



DISTRICT OF COLUMBIA

OFFICE OF THE STATE SUPERINTENDENT OF

EDUCATION

MEMORANDUM

TO: All Institutions Participating in the Child and Adult Care Food Program (CACFP)

FROM: Norma Birckhead, CACFP Manager

SUBJECT: Disregard Threshold for Overpayments

DATE: March 28, 2016

STATE AGENCY MEMO: CACFP #2-2016

The purpose of this memorandum is to provide updated guidance regarding the disregard threshold for overpayments as a result of conducting management evaluations, reviews, or audits to child or adult care institutions participating in the Child and Adult Care Food Program (CACFP) [7 CFR 226.8 -- Audits].

Beginning October 1, 2004, the Child Nutrition and WIC Reauthorization Act of 2004 (Public Law 108-265) allowed a disregard threshold for overpayments to child or adult care institutions participating in the CACFP at the discretion of the State agency (SA) not to exceed \$600.00. Hence, to be more in line with the Federal regulations, effective Fiscal Year 2016, the SA's disregard threshold is being increased from **\$200.00** to **\$600.00**. However, no overpayment will be disregarded where there is substantial evidence of violations of criminal law or civil fraud statute [7 CFR 226.8 (f)]. Thus, the \$600.00 threshold will be placed on any operational over-claim notice assessed as a result of a Program review or audit.

We must remind you, if an institution incurs an overclaim greater than \$600.00, generally the entire debt must be repaid in full within 30 days from the date of the SA's notification. However, the SA may permit institutions to pay over claims over a period of one or more years [7 CFR 226.14 --Claims against institutions]. Additionally, Section 226.14 and subsequent guidance issued in 2012 by the U.S. Department of Agriculture detail how the SA must assess and collect interest. Nevertheless, the State should make every effort to recoup the overpayment through the offset of subsequent claims for reimbursement during the fiscal year the overpayment occurred, but no interest is charged until the fiscal year is closed and no claims are available to recoup the funds.

We also want to point out that when CACFP administrative reviews are being conducted, the SA will also review the compliance requirements of the Healthy Tots Act of 2015. Accordingly, the SA will apply the same \$600 disregard threshold to the local reimbursement as mandated by this Act.

If you have questions regarding the information contained in this guidance, please contact your CACFP Specialist or me at (202) 442-4010 or norma.birckhead@dc.gov.