



U.S. Department of Agriculture
Office of Inspector General



IMPORTANT NOTICE

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Child and Adult Care Food Program Meal Reimbursement Claims Process for Child Care Centers

Audit Report 27601-0004-31

OIG assessed the adequacy of the CACFP meal reimbursement claims process in fiscal year 2023 for child care centers, the appropriateness of FNS approval of CACFP waivers over monitoring controls, and meal claims made at a sample of child care centers in a selected State.

OBJECTIVE

Our objective was to assess the adequacy of FNS' CACFP meal reimbursement claims process in FY 2023 for child care centers, the appropriateness of FNS' approval of CACFP waivers over monitoring controls, and validate meal claims made at child care centers in a selected State.

REVIEWED

We reviewed relevant CACFP documents and interviewed national, regional, and State officials covering [REDACTED] through FY [REDACTED] for three States selected by size. We also conducted visits at 29 child care centers in a selected State in FY 2025 and reviewed 5 of the facilities' documentation to support 5 days of meals claimed.

RECOMMENDS

We recommend that FNS direct the selected State agency to review sponsoring organizations, provide training on point of service meal counts, recover questioned costs as applicable, and clarify guidance on program flexibilities to ensure States enforce State operating requirements.

WHAT OIG FOUND

The U.S. Department of Agriculture carries out the Child and Adult Care Food Program (CACFP), which is intended to provide nutritious foods to participants at facilities such as child care centers. The Food and Nutrition Service (FNS) oversees the State-administered program, which reimbursed participating institutions from an estimated appropriation of more than \$4.6 billion for fiscal year (FY) 2023.

We determined that FNS had adequately designed controls in place over the CACFP meal reimbursement claims process in FY 2023 for child care centers. We also determined that FNS appropriately approved CACFP waivers over monitoring controls using risking methods, alternative plans, and had an established protocol to approve CACFP waivers. However, we found issues with all five sponsoring organizations we reviewed to validate meal claims with program records. Four sponsoring organizations had discrepancies totaling more than 5 percent of meals claimed due to training issues. One sponsoring organization declined to provide records [REDACTED]

[REDACTED] s a result, this sponsoring organization received more than \$6.6 million in CACFP reimbursements since [REDACTED]

[REDACTED] Therefore, we are questioning the more than \$6.6 million in CACFP reimbursements this sponsoring organization received since [REDACTED]

FNS officials concurred with our recommendations and our monetary results and we accepted management decision for all recommendations.



OFFICE OF INSPECTOR GENERAL

United States Department of Agriculture



DATE: August 13, 2025

AUDIT

NUMBER: 27601-0004-31

TO: James C. Miller
Administrator
Food and Nutrition Service

ATTN: Amanda Musgrove
Director
Office of Internal Controls, Audits and Investigations

FROM: Yarisís Rivera-Rojas
Acting Assistant Inspector General for Audit

SUBJECT: Child and Adult Care Food Program Meal Reimbursement Claims Process for Child Care Centers

This report presents the results of our audit of Child and Adult Care Food Program Meal Reimbursement Claims Process for Child Care Centers. Your written response to the official draft is included in its entirety at the end of the report. Based on your written response, we are accepting management decision for all four recommendations in the report, and no further response to this office is necessary.

In accordance with Departmental Regulation 1720-1, final action needs to be taken within 1 year of the date of each management decision. Please follow your internal agency procedures in forwarding final action correspondence to the Office of the Chief Financial Officer.

We appreciate the courtesies and cooperation extended to us by members of your staff during our fieldwork and subsequent discussions. This report contains publicly available information and only publicly available information will be posted to our website (<https://usdaoig.oversight.gov>) in the near future.

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Background and Objective

Background

The Richard B. Russell National School Lunch Act authorizes the Child and Adult Care Food Program (CACFP), which is intended to provide aid to child and adult participants by providing nutritious foods that contribute to the wellness, healthy growth, and development of young children, and the health and wellness of older adults. For fiscal year (FY) 2023, the U.S. Department of Agriculture (USDA), reported CACFP served more than 1.7 billion meals to recipients across all 50 States, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands.¹ Payments for meals at child care centers comprised more than \$2.7 billion of the more than \$4.6 billion in estimated CACFP appropriations for that year. Child care centers are one of the six different types of facilities/centers within CACFP (see Figure 1).

Child care centers may participate in CACFP as one of two institution types; either as an independent center or under a sponsoring organization. In general, centers may be approved to claim reimbursement for serving up to two meals and one snack, or two snacks and one meal, per day to each eligible child. Facilities submit monthly meal reimbursement claims for the meals and snacks they served to eligible children. The meals and snacks must meet minimum nutritional standards.²

State agencies administer CACFP through agreements with child and adult care institutions. The institutions submit monthly meal reimbursement claims to the State agencies, and then State agencies aggregate and submit the data to USDA's Food and Nutrition Service (FNS) for payment. Then, FNS issues the meal reimbursement payments to the State agencies for distribution to the participating institutions.

