

Montana Department of Public Health & Human Services	Policy
	MT CACFP 2003-1 Rev 6
	Section: All Institutions
Child and Adult Care Food Program	Subject: Serious Deficiency Determinations
	Date Revised: 3/1/15

### SERIOUS DEFICIENCY DETERMINATIONS

- A. Using 7 CFR 226.6/ 226.16(l)(2) and the Serious Deficiency, Suspension, and Appeals for State Agencies and Sponsoring Organizations CACFP Handbook as guides, the State agency will use review tools and Sponsoring Organizations will use the *Sponsor Monitoring Form* as references to decide when an institution should be determined to be Seriously Deficient (SD) in their operation of the CACFP.
- B. A determination of SD to an institution can be made at any time.
- C. The State agency and/or Sponsoring Organization will use the combined judgment of their staff and supervisors to determine whether the institution will be declared SD.
- D. The institution is allowed up to 30 days to complete and permanently correct all corrective action(s) associated with their SD determination and as required by the Sponsoring Organization or State agency.
- E. A provider in SD status cannot cease participation in the CACFP or switch to a different Sponsoring Organization without addressing the corrective action(s) associated with their SD. Providers must be in good standing for 30 days after the SD is temporarily deferred before switching to another Sponsoring Organization.
- F. The State agency will add information for all SD's issued and temporarily deferred to the State agency's SD list immediately as these occur. The State agency will notify USDA-FNS of all SD's issued and temporarily deferred immediately as these occur.
- G. If the required corrective actions associated with the SD are not corrected by the institution within 30 days, then the Sponsoring Organization or State agency will proceed to terminate the institution from the CACFP. See Policy MT 2000-8 Rev 4, Termination & Disqualification of Institutions, for information and details. If the State agency determines the corrective actions are not complete and permanent, this action is not appealable.
- H. An institution's agreement must continue throughout the duration of the SD process, to allow for payment of valid claims. If the SD occurs during the application update timeframe, the SA must continue to pay claims based on the institution's most recently approved budget.

- I. If the date of birth (DOB) for any individual named as a responsible principal or individual is not known by the State agency, that information must be included as a corrective action within the SD notice.
- J. The State agency or Sponsoring Organization is prohibited from paying any claims for reimbursement from a suspended institution. However, if the suspended institution prevails in the administrative review of the proposed termination, the State agency or Sponsoring Organization must pay any claims for reimbursement for eligible meals served and allowable administrative costs incurred during the suspension period.

#### Additional Requirements for Sponsoring Organizations Only

- A. Immediately after the Sponsoring Organization issues a SD to a provider, the Sponsoring Organization must notify the State agency of this action. The Sponsoring Organization must provide the State agency with a copy of the notice of action letter issuing the SD and must include the corrective action(s) required. The notice of action letter to the provider needs to include all of the elements in 226.16(l)(3)(2). **This letter must be submitted to State agency when sent to provider.**
- B. Immediately after the Sponsoring Organization temporarily defers the SD for a provider, the Sponsoring Organization must notify the State agency of this action and must provide the State agency with a copy of the notice of action letter temporarily deferring the SD. The notice of action letter must include acceptance of the required corrective action(s). **This letter must be submitted to State agency when sent to provider.**
- C. **Sponsoring Organizations must follow the SD templates that are provided in the Serious Deficiency, Suspension, & Appeals for State Agencies & Sponsoring Organizations Handbook.**
- D. **The SO must monitor the provider's SD according to the timeline established in federal regulations. The SA will monitor the Sponsoring Organizations timeline also through the Serious Deficiency List (cumulative). If timelines are not adhered to, the Sponsoring Organization will receive a Corrective Action.**

[REF: 7 CFR 226]