

## Integrity Rule Provision Changes by Compliance (Implementation) Date

Title	Current Regulations/Guidance	Final Rule Provision/What's Changed	NEW or Previously Implemented	Program(s) Impacted	Compliance Date
Elimination of the Annual Application for Institutions	Renewing institutions must submit an annual certification of information, updated licensing information, and a budget.	Requires an initial application for new institutions and annual updates for renewing institutions. This has been a standard operating practice since 2011.	Previously Implemented	CACFP	September 22, 2023
Timing of Unannounced Reviews	Ensure that the timing of unannounced reviews is varied in a way that would ensure they are unpredictable to the day care home or sponsored center.	Require sponsoring organizations to vary the timing of unannounced reviews and vary the type of meal service subject to review. This provision has been a standard operating practice for sponsoring organizations and State agencies since 2011.	Previously Implemented	CACFP	September 22, 2023
Standard Agreements Between Sponsoring Organizations and Sponsored Child Care Centers	Requires the sponsoring organization to enter into a written permanent agreement with each sponsored day care home, which specifies the rights and responsibilities of both parties. However, there is no standard form of agreement and no requirement that sponsoring organizations establish agreements with sponsored centers.	Requires sponsoring organizations to enter into permanent agreements with their unaffiliated centers.  New definitions of "Facility" and "Sponsored center." This provision is a standard operating practice for sponsoring organizations.	NEW Provision	CACFP	September 22, 2023
Collection and Transmission of Household Income Information	This guidance describes how tier II family day care home providers may participate in the collection and transmission of household information. The guidance also outlines the options and privacy protections available to households.	Add the right of the tier II day care home to assist in collecting and transmitting applications to the sponsoring organizations and prohibit the provider from reviewing applications from households.  Also addresses household consent and actions to protect the privacy of a household's income information. This provision has been a standard operating practice for sponsoring organizations of day care homes since 2011.	Previously Implemented	CACFP	September 22, 2023

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Calculation of Administrative Funding for Sponsoring Organizations of Day Care Homes	Effective October 1, 2010, the sponsoring organization's monthly payment were based on the statutory formula and no longer require a comparison with actual expenditures or budgeted administrative costs.	Simplifies the calculation of monthly administrative reimbursement that sponsoring organizations of day care homes are eligible to receive. To determine the payment, the State agency multiplies the appropriate administrative reimbursement rate by the number of day care homes submitting claims for reimbursement during the month. This provision has been a standard operating practice for State agencies since 2010.	Previously Implemented	CACFP	September 22, 2023
Carryover of Administrative Funding for Sponsoring Organizations of Day Care Homes	<p>State agencies have the option available to sponsoring organizations of day care homes to carry over up to 10 percent of unspent administrative reimbursement from the current Federal fiscal year to the next fiscal year.</p> <p>Memos provided clarification of options regarding administrative reimbursements and the management of unspent funds that may be carried over from the current Federal fiscal year to the next fiscal year. They also described procedures for reporting administrative funds under a 2-year period of performance.</p>	<p>Allows carryover of administrative funds with State agency approval.</p> <p>Requires the State agency to establish procedures to recover administrative funds from sponsoring organizations of day care homes that are not properly payable, are in excess of the 10 percent maximum carryover amount, or any carryover amounts not expended or obligated by the end of the fiscal year following the fiscal year in which they were earned.</p>	Previously Implemented	CACFP	September 22, 2023

