

Sponsoring Organizations
of Child Care Homes
Policy and Procedure Manual



Child and Adult Care Food Program

Missouri Department of Health and Senior Services
Community Food & Nutrition Assistance
P.O. Box 570
Jefferson City, MO 65102

<http://www.health.mo.gov/cacfp>

Missouri Department of Health and Senior Services
Child and Adult Care Food Program
Sponsoring Organization of Homes
Policy & Procedure Manual

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL			12/90	6/12	1	1.1
CHAPTER Chapter 1. Program Overview				SUBJECT Introduction			

Good nutrition, the development of desirable eating habits and learning about food choices are vital building blocks for young children. Provisions must be made to ensure that these building blocks are in place in order to promote good health throughout life. Growing numbers of young children receive a significant proportion of their food in child care settings.

Those responsible for feeding children in family day care homes have a great and important responsibility:

- To serve wholesome and attractive meals that meet children’s nutritional needs; and
- To make meal time a pleasant and sociable experience.

Staff of the sponsoring organizations of family child care homes and the Child and Adult Care Food Program (CACFP) share in this responsibility. The CACFP is a United States Department of Agriculture (USDA) program, which is administered by the Missouri Department of Health and Senior Services – Bureau of Community Food and Nutrition Assistance (MDHSS-BCFNA).

This procedure manual is designed to give sponsoring organizations of family child care homes instructions on how to operate the CACFP and to help ensure that nutritious and attractive meals are served to children in family child care homes.

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CHAPTER Chapter 1. Program Overview			SUBJECT Program History			

The Child Care Food Program (CCFP) was established by Congress in 1968 to provide meals to children in child care centers, settlement houses, and recreation centers. The program was created in response to the need to provide good nutrition to children in low income areas where there were large numbers of working mothers.

Congress passed another law in 1978 to make the program permanent and ensure that the program continued to provide quality nutrition. Under this law, any public or private nonprofit institution that is licensed or approved to care for children may participate in the program. This included child care centers, recreation centers, outside-school-hours care centers, group child care homes, and institutions providing child care for the handicapped.

Private, for-profit organizations receiving compensation from Title XX of the Social Security Act became eligible to participate in 1981. This eligibility required not less than 25 percent of the children enrolled in each calendar month to be Title XX beneficiaries. The eligibility requirement was amended August 1992 to allow private, for-profit Title XX child care centers to participate in CACFP if at least i) 25% of their enrolled or ii) 25% of their licensed capacity, whichever is less, receives Title XX benefits. This amendment provides for child care centers only.

Another provision in 1981 allowed all eligible nonresidential institutions to receive reimbursement for providing meals to children 12 years of age and younger. The age limit for the children of migrant workers is 15 years of age and younger. Mentally or physically handicapped people can participate in the CACFP if they are enrolled in a child care center or facility that serves people primarily 18 years of age and under.

The program was further expanded in 1988 to allow certain adult day care centers to participate. In 1990, the overall program name changed to Child and Adult Care Food Program (CACFP) with both the Child Care Food Program and Adult Care Food Program within the CACFP. This manual is designed for sponsoring organizations of family child care homes.

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CHAPTER Chapter 1. Program Overview			SUBJECT Program Administration			

At the national level, the U.S. Department of Agriculture's (USDA) Food and Nutrition Service (FNS) administers the CACFP. The national office develops regulations, publications, and forms, and establishes the policies necessary to carry out the program. The national office is also responsible for oversight of the program and providing guidance to ensure delivery of program benefits to those children who are eligible.

The Missouri Department of Health and Senior Services – Bureau of Community Food and Nutrition Assistance (MDHSS-BCFNA) is the State administering agency for the CACFP in Missouri. The office is located at:

Missouri Department of Health and Senior Services
 Bureau of Community Food and Nutrition Assistance
 P.O. Box 570
 Jefferson City, MO 65102
 573-751-6269
 800-733-6251
 573-526-3679 (fax)
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CHAPTER Chapter 1. Program Overview		SUBJECT State Assistance			

Through the MDHSS – Bureau of Community Food and Nutrition Assistance (BCFNA) staff, the following assistance can be expected:

- Training on program rules and regulations, recordkeeping requirements, application procedures, food service operations, meal service techniques, nutrition concerns, nutrition education, and financial management. Regular trainings are scheduled in advance with prior notification. Additional training is available to the sponsoring organization only on request.
- Institution and facility reviews to ensure that programs operate in accordance with program regulations.
- Technical assistance and consultation as needed.
- Information on audit requirements.
- Timely processing of applications.
- Payments for eligible meals and other allowable expenses.
- Commodities or cash-in-lieu of commodities.
- Forms, publications and guidelines to help operate the program.
- Procedures for institutions to appeal decisions affecting participation or reimbursement.
- Means to ensure that institutions do not discriminate against anyone because of their race, color, national origin, sex, age, or disability.

Through MDHSS-BCFNA, other assistance is available to child care providers. This includes technical assistance, public health services, and resource materials on a wide range of issues. Major areas in which assistance is available through either the local health agency or the State include:

- Special Supplemental Feeding Program for Women, Infants, and Children (WIC);
- Communicable disease control. This includes such diseases as giardia, measles, and chicken pox;
- Immunizations. The state law requires that all children receive their immunizations;
- Dental health;
- Sanitation and environmental health;
- Assistance for children with special health care needs; and
- General health and safety.

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CHAPTER Chapter 1. Program Overview		SUBJECT Definitions			

“Administrative costs” means costs incurred by an institution related to planning, organizing, and managing a food service under the Program, and allowed by the State agency financial management instruction. These administrative costs may include administrative expenses associated with outreach and recruitment of unlicensed family or group child care homes and the allowable licensing-related expenses of such homes.

“Administrative review” means the fair hearing that is provided upon request to; a) an institution that has been given notice by the State agency of any action or proposed action that will affect their participation or reimbursement under the Program, in accordance with 226.6(k); b) a principal or individual responsible for an institution’s serious deficiency after the responsible principal or responsible individual has been given notice of intent to disqualify them from the Program; and, c) a child care home that has been given notice of proposed termination for cause.

“Administrative review official” means the independent and impartial official who conducts the administrative review held in accordance with 226.6(k).

“Advance payments” means financial assistance made available to an institution for its Program costs prior to the month in which such costs will be incurred.

“Block claim” means a claim for reimbursement submitted by a facility on which the number of meals claimed for one or more meal type (breakfast, lunch, snack or supper) is identical for 15 consecutive days within a claiming period.

“Child care center” means any public or private nonprofit organization, or any for-profit Title XX center as defined in this section (“Proprietary Title XX center”), licensed or approved to provide nonresidential child care services to enrolled children, primarily of preschool age, including, but not limited to day care centers, settlement houses, neighborhood centers, Head Start centers and organizations providing day care services for disabled children. Child care centers may participate in the Program as independent centers or under the auspices of a sponsoring organization.

“Child care facility” means a licensed or approved child care center, day care home, or outside-school-hours care center under the auspices of a sponsoring organization.

“Children” means (a) persons 12 years of age and under, (b) children of migrant workers 15 years of age and under, and (c) mentally or physically disabled persons, as defined by the State, enrolled in an institution or a child care facility serving a majority of persons 18 years of age and under.

“Current income” means income received during the month prior to application for free or reduced-price meals. If such income does not accurately reflect the household’s annual income, income shall be based on the projected annual household income. If the prior year’s income provides an accurate reflection of the household’s current annual income, the prior year may be used as a basis for the projected annual income.

“Day care home or child care home” means an organized nonresidential child care program for children enrolled in a private home, licensed or approved as a family or group day care home under the auspices of a sponsoring organization. Day care must be conducted in a private residence.

“Days” means calendar days unless otherwise specified.

“Department” means the U.S. Department of Agriculture.

“Disabled person” is defined as any person who has “a physical or mental impairment which substantially limits one or more major life activities, has a record of such impairment, or is regarded as having such impairment. (FNS Instruction 783-2, exhibit A, 7CFR 15b.3)

“Disqualified” means the status of an institution, a responsible principal or responsible individual, or a day care home that is ineligible for participation.

“Enrolled child” means a child whose parent or guardian has submitted to a child care facility a signed document which indicates that the child is enrolled for child care; who is present in the day care home for the purpose of child care; and who has eaten at least one meal during the claiming period.

“Expansion payments” means financial assistance made available to a sponsoring organization for its administrative expenses associated with expanding a food service program to child care homes located in low-income or rural areas. These expansion payments may include administrative expenses associated with outreach and recruitment of unlicensed family or group child care homes and the allowable licensing-related expenses of such homes.

“Facility” means a sponsored center or a family child care home.

“Family” means a group of related or nonrelated individuals, who are not residents of an institution or boarding house, but who are living as one economic unit, sharing housing and all significant income.

“Federal Fiscal year” means a period of 12 calendar months beginning October 1 of any year and ending with September 30 of the following year.

“Food Service Management Company” means an organization other than a public or private non-profit school with which an institution may contract for preparing and, unless otherwise provided for, delivering meals, with or without milk, for use in the Program.

“Food Stamp household”

see definition for Supplemental Nutrition Assistance Program (SNAP).

“Free meal” means a meal served under the Program to a child from a family which meets the income standards for free school meals and for which neither the child nor any member of his family pays or is required to work in the food service program.

“Household” means “family” as defined under the definition of family.

“Household contact” means a contact made by a sponsoring organization or a State agency to an adult member of a household with a child in a family day care home in order to verify the attendance and enrollment of the child and the specific meal service(s) which the child routinely receives while in care.

“Income standards” means the family-size and income standards prescribed annually for determining eligibility for free and reduced-price meals under the National School Lunch Program and the School Breakfast Program.

“Income to the Program” means any funds used in an institution’s food service program, including, but not limited to all monies, other than Program payments, received from other Federal, State, intermediate, or local government sources; payment for children’s meals and food service fees; income from any food sales to adults; and other income, including grants from organizations or cash donations from individuals.

“Independent center” means a child care center or outside-school-hours center which enters into an agreement with the State agency to assume final administrative and financial responsibility for Program operations.

“Infant cereal” means any iron-fortified dry cereal specially formulated for and generally recognized as cereal for infants that is routinely mixed with iron fortified formula or breast milk prior to consumption. Infant cereals must be fortified to the level of 45% of the Daily Value for iron as indicated by the manufacturer’s nutrition label.

“Infant formula” means any iron-fortified infant formula, intended for dietary use as a source of food for normal, healthy infants served in liquid state at manufacturer’s recommended dilution.

“Institution” means a sponsoring organization, child care center, outside-school-hours care center, or adult day care center which enters into an agreement with the State agency to assume final administrative and financial responsibility for Program operations.

“Internal controls” means the policies, procedures, and organizational structure of an institution designed to reasonably assure that (a) the Program achieves its intended result; (b) Program resources are used in a manner that protects against fraud, abuse, and mismanagement and in accordance with law, regulations, and guidance; and (c) timely and reliable Program information is obtained maintained, reported, and used for decision making.

“Low-income area” means a geographical area in which at least 50 percent of the children are eligible for free or reduced price school meals under the National School Lunch Program and the School Breakfast Program, as determined in accordance with paragraphs (b) and (c), definition of a tier I family child care home.

“Meals” means food which is served as snacks, breakfast, lunch or supper to enrolled children at an institution or child care facility and which meets the nutritional requirements of the Program.

“Milk” means pasteurized fluid types of unflavored or flavored whole milk, low fat milk, skim milk, or cultured buttermilk which meet State and local standards for such milk, except that, in the meal pattern for infants (0 to 1 year of age), milk means breast milk or iron-fortified infant formula. All milk should contain vitamins A and D at levels specified by the Food and Drug Administration and be consistent with State and local standards for such milk.

“National disqualified list” means the list, maintained by the Department, of institutions, responsible principals and responsible individuals, and family child care homes disqualified from participation in the Program.

“New institution” means an institution applying to participate in the Program for the first time, or an institution applying to participate in the Program after a lapse in participation.

“Nonpricing program” means an institution in which there is no separate identifiable charge made for meals served to enrolled children.

“Nonprofit food service” means all food service operations conducted by the institution principally for the benefit of enrolled children, for which all of the Program reimbursement funds are used solely for operation or improvement of such food service.

“Nonresidential” means that the same children are not maintained in care for more than 24 hours on a regular basis.

“Notice” means a letter sent by certified mail, return receipt (or the equivalent private delivery service), by facsimile, or by email, that describes an action proposed or taken by a State agency or FNS with regard to an institution’s Program reimbursement or participation. Notice also means a letter sent by certified mail, return receipt (or the equivalent private delivery service), by facsimile, or by email, that describes an action proposed or taken by a sponsoring organization with regard to a day care home’s participation. The notice must specify the action being proposed or taken and the basis for the action, and is considered to be received by the institution or day care home when it is delivered, sent by facsimile, or sent by email. If the notice is undeliverable, it is considered to be received by the institution, responsible principal or responsible individual, or day care home five days after being sent to the addressee’s last known mailing address, facsimile number, or email address.

“Operating costs” means expenses incurred by an institution in serving meals to children under the Program, and allowed by the State agency financial management instruction.

“Outside-school-hours care center” means a public or private nonprofit organization or a for-profit Title XX center, as defined in these definitions, licensed or approved to provide organized nonresidential child care services to enrolled children outside of school hours. Outside-school-hours care centers may participate in the Program as independent centers or under the auspices of a sponsoring organization.

“Participants” means children or adult participants as defined in this section.

“Pricing program” means an institution in which a separate identifiable charge is made for meals served to enrolled children.

“Principal” means any individual who holds a management position within, or is an officer of, an institution or sponsored center, including all members of the institution’s board of directors or the sponsored center’s board of directors.

“Program” means the Child and Adult Care Food Program authorized by Section 17 of the National School Lunch Act, as amended.

“Program payments” means financial assistance in any form of start-up payments, expansion payments, advance payments, or reimbursement paid or payable to institutions for operating costs and administrative costs.

“Proprietary Title XX center” means any private, for-profit child care center: (a) providing nonresidential day care services for which it receives compensation from amounts granted to the States under Title XX of the Social Security Act and (b) in which Title XX beneficiaries were at least 25% enrolled children or 25% of their licensed capacity, whichever is less, during the calendar month preceding initial application or annual re-application for Program participants or during any month for which reimbursement is claimed.

“Provider’s own child” means a residential child in the household who is part of the economic unit.

“Reimbursement” means Federal financial assistance paid or payable to institutions for Program costs within the rates assigned by the State agency.

“Responsible principal or responsible individual” means a) a principal, whether compensated or uncompensated, who the State agency or FNS determines to be responsible for an institution’s serious deficiency; b) any other individual employed by, or under contract with, an institution or sponsored center, who the State agency or FNS determines is responsible for an institution’s serious deficiency; or, c) an uncompensated individual who the State agency or FNS determines to be responsible for an institution’s serious deficiency.

“School year” means a period of 12 calendar months beginning July 1 of any year and ending June 30 of the following year.

“Seriously deficient” means the status of an institution or a day care home that has been determined to be non-compliant in one or more aspects of its operation of the Program.

“Shift care” is the term used to describe caring for children during different time periods during the day. For example, a provider that cares for 10 children between 7:30-2:30 and a different group of children from 2:30-5:00 after the first group goes home is providing shift care.

“Sponsoring organization” means a public or nonprofit private organization which is entirely responsible for the administration of CACFP in (a) one or more family day care homes; (b) two or more child care centers or outside-school-hours care centers which are a legally distinct entity from the sponsoring organization; (c) two or more child care centers or outside-school-hours centers; or (d) any combination of child care centers, day care homes and outside-school-hours care centers. The term “sponsoring organization” also includes a for-profit organization which is entirely responsible for administration of the Program in any combination of two or more centers and outside-school-hours care centers which are part of the same legal entity as the sponsoring organization, and which are for-profit Title XX centers.

“Start-up payments” means financial assistance made available to a sponsoring organization for its administrative expenses associated with developing or expanding a food service program in family child care homes and initiating successful Program operations. These start-up payments may include administrative expenses associated with outreach and recruitment of unlicensed family or group child care homes and the allowable licensing-related expenses of such homes.

“State agency” means the Missouri Department of Health and Senior Services – Bureau of Community Food and Nutrition Assistance that has been designated by the Governor or other appropriate executive, or

by the legislative authority of the State, and has been approved by the Department to administer the Program within the State or in states in which USDA FNS administers the Program.

“State agency list” means an actual paper or electronic list or the retrievable paper records, maintained by the State agency, that include a synopsis of information concerning seriously deficient institutions and providers terminated for cause in the State. The list must be made available to FNS upon request, and must include the following information: a) institutions determined to be seriously deficient by the State agency, including the names and mailing addresses of the institutions, the basis for each serious deficiency determination, and the status of the institutions as they move through the possible subsequent stages of corrective action, proposed termination, suspension, agreement termination, and/or disqualification, as applicable; b) responsible principals and responsible individuals who have been disqualified from participation by the State agency, including their names, mailing addresses and dates of birth; and, c) child care home providers whose agreements have been terminated for cause by a sponsoring organization in the State, including their names, mailing addresses, and dates of birth.

“Supplemental Nutrition Assistance Program (SNAP) household” means any individual or group of individuals who are currently certified to receive assistance as a household under the SNAP formerly known as the Food Stamp Program.

“Suspended” means the status of an institution or day care home that is temporarily ineligible for participation (including Program payments).

“Suspension review” means the review provided, upon the institution’s request, to an institution that has been given a notice of intent to suspend participation (including Program payments), based on a determination that the institution has knowingly submitted a false or fraudulent claim.

“Suspension review official” means the independent and impartial official who conducts the suspension review.

“TANF recipient” means an individual or household receiving assistance (as defined in 45 CFR 260.31) under a State-administered Temporary Assistance to Needy Families program.

“Termination for cause” means the termination of a day care home’s Program agreement by the sponsoring organization due to the day care home’s violation of the agreement.

“Termination for convenience” means termination of a day care home’s Program agreement by either the sponsoring organization or the day care home, due to considerations unrelated to either party’s performance of Program responsibilities under the agreement.

“Tier I day care home” means (a) a day care home that is operated by a provider whose household meets the income standard for free or reduced-price meals, as determined by the sponsoring organization based on a completed free and reduced price application, and whose income is verified by the sponsoring organization of the home in accordance with 7 CFR 226.23(h)(6); (b) a day care home that is located in an area served by a school enrolling elementary students in which at least 50 percent of the total number of children enrolled are certified eligible to receive free or reduced price meals, or (c) a day care home that is located in a geographic area, as defined by FNS based on census data, in which at least 50 percent of the children residing in the area are members of households which meet the income standards for free or reduced price meals.

“Tier II day care home” means a day care home that does not meet the criteria for a Tier I day care home.

“Unannounced review” means an on-site review for which no prior notification is given to the facility or institution.

“Yogurt” means commercially coagulated milk products obtained by the fermentation of specific bacteria, that meet milk fat or milk solid requirements to which flavoring foods or ingredients may be added. These foods are covered by the Food and Drug Administration’s Standard of Identity for yogurt, lowfat yogurt, and nonfat yogurt.

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CHAPTER Chapter 1. Program Overview		SUBJECT Acronyms			

The following acronyms will be used throughout the policy and procedure manual:

BCFNA –Bureau of Community Food and Nutrition Assistance

CACFP – Child and Adult Care Food Program

CAP – Cost Allocation Plan or Corrective Action Plan

CN – Child Nutrition

FNS – Food and Nutrition Service

FNSRO – Food and Nutrition Service Regional Office

FSD – Family Support Division (formerly Division of Family Services, DFS)

IEF – Income Eligibility Form

IFPF – Infant Feeding Preference Form

IRS – Internal Revenue Service

MDHSS – Missouri Department of Health and Senior Services

MPRO – Mountain Plains Regional Office

OIG – Office of the Inspector General

SA – State Agency (MDHSS-BCFNA)

SCCR – Section for Child Care Regulation

SD – Serious Deficiency or Seriously Deficient

SO – Sponsoring Organization

USDA – United States Department of Agriculture

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CHAPTER Chapter 2. Eligibility Requirements			SUBJECT Sponsoring Organizations			

Sponsoring organizations may participate in the CACFP under the following conditions:

- The organization is tax-exempt and is sponsoring one or more family child care homes.
- The organization applies under the criteria listed in Chapter 3 and is approved by the MDHSS-BCFNA.

The tax-exempt status must be verified by submitting the determination letter from the IRS with the initial application to the CACFP.

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CHAPTER Chapter 2. Eligibility Requirements		SUBJECT 2.2 Family Child Care Homes			

Family child care homes can participate in the CACFP under the following conditions:

- The home is licensed by MDHSS Section for Child Care Regulation or a branch of the military, or is registered with the Family Support Division as a Registered Provider;
- The home is sponsored by a sponsoring organization;
- The home is nonresidential;*
- Child care is conducted in a private residence.**

*A family child care home participating in the CACFP cannot provide day care to the same children for more than 24 hours on a regular basis. Situations may occur where a child may need to be housed overnight due to emergencies out of the parents' control. Thus, the child would be in care for longer than 24 hours. When an **emergency temporary residential** situation occurs, the children may continue to be considered nonresidential for the CACFP. Reimbursement may be claimed in temporary residential situations for up to three consecutive calendar days (72 hours).

**This means that for the purposes of the CACFP, family and group child care homes are limited to the provider's own private residence, the private residence of another, or a rented or unoccupied private residence. Commercial properties, including churches or schools, are not private residences and are not eligible to participate in the CACFP as family child care homes.

The purpose of the group and family child care home is to assist small, home-based day care efforts operated by the individuals themselves in their homes. The key here is that the day care is provided to small groups of children in a private residence.

Family child care providers are limited to one home per provider. In instances where more than one provider operates out of the same residence, both individuals must be licensed or appropriately approved at the same residence, care for different children at different times, and each provider must participate under the same sponsoring organization.

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM		ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		8/26/98	6/14	2	2.3
CHAPTER Chapter 2. Eligibility Requirements			SUBJECT LLC and Incorporated Family and Group Child Care Homes			

Agreement

The decision for a family child care home or group home to become a limited liability company (LLC) or to incorporate (not-for-profit or for-profit) is up to the provider, and plays no role in the provider’s participation in CACFP. When a provider chooses to become an LLC or incorporate the family or group child care home and wishes to participate in the CACFP, it is the owner of the LLC or corporation who must have an agreement with the sponsoring organization. Sponsors may only enter into an agreement with a provider as an individual, and not as an LLC or corporation.

It should also be noted that providers associated with a corporation may have wages from the corporation, rather than the typical self-employment status of child care home providers. Also, if the provider is a shareholder of the corporation, the provider may receive dividends. Wages and any dividends received from the corporation must be reported as income.

Therefore, because the agreement is with the owner of the LLC or corporation, it is the income of the owner that is subjected to the income test for tiering determinations and for the purpose of reimbursement of meals served to the provider’s own children.

Seriously Deficient

Although the agreement is with the owner of the LLC or corporation, in instances where the family child care home or group home are declared seriously deficient (SD) in the operation of the CACFP, the LLC or corporation name must be included in the SD letter. Consequently, if the family child care home or group home are terminated and placed on the National Disqualified List (NDL), the LLC or corporation name must be included on the list.

Authorized Capacity

Per the “Licensing Rules for Group Child Care Homes and Child Care Centers,” 19CSR 30-62.042(D), and the “Licensing Rules for Family Child Care Homes,” 19CSR 30-61.045(C), related children are not exempt from licensing requirements in an incorporated group home or home. In an LLC or incorporated facility, the exemption for related children does not apply since an LLC/corporation cannot have relatives. For purposes of the CACFP, related children in an LLC or incorporated group home or family child care home count in the home’s authorized capacity. At no time may a group home or family child care home, including an LLC or incorporated group home or family child care home, claim meals for children over its authorized capacity without the proper shift or overlap approval.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	12/90	6/14	3	3.1
CHAPTER Chapter 3. Applying to the Program		SUBJECT Sponsor Applications			

New Home Sponsor Applications:

Sponsoring organizations of homes will submit an application packet to MDHSS-BCFNA. The application packet includes an application, complete list of sponsored homes, audit requirement form, detailed management plan and administrative budget. The administrative budget must include an adequate source of non-CACFP funding to sustain operation, including the ability to pay facility meal claims, employees, suppliers, and any debts for program mismanagement if CACFP program payments are delayed.

Sponsors are also required to include a list of the independent governing board of directors. The institution's governing board of directors must meet on a regular basis and have the authority to hire and fire the institution's executive director (*i.e.*, the board must be independent of the executive director's control). When the application is complete and meets all requirements, the home sponsor application is approved and a Program services permanent contract is issued.

MDHSS-BCFNA is prohibited from approving an institution's application if the institution or any of its principals is on the National Disqualified List (NDL), and is prohibited from approving an application submitted by a sponsoring organization on behalf of a facility if the facility or any of its principals is on the national disqualified list.

If the sponsoring organization's application is denied, the sponsoring organization may file a written request to appeal (see Chapter 12).

Renewing Home Sponsors:

For Renewing home sponsors, an updated management plan and budget must be submitted to MDHSS-BCFNA, along with appropriate signatures, by the Tuesday following Labor Day. MDHSS-BCFNA will return to the sponsoring organization incomplete management plans and budgets. These documents will be processed within 30 calendar days of receipt by the State office. If the sponsoring organization's budget and management plan are approved, a copy of the signed budget will be forwarded to the sponsoring organization along with information regarding approval of the management plan.

As a contracted organization under the CACFP, all home sponsoring organizations must complete the CACFP web-based application every year on the website at: <https://dhssweb04.dhss.mo.gov/cnp>.

*A permanent contract for participation in CACFP may be revoked, based on historical problems, as documented by MDHSS-BCFNA. Problems include, but are not limited to:

- Permitting an individual who is on the NDL to serve in a principal capacity with the institution or, if a sponsoring organization, permitting such an individual to serve as an approved provider;
- Failure to operate the program in conformance with standards set forth in Federal Regulations;
- Failure to comply with the bid procedures and contract requirements of applicable Federal procurement regulations;
- Failure to return the advance payment to the State agency.

- Failure to maintain adequate records to support the claim for reimbursement.
- The submission of false information to the State agency.
- Historical claiming of Program payments for meals not served to participating children.
- Service of meals which do not include required quantities of all meal components.
- Noncompliance to applicable bid procedures for contracts with food service management companies.
- Use of food service management companies that are in violation of health codes.
- Failure of a sponsoring organization to disburse payments to its facilities in accordance with regulations.
- History of administrative or financial mismanagement in any Federal child nutrition program.
- Organization or any principal individuals of the organization is on the national disqualified list.
- The organization can not certify that the institution or any of its principals has not been convicted of any activity that indicates a lack of business integrity.
- Any other action affecting the institution's ability to administer the Program in accordance with Program requirements.

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM		ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6-14	3	3.2
CHAPTER Chapter 3. Applying to the Program			SUBJECT Provider Applications			

For each family child care home provider, the sponsoring organization (SO) must enter the information in the CACFP web-based software on a new provider information sheet (refer to Section 5.3). The SO must also create a new provider in CACFP.net. Submit the following completed forms to MDHSS-BCFNA as specified below

- Provider's license certificate for military providers

The SO must also update the CACFP web-based software when:

- The provider initially begins participation in the CACFP under its sponsorship
- The provider has a change of address
- The provider has a change in tiering status
- The provider has a change in meal times
- The provider's license changes
- The provider has a change in the overlap
- The provider has a change in the number of related children

Updates to the software shall be made before the claim for reimbursement is submitted to MDHSS-BCFNA for approval. Updates that are not entered in a timely manner will lead to errors with the claim and may delay the claim approval process.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6/14	3	3.3
CHAPTER Chapter 3. Applying to the Program			SUBJECT Contract and Scope of Work			

The MDHSS-BCFNA contract, including the scope of work, is a written agreement defining the work to be carried out by the sponsoring organization and the expectations between the sponsoring organization of homes and MDHSS-BCFNA. The contract must be signed by both MDHSS officials and the sponsoring organization authorized representative before any meal reimbursement can be paid.

For new sponsoring organizations of homes, a contract and scope of work will be mailed with the sponsoring organization's application and management plan. This contract must be signed by the institution's authorized representative and returned with the completed application and management plan. After a new sponsoring organization's application is approved, MDHSS-BCFNA will send the sponsoring organization a copy of the fully executed permanent contract.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	12/90	6/14	4	4.1
CHAPTER Chapter 4. The Reimbursement System		SUBJECT Advances			

An **advance payment** is financial assistance made available to a sponsoring organization for program costs prior to the month in which the costs are incurred. Advances may be used for administrative costs.

The administrative advance may be used to pay administrative costs incurred before the requested reimbursement has been paid.

In the State of Missouri, previously approved advances are “rolled over” from one fiscal year to the next. If an advance is issued in one fiscal year, that amount is credited to the next fiscal year. If MDHSS-BCFNA finds that any upward or downward adjustments need to be made, the sponsoring organization is notified by letter of the final award.

A sponsoring organization may request up to 100% of the average of its administrative claims for the most recent three months. If the sponsoring organization is new, and there is no historical claim information for the calculation of the advance, a projection will be made by MDHSS-BCFNA.

How to Request an Advance

A request for an administrative advance can be submitted with the sponsoring organization’s annual application, by including a written request for a specified advance amount. If a sponsoring organization would like its advance adjusted in mid-year, a written request for the advance adjustment must be submitted. MDHSS-BCFNA will review the advance request by applying the methodology outlined in this section and will contact the sponsoring organization with the final approved amount.

Procedures for the Advance Approval

When reviewing the amount of advance requested, MDHSS-BCFNA will compare the requested advance with the average of its administrative claims for the most recent three months. The requested advance amount will be adjusted accordingly.

Example 1

In fiscal year 2002, ABC sponsoring organization was approved for an administrative advance of \$2,000. In fiscal year 2003, ABC sponsoring organization requested a \$2,200 administrative advance. The average of its administrative claims for the most recent three months was \$2,300. Therefore, the request of \$2,200 is justified and ABC sponsoring organization will receive \$200 in addition to the \$2,000, which was rolled over from the previous fiscal year.

Example 2

In fiscal year 2002, XYZ sponsoring organization was approved for an administrative advance of \$2,000. In fiscal year 2003, XYZ sponsoring organization requested a \$2,200 administrative advance. The average of its administrative claims for the most recent three months was \$2,000. Therefore, the request of \$2,200 was not justified and XYZ sponsoring organization will not receive additional advance funds, but will maintain the \$2,000, which was rolled over from the previous fiscal year.

MDHSS-BCFNA will review administrative advances monthly to assess whether the amount of the advance is in excess of 100% of the average administrative claims for the most recent three months. If so, a downward adjustment will be made and the sponsoring organization will be notified by letter.

Advance Recovery

Advances will be recovered under the following conditions:

- The sponsoring organization operates less than 12 months per year;
- The sponsoring organization discontinues participation in the CACFP;
- The sponsoring organization declares bankruptcy or bad debt; or
- The sponsoring organization is classified as seriously deficient and disqualified from Program participation.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	12/90	6/12	4	4.2
CHAPTER Chapter 4. The Reimbursement System		SUBJECT Start-Up Payments			

Start-up payments may be provided to a potential or current sponsoring organization of homes to assist in financing administrative expenses relating to beginning or expanding CACFP operations.

Who May Receive Start-Up Funds?

Start-up funds are available to sponsors of fewer than fifty child care homes who want to develop or expand Program operations. Start-up funds are available only once for any sponsoring organization meeting eligibility criteria.

