



# 2016 CACFP FINDINGS

## Lessons Learned

### *Report on the Five Most Common Finding Categories Identified During the 2016 Administrative and Site Reviews for Child Care Centers*

This information is provided to assist Contracting Entities (CEs) to identify potential weaknesses in program operations.

CEs should strengthen internal procedures to ensure:

- 1) Healthy meals and snacks are provided for children.
- 2) Compliance with program requirements.
- 3) Receipt of full reimbursement.
- 4) Common errors are avoided.



### *Preventing Common Administrative Findings*

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- ⇒ Obtain updated eligibility and enrollment forms at the same time each year.
- ⇒ Claim a child as free or reduced-price only when:
  - 1) Eligibility forms are complete.
  - 2) The information in the forms supports the free or reduced-price determination.
- ⇒ Use an additional staff member to verify:
  - 1) Compliance with meal pattern requirements.
  - 2) Quantity of each meal component is sufficient for the number of meals served.
  - 3) Records are complete and eligibility has been determined correctly.

## Meal Counting and Claiming

**57%** of the CEs reviewed claimed meals which were not supported by their daily meal count and attendance records.

### *Common Examples*

These errors resulted in the CEs claiming either more than or fewer than the eligible number of participants.

- The CE does not have a process in place to ensure that claims are submitted only for children/participants that are properly enrolled.
- Meal count and attendance numbers on the claim were higher, and in many cases lower, than the numbers on the CEs meal count and attendance records.
- Number of meals claimed did not agree with meal count records due to such things as math errors when adding the number of meals and mistakes made transferring data from the form to the TX-UNPS claims screen.
- Meal count records were missing and not maintained according to record keeping requirements.
- The CE submitted an enrollment count based on license capacity and not actual enrollment count.
- The CE claimed over licensed capacity.
- The CE enrollment data was not up to date.



### *Effects on the Claim*

TDA will disallow meals if a CE claims more meals than are supported by the documentation submitted. On the other hand, if an eligible participant is not claimed then reimbursement cannot be received for that participant unless the error is discovered and an amended claim is submitted.

## Eligibility

**39%** of the CEs reviewed placed participants in the wrong eligibility category (free, reduced-price, or paid).

**32%** of the CEs reviewed had Income Eligibility Forms that were not current.

**23%** of the CEs reviewed incorrectly reported Title XX information or the number of free/reduced price participants at the center.



### *Common Examples*

- The number of participants claimed in each eligibility category (free, reduced-price, paid) did not match the eligibility count validated by the TDA reviewer. This is generally due to incorrect eligibility determinations or expired Meal Benefit and Income Eligibility Forms.
- Eligibility forms were missing or incomplete.
- Participants were placed in the incorrect category (i.e. free instead of reduced, reduced instead of paid).
- Mistakes were made transferring information to the site claim report.
- The “Check if no income” box was unchecked and an income amount was not provided.
- The form was missing the TANF, SNAP, or FDPIR number; income; frequency of income; or the last four digits of the social security number of the adult signing the form.
- The number of children eligible for Title XX benefits at the child care center was not accurately reported.

### *Effects on the Claim*

TDA will establish an overpayment when the Meal Benefit and Income Eligibility Form is missing or incomplete, over 12 months old, or the eligibility category selected was incorrect (free instead of reduced or paid, or reduced-price instead of paid). Additionally, the CE will be required to claim the child in the paid category for all future claims until an updated and correct CACFP Meal Benefit Income Eligibility Form is received. These errors could also result in a for-profit child care center falling below the 25% Title XX free or reduced-price meals requirement making the CE ineligible to file a claim for that month.

## Resource Management

**32%** of the CEs reviewed did not maintain an adequate financial management system.

**18%** of the CEs reviewed purchased items or claimed expenses which are not necessary, reasonable and/or allowable.

### *Common Examples*

- The CE purchased unallowable items (non-food purchases) with CACFP funds such as: gift cards, stamps, games, toys, hosiery, dog food, international phone calls, or coffee.
- The CE claimed expenses which were not on the approved budget: additional salaries, salary exceeding the approved budget, building remodel, car/truck payments.
- The CE did not have receipts/invoices to support food expenses.
- The CE did not disclose less-than-arms-length transactions.
- The CE does not maintain adequate documentation of payment for food, non-food items, and other costs paid for with CACFP funds.
- The CE's current financial management system is not utilized to track/monitor CACFP revenue and expenses separately from other revenue and expenses.
- A system was not established to ensure each site maintains written compensation policy, time distribution records, financial system, and calculation of cost of inventory.



### *Effects on the Claim*

TDA could take the following actions:

Require a return of funds to the food service account for unallowable expenses.

Disallow meals and reduce the claim accordingly when receipts or invoices are not provided to support the number of meals claimed.

Place the CE in serious deficiency.

## Enrollment Records

**26%** of the CEs reviewed did not report the correct enrollment count on the claim.

**24%** of the CEs reviewed claimed meals for participants whose enrollment records were expired or did not contain all required information.

### *Common Examples*

- Enrollment forms were missing.
- Enrollment forms did not include all required information:
  - ◊ Child's name
  - ◊ Child's date of birth
  - ◊ Meals/snacks normally served to the child while in care
  - ◊ Days and hours the child is normally in care
  - ◊ Enrollment and withdrawal dates
  - ◊ Parent's or guardian's signature
  - ◊ Date of signature
- The CE did not include all participants, or did not add "drop in" participants, or failed to withdraw participants or included children from other sites.
- Math errors were made when totaling numbers or numbers were transposed.
- Enrollment forms were not updated annually.
- Enrollment numbers on the claim did not match those validated by the reviewer.
- The correct enrollment count was not reported in TX-UNPS.
- The CE recorded enrollments based on license capacity.



### *Effects on the Claim*

TDA will disallow meals and the claim will be reduced accordingly.

## Meal Production/Food Service (Site Specific Findings)

**29%** of the CEs reviewed did not serve meals within the approved meal service times.

**23%** of the CEs reviewed did not document quantities on a daily basis before meal service.

**22%** of the CEs reviewed did not provide a sufficient quantity of the required meal components to meet the meal pattern requirements for the number of meals.

**18%** of the CEs reviewed did not have records of purchases/acquisitions of food to support the menu listed on meal production records.

**17%** of the CEs reviewed did not have current and up to date menus.

**15%** of the CEs reviewed prepared incorrect quantities of food.



## Meal Production/Food Service (Site Specific Findings)



### *Common Examples*

- Food item description was incomplete because the CE failed to record the following:
  - ◊ Specific type of milk served (for example 1% or skim milk for children ages 2 and older)
  - ◊ Whether the juice served was full strength
  - ◊ Brand of infant formula served
  - ◊ Type of cut (sliced, diced, etc.) for the fruit or vegetable served
- Quantity of the food item was missing or was incorrectly recorded. Quantities must be recorded in measurable units, such as grams, ounces, or pounds. TDA can't accept information such as the number of slices of bread or the number of tortillas.
- A meal analysis could not be determined because the child nutrition label was not available for the processed food item served.
- The quantity of the bread/grain component did not meet the minimum serving requirement.
- The meal production record did not include all required components for the meal type and documentation of quantities prepared.
- The observed meal was not served at the time stated on the site application.

### *Effects on the Claim*

TDA may disallow meals and may reduce the claim accordingly.



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