will not accept, as proof of submission, a postmark affixed by a postage meter.

Providers cannot be approved to participate in a month prior to the month of receipt of Forms H1537 and H1542, with supporting documentation, regardless of the date of submission.

After processing your Forms H1537, H1542, and H1658, we will notify you of which forms have been approved and those that need to be corrected. FND may correct certain elements based on verbal contact or by returning the documents to you for correction. When making corrections based on verbal contact, FND will confirm your corrections in writing on the document(s) and return the corrected original to you.

We can correct all items on the Form H1537 by verbal confirmation with you, except for the following:

- Provider's choice for distributing income applications and receiving reimbursement.
- Declaration by providers relating to fraud in the CACFP.
- Signature and date of signature of the provider.
- Signature and date of signature of the sponsoring organization representative.

If FND cannot correct an item, we will return Form H1537 to you with a written explanation of all items that must be corrected or completed prior to approval. You and your provider must initial and date corrections to the provider's choice for distributing income applications and receiving reimbursement and the provider's declaration relating to fraud in the CACFP. You must give the provider a copy of the corrected Form H1537 for their records.

NOTE: If FND returns a Form H1537 that is incomplete/incorrect for an item that we could have corrected, you must initial and date your correction. The provider is not required to initial and date the correction.
All items on Form H1542 must match the information on the license/registration in sufficient detail as to allow a reasonable person to determine that the two individuals/entities are the same.

**EXCEPTION:** Refer to Item 2225, Licensing/Registration, for additional information related to providers who change locations.

The only item on Form H1542 that we can correct by verbal confirmation with you is the Program Number (TX No.). If FND cannot correct an item, we will return Form H1542 to you with a written explanation of all items that must be corrected or completed prior to approval. Both you and your provider must initial and date any corrections to the Form H1542 before we will accept it. You must give the provider a copy of the corrected Form H1542 for their records.

Form H1658 is used to document your initial tier determination for a provider and to change a provider’s tier determination. We may correct all items on Form H1658 by verbal confirmation with you, except the signature and date of signature of the sponsor representative.

If FND returns Form H1537 or Form H1542 to you for correction and we receive the corrected form(s) from you after the 25th day but before the last day of the month, the provider will be ineligible to participate until the following month, unless you provide evidence showing that you mailed the corrected form(s) on or before the 21st of the month.

After FNS approves Form H1537, Form H1542 and Form H1658, we will sign Form H1542 and return the originals to you. We will retain a copy of each form.

**Replace Item 4340, Monitoring Reviews, with the following:**

You must conduct monitoring reviews of each of your providers to determine compliance with all program requirements.

Any member of your sponsoring organization who enters a provider’s home must carry photo identification that includes the name of the individual and the name of your sponsoring organization. A Texas Driver’s License or Texas ID card is not sufficient to meet this requirement because it does not identify the individual as an employee of your sponsoring organization.

You are required to conduct a monitoring review of each of your providers:

- At least three times per year (based on the 12-month monitoring review period of each provider), unless you are averaging your reviews.
- Once within the first four weeks of the date the provider signs their agreement.
- At least once every six months (unless you are averaging your reviews).

**NOTE:** See Item 4341, Review Averaging, for procedures and requirements for averaging your monitoring reviews.
Two of the monitoring reviews conducted must be unannounced (unscheduled), the third monitoring review may be announced or unannounced at the sponsor’s discretion, during each provider’s 12 month monitoring review period. Prior to conducting an announced monitoring review, you must notify the provider verbally or in writing. You must document verbal notifications, e.g., telephone contact log. You must not notify a provider prior to an unannounced monitoring review.

You must observe a meal service at each required monitoring review. Only one monitoring review during the provider’s 12-month monitoring review period may include the observation of a snack rather than a meal. If a provider participates on Saturday or Sunday, at least one of the monitoring reviews must be conducted on a Saturday or Sunday.

A sponsor must provide oversight of all types of meal services being claimed by their providers. In order to provide adequate oversight, the sponsor must review all meal service types being claimed by all of their providers, including weekend meals. Monitoring all meal service types does not require a sponsor to annually conduct monitoring reviews of all meal services being claimed at each provider. As long as, in the total of all monitoring reviews conducted, the sponsor provides oversight of all meal service types being claimed, the sponsor has met their responsibility. Meal service types include: breakfast, lunch, supper, snacks (am/pm/eve) and/or weekend meals.

Sponsors may not observe the same meal service type at all monitoring reviews conducted for the same provider. EXCEPTION: If a provider only serves one meal type, each monitoring review must include the observation of that meal service.

You must make an unannounced follow-up monitoring review of a provider within two weeks of any monitoring review at which you are unable to confirm the provider’s program participation.

If you arrive at a provider’s home and the provider has already served the meal that you intended to observe or you are unable to conduct a monitoring review because the provider is absent, you cannot count the monitoring review as one of your required monitoring reviews. Additionally, you must make an unannounced follow-up monitoring review within two weeks of the attempted monitoring review.

If you conduct a monitoring review of a provider and observe a meal that is only being served to resident children, you may count the monitoring review as one of your required monitoring reviews, but you must make an unannounced follow-up monitoring review within two weeks of the monitoring review to confirm the provider’s program participation.

You must complete Form H1607, Monitor Review, during each visit. All questions on Form H1607 are considered critical. However, each entry on Form H1607, in and of itself, does not ensure that an organization fulfills its fundamental management responsibilities. Some entries are essential to ensuring that the program's intent is being met with integrity. Other entries denote that technical federal and state requirements are being met.
Procedures continued

Sponsoring organizations that fail to complete all elements on Form H1607 will be subject to serious deficiency.

NOTE: You are not permitted to use or develop an alternate version of Form H1607.

If you determine during a monitoring review that a provider has not complied with program requirements, you must execute a corrective action plan to achieve compliance and/or place the provider in the serious deficiency process (See Item 4380, Serious Deficiency Process for Providers). Additionally, you must disallow any meals that do not meet program requirements. You must not allow new providers a “grace period” to come into compliance with meal pattern or other program requirements in lieu of disallowing ineligible meals. Sponsors who fail to properly monitor providers, including disallowance of ineligible meals, may be placed in the serious deficiency process.

If you conduct two or more monitoring reviews of a provider in any 12-month period, and during those monitoring reviews you cannot confirm that children are enrolled for child care and are participating in the program, you must execute a corrective action plan. The purpose of this requirement is to ensure you are able to effectively monitor the provider’s participation in the program and that the provider is in compliance with program requirements.

You must place a provider in the serious deficiency process who knowingly claimed meals for a child who is not enrolled for child care or for a child who was not in attendance on a day that meals were claimed for the child, or refused to enter into or comply with a corrective action plan. (See Item 4380, Serious Deficiency Process for Providers).

When you take any adverse action against a provider, you must notify the provider of the adverse action and include appeal rights in accordance with your management plan.

You must keep records of the locations, dates, times, and findings for each review. You are responsible for using the reviews as an opportunity for training the provider. If problems are identified during a monitor review, you must prescribe corrective action and conduct follow up reviews to ensure that the problems are corrected. We expect reviews of providers that are experiencing difficulty operating the program to exceed the minimum number and frequency.

Authority


Contact

If you have any questions please contact your Food and Nutrition Field Operations Office.