Eligibility Criteria

To receive start-up funds, the sponsoring organization must:

- Be public or private nonprofit having tax-exempt status under the United States Internal Revenue Service Code of 1986.
- Have a history of managing funds and ongoing activities in public or private programs.
- Have an acceptable and realistic plan for recruiting currently nonparticipating day care homes. This plan must include estimates of the number of potentially eligible homes to be recruited.
- Have developed an acceptable management plan.
- Have less than 50 homes.

Approval Process

Sponsoring organizations will be notified of approval or denial of start-up funds within 30 days of the receipt of a complete and correct application. The application is available from MDHSS-BCFNA upon request.

If the application for start-up funds is approved, MDHSS-BCFNA shall enter into an agreement with the sponsoring organization. The agreement states how the funds will be used and the time period for initiating or expanding Program operations. Sponsoring organizations will be required to repay any monies not expended in accordance with the agreement.

If the application is denied, the sponsoring organization will be notified of the right to appeal the decision. See Chapter 12 for appeal procedures.

Amount of Start-Up Funds

The amount of start-up funds granted will be between one and two months' anticipated administrative reimbursement. Start-up funds will not be granted to sponsors with more than 50 homes. Sponsoring organizations with fewer than 50 homes at the time of application will receive start-up funds only for the additional homes needed to total 50 homes. These funds must not be used for outreach to providers already participating in the CACFP under another sponsoring organization. Use of the start-up funds will be monitored by MDHSS-BCFNA.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	12/90	7/15	4	4.3
CHAPTER Chapter 4. The Reimbursement System		SUBJECT Reimbursement Rates			

Sponsoring organizations will be reimbursed with the following rates. These rates are effective July 1, 2015 through June 30, 2016.

	Tier I	Tier II
Breakfast	\$1.32	\$0 .48
Lunch/Supper	2.48	1.50
Snack	.74	.20

Administrative fees will be paid in accordance with the following rates per home per month:

Number of Homes	Rate per Home
1-50	\$111
51-200	85
201-1000	66
Each Additional	58

Administrative payments to the sponsoring organization are determined by multiplying the number of family and group child care homes submitting a claim for reimbursement during the month by the appropriate annually adjusted administrative reimbursement rate.

For each monthly administrative claim, the sponsoring organization must indicate the amount of actual costs even if this cost exceeds the product of homes times rate.

Reference: Federal Register / 80 FR 42474 / Tuesday, July 17, 2015

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM	ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	12/90	6/14	4	4.4
CHAPTER Chapter 4. The Reimbursement System		SUBJECT Deadlines for Claim Submission			

Beginning with the October 2005 claim, all claims for reimbursement shall be filed via the Internet at <http://dhssweb04.dhss.mo.gov/cnp>. Contractors that do not have access to the computer or the Internet may contact our central office to make alternative arrangements to submit claims. Each user of the CACFP web system must have his or her personal user ID and password, which cannot be shared with anyone.

A valid monthly claim for meal reimbursement shall be submitted via the Internet (online) to MDHSS-BCFNA within 60-calendar days from the last day of the claim month. A claim is considered valid when it has been submitted in a timely manner, passes all edit checks, and all supporting documents requested or required have been received by MDHSS-BCFNA.

An online claim is considered “submitted” when it is in Pending Approval status at the sponsor level and if required, all supporting documents have been submitted and received. Claims in Error status or Pending Submission status may be modified, and have not been certified as true and correct, so are not considered submitted to the state office for approval. The timeframe within which a claim can be submitted for a particular month is indicated in the Claims portion of the Sponsor Summary on the CACFP web system. Failure to properly submit a valid claim (with all supporting documentation, as requested or required) will result in non-payment of the claim. MDHSS-BCFNA will delete claims that remain in Error or Pending Submission status or in Pending Approval Status without supporting documentation after 90 days from the last day of the claim month.

An exception may be granted to a sponsoring organization every 36 months for exceeding the 60-calendar day deadline while on the Program. The sponsoring organization must submit a corrective action plan before an exception can be granted. As noted above, the official submission date of a claim is the day the claim is put into **Pending Approval** status *and* when any required supporting documentation (if necessary) has been received by MDHSS-BCFNA.

Revised claims resulting in additional reimbursement to the institution shall be submitted to MDHSS-BCFNA within 90 calendar days from the last day of the claim month. Claims submitted after the 90-calendar day deadline shall not be processed. Revised claims resulting in a reduction of reimbursement shall be submitted to MDHSS-BCFNA as soon as possible after notification to complete a revision.

The MDHSS-BCFNA processes claims twice a month (see the following schedule). Claims must be in Pending Approval status in the MDHSS-BCFNA web system on or before the 12th of the month for the first closing. Any claims received after the 12th of the month will be held until the next cycle for processing. Claims put in Pending Approval status after the 25th of the month will be processed in the first cycle of the following month.

1 st Deadline	1 st Check Issue Date, Projected	2 nd Deadline	2 nd Check Issue Date, Projected
12 th of the month	28 th of the month	25 th of the month	13 th of the month

Provider claims submitted by the sponsor prior to the 12th or 25th of the month that do not pass system edits will be deleted so the providers whose claims *do* pass system edits can be processed in a timely manner.

The sponsor will be informed of the deleted claim and the reasons for deleting it will be explained. The claim will be processed in the next cycle immediately following the submission of the corrected claim.

In submitting the claim for reimbursement, each institution is certifying that the claim is correct and that records are available to support the claim. These records shall be retained for a period of three years after the end of the fiscal year to which they pertain. Records shall be retained beyond the end of the three-year period if findings result from an audit. In those cases, records shall be maintained for as long as required to resolve the issues raised by the audit.

All accounts and records pertaining to the Program shall be made available upon request to representatives of the MDHSS-BCFNA, MDHSS-Auditor, the U.S. Department of Agriculture, and the U.S. General Accounting Office for audit or review, at a reasonable time and place. See Section 8.3 for information on records that must be maintained to support the claim for reimbursement.

Failure to have records available to support the claim for reimbursement shall result in a disallowance of meals claimed. **All records must be maintained on-site at the address designated in the Sponsoring Organization of Family Day Care Homes' management plan.**

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM	ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	12/90	6/12	4	4.5
CHAPTER Chapter 4. The Reimbursement System		SUBJECT Claims Processing			

Deadline for Submission

Claims for reimbursement are processed after the 12th of the month by MDHSS-BCFNA. The estimated electronic funds transfer date is the 25th through the 28th of the month. Approved claims submitted after the 12th of the month are held until the next cycle for processing. The second cycle claims processing begins after the 25th of the month. The electronic funds transfer date is the 10th through the 13th of the following month. Any claims submitted after the 25th of the month will be held for processing until after the 12th of the following month.

When the claim is submitted, the CACFP web system checks for errors. Before approval, it is manually reviewed for additional errors. If there are no visible errors, it is approved in the computer system. Any errors on the claim will cause the claim to be rejected by the system. When errors are present, MDHSS-BCFNA will put the claim in Correction status and return the claim to the sponsoring organization. An email will also be sent outlining the type of error and what must be done to correct the information. No telephone calls will be made to correct the error. The error must be corrected and the claim resubmitted before the claim can be processed. Correction of errors may delay payment until the next payment cycle, so accuracy in completion of the claim is vital for timely payments. All returned claims must be submitted within 90 calendar days from the last day of the claim month to be paid.

Once the claim is approved and processed by MDHSS-BCFNA, the information is sent to the MDHSS Division of Administration and the Missouri Office of Administration. The electronic funds transfers are prepared for deposit into the sponsoring organization's account. If the sponsoring organization's bank information changes, the sponsoring organization must notify MDHSS-BCFNA immediately.

Common Errors

Listed below are errors frequently found in the completion of the claim for reimbursement.

- Left in Pending Submission Status
- Title XX – Free/Reduced
- License Expired in Application
- Attendance is not completed or completed incorrectly. Attendance must be a cumulative total of all enrolled children attending for each day of the claim month.
- The sponsoring organization claims unauthorized meals. A sponsoring organization can claim only those meals for which they are approved. If meals are claimed that were not originally approved, notify MDHSS-BCFNA immediately.
- The sponsoring organization claims meals in excess of cumulative licensed capacity or number of children enrolled in homes sponsored.
- The sponsoring organization claims in excess of attendance.

If the sponsoring organization does not receive payment by the end of the month, contact MDHSS-BCFNA.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	6/2006	6/12	4	4.6
CHAPTER Chapter 4. The Reimbursement System		SUBJECT Access to the CACFP Web-Based System			

The sponsoring organization is required to request a user ID and password for individual staff authorized to access the CACFP Web-based system by completing a Network User Access Request form. The staff member and owner/board chair or CACFP authorized representative must sign the form.

Access is granted to individuals on behalf of the sponsoring organization; blanket access is not granted. Individual user ID's and passwords may not be transferred to others or shared. The individual user or the CACFP authorized representative must contact the Missouri Department of Health and Senior Services—Bureau of Community Food and Nutrition Assistance (MDHSS-BCFNA) in writing if they are leaving employment or changing job duties so that access may be revoked immediately.

Misuse of another individual's user ID and password will not be tolerated. Access will be revoked immediately, and may only be restored by submitting a corrective action plan to MDHSS-BCFNA detailing how individual passwords will be protected and not shared.

Claims for reimbursement submitted through misuse of another individual's user ID and password will be considered invalid, and must be repaid in full to the MDHSS-BCFNA.

The following additional measures will be taken to ensure the security of the institution's access to the CACFP web-based system:

- The Network User Access Request Form must be signed by the owner/board chair or CACFP authorized representative named on the CACFP application.
 - *If the CACFP authorized representative changes after the application is submitted, the MDHSS-BCFNA must be notified by letter. The letter should include the signature of the new CACFP authorized representative.*
- An individual's access will be deleted if the user does not log-in to the system for a six-month period.

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM		ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6/12	5	5.1
CHAPTER Chapter 5. Requirements of Management			SUBJECT Application Renewal			

The sponsoring organization must submit a management plan and budget each Federal fiscal year.

The sponsoring organization must update the online Sponsor Info Sheet and Provider Info Sheets at any time during the year when there has been a change from the previously submitted online applications. This update includes documenting any changes to overlap forms and submitting a copy of the updated overlap form.

See Chapter 3 for more information on the approval process.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	12/90	7/14	5	5.2
CHAPTER Chapter 5. Requirements of Management		SUBJECT Updating Application Information			

Based on the information submitted in the application, MDHSS-BCFNA creates a file for the sponsoring organization. The monthly claims for reimbursement are compared to the information in the sponsoring organization's file and on the web access CACFP system.

The sponsoring organization must keep MDHSS-BCFNA updated on any changes regarding the sponsoring organization or the child care homes under the sponsoring organization's jurisdiction. The following information shall be updated in writing on an as needed basis:

- Changes in sponsoring organization's tax-exempt status;
- Child care homes placed in seriously deficient status;
- Outcome of child care homes seriously deficient status – either temporarily deferred or proposed termination and disqualification;
- Disqualification and termination of a family child care home.
- Change in key personnel.

The following information shall be updated on the web access CACFP system on an as needed basis:

- Licensing status of child care homes;
- Changes in the sponsoring organization's address;
- Changes in license capacity of a family child care home;
- Meals claimed for reimbursement;
- Meal time changes;
- Changes in the corporate status of the home;
- Overlap/shift approval;
- Change in tiering status;

Child care homes participating in the program must have a current license from MDHSS – Section for Child Care Regulation or a branch of the military.

If the sponsoring organization changes their mailing address, they must notify MDHSS-BCFNA immediately. Also, a change of address may require revisions to the sponsoring organization's budget and management plan. Failure to appropriately notify MDHSS-BCFNA promptly of a change in address may result in denial of administrative costs attributable to the move.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	4/6/89	7/14	5	5.3
CHAPTER Chapter 5. Requirements of Management		SUBJECT Adds/Deletes, Transfers, Updates			

Adds

To add a new child care home to the sponsoring organization's jurisdiction, the sponsoring organization enters the information in the web-based system on a new provider information sheet. A new provider is one that is not transferring from another sponsoring organization. The sponsoring organization should enter a new provider in the web-based system as soon as the sponsoring organization has an application and a signed agreement even if the provider's license is pending. When a copy of the license is received or can be printed from the licensing information from the Section of Child Care Regulation's website, that information should then be added to what is already in the system. When all the necessary information is completed and passes the edits, submit for approval. (Sponsoring organizations of military providers must fax a copy of the provider's license certificate.)

The following conditions must be met when signing an agreement with a new provider who does not yet have an active license:

- It is acceptable to sign an agreement prior to the effective date of the license;
- No more than 60 days may lapse between the effective date of the license and the date of the agreement. If there are more than 60 days, a new agreement is required.
- Claiming can begin on the date of the agreement approval or the effective date of the license whichever is later.
- Claims cannot be entered until all of the required information is entered and approved in the Child and Adult Care Food Program (CACFP) web-based system.
- Sponsors are expected to monitor records and claims from the date the provider is first eligible to claim. Monitoring visits, including the first 4-week visit, must be conducted as required for the provider to claim.
- Providers have only 60 calendar days to submit an original claim. No exceptions can be made.

Once the home is approved, claims can be processed for meals served in accordance with provisions of the CACFP Policy and Procedure Manual and federal regulations and guidance for up to one month prior to the month CACFP approved the addition, but not prior to the date the agreement and application were signed. However, no payment can be claimed for a time period prior to the date the home has an approved active license.

Example 1:

ABC home was licensed on June 15. The sponsoring organization did not sign an agreement or application with the provider until July 22. The home was added by the sponsoring organization on July 22 and approved by MDHSS-CFNA at that time. Under this policy, the provider and the sponsoring organization could start claiming meals for ABC on July 22.

Example 2:

The sponsoring organization obtained an application and signed an agreement on October 1. The provider had not received their copy of the license when the application and

agreement were signed. The license was received on November 10, but was dated October 1. If the sponsoring organization had entered the information in the database, the home provider had been properly trained, meals were served in accordance with the CACFP standards listed above from October 1, and the 4-week review was conducted, the provider would be able to claim meals starting on October 1.

Example 3:

The sponsoring organization obtained an application and agreement on November 1. The provider had not received their copy of the license at that time. The provider said she would be licensed effective November 1; however, when the license was received it was dated November 15. If the sponsoring organization had entered the information in the database, the home provider had been properly trained, meals were served in accordance with the CACFP standards listed above, and the 4-week review was conducted, the provider would be able to claim meals starting on November 15.

Regardless of when the provider was approved, there is no probationary period. Meals must be disallowed if the home provider claims meals not served, claims meals served in excess of the home's capacity, claims meals served that are not approved, claims meals not supported with required records, or for any claiming violation related to menu or meal pattern errors. The sponsoring organization must closely monitor these errors and provide training and technical assistance when errors occur. Documentation of the training and/or technical assistance must be evident in the provider's file.

Transfers

When a child care home is transferring from one sponsoring organization to another sponsoring organization, send an email to MDHSS-BCFNA as soon as the sponsoring organization is aware of the transfer. State the provider's name and license number in the subject line. In the body of the email state the effective date and the receiving sponsor involved. The transfer must also be submitted to MDHSS-BCFNA on the Sponsoring Organization Provider Change Form (CACFP-401).

When homes transfer, claims cannot be split for a given month between sponsors. The receiving sponsoring organization can only claim the transferring child care home starting the first day of the month following the date the child care home signed the agreement with the new sponsoring organization.

Example:

A child care home meets with the new sponsoring organization on January 12 and signs an agreement the same day. The old sponsoring organization needs to be notified by the child care home immediately. The effective date of the change will be February 1. The old sponsoring organization must complete a Sponsoring Organization Provider Change Form (CACFP-401) and submit to MDHSS-BCFNA no later than January 25 deleting this child care home from their list. The new sponsoring organization must immediately notify the MDHSS-BCFNA of the transfer that will occur and then submit the needed information on the Sponsoring Organization Provider Change Form (CACFP-401) no later than the 25th of February.

Providers who transfer to a new sponsoring organization shall meet all guidelines set forth. Regardless of when the provider was approved, there is no probationary period. Meals must be disallowed if the home provider claims meals not served, claims meals served in excess of the home's capacity, claims meals served that are not approved, claims meals not supported with required records, or for any claiming violation related to menu or meal pattern errors .

Documentation of the disallowances and technical assistance or training provided shall be evident in the provider's files.

See Section 5.4 for more information on transfer of homes.

Updates

Updates such as meal times, types of meals, re-verification of tiering status, license expiration date, license capacity, etc. regarding a child care home must be entered in the CACFP web-based system by the sponsoring organization. The updates must be completed no later than the last day of the month being claimed in order to allow time for MDHSS-BCFNA to approve the updates before the end of the claim month and prior to claim submission. When updates are submitted after the last day of the month, the claim for this provider will not be reimbursed in the first claim cycle. Provider claims that are received which cannot be approved due to failure to up-date records by the stated timeline will be deleted by MDHSS-BCFNA from the current claim so that the remaining provider claims may be processed. Deleted provider claims may be re-submitted by the sponsoring organization for the next claim cycle provided they pass review edits in that cycle.

Deletes

To delete a provider who is leaving the sponsoring organization, complete the required fields on the Sponsoring Organization Provider Change Form and submit to MDHSS-BCFNA. **Do not** close any home providers in the web-based system, BCFNA staff will do this.

The Sponsoring Organization Provider Change form must be completed and is due to MDHSS-BCFNA by 5:00 p.m. on the 25th of the month. If the 25th falls on a weekend or holiday, the CACFP-401 is expected by 8:00 a.m. on the following business day. The CACFP-401 can be emailed or faxed. Only one form is submitted each month.

NOTE:

Sponsoring organizations that are seriously deficient in their administration and management of the CACFP shall be prohibited from adding homes to their sponsorship during the entire period of the serious deficiency, until the serious deficiency is temporarily deferred by MDHSS-BCFNA. This prohibition on adding homes will remain in effect until the sponsoring organization demonstrates, to the satisfaction of MDHSS-BCFNA, that it has the administrative capability to accountably manage the CACFP.

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM		ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		4/6/89	7/14	5	5.4
CHAPTER Chapter 5. Requirements of Management			SUBJECT Home Provider Transfers			

Family child care home providers and group child care home providers in good standing with their current sponsoring organization may transfer to another sponsoring organization only once per federal fiscal year, commencing with the date their first agreement to participate in the Program is signed. The Federal Fiscal Year (FFY) is defined as October 1 through September 30. The following procedures shall be followed when a transfer is made:

- The home provider shall notify the sponsoring organization that they are transferring to another sponsoring organization. The sponsoring organization from which the home provider is transferring shall submit such information via email as soon as they are aware that a transfer will occur and also on the corresponding monthly Sponsoring Organization Provider Change Form (CACFP-401).
- The sponsoring organization to which the home provider is transferring shall obtain a new application and a signed agreement from the new home provider. Immediately send an email to MDHSS- BCFNA to notify them of the transfer that will be taking place and submit the required information on the Sponsoring Organization Provider Change Form (CACFP-401) to MDHSS-BCFNA on the last day of the month.
- The transfer shall become effective the first day of the month following the month the agreement is signed (regardless of the day of the month the agreement is signed).
- Administrative payments will continue to be made to the current sponsoring organization through the month prior to the effective transfer date during which meals are claimed for the home provider.

Exceptions to the once per FFY transfer will be granted only in the event a sponsoring organization discontinues participation in the Program or drops a child care provider for convenience. A child care provider shall be allowed to transfer to a new sponsoring organization under these circumstances, regardless of whether or not they had already transferred previously in the same FFY.

Family child care homes and group homes that are seriously deficient in their operation of the Program shall be prohibited from transferring to another sponsoring organization while the serious deficiency determination remains in effect. Such restriction will remain in place until the sponsoring organization has determined that required corrective action has been implemented to its satisfaction, and the sponsoring organization has notified the home provider that the serious deficiency has been temporarily deferred. The time period allowed for a seriously deficient home's corrective action is no more than 30 days, and in some instances, may be much less. The sponsoring organization must notify MDHSS-BCFNA in writing within 15 days of declaring a home seriously deficient and again within 15 days of temporarily deferring a serious deficiency or of proposing to terminate and disqualify a home provider. MDHSS-BCFNA must also be notified within 15 days of terminations and disqualifications of group or family child care homes. All such notification shall be in writing to MDHSS-BCFNA.

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM		ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		7/90	7/14	5	5.5
CHAPTER Chapter 5 Requirements of Management			SUBJECT Termination of Agreements for Convenience or Cause and the Serious Deficiency Process			

A family child care home provider may be terminated by a sponsoring organization under the following conditions:

Termination of Agreement for Convenience A sponsoring organization may terminate a home for convenience at any time. Reasons for terminating a home for convenience include:

- a. Geographical location of provider (distance is cost-prohibitive for monitoring).
- b. The sponsoring organization is overextended administratively and needs to reduce the size of its program.

Under no circumstances may a home be terminated for convenience by a sponsoring organization as a means of avoiding problems or potential serious deficiencies. In all cases, a sponsoring organization must provide reasonable and plausible justification for terminating a home for convenience. If it is determined by MDHSS-BCFNA that a home has been terminated for convenience as a means to avoid problems or serious deficiencies, the sponsoring organization will be declared seriously deficient in their management of the CACFP. Sponsoring organizations must notify MDHSS-BCFNA in writing within 15 days of terminating a home for convenience. The written notification must also include the justification for terminating the home for convenience.

A home terminated for convenience shall be provided a list of potential sponsoring organizations by the initial sponsoring organization. The home may sign up with another sponsoring organization with no penalty.

If a sponsoring organization terminates a home provider because of location, the sponsoring organization must also terminate all the other home providers enrolled under their sponsorship that are also located in a ten mile radius of that home. A provider may not be singled out and terminated because of location, if there are other providers in the same area.

Termination of Agreement for Cause (Seriously Deficient/Disqualification). A sponsoring organization may terminate a home provider for cause under the following circumstances, as outlined in 7CFR§226.16(1). In all cases, the sponsoring organization must have documentation to support the action taken.

To terminate an agreement for cause, a sponsor must first declare the home seriously deficient. This decision could be based on a history of problems, failure to correct problems, or general poor recordkeeping.

A home may be declared seriously deficient for the following noncompliance issues [7 CFR 226.16(I)(2)]:

- Submission of false information on the application;
- Submission of false claims for reimbursement;
- Simultaneous participation under more than one sponsoring organization;
- Non-compliance with the Program meal pattern;
- Failure to keep required records;
- Conduct or conditions that threaten the health or safety of a child(ren) in care, or the public health or safety;
- The determination that the provider has been convicted of any activity that occurred during the past seven years and that indicated a lack of business integrity. A lack of business integrity includes fraud, antitrust violations, embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property, making false claims, obstruction of justice, or any activity indicating a lack of business integrity as defined by the SA or the concealment of such a conviction;
- Failure to participate in training; and
- Any other circumstance related to non-performance under the sponsoring organization-child care home agreement, as specified by the sponsoring organization or MDHSS-BCFNA.

This list should not be considered to be all-inclusive.

A home may be declared seriously deficient if the sponsoring organization finds Program violations or issues of non-compliance with CACFP requirements at any time during the home's participation. Serious deficiencies that are not permanently corrected will result in the proposed termination and disqualification of the home.

Note that if the serious deficiencies involve an imminent threat to the health and safety of participants or if the provider has engaged in activities that threaten the public health or safety, the home provider is no longer eligible to participate in the CACFP. These situations may also include when the license status of the home is suspended or revoked by the Section for Child Care Regulation. In these situations, the sponsoring organization must immediately suspend the home's CACFP participation. The sponsor will notify the home that its participation has been suspended, that the home has been determined seriously deficient, and that the sponsor proposes to terminate the home's agreement for cause. The sponsor also must provide a copy of the notice to the State agency and follow the procedures outlined in Program regulations [7 CFR §226.16(l)(4)].

If the sponsoring organization determines that a child care home has committed one or more serious deficiency listed above, the sponsoring organization must initiate the serious deficiency process.

There are six steps in the serious deficiency process:

1. Identify the serious deficiencies;
2. Issue a notice of serious deficiency;
3. Receive and assess the home's written Corrective Action Plan (CAP);
4. Issue a notice of temporary deferral of the serious deficiency if the CAP is adequate, or issue a notice of proposed termination and disqualification, including appeal procedures, if the CAP is not adequate (or if no CAP is received);
5. If requested, hold an appeal of the proposed termination and disqualification; and
6. If termination is upheld, issue a notice of final termination and disqualification or if termination is overturned, issue a notice of temporary deferral.

As noted in the steps, once the serious deficiency(ies) is identified, the sponsoring organization must notify the child care home that it has been found to be seriously deficient. The sponsoring organization shall provide a copy of the serious deficiency notice to MDHSS-BCFNA within 15 days of notifying the home of its serious deficiency(ies). The notice must specify:

- The serious deficiency(ies);
- The actions to be taken by the child care home to correct the serious deficiency(ies);
- The time allotted to correct the serious deficiency(ies) (as soon as possible, but not to exceed 30 days);
- That the serious deficiency determination is not subject to administrative review.
- That failure to fully and permanently correct the serious deficiency(ies) within the allotted time will result in the proposed termination of the child care home's agreement and the proposed disqualification of the child care home, the provider and other responsible principals and individuals; and
- That the child care home's voluntary termination of its agreement after having been notified that it is seriously deficient will still result in the home's formal termination by the sponsoring organization and placement of the child care home, the provider, and its responsible principals and responsible individuals on the National Disqualified List (NDL).

In response to the serious deficiency notice, a family child care home must submit a CAP within 30 days (or less if required by the sponsoring organization) that details the processes implemented to ensure that the serious deficiencies have been fully and permanently corrected. The sponsoring organization will evaluate the CAP and determine whether adequate internal controls have been put into place to fully and permanently correct the deficiencies. The sponsoring organization has the discretion to conduct a follow-up review to ensure that the CAP put into place has fully and permanently corrected the serious deficiency.

If the child care home submits a CAP and corrects the serious deficiency(ies) within the allotted time and to the sponsoring organization's satisfaction, the sponsoring organization must notify the home that it has temporarily deferred its determination of serious deficiency. The sponsoring organization must also provide a copy of the notice to MDHSS-BCFNA within 15 days of sending the temporarily deferred notice to the child care home.

Homes that have had seriously deficient determinations that have been temporarily deferred must be monitored one additional time by the sponsor within the first month after temporary deferral of the serious deficiency to assure that the corrections are full and permanent. The monitoring review must be unannounced and unpredictable. This monitoring is in addition to the three regular monitoring reviews for the year.

If timely corrective action is not taken to fully and permanently correct the serious deficiency(ies) cited, the sponsoring organization must issue a notice proposing to terminate the child care home's agreement for cause. The notice must explain the child care home's opportunity for an administrative review of the proposed termination in accordance with 7CFR§226.6(l). The sponsoring organization must provide a copy of the notice to MDHSS-BCFNA within 15 days of sending the notice of proposed termination to the child care home. The notice must:

- Inform the child care home that it may continue to participate and receive Program reimbursement for eligible meals served until its administrative review is concluded;
- Inform the child care home that termination of the child care home's agreement will result in the child care home's termination for cause and disqualification; and

- That if the child care home seeks to voluntarily terminate its agreement after receiving the notice of propose to terminate (i.e. provider stops claiming or license status changes), the child care home, the provider, and the responsible principals and responsible individuals will still be placed on the National Disqualified List (NDL).

The sponsoring organization must continue to pay any claims for reimbursement for eligible meals served until the serious deficiency(ies) is corrected or the child care home's agreement is terminated, including the period of any administrative review.

The sponsoring organization must immediately terminate the child care home's agreement and disqualify the child care home when the administrative review official upholds the sponsoring organization's proposed termination and proposed disqualification, or when the child care home's opportunity to request an administrative review expires. At the same time the notice is issued, the sponsoring organization must provide a copy of the termination and disqualification letter to MDHSS-BCFNA within 15 days of terminating and disqualifying the home and the home provider.

However, if the serious deficiency(ies) constitutes an imminent threat to the health or safety of participants, or the child care home has engaged in activities that threaten the public health or safety, the sponsoring organization must follow the procedures listed below rather than those procedures discussed previously.

Suspension, Proposed Termination and Disqualification due to imminent threat:

If State or local health or licensing officials have cited a child care home for serious health or safety violations, the sponsoring organization must immediately suspend the home's CACFP participation prior to any formal action to revoke the home's licensure or approval. If the sponsoring organization determines that there is an imminent threat to the health or safety of participants at a child care home, or that the child care home has engaged in activities that threaten the public health or safety, the licensing agency cannot make an immediate onsite visit, the sponsoring organization must immediately notify the appropriate State or local licensing and health authorities and take action that is consistent with the recommendations and requirements of those authorities. An imminent threat to the health or safety of participants and engaging in activities that threaten the public health or safety constitute serious deficiencies; however, the sponsoring organization must use the procedures in this paragraph to provide the child care home notice of the suspension of participation, serious deficiency, and proposed termination of the child care home's agreement.

The sponsoring organization must notify the child care home that its participation has been suspended, that the child care home has been determined seriously deficient, and that the sponsoring organization proposes to terminate the child care home's agreement for cause. The sponsoring organization must provide a copy of the notice to MDHSS-BCFNA within 15 days of sending notice to the child care home. The notice must:

- Specify the serious deficiency(ies) found and the child care home's opportunity for an administrative review of the proposed termination in accordance with 7CFR§226.6(l);
- State that participation (including all Program payments) will remain suspended until the administrative review is concluded;
- Inform the child care home that if the administrative review official overturns the suspension, the child care home may claim reimbursement for eligible meals served during the suspension provided appropriate records have been maintained;

- Inform the child care home that termination of the child care home's agreement will result in the placement of the child care home, the provider and the responsible principals and responsible individuals on the National Disqualified List; and
- State that if the child care home seeks to voluntarily terminate its agreement after receiving the notice of proposed termination, the child care home will still be terminated for cause and disqualified.

The sponsoring organization must immediately terminate the child care home's agreement and disqualify the child care home when the administrative review official upholds the sponsoring organization's proposed termination, or when the child care home's request for an administrative review expires.

A sponsoring organization is prohibited from making any Program payments to a child care home that has been suspended until any administrative review of the proposed termination is completed. If the suspended child care home prevails in the administrative review of the proposed termination, the sponsoring organization must reimburse the child care home for eligible meals served during the suspension period.

When a sponsoring organization considers a home seriously deficient, the sponsoring organization shall send a letter to the provider detailing the reason(s). A copy of the letter must be sent to MDHSS-BCFNA. The first paragraph identifies the date(s) of monitoring. This notification should appear as the second paragraph of the letter:

Sponsoring organization staff are required to conduct unannounced on-site visits after the period for corrective action has elapsed.

- a. If the problems have been fully and permanently corrected after the period of corrective action has elapsed, a letter should be written stating that problems have been corrected and the serious deficiency has been temporarily deferred. However, unannounced follow-up reviews must be conducted within the first month to ensure that problems remain corrected. If a follow-up review reveals that the same serious deficiencies continue to exist, the home shall be immediately proposed for termination and disqualification.
- b. If, after the corrective action period has elapsed, the home still has serious deficiencies, the home shall immediately be proposed for termination and disqualification.

A copy of the letter shall be forwarded to MDHSS-BCFNA within 15 days of sending the notice to the child care home.

When a sponsoring organization proposes to terminate its Program agreement with a child care home for cause, the child care home must be provided an opportunity for an administrative review of the proposed termination. The administrative review process must meet the standards as described in Chapter 12.