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State Agency Review Requirements in CACFP	<p>State agencies required to annually review at least a third (33.3 percent) of all institutions participating in the CACFP in each State. Independent centers must be reviewed at least once every 3 years. Sponsoring organizations with up to 100 facilities must also be reviewed at least once every 3 years. Sponsoring organizations with more than 100 facilities must be reviewed at least once every 2 years. New sponsoring organizations with five or more facilities must be reviewed within the first 90 days of operation.</p>	<p>Adds the following additional criteria for the State agency to use in scheduling reviews at least once every 2 years:</p> <ul style="list-style-type: none"> <li>• Institutions that engage in activities other than CACFP, and</li> <li>• Institutions that have had serious management problems in previous reviews or are at risk of having serious management problems.</li> </ul> <p>The rule characterizes serious management problems as the types of administrative weaknesses that affect an institution's ability to meet CACFP performance standards—financial viability, administrative capability, and accountability.</p>	NEW Provision	CACFP	August 23, 2024
Financial Review of Sponsoring Organizations in CACFP	<p>State agencies required to review and approve budgets for sponsoring organizations of centers to ensure that CACFP funds are used only for allowable expenses. The portion of the administrative costs to be charged to CACFP must not exceed 15 percent of the meal reimbursements estimated to be earned during the budget year unless a waiver is granted.</p>	<p>Requires the State agency to have procedures in place for annually reviewing at least 1 month of the sponsoring organization's bank account activity against other associated records to verify that the financial transactions meet program requirements.</p> <p>The State agency must also have procedures for annually reviewing a sponsoring organization's actual expenditures of CACFP funds and the amount of meal reimbursement funds retained from unaffiliated centers to support the sponsoring organization's administrative costs.</p> <p>The State agency must reconcile reported expenditures with program payments to ensure that funds are accounted for fully. Requires sponsoring organizations of unaffiliated centers to annually make available to the State agency the amount of program expenditures of</p>	NEW Provision	CACFP	August 23, 2024

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		program funds and the amount of meal reimbursement funds retained from their centers for administrative costs.			
Informal Purchase Methods for CACFP	Current practices allow CACFP institutions to use the micro-purchase method for transactions in which the aggregate cost of the items purchased does not exceed \$10,000, the current Federal threshold. Institutions may use the small purchase method for purchases below the Federal simplified acquisition threshold, currently set at \$250,000. States and local agencies may specify lower micro-purchase and simplified acquisition thresholds, and local agencies may set a higher micro-purchase thresholds.	Changes the values of the Federal micro-purchase threshold and Federal simplified acquisition threshold.	No Substantive Change	CACFP	August 23, 2024
Framework for Integrity Focused Process Improvements	N/A	Allows State agencies to omit designated areas of review, in part or entirely, where a State agency or SFA has implemented FNS-specified error reduction strategies or utilized FNS-specified monitoring efficiencies.  FNS will develop guidance and a series of FNS-approved optional process reforms.	NEW Provision	SNP	September 22, 2023
Assessment of Resource Management Risk	Requires the State agency to conduct an off-site assessment of the school food authority's nonprofit school food service to evaluate the risk of noncompliance with resource management requirements.	Removes the requirement that the risk assessment be conducted off-site at any point in the review process.	NEW Provision	SNP	September 22, 2023

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Buy American Area of Review	N/A	Adds compliance with the Buy American requirements to the General Areas of the Administrative Review. This final rule also makes a corresponding technical change to the definition of "General areas."	NEW Provision	SNP	September 22, 2023
Discretion in Taking Fiscal Action for Meal Pattern Violations	State agencies required to take fiscal action to recover Federal funds from SFAs for repeated violations of milk type and vegetable subgroup requirements.	Gives State agencies the <b>discretion</b> to take fiscal action against SFAs for repeated violations of milk type and vegetable subgroup requirements.	NEW Provision	SNP	September 22, 2023
Return to a 5-Year Review Cycle	State agencies required to conduct a comprehensive administrative review of each SFA participating in NSLP and SBP at least once during a 3-year cycle.	Allows State agencies to implement a 5- year administrative review cycle, while targeting additional oversight to those SFAs at high risk.  Allows State agencies to conduct the Food Service Management Company (FSMC) review on a 5-year cycle to align with the administrative review cycle.	NEW Provision	SNP	July 1, 2024
Substitution of Local-Level Audits	Allow State agencies to use any recent and currently applicable findings from Federally-required audit activity or from any State-imposed audit requirements.	State agencies may also use information from <b>local-level</b> audits to substitute for related parts of the administrative review. Requiring FNS approval will ensure that the <b>local-level</b> audit aligns with Federal audit standards.	NEW Provision	SNP	July 1, 2024
Completion of Review Requirements Outside of the Administrative Review	State agency monitors compliance with the critical and general areas of review.	Allows State agencies, with FNS approval, to omit specific, redundant areas of the administrative review when sufficient oversight is conducted outside of the administrative review. State agencies that want to do this must submit a plan for approval.	NEW Provision	SNP	July 1, 2024