If operating under a sponsoring organization, centers submit the meal reimbursement claims through the organization. The sponsoring organization must conduct reasonable edit checks on claims prior to submitting its consolidated monthly claim to the State agency. The claims for reimbursement must include information that (1) complies with the State agency's financial management system, (2) includes sufficient detail to justify the reimbursement claimed, and

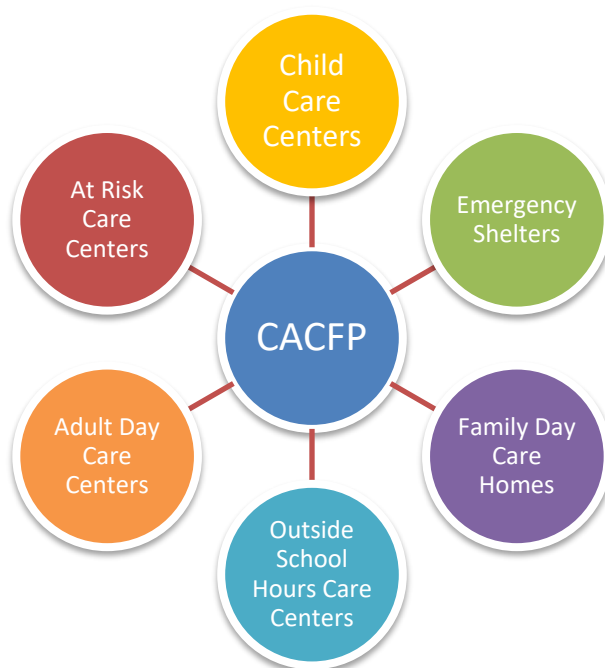


Figure 1: CACFP Facility Types.
Figure by the Office of Inspector General (OIG).

¹ These participation numbers include all CACFP facility/center types.

² Meals must contain certain food components, such as fluid milk, vegetables, fruits, grains, and meat or meat alternates and should be at a serving size appropriate to age groups.

(3) enables the State agency to provide the final claim report to FNS. Figure 2 below details the meal reimbursement claims process between the Federal Government and child care institutions.

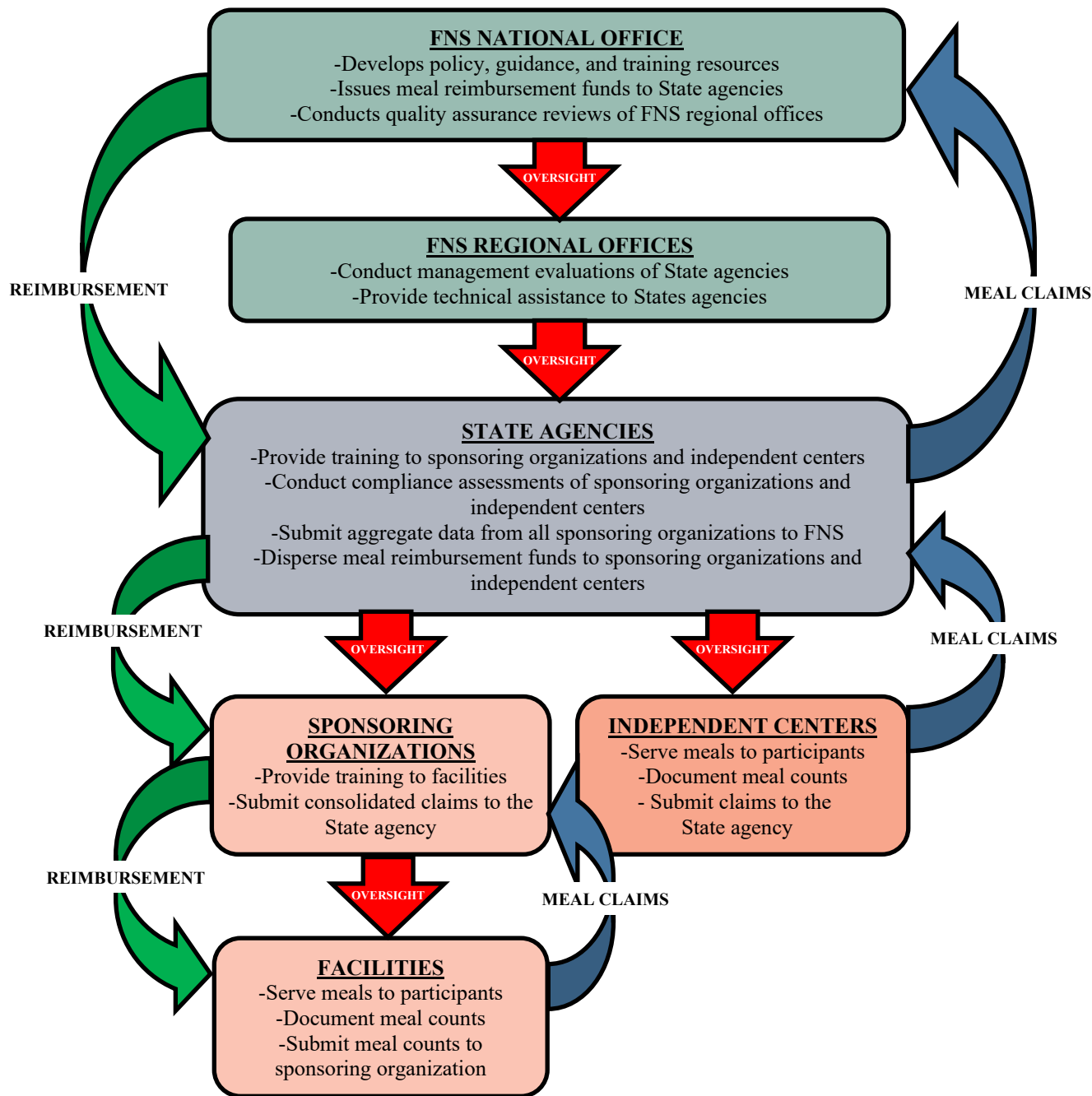


Figure 2: Meal Claim Reimbursement Process and Responsibilities. Figure by OIG.

