OVERPAYMENTS & DISREGARDS IN THE CACFP

CACFP Policy 05-08

Purpose
To set forth the policy to disregard the collection of overclaims that have been identified through a management evaluation, a review, or an audit.

Scope
Institutions participating in the Child and Adult Care Food Program (CACFP).

Description
The Child Nutrition and WIC Reauthorization Act of 2004 (Public Law 108-265) amended the Richard B. Russell National School Lunch Act to increase the disregard threshold for overpayments to child or adult institutions participating in the Child and Adult Care Food Program. The law allows State Agencies to disregard the collection of overclaims that have been identified through a management evaluation, a review, or an audit. However, no overpayment will be disregarded where there is substantial evidence of violations of criminal law or civil fraud statutes.

In Indiana, we will disregard overclaims up to and including three hundred dollars for a first time error. There will be no disregard for the same or similar error found in reviews conducted within 36 months of the original review date. Examples of similar findings are errors resulting from variance to the CACFP meal pattern requirements (missing components, incorrect serving sizes, or problems with the milk calculation); Applications for Free and Reduce-Priced Meals that are missing, expired, incomplete, or miscalculated; miscalculation of meal counts submitted for reimbursement; or miscalculation of FDC administrative expenses. These examples are not all inclusive.

In the event that an institution has the same findings in consecutive reviews, the State Agency will then require payment of all overclaims, even one that had been disregarded after a prior review.

Corrective action will always be required after a program review, even if the overpayment has been disregarded.

Effective July 2009, the disregard was changed to include overclaims up to and including three hundred dollars ($300).

Sources
The Child Nutrition and WIC Reauthorization Act of 2004 (Public Law 108-265); FY04 Child and Adult Care Food Program Policy Memorandum #04-23.