United States Department of Agriculture

Food and Nutrition Service

Park Office Center

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SUBJECT: CACFP 10-2018: Conducting Five-Day Reconciliation in the Child and Adult Care Food Program, with Questions and Answers

TO: Regional Directors
Special Nutrition Programs
All Regions

State Agencies
Child and Adult Care Food Program
All States

The purpose of this memorandum is to highlight State flexibilities and local choices for complying with the five-day reconciliation requirement in the Child and Adult Care Food Program (CACFP). Under 7 CFR 226.6(m)(4) and 226.16(d)(4), all reviews of day care homes and sponsored centers must include the reconciliation of meal counts with enrollment and attendance records for five consecutive operating days. USDA's Food and Nutrition Service (FNS) is issuing revised guidance to eliminate disparities and reduce duplication in this review process. This guidance supersedes CACFP 24-2016: *Conducting Five-Day Reconciliation in the Child and Adult Care Food Program, with Questions and Answers*, issued on September 7, 2016.

FNS considers the five-day reconciliation to be an important aspect of a review and a vital tool for assuring Program integrity. A recommendation from the report, *Reducing Paperwork in the Child and Adult Care Food Program*, suggests that there is wide variation in what reconciliation is expected to achieve and how it is conducted. This process, in concept and in practice, is intended to be fairly simple. As part of every review of a day care home or sponsored center, the monitor must reconcile and ensure consistency of three critical elements— enrollment, attendance, and meal counts—for a five-day period. If the data are consistent, it is also likely that the day care home or center is keeping accurate enrollment and attendance records and correctly reporting the number of meals served each day.

If the data are not consistent, the monitor must try to determine the reasons for the discrepancies and any corrective actions that would be needed. The monitor must also determine whether any meals should be disallowed or an overclaim should be established. Meals should not be disallowed if there is a reasonable explanation for the inconsistency.

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Reconciliation is also required as part of State agency reviews of sponsoring organizations. The scope of review requires the State monitor to check the accuracy of the day care home or center's meal counts and evaluate the effectiveness of the sponsor's monitoring process. In addition, FNS recommends that State agencies establish written procedures to help ensure that State and sponsor monitors conduct the five-day reconciliation review uniformly, in compliance with CACFP regulations and guidance.

Reconciliation is effective as a spot check of claiming procedures that encourages monitors to look for sources of errors in the claiming process and determine appropriate actions to correct them. FNS does not expect State agencies or sponsoring organizations to use the five-day reconciliation as verification or to require monitors to conduct daily comparisons of enrollment, attendance, and meal counts. These three elements do not have to align perfectly on each review to make the reconciliation work as a useful monitoring tool.

Since FNS issued CACFP 24-2016, stakeholders have provided input about making the reconciliation process more efficient. For example, in States that require an evaluation of meal counts, attendance, and enrollment documentation for the entire claim period, either as edit checks or as part of their review process, a separate reconciliation should not be needed. As investment in automated data systems grows, increasing numbers of sponsoring organizations and their day care homes and centers have access to electronic tools that are designed to accomplish the same goals as reconciliation. In addition, as in centers, monitors of day care homes should be able to use aggregate data to compare enrollment, attendance, and meal counts as a first step, rather than individual participant data.

Accordingly, this revised guidance establishes a single set of procedures, with fewer steps, that will eliminate disparities in conducting reconciliation in day care homes and centers, and recognizes automated data systems that are designed to accomplish the same goals as reconciliation. This guidance also clarifies that preliminary steps, which require the monitor to examine licensed capacity, enrollment, and attendance to ensure that the documentation is current and accurate, are part of the normal onsite review of a day care home or center's daily records. There is no need to cite licensed capacity as a step in the reconciliation process. FNS will make corresponding changes to the CACFP guides, *Family Day Care Home Monitor Handbook* and *Monitoring Handbook for State Agencies*, found at https://www.fns.usda.gov/cacfp/cacfp-handbooks.

The streamlined procedures outlined in this guidance reflect USDA's commitment to work with States to encourage forward-thinking strategies that would both ensure that CACFP operates with integrity and alleviate unnecessary regulatory burdens. State agencies are reminded to distribute this information to Program operators. Program operators should direct any questions concerning this guidance to their State agency. Contact information is found at http://www.fns.usda.gov/cacfp/cacfp-contacts. State agencies with questions should contact the appropriate FNS Regional Office.