A family child care home that fails to correct its serious deficiency(ies) will be placed on the NDL. Once included on the NDL, the child care home will remain on the list until such time as USDA's Food and Nutrition Service, in consultation with MDHSS-BCFNA, determines that the serious deficiency(ies) that led to their placement on the list has(ve) been corrected, or until seven years have elapsed since its agreement was terminated for cause. However, if the child care home has failed to repay debts owed under the Program, they will remain on the list until the debt has been repaid.

If a sponsoring organization signs an agreement with a provider to participate in CACFP who is currently on the NDL, the sponsoring organization will:

- Be declared seriously deficient by MDHSS-BCFNA under the terms of 226.6(c)(3)(ii)(B):
- Immediately terminate the agreement with the home: and
- Stop all reimbursement payments.

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM	ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	12/90	6/12	5	5.6
CHAPTER Chapter 5. Requirements of Management		SUBJECT Staffing			

Each sponsoring organization of child care homes shall provide adequate supervisory and operational personnel for the effective management and monitoring of the Program at all child care facilities under its sponsorship. Personnel shall be maintained to monitor and provide technical assistance to child care homes under the sponsoring organization's jurisdiction at least three times per year. A sponsoring organization of child care homes must document that, to perform monitoring, it will employ the equivalent of one full-time staff person for each 50 to 150 child care homes it sponsors.

Effective July 29, 2003, a sponsoring organization must employ the equivalent of one full-time staff person (FTE) for each 50 to 150 family child care homes it sponsors to perform monitoring. Factors such as the size of the area covered by the sponsor, travel time, etc. will be taken into consideration when evaluating the monitoring FTE to homes ratio. The management plan submitted by the sponsoring organization must clearly describe the monitoring-related duties of each person on the sponsor's staff, and the number of hours or percentage of time the sponsor estimates that each staff member will spend on monitoring duties.

In order to count toward meeting the ratio, the monitoring duties must be legitimate monitoring activities, which include:

- Planning and scheduling reviews;
- Preparation and review of files before conduct of a review;
- Travel for monitoring purposes;
- Conducting the actual review;
- Technical assistance related to review findings;
- Follow-up activities, including review of corrective action and closure of the review;
- Writing the review report;
- Supervisory review of monitoring;
- Training of monitors; and
- Appeals related to review findings.

Specific duties that do not count as monitoring activities include:

- Monthly claims edit checks or menu reviews;
- Processing payments;
- Reviewing provider applications and executing agreements with providers;
- Required annual training of providers, even if conducted during a home/center review;
- Outreach or recruitment;
- Non-monitoring related supervision and administration;
- Appeals that are not related to review findings; and
- Non-CACFP training and monitoring activities. For example, if a sponsor that is a resource and referral agency provides early childhood training to a provider or conducts an accreditation review, these are not CACFP monitoring activities.

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM		ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	12/15	5	5.7
CHAPTER Chapter 5. Requirements of Management			SUBJECT Program Assistance to Child Care Homes			

Sponsoring organizations accept responsibility for the CACFP management of each child care home under their jurisdiction. It is therefore required that sponsoring organizations train the child care homes on CACFP requirements and monitor each provider to assure that all requirements are met.

Pre-Approval Visits

The sponsoring organization shall visit each new child care home for which application is made. The purpose of this visit shall be to:

- Inform the new child care home about program requirements, benefits of the program, policies of the sponsoring organization, and to verify that the proposed food service does not exceed the capability of the child care home;
- Explain the sponsoring organization agreement including the rights and responsibilities of the child care home and the rights and responsibilities of the sponsoring organization; and
- Review the potential applicant's food service operation to determine if the provider can meet the CACFP requirements with the kitchen facilities available and if the provider can accurately complete the required records.

The sponsoring organization must document that the above information was provided.

Monitoring Reviews

Monitoring reviews for child care homes under the sponsoring organization's jurisdiction shall be conducted as follows:

- at least three times per year;
- at least two of the reviews shall be unannounced; **unannounced review** means the child care provider has no idea when the sponsoring organization will visit. There is also no indication of any kind that a review is imminent such as the provider is low on forms and the sponsor always comes when the forms get low, or the sponsor always reviews during certain weeks or in certain months, etc.
- the timing of unannounced reviews should be varied so they are unpredictable to sponsored facilities.
- at least one of the unannounced reviews must include observation of a meal service. Different meals should be observed throughout the year. The sponsoring organization monitoring staff shall observe the entire meal service period, as approved by the sponsoring organization.
- at least two of the reviews must include observation of a meal service. Different meals should be observed throughout the year. The sponsoring organization monitoring staff shall observe the entire meal service period, as approved by the sponsoring organization.

- include a sample of meal types claimed by the child care home including evening, weekend and holiday meals where applicable; (Reviews of the evening, weekend and holiday meals must be unannounced.)
- include a five-day reconciliation
- be adjusted based on needs or problems of the child care home;
- monitoring reviews shall not be completed more than six months apart;
- at least one additional review shall be made during each new child care home's first four weeks of CACFP operations. For the purposes of this policy, a new child care home shall be defined as a) a home provider who has not participated in the program under the current sponsoring organization, and/or b) a home provider who has not participated in the program with the current sponsoring organization for six months or more.

NOTE: The pre-approval visit does not count as one of the monitoring visits.

Sponsoring organizations may, at their discretion, average their reviews of family child care homes. This option allows sponsors to focus their review efforts on homes that are more likely to commit errors, or that have a history of operational problems. Sponsors may elect to implement review averaging each federal fiscal year. However, the sponsor must notify MDHSS-CFNA of its intent to average reviews, and the criteria to be utilized to determine which homes will be reviewed more or less frequently.

Sponsors electing the review averaging option must conduct the same total number of annual reviews (three times the number of homes sponsored) as before, but may arrive at that number reviewing some facilities twice a year, and other facilities more than three times per year. However, every home under the sponsor's jurisdiction must receive a minimum of two unannounced monitoring visits per year. No more than nine months may elapse between the visits to homes selected to receive only two visits per year.

Revised federal regulations issued October 1, 2004 specify the minimum content of a sponsor review of a family child care home. As part of each review of a sponsored home, the sponsoring organization must assess the home's compliance with the regulatory requirements pertaining to:

- The Program meal pattern;
- Licensing or approval;
- Participation in, or attendance at, sponsoring training;
- Meal counts;
- Menu and meal records; and
- Annually updated enrollment forms.

In addition, the sponsoring organization shall review:

- Approved meal times,
- Food storage and the use of creditable foods,
- Sanitation relating to the meal service,
- Attendance records,
- The adequacy of the meal served on the day observed.

The monitoring review shall be conducted for the entire period of the approved meal service. Resolution of problems should be sought and noted in subsequent reviews. Arrival and departure times of the reviewer must be documented on the review form.

During a monitoring review, a five-day reconciliation shall be completed. Reviews must examine the meal counts recorded by the facility for five consecutive days during the current claiming period. For each day

examined, reviewers must use enrollment and attendance records to determine the number of participants in care during each meal service and attempt to reconcile those numbers to the numbers of breakfasts, lunches, suppers, and/or snacks recorded in the facility's meal count for that day. Based on that comparison, reviewers must determine whether the meal counts were accurate. If there is a discrepancy between the number of participants enrolled or in attendance on the day of review and prior meal counting patterns, the reviewer must attempt to reconcile the difference and determine whether the establishment of an overclaim is necessary.

The family child care home must notify the sponsoring organization in advance if they will not be providing a meal in their home during a normally scheduled date of operation. For child care homes claiming weekend meals, the sponsoring organization must be notified by 2:00 p.m. Friday afternoon if meals will not be served during the weekend. If a monitoring review is conducted and no one is at the child care home, the meal that was to be observed shall not be paid. A monitoring visit that does not result in contact with the provider and a review of the required records does not count as one of the three required monitoring reviews per year.

Meals served by child care homes outside of their approved meal times shall be disallowed, unless prior notice is given to the sponsoring organization of a change in the provider's meal time. Meal times should be limited by the sponsoring organization based on the needs and best interests of the children served, and on the ability of the sponsoring organization to monitor the entire meal service, but the following criteria must be employed when approving meal times per policy guidance from USDA and the MDHSS policy Section 10.12:

- Breakfast shall not be approved for service beyond 9:00 a.m.;
- Lunch shall not be served prior to 10:30 a.m. and shall be completed no later than 1:30 p.m.;
- Suppers shall not be served prior to 5:30 p.m.

Upon completion of the sponsoring organization monitoring review, the sponsoring organization must leave a copy of the monitoring report, signed and dated by both the provider and the sponsoring organization staff. A copy of this report must be kept on file by the family child care home and be available upon request to MDHSS-CFNA.

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM	ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	12/90	6/12	5	5.8
CHAPTER Chapter 5. Requirements of Management		SUBJECT Provider Claim Review Procedures			

Sponsoring organizations must implement claim editing procedures that assure family child care home providers' claim forms are accurate. Sponsoring organizations are required to verify 100% of the meal count claim sheets.

Effective October 1, 2005, each sponsoring organization must implement monthly edit checks against each provider's claim for reimbursement. These edit checks must have the ability to detect potentially fraudulent or erroneous claims. The monthly edit checks must ensure that:

- The family child care home has been approved to serve the meal types being claimed;
- The number of meals claimed does not exceed the number derived by multiplying the approved meal types times the days of operation times the enrollment;

Edit checks to detect block claims, or the conduct of unannounced follow-up reviews related to block claims, are not required. Effective January 1, 2011, Sponsoring organizations are no longer required to conduct edit checks designed to detect block claims and consequently, are not required to meet the follow-up review requirements associated with the detection of block claims.

Although edit checks are no longer required, the sponsoring organizations may, at their discretion, retain block claim edit checks. Federal requirements for the two other sponsor-level edit checks listed above are still in effect. These include the requirement to verify the provider is claiming only the approved meal types in accordance with 7 CFR 226.10(c)(1) and the comparison of enrollment, days of service and total meals claimed in accordance with 7 CFR 226.10(c)(2).

In addition to the required edit checks, the sponsoring organization must also verify the following information prior to processing the provider's claim:

- The reimbursement does not exceed two meals and one snack or 2 snacks and one meal per child per day;
- Children are in attendance for the meal;
- Each child claimed is enrolled in the family child care home;
- A menu is submitted for each meal claimed, and each menu is clearly dated;
- Menus are available for infant meals claimed;
- Menus meet the meal pattern requirements;
- Provider's own children are claimed only if the household is income eligible (at or below 185% of federal poverty guidelines) and other enrolled nonresident children are present and participating in the meal service;

- Reimbursement is not claimed for meals served to children in excess of the home's authorized capacity; and
- Only the meal types specified and approved on the provider's approved application are claimed.

During a monitoring review, a five-day reconciliation shall be completed. Child care home claims are to be compared to the monitoring visit and five day reconciliation to assure the meals served to the children the day of the review and the five previous days match the meals submitted on the claim. If the home provider claims meals for children who are not documented as present by the reviewer, the home provider shall be declared seriously deficient. If the menu submitted does not match the meal that was served the day of the review or if the children claimed are not enrolled for the meal served, a follow-up review shall be conducted within 30 days. At a subsequent review, if a child care home provider again claims meals for children who were not enrolled to be present during the monitoring review or if the menu does not match the claim, the child care home shall be declared seriously deficient.

Family child care home providers are required to certify that the information submitted with their claim is accurate. The certification statement shall require providers to attest that information submitted is accurate in all respects that it is given in connection with the receipt of federal funds and that deliberate misrepresentation may result in state or federal prosecution.

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM	ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	12/90	6/12	5	5.9
CHAPTER Chapter 5. Requirements of Management		SUBJECT Reduction of Reimbursement			

The family child care home provider shall receive the full food service rate for each meal served to enrolled children. Sponsoring organizations are not permitted to deduct money from a provider's food service reimbursements, unless the sponsor has purchased food for the provider and has obtained the provider's written consent to deduct payments for the food. This policy in no way limits a sponsor's ability to deny payment of an invalid claim submitted by a provider. Sponsoring organizations may only pay the portion of a claim for reimbursement from a home provider that has been determined to be valid.

Reduction of a provider's reimbursement by a sponsoring organization for invalid claims must be made when there is evidence of noncompliance with CACFP regulations. A provider's reimbursement may be reduced if the provider does not comply with the following requirements:

- Maintain daily records of a) menus, itemizing what is served at each meal time on a daily basis, b) separate menus for each infant up to one year of age, c) point of service meal counts, and d) attendance records;
- Report meals served to enrolled children living in the provider's home only if other enrolled, nonresidential children are present and participating in the meal service;
- Claim CACFP reimbursement for provider's own children and other residential, dependent children only if provider's household meets family size and income requirements and other non-residential enrolled children are present and participating in the meal service;
- Report only one meal per child at each meal service and a maximum of two meals and one snack or one meal and two snacks per child per day;
- Report and claim the number of enrolled children's meals served up to, but not exceeding authorized capacity;
- Serve meals which meet the CACFP meal pattern requirements for the ages of the children being served;
- Provide meals to enrolled children without charge;
- Provide all components of the meal; meals or components of meals not provided by the home may not be claimed;
- Inform the sponsoring organization without delay when the names of any children are added or dropped from the enrollment for child care or when there are any changes in the home's license status;
- Inform the sponsoring organization of any changes in the home's operations, including changes in meal times or absences from the home during a scheduled meal time.
- Permit representatives from the sponsoring organization, MDHSS-CFNA, and USDA to review the Program in the home. This will be done several times a year and the majority of the visits will be unannounced;
- Participate in the CACFP under only one sponsoring organization; and
- Maintain a valid license as a family child care home in the State of Missouri.

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM		ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6/12	5	5.10
CHAPTER Chapter 5. Requirements of Management			SUBJECT Required Recordkeeping			

Sponsoring organizations are required to maintain records to support the monthly claim for reimbursement and compliance to program regulations. **All CACFP records must be stored at a central location identified in the sponsoring organization management plan.** All records shall be retained for a period of three years after the date of submission of the final claim for the fiscal year to which they pertain. If audit findings have not been resolved, the records shall be retained beyond the end of the three year period as long as may be required for the resolution of the issues raised by the audit.

The sponsoring organization shall retain the following records:

- a. **Copies of all menus.** Menus must be dated and indicate all components that were served. Menus must be maintained for each meal claimed for reimbursement. Infant menus must be maintained as follows:

For the infants 0 through 3 months old, a separate menu is required as well as an indication of the meal that is being claimed (breakfast, a.m. snack, lunch, p.m. snack, supper, or evening snack). It is recommended that the time served and the amount consumed be recorded as well.

For infants 4 through 7 months old, a separate menu is required for each infant. Also required is the amount served and the name of the food item, i.e. infant rice cereal, and an indication of the meal that is claimed (breakfast, a.m. snack, lunch, p.m. snack, supper, or evening snack). It is recommended that the time served and the amount consumed be recorded as well.

For infants 8 through 11 months old, a menu separate from the child menu for 1 to 12 year olds is required. If there is more than one infant being cared for in this age group, they may be included on one menu form if they are all being served the same foods.
- b. **Infant Feeding Preference form.** Infant Feeding Preference forms must be obtained and kept for each infant that is enrolled in care including any infant not being claimed and infants whose parents provide their infant formula and/or breastmilk.
- c. **Enrollment documents for each child claimed.** All children claimed for reimbursement must be enrolled at the home for care. Enrollment documentation must be obtained by the provider before any meals can be claimed for a child. A copy of the enrollment documentation must also be kept on file with the home provider. Enrollment forms must be updated by parents of enrolled children on an annual basis. The enrollment information must include the child's usual days and times in attendance at the facility, and the usual meals eaten while in care.
- d. **Daily attendance records.** Daily records indicating the name of each participant in attendance must be maintained.

e. **Meal count records.** Each monthly claim for reimbursement must be supported by meal count records for each meal served during the month. The meal count record must indicate the meal served to each child by type of meal (breakfast, lunch, supper, or snack). Home providers must record the meals served to each child. Provider's children cannot be claimed for reimbursement unless:

- The children are enrolled and approved to participate in CACFP during the meal hours;
- Enrolled nonresidential children are present and participating in CACFP; and
- The provider's household income meets the family size income standards for free or reduced price meals.

Family child care home providers who have 12 or fewer children enrolled are required to record meals served to children on a daily basis. This means that meals served must be recorded not later than the end of the day.

Family child care providers with more than 12 children enrolled in their home must maintain point of service meal counts. This means that meals served to children must be recorded on the meal count sheet during, or immediately following the service of the meal.

A sponsoring organization may require point of service meal counts for any home with 12 or fewer children enrolled as part of a corrective action plan or a serious deficiency determination.

f. **Financial records.** The following records must be maintained to support all claims for administrative costs:

- Copy of the approved budget and any subsequent revisions;
- Copies of all original claims for reimbursement and revisions;
- Receipts for any administrative costs charged to CACFP (postage, rent, printing, supplies, training, utilities, leases, etc.);
- Copy of the Cost Allocation Plan (CAP);
- Time records to support personnel costs charged to CACFP;
- Mileage records to support claims for mileage reimbursement;
- Voided checks;
- Copy of the latest audit and any responses to the audit; and
- Copy(ies) of any contracts for personnel, equipment, or professional services.

g. **Income Eligibility Forms (IEF).** An IEF must be on file for each provider's child claimed for reimbursement. Provider's own child is defined as a resident, related child or foster child living with the home provider. IEFs must be updated annually. The IEF is effective for one year from the first day of the month the sponsoring organization representative signs and dates the form. See Chapter 9 for more information on the IEF.

h. **Documentation of training to staff.** Sponsoring organization staff must be trained at least annually with regard to the CACFP. Documentation of training must include session dates, location, topics, and names of participants.

i. **Documentation of training to providers.** Sponsoring organizations must provide training to home providers annually. Documentation of training must include session dates, locations, topics, and names of participants. Training funded by CACFP must be directly related to CACFP.

- j. **Documentation of monitoring.** Homes under the sponsoring organization's jurisdiction must be monitored for program compliance at least three times annually. At least two of the reviews must be conducted during the meal service and be unannounced. (See Section 5.7.) For homes approved for shift care, at least one review must be an entire shift meal service.
- k. **Documentation of the dates and amounts of disbursement to each family child care home.** Disbursements of reimbursement to homes shall be made within five working days from receipt of the check from MDHSS-CFNA. Banking records or other documentation must be available to support the sponsoring organization's compliance with this requirement.
- l. **Additional documentation.** The following additional documentation must be retained:
 - Copies of all applications, child care home licenses; and other supporting documents submitted to MDHSS-CFNA;
 - Copies of all correspondence from MDHSS-CFNA;
 - Sponsoring organization agreements with each home under the sponsoring organization's jurisdiction; and
 - Receipts for all Program payments received from MDHSS-CFNA. The sponsoring organization shall retain bank statements or bank receipts to verify that the check was deposited in the bank in the sponsoring organization's account.

See Chapter 8 for more information on recordkeeping.

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM	ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	12/90	6/12	5	5.11
CHAPTER Chapter 5. Requirements of Management		SUBJECT Required Records – Child Care Homes			

Each child care home must maintain the following records:

- Current license and overlap approval (when applicable);
- Agreement between the sponsoring organization and the child care home;
- Daily attendance records;
- Meal count records maintained on a per child basis and recorded at point of service, or no later than the end of the day the meals are served; (see notes below)
- Enrollment documentation for each child, including related children and provider’s own children. The enrollment information must be collected on the enrollment form developed by MDHSS-CFNA or on a form prior-approved by MDHSS-CFNA. Enrollment forms must be updated annually by the enrolled child’s parent or guardian, and must include the child’s usual days and times in attendance, and the usual meals eaten while in attendance.
- Menu records; and,
- Copies of the sponsor monitoring/training forms left with the child care home during monitoring visits.

Note:

- Family child care home providers who have 12 or fewer children enrolled are required to record meals served to children on a daily basis. This means that meals served must be recorded by the end of that day.
- Family child care providers with more than 12 children enrolled in their home must maintain point of service meal counts. This means that meals served to children must be recorded on the meal count sheet during, or immediately following, the completion of the service of the meal.
- Sponsoring organizations may require point of service meal counts for any provider with 12 or less children enrolled as part of a corrective action or serious deficiency determination.

Sponsoring organizations are responsible for checking and monitoring child care records for accuracy on a monthly basis.

All records to support the claim shall be retained for a period of three years after the date of submission of the final claim for the fiscal year to which they pertain, except that if audit findings have not been resolved, the records shall be retained beyond the end of the three year period as long as may be required for the resolution of the issues raised by the audit. All accounts and records pertaining to the Program shall be made available upon request to representatives of the Missouri Department of Health and Senior Services-Community Food and Nutrition Assistance, of the U.S. Department of Agriculture, and of the U.S. General Accounting Office for audit or review, at a reasonable time and place.

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM	ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	12/90	6/12	5	5.12
CHAPTER Chapter 5. Requirements of Management		SUBJECT Documentation of Shift Care or Overlap Care			

Effective May 1, 2007, shift care for meals in family child care homes and exceptions to the meal time policy 10.12 will not be approved without adequate documentation to support the need to exceed approved licensed capacity limits (capacity, provider's own, and or related children, and overlap) at one or more meals per day. The sponsor will complete a Mealtime Exception Request form for each provider requesting exceptions to the mealtime policy or exceed license capacity for meals claimed.

Shift care occurs when a family child care home provider cares for more than one group of children during different time periods (6:00am to 3:00pm, 3:00pm to 9:00pm). One group of children may leave and another group of children arrive. Each group may receive the same meal(s) at different times (sometimes referred to as split meal service). This may happen more frequently at breakfast and pm snack with school age children in care. A claim presented by this provider will appear to exceed the licensed capacity. The provider may not have exceeded the licensed capacity at any one time because one group of children left before another group arrived. The provider shall have parent/guardian sign-in sign-out sheets and point of service meal counts, listing meal service times to support the excess meal claims.

The sponsoring organization must monitor each provider with shift care and split meal service closely to assure that the provider did not exceed any authorized capacity limits. The sponsoring organization should also document in provider files any provision of shift care and split meal service with a copy of the Mealtime Exception Request form.

A Mealtime Exception Request form is required to be submitted to the Bureau of Community Food and Nutrition Assistance (BCFNA) prior to approval of the mealtime exception.

The following documentation shall be maintained in the provider's file at the sponsoring organization and shall include:

- Mealtime Exception Request form
- Time in/time out records completed by parents and reviewed monthly by the sponsoring organization for providers claiming shift care and split meal service where meal claims are greater than licensed capacity.
- Designation on the point of service meal count form of those children in shift care and the times of shift care (when applicable),
- Monitoring at the time of shift lapping to assure authorized capacity is not exceeded, and
- Approved overlap form (when applicable)

Documentation does not need to be submitted to BCFNA on a monthly basis, however, all sponsoring organizations are required to maintain that documentation on file, and BCFNA may request the documentation at any time to support future claims.

Overlap care must be approved by the MDHSS – Section for Child Care Regulations, overlap care is limited to a maximum of 2 hours per day and will not exceed an additional 1/3 of the licensed capacity (e.g., capacity 10 plus overlap of 3 children between 3:00 and 5:00pm). If a home provider is approved for overlap, the approved overlap hours must be listed on the provider information sheet in the comment section

if the on-line application. The overlap form must be in the provider's file at the sponsor's office. Not all approved overlap hours include a meal service time. Overlap care must be closely monitored by the sponsoring organization to assure that authorized capacities are not exceeded at any time.

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM		ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6/12	5	5.13
CHAPTER Chapter 5. Requirements of Management			SUBJECT Documenting Net Child Care Income			

Child care home providers claiming their own children's meals for reimbursement should be advised to document net child care income on a monthly basis to verify that the provider's own child(ren) is/are eligible for free or reduced price meals, or to substantiate the provider's income for Tier I eligibility. If cost records are not maintained, the complete CACFP reimbursement must be counted as income for eligibility purposes.

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM	ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	12/90	6/12	5	5.14
CHAPTER Chapter 5. Requirements of Management		SUBJECT Agreement with Homes			

Sponsoring organizations must enter into a written agreement with each child care home which specifies the rights and responsibilities of both parties. **This agreement is effective from the date the agreement is signed until the home terminates participation with the sponsor.** The agreement must contain the following provisions:

- The right of the sponsoring organization, the Missouri Department of Health and Senior Services-Community Food and Nutrition Assistance, the U.S. Department of Agriculture, and other State and Federal officials to make announced or unannounced reviews of the child care home's operations and to have access to its meal service and records during its normal hours of child care operations;
- The responsibility of the sponsoring organization to train the child care home's staff on program requirements;
- The responsibility of the child care home to prepare and serve meals which meet the meal pattern requirements for the CACFP. See Chapter 10 for more information on requirements for meals;
- The responsibility of the child care home to maintain records of menus and of the number of meals, by type, served to enrolled children, and children in attendance each day;
- The responsibility of the child care home to attend required training provided by the sponsoring organization;
- The responsibility of the child care home to promptly inform the sponsoring organization about any change in the number of children enrolled for care or in its licensing or approval status, as well as provide the names of those children added or dropped from the enrollment for child care;
- The meal types approved for reimbursement by MDHSS-CFNA;
- The right of the child care home to receive, within 5 working days after the sponsoring organization has received payment from MDHSS-CFNA, the full food service rate for each meal served to enrolled children for which the sponsoring organization has received payment from the MDHSS-CFNA. If, with the home provider's consent, the sponsoring organization will incur costs for the provision of program foodstuffs or meals on behalf of the home, and subtract such costs from Program payments to the home, the particulars of this arrangement shall be specified on the agreement;
- The right of the sponsoring organization or the child care home to terminate the agreement for cause or, subject to stipulations by MDHSS-CFNA, convenience;
- A prohibition of any sponsoring organization to charge a fee to the child care home for its Program administrative services;
- The time limit for submission of meal records by child care homes;
- The responsibility of the sponsoring organization to inform Tier II child care homes of all of their options for receiving reimbursement for meals served to enrolled children;
- The responsibility of the sponsoring organization, upon the request of a Tier II child care home, to collect applications and determine the eligibility of enrolled children for free or reduced price meals;
- The MDHSS-CFNA's policy to restrict transfers of child care homes between sponsoring organizations;

- The responsibility of the child care home to notify their sponsoring organization in advance when they are planning to be out of their home during the meal service period. The agreement must also state that, if this procedure is not followed and an unannounced review is conducted when the children are not present in the child care home, claims for meals that would have been served during the unannounced review will be disallowed;
- The responsibility of the child care home to furnish all eligible children enrolled for child care in its facilities, including infants, access to CACFP meals. Even though an infant's parent or guardian may decline what is offered by the child care home and supply their own infant's meals, the child care home must offer an infant meal that complies with Program requirements.
- The child care home's opportunity to request an administrative review if a sponsoring organization issues a notice of proposed termination of the child care home's Program agreement, or if a sponsoring organization suspends participation due to health and safety concerns;
- If so instructed by its sponsoring organization, the child care home's responsibility to distribute to parents a copy of the sponsoring organization's notice to parents; and
- The provider's date of birth.

A sponsoring agreement form can be obtained from MDHSS-CFNA. The sponsoring organization may use this form or may develop their own sponsoring agreement. Any sponsoring agreements developed by the sponsoring organization must receive prior approval from MDHSS-CFNA.

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM	ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	12/90	6/12	5	5.15
CHAPTER Chapter 5. Requirements of Management		SUBJECT Criteria for Claiming Meals			

Meals can be claimed for reimbursement under the following conditions:

- All required meal components must be served to the child for the meal claimed. A child must receive all components for a meal to be claimed except in those cases where a physician's statement is on file verifying that a child cannot have a particular food for medical reasons. The physician's statement must also list foods which can be substituted for the component or food item. See Section 10.5 for more information on component substitutions.
- A maximum of two meals and one snack or one meal and two snacks may be claimed per child per day.
- Home child care staff with 12 or fewer children enrolled must record meals served to children on a daily basis. This means meal counts for all meals must be completed before the end of the day to be eligible for meal reimbursement. Providers with more than 12 children enrolled must physically record meals served to children at point of service. Point of service meal counts are defined as meal counts completed during or immediately after the meal service. A sponsoring may require a home with 12 or fewer children to record meals at point of service as part of corrective action or a serious deficiency determination.
- The menu must reflect each food component that is served and should be completed prior to the meal service. At a minimum, menus must be complete by the end of the day for meals to be eligible for reimbursement.
- Claims for reimbursement are made only for children who are enrolled in the home and in attendance at the meal. Meals claimed at any one time cannot exceed the authorized capacity of the home.
- Payment may be made for meals served to provider's own children or foster children only when:
 1. said children are enrolled and participating in the CACFP during the time of the meal service,
 2. enrolled nonresidential children are present and participating in the CACFP, and
 3. the provider's children meet the family-size income standards for free or reduced-price meals.
- Creditable meals must be served. Refer to the Creditable Food Guide for details on those foods which can be used to meet the menu components.
- Children, other than the provider's own, are nonresidential. If a child care provider goes to a different location to provide care, the children living at the location where care is provided are considered residential and cannot be claimed for reimbursement.
- Meals must be served and eaten at the provider's home. Meals that are sent home with children cannot be claimed for reimbursement.

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM	ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	12/90	6/12	5	5.16
CHAPTER Chapter 5. Requirements of Management		SUBJECT Civil Rights Data Collection			

The CACFP must ensure that program benefits are made available to all eligible individuals without regard to race, color, age, sex, disability, or national origin.

The sponsoring organization is required to determine the number of potential eligible children by racial/ethnic category for the area served by the organization on an annual basis. The sources for this data may include census data or public school enrollment.

Actual beneficiary data by racial/ethnic category for each family child care home under a sponsor's jurisdiction shall be collected by the sponsoring organization each year. In order to fulfill this requirement, the sponsoring organization may collect the Civil Rights information regarding children on an ongoing basis on the child enrollment form or it may be done annually through another process. This information must be compared to the estimated number of potential participants by racial/ethnic category for that target area.

Sponsoring organizations must:

- Display the “And Justice For All” poster;
- Provide program materials for non-English speaking participants in the appropriate language; and
- Include the nondiscrimination statement and the procedure for filing a complaint on all published written information directed to potential enrolled children and their parents. The nondiscrimination statement is “the same meals are available to all enrolled children without regard to race, color, national origin, sex, age, or disability, and there is no discrimination in the course of the meal service. If you believe that you have been treated unfairly in receiving food services for any of these reasons, write immediately to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TTY). USDA is an equal opportunity provider and employer.
- All sponsoring organization staff should receive training on all aspects of civil rights compliance. Staff should be able to identify a civil rights complaint if received. They should know what to do if they receive a complaint and they should understand that is the basic right of the individual to file a complaint.
- Where a significant proportion of the population of the area served by the sponsoring organization is composed of non-English or limited English speaking persons who speak the same language, program information shall be provided in the appropriate language. Bilingual staff members or interpreters shall be available to serve these persons.

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM		ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6/12	5	5.17
CHAPTER Chapter 5. Requirements of Management			SUBJECT Civil Rights Complaint Procedure			

Any person alleging discrimination based on race, color, national origin, sex, age, or disability has a right to file a complaint within 180 days of the alleged discriminatory action.

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TTY). USDA is an equal opportunity provider and employer.

The complaint should include:

- Name, address, and telephone number or other means of contacting the complainant;
- The specific location and name of the entity delivering the service or benefit;
- The nature of the incident or action that led the complainant to feel discrimination was a factor or an example of the method of administration which is having a disparate effect on the public, potential participants, or participants;
- The basis on which the complainant feels discrimination exists;
- The names, titles, and business addresses of persons who may have knowledge of the discriminatory action; and
- The date during which the alleged discriminatory actions occurred, or if continuing, the duration of such actions.