State agencies conduct periodic compliance assessments of the institutions in the program.³ FNS regional offices also use management evaluations to conduct reviews of State agencies' program operations.⁴ FNS identified the management evaluation process as a significant component in its activities and a critical instrument for monitoring compliance and improving CACFP operations. As such, FNS conducts quality assurance reviews of its regional offices' management evaluations to support the oversight efforts of the regional offices and to secure program integrity and accountability.⁵

FNS has a process in place for State agencies and eligible service providers to request waivers of statutory or regulatory program requirements for Child Nutrition Programs including CACFP.⁶ In March 2020, the President signed the Families First Coronavirus Response Act, which authorized the Secretary of Agriculture to establish waivers for all programs authorized under the National School Lunch Act, including CACFP, to ensure continued operation. Following the signing of the Act, FNS granted a series of nationwide coronavirus disease 2019 (COVID-19) waivers that applied automatically to any State that elected to use them without further application.⁷

During the course of our fieldwork, the Minnesota Office of the Legislative Auditor released a report covering issues related to a sponsoring organization that participated in CACFP.⁸ The report noted that the State agency responsible for overseeing CACFP did not exercise its authority to deny applications and did not request documentation to substantiate the claims such as attendance, meal counts, or food preparation records, which put the program's integrity at risk.⁹ The report also identified deficiencies with the State agency's compliance reviews and application approvals of CACFP facilities and sites in another Child Nutrition Program, the Summer Food Service Program. The State agency conducted a compliance review in 2018 that found serious non-compliance, which required a follow-up review. However, the State agency did not complete a follow-up review.

Further, the report identified deficiencies with alternative forms of oversight (off-site reviews or desk audits) related to COVID-19 pandemic-related waivers, and the serious deficiency process.¹⁰ In this case, the sponsoring organization was cited in March 2021 for shortcomings in the organization's financial management, administrative capability, and program accountability. The Legislative Auditor reported that the State agency's actions and inactions put the State

³ State agencies conduct compliance assessments of independent centers and sponsors at least once every 3 years. Large sponsoring organizations with more than 100 facilities must be reviewed at least once every 2 years, and new sponsoring organizations of 5 or more facilities must be reviewed within the first 90 days of program operations.

⁴ FNS regional offices complete management evaluations annually.

⁵ FNS completes quality assurance reviews for each FNS region annually.

⁶ USDA FNS, *Child Nutrition Program Waiver Request Guidance and Protocol-Revised*, Policy Memo SP15 CACFP12 SFSP05-2018, (May 2018), based on the statutory provisions in the Richard B. Russell National School Lunch Act, 42 U.S.C. §1760(l).

⁷ FNS did not receive legislative authorization to issue new nationwide waivers beyond school year 2021-2022.

⁸ State of Minnesota Office of the Legislative Auditor, *Minnesota Department of Education: Oversight of Feeding Our Future Special Review*, June 2024.

⁹ Ibid.

¹⁰ The serious deficiency process provides a systematic way for State agencies and sponsoring organizations to correct serious management problems, and when that effort fails, protect child nutrition program integrity through due process.

agency in a position where it approved the sponsoring organization's applications, even after the sponsoring organization did not address the agency's concerns about their operations. The Legislative Auditor opined that "[the State agency's] choices made monitoring waivers a source of reduced oversight, not the waivers themselves." The report notes that USDA's monitoring waivers permitted the State agency to engage in less monitoring overall, but did not prohibit the State agency from conducting administrative reviews or onsite monitoring visits. Weak or unenforced internal controls like those disclosed in the Legislative Auditor's report can facilitate a perpetrator's ability to commit and conceal a fraud scheme.

Objective

Our objective was to assess the adequacy of the FNS' CACFP meal reimbursement claims process in FY 2023 for child care centers. We expanded the scope and objective of this audit and assessed the appropriateness of FNS' approval of CACFP waivers over monitoring controls. Finally, we validated meal claims made at a sample of child care centers in a selected State.

Section 1: Adequacy of the FNS CACFP Meal Reimbursement Claims Process in FY 2023 for Child Care Centers

We determined that FNS had controls in place over the CACFP meal reimbursement claims process in FY 2023 for child care centers that appeared to be adequately and appropriately designed to address risks to FNS' meal reimbursement claims process for child care centers.

FNS developed and implemented a process by which:

- FNS issued policy, guidance, and training resources to ensure the adequacy of the FNS' CACFP meal reimbursement claims process in FY 2023 for child care centers;
- FNS' national office conducted quality assurance reviews to assess FNS' regional office management evaluation reviews of State agencies;¹¹
- FNS' regional offices conducted management evaluations and accompanied reviews of the State agencies' operations;¹²
- State agencies administered the program and provided oversight of sponsoring organizations and facilities through compliance assessments of sponsoring organizations at least once every 3 years;¹³ and
- CACFP institutions submitted claims for reimbursement through State systems that include edit checks that limited the claim amounts entered by capacity and approved meal types.