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Attachment

Questions and Answers
Five-Day Reconciliation

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Requirements for Compliance

1. What is the reconciliation of meal counts requirement in the Child and Adult Care Food Program (CACFP)?

Sponsoring organization provisions, under 7 CFR 226.16(d)(4)(ii), describe reconciliation of meal counts with enrollment and attendance records for a five-day period, as follows:

"Reviews must examine the meal counts recorded by the facility for five consecutive days during the current and/or prior claiming period. For each day examined, reviewers must use enrollment and attendance records (except in those outside-school-hours care centers, at-risk afterschool care centers, and emergency shelters where enrollment records are not required) to determine the number of participants in care during each meal service and attempt to reconcile those numbers to the numbers of breakfasts, lunches, suppers, and/or snacks recorded in the facility's meal count for that day. Based on that comparison, reviewers must determine whether the meal counts were accurate. If there is a discrepancy between the number of participants enrolled or in attendance on the day of review and prior meal counting patterns, the reviewer must attempt to reconcile the difference and determine whether the establishment of an overclaim is necessary."

2. **When must reconciliation be conducted?**

   Under 7 CFR 226.16(d)(4)(i) and (ii), sponsoring organizations must reconcile meal counts for five consecutive operating days as part of each review of a day care home or sponsored center. In addition, whenever a State agency conducts a review of a sponsoring organization, each facility review must include a five-day reconciliation, as required under 7 CFR 226.6(m)(4).

3. **Is reconciliation required as part of the review of independent centers?**

   No, although 7 CFR 226.6(m)(3)(ii) requires State agency reviews of independent centers to include an assessment of the center's meal counting practices, reconciliation is not required.

4. **Are sponsors of adult day care centers exempt from conducting reconciliation?**

   No, although the word "children" is often used in describing the reconciliation process, this requirement also applies to reviews of sponsored adult care centers.

5. **Given the number of children or adult participants in a typical center, and the fact that most centers are reimbursed on the basis of a blended rate or a claiming percentage, is reconciliation required in each of the sponsor's three annual onsite reviews?**

   Yes, reconciliation is a required element of every sponsored center review. In order for an onsite review to count as one of the three required annual reviews, reconciliation must be performed.

Three Critical Elements—Attendance, Enrollment, and Meal Counts

6. **Is a comparison of meal counts to licensed capacity required as part of the reconciliation?**

   No, licensed capacity is not a required element of the reconciliation. The monitor examines licensed capacity as part of the normal onsite review of a day care home or center's daily records. However, the Food and Nutrition Service (FNS) strongly believes that a comparison of meal counts to licensed capacity is a best practice to identify and resolve problems in the claiming process.

7. **How should monitors conduct reconciliation in outside-school-hours care centers or at-risk afterschool centers where enrollment documentation is not required?**

   If there are no enrollment forms, the monitor would reconcile meal counts to attendance records.

8. **How should reconciliation be conducted in emergency shelters where enrollment and attendance records are not required?**

   If there are no enrollment or attendance records, the monitor would conduct a more general review of the shelter's meal counting and claiming procedures that would not include a five-day reconciliation.

9. **Are meal counts reconciled with either enrollment forms or attendance data, or both?**

   Reconciliation must include a comparison of meal counts to both attendance and enrollment records, except in the review of an at-risk afterschool care center, outside-school-hours-care center, or emergency shelter where enrollment forms are not required.

10. **Can sign-in and sign-out records be used in conducting the five-day reconciliation?**

    Yes, sign-in sheets may be substituted for attendance if they capture the time of each child's arrival and departure, with the parent or guardian's signature or initials, each day. Sign-in records may also be substituted for attendance in adult day care centers.

11. **Can reconciliation in a day care home be conducted using meal counts as a substitute for attendance?**

    No, all reviews of day care homes must include a comparison of meal counts to attendance, which are two distinct sets of records of information. Attendance records identify the number of children actually present on a given day, while meal count records identify the children eating a reimbursable meal. Attendance records are an edit check for meal counts since meal counts can never exceed the number of children recorded in attendance. If meal counts are used to generate attendance, the two numbers would be identical, which would negate the edit check.

12. **Must the day care home or center maintain separate sets of records of meal counts and attendance, or can this information, which is needed for reconciliation, be recorded on the same form?**

    Although attendance and meal counts are separate records of information, they may be recorded on the same form, in a manner that meets the State agency's requirements and ensures that only actual meals served are recorded.

Five Consecutive Operating Days

13. How are the five consecutive days determined?

Monitors should select five consecutive operating days, including weekends and holidays, when the day care home or center was open and serving meals. The monitor may have to go back to previous weeks to obtain five consecutive operating days. For example, if a day care home or center only operates three days a week, the monitor will have to look at a two-week period, skipping the days the facility was closed, in order to obtain five consecutive days.