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Fines for Violating Program Requirements	N/A	Allows the assessment of fines for State agencies and SFAs who operate any CN program, but only under <u>exceptional (rare)</u> circumstances, which could include failure to correct severe program mismanagement; disregard of a program requirement of which an SFA or State agency has been informed; or failure to correct repeated violations of program requirements.	NEW Provision	CACFP, SFSP, SNP	August 23, 2024
School Food Authority Contracts with Food Service Management Companies	Requires State agencies to annually review each contract (including all supporting documentation) between any school food authority and food service management company to ensure compliance with all regulations before execution of the contract by either party.	Add definitions of fixed-price contract in NSLP and SBP. Clarifies that State agencies <b>must review and approve</b> each contract and contract amendment between any SFA and FSMC.	No Substantive Change	SNP	August 23, 2024
Annual NSLP Procurement Training	N/A	Requires State directors of school nutrition programs, State directors of distributing agencies, and <u>school nutrition program directors, management, and staff</u> who work on NSLP procurement activities to complete procurement training annually.  This requirement only applies to State directors and school nutrition program directors, management, and staff who work on NSLP procurement activities.	NEW Provision	SNP	August 23, 2024

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### Applies Only to State Agencies

CACFP Audit Funds	Allows additional funding to State agencies to conduct audits. The Secretary may increase the amount of funds to any State agency that demonstrates that it can effectively use the funds to improve program management, under criteria established by the Secretary.	Allows FNS to increase the amount of State audit funds if a State agency demonstrates that it can effectively use the funds to improve program management. The additional funds must be used to meet program oversight and audit requirements or to improve program management.	Previously Implemented	CACFP	September 22, 2023
Performance Based Reimbursement Reporting	Requires State agencies to submit to FNS a quarterly report detailing the total number of SFAs in the State and the names of SFAs that are certified to receive the statutorily established 8-cents performance-based reimbursement.	Reduces the performance- based reimbursement reporting requirement from quarterly to annually.	NEW Provision	SNP	September 22, 2023
State Administrative Expense Funds (SAE)	State agencies required to return to FNS any unexpended SAE funds at the end of the fiscal year following the fiscal year for which the funds are awarded.	Requires State agencies to return any unobligated SAE funds to FNS.	NEW Provision	CACFP, SFSP, SNP	September 22, 2023
State Liability for Payments to Aggrieved Child Care Institutions	Requires State agency to acknowledge an institution's request for an administrative review (appeal) within 10 days of its receipt of the request. Within 60 days of the State agency's receipt of the request, the administrative review official must inform the State agency, the institution's executive director, chair of the board of directors, responsible principals, and responsible individuals of the administrative review's outcome. During this period, all valid claims for reimbursement must be paid to the institution and the facilities of the institution, unless there is an allegation of fraud or a serious health or safety violation against the institution. The claims are paid from Federal funds.	Requires State agencies to provide fair and timely hearings through the serious deficiency process. It also requires a State agency to pay all valid claims for reimbursement, from non-Federal sources, if the 60-day timeframe for the fair hearing is not met.  Establishes State liability for payments to aggrieved child care institutions. Specifically, a State agency must pay all valid claims with non-Federal funds if the State agency fails to meet the required timeframes for providing a fair hearing and a prompt determination, unless FNS grants an exception.	NEW Provision	CACFP	August 23, 2024