Based on our review of national, regional, and State-level examples, we determined that the monitoring activities appeared to be sufficiently and appropriately designed to ensure FNS can meet the control objectives, if implemented as designed.

All three sampled States in our review—Arizona, Illinois, and Maine—had edit checks built into their financial management systems that limited the number and types of meals that sponsoring organizations could claim. Each State required child care centers to be licensed by an independent agency, which set the maximum capacity for each child care center. The State agency used the maximum capacity limits as an additional edit check within their financial management systems.¹⁴

During our site visits, we validated that this site capacity control operated effectively at 29 child care centers we reviewed in the State selected for meal claim validation, Arizona. At all the facilities we visited none of the claims we reviewed exceeded the facility's maximum capacity

¹¹ FNS completes quality assurance reviews for each FNS region annually, selecting management evaluations based on a national office risk assessment analysis as prescribed in FNS' *Management Evaluation and Financial Management Review Quality Assurance Review Plan*, (Dec. 2022).

¹² FNS regional offices complete management evaluations annually, selecting Child Nutrition Programs for review based on factors such as risk, review cycle, target areas or a combination of these approaches. For CACFP the review cycle is every 3 years. Therefore, CACFP may not be selected for review every year.

¹³ Additionally, large sponsoring organizations with more than 100 facilities must be reviewed at least once every 2 years, and new sponsoring organizations of 5 or more facilities must be reviewed within the first 90 days of program operations.

¹⁴ This edit check limits the number of meals that can be claimed to an amount equal to or less than the maximum capacity.

limits. We determined that for child care centers, this control over site capacity reduces the program's exposure to potential waste and abuse, such as inflated meal claims.¹⁵ As part of an internal control system, controls such as capacity caps, policy and guidance, reviews, and monitoring can contribute to providing reasonable assurance of achieving effective and efficient operations.¹⁶ Conversely, weak or unenforced internal controls can facilitate a perpetrator's ability to commit and conceal a fraud scheme.

¹⁵ Not all CACFP facility types shown in Figure 1 are required to be licensed.

¹⁶ The scope of our review in this section included work performed at the FNS national office, three regional offices, and three State offices, assessing the meal reimbursement claims process for FY 2023 at child care centers. We conducted our fieldwork from November 2023 and May 2025, and expanded our objective to include the topics covered in Sections 2 and 3 of this report. The State, timeframe, and process (application review) discussed in the Minnesota Office of the Legislative Auditor were not in the scope of our review.

Section 2: Appropriateness of FNS' Approval of CACFP Waivers Over Monitoring Controls

We found that FNS appropriately approved CACFP waivers over monitoring controls using risking methods, compensating controls, and an established protocol in our three sampled States—Arizona, Illinois, and Maine—for the period [REDACTED] through [REDACTED].

FNS has a policy that outlines the process for State agencies and eligible service providers seeking a waiver of statutory or regulatory program requirements¹⁷ (see Figure 3). This policy was in place before, during, and is still in place after the COVID-19 public health emergency.

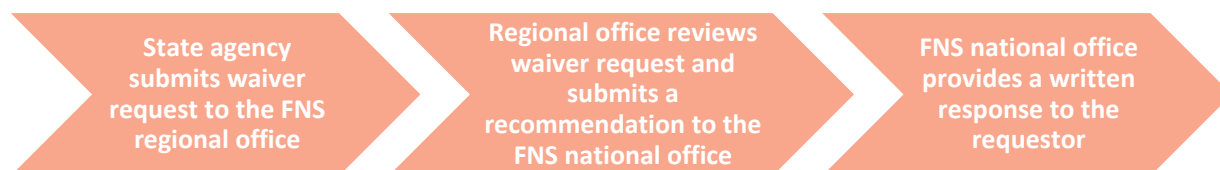


Figure 3: State Agency Waiver Request Process. Figure by OIG.

Following the signing of the Families First Coronavirus Response Act in March 2020, FNS committed to a process of oversight consistent with the need to limit COVID-19 exposure by participants, program operators, and oversight agency staff. FNS granted nationwide COVID-19 waivers that applied automatically to any State that elected to use them without further application.

In March 2020, FNS developed the national COVID-19 waivers. FNS used a framework that called for a structured and systematic process to identify areas of vulnerability in the program and analysis of the likelihood and consequences of negative outcomes associated with risk areas.¹⁸ FNS' internal *Nationwide COVID-19 Waiver Strategy* document described how it conducted risk identification and assessment activities. FNS' strategy included templates that FNS used to draft nationwide waivers for Child Nutrition Programs.

For the nationwide COVID-19 waivers and individually requested State waivers, FNS directed States to develop extensive alternative monitoring plans (compensating controls) detailing how they would monitor at the State agency and operator level. In addition to FNS' review, FNS cleared State responses through FNS' Chief Integrity Officer prior to release back to the State agency.

The three States we reviewed had nine nationwide COVID-19 waivers available for use related to CACFP. These waivers were in effect in FY 2020 and FY 2021 due to the public health emergency (see Table 1).

¹⁷ USDA FNS, *Child Nutrition Program Waiver Request Guidance and Protocol-Revised*, Policy Memo SP15 CACFP12 SFSP05-2018, (May 2018).

