



U.S. Department of Agriculture
Office of Inspector General
Midwest Region
Audit Report

FOOD AND NUTRITION SERVICE
CHILD AND ADULT CARE FOOD PROGRAM
ECONOMIC OPPORTUNITY PLANNING
ASSOCIATION OF GREATER TOLEDO, INC.,
TOLEDO, OHIO



Report No.
27601-25-CH
DECEMBER 2000



UNITED STATES DEPARTMENT OF AGRICULTURE

OFFICE OF INSPECTOR GENERAL

Midwest Region - Audit

111 North Canal Street, Suite 1130

Chicago, IL 60606-7295

TEL: 312-353-1352 FAX: 312-353-3017



DATE: December 18, 2000

REPLY TO

ATTN OF: 27601-0025-Ch

SUBJECT: Child and Adult Care Food Program – Economic Opportunity Planning Association

TO: Theodore O. Bell
Regional Administrator
Food and Nutrition Service
77 West Jackson Boulevard - 20th Floor
Chicago, IL 60604

This report presents the results of our audit of the Child and Adult Care Food Program as administered by the Economic Opportunity Planning Association in Toledo, Ohio. Your agency's response to the official draft report, dated November 15, 2000, is included as exhibit B, with excerpts and the Office of Inspector General's position incorporated into the Findings and Recommendations section of the report.

Based on the information contained in the response, we have reached management decisions on both of the recommendations in the report. Please follow your agency's internal procedures in forwarding documentation for final action to the Office of the Chief Financial Officer.

/ S /

EDWARD R. KRIVUS
Regional Inspector General

EXECUTIVE SUMMARY

FOOD AND NUTRITION SERVICE CHILD AND ADULT CARE FOOD PROGRAM ECONOMIC OPPORTUNITY PLANNING ASSOCIATION OF GREATER TOLEDO, INC. TOLEDO, OHIO

REPORT NO. 27601-0025-CH

RESULTS IN BRIEF

This report presents the results of our audit of the Child and Adult Care Food Program (CACFP) as operated by the Economic Opportunity Planning Association of Greater Toledo, Inc. (EOPA). The purpose of our audit was to review the sponsor's administration of the CACFP to determine if it was complying with program requirements.

We found that income eligibility applications were either not on file or were not properly completed for 149 of the 733 children enrolled at 8 of the 23 head start centers. We determined that 88 applications were not on file for children enrolled in the head start centers and applications on file for 61 children were not completed properly. As a result, the sponsor received excess meal reimbursements totaling \$4,449 for the month of October 1999.

KEY RECOMMENDATIONS

We recommend that the Food and Nutrition Service (FNS) direct the SA to require EOPA to (1) reimburse the CACFP \$4,449, and (2) implement a second party review system to ensure that all income eligibility applications are obtained and reviewed for accuracy and completeness.

AGENCY RESPONSE

In its November 15, 2000, written response to the draft report, the FNS regional office agreed with the findings and recommendations contained in the report. We have incorporated applicable portions of the FNS response along with our position with the Findings and Recommendations section of the report. The agency's response is included as exhibit B of the report.

OIG POSITION

We agree with FNS' proposed corrective actions and have reached management decision on the recommendations.

TABLE OF CONTENTS

EXECUTIVE SUMMARY	i
RESULTS IN BRIEF	i
KEY RECOMMENDATIONS	i
AGENCY RESPONSE	i
OIG POSITION	ii
TABLE OF CONTENTS	iii
INTRODUCTION	1
BACKGROUND	1
OBJECTIVES	2
SCOPE	2
METHODOLOGY	2
FINDINGS AND RECOMMENDATIONS	4
CHAPTER 1	4
SPONSOR CONTROLS OVER INCOME ELIGIBILITY APPLICATIONS NEED IMPROVEMENT	4
FINDING NO. 1	4
RECOMMENDATION NO. 1	5
RECOMMENDATION NO. 2	5
EXHIBIT A – SUMMARY OF MONETARY RESULTS	7
EXHIBIT B – FNS’ RESPONSE TO THE DRAFT REPORT	8

INTRODUCTION

BACKGROUND

The U.S. Department of Agriculture's Child and Adult Care Food Program (CACFP) was implemented in 1968 to provide nutritious meals to children of working parents in low income areas. In 1989, the program was expanded to include older adults as well as children. The CACFP is administered at the Federal level by the Food and Nutrition Service (FNS) and in most States by a State agency (SA). In Ohio, the Ohio Department of Education, Division of Child Nutrition Services, administers the CACFP.

FNS regional offices (FNSRO), through SA's, provide reimbursement for meals to sponsoring organizations for food service operations that meet specified nutritional requirements. Childcare centers must be public, private nonprofit, or for-profit childcare centers with at least 25 percent of their enrollment or licensed capacity receiving Title XX funds. In addition, childcare centers must possess the applicable Federal, State, or local license or approval standards to provide day care services.