14. Is reconciliation limited to five consecutive operating days in the current or previous claiming period?

Reconciliation is expected to involve records from the current or previous month, or some combination of days from the current and previous months if the review is conducted early in a month. However, monitors can also review earlier months of records, if necessary. For example, an earlier period of time may be selected if the day care home or center was closed for vacation or the monitor is trying to establish a pattern.

Review Steps

15. Are the review steps for conducting reconciliation the same for all types of facility reviews?

Yes, the review steps for conducting reconciliation in day care homes and centers are now generally the same. The monitor uses aggregate data to compare three critical elements—enrollment, attendance, and meal counts. However, monitors must modify the reconciliation process to address differences in recordkeeping requirements for at-risk centers, outside-school-hours care centers, and emergency shelters.

16. What are the steps for conducting reconciliation?

The monitor's goal is to determine whether the reported meal counts are consistent with daily attendance and enrollment for all meal types for the selected five-day operating period. The aggregate daily meal count for each meal type must be compared to attendance and enrollment records. The monitor would:

- Choose five consecutive operating days from the meal count record.
- For this five-day period, gather records of:
    - Meal counts,

- Current enrollment forms, and
- Attendance.

- Identify the number of children or adult participants in attendance during the five-day period.
- Compare total meal counts to daily attendance to ensure that meal counts for each approved meal type did not exceed the number of children or adult participants in attendance on any day.
- Compare total enrollment, in facilities where enrollment forms are required, to daily attendance to ensure that the number of children or adult participants in attendance did not exceed the number who were enrolled.
- If meal counts cannot be reconciled with enrollment or attendance data, determine the source of the error and appropriate corrective action.
- If necessary, take further steps, such as initiating a household contact or an additional unannounced visit, to determine whether corrective action and disallowance of meals or establishment of an overclaim are warranted. Reconciliation of the records of individual children or adult participants, by name, is another option for monitors to choose in determining the source of errors when meal counts cannot be reconciled with enrollment or attendance data.

17. If a sponsored center is reimbursed on actual daily meal counts, does the monitor reconcile enrollment, attendance, and meal counts by the child or adult participant, or does the monitor use aggregate data, as in a sponsored center that uses a blended rate or claiming percentage?

The monitor will now use aggregate data to conduct reconciliation in all types of centers, as well as day care homes. However, the monitor may choose to reconcile meal counts to the attendance and enrollment records of individual children or adult participants, as an additional step to determine the source of errors in the claiming process.

Acceptable Alternatives

18. In States that require an evaluation of meal counts, attendance, and enrollment documentation for the entire claim period, as edit checks or as part of their review process, would a separate five-day reconciliation be necessary?

No, there would be no reason for the sponsor's monitor to conduct a separate reconciliation if all of the required elements—enrollment, attendance, and meal counts—are reviewed.

19. Is it necessary for the sponsor to conduct five-day reconciliation if a day care home or center submits claims with meal counts, attendance, and enrollment information through an automated data system?

No, a separate five-day reconciliation would not be required if the automated system separates attendance from meal counts and compares both of these elements to enrollment. Automated methods that check, for a consecutive five-day period, all of the required elements—enrollment, attendance, and meal counts—may take the place of the reconciliation. However, the monitor is expected to validate the accuracy of the data entered into the sponsor's automated system as part of the normal review of a day care home or center's daily record.

20. Could edit checks that routinely evaluate meal counts, attendance, and enrollment for the entire claim period be used by the sponsor, in place of a separate, five-day reconciliation?

Yes, automated systems that check all of the critical elements—enrollment, attendance, and meal counts—may be acceptable alternatives to the five-day reconciliation. A sponsor would be exempt if it determines that its automated system's records are sufficient to meet the five-day reconciliation requirement. The sponsor would have to demonstrate that the system has the capability to:

- Collect enrollment, attendance, and meal count data;
- Separate attendance or "in and out times" from meal counts; and
- Perform comparisons of enrollment, attendance, and meal counts that would detect potential problems in the claiming process.

As part of the State agency's review of the sponsor's automated data system, the State monitor should test to verify that the sponsor's edit checks are working as intended and that the system's records meet the five-day reconciliation requirement.

21. Could a monitor conduct reconciliation in the sponsor's office prior to the review?

To conduct reconciliation, the monitor would need access to all current enrollment forms and daily attendance and meal count records for the current or previous month. If this information is available in the sponsor's office, the monitor could conduct reconciliation in the office prior to arriving at the day care home or center, then complete any necessary follow-up work while onsite. The monitor could also conduct a desk review if the comparison of meal counts to attendance and enrollment records is for the purpose of a follow-up review.