¹⁸ OMB, *Management's Responsibility for Enterprise Risk Management and Internal Control*, Circular No. A-123 (July 15, 2016).

Table 1: National COVID-19 Waivers. Table by OIG.

Waived Requirement/ Added Flexibility	Compensating Control	Original Issuance	Number of Times Extended	Final Expiration
Allowed Non-Congregate Meal Service	Annual Reporting on use and impact of waiver	3/20/2020	2	6/30/2021
Allowed Parent/Guardian Meal Pick Up	Annual Reporting on use and impact of waiver	3/25/2020	2	6/30/2021
Provided Meal Pattern Flexibility	Annual Reporting on use and impact of waiver	3/25/2020	5	6/30/2021
Provided Meals Service Time Flexibility	Annual Reporting on use and impact of waiver	3/20/2020	2	6/30/2021
Waived 60 Day Reporting Requirements	Annual Reporting on use and impact of waiver	4/1/2020	0	5/29/2020
Waived Activity Requirement in Afterschool Care	Annual Reporting on use and impact of waiver	3/20/2020	0	6/30/2020
Waived Sponsor Onsite Monitoring	Desk Audits	3/26/2020	1	8/31/2020
Waived State Agency Onsite Monitoring	Desk Audits	3/26/2020	2	9/30/2021
Waived State Agency Onsite Monitoring – Annual Reviews	Desk Audits	4/24/2020	0	9/30/2020

FNS did not receive legislative authorization to issue new nationwide waivers beyond school year 2021-2022. In response, the States individually applied for program flexibilities similar to those previously granted under the nationwide COVID-19 waivers (see Table 2).

Table 2: State Requested CACFP Waivers. Table by OIG.

Waived Requirement/Added Flexibility	Compensating Control	State			Expiration
		Arizona	Illinois	Maine	
Allowed Non-Congregate Meal Service	Reporting	Yes	Yes	Yes	6/30/2023
Allowed Parent/Guardian Meal Pick Up	Reporting	Yes	Yes	Yes	6/30/2023
Provided Meal Service Time Flexibility	Reporting	Yes	Yes	Yes	6/30/2023
Provided Review Cycle Extension – Postponed Reviews by 1 Year	Desk audits	No	Yes	No	9/30/2024
Provided Review Cycle Extension – Spread Reviews Throughout FY 2022 to FY 2025	Desk audits	No	Yes	No	9/30/2025
Provided Review Cycle Extension for School Food Authorities	Continue to review all CACFP sponsors on current 3-year cycle except for School Food Authorities operating at-risk	Yes	No	No	9/30/2023
Waived Monitoring Requirements – Paused Formal Monitoring for FY 2021	Desk audits	No	Yes	No	9/30/2021
Waived Monitoring Requirements – Reviews Conducted as Desk Audits	Desk audits	No	Yes	No	9/30/2022
Waived Monitoring Requirements – Provided Flexibility to Review Only 20 Percent of Institutions	Desk audits	No	No	Yes	9/30/2021
Waived Sponsor Onsite Monitoring	Desk audits	No	Yes	Yes	6/30/2023
Waived State Agency Onsite Monitoring	Desk audits	No	Yes	Yes	6/30/2023

We received and reviewed copies of the States’ alternative monitoring plans. We determined FNS’ waiver process, when implemented as designed, provides reasonable assurance that waivers were approved appropriately.

We also noted that FNS repurposed an existing contract for research services to facilitate reporting requirements for the nationwide COVID-19 waivers.¹⁹ In February 2025, this contract was canceled, removing the reporting control over national COVID-19 waivers. All nationwide COVID-19 waivers and their reporting requirements expired at the end of school year 2021-2022. Thus, we are not making recommendations regarding controls over nationwide COVID-19 waiver reporting at this time, as FNS has a process in place that includes monitoring and reporting of State requested waivers. However, we encourage FNS to consider the need for a compensatory control over its waiver reporting if it receives a similar requirement in the future.

¹⁹ Families First Coronavirus Response Act, Pub L., No. 116-127, § 2202, 134 Stat. 185 (d)(1-2) (2020). Each State that receives a waiver shall, not later than 1 year after the date such State received such waiver, submit a report that includes the following: (1) a summary of the use of such waiver by the State and eligible service providers and (2) a description of whether such waiver resulted in improved services to children.

Section 3: Validated Meal Claims Made at a Sample of Child Care Centers in a Selected State

Finding 1: FNS Needs to Ensure States Enforce Record Requirements

We found meal count discrepancies with four of the five CACFP sponsoring organizations in the State selected for meal count validations, Arizona. For the fifth sponsoring organization, we were unable to validate facility meal claims with CACFP records. These issues occurred because of weaknesses in point of service²⁰ meal count training [REDACTED]

[REDACTED] As a result, more than 5 percent of the total meals (346 of 6,388 meals, totaling \$495 for a 5-day period) at the four sponsoring organizations were questionable. Due to the fifth sponsoring organization's refusal to provide requested support for this [REDACTED] [REDACTED] we are questioning the more than \$6.6 million in CACFP reimbursements this sponsoring organization received since [REDACTED]

CACFP sponsoring organization must establish procedures to collect and maintain all program records required by Federal regulations, as well as any records required by the State agency, or face denial of reimbursement costs.²¹ In Arizona's CACFP permanent agreement, sponsoring organizations agree to maintain full and accurate records of operation and make available those records to the State agency or authorized entity conducting a review or an audit. These records include daily records indicating the number of children in attendance (including time in and out).²²

We reviewed 5 days²³ of meals claimed at facilities we visited²⁴ [REDACTED] [REDACTED] We reconciled the claims with attendance records for those days and determined that four sponsoring organizations did not fully support claimed meals and the fifth sponsoring organization did not support any of the claimed meals with State-required records.²⁵ Table 3 presents the questionable meals claimed, by sponsoring organization, that should not have been reimbursed.

