



Food and Nutrition Service

DATE: December 1, 2023

MEMO CODE: SP 03-2024

Braddock Metro Center

SUBJECT: Child Nutrition Program Integrity Final Rule: Administrative Review and Food Service Management Company Review Cycles

1320 Braddock Place Alexandria VA 22314

TO: Regional Directors  
Child Nutrition Programs  
All Regions

State Directors  
Child Nutrition Programs  
All States

<b>Issuing Agency/Office:</b>	FNS/Child Nutrition Programs
<b>Title of Document:</b>	Child Nutrition Program Integrity Final Rule: Administrative Review and Food Service Management Company Review Cycles
<b>Document ID:</b>	
<b>Z-RIN:</b>	
<b>Date of Issuance:</b>	December 1, 2023
<b>Replaces:</b>	N/A
<b>Summary:</b>	1)The purpose of this memorandum is to provide additional information on the 5-Year Review Cycle provision of the Child Nutrition Program Integrity final rule. 2) This memorandum relates to program-specific changes in the National School Lunch Program and School Breakfast Program. 3) This memorandum applies to State agencies administering and school food authorities implementing the National School Lunch Program and School Breakfast Program.

This memorandum provides additional information regarding the 5-Year Review Cycle provisions that were codified in the [Child Nutrition Program Integrity](#) final rule published on August 23, 2023. These provisions have a compliance date of July 1, 2024, and provide States with an option to implement a 5-year School Meal Programs Administrative Review (AR) review cycle and the option to also align the Food Service Management Company (FSMC) review with the AR review cycle. The final rule amends 7 CFR 210.18(c) to allow State agencies to implement a 5-year AR review cycle, while targeting additional oversight to those school food authorities (SFAs) most in need of assistance. The final rule also amends 7 CFR 210.19(a)(5) to align the FSMC review with the 5-year AR review cycle.

**AR Review Cycle**

The option for a 5-year AR review cycle is intended to ease the administrative burden for State agencies and SFAs while maintaining integrity in the Programs by allowing State agencies to focus their efforts on high-risk SFAs. State agencies that choose a review cycle longer than 3 years are required to identify high-risk SFAs and provide additional oversight to these SFAs .

State agencies must conduct a targeted follow-up review of any SFA designated as high-risk within 2 years of the initial Administrative Review. State agencies that review SFAs on a longer than 3-year review cycle must develop a plan for Food and Nutrition Service (FNS) approval, describing the criteria that will be used to designate high-risk SFAs that are subject to targeted follow-up reviews.

- **3-Year AR Review Cycles**

State agencies may choose to continue using a 3-year AR review cycle. If a state chooses to implement a 3-year review cycle they are not required to submit a plan to FNS, nor do they need to identify high-risk SFAs or conduct targeted follow up reviews.

- **High- Risk SFAs**

The final rule at 7 CFR 210.10(c)(2) outlines the minimum criteria State agencies must use to identify high-risk SFAs, all based on findings of the SFA's most recent AR. These criteria must be included in the State plan, along with any additional criteria developed by the State agency. A high-risk designation would be required for any SFA that meets one of these criteria. The high-risk criteria that are outlined in regulations are as follows:

- 1) A 10 percent or greater certification and benefit issuance error rate;
- 2) Incomplete verification for the review year;
- 3) One or more significant or systemic errors in Performance Standard 1 as defined at 210.18(g)(1);
- 4) One or more significant or systemic errors in Performance Standard 2 as defined at 210.18(g)(2); or
- 5) One or more significant or systemic errors in allowable costs.

- **Targeted Follow-Up Reviews**

The regulations do not further define the 2-year time period in which the targeted follow up review must occur, so States have discretion in this area. For example, States can conduct the review within two calendar years or two school years from the initial AR. FNS suggests States implement a consistent process which may help with scheduling and tracking of ARs and targeted follow-up reviews. The targeted follow-up review must, at a minimum, include the area(s) that led to the high-risk designation in the most recent AR.

- **State Plans**

State agencies must submit a plan to their respective Regional Office for review and approval that outlines the criteria that will be used to designate an SFA as high-risk. All plans must include, at a minimum, the high-risk criteria as outlined in 7 CFR 210.10(c)(2), described above. States may include additional criteria and use other types of information as a basis for designating an SFA as high-risk, at their discretion.

The State plan should also include information on how targeted follow up reviews will be conducted and the scope of those reviews. Examples include:

- Repeating the AR module in which the precipitating violation was found;
- Targeting oversight measures that the State currently implements for high-risk SFAs; or
- Creating a new, targeted review process focused on the precipitating violation and its underlying cause.

State agencies will be required to re-submit a new plan only when the plan changes. A plan must be resubmitted if high-risk criteria, targeted review content or procedure, or frequency of reviews are changed.

FNS will provide additional guidance on the State plan submission process and intends to gather feedback on these provisions during the implementation process.

### **FSMC Review Cycle**

The final rule allows State agencies to conduct the FSMC review on a 5-year cycle and to align the FSMC review cycle with the AR review cycle. Similar to the AR, State agencies may choose a shorter FSMC review cycle at their discretion.

### **Review Cycle Waivers**

State agencies that have current AR Cycle waivers pursuant to the waiver authority in Section 12(l) of the Richard B. Russell National School Lunch Act will be required to meet the updated requirements of 7 CFR 210.18(c) following the expiration of their current waivers. Effective July 1, 2024, states will not need to submit a waiver to increase their review cycle to a 4 or 5- year cycle and instead will implement the regulations that were updated through the [Child Nutrition Program Integrity](#) final rule.

State agencies are reminded to distribute this memorandum to Program operators immediately. Program operators should direct any questions concerning this guidance to their respective State agency. State agencies with questions should contact the appropriate FNS Regional Office.

Sincerely,

Jessica Saracino  
Director  
Program Monitoring and Operational Support Division  
Child Nutrition Programs