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM	ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	12/90	6/12	5	5.18
CHAPTER Chapter 5. Requirements of Management		SUBJECT Recruiting Procedures			

Recruitment efforts by sponsoring organizations shall be limited to providers who have not signed an agreement with another sponsoring organization.

Providers must complete a two-step administrative process to participate in the CACFP. First, a provider must complete an application, which is a document developed by the MDHSS-CFNA and is the initial step for program participation. It is designed to gather basic information on the provider, such as name, address, capacity, related children, etc. Once eligibility criteria are met, a provider must enter into an agreement with a sponsoring organization to finalize the process. An agreement is a legal document that specifies the rights and responsibilities of both parties. A provider can complete applications for multiple sponsoring organizations; however, a provider can enter into only one agreement. Therefore, it is essential for a sponsoring organization to determine whether a provider has signed an agreement with another sponsor before initiating recruitment.

If the potential provider **has signed** an agreement, the sponsoring organization shall discontinue all recruitment efforts. All the sponsoring organization is allowed to do is leave contact information with the provider should the provider be interested in changing sponsorship in the future. However, the sponsoring organization must inform the provider only a once annual change of sponsorship is allowed.

If a potential provider **has not signed** an agreement, the sponsoring organization may actively begin recruitment efforts. However, before obtaining a binding signature on an agreement, the sponsoring organization must:

- Verify whether the provider has signed an agreement with another sponsor.
- Explain to the provider the entire process of participating in the CACFP under a sponsorship.
- Determine if the provider is currently evaluating and comparing information on other sponsors supporting their area.
- Ensure the provider is ready to sign an agreement binding them to a particular sponsor.
- Inform the provider that once the agreement is signed, the provider may change to another sponsoring organization only one time per year.

The needs and desires of the provider are the most important consideration in the recruitment process. At no time will a provider be pressured into signing an agreement with a sponsor.

NOTE: The use of CACFP funds as a monetary incentive or to purchase gifts or gift certificates to recruit providers of family child care homes is prohibited. The use of non-CACFP funds as an incentive to recruit providers as described above is also prohibited.

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM		ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6/12	5	5.19
CHAPTER Chapter 5. Requirements of Management			SUBJECT Disbursement of Payments			

Sponsoring organizations shall make payments to child care homes under its jurisdiction within five working days of receipt of program payments from MDHSS-CFNA. Reimbursement to child care homes may not exceed the applicable meal rate times the number of meals documented at each facility.

The sponsoring organization is responsible for sending each home provider a record indicating the total amount of CACFP reimbursement provided for the calendar year by the 31st day of January each year. This information shall be provided regardless of whether or not the home provider is still with the sponsoring organization.

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM	ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	11/30/93	6/12	5	5.20
CHAPTER Chapter 5. Requirements of Management		SUBJECT Training to Providers and Monitors			

Training of Providers: Sponsoring organizations must provide training to home providers when they initially enroll in the program, and annually thereafter. Key staff from the family child care home are required to attend the training. In general, key staff would include the home provider. However, in larger group child care homes or homes providing shift care, the key staff shall also include assistants or back-up providers.

Documentation of training must include session dates, location, topics, and names of participants. Training funded by CACFP must be directly related to the CACFP.

The following are recommended training and the minimum training requirements for new and participating providers outlined in federal regulations for training.

Recommended Training for New Providers	Required Annual Training for New and Participating Providers	Recommended Annual Training
<ul style="list-style-type: none"> • Program Requirements • Policies • Regulations • Sponsoring Organization Agreement • Recordkeeping • Food Safety and Sanitation • Creditable Foods • Menu Planning • Appeal Procedures • Licensing • CACFP Integrity and Performance Standards • Seriously Deficient Process • Termination and Disqualification <p>Note: The training must be provided face-to-face with the new provider. There must be documentation on file to verify that pre-approval training was conducted for all providers on these topics.</p>	<ul style="list-style-type: none"> • CACFP Meal Pattern Requirements • Menus – planning, purchasing, food preparation • Types of Meal Service • Recordkeeping Requirements • Meal Counting Procedures • Creditable Foods • The Reimbursement Process • Claims Submission • CACFP Integrity and Performance Standards • Seriously Deficient Process • Termination and Disqualification <p>Note: Annual training may be conducted face-to-face or through on-line or self-paced training modules. All training must be documented and maintained in the provider’s files. For on-line or self-paced training, training documentation must also include a post-test and benchmarks.</p>	<ul style="list-style-type: none"> • Monitoring Reviews • Nutrition • Nutrition Education • Menu Planning • Nutrition Learning Experiences • Food Safety and Sanitation • Food Service Management (planning, purchasing, preparation, hiring, and supervision of staff, etc.) <p>Note: Sponsors are not required to provide this training. Providers may choose to obtain training on these topics from other sources.</p>

Note: MDHSS-CFNA is not responsible for this training, but will offer technical assistance to the sponsoring organization. MDHSS-CFNA staff will not participate as trainers for the sponsoring organization.

Sponsors are required to offer annual training to providers. Providers and key staff are required to attend sponsor offered training. The sponsor/provider agreement must specify that the sponsor will offer annual training and that the provider must attend the training. Failure of a sponsoring organization to provide annual training, and failure of a home provider and key staff to participate in the training is a serious deficiency.

Training for Sponsor Monitors: Federal regulations also require sponsoring organizations to train sponsor monitors when initially hired to conduct monitoring visits, and annually thereafter. A sponsor monitor is any person, either hired, voluntary, or under contract with the sponsoring organization, who conducts on-site reviews of family child care homes, or who reviews monthly records submitted by the home to support the claim for reimbursement.

Required training topics for sponsor monitors are the same as those required for home providers and key staff. In addition to the required topics, sponsoring organizations are strongly encouraged to provide training on nutrition, nutrition education, the home monitoring process, and food safety and sanitation. All training provided to sponsor monitors must be documented. Failure of a sponsoring organization to properly train all sponsor monitors is a serious deficiency.

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM	ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	7/17/95	6/12	5	5.21
CHAPTER Chapter 5. Requirements of Management		SUBJECT Hiring of Home Providers			

A sponsoring organization may employ a family child care home provider as a contracted staff member. In order to contract a family child care home provider, the following criteria must be met:

- The sponsoring organization must have a current sponsoring organization agreement between the sponsor and the contracting family child care home provider. The sponsoring organization may not contract with a family child care home provider who has entered into a sponsoring agreement with another sponsor or who is employed by a different sponsoring organization.
- The contracted family child care home provider's activity must be limited to training. Family child care home providers who participate in the CACFP may not perform monitoring or recruiting responsibilities for any sponsoring organization.
- The sponsoring organization must have specific prior written approval from MDHSS-CFNA to hire a home provider. A copy of the contract must be submitted with the request for approval.
- The sponsoring organization must include in the current management plan the use of the provider as a contractor. A revised plan may be submitted if necessary. This plan should include a description of how the sponsor will ensure the contractor's objectivity in the training of other providers and how the sponsor will verify that the contracted provider maintains program standards.
- The sponsoring organization must verify and assure that the contracted provider meets licensing requirements.
- The sponsoring organization must notify the appropriate licensing representatives about contractual arrangements with the provider.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	5/15/97	6/12	5	5.22
CHAPTER Chapter 5. Requirements of Management		SUBJECT Payments to Sponsor's Employees			

Sponsoring organizations may not make payments to any individual, provider, employee or contractor based on the number of homes recruited. This extends to incentive payments as well as to regular compensation. Compensation may take the form of salaries, hourly wages, or piece work, (i.e. payment for a specific work function) and non-cash compensation that is charged as a cost to the CACFP (e.g., offering employees additional paid vacation based on the number of homes recruited).

Inherent in the recruitment of new homes is an increase in participation. Therefore, compensation systems may not substitute increased participation, as a measure by meals, children, or providers as a basis for either regular compensation or incentive payments.

Sponsors may use the number of homes recruited as an evaluation factor when determining whether an employee is performing as expected.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		11/17/97	6/12	5	5.23
CHAPTER Chapter 5. Requirements of Management			SUBJECT Termination of Nonparticipating Providers			

Providers must be dropped from sponsoring organizations when they no longer have a license.

Providers who maintain their license, but who are not participating in the program for a period of three months, must be terminated as an inactive provider. The provider must be dropped from the sponsoring organization if the sponsor is aware that a provider will not be participating for the next three or more months or after three months of nonparticipation in the program.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	3/05	6/15	5	5.24
CHAPTER Chapter 5. Requirements of Management		SUBJECT Household Contacts			

Household contacts, sometimes referred to as “parent audits or parent contacts,” are required to be made by sponsoring organizations when a family child care home provider is suspected of CACFP claiming discrepancies or fraud. Providers should be notified when they sign an agreement with a sponsoring organization that household contacts are part of the sponsoring organization’s operational procedures, and that parents of enrolled children may be contacted at any time to obtain or verify information. It is highly recommended that sponsoring organizations include the following statement on each enrollment form completed by a parent of an enrolled child: “Department of Health and Senior Services or Sponsoring Organization officials may contact you to verify information.”

The situations triggering a household contact may not always indicate fraudulent practices, but they will certainly indicate a problem with a provider’s procedures and/or understanding of the program. Situations which will require a sponsoring organization to conduct household contacts include, but are not limited to:

- Complaints received by MDHSS-CFNA or the sponsoring organization from the Section for Child Care Regulation, parents, employees, other sponsors, businesses or the concerned public related to the home provider claiming children not enrolled in the home, claiming children not in attendance, claiming meals not served, or any other complaint related to the CACFP.
- The provider is missing enrollment forms for 20% or more of the children enrolled.
- The enrollment information completed by the parents of the enrolled child is in conflict with the provider’s claim for 20% or more of the children enrolled. For example, the days in care, hours of care, meals claimed while in care, etc. conflict with the provider’s meal claims.
- Significant fluctuations of 25% or more in the attendance on the day of an on-site review from the previous five days claimed. For example, a provider claims ten children for each of five days prior to the on-site review of the sponsor, on which day only seven children are in attendance. (If attendance varies during the previous five days, the sponsoring organization will calculate the 25% from the lowest of the five days previous attendance.)
- The provider claims meals for children on major holidays – Christmas, New Year’s Day, Easter, Memorial Day, Independence Day, Labor Day, and Thanksgiving.
- A provider’s monthly claim for reimbursement does not vary from month to month for a three month period of time. For example, the same number of breakfasts, lunches and snacks are claimed, the total meals equals the total attendance each month, or the total meals equals the total enrollment times the days of operation each month.

The sponsoring organization will use the attached survey form or develop a form of their choosing to collect information from parents. The method chosen by the sponsoring organization, for example, written survey through mail, phone contacts, email, etc., to contact parents is up to the organization to determine, but it is

strongly recommended that parents are informed of the procedure to be used to contact them when the parent completes the child's enrollment form. Parents should be strongly encouraged to support sponsoring organization efforts to contact them, as the outcome of the contacts can impact the quality of care provided to their child. Providers shall be required to cooperate in the event of a parent audit. If a parent informs a provider that she has been contacted by the sponsoring organization or state or federal officials, the provider must encourage the parent to cooperate fully. Any effort on the part of a provider to interfere in any way with a household contact would be the basis for a declaration of seriously deficient.

To assure a good response to a household contact, the sponsoring organization shall survey parents as follows:

- 10 or less children enrolled: 100% of parents surveyed
- 11 to 20 children enrolled: 75% of parents surveyed
- 21 or more children enrolled: 50% of parents surveyed

Efforts made to contact a parent by any means, including phone, must be documented.

Sponsoring organizations shall strive for a 50% response rate on contacts, particularly for homes that have 10 or fewer children enrolled. If a 50% response rate is not achieved after initial contact, additional contact will be required in an attempt to get more parents to respond. All contact attempts must be documented. Response rates for homes with larger enrollments may be less than 50%, however, a minimum of five parent responses is required.

Each response received must substantiate the provider's claims. If all but a single response substantiates the provider's claim, the sponsor may wish to obtain additional information from that parent, to assure that there is no misunderstanding on the part of the parent. However, if two or more responses fail to substantiate the provider's claim for reimbursement, the sponsor shall move immediately to classify the home as seriously deficient, allowing no more than 30 days for corrective action. If the provider is already seriously deficient for the same problem, the sponsor must propose to terminate the provider's agreement. In addition, claims that are not substantiated by household contacts must be disallowed.

733-6251). TDD users can access the preceding number by calling 1-800-735-2966. EEO/AAP services provided on a non-discriminatory basis.

[Sponsoring Organization Letterhead]

(Date)

Dear Parent or Guardian:

(Name of sponsoring organization) has information that indicates your child is enrolled in a family child care home that participates in the Child and Adult Care Food Program (CACFP). The CACFP provides funds to family child care homes so your child can receive nutritious meals while in care.

We need your assistance in fulfilling a federal requirement for the CACFP. We need information on your child's enrollment and daily attendance. Attached is a parent survey that we ask you to complete and **return to us in the enclosed self-addressed postage-paid envelope.**

It is very important that this form is completed and returned to us **no later than (date).**

Please return the completed survey to:

Name of Sponsoring Organization
Address

Thank you for your assistance in providing this important information.

Sincerely,

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM		ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6/12	6	6.1
CHAPTER Chapter 6. Financial Management			SUBJECT Financial Management Standards			

The sponsoring organization must have a financial management system in place which, at a minimum, ensures the following:

1. Accounting records are supported by source documents.
2. Records show the source of all funds, including income, payments made, assets, and liabilities.
3. Accurate, current, and complete disclosure of the financial results of the Program; and effective control over, and accountability for all funds, property, and other Program assets to assure that they are safeguarded and used solely for authorized purposes.
4. Comparison of factual outlays with budgeted amounts.
5. A method to assure timely and appropriate resolution of audit findings and recommendations.

In addition, the financial management system must track and provide:

- Actual count of meal service by type (breakfast, lunch, supper, and supplement).
- Family size and income data on the provider's own children or foster resident children to establish eligibility of provider's children to participate in the CACFP.
- Records that segregate, accumulate, and adequately document CACFP costs including, but not limited to, salaries, fringe benefits, travel costs, office costs, expendable equipment, maintenance of nonexpendable equipment, contractual services, administrative costs, and distribution of payments to providers.
- Records that segregate, accumulate, and adequately document income to the CACFP.
- Records detailing procurement of goods and services which are CACFP funded and ensure that such procurements meet federal and state procurement standards.
- An accounting system that ensures that CACFP costs are not charged to another program, federal or nonfederal, and that other program costs are not charged to CACFP.
- Records indicating the number of children in attendance and the number of meals by type served to enrolled children.
- Records that segregate, accumulate, and adequately document cost allocations, indirect costs, accounting accruals and adjustments, that all such costs must be charged to the appropriate program,

and the basis for such entries must be equitable so that the CACFP is not paying for a disproportionate amount of such costs.

- Procedures and controls for the receipt and accountability of advance payments (if applicable).
- Adequate internal controls to maintain financial integrity of the Program.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6/15	6	6.2
CHAPTER Chapter 6. Financial Management			SUBJECT Factors Affecting Allowability of Costs			

To be allowable under the CACFP, costs that are claimed must meet the following general criteria:

1. Be necessary and reasonable for proper and efficient administration of the Program.
2. Be authorized or not prohibited under state or local laws or regulations.
3. Conform to any limitations or exclusions set forth in federal laws or the governing limitations as to types or amounts of cost items.
4. Not be chargeable to or included as a cost to any other federally financed program in either the current or prior period.
5. Be treated consistently through the application of generally accepted accounting principles (GAAP).
6. Be properly allocated so that only the allowable share of the cost is assigned to the Program.
7. Be documented, to demonstrate that costs: 1) have been incurred; 2) are Program costs; and 3) comply with all applicable laws, regulations and FNS Instruction 796-2, Revision 4.
8. Be reported on an accrual basis, a cash basis or a modified accrual basis.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6/12	6	6.3
CHAPTER Chapter 6. Financial Management			SUBJECT Allocation of Costs			

Some costs benefit more than one objective or activity; however, only the share of the costs that benefit the CACFP can be assigned as Program costs. A variety of methods are available to allocate these costs. Nonprofit institutions typically segregate their expenditures into either direct or indirect categories, and further classify as either operating costs or administrative costs.

Direct costs are costs that can be readily identified with a specific activity or program. For example, costs to conduct monitoring visits, to review and approve income eligibility statements and to process provider claims are readily identifiable as activities that solely benefit the CACFP. On the other hand, indirect costs are costs incurred for joint objectives and cannot be readily identified with a specific program. For example, the benefit to CACFP from a receptionist that answers the phone for the organization or accounting staff that oversee financial operations of the organization cannot be readily identified, since the work of these individuals benefit multiple programs in the organization and costs are not easy to assign to each program. The reporting for each type of cost, direct and indirect, has different methodology.

Direct costs that solely benefit CACFP are charged totally to the Program. Direct costs that benefit multiple programs must be allocated on a consistent and rational basis, based on the benefits received, and only the portion that benefits CACFP is chargeable to the Program. For example, rental space costs could be directly allocated based on square footage or Internet charges could be directly allocated based on the number of outlets.

Indirect costs are derived by developing an indirect cost rate using information from the previous time period to create a method to project indirect costs for the current time period. The indirect cost rate is the ratio of indirect costs to a direct cost base, obtained from the previous year audited costs. The resulting ratio is applied to the direct cost base of the current time period to derive current year indirect costs. The direct cost base includes salaries, fringe benefits and hourly wage costs. Indirect costs must be allocated on a consistent and rational basis and the indirect cost rate must have been developed through a cost allocation plan (CAP) approved by MDHSS-CFNA. The CAP must be approved by MDHSS-CFNA at the time of application and must be reviewed at least once a year.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	12/90	6/15	6	6.4
CHAPTER Chapter 6. Financial Management		SUBJECT Typical Allowable Costs and Restrictions			

To be allowable, costs must conform to relevant federal, state and local laws, regulations, FNS Instruction 796-2, Revision 4, and other policies and procedures. Such costs must receive consistent treatment through the application of generally accepted accounting principles. Each item of cost must be uniformly assigned as either direct or must be properly allocated so that only the allowable share of the cost is assignable to the program. In both cases, explanations of the relationship of the cost to the CACFP (if not self-evident) should be included in documentation. Costs must not be assignable or included as a cost to a prior or future period. Costs must be net of any applicable credits. Costs must be supported by documentation that adequately demonstrates that costs: 1) have been incurred; 2) are program costs; and 3) comply with all applicable laws, regulations and the FNS Instruction 796-2, Revision 4.

The organization must identify related party transactions, less than arms length transactions, ownership interests in equipment, supplies, vehicles and facilities or disclose any other information to MDHSS-CFNA to provide the ability for an informed assessment of cost allowability. Deliberate failure to do so will result in disallowance of the cost and may subject the institution, its principals, employees, consultants or others to the administrative and legal remedies available to MDHSS-CFNA and FNS.

Listed below is a partial list of allowable costs. (FNS Instruction 796-2, Rev. 4)

1. **Administrative Salary and Benefits** – Salaries and benefits of administrative personnel (clerical, accountants, and others) necessary to support administrative activities are allowable. Each element of an individual’s compensation must be reasonable for the services provided by the individual and conform to the institution’s written compensation policy. Payroll records are required to document these costs. Distribution of salaries and wages of employees chargeable to the CACFP must be supported by appropriate time and attendance reports.

Labor costs associated with personnel who work part-time in the CACFP and part-time in other duties must be prorated based on hours worked for program and nonprogram activities. A separate time distribution report for each employee is required. The reports must reflect an after-the-fact determination of the actual activity of each employee.

2. **Travel Expenses** – Travel costs are expenses for transportation, lodging, meals, and related costs incurred by an organization’s employees, officers, directors or trustees performing program work. Costs for program travel require prior approval and may be charged on an actual, per diem or mileage basis, provided that the method used results in charges consistent with those normally allowed by the institution in its nonprogram operations. It is recommended that expenses reimbursed be limited to the federal meals, lodging, mileage and incidental travel expenses for the appropriate location as prescribed by the United States General Services Administration (GSA) in their Meal and Lodging Travel Guide (CONUS) (www.gsa.gov, under Programs, per Diem Rate). Such costs include:

- **Meals and Lodging:** Reasonable actual costs incurred related to meals and lodging will be reimbursed. Meal limit allowances per CONUS include taxes and tip. Lodging limit allowances per CONUS do not include taxes. Receipts for meals under \$25.00 are not required. Receipts for lodging shall be obtained and attached to travel expense forms. The MDHSS will only reimburse lodging costs that are documented with an appropriate receipt.

- **Mileage:** If vehicles owned by the sponsoring organization or any of its employees, officers, directors or trustees are used for Program administrative duties, the organization may use actual costs or a mileage allowance. Actual costs are the program share of costs for operating the vehicle, including gas, oil, routine maintenance and as applicable, depreciation, use allowance or leasing fee. The mileage allowance is considered to be the full cost for operating the vehicle, excluding the driver's salary, parking and toll fees. The official mileage allowance for the state of Missouri is updated when the IRS mileage is updated. Sponsors will be notified in writing when mileage reimbursement rates are updated. The state mileage rate is less than the rate assigned by the Internal Revenue Service (IRS) for tax purposes. Sponsoring organizations may elect to pay the IRS mileage rate, however, the difference between the state of Missouri rate and the IRS rate must be paid from non-program funds. Documentation to support mileage costs charged to the Program must include:
 - a. Records of the date of each trip, driver's name, mileage, the origin and destination of each trip, parking receipts, and the reason for each trip.
 - b. The employee must sign these records and an authorizing official must certify in writing that records documenting all travel costs and mileage claimed have been reviewed to ensure that costs are reasonable.

- **Out of State Travel Expenses:** With prior approval, the travel expenses and registration fees may be claimed for persons to attend out of state conferences that relate solely to the CACFP. With specific prior written approval, the prorated share of travel and registration fees is allowable when the CACFP is only a portion of a larger child and adult care related agenda.

The number of staff that can attend out of state conferences must have been budgeted in the current fiscal year prior to attending. The following criteria are recommended as guidelines:

<u>Number of Homes Claimed Under Each Sponsorship</u>	<u>Number of Staff Members Who May Attend Out of State Meetings</u>
1 - 500	2 staff members
501 - 1,500	3 staff members
1,501 - 2,500	4 staff members
2,501 - 3,500	5 staff members

If a sponsoring organization intends to send staff to the Technical Assistance Conference or the Sponsors Association Conference, more than the maximum number of staff members indicated above may attend, provided the cost of all travelers does not exceed the total reasonable expenditures for the number of people listed above.

- **Travel Wholly Within a Single Day:** If travel is wholly within a single day, reimbursement for lunch while away from the institution/office will be determined by sponsor policy. If an employee leaves home on official business prior to 6 a.m. and/or is unable to return home until after 7 p.m., meal allowances may be made for breakfast and/or dinner for the traveler.
- **Reimbursement Disallowances:** When overnight accommodations are furnished at no extra cost to the traveler (i.e., room furnished as part of the registration fee), no reimbursement may be claimed for lodging. When meals are included in a registration fee, transportation fare, official function or are otherwise furnished at no additional cost to the traveler, no reimbursement may be claimed for such meals.
- **Inclusions and Exclusions as to Authorized Expenses:** In addition to meals and lodging, the following actual expenses incurred as a necessary part of approved travel may be claimed.
 - a. Registration fees (receipt required);
 - b. Telephone calls for CACFP business;
 - c. Commercial transportation cost actually paid by the traveler (may include up to 17% tip for taxi. Receipt required if over \$35.00 for each individual ride in a commercial vehicle.);
 - d. Parking fees (when reimbursing for actual costs, but not for mileage allowance. Receipt required if over \$10.00.);
 - e. Mileage for approved use of private vehicle;
 - f. Road toll charges (when reimbursing for actual costs, but not for mileage allowance);
 - g. Tips – a reasonable amount for porters and bellhops. (Tips paid in conjunction with meals are included in the meal allowance and cannot be claimed separately);
 - h. Reimbursement of the cost of traveler’s checks. The amount of traveler’s checks shall not exceed the estimated out of pocket costs of travel. (Receipt required).

The following expenses are **not** authorized for reimbursement:

- Entertainment expenses;
 - Personal expenses such as hygiene items, magazines, snacks, etc.;
 - Travel insurance; and
 - Alcoholic beverages.
3. **Supplies** – This category includes durable supplies and expendable materials and supplies that do not meet the definition of equipment. Durable supplies are defined as items having a life expectancy of more than one year and an acquisition cost of less than \$5,000 per unit or the organization’s definition of equipment. With specific prior written approval, durable supplies can be directly

expensed. Allowable costs include the costs of durable supplies at the time of purchase or the costs of expendable program materials and supplies actually used within one month or less at the time of purchase. When expendable material and supply purchases exceed more than one month's usage, allowable material and supply costs are limited to the cost of the items actually used for the program during the month.

4. **Printing and Reproduction** – The cost of printing and reproduction is allowable to the extent that expenditures are made to meet Program needs.
5. **Postage** – Costs incurred for postage stamps, express mail, or other postal services.
6. **Office Equipment Depreciation and Use allowance (Non expendable Equipment)** – Depreciation is the expense associated with the physical deterioration and consequent loss in value of office equipment used in the Program. This loss in value may be claimed as an allowable operating cost. Equipment is a nonexpendable item with a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. Depreciation shall not be allowed on any item considered to be fully depreciated. All depreciation charged to the Program must be documented. All records for the full depreciation period must be retained during the life of the equipment and for three years after the end of the federal fiscal year during which an equipment item is fully depreciated. Records must be retained beyond this point if audit findings have not been resolved.

Depreciation is based on acquisition cost and the life expectancy of the item, and the costs of improvements, alterations or repairs that extend the useful life of the item. The acquisition cost for computing depreciation must exclude the cost or any portion of the cost of equipment that was paid by or donated by the Federal Government or others, regardless of where title was originally vested or where it presently resides. Also, if an item of equipment is acquired by trading in another item and paying any additional amount, "acquisition cost" means the amount received for trade-in plus the additional outlay. However, if the trade-in item is either fully or partially depreciated, then that portion of the already depreciated trade-in value cannot be included in the acquisition cost. The cost of depreciation on idle or obsolete equipment is unallowable.

Adequate property records must be maintained. Any generally accepted method of computing depreciation may be used. However, the method of computing depreciation must be consistently applied for all like assets for all federally sponsored programs. The depreciation method must result in equitable charges considering the use of assets and the benefits to the Program.

For less than arms length transactions for equipment that is leased, the allowable lease cost is the amount that results from applying a 5 year life expectancy to the acquisition cost for automobiles and ADP equipment, and a 15 year life expectancy for other equipment.

A use allowance can only be applied to items that have been fully depreciated by the institution before being placed into use by the program. The maximum annual rate for use allowances for equipment cannot exceed $6\frac{2}{3}$ percent (0.56% per month) of the acquisition cost.

7. **Contracted Services** – Contracted services can either be identified as professional services or as Purchased Services-Other. Different criteria relating to allowability governs each category. The professional service category includes the costs of legal and professional services performed by persons who are members of a particular profession or possess a particular skill and are not officers or employees of the institution. With specific prior written approval, allowable costs include the

sponsoring organization's cost to pursue administrative and judicial recovery of funds due from sponsored facilities with certain restrictions, and the costs for other professional services that are required in the administration of the program, have been properly procured and include contract terms that are adequate for the services required. Allowable costs also include the organization's cost for administrative appeals pursuant to the CACFP regulations. With prior approval, allowable costs for the Purchased Services-Other category include arms-length transactions for maintenance and repair of equipment to maintain an efficient operating condition and the costs of utilities, purchased security, janitorial services, etc. that are not included in space or labor costs. With specific prior written approval, allowable costs for the Purchased Services-Other category includes less-than-arms-length transactions, maintenance and service repair contracts on program equipment and all other purchased service costs needed for program operations.

8. **Training and Professional Development**– Costs for training for staff or providers for disseminating technical assistance and information about the Program are allowable. Training and professional development for staff could include costs for conferences, subscriptions and memberships in professional organizations. With prior approval, the registration and travel costs for staff to attend meetings and conferences devoted solely to CACFP are allowable. Costs for the organization's subscription to periodicals related to the program are allowable. Costs for organizational memberships in professional organizations related to the CACFP are allowable with certain restrictions. Allowable costs for training for program participants could include: 1) rental costs for meeting room space; 2) fees for speakers, who are not employees, officers, directors or trustees or immediate family members, to discuss program requirements; 3) costs for meals served to participants, but not to guests, when the training is presented concurrently with the meal service; and 4) costs for materials and supplies for the training. The following costs are unallowable: 1) costs for motivational speakers; 2) costs of social events, entertainment, flowers, door prizes and gifts; 3) travel and transportation costs for child care home providers to attend the training; and 4) the costs for substitutes for child care home providers when training is conducted during normal hours of operation.
9. **Telephone/Other Communications** – Costs incurred for telephone services, including cellular telephones, fax, license fees for electronic mail software, Internet services and messenger services, including pagers, used for program operations are allowable.
10. **Office Rent/Use Allowance** – The rental cost of space in privately or publicly owned buildings used for the benefit of the Program is allowable subject to the conditions stated below. The total cost of space, whether in a privately or publicly owned building, may not exceed the rental cost of comparable space and facilities in a privately owned building in the same locality. The cost of space incurred by the organization during periods of non-occupancy is a special consideration item and requires specific prior written approval.

The rental cost of space in a privately owned building, such as a private home, is allowable to the extent the rate is reasonable and a bona fide arms-length rental exists. When charged as a direct cost, rental costs must be allocated between program and nonprogram use. To compute, prorate the ratio of square footage of program space to the total square footage of the rented space. The result must be further prorated by the actual number of hours of program use to the total number of hours that space is used. For example: The monthly rental fee for a private residence is \$500. 25% of the square footage is used for operation of the CACFP. The actual number of hours of program use to the total number of hours is 50%. Result: The total monthly rental fee of \$500 would be prorated by 25% to reflect the space use for the program and that amount would be further prorated by 50% to

reflect the time use for the program ($\$500 \times 25\% \times 50\% = \62.50 per month). However, if the 25% square footage were used solely for the CACFP, then further cost proration for time would not be necessary and the total rental cost attributable to CACFP would be the full 25% ($\$500 \times 25\% = \125 per month).

Similar costs for publicly owned buildings newly occupied on or after October 1, 1980 are allowable where “rental rate” systems or equivalent systems that adequately reflect actual costs are employed. Such charges must be determined on the basis of actual cost (including depreciation based on the useful life of the building, interest paid or accrued, operation and maintenance, and other allowable costs). Where these costs are included in rental charges, they may not be charged elsewhere. Rental fees cannot include costs originally financed by the Federal Government for purchase or construction.

Facilities and space costs for less than arms length transactions have specific guidance. When a private residence owned by the organization or a related party is used for program purposes, the costs claimed must meet all IRS requirements for business use of a home and must be supported by the records used to meet the IRS requirements for documenting the business use of a home. For less than arms length transactions for space and facilities that are leased, the allowable lease cost is the amount that results from applying a 30-year life expectancy to the property’s acquisition cost, less the value of the land.

Whether privately or publicly owned, buildings can be depreciated, using a 30-year straight line or the depreciation method used and accepted for Federal income tax reporting purposes. Depreciation is based on acquisition cost and the life expectancy of the item, and the costs of improvements, alterations or repairs that extend the useful life of the item. The acquisition cost upon which depreciation is based must exclude the value of the land.

A use allowance can only be applied to items that have been fully depreciated by the organization before being placed into use for the program. The maximum annual rate of use allowances for buildings cannot exceed 2 percent of the acquisition cost, less the value of the land.