²⁰ "Point of service" means "during the meal service."

²¹ 7 C.F.R. § 226.15(e).

²² Arizona Department of Education, *CACFP Permanent Agreement*, Revised May 2011.

²³ USDA FNS, *Conducting Five-Day Reconciliation in the Child and Adult Care Food Program, with Questions and Answers*, Memo CACFP 10-2018, (Apr. 2018). Every sponsored center review must reconcile and ensure consistency of three critical elements (enrollment, attendance, and meal counts) for a 5-day period and determine whether any meals should be disallowed, or whether an overclaim should be established.

²⁴ We selected and reviewed 5 of the 29 OIG-visited child care center facilities' sponsoring organization documentation to support 5-days of meals claimed [REDACTED]

²⁵ Arizona Administrative Code requires child care facilities to maintain dated attendance forms with the time of each admission and release of enrolled children that includes a parent signature, electronic signature, or fingerprint. Arizona Administrative Code § R9-5-306(A).

Table 3: Meal Claims by Sponsoring Organization. Table by OIG.

Sponsoring Organization	Total Sponsoring Organization Reimbursement FY [REDACTED] to FY [REDACTED]	Month of Review [REDACTED]	Meals Not Supported at Selected Facility	Percent of Unsupported Meals in the 5 Days Reviewed
[REDACTED]				

Four Sponsoring Organizations' Program Records Did Not Fully Support Meal Claims

We concluded that the four sponsoring organizations' State-required time in and out records did not substantiate children were in attendance during the meal service times for 297 of the meals claimed. In 49 instances, facilities counted participants twice for the same meal service. In total, these sponsoring organizations' program records did not support 346 meals out of 6,388 claimed, which accounted for \$495 in unsupported reimbursements. While we are not recommending recovery because the 5-day review totals do not exceed \$600,²⁶ we noted that the four sponsoring organizations in aggregate did not fully support more than 5 percent of the meals across our 5-day review periods, indicating a potential systemic issue the State should address.²⁷ From FY [REDACTED] through FY [REDACTED] this State agency provided more than \$158.6 million in meal reimbursements to CACFP sponsoring organizations and should evaluate any indications of potential systemic weakness in order to safeguard Federal tax dollars.

In discussions, State officials attributed these discrepancies to weaknesses in point of service meal count training. We concurred that training is integral in ensuring accurate meal claims. State agencies are responsible for training sponsoring organizations on CACFP requirements and ensuring sponsoring organizations are training facility staff. Sponsoring organizations' training of facility staff must include instruction on point of

²⁶ 7 C.F.R. § 226.8(f). In conducting Management Evaluations, reviews, or audits in a FY, the State agency, FNS, or OIG may disregard an overpayment if the overpayment does not exceed \$600.

²⁷ Our sample was not statistical and should not be projected over nor be inferred to be representative of the universe of CACFP sponsoring organizations in Arizona, nor the 5 selected sponsoring organizations' claims.

One Sponsoring Organization Declined to Provide State-Required Program Records

[REDACTED]

29 [REDACTED]

30 [REDACTED]

31 [REDACTED]

32 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

With all five sampled sponsoring organizations not fully supporting their claims with attendance records, we concluded that FNS needs to direct the State to address the issues we identified. The FNS national office should also revisit its policy memorandum and determine whether to clarify that States need to enforce any additional operating requirements they prescribe, for both State and FNS regional offices.

Recommendation 1

Direct the selected State agency to review the four sponsoring organizations that provided documentation and had meal count discrepancies, expand the review as appropriate, and determine whether the results warrant review of other sponsoring organizations as well.

Agency Response

In its July 10, 2025, response, FNS agreed with the recommendation and stated it has notified the selected State agency that they must: (1) perform a meal claim validation for the four selected sponsoring organizations where there were meal count discrepancies; (2) expand the review as appropriate and as outlined in regulations; and (3) based on results of this meal claim validation, determine whether other sponsoring organizations warrant review. FNS will require the State agency to provide supporting documentation of the State's actions to ensure completion.

FNS provided an estimated completion date of January 30, 2026.

OIG Position

We accept management decision for this recommendation.

Recommendation 2

Direct the selected State agency to provide further training to CACFP sponsoring organizations on point of service meal counts.

Agency Response

In its July 10, 2025, response, FNS agreed with the recommendation and stated it has notified the selected State agency that they must provide further training to CACFP sponsoring organizations in their State on point of service meal counting and claiming. FNS will require the State agency to provide supporting documentation of the State's actions to ensure completion.

FNS provided an estimated completion date of January 30, 2026.

OIG Position

We accept management decision for this recommendation.

