CACFP-738

Subject: Overpayments in the Child and Adult Care Food Program (CACFP)

To: STATE AGENCY DIRECTORS - (Special Nutrition Programs)
    Colorado DPHE, Iowa, Kansas, Missouri DH,
    Montana DPHSS, Nebraska, North Dakota,
    South Dakota, Utah and Wyoming

The Child Nutrition and WIC Reauthorization Act of 2004 (Public Law 108-265) amended the Richard B. Russell National School Lunch Act (Act) to increase the disregard threshold for overpayments to child or adult care institutions participating in the Child and Adult Care Food Program (CACFP) if the total overpayment to the institution for the fiscal year does not exceed an amount that is consistent with the disregards allowed in other programs under the Act.

Beginning October 1, 2004, the law allows Federal and State administrators to disregard the collection of overclaims that have been identified through a management evaluation, a review, or an audit if the overpayment does not exceed the maximum overpayment disregard allowed in other programs under the Act, currently $600.

This action raises the disregard ceiling, and extends disregard authority to State agency reviews of institutions. In conducting management evaluations, reviews or audits for any fiscal year, the State agency, the Food and Nutrition Service, or Office of Inspector General may disregard any overpayment if the total overpayment does not exceed $600 or, in the case of State agency claims in State administered Programs, it does not exceed the amount established under State law, regulations or procedure as a minimum amount for which claim will be made for State losses but not to exceed $600. However, no overpayment is to be disregarded where there is substantial evidence of violations of criminal law or civil fraud statutes.
State Agency Directors

If you have any questions concerning this issue, please contact our office at (303) 844-0354.

DARLÉNE SANCHEZ
Regional Director
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