11. **Utilities** – If the cost of utilities such as electric, gas, and water are not included in the rental fee, they may be charged to the Program according to the same proration procedures above used to charge the rental fee itself.
12. **Other Miscellaneous Costs** – This category includes goods or services not identified in earlier defined cost categories. These should be itemized and may include:
 - **Accounting:** The cost of establishing and maintaining accounting and other information systems required for the management of the Program is allowable. However, the cost of maintaining central accounting records to meet corporate, incorporation and tax requirements is unallowable.
 - **Advertising:** Advertising media includes newspapers, magazines, radio and television programs, direct mail, world wide web pages, trade papers, imprinted buttons, pins, banners and similar goods. Allowable advertising costs are those which are solely for solicitation of bids for procurement of program goods and services, (including rental), recruitment of personnel to work in the Program, disposal of scrap or surplus materials acquired in the performance of the grant agreement, and other purposes approved by the MDHSS and/or USDA.

- **Legal Expenses:** The cost of legal services performed by persons who are not officers or employees of the organization required in the administration of the Program is allowable with specific prior written approval. The cost of maintaining a legal staff to perform general responsibilities and costs incurred in connection with organization and reorganization are unallowable. Legal expenses related to the organization's costs for administrative appeals pursuant to the CACFP regulations are allowable and include: 1) costs for in-house or properly procured private counsel; 2) costs for professional services, such as an accountant or consultant, administrative and clerical services; and 3) costs of directly related services provided by the institution's employees, officers and trustees not otherwise claimed as labor costs.
- **Payroll Preparation:** The cost of preparing payroll and maintaining necessary related wage records is allowable to the extent that the expenditures are made for Program purposes and to the extent that they are not further included in indirect costs.
- **Public Information Service Costs:** Public information service costs include the cost associated with development of pamphlets, news releases, and other forms of information services. Public information service costs for the following are allowable:
 1. Inform or instruct individuals, groups, or the general public about the CACFP.
 2. Increase an institution's CACFP participation.Prior approval is required for such direct costs.
- **Procurement Service:** The cost of procurement services, including solicitation of bids, preparation and awarding of contracts, and all phases of contract administration in obtaining supplies and services for the Program, is allowable.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	12/90	6/12	6	6.5
CHAPTER Chapter 6. Financial Management		SUBJECT Allowable Costs with Approval of MDHSS			

Purchase of Equipment

The MDHSS, in its role as an awarding agency, will review written requests for the purchase of nonexpendable equipment costing more than \$5,000 as a direct cost to the CACFP. Such a request is not required if the proposed equipment purchase has been approved in the sponsoring organization's annual budget. Nonexpendable equipment is defined as items costing more than \$5,000 and having a useful life expectancy of more than one year. The equipment must be purchased in accordance with CACFP procurement regulations. See Chapter 11 for more information on procurement. Specific transfer and disposition instructions apply when the equipment or other property has a fair market value of \$5,000 or more per unit. If the cost of the equipment is more than \$5,000, the federal government will maintain an interest in this property until its final disposition. Property records containing the following information must be maintained for all equipment purchases.

- A description of the equipment including serial numbers.
- Information to calculate the federal share of the equipment.
- Acquisition date and cost.
- Location, use, and condition of the equipment.
- All pertinent information on the ultimate transfer, replacement or disposal of the equipment.
- Every two years, at a minimum, a physical inventory shall be conducted and the results reconciled with the property records to verify existence.
- If the equipment is eventually to be sold, selling procedures shall be established which will provide for competition to the extent practicable and result in the highest possible return to the federal government.

*Equipment with a unit acquisition cost of less than \$1,000 may be retained, sold, or otherwise disposed of with no further obligation to the federal government. For equipment with a unit acquisition cost of \$1,000 or more, whether retained or sold, the federal government shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the federal share of the equipment. The sponsoring organization shall inform MDHSS-CFNA of its plan to dispose of equipment with a unit acquisition of \$1,000 or more.

*Refer to 7 CFR Part 3016.31-.33 and 3019.30-.37 as appropriate for additional information on recordkeeping, transfer, and disposition instructions.

Automated Data Processing (ADP)

The cost of data processing equipment for the Program is allowable. This cost may include rental of equipment, or depreciation on equipment not purchased with federal funds. The acquisition of equipment, whether by outright purchase, lease agreement, or other method of purchase is allowable with specific prior written approval.

IF ADP equipment has been purchased from an alternate funding source, CACFP cannot be charged rental. However, an annual use allowance based on 6 2/3% of the total acquisition cost would be allowable.

Capital Expenditures – The cost of facilities, equipment, or other capital assets and repairs which materially increase the value or useful life of capital assets is unallowable, but may be eligible for depreciation or allowed as direct expense. When assets acquired with FNS funds are sold, no longer available for use in FNS sponsored programs, or used for purposes not authorized by FNS, then FNS' equity in the asset will be refunded in the same proportion as its participation in the cost. Only the net cost of the newly acquired assets is allowable when any assets are traded on new items.

Occupancy of Space Under Rental Purchases or a Lease with Option to Purchase Agreement – The cost of space facilities or land procured under such arrangements is not allowable.

Rearrangements and Alterations – Costs incurred for rearrangement and alterations of facilities owned by the organization that are necessary for efficient and effective program operations, but do not result in capital improvements, are allowable with specific prior written approval. Such costs that result in capital improvements are unallowable, except in some cases, these costs may be depreciated

Insurance and Indemnification

Costs of insurance required or approved and maintained are allowable.

Costs of other insurance in connection with the general conduct of activities are allowable with specific prior written approval, subject to the following limitations: type, extent, and cost of coverage will be in accordance with general state or local government policy and sound business practices.

Contributions to a reserve for self insurance are allowable with specific prior written approval, to the extent the reserve meets State insurance requirements and the type of coverage, extent of coverage, and the rates and premiums would have been allowed had insurance been purchased to cover the risks.

Actual losses (which could have been covered by permissible insurance through an approved self insurance program or otherwise) are unallowable unless expressly provided for in the State agency-organization agreement. Losses not covered under nominal deductible insurance coverage, if otherwise in keeping with sound management practice, and minor losses not covered by insurance, such as spoilage, breakage, and disappearance of small hand tools which occur in the ordinary course of operations, are allowable, up to a total of \$100 annually.

Management Studies

The costs of management studies to improve the effectiveness and efficiency of ongoing programs that are performed by entities other than the organization itself are allowable with specific prior written approval. The costs of studies performed by the organization's officers, employees or family members are unallowable.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	12/90	6/12	6	6.6
CHAPTER Chapter 6. Financial Management		SUBJECT Unallowable Costs			

Claims for CACFP administrative reimbursement may not include any of the following unallowable costs:

Bad Debts – Any debts and losses arising from uncollected accounts, late payment charges, insufficient fund charges, related collection costs and legal fees and other claims.

Contingencies – Contributions to a contingency reserve or any similar provision for unforeseen events.

Contributions and Donations – Federal funds may not be used as contributions or donations.

Entertainment – Amusements, social activities, and incidental costs such as meals, beverages, lodging, rentals, transportation, and gratuities.

Fines and Penalties – Costs resulting from failure to comply with Federal, State, and local laws and regulations.

Interest and Other Financial Costs – Interest for reacquiring equipment or other property held by the organization or a related party through repurchase or refinancing operations, and associated legal and professional fees, interest on borrowed capital and fees and charges in lieu of unallowable interest.

Legal Expenses – Unallowable when incurred for the prosecution of claims against the federal government or the grantee. An example of the latter would be legal expenses incurred when attempting to collect unallowable costs claimed for reimbursement by a former employee of the sponsoring organization.

Political or Partisan Costs – Grant funds may not be used for partisan or political advocacy purposes or lobby efforts.

Under Recovery of Costs Under Grant Agreements – Any excess of costs over the federal contribution under another grant agreement.

General Business Expenses – Costs related to organization and reorganization, stock offering and stock redemption costs, costs incurred to meet or maintain the organization's incorporation or not-for-profit status and costs for filing Federal and State income tax forms.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	2/1/93	6/12	6	6.7
CHAPTER Chapter 6. Financial Management		SUBJECT Methods of Recovering Money By SO			

A sponsoring organization will utilize the following policies and procedures for retrieving money paid to child care home providers. Such collections, for example, may occur as a result of center transition to a group home or recovery of an overclaim as a result of a sponsoring organization monitoring.

1. Send a letter, certified mail, return receipt requested, stating the amount owed to the sponsoring organization with supporting documentation. Submit a copy to MDHSS-CFNA. The letter must state the child care home provider may:
 - A) Send the sponsoring organization the specified amount of money within 30 calendar days of the date of the letter.

OR

 - B) Send the sponsoring organization a letter within 30 calendar days of the date of the letter, stating that she/he intends to continue caring for children and remain in the CACFP and that she/he prefers to have the amount owed deducted from future months reimbursements.
2. The sponsoring organization will respond within two weeks to the child care home provider's choice of action to be taken. If the child care home provider asks for deductions from the claim for reimbursement for subsequent months, the sponsoring organization may:
 - A) Deduct up to the full amount of each subsequent month's reimbursements until the total debt owed is paid back.

OR

 - B) Deduct a negotiated portion (i.e. 25%, 50%) of the claim, acceptable to the SO and the child care home provider, of each succeeding months reimbursements until the debt is repaid.
3. If there is no response within 30 calendar days, the sponsoring organization will send a copy of the letter, certified mail, return receipt requested, with "Second Notice" and a new due date (30 calendar days of the date of the letter), and copy the State Agency. The sponsoring organization will call the day care home provider within one week after sending the second letter to urge him/her to respond immediately and will document the call.
4. If there is no response to the "Second Notice" within the additional 30 calendar days, the sponsoring organization may discuss the case with MDHSS-CFNA regarding collection. There will be no collection attempts by MDHSS-CFNA; however, further action may be warranted with approval of MDHSS-CFNA.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	2/1/93	6/12	6	6.8
CHAPTER Chapter 6. Financial Management		SUBJECT Carryover of Unused Administrative Payments			

Sponsoring Organizations of Homes may carry over a maximum of 10 percent of administrative payments into the succeeding fiscal year. The 10 percent maximum on the amount of administrative funds that may be carried over must be based on the total amount of homes times rates administrative payments received by the sponsor over the fiscal year. Administrative funds remaining at the end of the fiscal year that exceed 10 percent of that fiscal year's administrative payments must be returned to MDHSS. If the 10 percent carryover funds are not expended in the succeeding fiscal year, the sponsor is required to return the unused funds to MDHSS.

An annual budget is required, and the amount carried over must be accounted for in the budget for the succeeding fiscal year. Further, sponsors remain responsible for correctly accounting for costs, and maintaining records and sufficient supporting documentation to demonstrate that costs claimed have been incurred, are allowable, and comply with all applicable regulations and policies.

Because the final administrative claims may not be known when the annual budget is submitted to MDHSS, make a best estimate of the carryover amount when preparing the annual budget. The estimate should be based on a comparison of the administrative payments the sponsor expects to receive with the amount of allowable administrative expenses the sponsor expects to incur. As shown in the example below, this will yield the 10 percent carryover figure and any amount that must be returned to the State agency.

Example: Sponsor estimates administrative payments of \$100,000 during FY 2011
 Sponsor estimates incurring \$85,000 in allowable administrative costs during FY 2011
 Sponsor may carryover up to \$10,000 into FY 2012 ($\$100,000 \times .10$)
 Sponsor must return \$5,000 to the State agency ($\$15,000 - \$10,000$)

An amended budget must be submitted once the fiscal year close-out has occurred and the carryover amount is finalized and approved by MDHSS. It is still necessary for sponsors to use accrual accounting for the final claim of the fiscal year so that the end-of-year reconciliation and close-out can be performed.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL			12/90	6/12	7	7.1
CHAPTER Chapter 7. The Monitoring Visit				SUBJECT Areas Which Will Be Monitored			

The purpose of the CACFP monitoring visit is to ensure that the sponsoring organization is administering the program in accordance with the CACFP regulations.

Records maintained by the sponsoring organization serve as a basis for verifying compliance with program regulations. The areas which will be reviewed are as follows:

- Enrollment, attendance, and meal count verification, including the internal controls associated with the sponsor's review and verification of claims.
- Meal service compliance, including the sponsor's procedures for review of meal counts, menus and processed food documentation.
- Eligibility for tier I reimbursement rates, including verification procedures, income and area documentation, school data and census data.
- Monitoring and training of family child care home and group home providers.
- Receipt and disbursement of CACFP funds.
- Administrative costs, including cost allocation plans, indirect cost plans, receipts, invoices and other documentation associated with administrative costs.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6/12	7	7.2
CHAPTER Chapter 7. The Monitoring Visit			SUBJECT Monitoring Requirements			

Sponsoring organizations with 1-100 child care homes will be reviewed at least once every three years. Sponsoring organizations with more than 100 child care homes will be reviewed at least once every two years. Sponsoring organizations having a history of problems will be visited on a more frequent basis. New sponsoring organizations with five or more homes will be reviewed within the first 90 days of program operations.

Reviews of sponsoring organizations with more than 100 child care homes shall include reviews of five percent of the first 1,000 child care homes and two and one-half percent of all homes in excess of 1,000. Reviews of sponsoring organizations with 100 or less child care homes shall include reviews of ten percent of the child care homes. Reviews conducted of family or group child care homes will be conducted by MDHSS-CFNA unannounced to both the sponsoring organization and to the home. Sponsoring organizations must ensure that their homes are aware of MDHSS-CFNA visits, and that their cooperation in these visits is a requirement of their agreement with the sponsor. Failure of a family or group child care home to admit an MDHSS-CFNA staff person with proper identification for the purpose of monitoring their food program records will result in the home being classified seriously deficient.

Sponsoring organizations may be notified in advance of the upcoming monitoring visit. The sponsoring organization may receive an official letter acknowledging the upcoming visit and a list of records which will be reviewed. Some monitoring visits may be unannounced. For unannounced visits, no advance notification will be given. Listed below are program records required by regulations. All required records must be available to the MDHSS-CFNA representative within one hour of request, thereby making it impermissible for records to be retrieved and provided at a later date and/or time. If records, i.e., enrollment forms or IEF documentation, are not provided within the required time, the assumption will be that such records do not exist. Findings and disallowances will be made accordingly.

The following records will be reviewed:

- Documentation to support tier I eligibility.
- Daily attendance records, meal count records, enrollment data, and menus for selected providers.
- Copies of all applications and supporting documents submitted to MDHSS-CFNA.
- Copies of invoices and receipts or other records that document administrative costs.
- Copies of claims for reimbursement submitted to MDHSS-CFNA and documentation verifying receipt of the CACFP reimbursement.
- Documentation of training provided to administrative staff and family child care home providers.
- Documentation of monitoring reviews conducted at homes under the sponsor's jurisdiction.
- Records documenting date and amount of CACFP disbursement to the family child care home providers.
- Records documenting expenditure of advance dollars.
- Agreements between family child care home providers and sponsoring organizations.
- Audit report for the most recent year.
- Provider files.

- Documentation to support a declaration of serious deficiency of a home provider, correspondence, and on-site follow-up.
- Documentation related to parent audits.
- Documentation and correspondence related to proposals to terminate and proposals to disqualify home providers.
- Documentation supporting terminations and disqualifications.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6/12	7	7.3
CHAPTER Chapter 7. The Monitoring Visit			SUBJECT Enrollment, Attendance & Meal Count Verification			

The MDHSS staff will review enrollment records to verify that any child claimed was enrolled at the child care home. Daily records indicating the names and number of participants in attendance and the number of meals, by type (breakfast, lunch, supper and supplements), served to participants will be compared to the claim submitted for reimbursement. Discrepancies relating to missing and/or invalid enrollment forms, incorrectly calculated meal amounts and unsubstantiated meals will be documented and associated disallowances will be made. Disallowances will also be made for meals claimed in excess of license capacity. If disallowances are made and an overclaim results, the sponsoring organization must submit a revised claim unless it chooses to appeal the overclaim. See Chapter 12 for appeal procedures.

The sponsoring organization's internal controls related to enrollment, meal count, and attendance records will also be evaluated. Each sponsor is expected to have procedures in place to assure the accuracy and validity of claims submitted. Part of this process is an assurance that children are enrolled in the child care home and in attendance during the prescribed meal service times, and meal counts are accurately and legitimately recorded by the home provider. Enrollment records must be updated annually by the parent. The sponsoring organization must assure that only children with current enrollment forms on file will be eligible to be claimed for meal reimbursement.

Sponsors are required to make disallowances for children when they are claimed for meals without complete documentation of enrollment and/or when meal counts are not supported by attendance records and enrollment information. Documentation of such disallowances must be easily identifiable in the home provider's file. Sponsors who fail to take appropriate action against providers who falsely or erroneously claim children for meals without supporting documentation will be seriously deficient in their management of the CACFP.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL			12/90	6/12	7	7.4
CHAPTER Chapter 7. The Monitoring Visit				SUBJECT Meal Service Compliance			

Menus will be reviewed to determine if the children were receiving proper components and creditable foods. If the proper components were not served, meals will be disallowed.

Menus will also be reviewed to determine the sponsoring organization's internal controls and level of accuracy in reviewing menus. Sponsoring organizations are expected to review menus, disallow when needed, and provide technical assistance to the home provider. Such technical assistance and disallowances must be well documented in the provider's file. Sponsoring organizations who fail to take appropriate action for providers who claim meals that do not meet minimum regulatory requirements, or who claim meals without adequate documentation of the meal components served will be seriously deficient in their management of the Program.

Sponsoring organizations are expected to crosscheck menus with documented monitoring visits (when applicable) to ensure submitted menus accurately reflect actual food served during the monitoring visit.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6/12	7	7.5
CHAPTER Chapter 7. The Monitoring Visit			SUBJECT Eligibility for Tier I Reimbursement Rates			

MDHSS staff will review documentation to support eligibility for Tier I reimbursement rates. This review will include:

- Information used to determine the eligibility of enrolled providers' children for free or reduced price meals.
- Information used to classify child care homes as Tier I child care homes, including the official source documentation obtained from school officials when the classification is based on elementary school data, documentation to support Tier I eligibility based on census data, and documentation to support Tier I eligibility based on income.
- Information used to determine the eligibility of enrolled children in Tier II child care homes that have been identified as eligible for free or reduced price meals.
- Procedures in place to track expiration of Tier I eligibility.
- Procedures followed to establish the eligibility of individual Tier I children enrolled in Tier II homes, including issues of confidentiality.

See Chapter 9 for information on free and reduced price meals and documentation requirements.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	10/03	6/12	7	7.6
CHAPTER Chapter 7. The Monitoring Visit		SUBJECT Monitoring and Training of Providers			

The MDHSS staff will review reports from monitoring visits to the family child care home providers conducted by the SO. The review will be designed to ensure the SO has complied with monitoring requirements per Section 5.7. MDHSS-CFNA staff will also review all documentation related to the serious deficiency process for homes, including home providers who are declared seriously deficient, follow-up and technical assistance provided, homes proposed for termination and disqualification, appeals received and heard, and terminations and disqualifications. Failure of a sponsoring organization to adequately train, monitor, provide needed follow-up, assure full and permanent corrective action of serious deficiencies, and to terminate and disqualify homes who fail to correct deficiencies will result in the sponsoring organization being seriously deficient in the management of the Program.

Revised federal regulations issued October 1, 2004 specify the minimum content of a sponsor review of a family child care home. As part of each review of a sponsored home, the sponsoring organization must assess the home's compliance with the regulatory requirements pertaining to:

- The Program meal pattern;
- Licensing or approval;
- Participation in, or attendance at, sponsoring training;
- Meal counts;
- Menu and meal records; and
- Annually updated enrollment forms.

Sponsoring organizations are required to crosscheck monitoring reports with submitted claims for reimbursement to ensure information on the claim accurately reflects the names, numbers of participants, meal components and meal counts that were observed during the meal service. SOs must make disallowances for discrepancies between information reported on the claim for reimbursement and information obtained during the monitoring visit. Submission of false claims for reimbursement is a serious deficiency. See Section 5.5 on information related to serious deficiencies for child care homes.

The MDHSS staff will review documentation related to training provided to child care home providers. Information on training dates, locations, topics presented and names of participants will be reviewed.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		10/03	6/12	7	7.7
CHAPTER Chapter 7. The Monitoring Visit			SUBJECT Receipt and Disbursement of CACFP Funds			

The MDHSS staff will review bank records and other documentation to support the receipt of CACFP funds and verify that disbursement was made within five working days of receipt of the funds.

The total amount reported on the claim for reimbursement will be traced to the bank records to verify receipt of the funds. Disbursements to individual child care home providers will be verified. The name of the provider and the amount due per the claim for reimbursement will be traced to the check register and ultimately, to the bank statement to verify the check was issued to that particular provider for that amount. The date issued will be verified to ensure funds were disbursed within five working days of receipt.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	12/15	7	7.8
CHAPTER Chapter 7. The Monitoring Visit			SUBJECT Administrative Costs			

Charges to MDHSS-CFNA for administrative costs will be reviewed for accuracy and allowability under the financial management system. See Chapter 7 and the U.S. Department of Agriculture Financial Management Guidance, FNS Instruction 796-4, Revision 3 for information on financial management.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	12/90	6/15	7	7.9
CHAPTER Chapter 7. The Monitoring Visit		SUBJECT SO 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 staff, an appeal may be filed. See Chapter 12 for how to file an appeal.

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 by 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 in a principal capacity with the organization or permitting such an individual to serve as a principal in a child care home;
- Use of child care home funds by a sponsoring organization to pay for the sponsoring organization's administrative expenses;
- Failure to properly implement and administer the child care home termination and administrative review provisions set forth in the regulations; or
- Any other action affecting the organization's ability to administer the Program in accordance with Program requirements.

If MDHSS-CFNA determines that a sponsoring organization has committed one or more serious deficiency, MDHSS-CFNA must apply the following procedures to notify certain individuals and provide an opportunity for corrective action. MDHSS-CFNA 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 contract and the proposed disqualification of the organization and responsible principals and responsible individuals; and 6) that the organization's voluntary termination of its contract will still result in the organization's formal termination and placement of the organization and its responsible principals and responsible individuals on the National disqualified list.

If the sponsoring organization takes corrective action to fully and permanently correct the serious deficiency(ies) within the allotted time and to MDHSS-CFNA's satisfaction, MDHSS-CFNA will notify the SO and the above noted individuals that the serious deficiency determination has been temporarily deferred. The sponsoring organization will be given the opportunity to renew its application if the sponsoring organization is a renewing institution.

If the sponsoring organization has not taken timely corrective action to fully and permanently correct the serious deficiency(ies), MDHSS-CFNA will notify the SO and the above noted individuals that MDHSS-CFNA 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 an administrative review expires or when the administrative review official upholds MDHSS-CFNA's proposed termination and disqualifications, MDHSS-CFNA will notify the SO 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. MDHSS-CFNA 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, MDHSS-CFNA is prohibited from allowing more than 90 days for corrective action from the date the organization receives the serious deficiency notice. However, if MDHSS-CFNA determines that the organization has engaged in unlawful practices, submitted false or fraudulent claims or other information to MDHSS-CFNA, or been convicted of or concealed a criminal background, MDHSS-CFNA 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, MDHSS-CFNA could allow more than 90 days to complete the corrective action, provided the organization submits their corrective action plan and MDHSS-CFNA approves it within 90 days. The corrective action must include milestones and a definite completion date. The determination of serious deficiency will remain in effect until MDHSS-CFNA determines 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 MDHSS-CFNA, determines the serious deficiency has been corrected, or until seven years have elapsed since they were disqualified from participation. However, if the institution, responsible principals or responsible individuals has failed to repay debts owed to the Program, they will remain on the list until the debt is paid.

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	CHILD CARE HOMES POLICY & PROCEDURE MANUAL		6/2012	6/15	7	7.10
CHAPTER Chapter 7. The Monitoring Visit			SUBJECT Removal from the National Disqualified List			

Federal regulations at 226.6(c)(7)(v) state, “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 the State agency, determines that the serious deficiency(ies) that led to their placement on the list has(ve) been corrected, or until seven years have elapsed since they were disqualified from participation. However, if the institution or individual has failed to repay debt owed under the Program, they will remain on the list until the debt has been repaid.”

After seven years on the National Disqualified List (NDL), if no debt is owed an organization and/or responsible individual’s name will be automatically removed from the NDL. Once removed from the NDL, the organization and/or responsible individual may reapply to the Child and Adult Care Food Program (CACFP). Upon reapplying, the organization or responsible individual may be subject to provide a Corrective Action Plan (CAP) prior to application approval.

Early Removal:

An institution and/or individual placed on the NDL may request removal from the NDL no sooner than six months after being disqualified from the CACFP. The request for removal from the NDL must be received by the Bureau of Community Food and Nutrition Assistance (CFNA) in the Missouri Department of Health and Senior Services in writing. The written request must specify the full name and location address of the institution (if applicable) and the name, mailing address, and date of birth of the responsible individual. CFNA will review written requests for removal on a bi-annual basis, at the beginning and middle of the year.

During the bi-annual review, CFNA will review all written requests for removal received in the last six months. CFNA will notify the organization or the responsible individual requesting removal that a CAP must be submitted. The CAP is based on the findings that lead to the termination and disqualification of the organization and/or responsible individual. The CAP must specify, in full detail, the serious finding(s) leading to termination, the steps that have or will be taken to correct the serious findings, the person(s) responsible for overseeing the corrective action, and the date by which corrective action is to be fully and permanently implemented for each step of the process. The CAP must also include additional documentation to support the corrections made to the serious deficiencies. All correspondence to and from CFNA regarding removal from the NDL shall be in writing.

Once received, the CAP will be reviewed for adequacy by CFNA. If the corrective action is deemed to be inadequate, the organization and/or responsible individual will be denied removal from the NDL.

If the CAP is deemed adequate, CFNA will contact the U. S. Department of Agriculture Mountain Plains Regional Office (USDA-MRPO) in Denver with CFNA’s recommendation for removal from the NDL. The final decision for removal is with USDA-MPRO. If USDA-MPRO, in consultation with USDA Headquarters in Washington, D.C., agrees to remove the organization and/or responsible individual’s name from the NDL, CFNA will notify the organization and/or responsible individual in writing. Once removed

from the NDL, the organization and/or responsible individual may reapply to the Child and Adult Care Food Program (CACFP).

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6/15	8	8.1
CHAPTER Chapter 8. Recordkeeping			SUBJECT Retention of Records			

All records identified in this chapter must be kept for three years after the date the final claim for the fiscal year was submitted. If audit findings have not been resolved, the records shall be kept as long as necessary to resolve the issues raised by the audit.

For Example:

Records for Fiscal Year October 1, 2003 to September 30, 2004 must be kept until September 30, 2007.

All records pertaining to disqualifications of providers must be retained for three full fiscal years after the individual or institution is removed from the National Disqualified List.

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CHAPTER Chapter 8. Recordkeeping			SUBJECT Purpose of Records			

Completing records is one method by which MDHSS-CFNA verifies that a sponsoring organization and the homes under the sponsoring organization's jurisdiction are in compliance with program regulations, policies and instructions. The CACFP has many regulations about what food shall be served, the quantity of food which shall be served, and who can be claimed for a meal. Failure of a sponsoring organization to maintain the required program records, and/or to assure that required program records are being maintained by homes under the organization's sponsorship, will result in disallowances of meal and administrative reimbursement, as well as MDHSS-CFNA declaring the sponsoring organization seriously deficient in their management of the Program.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	12/90	6/15	8	8.3
CHAPTER Chapter 8. Recordkeeping		SUBJECT Child Care Homes Records			

Child care homes must complete and maintain the following records to support the claim for reimbursement. These records must be maintained on file at the child care home and at the sponsoring organization's office to substantiate the claim.

- Menus which have been dated and list all food items served. Failure of a home to properly record all food items served will result in meal disallowances. Separate infant menus must be maintained for children less than one year of age. In addition, Infant Feeding Preference forms must be on file for all infants in care including any infant not being claimed and infants whose parents provide their infant formula and/or breast milk.
- Daily attendance records
- Time-in/time-out attendance records signed by the parents must be maintained by homes that claim meals over the home's licensed capacity. The time-in/time-out records are to be submitted to the sponsoring organizations with the provider's claim. The sponsoring organization may be requested to submit the time-in/time-out records to MDHSS for approval prior to the payment of the claim.
- Time-in/time-out for children who attend school, head start or may leave at various times through the day (if applicable with Meal Time Exception).
- Current License and Overlap (if applicable).
- Enrollment forms completed in entirety by the parent or guardian. Enrollment forms completed in whole or in part by the child care home provider are not acceptable. Each enrolled child must have his/her own enrollment documentation on file, including the provider's own children, other residential child(ren), foster child(ren), or non-residential related child(ren) who are claimed for meal reimbursement. Sponsors are required to assure that all enrollment forms are updated on an annual basis. Meals served to children whose enrollment forms are expired (completed more than one year ago) may not be claimed for reimbursement. Enrollment forms must also specify each child's usual time and days in attendance, and the usual meals eaten while in care.
- Infant Feeding Preference Forms documenting the parent's preference for infant feeding.
- Meal count records that are kept up to date and record meals served on a daily basis. Meal count records must be maintained on a per child basis. Homes with 12 or more children enrolled are required to maintain point of service meal count records, meaning that meals are recorded for children served during, or immediately following, the meal service. Homes with 11 or less children enrolled must record meals served on a daily basis. In instances of a serious deficiency related to meal claiming procedures, a sponsoring organization may require a home with 11 or less children enrolled to maintain point of service meal counts as part of their corrective actions.
- Sponsor/Home Agreement

- Documentation for processed foods which may include a Child Nutrition (CN) label or signed documentation from the manufacturer that shows the amount of meat/meat alternate and/or grain/bread provided per serving.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL			12/90	6/12	8	8.4
CHAPTER Chapter 8. Recordkeeping				SUBJECT Records to Support Compliance			

Records which must be kept on file at the sponsoring organization location to support compliance to Program requirements are:

- Current License
- Documentation of Training
- Correspondence from MDHSS-CFNA
- Racial/Ethnic Data
- Copy of Application Materials and Management Plan

Racial/ethnic data shall be on file at the sponsoring organization to indicate the racial/ethnic make-up of the children served. The Civil Rights poster entitled “And Justice For All” shall be displayed at the sponsoring organization in an area where the poster can be readily seen. The sponsoring organization must also provide child care homes with written CACFP materials which contain the Program description, information for parents, the nondiscrimination statement, and procedures for filing a complaint, and assure that these materials are distributed by the home providers to parents of beneficiaries and potential beneficiaries. In an effort to promote and support CACFP integrity, sponsoring organizations must have a system in place to assure parents and guardians of enrolled children receive CACFP information, and information on how to contact the sponsoring organization if program anomalies occur.

See Section 9.2 for the nondiscrimination policy statement.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	10/15	8	8.5
CHAPTER Chapter 8. Recordkeeping			SUBJECT Records to Support the Claim			

The following records must be kept on file by the sponsoring organization to support the claim for reimbursement:

- Menus (children and infants less than one year of age)
- Enrollment Forms
- Infant Feed Preference Form (if applicable)
- Overlap Approval
- Attendance Records
- Meal Count Records
- Shift Care (Documentation of approved times, meals and statement of need, for example: school age come and go.)
- CN Labels or Manufacturer's Product Formulation Statement to support the use of processed food
- Income Eligibility Forms (if applicable)
- Tier I verification (if applicable)

It is the sponsoring organization's responsibility to review each home's records for accuracy. Any discrepancies must be corrected and meals disallowed. Copies of correspondence to the child care home provider regarding recordkeeping discrepancies and/or disallowances must be readily available in the provider's file. Any training or technical assistance provided to the home regarding the discrepancies and disallowances must also be readily available in the provider's file.

