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**FISCAL YEAR 2005
CHILD AND ADULT CARE FOOD PROGRAM
OPERATIONAL MEMO #41**

TO: Child and Adult Care Food Program Institutions

FROM: Mary Ann Chartrand, Director
Grants Coordination and School Support

DATE: August 24, 2005

SUBJECT: **Sponsor Monitoring Requirements in the CACFP**

We have received several questions regarding the requirements established at §226.16(d)(4) for sponsors' review of their facilities. These questions focused on the long-standing requirements that new facilities be reviewed within the first four weeks after CACFP approval, and that each facility must be reviewed three times each year.

The requirements for sponsor monitoring of facilities set forth at §226.16(d)(4) are based on the assumption that most facilities participate in CACFP 12 months each year, and that they continue to participate on a full-year basis from one year to the next. Although this is not universally true, it is still the norm in many places.

"First review" Requirement

Sections 226.16(d)(4)(i)(C) and 226.16(d)(4)(ii)(C), which establish the requirements for "first reviews" of sponsored centers and day care homes, respectively, are based on this assumption of continuous, year-round participation. The first review requirement is designed to ensure that facilities that are new to CACFP receive an early review from their sponsor, to minimize the possibility that the facility is making critical errors that could result in large overclaims. The first review requirement also applies to a facility that changes sponsors (since that facility is a "new participant" in the sponsorship to which it has transferred) or to a facility that re-enters CACFP after a break in participation.

"Three times per year" Requirement

Sections 226.16(d)(4)(i) and 226.16(d)(4)(ii) establish the requirement that each sponsored center and each day care home must be reviewed three times each year. We wish to clarify the minimum review requirements when a facility begins CACFP participation near the end of the sponsor's review cycle.

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For example, if a sponsor used the fiscal year (FY) as its normal review cycle, how many reviews would a sponsor be required to conduct if a day care home added to its rolls on August 29, 2005? The answer is "once in FY 2005 and three times in Fiscal Year 2006", because the first review requirement would require the sponsor to review the home within its first four weeks of operation (i.e., by September 29, 2005). The "normal" three times a year requirement for this home would commence with the new review cycle in FY 2006.

Other variations on "three times per year"

There are, of course, many other scenarios that could occur. To cite two of the more common examples, a home may begin participating in CACFP six months into the review cycle, or a sponsored Head Start center may regularly participate for only nine months each year. In these less typical cases, the following should be used as a guideline:

- If the facility participates 4 months or less, 1 review must be completed
- If the facility participates 9 months or less, 2 reviews must be completed
- If the facility participates 10 months or more, 3 reviews must be completed.

The second Interim Rule, effective October 1, 2004, also permits sponsors to "average" their reviews of facilities. For further clarification on review "averaging", see CACFP FY 2005 Operational Memo #21.

If you have questions, contact the CACFP at (517) 373-7391.