

**Alabama State Department of Education
Child Nutrition Programs
Child and Adult Care Food Program
Federal Grant Closeout Policy**

Permanent agreements for participation in the U.S. Department of Agriculture (USDA) Child and Adult Care Food Program (CACFP) can be terminated voluntarily (termination for convenience) or involuntarily (termination for cause) during the closeout process. This policy applies to all CACFP institutions, including sponsoring organizations, independent centers, and family day care homes (FDCH). The institution is not eligible to receive federal reimbursements for program operation once the permanent agreement is terminated.

1. Termination for Convenience

Termination for convenience refers to the voluntary termination of the permanent agreement by the institution due to considerations unrelated to either party's performance of CACFP program responsibilities under the agreement between:

- a. Alabama State Department of Education (ALSDE) and the independent center
- b. ALSDE and the sponsoring organization
- c. Sponsoring organization and the unaffiliated center
- d. Sponsoring organization and the FDCH

2. The institution must submit the CACFP Federal Grant Closeout Form to the ALSDE to end program participation. If the institution has an agreement with a sponsoring organization, the institution should complete and submit the form to the sponsoring organization. Termination for convenience does not result in ineligibility for any future operation of Child Nutrition Programs (CNP).

3. Termination for Cause

Termination for cause refers to the involuntary termination of the CACFP agreement by the ALSDE or the institution due to agreement or regulatory violations by the business, responsible principals, or responsible individuals. The ALSDE initiates the termination for cause process for the sponsoring organization by sending the Notice of Proposed Termination and Disqualification. The sponsoring organization initiates the termination for cause process for unaffiliated centers and FDCHs by sending the Notice of Proposed Termination and Disqualification. The sponsoring organization, center, or FDCH has 15 days upon receiving the notice to request an appeal.

a. *Serious Deficiency*

If the institution is seriously deficient in program operation, the Administrative Review-Notice of Serious Deficiency must be submitted to the institution's executive director and chair of the board of directors. The institution must submit a corrective action plan to the ALSDE detailing strategies to resolve all areas of non-compliance. An institution may not voluntarily terminate its permanent agreement after receiving notification of serious

deficiency. If the violations are not resolved, the ALSDE sends the final Notice of Termination and Disqualification to the institution, responsible principals, and responsible individuals, which are placed on the National Disqualified List (NDL).

b. *Multi-State Organizations*

The ALSDE must terminate the agreement for cause if a multi-state organization is disqualified from the CACFP by another state agency and placed on the NDL. This termination is effective no later than 45 days after the other state's disqualification and termination. When the termination notice is issued, the ALSDE adds the institution to the state agency list and indicates that the institution's agreement has been terminated.

4. CACFP Closeout Requirements

All CACFP institutions ending program participation must meet the following requirements for federal grant closeout:

- a. Complete and submit all program reports to the ALSDE no later than 90 calendar days after the conclusion of the performance period, or an earlier date as agreed upon by the ALSDE (Subrecipient).
- b. Settle all CACFP financial obligations no later than 120 calendar days after the conclusion of the performance period (Recipient).
- c. Repay or refund any unauthorized payments not approved in the program budget.
- d. Submit any adjustments for prior claims
- e. Submit an updated Equipment Inventory Form to indicate placement of any equipment purchased with CACFP funds.

6. Payments for Termination Costs

Eligible institutions can receive payment for the necessary and reasonable costs of terminating CACFP participation. The ALSDE and institution must make every effort to minimize CACFP closeout costs. Closeout costs for individual facilities are only reimbursable up to the institution's allowable amount.

5. Post-Termination Program Costs

Costs to the CACFP resulting from financial obligations incurred after the termination of the federal award are not allowable, unless the USDA or ALSDE authorizes the costs in the Notice of Proposed Termination. Costs after termination are allowable only if the costs result from financial obligations properly incurred by the institution before the effective termination date.

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Appendix: Links to Resources

Closeout

2 CFR 200 – Post Federal Award Requirements

[Closeout](#)

Definitions – Termination for Cause

7 CFR 226.2

[Definitions - Termination for Cause](#)

Definitions – Termination for Convenience

7 CFR 226.2

[Definitions -Termination for Convenience](#)

Denial of applications and termination of agreements

7 CFR 226.6(c)

[Denial of applications and termination of agreements](#)

Financial Management - Child and Adult Care Food Program

FNS Instruction 796-2, Revision 4

[FNS Instruction 796-2, Revision 4: Financial Management of CACFP | Food and Nutrition Service](#)

Grant closeout procedures

7 CFR 226.25(a)

[Grant Closeout Procedures](#)