See Section 5.10 for more information on required records.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6/15	8	8.6
CHAPTER Chapter 8. Recordkeeping			SUBJECT Records to Support Administrative Costs			

A sponsoring organization must verify that all administrative reimbursement received from CACFP is being used for administrative costs. Records which must be kept on file to support administrative costs are:

- Payroll records and/or time-in/time-out hourly records for part-time employees, including the hourly rate of pay provided and cost allocation plans for staff whose time is not wholly attributable to the program.
- Supplies invoices.
- Contracts and/or service agreements for all purchased services, including procedures used to procure such services.
- Monitoring expenses including mileage records, hotel receipts and receipts for other incidentals.
- Cost allocation plans for charges not wholly attributable to the Program.
- Postage invoices and receipts.
- Documentation of other indirect costs and the methodology used to determine the indirect cost rate.

Indirect costs are costs which are shared by other programs or the institution. Examples of indirect costs are rent, utilities, and in some cases, labor. Charges of indirect costs to CACFP must be fully documented. All administrative dollars shall be used in accordance with federal regulations and FNS Instruction 796-2, Revision 4. See Section 6.3 for information on allowable costs.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6/12	9	9.1
CHAPTER Chapter 9. Tiering/Eligibility Guidance			SUBJECT Classification of Family Child Care Homes			

A Sponsoring Organization of family child care homes (SO) participating in the Child and Adult Care Food Program (CACFP) must determine reimbursement category for family child care home providers (providers) under their sponsorship per the two tier reimbursement system established as a result of Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

The new system was designed to target higher reimbursement rates to providers in low-income areas and to providers and children from low-income households. The basis for determination of higher reimbursement rates includes:

- the location of the family child care home
- the income of the family child care home provider’s household; or
- the income of individual children’s households receiving child care by the family child care home provider.

The Income Eligibility Guidelines (IEG) used to determine eligibility for free and reduced price meals in the school lunch program are updated annually, and are also utilized to determine eligibility for the two-tier reimbursement system for CACFP. The IEG include household size and income levels determined annually by the Secretary of Agriculture to determine eligibility for free and reduced price meals. The guidelines for reduced price meals, set at or below 185 percent of the Federal income poverty guidelines, are the basis to qualify a provider or child to receive tier I meal reimbursement.

Family child care homes are categorized in one of three different manners and receive reimbursement accordingly, including tier I, tier II or tier II mixed. The tier I category provider meets IEG and receives the higher reimbursement rates. The methodology to determine eligibility for tier I reimbursement is discussed in Sections 9.2, 9.3, 9.4 and 9.5 of this chapter. Section 9.6 discusses the category for reimbursement of tier II, which receives the lower reimbursement rates and is not subject to IEG. Finally, the tier II mixed category provider receives reimbursement at both higher and lower rates, dependent upon the household income of the individual children under the provider’s care. The methodology to determine eligibility for tier II mixed reimbursement is discussed in Section 9.7 of this chapter.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	12/90	6/12	9	9.2
CHAPTER Chapter 9. Tiering/Eligibility Guidance		SUBJECT Tier I Family Child Care Homes			

Tier I Family Child Care Homes

Sponsoring organizations (SOs) are responsible for determining the eligibility of tier I family child care home providers and must assure accurate verification. Since it is financially beneficial for a family child care home to receive tier I reimbursement rather than tier II reimbursement, MDHSS-CFNA will assess an overclaim against a SO if records indicate the SO has intentionally or negligently misclassified the family child care home. A SO must obtain appropriate documentation to verify tier I reimbursement, and must retain such documentation for as long as the current classification is in effect, plus three years after the end of the fiscal year to which they pertain. A SO must send written notification to a provider who qualifies for tier I rates. Such notification must include the effective dates and the basis for tier I eligibility, i.e., per school data, census data, household income or categorical eligibility.

A family child care home is classified as tier I by location of the home (area eligibility) or household income or categorical eligibility of the provider. Once a provider is classified as tier I, the provider will receive CACFP reimbursement at the tier I rate for all children in the provider's care. Household income for the individual children is not obtained and is not a factor for tier I classification.

When a provider is determined to be Tier I eligible by area eligibility (either school or census), in order to be able to claim her/his own child (ren), the provider must complete an Income Eligibility Form and qualify accordingly.

Area Eligibility-Location of Home

The location of the home can be identified as "eligible" through two different methods:

1. The family child care home is located in an area served by any public school in which at least 50 percent of the enrolled children are certified eligible for free and reduced-price school meals.; or
2. The family child care home is located in a geographic area, as determined by census data, in which at least 50 percent of the total number of children residing in that given area is eligible to receive free or reduced price school meals.

Provider Eligibility-Provider Household Income or Categorical Eligibility

The provider can be identified as "eligible" based on verification of either household income or categorical eligibility, provided that income levels meet the IEG. Categorical eligible programs includes the: Supplemental Nutrition Assistance Program (SNAP, Formerly Food Stamp Program) and the Temporary Assistance (formerly known as TANF).

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CHAPTER Chapter 9. Tiering/Eligibility Guidance			SUBJECT Use of School Data/Documentation Requirements			

The Sponsoring Organization (SO) may consult school information to determine eligibility of family child care homes for tier I reimbursement, except in areas where school data is not indicative of the socioeconomic conditions of the area due to school busing policies, the existence of charter or magnet schools, etc. MDHSS-CFNA will keep SOs informed of areas where school data may not be used. By February 1 each year, the Missouri Department of Elementary and Secondary Education (DESE) is required to provide MDHSS-CFNA with an annual listing of elementary schools in the state in which at least 50% of enrolled children are eligible to receive free or reduced price school meals. MDHSS-CFNA is, in turn, required to provide the SO with such information annually by February 15.

Effective June 30, 2004, the SO's determination that a family child care home is eligible to receive tier I reimbursement rates based on school data is valid for five years. Thus, the tiering status of newly participating homes, with signed agreements, effective on or after June 30, 2004, will be redetermined in five years. The tiering status of currently participating family child care homes, with signed agreements, prior to June 30, 2004, whose tiering status is based on a three-year redetermination cycle, may be extended by two years for a total of five years. If the SO chooses to extend the cycle, it must apply the methodology consistently to all affected, eligible family child care homes.

The SO, MDHSS-CFNA, or Food and Nutrition Service (FNS) may change the tier I determination if information becomes available that the provider is no longer in a qualified area. However, MDHSS-CFNA does not routinely require annual redeterminations based on updated elementary school data. When determining the status of new providers entering the CACFP, the SO is required to use the most recent data available. Even though this could result in two providers in the same neighborhood with different classifications, the SO is not required to reevaluate the tiering status until the expiration of the five-year period.

The SO may elect to annually re-classify Tier I providers that are currently eligible based on school data. However, if the SO chooses to do so in an effort to extend the eligibility time-frame, the following two requirements must be met: 1) the SO must be consistent and apply the annual re-classification process to all providers whose eligibility is based on school data; and 2) the SO must document this practice and the methodology used in its management plan for pre-approval by the MDHSS-CFNA. The application of consistency requires that the SO apply the new school data to all Tier I providers who are eligible on the basis of school data, even if it causes some providers to lose their tier I status prior to the normal expiration date. The SO cannot re-classify only a select few providers that are close to the 50% cutoff and may be in danger of losing this classification in the near future.

Written communication from USDA in March 2002 discourages the practice of annual re-classification of such providers. For one reason, it could make some providers ineligible one or two years before the required five year effective time period expired, thereby making them ineligible for tier I rates during this time period. For another reason, it would increase the SO workload and entail time that could be utilized more effectively in other areas of program management, such as training and monitoring providers.

SOs may choose to re-evaluate Tier I census and income homes and Tier II homes on an annual basis when new school data is made available, in the event that these homes may become eligible for Tier I rates on the basis of new school data.

The following example addresses the impact on meal reimbursement when an individual not living in the home provides childcare. When a child care home is licensed by Individual A who hires Individual B to provide child care in Individual A's home, Individual A's home is the appropriate one to consider for purposes of tier I eligibility, when tiering can be established based on school data. Refer to Section 9.10 of this chapter for additional guidance on absent providers.

Do not use school data, but refer to census data to establish tier I eligibility in the following circumstances:

- 1) When busing or magnet or charter schools exist and therefore, school attendance may not reflect the area's socioeconomic status.
- 2) If the SO is unable to obtain local elementary school attendance information after making reasonable efforts.
- 3) When the school's free and reduced enrollment is above 40%.

Do not use school data, but verify household income to establish tier I eligibility in the following circumstance:

- 1) When the provider's home is located in an affluent area within the attendance area of an eligible school.

Documentation Requirements for Use of School Data for Tier I eligibility:

The SO must maintain written documentation on file that includes the name of the elementary school and verification that the associated percentage of children eligible to receive free and reduced price school meals is at least 50%. This source of verification of the qualifying percentage can be obtained from either the annual listing provided by MDHSS-CFNA with the affected school listed or written documentation from a school official. In addition, the SO must have written confirmation that the provider's address is within the school's jurisdiction. This can be in the form of either a letter, dated and signed by the school official, or documentation of a phone call with a school official including the same information, date and name of the school official consulted. The SO must sign and date the verification documentation. The same verification/documentation process is required for re-verification every five (5) years.

When a provider is determined to be Tier I eligible by school, in order to be able to claim her/his own child(ren), the provider must complete an Income Eligibility Form and qualify accordingly.

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CHAPTER Chapter 9. Tiering/Eligibility Guidance			SUBJECT Use of Census Data/Documentation Requirements			

Beginning in 2005, the Census Bureau began to estimate household income annually using the American Community Survey (ACS). This is a change to the previous release of census data every ten years. The Food and Nutrition Service will release the new estimates yearly, and MDHSS-CFNA will send the information to the Sponsoring Organization yearly.

Census data may be used and certain circumstances merit the use of census data over school data to verify tier I eligibility, including the following:

- 1) When the family child care home is located in a rural area where large elementary school attendance obscures localized pockets of poverty.
- 2) When the school data indicates a free and reduced enrollment percentage between 40% and 49.9%.
- 3) When the local elementary school data does not accurately reflect the surrounding area's socioeconomic condition, due to busing or magnet or charter schools.

In order to reduce the burden and maintain consistency in determination timelines, the SO's determination that a family child care home is eligible to receive tier I reimbursement rates based on census data will be effective for five years. The SO, MDHSS-CFNA, or Food and Nutrition Service (FNS) may change the tier I determination if information becomes available that the provider is no longer in a qualified area.

Sponsors must annually inform tier II day care home providers that the provider may ask for a reclassification to be considered when new census data become available each year and that reclassification may be made at any time for tier II homes.

Documentation Requirements for Use of Census Data for Tier I eligibility:

The SO must maintain census block boundary maps with the provider's specific address and associated poverty percentage to document their eligibility to receive tier I reimbursement. In order for a CACFP day care home to be eligible, 50 percent or more of the children in a Census Block Group or Census Tract must be eligible for free or reduced price school meals. The SO must sign and date the verification documentation.

Occasionally, a potential CACFP day care home is determined not to be area eligible, but is located immediately adjacent to an eligible area. This proximity suggests that the children residing in the area from which the home or site would most likely draw participants would have a likelihood of similar census demographics. Therefore, based on analysis of the proposed location up to three adjacent CBGs may be averaged, using a weighted average, to determine eligibility. In such a case, CACFP day care homes and SFSP and SSO sites are considered area eligible if the percentage of children eligible for free or reduced-price meals in up to three adjacent CBGs when averaged is 50 percent or more, provided that at least 40

percent of children in each of the individual CBGs are eligible for free or reduced-price meals. Census Tracts may not be combined.

The use of averaged CBGs must be approved by the State agency and the Regional Office prior to SO approval.

Computer software is available online through the USDA Eligibility Mapper and the Food Research and Action Center (FRAC) to match a list of street addresses to eligible Census Block Groups and Census Tracts. .

NOTE: When a provider is determined to be Tier I eligible by census, in order to be able to claim her/his own child(ren), the provider must complete an Income Eligibility Form and qualify accordingly.

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CHAPTER Chapter 9. Tiering/Eligibility Guidance			SUBJECT Provider's Household Income or Categorical Eligibility/Documentation Requirements			

When a family child care home is classified for tier I eligibility based on provider's household income or categorical eligibility, the SO must have completed the following prior to reimbursing the provider for meals at tier I reimbursement rates:

- 1) Obtain an Income Eligibility Form (IEF), Form CACFP-101, completed by the provider, which lists all household members and income or indicates categorical eligibility.
- 2) Verify that information on the IEF is mathematically correct and that family size and total household income are within the current Income Eligibility Guidelines (IEG).
- 3) Verify, with outside sources and/or external documentation, the accuracy of information on the IEF.
- 4) Maintain required documentation to support information provided on the IEF.
- 5) Complete the last section of the IEF to summarize household size and income or categorical information and sign and date the form.
- 6) Send notice to the provider to confirm reimbursement at tier I rates and the effective date of eligibility.

Information Required on the Income Eligibility Form (IEF)-Form CACFP 101:

SOs must obtain an IEF, Form CACFP-101, to document classification of providers for tier I reimbursement rates on the basis of household income eligibility or to reimburse tier I providers for meals served to their own children when the provider qualifies for tier I rates on the basis of school or census data. The following information must be provided on all CACFP-101 forms:

Eligible Per Household Income:

- Part 1 - the names and birthdates of all residential children enrolled in the family child care home for care.
- Part 2 - for tier I providers whose eligibility is based on household income: computation of net child care income. The income, costs and net child care income information must be consistent with other documentation requirements included in this section.
- Part 3 - the names –and the total income received by each member of the household and the source of that income. NOTE: Refer to Section 9.9 of this chapter for guidance in the definition of “household” and the definition and calculation of “income”.
- Part 4 – the signature and date of the adult household member completing the IEF.
- Part 4 –the last four digits of the social security number of the adult household member who signs the application, or an indication that he/she does not possess a social security number. The exception to this requirement is if the children's Temporary Assistance for Needy Families (TANF) or Supplemental Nutrition Assistance Program (SNAP) case number is provided.

Categorical Eligibility:

- Part 1 - the names and birthdates of all residential children enrolled in the family child care home for care.
- Part 1 - TANF or SNAP case numbers for households who are categorically eligible based upon the receipt of TANF or SNAP assistance. NOTE: the “expanded” categorical programs may only be used for determining the eligibility of non-residential children enrolled in Tier II homes.
- Part 4 - the signature and date of the adult household member completing the form.

The SO’s determination that a child care home is eligible to receive tier I reimbursement rates based on provider’s household income or categorical eligibility is valid for one year.

Provider’s Household Income Eligibility:

A provider may qualify for tier I reimbursement by providing written evidence that household income is within the Income Eligibility Guidelines (IEG). A provider’s household income refers to the income of the family child care home provider, as well as the income of all other members of the household.

Documentation Requirements (to support the IEF) for Household Income Eligibility:

All CACFP providers’ households include at least one individual that is self-employed, and in some cases, the spouse is also self-employed. Self-employed individuals do not have documentation from outside sources, such as current wage statements and pay stubs that can be verified with an employer. For this reason, the prior year’s Internal Revenue Service (IRS) income tax forms provide the most reliable method to verify a provider’s earnings and/or those of a self-employed spouse and are therefore, the required documentation to verify eligibility for tier I rates.

The provider must submit a signed copy of the most recent IRS income tax return that was submitted to the IRS. For example, the deadline for submission of IRS income tax forms is April 15. Therefore, if a SO is verifying a provider’s household income on March 1, 2004, prior to the April 15 due date, it is possible the most recent IRS income tax forms submitted would be for 2002, since IRS income tax forms for 2003 would not yet be due. In contrast, if a SO is verifying a provider’s household income on April 30, 2004, after the April 15 due date, the most recent IRS income tax forms would be for 2003, the previous year. However, since, the provider could have filed their IRS income tax forms earlier in the calendar year prior to the April 15 due date, the SO must request the most recent IRS income tax forms filed, as required by law.

The specific IRS income tax forms required include:

- 1) Form 1040
- 2) Schedule C

The forms must be valid, including appropriate signatures and dates that correspond to the correct tax year, and reflect legitimate copies of the actual forms that were submitted to the IRS. The SO must review the forms to ensure the flow of income is consistent throughout the documents. For example, the income reported on Schedule C should appear on Form 1040 in the Income section on the Business income or (loss) line (Line 12). Finally, the income reflected on Form 1040 should flow through to the IEF.

If a self-employed spouse is continuing in the same business as in the prior tax year, the income reflected on the most recent IRS income tax forms will accurately reflect earnings to incorporate into the calculation of household income. The documentation requirements are the same as those outlined above for a provider, except that if the spouse is a self-employed farmer, Schedule F for the spouse in addition to the Schedule C submitted for the day care provider. Additionally, the income reported on Schedule F should appear on Form 1040 in the Income section on the Farm income or (loss) line (Line 18).

NOTE: No single line on the Form 1040 captures a provider's household income as it is defined in CACFP. The USDA defines income differently for eligibility of its programs than the IRS defines income for income tax purposes. Refer to Section 9.9 of this chapter for guidance on the definition and calculation of household income.

Exceptions to the use of tax documentation:

If a provider's household income has changed significantly between the end of the tax year and time of application for tier I eligibility, it may be necessary to utilize either other sources, or sources in addition to the IRS income tax forms to verify current household income levels. If there are two income earners in the household, it is possible that IRS income tax forms accurately reflect income for one of the earners. Therefore, even though the IRS income tax forms might not be the sole source to accurately reflect current household income, certain information must be extracted from those forms for members whose income is accurately reflected on such forms.

Per USDA policy, CACFP 520, there are four exceptions when use of the previous year's IRS income tax documentation would not be the sole source documentation to derive current household income. In these cases, other written confirmation that reflects the household's current income must be submitted. Following are the four exceptions cited:

- 1) The household's composition has changed since the end of the prior tax year, due to a change in marital status, death of a spouse or a change in the number of household members.

Documentation requirements: The most recent IRS income tax forms would likely still be an accurate representation of the remaining spouse's income, but the income pertaining to the other spouse would need to be deleted to derive total household income. However, this scenario could result in additional income in other areas, such as child support, alimony or survivor's benefits that would need to be added to derive total household income.

- 2) Household income has changed significantly due to a household member's gain or loss of employment. The loss or gain would have to be for an extended period of time, generally over three months, to impact the gross annual income received by the household.

Documentation requirements: The most recent IRS income tax forms would likely still be an accurate representation of the household member whose circumstances may not have changed, but the income pertaining to the household member with changed circumstances would need to be deleted from the income reported on the IRS income tax forms to derive one component of total household income.

The component of total household income for the household member with changed circumstances would be calculated separately and added to the income reported on the IRS income tax forms for the household member with unchanged circumstances. However, in this scenario, a loss of income

could be offset by an increase in additional income in other areas, such as unemployment compensation or other governmental benefits that would need to be added to derive total household income.

The provider must submit the following for a household member with a significant gain or loss of employment: a) Pay or wage stubs or a letter from the employer confirming wages. Such confirmation must include the amount of income, frequency received and the date received; or b) Documentation for self-employment. Income for a self-employed person is based on net income, computed by deducting business expenses from gross receipts. If a self-employed spouse has begun a new business and income reflected on the most recent IRS income tax forms submitted would not be relevant, the provider must submit the following documentation to support calculation of estimated business income:

- i) Written evidence of the actual or estimated business income received from goods sold or services rendered; and,
- ii) Written evidence of the actual or estimated business expenses incurred. Such expenses include the cost of goods purchased, rent, utilities, interest on business mortgages, supplies, repairs, depreciation, wages and salaries paid, and business taxes (not personal Federal, State or local income taxes).

3) The provider's income has changed due to a change of participation in child care.

Documentation requirements: The portion of income on the most recent IRS income tax forms attributable to child care could be adjusted in accordance with the percentage change of participation in the child care to calculate the provider's new income. For example, if a provider's income was previously based on earnings for providing care to six (6) children for the entire year and the provider added three (3) children on January 1st, representing a 50% increase, it is reasonable to assume the new earnings could be calculated by applying the increase to the previous year's earnings. (Example: previous income = \$10,000; adjusted income with 50% increase = \$15,000)

However, if the provider has added several children with variable hours of care, the provider would be required to estimate the current child care income. Income for a self-employed person is based on net income, computed by deducting operating expenses from gross receipts. If a self-employed provider's change in child care participation and income reflected on the most recent IRS income tax forms submitted would not be relevant, the provider must submit the following documentation to support calculation of estimated operating income:

- i) Written evidence of the actual or estimated business income received from child care services, including money received from parents, as well as reimbursements from the CACFP; and,
- ii) Written evidence of the actual or estimated operating expenses incurred, including the cost of food for meals served to children in care.

The maximum amount a provider can deduct for the cost of food for meals served to children in care is the CACFP reimbursement amount.

4) A new family child care provider who was either unemployed or was employed in a different capacity in the prior tax year.

Documentation requirements: The portion of income on the most current IRS income tax forms attributable to the provider would not accurately reflect current provider income. However, the portion relating to other household members could be used to verify other household members' income.

Categorical Eligibility

A provider may be categorically eligible and qualify for tier I reimbursement by demonstrating receipt of benefits from TANF or SNAP. The "expanded" categorical eligibility criteria does not apply to determination of tier I status for a provider or for the provider's own children in tier I family child care homes.

Documentation requirements (to support IEF) for Categorical Eligibility:

The SO must obtain a current "Notice of Eligibility" for the TANF or SNAP programs or award letters from the associated governmental agencies that establish the household's eligibility to receive such benefits.

An identification card for such programs must include the certification period and identify the expiration date to qualify as verification of eligibility.

The SO may also submit the name and case number on an IEF to the appropriate agency to request verification (for the most recent month available) of the provider's categorical eligibility.

The SO must track the expiration date of benefits and must document, date and sign the supporting written documentation for all of the above methods of verification for categorical eligibility.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6/12	9	9.6
CHAPTER Chapter 9. Tiering/Eligibility Guidance			SUBJECT Tier II Family Child Care Homes			

A family child care home that does not meet the criteria for tier I reimbursement is classified as a tier II family child care home. This means the provider is not eligible on the basis of school data, census data, provider household income or categorical eligibility. Tier II family child care homes are reimbursed at the lower tier II rates and are not subject to the Income Eligibility Guidelines (IEG). Neither the provider nor children in child care are required to submit income verification, categorical eligibility verification or an Income Eligibility Form (IEF).

Tier II family child care homes have the option to receive tier I rates for children enrolled in their child care whose households meet IEG. If the provider chooses this option, they become a mixed tier II family child care home, and are reimbursed at the higher tier I rates for children whose household income meets eligibility criteria or for children who are categorically eligible. Reimbursement at the lower tier II rates is received for the other enrolled children who are not eligible based on household income or categorical eligibility. However, providers have specific documentation and confidentiality requirements for children reimbursed at the higher tier I rates. Refer to section 9.7 of this chapter for information on mixed tier II family child care homes.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6/15	9	9.7
CHAPTER Chapter 9. Tiering/Eligibility Guidance			SUBJECT Mixed Tier II Family Child Care Homes			

Tier II family child care homes that receive a combination of tier I and tier II reimbursement rates are considered mixed tier II family child care homes. Providers receive the higher tier I reimbursement rates for meals served to children who are eligible per the Income Eligibility Guidelines (IEG) based on household income, categorical eligibility or “expanded” categorical eligibility. To meet the “expanded” categorical eligibility, the household participates in, or is subsidized under, a federally or State supported family child care or other benefit program with an income eligibility limit that does not exceed 185 percent of Federal income poverty guidelines.

Income Eligibility:

SOs must assure the following for children in mixed tier II family child care homes (who are eligible based on household income) prior to reimbursing the provider for those meals at tier I reimbursement rates:

- 1) Obtain an Income Eligibility Form (IEF), Form CACFP-110, completed by the individual household (parent/guardian), which lists all household members and income or indicates categorical eligibility.
- 2) Verification that information on the IEF is mathematically correct and that family size and total household income are within the current IEG.
- 3) Complete the last section of the IEF to summarize household size and income information and sign and date the form.

Categorical Eligibility:

SOs must assure the following for children in mixed tier II family child care homes (who are categorically eligible) prior to reimbursing the provider for those meals at tier I reimbursement rates:

- 1) Obtain an IEF, Form CACFP-110, completed by the household parent or guardian that indicates categorical eligibility, specific program, and case number (if applicable).
- 2) Complete the last section of the IEF to summarize categorical eligibility and sign and date the form.

Exception: Authorization letters from the Department of Social Services for children who are receiving child care subsidy monies (state paid child care) may be used in lieu of a completed IEF.

Verification of income eligibility or categorical eligibility information with outside sources and/or external documentation is not necessary for children in mixed tier II family child care homes, as required for tier I provider eligibility.

Confidentiality of Information

The SO must maintain the confidentiality of household income, size and receipt of Federal or State benefits submitted by individual households and shall not make such information available to providers. The SO may inform the provider of the number of children receiving tier I rates, but shall not provide the children’s

names. This information shall only be made available to persons directly connected with administration or monitoring of the CACFP.

Distribution and Return of Income Eligibility Forms (IEFs)

The SO must notify tier II family child care home providers of the opportunity to obtain individual household income information or categorical eligibility information from parents and guardians to determine each enrolled child's eligibility for tier I rates. The SO may choose to send out and collect the income/categorical information for enrolled children, or the SO may allow tier II family day care home providers in the CACFP to assist in the transmission of household income information from families of enrolled children to their sponsors.

Under Section 333 of the Healthy, Hunger-Free Kids Act of 2010, tier II family day care home providers now have specific authority to collect the household income eligibility forms from households and transmit them to their sponsors. However, if tier II family day care home providers wish to collect and transmit household information, they or the sponsors must ensure that each household knows:

- The household is not required to complete the income eligibility form in order for their children to participate in CACFP; and
- Households have the option, if they choose to complete the income eligibility form, of either:
 - returning the form directly to the sponsor at the address indicated on the form; or
 - returning the form to the provider with written consent allowing the provider to collect the form and transmit it to the sponsor on the household's behalf.

If the provider receives an authorization letter directly from DSS that indicates the enrolled child's eligibility for child care subsidy and the authorization begin and end dates, a copy of the authorization letter may substitute for the IEF, and may come directly from the child care provider to the SO.

It is not necessary to distribute IEFs to the households of enrolled children that the SO and/or child care provider determines to be eligible for Tier I meals through the child's or household's participation in or receipt of benefits under the state child care subsidy offered through the Department of Social Services. Meals served to these children are automatically eligible for Tier I rates subject to receipt of the authorization letter with effective dates of eligibility.

The SO must annually review and document the income or categorical eligibility of individual households of enrolled children for the provider to continue to receive tier I rates for those children.

Information Required on the Income Eligibility Form (IEF)-Form CACFP-110

SOs must obtain Form CACFP-110 to reimburse mixed tier II providers for meals served to children living in households that are eligible for tier I reimbursement rates based on household income or categorical eligibility. The following information must be provided on all CACFP-110 forms:

Eligible Per Household Income:

- Part 1 - The names and birthdates of the applying household's children enrolled in the family child care home.
- Part 2 - The names –and the total income received by each member of the household and the source of that income. NOTE: Refer to Section 9.9 of this chapter for guidance in the definition of “household” and the definition and calculation of “income”.
- Part 4 – The signature, the last four digits of the social security number and date of the adult household member who signs the application, or an indication that he/she does not possess a social security number.

Categorical Eligibility:

- Part 1 - The names and birthdates of the applying household's children enrolled in the family child care home.
- Part 1 - The Supplemental Nutrition Assistance Program (SNAP or the Temporary Assistance for Needy Families (TANF) case numbers) or other qualifying state or federal program (expanded categorical program) names and case numbers (if applicable) for children who are categorically eligible based upon the household's receipt of program benefits.
- Part 4 – The signature and date of the adult household member who completes the application.

The SOs determination of an individual child's eligibility for Tier I rates in a Tier II mixed home is good for one year, or until program benefits expire, in the case of categorical and expanded categorical eligibility.

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CHAPTER Chapter 9. Tiering/Eligibility Guidance			SUBJECT Provider's Own Children			

The term “provider’s own children” refers to all children who reside in the home or reside with the actual provider and are part of the economic unit, i.e., provider’s own birth children, adopted children, children who reside in the home without legal placement, and foster children. See Section 9.14 for additional information on Foster children. All children residing in the home are considered part of the economic unit and are considered members of the household for purposes of tier I eligibility. Since a family child care home may qualify for tier I reimbursement rates on the basis of household income eligibility, by definition, a tier II provider cannot be reimbursed for meals served to his/her own children.

The three following criteria must be met before reimbursing providers for meals served to their own children:

- The children are enrolled and participating in the family child care program during the time of meal service, during normal operating hours, and the provider (parent) is present.
- Other enrolled nonresidential children are present and participating in the same meal service.
- The SO has an effective IEF, Form CACFP-101, demonstrating the provider is eligible for Tier I rates on the basis of household income or categorical eligibility.

SOs must obtain Form CACFP-101 to reimburse tier I providers for meals served to their own children who qualify for tier I rates on the basis of school or census data. The “expanded” categorical eligibility does not apply to determination of tier I status for a provider or for the provider’s own children in tier I family child care homes.

The following example addresses the impact on meal reimbursement when an individual not living in the home provides child care. When a family child care home is licensed by Individual A, who hires Individual B to provide child care in Individual A’s home, Individual B’s children would be considered provider’s own, and would be eligible for meal reimbursement if other eligible children were also enrolled and participating in the same meal service, even though they live outside the home. However, the presence of Individual A’s children would not qualify as “other children enrolled and participating in the meal service,” because these children are residential. In addition, Individual A’s children would not be considered provider’s own, even though they are residential, and would not be eligible for meal reimbursement at any time. Refer to Section 9.10 of this chapter for additional guidance on absent providers.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6/15	9	9.9
CHAPTER Chapter 9. Tiering/Eligibility Guidance			SUBJECT Determination of Individual Household Income			

SOs must compare the total household income and household size information provided on the CACFP Form-110 or CACFP Form-101 to the Income Eligibility Guidelines (IEG) to determine tier I eligibility. SOs must not provide the IEG information to individual households or to providers.

Household Size

Household is defined as a group of individuals, related or non-related, who are not residents of an institution or a boarding house, but live as one economic unit. Members of an economic unit would share housing, income and expenses of its members.

Children who are subject to joint custody physically change residences periodically. In these cases, the child is considered to be a member of the household in which he/she resides. Therefore, the child's eligibility could change periodically, depending on the rotating time periods and the number of household members and the income of each household. The percentage of time that a child lives with a provider must be documented.

Family members living apart on a temporary basis are considered household members, i.e., children who are attending college. However, family members living apart on an extended basis are not considered members of the household. The determining factor is whether the living arrangement is "temporary".

Older children or household members who remain in the home, whether or not they contribute a portion of their income to assist with expenses, are considered members of the household and part of the economic unit. In most of these cases, these children are paying only a token amount for room and board and are not economically independent and, therefore, not considered emancipated.

In unusual instances, if a child contributes to the household expenses to the extent of prorating most household expenses, and there is specific, documented evidence to indicate the detailed calculations as well as receipts of such contributions, the child could be considered a household of one and would not be considered part of the economic unit. However, this situation would entail specific prorating of most household expenses and the child's actual payment of his/her portion, as calculated, and would be extremely uncommon.

