



To: National School Lunch Program School Food Authorities (SFA)

From: Brigitte Hires, Administrator, Office of Nutrition

Date: July 3, 2024

Re: Fiscal Action and Disregard Policy

## Introduction

State Agencies are required to take fiscal action when certain violations are identified during an administrative review. The State Agency in Ohio is the Ohio Department of Education and Workforce, hereby known as the Department. Federal regulations [7 CFR 210.18](#), [7 CFR 210.19](#) and the [Administrative Review Manual](#) outline the Department's responsibility to recover improperly paid funds and provides further detail of fiscal action.

## Policy

Fiscal action is the recovery of improperly paid funds and is assessed when errors are found during an administrative review. Fiscal action in the form of withholding payment **must** be taken for Critical Areas of Review, including:

- **Performance Standard 1: Meal Access and Reimbursement**
  - certification and benefit issuance errors
  - meal counting and claiming errors
- **Performance Standard 2: Nutritional Quality and Meal Pattern**
  - missing food components
  - missing production records

The Department **may** withhold payments for the following repeated violations involving food quantities, whole grain-rich foods, milk type, and vegetable subgroups cited [7 CFR 210.18\(q\)\(2\)](#) and [7 CFR 210.18\(l\)\(2\)\(ii\)](#).

- **Performance Standard 2: Nutritional Quality and Meal Pattern**
  - insufficient quantity of the required meal components
  - no or insufficient whole grain-rich foods
  - unallowable milk type is offered or no milk variety
  - missing or insufficient quantity of vegetable subgroup
  - amount of juice offered exceeds the weekly limitation
  - not meeting dietary specifications

The Department **may** withhold payments in the following situations:

- The Department finds a Critical Area error at the SFA in a previous review and the SFA continues to have the same error for the same cause.
- The Department has determined that General Areas of Review violations necessitate withholding payment. Examples of when this may be appropriate include not completing or submitting corrective actions with the established timeframes, or not taking corrective action as specified.

Fiscal Action must be extended back to the beginning of the school year when the infraction first occurred, as outlined in [7 CFR 210.18\(l\)\(3\)](#). In situations where the longevity or severity of the infraction is serious, the Department may extend the fiscal action back to previous years. If corrective action occurs, the Department may use the following *minimum* period to calculate violations:

- **Performance Standard 1 - Certification and Benefit Issuance errors:** Begins with the period of review and inclusive of the day of the on-site review.
- **Other Performance Standard 1 and Performance Standard 2 errors:** Begins with the period of review and concludes when the corrective action occurs.

A USDA fiscal action workbook is utilized to calculate fiscal action. The Department may disregard a recovery of funds if it does not exceed \$600 per program. SFAs that have a fiscal action of \$600 or more may appeal the finding. Fiscal action assessed in other related programs (Seamless Summer Option, Afterschool Snack or Fresh Fruit and Vegetable Program) that result in a combined total of greater than \$600 may adjust the lunch repayment amount.

For additional information on Fiscal Action in School Nutrition Programs, please contact your assigned education program specialist or the Office of Nutrition at (614) 466-2945.

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