STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING

RICK SNYDER
GOVERNOR

BRIAN J. WHISTON
STATE SUPERINTENDENT

FISCAL YEAR 2017
CHILD AND ADULT CARE FOOD PROGRAM
OPERATIONAL MEMORANDUM #3

TO: Child and Adult Care Food Program Institutions

FROM: Marla J. Moss, Director
Office of School Support Services

DATE: October 10, 2016

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

The purpose of this memorandum is to clarify policy, answer questions, and consolidate guidance regarding the requirement found under 7 CFR 226.6(m)(4) and 226.16(d)(4) that all reviews of day care homes and sponsored centers in the Child and Adult Care Food Program (CACFP) include the reconciliation of meal counts with enrollment and attendance records for five consecutive operating days. This memorandum supersedes CACFP Policy 07-2005, *Conducting a Five-Day Reconciliation in Centers Participating in the Child and Adult Care Food Program (CACFP)*.

The Food and Nutrition Service (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 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.

Reconciliation is effective as a quick spot check to highlight red flags in claiming procedures, without requiring the collection of multiple sets of records. If the data are consistent, it is more likely that accurate enrollment and attendance records are being kept and the number of meals served each day is being correctly reported. If the data are not consistent, the monitor must try to determine the reasons for the discrepancies and take additional steps to decide corrective action and whether any meals should be disallowed or an overclaim should be established.

STATE BOARD OF EDUCATION

JOHN C. AUSTIN – PRESIDENT • CASANDRA E. ULBRICH – VICE PRESIDENT
MICHELLE FECTEAU – SECRETARY • PAMELA PUGH – TREASURER
LUPE RAMOS-MONTIGNY – NASBE DELEGATE • KATHLEEN N. STRAUS
EILEEN LAPPIN WEISER • RICHARD ZEILE

608 WEST ALLEGAN STREET • P.O. BOX 30008 • LANSING, MICHIGAN 48909
www.michigan.gov/mde • 517-373-3324

Reconciliation is also required as part of the 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.

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. The Questions and Answers (attached) explain CACFP requirements for state and sponsor compliance and procedures for conducting reconciliation in day care homes and various types of centers.

For questions regarding this memorandum, contact the Child and Adult Care Food Program at 517-373-7391.

Attachment

Questions and Answers
Five-Day Reconciliation

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?**

   Reconciliation of meal counts for five consecutive operating days must be conducted as part of each review of a day care home or sponsored center, under 7 CFR 226.16(d)(4)(i) and (ii). 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 the review steps for conducting reconciliation the same for all types of facility reviews?**

   No, there are important differences in how monitors conduct reconciliation in day care homes and various types of sponsored centers. In day care homes, monitors compare three critical elements – enrollment, attendance, and meal counts by children. However, monitors must modify the reconciliation process to address differences in recordkeeping requirements and payment provisions among center-based programs.

5. **What are the steps for conducting reconciliation in a review of a day care homes?**

   Reconciliation must include all children in care in the day care home. 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 monitor would:

   - Choose five consecutive operating days from the meal count record
   - For this five-day period, gather together:
     - Licensed capacity
     - Meal counts
     - Current enrollment forms
     - Attendance
   - Identify, by name, each child in attendance during the five-day period
   - Ensure that each child received no more than two meals and one snack or one meal and two snacks for each of the five days
   - Compare meal counts to the day care home's licensed capacity to ensure that, for each meal type, total meal counts did not exceed the day care home's licensed capacity, unless the provider was approved to serve the same types of meals during different shifts
   - Compare meal counts to enrollment to ensure that, during these five days, meals were recorded only for children who had current enrollment forms on file:
     - 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
   - Compare meal counts to attendance to ensure that, for each meal type, meals were recorded only for children who were in attendance
   - If meal counts cannot be reconciled with licensed capacity, enrollment, or attendance data, determine the source of the error and appropriate corrective action
   - If necessary, take additional steps, such as expanding the reconciliation beyond five days or 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

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

   When sponsored centers are reimbursed on actual daily meal counts, the meal counts are reconciled to the children or adult participants' attendance and enrollment records. To make the workload more manageable, the reconciliation may be based on a random sample of children or adult participants for the five-day period. The sample is intended as a management tool to help the monitor quickly determine whether the center has a problem with its meal counting and

claiming procedures. 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.

For the sample, the monitor must choose at least 10 percent of the number of children or adult participants enrolled. A minimum of 5 records must be reconciled in sponsored centers with 50 or fewer enrolled children or adult participants.

7. **Are meal counts reconciled with enrollment forms, 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.

8. **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.

9. **How should monitors conduct reconciliation in outside-school-hours care centers or at-risk afterschool centers where enrollment forms are not required?**

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

10. **How should reconciliation be conducted in emergency shelters where enrollment forms 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 <u>not</u> include a five-day reconciliation.

11. **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. **NOTE: MDE, as state agency, requires the five consecutive days used for the Five Day Reconciliation be from the prior month or the current month and may not include the day of the meal observation.**

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

No, monitors can 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. However, reconciliation is usually 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.

13. 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.

14. 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.

15. 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 16(d)(4)(ii)
- 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.

16. 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.

17. Are sponsors of adult day care centers exempted 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.

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. 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.

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

The initial step in conducting reconciliation is to determine whether the enrollment and attendance data are current and accurate. If the monitor determines that enrollment data are either not current or not accurate, the monitor would require corrective action 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 without current enrollment documents are not eligible for reimbursement.

21. 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, what corrective action is appropriate, and if any meal disallowances are necessary.

22. 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. Monitors are to follow MDE guidance to resolve discrepancies. Guidance on reconciliation of discrepancies found while conducting a 5 day reconciliation can be found on the CACFP website (www.michigan.gov/CACFP), Operational Memoranda, Fiscal Year (FY) 2015 "Monitoring Requirements for Sponsors of Centers and Homes" (#28 FDCH and #31 Centers).