Actions to Resolve Errors

22. How can a monitor conduct reconciliation if enrollment forms have not been updated as required?

If the monitor determines that enrollment data are either not current or not accurate, the monitor may use attendance sheets to conduct reconciliation until the enrollment forms are updated. Corrective action would be required to bring the day care home or center into compliance with the enrollment requirements at 7 CFR 226.15(e)(2). Meals served to children or adult participants whose enrollment documents are more than a year old are not eligible for reimbursement. Therefore, any meals served during the period between the last day of the month in which the enrollment forms expired and the day when the forms were updated and signed would be disallowed.

23. What action is needed if the monitor observes that enrolled children or adult participants are served meals on days or hours they are not typically in care?

The monitor must try to determine the reasons for any differences between the enrollment information and attendance or meal counts. Enrollment documentation should reflect a reasonable estimate of the days and hours that children and adult participants will be most often in care. However, the normal days and hours in care on the enrollment form may not be exact, as the need for day care may, at times, be unpredictable. For instance, a child who normally receives day care in the morning, but has a doctor's appointment at the beginning of the day, attends in the afternoon instead. A doctor's appointment would be a reasonable explanation for the child's attendance during hours when the child would not typically be in care. Other reasonable explanations could include changes in parents' work schedules, family vacations, or special events. Meals should not be disallowed if there is a reasonable explanation for a child or an adult participant to have received a meal outside of the normal days and hours of care.

24. What action is needed if a monitor observes an unusual pattern or inconsistencies between attendance on the day of the review and meal counts during the five-day period?

The monitor must determine if there is a valid reason for the difference or if corrective action is appropriate, and if any meal disallowances are necessary.

25. How should a monitor resolve discrepancies among enrollment, attendance, meal counts, and claims data?

The monitor's task is to determine whether the meal counts are consistent when compared to the daily or shift attendance for all meal types for the selected five-day period. Enrollment data serves as a check on the attendance data. If attendance exceeds enrollment, for any day or shift, the monitor must determine the source of the error, such as inaccurate attendance records or missing enrollment forms, before the reconciliation can be completed and the appropriate corrective action can be determined. Sponsors should instruct monitors to follow State agency guidance to resolve discrepancies. FNS encourages State agencies to have written policies and procedures to guide sponsors on determining when errors rise to the level of a serious deficiency. Providing written guidance for all sponsors to use will ensure consistent resolution of discrepancies, throughout the State.

26. To determine the source of errors in the claiming process, what steps should be taken if the monitor chooses to reconcile meal counts to the attendance and enrollment records of individual children or adult participants, by name?

FNS believes that reconciling the records of individual children or adult participants, by name, is a best practice for resolving discrepancies. The monitor would:

- Identify, by name, each child or adult participant in attendance during the five-day period;
- For each child or adult participant, compare the date of enrollment to dates that meals were recorded;
- For each child, compare meals recorded to typical hours and days in care as recorded on the child's enrollment form; and
- Compare meal counts to attendance to ensure that, for each meal type, meals were recorded only for children or adult participants who were in attendance.

To make the workload in a center review more manageable, the monitor may select a random sample of at least 10 percent of the number of children or adult participants enrolled for the five-day period. A minimum of 5 records must be reconciled in sponsored centers with 50 or fewer enrolled children or adult participants. In this

case, the sample meets the five-day reconciliation requirement. However, it is not intended to be statistically valid, nor can it be used as a basis for calculating an overclaim for meals served to children or adult participants whose records were not sampled for reconciliation.

State Agency Role

27. Does the State agency have to include reconciliation when State monitors review day care homes or centers as part of a sponsor review?

Yes, the State agency's review must include reconciliation. The State monitor would:

- Conduct reconciliation in the day care homes and sponsored centers selected for review;
- Check the sponsor's compliance with the requirements under 7 CFR 226.16(d)(4)(ii); and
- Evaluate the effectiveness of the process used by the sponsor to conduct reconciliation by:
    - Examining the sponsor's instructions to monitors for conducting reconciliation and documenting findings,
    - Spot checking the monitors' work in sampled day care homes and centers, and
    - If the sponsor uses an automated data system, testing to verify that the system's records meet the five-day reconciliation requirement.

28. Does a State agency perform reconciliation only on those day care homes and centers that are included in the sample selected during a sponsor review?

Yes, the State agency would reconcile five consecutive serving days of meal counts against enrollment and daily attendance records only for the day care homes or centers selected for onsite and file reviews.