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Arkansas Department of Human Services	AR CACFP 2013-21
Division of Child Care and Early Childhood Education	Section: Sponsoring Organizations
Child and Adult Care Food Program	Subject: Typical Disallowances/Deficiencies
	Effective date: 04/16/2013

TYPICAL DISALLOWANCES / DEFICIENCIES

Meals will be disallowed if the records reviewed do not support the claim for reimbursement. If the institution does not agree with the findings of the CACFP reviewer, an appeal may be filed.

Under certain conditions, an institution may be determined to be seriously deficient. Conditions by which a sponsoring organization may be considered seriously deficient may include, but are not limited to:

- Submission of false information on the application;
- Claiming reimbursement for meals not served to participants;
- Failure of a sponsoring organization to disburse payments to its facilities in accordance with the regulations or in accordance with its management plan;
- Claiming reimbursement for a significant number of meals that do not meet Program requirements;
- Failure to maintain adequate records;
- Failure of a sponsoring organization of child care homes to properly classify day care homes as Tier I or Tier II in accordance with the regulations;
- Failure of a sponsoring organization to properly train or monitor sponsored facilities in accordance with the regulations;
- Permitting an individual who is on the National Disqualified List to serve as a principal capacity with the organization or permitting such an individual to serve as a principal in a facility;
- Use of facility funds by a sponsoring organization to pay for the sponsoring organization’s administrative expenses;
- Failure to properly implement and administer the facility termination and administrative review provision set forth in the regulations; or
- Any other actions affecting the organization’s ability to administer the Program in accordance with Program requirements.

If DHS Health and Nutrition-CACFP determines that a sponsoring organization has committed one or more serious deficiency, DHS Health and Nutrition-CACFP must apply the following procedures to notify certain individuals and provide an opportunity for corrective action. DHS Health and Nutrition-CACFP will notify the organization’s executive director and chairman of

the board of directors and the notice will identify and be sent to the responsible principals and responsible individuals. The notice will specify: 1) the serious deficiency(ies); 2) required corrective action; 3) the time allotted for required corrective action; 4) that the serious deficiency determination is not subject to administrative review; 5) that failure to complete corrective action within the allotted time will result in proposed termination of the organization's agreement and the proposed disqualification of the organization and responsible principals and responsible individuals; and 6) formal termination and placement of the organization and its responsible principals and responsible individuals on the National Disqualification List.

If the sponsoring organization has taken timely corrective action to fully and permanently correct the serious deficiency(ies), DHS Health and Nutrition-CACFP will notify the Sponsoring Organization and the above noted individuals that DHS Health and Nutrition-CACFP is proposing to terminate the organization and disqualify the organization and responsible principals and responsible individuals. The notice will provide an opportunity for an administrative review to the sponsoring organization of the proposed termination. Unless participation has been suspended, the organization may continue to participate and receive Program reimbursement for allowable administrative costs incurred and eligible meals served until the administrative review is concluded or the appeal time has expired.

When the time for requesting and administrative review expires or when the administrative review official upholds DHS Health and Nutrition-CACFP's proposed termination and disqualifications, DHS Health and Nutrition-CACFP will notify the Sponsoring Organization and the above noted individuals that the organization's agreement has been terminated and that the organization and the responsible principals and responsible individuals have been disqualified. DHS Health and Nutrition-CACFP will update the State agency list when such notice is issued and provide a copy of the notice and the mailing address and date of birth for each responsible principal and responsible individual to USDA.

In general, DHS Health and Nutrition-CACFP is prohibited from allowing more than 90 days for corrective action from the date the organization receives the serious deficiency notice. However, if DHS Health and Nutrition-CACFP determines that the organization has engaged in unlawful practices, submitted false or fraudulent claims or other information to DHS Health and Nutrition-CACFP, or been convicted of or concealed a criminal background, DHS Health and Nutrition-CACFP is prohibited from allowing more than 30 days for corrective action. For serious deficiencies that require the long-term revision of management systems or processes, DHS Health and Nutrition-CACFP could allow more than 90 days to complete the corrective action, provided the organization submits their corrective action plan and DHS Health and Nutrition-CACFP approves it within 90 days. The corrective action must include goals and a definite completion date. The determination of serious deficiency will remain in effect until DHS Health and Nutrition-CACFP determination the serious deficiency(ies) has(ve) been fully and permanently corrected within the allotted time.

The National Disqualified List will have the following impacts on sponsoring organizations:

- No organization on the National Disqualified List may participate in the CACFP as an institution.

- Organizations cannot participate in the CACFP if any one of its principals is on the National Disqualified List.
- No individual on the National Disqualified List may serve as a principal in any institution or facility or as a day care home provider.
- A sponsoring organization is prohibited from submitting an application on behalf of a sponsored facility if any of the facility's principals is on the National Disqualified List.

Once included on the National Disqualified List, an institution, and responsible principals and responsible individuals remain on the list until such time as FNS, in consultation with DHS Health and Nutrition-CACFP, determines the serious deficiency(ies) has/have been corrected, or until seven years have elapsed since they were disqualified from participation. However, if the institution, responsible principal and responsible individual has failed to repay debts owed to the Program, they will remain on the list until the debt is paid.