The number of exemptions reported on Income Tax Form 1040 should match the number of total household members reported on the IEF. If the numbers are different, the number of exemptions reported on Income Tax Form 1040 must be used to indicate the number of total household members. In rare circumstances, an exception could be allowed to the extent the SO has specific, documented evidence to indicate percentages of time and days of the year the child resides in the provider's home. The documentation must clearly support that the child resides with the provider more than 50% of the year to qualify for tier I meal reimbursement.

Household Income

Income is defined as any money received on a recurring basis, including gross earned income. Gross earned income refers to all money earned before deductions, such as income taxes, employee's social security taxes, insurance premiums, bonds, etc. Income includes the household's gross earnings (wages, salaries, tips, commissions), net income from self-owned businesses, Temporary Assistance (TA) benefits or other public assistance payments, pension, alimony and child support payments, military benefits received in cash, such as housing allowances for households living off-base in the general commercial/private real estate market and food or clothing allowances, unemployment compensation, social security, supplemental security income, veteran's payments, annuities, disability benefits, contributions from persons not living in the household, additional cash received or withdrawn from any other sources, including savings, investments, trust accounts and other resources and any other money that may be available to the family.

Any money received for alimony or child support payments must be included as income. However, money paid out for alimony and/or child support may not be deducted to calculate income.

Children who are not the provider's biological or adopted children, but who live in the home without formal legal placement are considered household members and part of the economic unit, and any income received on their behalf would be included in total household income. Foster care payments received by the family from the placing agency are not considered income and do not need to be reported.

Adopted children are considered household members and part of the economic unit, since the household has accepted legal responsibility for the child. Likewise, any income received on their behalf would be included in total household income.

Family members living apart on a "temporary" basis are considered household members and part of the economic unit. Likewise, any income received on their behalf would be included in total household income. This would include income that college students earn from part-time jobs. Any income on the behalf of older children or other household members who remain in the home and are considered members of the household and part of the economic unit would be included in total household income.

Any money that is deducted for purposes of garnished wages or money ordered to be used in a specified manner, for example, due to bankruptcy, must be considered income and cannot be deducted when calculating household income. The gross earnings amount is the appropriate amount to apply, regardless of the portions garnished or paid to creditors.

Business losses cannot be deducted to reduce income, as is allowable per the IRS. To calculate income for purposes of CACFP eligibility, a business loss is considered a net income of \$0. Furthermore, if there are multiple businesses involved, the net loss(s) of one business cannot be netted against the net income(s) of another business(es) to derive a lesser total net income figure for all businesses. The net income from each business, indicated on Schedule C, Line 31, or on Schedule F, must be added together to derive the total net income amount attributable to self-employment. If this amount on either Schedule C or Schedule F is less than \$0 on any individual Schedule C or Schedule F, the appropriate amount to include in the calculation of total net income is \$0. This means that the amount on IRS Income Tax Form 1040, Line 22, cannot be used to derive total income, because that amount includes any business losses that might have occurred. Rather, the amount on Line 22 provides a basis from which adjustments can be made to derive total household income.

After calculating the total net income amount attributable to self-employment based on a review of all individual Schedule Cs and Schedule Fs that comprise the Form 1040, adjustments can be made accordingly to the amount on Line 22 of IRS Income Tax Form 1040. However, if no net business losses resulted from self-employment, the amount on Line 22 of Form 1040 could be used in the calculation of total household income. However, this amount may not be the final total household income figure, due to many other items as noted above that are included in the definition of income, and therefore, may need to be included in the calculation as well.

The amount reported on Line 34 of IRS Income Tax Form 1040, Adjusted Gross Income for IRS tax purposes, is not the appropriate number to use in the calculation of income. This amount represents deductions that are not allowed per CACFP for household income calculation. Specifically, an example is one-half of self-employment tax on Line 28 that is not deductible per CACFP. The social security tax for a self-employed individual represents the portion attributable to both the employee and the employer, and a self-employed individual would be considered both the employer and employee. Therefore, since employee's social security tax is not an exclusion in the calculation of income per CACFP, this amount reported on Line 28 would not be deducted to derive total household income per CACFP.

Income items that are excluded in the calculation to determine a household's eligibility for tier I rates include:

- 1) Student financial assistance, such as grants and scholarships;
- 2) Bank loans, since these are only temporary funds and must be repaid;
- 3) Military on-base housing or military "privatized housing" (does not include military households living off-base in a general commercial/private real estate market);
- 4) SNAP benefits;
- 5) Occasional earnings, received on an irregular basis, such as payment for babysitting or lawn mowing. However, the key determinant is whether the payment is on a "recurring" basis. If lawn mowing or babysitting activities occur on a regular basis, i.e., a child's part-time or summer job, it would be considered income and would be included in the calculation of household income. Additionally, earnings by teenagers who have part-time jobs at food establishments, retail businesses, etc. is considered income, even though the teenager may consider the money earned as his/her own "spending money".

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6/12	9	9.10
CHAPTER Chapter 9. Tiering/Eligibility Guidance			SUBJECT Absent Providers			

The individual that provides actual child care services is considered to be the provider. Therefore, the CACFP does not recognize, or enter into agreements with corporate entities as family child care homes or as providers. No portion of the agreement can be taken with a corporation/incorporated provider or business. The following example addresses the impact on meal reimbursement when an individual is providing child care in another person's home.

When a family child care home is licensed by Individual A, who hires Individual B to provide child care in Individual A's home, Individual B is considered the "provider" since he/she is the person actually giving care and serving reimbursable meals. Likewise, Individual B is the appropriate person to sign the agreement with the SO and to also receive the reimbursement. The income of Individual B is the appropriate one to evaluate if tiering must be established based on household income. However, if tiering can be established based on school data, Individual A's home is the appropriate one to consider. For purposes of provider's own, Individual A's children are residential, but are not "provider's own" and therefore, would not be eligible for meal reimbursement. On the other hand, even though Individual B's children live outside the home, they would be considered provider's own and would be eligible for meal reimbursement if other eligible children are also enrolled and participating in the same meal service and Individual B is income eligible. However, the attendance of Individual A's children would not qualify as "other children enrolled and participating in the meal service" to support reimbursement to Individual B for provider's own, because these children are residential and ineligible for meal reimbursement. If a third individual is a partner of Individual A, whose home was neither the location of care nor who was the caregiver or licensee, then, his/her nonresidential children could be enrolled in child care and claimed for reimbursement.

Note: This scenario is in conflict with state licensing rules, which state that the licensee must provide care at least 40 hours per week. This scenario was used to demonstrate the "absent provider's" children's ineligibility for CACFP. State licensing rules supersede federal regulations in this situation.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6/15	9	9.11
CHAPTER Chapter 9. Tiering/Eligibility Guidance			SUBJECT Effective Dates and Duration of IEFs			

For either new providers entering CACFP or those changing from a tier II to a tier I classification, home sponsors have flexibility concerning the effective date of certification for Program benefits (effective date of Income Eligibility Forms (IEF)). The date to be used to make this determination may be either the date the parent or guardian signed the income eligibility form or the date on which the sponsor official signs the form to certify eligibility of the child. However, if the date of parent signature is not within the month of certification or the immediately preceding month, the effective date must be the date of certification. Sponsors must decide which date they will rely on as the effective date and apply this date consistently to all income eligibility forms received.

The IEF for each child is effective for one year. IEFs should be considered current and valid until the last day of the month in which the form was dated one year earlier. Each year the parent or guardian must complete a new IEF. For example, if a sponsor certifies an IEF on July 15, the effective date of that IEF is July 1 and the expiration date is July 31 of the next year.

Change in Income

Households are not required to report changes in circumstances, such as an increase in income, a decrease in household size, or when the household is no longer certified eligible for benefits through the Supplemental Nutrition Assistance Program (SNAP) or Temporary Assistance for Needy Families (TANF).

Previously, temporary approval was encouraged when the need for assistance seemed short-term, such as when a household experienced a temporary reduction in income or when no income was reported. Year-long eligibility did not apply when a household was given temporary approval. At the end of the temporary approval period, determining officials re-evaluated the household's situation. Now, all approvals are for an entire year. Year-long eligibility includes households that report no income on their income eligibility forms.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	6/5/98	6/12	9	9.12
CHAPTER Chapter 9. Tier Classification		SUBJECT Categorical Eligible Programs			

The programs on this list have been determined to have income standards that are equal or below the limits established for Tier I rates for this program (185% federal poverty level).

CATEGORICAL ELIGIBLE PROGRAMS

- Supplemental Nutrition Assistance Program (SNAP, formerly Food Stamp Program).
- Temporary Assistance (formerly known as TANF).

EXPANDED CATEGORICAL ELIGIBLE PROGRAMS

- Certified eligible for free or reduced price meals in the National School Lunch, School Breakfast Program, and School Milk Program.
- WIC Special Supplement Nutrition Program for Women, Infants, and Children.
- Head Start participants enrolled on the basis of determination that the family meets the Head Start program's low income criteria.
- Child Care Subsidy Program (DSS-FSD paid children).

Enrollment in these programs may automatically qualify a child for Tier 1 meal eligibility. An IEF should be on file for each child enrolled under these programs with the exception of FSD paid children, who must have a copy of their FSD authorization form on file.

Note: Case identification numbers are required when applicable.

Sponsoring organizations are required to provide annually, at a time specified by MDHSS-CFNA, a list of family child care homes claiming eligibility for Tier I reimbursement on the basis of the provider's participation in the Supplemental Nutrition Assistance Program (SNAP, formerly Food Stamp Program) MDHSS-CFNA, in turn, is required to pass this list to the Missouri Department of Social Services, the State Agency administering the SNAP.

The list must include:

- Providers living outside Tier I eligible areas, who claim eligibility for Tier I reimbursement for all children in care based on the provider's SNAP eligibility; and

- Providers in eligible areas who have established their own child(ren)'s eligibility for Tier I reimbursement based on the household's receipt of SNAP benefits.

Source: 7CFR 226.23 (e) (1)

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6/12	9	9.13
CHAPTER Chapter 9. Tiering/Eligibility Guidance			SUBJECT Press Release			

Each year, MDHSS-CFNA will provide information media (television, radio, or newspaper) serving the area from which the institution draws its attendance with a public release. All public releases shall announce that child care homes that participate in the Child and Adult Care Food Program provide nutritious meals and staff oversight with access to nutrition-related training, technical assistance and monitoring from the Department of Health and Senior Services, without regard to race, color, national origin, sex, age, or disability. To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice and TDD).

It is the sponsoring organization's responsibility to keep a copy of the press release in its files.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	6/5/98	6/12	9	9.14
CHAPTER Chapter 9. Tier Classification		SUBJECT Categorical Eligible –Foster Children			

Section 102 of the Healthy Hunger Free Kids Act amends the Richard B Russell National School Lunch Act to provide categorical eligibility for free meals to any foster child whose care and placement is the responsibility of the State or who is placed by a court with a caretaker household, without further application. In addition, this provision allows certification of a foster child for free meals, without application, if the child care institution or facility obtains documentation from an appropriate State or local agency indicating the status of the child as a foster child whose care and placement is the responsibility of the State or that the foster child has been placed with a caretaker household by a court.

It is important to note that these provisions only apply to foster children formally placed by a State child welfare agency or a court. They do not apply to informal arrangements that may exist outside of State or court based systems.

Households with foster and non-foster children may choose to include the foster child as a household member, as well as any personal income earned by the foster child, on the same household application that includes their non-foster children. This will streamline the application process and may help the foster family’s non-foster children qualify for free or reduced price meals based on household size and income.

In processing the application, certify the foster child for free meals, and then make an eligibility determination for the remainder of the household based on the household’s income (including personal income earned by the foster child) or other categorical eligibility information reported on the application. Foster payments received by the family from the placing agency are not considered income and do not need to be reported.

The presence of a foster child in the household does not convey eligibility for free meals to all children in the household in the same manner as Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) does.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6/12	10	10.1
CHAPTER Chapter 10. Meal Pattern			SUBJECT Requirements for Meals Ages 1-12			

Breakfast

A breakfast meal shall include a serving of fluid milk as a beverage or poured over cereal, a serving of vegetable or fruit or full strength fruit juice, and a serving of whole-grain or enriched bread or bread alternate.

Milk cannot be added to a product during the preparation process and be considered as a serving of milk. For example, milk added to eggs cannot be counted as any part of the milk serving.

Lunch/Supper

A lunch or supper shall include a serving of fluid milk, a serving of lean meat or meat alternate, a serving of two or more vegetables or fruits, or a combination of both, and a serving of bread or bread alternate.

Snack

A snack shall include at least two of the four (meat, fruit/vegetable, bread, milk) components. Juice may not be served when milk is served as the only other component. The snack items must come from two different component groups. For example, orange juice and fruit cocktail would not be a creditable snack because both items come from the fruit/vegetable group.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6/15	10	10.2
CHAPTER Chapter 10. Meal Pattern			SUBJECT Meal Requirements-Birth Through 11 Months			

Meals served to infants up to one year of age must meet the requirements described in this policy and in the *Infant Food Chart*. Foods of an appropriate texture and consistency for each infant are required only when the infant is developmentally ready to accept them. The infant's parent or guardian should be involved in all decisions concerning changes in feeding pattern. Solid foods should be introduced one at a time on a gradual basis.

Breastfeeding should be supported as the preferred way to feed infants. In addition, child care facilities must offer at least one iron-fortified infant formula. The infant formula selected should be one that satisfies the needs of the majority of the infants in the facility's care at any given time. Either breast milk or iron-fortified infant formula, or portions of both, must be served for the entire first year.

Infants must be offered at least the minimum amounts of the meal components outlined in the Food Chart. For some breastfed infants who regularly consume less than the minimum amount of breast milk per feeding, a serving of less than the minimum amount of breast milk may be offered. More breast milk must then be offered if the infant is still hungry. Breastfeeding mothers put considerable effort into expressing and storing their milk so child care facilities should take extra care to avoid wasting breast milk.

Fruit juice should not be offered to infants until they are 6 months or older and ready to drink from a cup. Feeding fruit juice only from a cup helps develop behaviors that may prevent early childhood dental caries. Fruit juice served as part of the meal pattern for infants 8 through 11 months must be full-strength.

Infants should be held when being fed a bottle, and should never be laid down with a bottle.

Infant Meal Pattern:

Birth through 3 months

- Breakfast shall consist of 4 to 6 fluid ounces of iron-fortified infant formula or breastmilk.
- Lunch/supper shall consist of 4 to 6 fluid ounces of iron-fortified infant formula or breastmilk.
- Snack shall consist of 4 to 6 fluid ounces of iron-fortified infant formula or breastmilk.

4 months through 7 months

- Breakfast shall consist of 4 to 8 fluid ounces of iron-fortified infant formula or breastmilk. An optional serving of 0 to 3 tablespoons of iron-fortified dry infant cereal may also be provided.
- Lunch/supper shall consist of 4 to 8 fluid ounces of iron-fortified formula or breastmilk. An optional serving of 0 to 3 tablespoons of iron-fortified dry infant cereal or 0 to 3 tablespoons of fruit or vegetable of appropriate consistency may also be provided.
- Snack shall consist of 4 to 6 fluid ounces of iron-fortified infant formula or breastmilk.

8 months through 11 months

- Breakfast shall consist of 6 to 8 fluid ounces of iron-fortified infant formula or breastmilk, 2 to 4 tablespoons of iron-fortified dry infant cereal, and 1 to 4 tablespoons of fruit or vegetable of appropriate consistency or a combination of both.

- Lunch/supper shall consist of 6 to 8 fluid ounces of iron-fortified infant formula or breastmilk, 2 to 4 tablespoons of iron-fortified dry infant cereal and/or 1 to 4 tablespoons of meat, fish, poultry, egg yolk, or cooked dry beans or peas, or ½ to 2 ounces of cheese or 1 to 4 ounces of cottage cheese or cheese food or cheese spread of appropriate consistency and 1 to 4 tablespoons of fruit or vegetable of appropriate consistency or a combination of both.
- Snack shall consist of 2 to 4 fluid ounces of iron-fortified infant formula or breastmilk, or full-strength fruit juice. Optional foods include 0 to ½ slice of crusty bread or 0 to 2 cracker type products made from whole grain or enriched meal or flour and which are suitable for an infant for use as a finger food.

Breastmilk provided by the infant's mother may be served in place of infant formula from birth up to the 1st birthday. Meals containing only breastmilk qualify for reimbursement. Meals containing breastmilk served to infants in the 8 through 11 month age group may be claimed for reimbursement only if all other required food components are served. If the breastfed infant is not consuming the full regulatory portion, it is acceptable for the provider to modify the amount served as long as the infant's needs are met. However, additional breast milk must be offered if the infant is still hungry.

When infants from birth through 11 months participate in the Program, an infant meal shall be offered. Under the infant meal pattern, infant formula is a required component, and must always be offered in order for the provider to obtain reimbursement under the CACFP, unless breastmilk provided by the infant's mother is served in its place. A home provider must have an Infant Feeding Preference Form on file for all infant's in care that is signed and dated by the parent indicating that infant meals are being offered.

Home providers must offer at least one iron-fortified infant formula which meets the definition of infant formula in Chapter 1, Section 5. Providers must select an infant formula which satisfies the needs of the majority of the infants under their care at any given time.

A parent or guardian may elect to decline the infant formula offered by the provider, and provide their own formula from home. If the parent/guardian elects to bring formula from home, the provider must obtain a signed, written statement from the parent/guardian (Infant Feeding Preference Form) declining the use of formula provided by the home provider. If the signed written statement is not on file for infants whose formula is brought from the home, the home provider may not claim the infant's meals for reimbursement.

Meals containing iron-fortified infant formula provided by the infant's parent served to infants in the 0 through 7 month age group can be claimed for reimbursement if a signed parent statement is on file, rejecting the formula offered by the facility. Meals containing iron-fortified infant formula provided by the infant's parent served to infants in the 8 through 11 month age group can be claimed for reimbursement only if all other required food components are served, and a signed parent statement is on file. If the home provider is providing the infant's formula, meals served to infants of all ages may be claimed if all other component requirements are met.

Infant cereals must be fortified to the level of 45% of the Daily Value for iron as indicated by the manufacturer's nutrition label.

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM		ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6/12	10	10.3
CHAPTER Chapter 10. Meal Pattern			SUBJECT Component Definitions			

Milk

Milk served in the CACFP must be consistent with the most recent version of the Dietary Guidelines for Americans, which recommends that participants two years of age and older consume only fat-free (skim) or low-fat (1%) fluid milk. *Whole milk and reduced-fat (2%) milk may not be served to participants over two years of age.*

Fluid milk served to participants two years of age and older must be: fat-free (skim) or low-fat (1%), fat-free or low-fat lactose reduced milk, fat-free or low-fat lactose free milk, fat-free or low-fat buttermilk, or fat-free or low-fat acidified milk. Milk served must be pasteurized fluid milk that meets State and local standards, and may be flavored or unflavored.

The Dietary Guidelines for Americans do not address milk served to children under the age of two. Children under two (12 months through 23 months) should be served unflavored, whole fluid milk. Infants from birth through 11 months of age must be served iron-fortified infant formula or breastmilk.

Reconstituted dry milk is not creditable as fluid milk.

Non-dairy Beverages

If children cannot consume fluid milk due to medical or other special dietary needs, other than a disability, non-dairy beverages may be served in lieu of fluid milk. Non-dairy beverages must be nutritionally equivalent to milk and meet the nutritional standards for fortification of calcium, protein, vitamin A, vitamin D, and other nutrients to levels found in cow's milk.

Parents or guardians may request in writing non-dairy milk substitutions, as described above, without providing a medical statement. As an example, if a parent has a child who follows a vegan diet, the parent can submit a written request to the child's caretaker asking that soy milk be served in lieu of cow's milk. The written request must identify the medical or other special dietary need that restricts the diet of the child. Such substitutions are at the option and the expense of the facility. The requirements related to milk or food substitutions for a participant who has a medical disability and who submits a medical statement signed by a licensed physician remain unchanged.

Meat

Meat and meat alternates include lean meat, poultry or fish, cheese, egg, cooked dry beans or peas, or nuts and seeds and their butters except for acorn, chestnut and coconut, or an equivalent quantity of any combination of these foods. Foods must be served in a main dish, or in a main dish and one item, to meet this requirement.

Vegetable protein products may be counted as meeting part of the meat and meat alternate requirement. Before using vegetable protein products, contact MDHSS-CFNA for information and assistance on the preparation, serving, and crediting of these products.

Nuts and seeds may fulfill no more than one-half of the meat/meat alternate requirement for lunch/supper for CACFP and all of the meat/meat alternate requirements for the snack for CACFP. Peanut butter cannot be served as the only meat component for the lunch/supper meal.

A menu item must provide a minimum of ¼ ounce of meat or equivalent to be counted toward meeting any part of the meat/meat alternate requirement.

Fruit/Vegetable

Vegetables and fruits are credited as served. Small amounts less than 1/8 cup of vegetables and fruits used for flavorings or as optional ingredients, such as garnishes, should not be counted to meet the vegetable/fruit requirement. The minimum amount of any fruit or vegetable served is 1/8 cup.

A juice must be full-strength 100% fruit juice, with no added sugar or sweeteners.

Cooked dry beans or peas may be counted as a vegetable or as a meat alternate, but not as both in the same meal.

Bread

Bread and bread alternates include bread, rolls, and quick breads, crackers and low moisture breads, pastas, cereal grains, and breakfast cereals, and dumplings, pancakes, and miscellaneous bread products.

In order to be creditable, a bread or bread alternate must:

- Be whole-grain or enriched or made from whole-grain or enriched meal or flour; or if it is a cereal, the product must be whole-grain, enriched, or fortified.
- Contain whole-grain and/or enriched flour and/or meal as specified on the label or according to the recipe; or must be enriched in preparation or processing and labeled enriched.
- Must be provided in quantities specified in the Regulations and in minimum serving sizes as specified in program guidance.
- Must serve the customary function of bread in a meal.

Fortified products have had iron, thiamine, riboflavin, and niacin added to the product.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6/12	10	10.4
CHAPTER Chapter 10. Meal Pattern			SUBJECT Types of Meal Service			

Unitized

Under the unitized method of meal service, each child receives at least the minimum serving size of each meal component on their plate. All meal components must be served at the same time.

Family Style

Under the family style method of meal service, each child receives a portion of each meal component. Replenishments of each meal component are readily available at each table. Family style meal service is allowable for CACFP if:

- Enough food is placed on each table to provide minimum portions of the family style components for all children at the table and to accommodate program adults supervising meal service at the table if they eat with the children;
- Some amount of each required component is served to each child and at least the minimum regulatory portion is offered to the child; and
- When the full regulatory portion is not initially served to the child, participating supervising adults must assume the responsibility of asking the child if they would like the full portion during the course of the meal.

Any food placed on the table may not be reused or served as a leftover at a later time. Food which has been prepared, but not placed on the table may be reused if properly stored and reheated to at least 165 degrees Fahrenheit. Milk should be poured just before the meal service begins and not sit longer than 15 minutes before children begin eating.

With both meal types specified above, all food items must be placed on a child’s plate in order to ensure that a reimbursable meal or supplement is served. If the child is not served all required components, the meal may not be claimed for reimbursement. See Section 10.5 for exceptions to the required service of all meal components.

Availability of Water

The Healthy Hunger Free Kids Act of 2010 established the requirement that drinking water be made available to children, as nutritionally appropriate. Throughout the day, including at meal times, water should be made available to children to drink upon their request, but does not have to be available for children to self-serve. While drinking water must be made available to children during meal times, it is not part of the reimbursable meal and may not be served in lieu of fluid milk.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL			12/90	6/12	10	10.5
CHAPTER Chapter 10. Meal Pattern				SUBJECT Substitutions			

To claim a meal for reimbursement, the child must be served the required minimum components. Exceptions to this requirement occur under the following circumstances:

Physical Needs

Sponsoring organizations of homes who participate in the CACFP are required to make substitutions or modifications to the meal pattern for participants with disabilities. If a participant is unable to consume the meals offered to non-disabled participants, appropriate substitutions to the meal pattern must be provided.

A participant whose disability restricts his or her diet shall be provided substitutions in foods only when supported by a medical statement signed by a physician. The medical statement must be kept on file at the center and shall identify:

- The participant's disability and an explanation of why the disability restricts the participant's diet;
- The major life activity affected by the disability; and
- The food or foods to be omitted from the participant's diet and the food or foods that must be substituted.

Reimbursement for meals served with an authorized substitute food to disabled participants shall be claimed at the same reimbursement rate as meals which meet the meal pattern. There shall not be a supplementary charge for the substituted food item.

Medical Reasons

Sponsoring organizations may make substitutions for participants who are not disabled but are unable to consume a food item because of medical or other special dietary needs. Substitutions may only be made on a case by case basis.

Participants with medical or special dietary needs may have substitutions to the meal pattern only when supporting documentation is on file. The documentation must be signed by a recognized medical authority such as a physician, physician assistant, or nurse practitioner and must include the following (note exception for non-dairy beverages below) :

- An identification of the medical or other special dietary need which restricts the participant's diet; and
- The food or foods to be omitted from the participant's diet, and the food or foods that may be substituted.

Reimbursement for meals served with an authorized substitute food shall be claimed at the same reimbursement rate as meals which meet the meal pattern. There shall not be a supplementary charge for the substituted food item.

Non Dairy Substitutions

The Healthy, Hunger-Free Kids Act of 2010 (the Act), Public Law 111-296, has modified requirements for fluid milk and fluid milk substitutions in the Child and Adult Care Food Program (CACFP). Fluid milk served in the CACFP must be consistent with the 2010 Dietary Guidelines for Americans. In addition, the Act allows the substitution of non-dairy beverages that are nutritionally equivalent to fluid milk in cases of special dietary needs. **This provision is effective immediately and full compliance should occur no later than October 1, 2011.**

Substitutions for Fluid Milk (cow's milk):

Non-dairy beverages, such as soy milk, rice milk, or almond milk, may be served in lieu of fluid milk provided the following:

1. Non-dairy beverages must be nutritionally equivalent to milk and meet the nutritional standards for fortification of calcium, protein, vitamin A, vitamin D, and other nutrients to levels found in cow's milk. Only a beverage meeting the nutrient standards at levels specified may be substituted for fluid milk as follows:

Nutrient	Per one (1) cup (8 ounces)
Calcium	276 mg.
Protein	8 gm.
Vitamin A	500 IU.
Vitamin D	100 IU.
Magnesium	24 mg.
Phosphorus	222 mg.
Potassium	349 mg.
Riboflavin	0.44 mg.
Vitamin B-12	1.1 mcg.

It should be noted that the availability of nutritionally equivalent non-dairy beverage products that meet USDA's criteria as a fluid milk substitute is limited to the following soy products and not available in all parts of Missouri: 8th Continent Original Soy Milk, Pacific Natural Ultra Soy Milk (Plain), Pacific Ultra Soy Milk (Vanilla), Kikkomon Pearl Organic Soymilk (Creamy Vanilla), and Kikkomon Pearl Organic Soymilk (Chocolate).

2. Parents or guardians may now request in writing a non-dairy milk substitution without providing a medical statement. The non-dairy beverage must be nutritionally equivalent to milk in order to claim the meal for reimbursement. Such substitutions are at the option and expense of the facility.

The Act does not specify the medical or special dietary needs that are covered by the milk substitution provision. Any reasonable request could be accepted at the discretion of the center. For example, a request due to milk intolerance, vegan diet, as well as religious, cultural or ethical reasons would be acceptable and could be accommodated. If a request only states that a child does not like milk, this would not be a reasonable request for a milk substitute.

Example: if a parent has a child who follows a vegan diet, the parent can submit a written request to the child's caretaker asking that soy milk be served in lieu of cow's milk. The written request must identify the medical or other special dietary need that restricts the diet of the child. It is at the center's option and expense to meet the request for the vegan diet.

Ethnic, Religious, or Economic Needs

Variations made due to ethnic, religious or economic needs may be made on an experimental or on a continuing basis with approval from Food and Nutrition Service (FNS). A sponsoring organization may request FNS approval by submitting a letter to MDHSS-CFNA, stating the substitutions to be made and the reasons for their necessity.

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM			ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL			12/90	6/12	10	10.6
CHAPTER Chapter 10. Meal Pattern				SUBJECT Parents Providing Food			

To claim reimbursement for a meal, the provider must supply all of the CACFP meal components. Food provided by parents cannot be counted as fulfilling any of the CACFP required components. If the parents provide an additional food such as cake for lunch or snack and the provider provides the required components, then the meal may be claimed. It is strongly recommended that the required components be served before any additional or extra foods are offered.

Example:

Johnny Doe's mother brings cookies to the home to help celebrate his birthday. The provider serves the cookies and milk for snack. This snack cannot be claimed because the provider didn't supply both components. If the provider served fruit with the milk and cookies, the snack could be claimed for reimbursement.

Exceptions to this provision are made only when the parent is supplying infant formula for an infant. When the parent provides infant formula, the provider must supply any other required meal components in order to claim reimbursement for the meal or snack and must have a signed statement on file indicating that the parent has refused the formula offered by the provider. See section 10.11 for more detail on claiming infants.

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM			ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL			12/90	6/12	10	10.7
CHAPTER Chapter 10. Meal Pattern				SUBJECT Meals Eaten at Another Location			

Meals purchased at a fast food establishment or restaurant may not be claimed for reimbursement when served to children. Meals “packed” at the home day care and sent with a child to eat at another location without the supervision of the home are not eligible to be claimed for CACFP reimbursement. Picnic lunches provided by the home and served away from the home can be claimed when the home provider supervises the meal service. Care must be taken to assure that potentially hazardous foods are kept at temperatures below 41 degrees or above 140 degrees Fahrenheit.

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM		ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6/15	10	10.8
CHAPTER Chapter 10. Meal Pattern			SUBJECT Processed Foods			

Processed foods such as breaded meat products, frozen pizza, ravioli, tamales, etc. cannot be counted toward fulfilling the meal pattern requirements unless the home has documentation of the composition of the processed product.

To verify the crediting of processed food items, the home must serve processed foods that include a Child Nutrition (CN) label, a CN Label Watermark or a Product Formulation Statement (PFS). All original documentation regarding processed foods must be maintained at the provider's family day care home and copies must be retained in the sponsoring organization's files. The documentation may include the CN label removed from the product carton, a photograph of the CN label, a photocopy of the CN label, or the PFS signed by the manufacturer stating what the product actually contains and the amount of each ingredient in the product by weight. If no information is on file at the time of a monitoring review, meals containing the processed foods may be disallowed.

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM		ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6/12	10	10.9
CHAPTER Chapter 10. Meal Pattern			SUBJECT Home Processed Foods			

No home canned food can be used in the CACFP. The requirement stems from the concern over the safety of all children being served by the program. Home canned foods that are not properly processed can become spoiled. Jams and jellies are included in the category of home canned foods.

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM		ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		11/17/97	6/12	10	10.10
CHAPTER Chapter 10. Meal Pattern			SUBJECT Crediting Yogurt			

Yogurt may be used to meet all or part of the meat/meat alternate requirement. Yogurt can be credited as a meat/meat alternate for lunch or supper, and snacks. To be credited, yogurt served may be either plain or flavored, unsweetened or sweetened. Four ounces (weight) or ½ cup (volume) of yogurt fulfills the equivalent of one ounce of meat/mate alternate requirement in the meal pattern.

Noncommercial and/or nonstandardized yogurt products such as frozen yogurt, homemade yogurt, yogurt flavored products, yogurt bars, yogurt covered fruit and/or nuts, or similar products cannot be credited.