Recommendation 3

Direct the selected State agency to review the sponsoring organization identified in this finding that declined to provide acceptable State-required documentation to determine whether meal

claims of more than \$6.6 million are unsupported, recover any costs determined to be unallowable, and determine whether further action is appropriate.

Agency Response

In its July 10, 2025, response, FNS agreed with the recommendation and stated it has formally notified the selected State agency of the potential liability and that they are required to take appropriate action against the sponsor that failed to provide acceptable documentation. This communication also notified the State that they must conduct a review to determine whether meal claims of more than \$6.6 million are unsupported, recover any unallowable costs, and determine whether further action is appropriate. FNS will require the State agency to provide supporting documentation of the State's actions to ensure completion.

FNS provided an estimated completion date of January 30, 2026.

OIG Position

We accept management decision for this recommendation.

Recommendation 4

Review and revise guidance such as *Existing Flexibilities in the Child and Adult Care Food Program*, dated July 26, 2013, as necessary, to provide clarity that States should enforce any additional operating requirements they prescribe.

Agency Response

In its July 10, 2025, response, FNS agreed with this recommendation and stated it will review and revise the guidance entitled *Existing Flexibilities in the Child and Adult Care Food Program*, dated July 26, 2013, to provide clarity that States should enforce any additional operating requirements they prescribe.

FNS provided an estimated completion date of January 30, 2026.

OIG Position

We accept management decision for this recommendation.

Scope and Methodology

We conducted an audit of the adequacy of FNS’s CACFP meal reimbursement claims process in FY 2023 for child care centers. In September 2024, we expanded our audit objective to include assessing the appropriateness of FNS’ approval of CACFP waivers over monitoring controls for the period [REDACTED] through FY [REDACTED]. Finally, we validated meal claims made at a sample of child care centers in Arizona during FY 2025. We performed our fieldwork between November 2023 and May 2025. We discussed the results of our audit with agency officials on June 10, 2025, and included their comments, as appropriate.

We non-statistically selected three States in April 2024 to assess the adequacy of FNS’ CACFP meal reimbursement claims process in FY 2023 for child care centers. At that time, the CACFP data reported that the 54 States/Territories received \$3.5 billion in CACFP payments for FY 2023.³⁴ We non-statistically selected the three States based on payment amounts in the highest, middle, and lowest sections of total FY 2023 payments.³⁵

We selected the following States for review:

Sections	State/Territory	Reimbursement Payments	FNS Region
Highest third	Illinois	\$149,959,282	Midwest Region
Middle third	Arizona	\$55,750,631	Southwest Region
Lowest third	Maine	\$8,393,619	Northeast Region

Figure 4: Summary of FY 2023 CACFP States Selected for Review. Figure by OIG.

Additionally, we selected the State from the middle section, Arizona, as the State to validate child care center meal claims for the period [REDACTED] through FY [REDACTED] with site visits in December 2024. Specifically, we conducted site visits at 29 of the more than 600 child care centers that participated in CACFP in Arizona. We selected the facilities based on risk factors such as increases in sponsoring organization and facility participation, previously noted serious deficiencies, and capacity. Based on our site visit observations, we selected and reviewed five of the facilities’ sponsoring organization documentation to support 5 days of meals claimed in the month after their most recent State reviews, which ranged from [REDACTED].

To accomplish our audit objective, we:

- obtained and reviewed applicable laws and regulations related to the CACFP child care center meal reimbursement process and for the approval of national and State waivers;

³⁴ The data available at the time of our selection, March 2024, was reported as FNS preliminary data for FY 2023 that included all CACFP facility/center types.

³⁵ We sorted the FY 2023 preliminary payment data from highest to lowest payment amounts and stratified the list of 54 States/Territories into three sections (large, medium, and small) each consisting of 18 States/Territories. We then non-statistically selected a State/Territory from each section.

- obtained and reviewed copies of FNS national office quality assurance reviews, FNS regional office management evaluations, and State agency reviews from Arizona, Illinois, and Maine;
- interviewed FNS national office, FNS regional office, and Arizona, Illinois, and Maine State officials; and
- validated meal counts submitted by each facility to their representative sponsoring organization for the days of our site visits.

We assessed internal controls significant to the audit objective. Specifically, we assessed the following components and underlying principles:

Component	Principle
Control Activities	Management should design control activities to achieve objectives and respond to risk.
Control Activities	Management should implement control activities through policies.
Monitoring	Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.
Monitoring	Management should remediate identified internal control deficiencies on a timely basis.
Risk Assessment	Management should consider the potential for fraud when identifying, analyzing, and responding to risks.
Risk Assessment	Management should identify, analyze, and respond to significant changes that could impact the internal control system.

We designed our audit work to assess these internal control components and underlying principles; as such, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

To assess the validity of the data universe for Arizona CACFP child care centers, we compared the dataset we received to publicly available CACFP data for FY [REDACTED] through FY [REDACTED]. Based on this assessment we determined that the data is valid and reliable for the purposes of this engagement. We make no representation regarding the adequacy of any agency computer systems, or the information generated from them because we did not assess the reliability of information systems as it was not related to our audit objective.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Abbreviations

CACFP	Child and Adult Care Food Program
COVID-19.....	coronavirus disease 2019
FNS	Food and Nutrition Service
FY	fiscal year
OIG	Office of Inspector General
USDA.....	U.S. Department of Agriculture

Exhibit A: Summary of Monetary Results

Exhibit A summarizes the monetary results for our audit report by finding and recommendation number.

