

ACTION BY: Regional Directors
Special Nutrition Programs

SOURCE CITATION: Section 226.23(h)

Child and Adult Care Food Program Follow-Up Verification Reviews

Section 226.23 (h) requires States to conduct follow-up reviews when the verification process reveals that deficiencies in eligibility determinations or application procedures exceed certain levels established by FNS. This Instruction establishes guidelines for the conduct of follow-up verification reviews.

Except as provided below, State agencies must undertake follow-up on-site reviews within 12 months of the date of the initial review if the initial review reveals an error rate of 10 percent or more in institutions with more than 500 free or reduced price applications. "Errors," as suggested above, would include actions or lack of actions which call into question the validity of the institution's claim for reimbursement. Such reviews must be undertaken at the facility or facilities previously reviewed and may be conducted using the overlapping review schedule outlined in Section 226.6 (1). Audits may be used in lieu of follow-up reviews only if the errors found in the initial visit are reviewed in the audit.

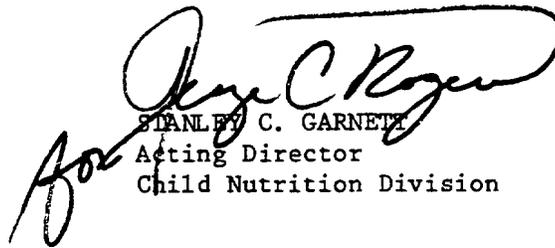
State agencies may use application levels and/or error rates other than those stipulated above with the approval of the appropriate FNS regional office. In seeking such approval, State agencies must demonstrate that their proposed level(s) are reasonable given the relevant characteristics of the program within the State as well as the need to ensure the proper expenditure of program funds.

For institutions with less than 500 approved free and reduced price applications, States may consider the cost effectiveness of conducting a follow-up on-site review. In addition, the institution's past history of implementing corrective action in response to reviews and audits including both timely response to review letters and prompt correction of deficiencies should also be considered. When a State does not conduct a follow-up on-site review, it should employ other methods, provided that the method chosen ensures the validity of the institution's claims for reimbursement. For example, corrective action may be accomplished by

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requiring the institution to submit copies of free and reduced price applications or other appropriate documents for State review to determine that errors have been corrected and have not recurred.

Regardless of the number of free and reduced price applications involved, these guidelines are not intended to restrict or discourage States from conducting on-site reviews whenever deficiencies are found which the State feels warrant such reviews.


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