The following amounts of yogurt, plain or flavored, unsweetened or sweetened, will meet the complete meal pattern requirement for meat/meat alternate for children age 1 through 12 for lunch or supper.

Age 1 and 2
4 oz. or ½ cup

Age 3 through 5
6 oz. or ¾ cup

Age 6 through 12
8 oz. or 1 cup

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM	ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	3/25/04	6/12	10	10.11
CHAPTER Chapter 10. Meal Pattern		SUBJECT Claiming Infants			

Family child care homes participating in CACFP must offer program meals to all eligible children enrolled for care in their facilities. Enrolled infants under 12 months old must have access to CACFP meals. CACFP meal requirements are defined in the *Infant Food Chart*. When an infant is in care during the meal service period, the facility must offer the infant a meal that meets program requirements. A facility may not avoid this obligation by stating that the infants are not “enrolled” in CACFP, or by citing some logistical or cost barrier to offering an infant meal. Decisions on offering Program meals must be based on whether the child is enrolled for care, not whether the child is enrolled for CACFP. Section 226.2 of the CACFP regulations defines an enrolled child as “a child whose parent or guardian has submitted to an institution a signed document which indicates that the child is enrolled for child care.

Infants must be recorded on the attendance records, meal count records, and claim forms the same as other enrolled children. Reimbursement rates for infants are the same as for older children. In addition to the standard recordkeeping, an individual infant meal record must be kept for each infant in care. Use the appropriate meal record based on the age of the infant – 0 through 3 months, 4 through 7 months, or 8 through 11 months. It is not necessary to document the actual amounts consumed by infants 4-11 months old. It is assumed that the required amounts are offered.

Infant meals claimed may not exceed 2 meals and 1 snack or 1 meal and 2 snacks per day, regardless of the number of times the infant eats.

The *Infant Feeding Preference* form and *Infant Food Chart* should be given to parents of infants when they enroll. The preference form must be signed by a parent or guardian and kept on file for all infants enrolled at the child care facility.

Infant meals can be claimed in these situations:

- Parents provide expressed breastmilk and the child care facility provides all other required meal components as appropriate for age according to the *Infant Food Chart*. Breastmilk must be served to infants by child care staff. Meals containing only breastmilk may be claimed for infants from birth through 7 months of age.
- Parents accept the CACFP approved infant formula provided by the child care facility and the child care facility provides all other required food components as appropriate for age according to the *Infant Food Chart*.
- Parents provide a CACFP approved infant formula and the child care facility provides all other required meal components as appropriate for age according to the *Infant Food Chart*.
- Mother comes to the facility to breastfeed her infant and the facility provides all other meal components.

Infant meals cannot be claimed in these situations:

- Mother comes to the facility to breastfeed her infant and no other food components are served. While this feeding practice is desirable, the meal cannot be claimed for CACFP because the facility is not providing the service of feeding the infant.
- Parents do not accept the foods offered by the facility. They bring food from home for their infant.
- Whole milk is served in place of breastmilk or infant formula.

See section 10.2 for more information on infant feeding.

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	ISSUED	REVISED	CHAPTER	SECTION
		8/06	11/15	10	10.12
CHAPTER Chapter 10. Meal Pattern		SUBJECT Meal Service Times			

This policy applies when scheduling meal times and when approval is granted for meals claimed for reimbursement in all Child and Adult Care Food Program family child care homes.

Approved Meals

The meals approved for reimbursement will be based on the home's Section for Child Care Regulation's licensed hours of operation or hours of actual operation (if different from licensed hours) within the limits of the licensed hours.

Child care homes:

Homes licensed for 12 hours or less with an end time of 6:00 PM or earlier will be approved for breakfast, lunch and AM snack and /or PM snack only. The supper meal and evening/night snack will not be approved for reimbursement.

Homes licensed for 15, 18 or 24 hour care and operating after 6:00PM may be approved for breakfast, morning/AM snack, lunch, afternoon/PM snack, supper, evening snack with proof that the home is **regularly** operating for evening and night care. Family child care homes that do *occasional evening care* may not be approved for supper meals without prior approval from the sponsoring organization.

Homes that hold an extended license but do not operate an extended schedule will be approved for meal service under the limits stated for a 12 hour licensed facility.

Registered homes will be approved for meals that are served during the home's listed hours of care.

Meal time duration

When scheduling meal times, the following requirements will be used for approval:

Breakfast

- The duration of the breakfast meal service may take no more than 2 hours from start to finish.
- Breakfast service may start no earlier than 6:30 AM.
- Breakfast service must be completed by 9:00 AM.

Snack

- The duration of the snack service may take no more than 2 hours from start to finish.
- A snack may be approved for midmorning, afternoon and evening.
- A snack may be scheduled no earlier than 2 hours after the completion of the previous meal or snack.

Exception: The midmorning snack may be served at a time less than 2 hours (but not less than 1 hour) following the completion of the breakfast meal only in situations where it is served to different children who arrive at the home too late for the scheduled breakfast. In such instances children may only be claimed for one meal or snack consumed, either the breakfast or the AM snack. The same child may not be claimed for both the breakfast and the AM snack.

- The evening snack may only be approved for institutions licensed for evening and/or night care operating over 15 hours per day.
- Evening snack may not be approved for service before 8:00 PM .

Lunch

- The duration of the lunch meal service may take no more than 2 hours from start to finish.
- Lunch may not be served before 10:30 AM and must end before 1:30 PM.
- Lunch may be scheduled no earlier than 2 hours after the completion of the previous meal or snack.

Supper

- The duration of the supper meal service may take no more than 2 hours from start to finish.
- The supper meal may not be scheduled to start before 5:30 PM.
- The supper meal may not be approved for homes where the licensed approved operating hours end at or before 6:00 PM, or where licensed for evening care but not actually operating for evening/night care hours.
- The supper meal may be scheduled no earlier than 2 hours after the completion of the previous meal or snack.
- The service of the supper must end no later than 8:00 PM.

Meals must be served at a time traditionally considered as the normal serving time for such a meal.

At least 2 hours must elapse between the end of one meal and the start of the following meal or snack.

In situations of half or part time child care: the same child/children may only be claimed for the breakfast, AM snack and lunch meals when there is at least 2 hours between each meal/snack service times. (for example: breakfast 6:30 –7:30, AM snack 10:00-10:30, lunch 12:30-1:30).

Reference:

Time of meal service {226.20(k)} State agencies may require any institution or facility to allow a specific amount of time to elapse between meal services or require that meal services not exceed a specified duration. State Agencies will issue policy to place time limits on meal services for any type facility.

CACFP policy 293 states that in order for a meal to be claimed it should be served at a time traditionally considered as the normal serving time for such a meal.

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM		ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6/12	11	11.1
CHAPTER Chapter 11. Procurement			SUBJECT Overview			

Procurement of goods and services involves purchasing the desired product at the lowest price possible. Achieving this objective requires careful planning on the institution's part. Parts of the planning process must include, at a minimum, the following steps:

- Determining the purchase method;
- Developing a blue print to describe the product or service rendered. The blue print is referred to as an Invitation for Bid (IFB) or Request for Proposal (RFP);
- Determining the criteria used to award the bid;
- Soliciting (recruiting) providers to supply the product;
- Evaluating the bids received;
- Awarding the bid; and
- Monitoring the contract to assure requirements of the contract are met.

When completing each of the above stages, it is mandatory that federal and state regulations are followed. The above steps and applicable regulations will be detailed in the following sections.

Regardless of the methods used for procurement, the institution must assure that all procurement transactions, regardless of whether by sealed bids or by negotiation and without regard to dollar value are conducted in a manner that provides maximum open and free competition. Procurement procedures shall not restrict or eliminate competition.

Competition is mandated so that Program goods, equipment, and services will be obtained at the lowest possible cost. All procurements must be made using competitive practices, with the exception of purchases made through use of the noncompetitive negotiation method. Section 11.2 addresses circumstances under which noncompetitive negotiation is acceptable.

In order to assure that true competition is taking place, identical specifications, identical IFBs or identical RFPs must be furnished to the potential vendors. All pertinent data must be made available to potential vendors.

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM	ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	12/90	12/15	11	11.2
CHAPTER Chapter 11. Procurement		SUBJECT Determining the Purchase Method			

There are five different methods which can be used when purchasing goods or services. The methods are:

Micro-purchase

Micro-purchase is the acquisition of supplies or services in which the aggregate dollar amount does not exceed \$3,500. Micro-purchases must:

- Be distributed equitably among qualified suppliers;
- May be awarded without soliciting competitive bids if the price is reasonable

Small Purchase Procedures

Regards purchases valued *below* the Small Acquisition Threshold, Federal is \$150,000

Small purchase procedures are simple and informal procurement methods used in the purchase of goods and services. In the state of Missouri, all purchases in excess of \$3,000 must be based on competitive bids, with exceptions (Chapter 34.040.1., Missouri Revised Statutes). When using the informal bid procedure, price or rate quotations shall be obtained from at least three qualified sources. Free and open competition must prevail when using small purchase procedures. The items or services to be purchased must be adequately and consistently described for each prospective vendor so that each one can provide price quotes on the same merchandise or service.

Documentation of the price and rate quotations must be kept on file and available for review. The lowest bid that conforms to all the material requirements for the good or service shall be accepted.

Competitive Sealed Bids (formal advertising)

Regards purchases valued *above* the Simplified Acquisition Threshold, Federal is \$150,000.

Sealed bids are publicly solicited and a fixed-price contract is awarded to the bidder whose bid, conforming to all the material terms and conditions of the Invitation for Bid (IFB), is lowest in price.

In order for competitive sealed bidding to be feasible, these conditions must be present:

- A complete, adequate, and realistic specification or purchase description is available;
- Two or more responsible suppliers are willing and able to compete effectively for the business; and
- The procurement lends itself to a firm-fixed price contract. Selection of a successful bidder can be made principally on the basis of price.

If it is determined that competitive sealed bidding is appropriate, the following requirements must be met:

- Develop a complete, adequate, and realistic specification or purchase description. The description will be in the form of an IFB. The IFB shall clearly define the item or services needed in order for the bidders to properly respond.

- In sufficient time prior to the date for the opening of bids, formally advertise for potential bidders. Bids must be solicited from an adequate number of known suppliers.
- All bids must be opened publicly at the place and time stated in the IFB.
- The firm-fixed-price contract is awarded by written notice to the bidder with the lowest bid conforming to the IFB.
- Any or all bids may be rejected when there are sound documented business reasons in the best interest of the Program.

Competitive Negotiation

Proposals are requested from a number of sources and the Request for Proposal (RFP) is publicized. Competitive negotiation may be used if conditions are not appropriate for the use of formal advertising. If it is determined that competitive negotiation is appropriate, the following requirements must be met:

- Proposals must be solicited from an adequate number of qualified sources to permit reasonable competition.
- The RFPs must be publicized and reasonable requests by other sources must be honored to the maximum extent practicable;
- The RFP must identify all evaluation factors and indicate relative importance of each that will be used to evaluate the bid;
- The organization must have mechanisms to provide technical evaluation of the bids received to select the contract award; and
- The award must be made to the offeror whose proposal is most advantageous with regard to price and other factors. Unsuccessful offerors must be notified promptly.

Noncompetitive Negotiation

This form of procurement is through solicitation of a proposal from only one source. Noncompetitive negotiation may be used only when the award of a contract is infeasible under the other three purchase methods. This form of procurement can only be used under the following circumstances:

- The item is available from a single source;
- Public exigency or emergency when the urgency for the requirement will not permit a delay incident to competitive solicitation;
- FNS authorizes noncompetitive negotiation; or
- After solicitation of a number of sources, competition is determined inadequate.

Under no conditions can a cost plus percentage of cost method of contracting be used.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL			12/90	6/12	11	11.3
CHAPTER Chapter 11. Procurement				SUBJECT Criteria for Awarding Bids or Proposals			

Awards for a bid, Invitation for Bid (IFB), or proposal, Request for Proposal (RFP), can only be made to responsible contractors that have the potential ability to perform successfully under the terms and conditions of a proposed procurement. Consideration shall be given to:

- contractor integrity;
- compliance with public policy;
- record of past performance; and
- financial and technical resources.

Solicitations for offers must clearly and accurately describe the material, product or service to be purchased. All requirements of the bid or proposal which must be fulfilled and all other factors to be used to evaluate the bid or proposal shall be clearly set forth in the IFB or RFP.

Institutions must document the history of a purchase. Records should include the rationale for the method of purchase, the reason for selecting or rejecting a vendor and the basis for the cost or price. If the lowest bid price is not the determining factor, written justification must be maintained showing why one vendor was more beneficial than another to the Program.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6/12	11	11.4
CHAPTER Chapter 11. Procurement			SUBJECT General Contract Provisions			

In addition to provisions that define a sound and complete contract, an organization must include the following conditions and provisions in all procurement contracts and subcontracts:

- Contracts other than small purchases must include provisions to allow for remedies for contractor breach of contract or violations and provide for sanctions and penalties;
- Contracts in excess of \$10,000 must include provisions and describe conditions for termination by the organization, due to contractor default, as well as circumstances beyond the control of the contractor;
- All contracts awarded in excess of \$10,000 must contain provisions to require compliance with Executive Order 11246, entitled “Equal Employment Opportunity”, as amended by Executive Order 11375, and as supplemented in the Department of Labor regulations;
- Where applicable, contracts awarded in excess of \$2,500 that involve the employment of mechanics or laborers must comply with section 103 of the Contract Work Hours and Safety Standards Act as supplemented by Department of Labor regulations. This relates to overtime pay rates for employees that work in excess of 40 hours in the work week;
- The contract must include language relating to USDA requirements relating to reporting and patent rights for contracts involving research, development or experimental work that arises in the course of or under a contract and of USDA regulations relating to copyrights;
- Contracts and subcontracts in excess of \$100,000 must include provisions regarding compliance with Clean Air Act, the Clean Water Act, Executive Order 11738 and Environmental Protection Agency regulations; and
- Contracts must recognize mandatory standards and policies relating to energy efficiency to comply with the Energy Policy and Conservation Act.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6/12	11	11.5
CHAPTER Chapter 11. Procurement			SUBJECT Standards of Conduct			

Institutions contracting for services shall maintain a written code of standards of conduct which governs the performance of officers, employees, or agents involved in the administration or award of the contract. No officer, employee, or agent shall participate in the selection, or in the award or administration of a contract supported by CACFP funds if a conflict of interest, real or apparent, would be involved.

A conflict of interest is possible when:

- The employee, officer or agent,
- Any member of his immediate family,
- His or her partner; or
- An organization which employs or is about to employ any of the above,

has a financial or other interest in the firm selected for award.

An institution's officers, employees, or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to subagreements.

To the extent provided by State or local law or regulations, the code of standards must provide for penalties, sanctions or other disciplinary actions for violations of the standards by the organization's officers, employees or agents, or by contractors or their agents.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL		12/90	6/12	11	11.6
CHAPTER Chapter 11. Procurement			SUBJECT Contracting with Small and Minority Firms			

To the extent possible, efforts must be made to include small, minority and woman owned business enterprises on the solicitation list. These firms must be solicited when they are potential sources for purchased goods and services. When economically feasible, total requirements must be divided into small quantities and delivery requirements or schedules established to permit maximum participation by these firms.

When indicated, the services of the Small Business Administration and the Office of Minority Business Enterprise of the Department of Commerce should be used.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	12/90	6/12	12	12.1
CHAPTER Chapter 12. Complaint and Appeal Procedures		SUBJECT Actions Which Can Be Appealed			

During the course of the contract with an institution, the Bureau of Community Food and Nutrition Assistance (BCFNA) may make determinations with which the institution may not agree. For any actions impacting the institution, BCFNA will advise the institution of the grounds on which the BCFNA based its action. The notice of required action shall be sent certified mail, faxed or e-mailed to the institution's executive director and chairman of the board of directors and the responsible principals/individuals. Also included will be a statement that the institution has the right to appeal the action.

An independent institution or sponsoring organization may appeal decisions made by BCFNA. Actions which may be appealed are those that affect the participation of an institution in the Program or the institution's claim for reimbursement. Actions which may be appealed include:

- Denial of an institution's application for participation;
- Denial of an application submitted by a sponsoring organization on behalf of a facility;
- Notice of proposed termination of the participation of an institution or facility;
- Notice of proposed disqualification of a responsible principal or responsible individual;
- Suspension of an institution's participation for health or safety reasons or submission of a false or fraudulent claim;
- Denial of an institution's application for start-up or expansion payments;
- Denial of a request for advance payments;
- Recovery of all or part of an advance in excess of the claim for the applicable period;
- Denial of all or part of a claim for reimbursement;
- Demand for the remittance of an overpayment;
- Denial by the Missouri Department of Health and Senior Services to forward to the Food and Nutrition Service (FNS) an exception request by the institution or sponsoring organization for payment of a late claim or a request for an upward adjustment to a claim, or demand for remittance of an overclaim; and
- Any other action of the state agency affecting an institution's participation or its claim for reimbursement.

Actions not subject to appeal include:

- A decision by FNS to deny an exception request by an institution for payment of a late claim or for an upward adjustment to a claim;
- A determination that an institution is seriously deficient;
- Disqualification and placement on the National Disqualified List;
- Termination of a participating institution's contract, based on the disqualification of the institution by another State Agency or FNS;
- A determination that corrective action was not complete and permanent;
- A decision that corrective action is inadequate for National Disqualified List (NDL) removal;

- The State Agency's refusal to consider an application if the institution or principal is on the NDL or an application submitted on behalf of a facility on the NDL.

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CHAPTER Chapter 12. Complaint and Appeal Procedures			SUBJECT Types of Appeals			

Appeals are conducted before a duly appointed administrative hearing officer.

Administrative review is an in-person, verbal hearing at which testimony and evidence is submitted by the participant and MDHSS.

Abbreviated administrative review is a review of written material only. Written evidence is submitted to the Hearing Officer for consideration in the appeal. An appellant cannot request an administrative review after the abbreviated administrative review has taken place.

Abbreviated administrative reviews are the only option available to appellants under the following conditions:

- Submission of false information on the application.
- The institution or one of its principals or its facilities is on the national disqualified list.
- The institution or one of its principals or one of its facilities is ineligible to participate.
- The institution or one of its principals or one of its facilities has been convicted for any activity that indicates a lack of business integrity.

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CHAPTER Chapter 12. Complaint and Appeal Procedures			SUBJECT Filing a Request			

An independent institution or sponsoring organization can appeal any of the actions listed in Section 12.1 by filing a written request for appeal.

Filing the Request

A participant has 15 days to request an administrative review. The 15 days allotted for the request begins on the fifth day after the date of mailing of the state agency notice, or on the date the institution receives the notice of findings, whichever is earliest.

The appeal **must** be a written request sent to:

Hearing Officer (address provided with correspondence)	AND	Missouri Department of Health and Senior Services Bureau of Community Food & Nutrition Assistance P.O. Box 570 Jefferson City, MO 65102
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A request for an appeal must be submitted to both parties listed above.

The appeal request must:

- Have the name, phone number, and mailing address of your institution.
- Clearly identify the findings that are being appealed, the basis of the appeal, and the remedy sought.
- Have written information to support the appeal (abbreviated review only).
- Have a copy of the notice from the state agency that gives rise to the review request.
- State whether or not the participant is requesting an in-person, oral hearing, or an abbreviated administrative review. A party or entity requesting a review may elect to have an abbreviated administrative review even though entitled to a full hearing.
- Be signed by the authorized representative of the institution and have the name and the title of the person who signed the request, if other than the authorized representative.

Notification and Scheduling

1. You will receive a docketing letter giving the date, time, and location of the administrative hearing by mail within 10 calendar days of request receipt.
2. Either the Missouri Department of Health Senior Services (MDHSS) or the party requesting the review may thereafter seek a continuance (rescheduling) of the hearing. Such requests must be in writing and should state the reason for the continuance request. The continuance request must be sent to the Hearing Officer and the state agency. Note: A request of a continuance by the appealing party may waive the right to decision within 60 days of the Missouri Department of Health and Senior Services' notice.
3. The Hearing Officer will notify both parties as to whether or not the continuance is granted or denied. If it is denied, the hearing will be held as originally scheduled. If it is granted, a new hearing date will be

sent by the Hearing Officer. It is extremely helpful if a request for a continuance also contains a statement as to what dates for a new hearing are not available to the party requesting the continuance.

4. MDHSS has the right to file an objection to the continuance.
5. The institution can request copies of the information in the Bureau of Community Food and Nutrition Assistance's files upon which the adverse action was based.
6. *Representation by an attorney:* Missouri state law prohibits employees of a corporation from acting as an attorney on behalf of the employing corporation. An employee may participate in an administrative review on behalf of a corporation, but participation is limited to testimony about the relevant facts related to the appeal. A non-attorney may **not** file motions, briefs, or make legal arguments or examine witnesses.
7. MHDSS will have legal counsel representation at any in-person oral hearing.
8. If the appellant fails to appear at the scheduled date, time, and place, the Hearing Officer will proceed to render a final determination based on available written information.

ALL SUBMISSIONS OF WRITTEN MATERIAL MUST BE SUBMITTED BY MAIL. REQUESTS FOR CONTINUANCES MAY BE SUBMITTED BY FAX TO THE HEARING OFFICER.

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CHAPTER Chapter 12. Complaint and Appeal Procedures				SUBJECT Determination of the Hearing Officer			

The Hearing Officer shall make a written determination based upon written information submitted by the Bureau of Community Food and Nutrition Assistance (BCFNA), written information submitted by the institution in support of its position, additional information as may be obtained by the Hearing Officer from any other person or persons having relevant and pertinent information, and information presented orally at the hearing.

The Hearing Officer will make a determination on the action under appeal within 60 calendar days from the date of notice of the adverse action in accordance with the regulations governing the CACFP. This determination is the final administrative decision on the matter. It is not subject to further administrative review or reconsideration.

The Hearing Officer's determination will be sent by certified mail, return-receipt requested, to the appellant institution or its representative. A copy will also be sent to the BCFNA. It will take effect immediately upon receipt by the appellant institution or its representative.

In the case of a denial of an institution or facility's application to participate in the program, the determination of the Hearing Officer will either sustain the denial or shall direct that the institution or facility be approved for participation.

In the case of a denial of all or part of a claim for reimbursement, advance payment, or demand for refund of an overpayment, the determination of the Hearing Officer will either sustain the action under appeal, or specify the amount of the claim for reimbursement, advance payment, or refund of overpayment to be paid.

In the case of the termination of an institution or facility's participation in the Program, the determination of the Hearing Officer shall either sustain the termination or shall direct that the institution or facility be permitted to continue participation in the Program.

If an appeal and request for administrative review involves any doubtful questions of law, the Hearing Officer will obtain the advice of the Office of General Counsel, Missouri Department of Health and Senior Services.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	4/1/03	6/12	12	12.5
CHAPTER Chapter 12. Complaint and Appeal Procedures		SUBJECT Appeal of Propose to Terminate Seriously Deficient			

An institution and responsible principals and responsible individuals that receive a notice of a serious deficiency have the right to appeal the findings leading to the serious deficiency rating, but **not** the serious deficiency notice. See Section 8.3 for a listing of serious monitoring findings.

Institutions and responsible principals with serious deficiencies have 90 days to demonstrate “full and permanent” corrections by:

- Submission of a corrective action plan, and
- A follow-up on-site visit by the Bureau of Community Food and Nutrition Assistance staff.

A copy of the notification of serious deficiency is forwarded to the United States Department of Agriculture – Mountain Plains Regional Office (USDA-MPRO) for tracking.

When a follow-up site visit demonstrates full and permanent corrective action, the serious deficiency rating is rescinded and USDA-MPRO is notified.

When a follow-up on-site visit demonstrates that limited or no corrections have been made, a “proposal to terminate” the CACFP contract and disqualify the responsible principals and responsible individuals will be sent by certified mail, e-mail or fax. A proposal to terminate determination can be appealed.

Responsible principals of an organization are defined as directors, managers, officers, board members, and owners.

Responsible individuals are defined as those whose actions or inactions resulted in the serious deficiency. This can include employees, contractors, volunteers, and unpaid family members.

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CHAPTER Chapter 12. Complaint and Appeal Procedures		SUBJECT Civil Rights Complaint Procedure			

Any person alleging discrimination based on race, color, national origin, sex, age, or disability has a right to file a complaint within 180 days of the alleged discriminatory action.

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TTY). USDA is an equal opportunity provider and employer.

Include in the complaint:

- Name, address, and telephone number or other means of contacting the complainant;
- The specific location and name of the entity delivering the service or benefit;
- The nature of the incident or action that led the complainant to feel discrimination was a factor or an example of the method of administration which is having a disparate effect on the public, potential participants, or participants;
- The basis on which the complainant feels discrimination exists;
- The names, titles, and business addresses of persons who may have knowledge of the discriminatory action; and
- The date during which the alleged discriminatory actions occurred, or if continuing, the duration of such actions.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	12/90	6/12	12	12.7
CHAPTER Chapter 12. Complaint and Appeal Procedures		SUBJECT Child Care Homes			

Child care homes that are dropped for cause must be given an opportunity for an administrative review of the proposed termination. The appeal process will be administered by the sponsoring organization.

Actions that are subject to administrative review include a notice of intent to terminate their agreement for cause or a suspension of their participation. Neither the Missouri Department of Health and Senior Services (MDHSS) nor the sponsoring organization is required to offer an administrative review for other reasons. Each sponsoring organization must develop procedures for offering and providing administrative reviews. The administrative review procedures must be provided:

- Annually to all child care homes;
- To a child care home when the sponsoring organization takes any action subject to an administrative review; and
- Any other time upon request.

The following procedures must be followed when a child care home requests an administrative review of an appealable action:

The procedures must be uniform and must apply to all day care homes;

- The child care home may retain legal counsel, or may testify on their own behalf;
- The child care home may review the record on which the decision was based and refute the action in writing;
- The administrative review official is not required to hold a hearing;
- The administrative review official must be independent and impartial. This means that he/she must not have been involved in the action that is the subject of the administrative review or have a direct personal or financial interest in the outcome of the administrative review;
- The administrative review official must make a determination based on the information provided by the sponsoring organization and the child care home and on Federal and State laws, regulations, policies, and procedures governing the Program;
- The administrative review official must inform the sponsoring organization and child care home of the outcome of the administrative review within the period of time allotted in the sponsoring organization's administrative review procedures. This timeframe is an administrative requirement for the sponsoring organization and may not be used as a basis for overturning the termination if a decision is not made within the specified timeframe; and
- The determination made by the administrative review official is the final administrative determination to be afforded the child care home and is not subject to further administrative review or consideration.

The sponsoring organization must continue to pay any claims for reimbursement for eligible meals served until the child care home's agreement is terminated, including the time period of the administrative review.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	4/1/03	6/12	12	12.8
CHAPTER Chapter 12. Complaint and Appeal Procedures		SUBJECT Combined Administrative Reviews			

The Missouri Department of Health and Senior Services must conduct the administrative review of the proposed disqualification of the responsible individuals and responsible principals as part of the administrative review of the application denial, proposed termination and/or proposed disqualification of the organization with which the responsible principals or responsible individuals are associated. However, at the administrative review official's discretion, separate administrative reviews may be held if the organization does not request an administrative review or if either the organization or the responsible principal or responsible individual demonstrates that their interests conflict.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	04/1/03	6/15	12	12.10
CHAPTER Chapter 12. Complaint and Appeal Procedures		SUBJECT Payments During the Administrative Review Process			

During the period of the administrative review, the Missouri Department of Health and Senior Services (MDHSS) is prohibited from taking action to collect or offset an overpayment. However, MDHSS must assess interest, beginning with the initial demand for remittance of the overpayment and continuing through the period of administrative review, unless the administrative review official overturns MDHSS's action.

During the administrative review, MDHSS must continue its efforts to recover advances in excess of the claim for the reimbursement for the applicable period. The recovery can be through a demand for full payment or an adjustment of subsequent payments.

Unless participation has been suspended, MDHSS must continue to pay any valid unpaid claims for reimbursement for eligible meals served and allowable administrative expenses incurred until the time for requesting an administrative review has expired or when the determination is made by the administrative review official.

MDHSS is prohibited from paying any claims for reimbursement from a new institution for eligible meals served or allowable administrative expenses incurred until the department has approved its application and the institution and MDHSS have signed a Program agreement.

Unless participation has been suspended, MDHSS must continue to pay any valid unpaid claims for reimbursement for eligible meals served and allowable administrative expenses incurred until the serious deficiency(ies) is corrected or the institution's agreement is terminated, including the period of any administrative review.

MDHSS is prohibited from paying any claims for reimbursement submitted by a suspended institution. However, if the suspended institution prevails in the administrative review of the proposed termination, the MDHSS must pay any claims for reimbursement for eligible meals served and allowable administrative costs incurred during the suspension period. However, if the institution suspended for the submission of false or fraudulent claims is a sponsoring organization, MDHSS must ensure that sponsored facilities continue to receive reimbursement for eligible meals served during the suspension period. If the suspended institution prevails in the administrative review of the proposed termination, MDHSS must pay any valid unpaid claims for reimbursement for eligible meals served and allowable administrative costs incurred during the suspension period.

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CHAPTER Chapter 12. Complaint and Appeal Procedures		SUBJECT Payments During the Administrative Review Process			

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During the administrative review, MDHSS must continue its efforts to recover advances in excess of the claim for the reimbursement for the applicable period. The recovery can be through a demand for full payment or an adjustment of subsequent payments.

Unless participation has been suspended, MDHSS must continue to pay any valid unpaid claims for reimbursement for eligible meals served and allowable administrative expenses incurred until the time for requesting an administrative review has expired or when the determination is made by the administrative review official.

MDHSS is prohibited from paying any claims for reimbursement from a new institution for eligible meals served or allowable administrative expenses incurred until the department has approved its application and the institution and MDHSS have signed a Program agreement.

If the renewing institution's agreement expires before the end of the time allotted for corrective action, and/or the conclusion of any administrative review requested by the renewing institution: (1) The MDHSS must temporarily extend its current agreement with the renewing institution and continue to pay any valid unpaid claims for reimbursement for eligible meals served and allowable administrative expenses incurred; and (2) The actions set forth in the previous point (1) must be taken either until the serious deficiency(ies) is corrected or until the institution's agreement is terminated, including the period of any administrative review;

Unless participation has been suspended, MDHSS must continue to pay any valid unpaid claims for reimbursement for eligible meals served and allowable administrative expenses incurred until the serious deficiency(ies) is corrected or the institution's agreement is terminated, including the period of any administrative review.

MDHSS is prohibited from paying any claims for reimbursement submitted by a suspended institution. However, if the suspended institution prevails in the administrative review of the proposed termination, the MDHSS must pay any claims for reimbursement for eligible meals served and allowable administrative costs incurred during the suspension period. However, if the institution suspended for the submission of false or fraudulent claims is a sponsoring organization, MDHSS must ensure that sponsored facilities continue to receive reimbursement for eligible meals served during the suspension period. If the suspended institution prevails in the administrative review of the proposed termination, MDHSS must pay any valid unpaid claims for reimbursement for eligible meals served and allowable administrative costs incurred during the suspension period.

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	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	4/1/03	6/12	12	12.11
CHAPTER Chapter 12. Complaint and Appeal Procedures		SUBJECT Actions Not Subject to Administrative Review			

The Missouri Department of Health and Senior Services (MDHSS) is prohibited from offering administrative reviews for the following actions:

- FNS decisions on claim deadline exceptions and requests for upward adjustments to a claim;
- Determination of serious deficiency;
- Disqualification of an institution or a responsible principal or responsible individual, and the subsequent placement on the SA list and the National disqualified list; and
- Termination.

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