Finding	Recommendation	Description	Amount	Category
1	3	Unsupported meal claims, one sponsoring organization declined to provide documentation.	\$6,672,035	Questioned Costs, Recovery Recommended
Total			\$6,672,035	

Exhibit B: Facilities Visited

Exhibit B shows the location and number of facilities visited.

City	Number of Facilities
████████ Arizona	1
████████ Arizona	1
████████ Arizona	2
████████ Arizona	2
████████ Arizona	3
████████ Arizona	7
████████ Arizona	1
████████ Arizona	1
████████ Arizona	2
████████ Arizona	3
Other locations in Arizona ³⁶	6
Total	29

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**Food and Nutrition Service's
Response to Audit Report**



U.S. DEPARTMENT OF AGRICULTURE

Date: July 10, 2025

To: Yaris Rivera-Rojas
Acting Assistant Inspector General for Audit

From: James C. Miller /s/
Administrator
Food and Nutrition Service

Subject: OIG Audit 27601-0004-31, CACFP Meal Reimbursement Claims
Process for Child Care Centers

This letter responds to the official draft report issued on June 11, 2025, for audit number 27601-0004-31, Child and Adult Care Food Program (CACFP) Meal Reimbursement Claims Process for Child Care Centers.

OIG assessed the adequacy of the CACFP meal reimbursement claims process in fiscal year (FY) 2023 for child care centers, the appropriateness of Food and Nutrition Service (FNS) approval of CACFP waivers over monitoring controls, and meal claims made at a sample of child care centers in a selected State. While OIG determined that FNS had adequate controls in place over the CACFP meal reimbursement claims process in FY 2023, and had appropriately approved CACFP monitoring waivers, they found issues with all four sponsoring organizations program records used to validate meal claims. FNS agrees with OIG's findings and recommendations and, as detailed in this response, will take actions to support the State to correct deficiencies found with the sponsoring organizations. FNS is also committed to the timely implementation of the recommendations and will continue to ensure the program is operated with integrity.

If you have any questions or need additional information regarding this response, please contact Amanda Musgrove, Director of the FNS Office of Internal Controls, Audits, and Investigations (OICAI), at (703)305-2092 or Amanda.Musgrove@usda.gov.

OIG Recommendation 1:

Direct the selected State agency to review the four sponsoring organizations that provided documentation and had meal count discrepancies, expand the review as appropriate, and determine whether the results warrant review of other sponsoring organizations as well.

FNS Response:

FNS agrees with the recommendation and has notified the selected State agency that they must:

- 1) Perform a meal claim validation for the four selected sponsoring organizations where there were meal count discrepancies.
- 2) Expand the review as appropriate and as outlined in regulations.
- 3) Based on results of this meal claim validation, determine whether other sponsoring organizations warrant review.

FNS will require the State agency to provide supporting documentation of the State's actions to ensure completion.

Estimated Completion Date:

By January 30, 2026

OIG Recommendation 2:

Direct the selected State agency to provide further training to CACFP sponsoring organizations on point of service meal counts.

FNS Response:

FNS agrees with the recommendation and has notified the selected State agency that they must provide further training to CACFP sponsoring organizations in their State on point of service meal counting and claiming.

FNS will require the State agency to provide supporting documentation of the State's actions to ensure completion.

Estimated Completion Date:

By January 30, 2026

OIG Recommendation 3:

Direct the selected State agency to review the sponsoring organization identified in this finding that declined to provide acceptable State-required documentation to determine whether meal claims of more than \$6.6 million are unsupported, recover any costs determined to be unallowable, and determine whether further action is appropriate.

FNS Response:

FNS agrees with the recommendation and has formally notified the selected State agency of the potential liability and that they are required to take appropriate action against the sponsor that failed to provide acceptable documentation. This communication also notified the State that they must conduct a review to determine whether meal claims of more than \$6.6 million are unsupported, recover any unallowable costs, and determine whether further action is appropriate.

FNS will require the State agency to provide supporting documentation of the State's actions to ensure completion.

Estimated Completion Date:

By January 30, 2026

OIG Recommendation 4:

Review and revise guidance such as *Existing Flexibilities in the Child and Adult Care Food Program*, dated July 26, 2013, as necessary, to provide clarity that States should enforce any additional operating requirements they prescribe.

FNS Response:

FNS agrees with this recommendation and will review and revise the guidance entitled *Existing Flexibilities in the Child and Adult Care Food Program*, dated July 26, 2013, to provide clarity that States should enforce any additional operating requirements they prescribe.

FNS acknowledges that State agencies may impose additional requirements which must be consistent with CACFP federal requirements. Additional State requirements may not deny access to the program for eligible institutions and must be reviewed and approved by the applicable FNS Regional office (RO) as stated in [7 CFR 226.25\(b\)](#). Additional State requirements should be consistently enforced across institutions within the State. State agencies may not withhold federal reimbursement when federal requirements are met, even if additional State requirements are not met. However, if a State provides an additional reimbursement above the federal reimbursement, they may withhold the State reimbursement.

CACFP management evaluations will continue to include a review of additional requirements imposed by State agencies.

Estimated Completion Date:

By January 30, 2026

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