



DOH-CACFP: Number 223 (10/24)
Supersedes Numbers 152C and 152H (02/11)

TO: CACFP Sponsoring Organizations Receiving Advance Payments

FROM: Danielle Quigley, MS, RD, CDN *Danielle Quigley, MS, RD, CDN*
Director, Bureau of Child and Adult Care Food Programs

SUBJECT: Advance Payment Recovery Procedure

I. Purpose and Scope

This memo describes the policy and procedures that the Child and Adult Care Food Program (CACFP) will follow to recover advanced payments made to Sponsoring Organizations of Day Care Homes and Centers. By Federal regulation, CACFP must recover outstanding administrative and operating advance payments each fiscal year.

II. Background Information

Sponsors are eligible to request advance payments while participating in CACFP. Requests for advance payments are submitted through the CACFP Information and Payment System (CIPS). Advance payments are issued in October, at the beginning of the Federal fiscal year. The initial advance is based on the September claim. Future advance(s) are then adjusted monthly based on the current month's claim. Sponsors are eligible to receive a new fiscal year advance after the prior fiscal year advance has been completely recovered and new year Federal funds are available.

III. Procedure

Prior to the end of the Federal fiscal year, CACFP will recover advances over a two-month period to minimize the impact on Sponsors. The advance recovery process begins with the processing of the August claim:

- In August, the entire outstanding advance will be recovered and only one-half of the advance amount for September will be issued.
- In September, the entire outstanding advance will be recovered and no advance amount will be issued.
- Sponsors with centers that are closed during the summer months, typically July and August, will have the advance recovered with the processing of their May and June claims.

- The recovery process results in Sponsors receiving checks that are considerably smaller than usual.

Although Sponsors receive less money during the months CACFP recovers the advance, regulations require that the Sponsor still comply with all CACFP requirements. Sponsors of Day Care Homes may implement a similar recovery process with Providers who receive advance payments. It is recommended that Sponsors notify Providers before an advance recovery process is implemented. Throughout the advance process, Sponsors are still responsible to make payments to Providers within five business days from the receipt of the check or electronic deposit.

Sponsors in receipt of advance funds that cease participation, stop claiming, close or are terminated during the Federal fiscal year, are still responsible to return the full amount of the outstanding advance. Failure to return or recover the advance will result in the collection process in accordance with Chapter 55 of the New York State Finance Law and FNS Instruction 420-1. In addition, the Sponsor and responsible individuals will be named seriously deficient in accordance with:

- 7CFR226.6(c)(3)(ii)(E) Failure to return to the State agency any advance payments that exceeded the amount earned for serving eligible meals, or failure to return disallowed start-up or expansion payments.

If the advance remains outstanding, CACFP will disqualify the Sponsor and the responsible individuals from participation in CACFP and place the individuals and Sponsor on the National Disqualification List (NDL). The Sponsor and responsible individuals will remain on the NDL until the outstanding debt is paid in full. Placement on the NDL will directly affect the responsible individuals and the Sponsors participation in other Child Nutrition Programs.

Sponsors may choose to withdraw their request for advance payments at any time. Sponsors that find the recovery process difficult should request that CACFP discontinue the advance payments so that the reimbursement checks are more consistent throughout the year.

If you have questions, please contact the CACFP Resource Management and Operations Unit at 1-800-942-3858, option 2.