Each sponsor collects meal count data; reviews, approves, and prepares a consolidated monthly claim for the childcare centers under its control; and submits the claim to the SA. The sponsor receives free, reduced-price, and paid meal reimbursements under the program by taking income applications and counting meals by type and by recipient eligibility type. In addition, sponsors are also responsible for training facility staff and monitoring their meal service operations and the nutritional makeup of the meals served to ensure compliance with program requirements.

The Economic Opportunity Planning Association of Greater Toledo, Inc., (EOPA), is a not-for-profit Ohio corporation organized to alleviate conditions of poverty in Lucas County and to promote the development of employment and economic opportunities for people living in The Greater Toledo area. EOPA operates 23 head start centers, of which 15 are Federally funded and 8 are State-funded head start centers at various locations in Toledo, Ohio. Federal head start participants are automatically eligible for free meals, while children participating in a State-funded pre-kindergarten program must have a completed income eligibility application form on file each year. In fiscal year 1999, EOPA claimed 480,700 free, reduced-price, and paid meals, and received \$668,180 in CACFP reimbursements.

OBJECTIVES

information to FNS and the SA so that appropriate action could be taken to correct any noted deficiencies.

The objectives of the audit were to conduct a review of EOPA's administration of the CACFP through an analysis of its childcare operations, identify program irregularities, and provide

SCOPE

our audit consisted of testing claims data at the sponsor's office for the period September 1999 through January 2000. Besides reviewing records at the sponsor's office, we performed site visits to four centers to evaluate their operations. We conducted the audit in accordance with Government Auditing Standards as established by the Comptroller General of the United States.

We performed audit work at the Ohio Department of Education, Division of Child Nutrition Services, in Columbus, Ohio, and at EOPA's office in Toledo, Ohio. The scope of

METHODOLOGY

To accomplish the audit objectives we:

- Reviewed Federal and State regulations, policies and procedures relating to the CACFP.
- Interviewed SA personnel and obtained the most recent SA monitoring review of EOPA, to obtain a better understanding of the SA's operating procedures and to determine what the SA's monitoring review had disclosed.
- Interviewed EOPA officials and reviewed documentation at EOPA's office in Toledo, Ohio, to obtain an understanding of their operating procedures.
- We reviewed documentation supporting claims for reimbursements of meals and for general program administration. These records included claims, invoices, receipts, cancelled checks, bank statements, enrollment forms, operating licenses, menus, and training and monitoring records. We judgmentally selected 12 of the 23 head start centers operated by EOPA as of April 2000, and completed a comprehensive file review to test the accuracy of the sponsor's claims.

- Examined the CACFP accounting records to determine whether the accounting system was sufficient and whether CACFP funds were used only for allowable purposes.
- Visited four childcare centers to observe operations and to verify attendance.

FINDINGS AND RECOMMENDATIONS

CHAPTER 1	SPONSOR CONTROLS OVER INCOME ELIGIBILITY APPLICATIONS NEED IMPROVEMENT
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FINDING NO. 1

Income eligibility applications were not obtained or properly completed for 149 of 733 children enrolled at the 8 State-funded head start centers. This occurred because the sponsor does not have a second party review system.

As a result, the sponsor received excess meal reimbursements totaling \$4,449 for the month of October 1999.

CFR 226.17 requires sponsors to distribute an income eligibility application to all children except those children attending the Federally funded Head Start Program. Children attending a State-funded program must have a completed income eligibility form on file each year.¹

At the sponsor's offices, we reviewed supporting data for the consolidated claims for four Federally-funded and four State-funded centers. This review disclosed that the sponsor did not properly approve applications for the State-funded centers. As a result, we expanded our review to include all of the 8 State-funded centers. We obtained the classroom roster of head start children to determine whether the sponsor had an eligibility application on file for each child listed on the roster. We found that 88 of 733 children enrolled had no income eligibility application on file, and 61 children did not have their income eligibility application properly completed. We found that 32 applications did not have a social security number, Food Stamp, or other assistance case number; 17 applications had an incorrect number or no listing of all household members; 3 applications had monthly income earnings reported by the head of the household that did not agree with that certified by the sponsor's approval official; 8 applications contained multiple errors; and a social service worker failed to sign 1 application.

To determine the extent of the overclaim, we obtained attendance records for the month of October 1999 for the 149 children enrolled. We determined the number of days a child was in attendance during the month and the type of meal received. We classified any child without a current or complete application in the paid category. We determined the difference between the reimbursement rates for the free and paid categories, which are \$1.79 for

¹ Title 7, CFR, part 226.17 (b) (7), dated January 1, 1992.

lunch, \$.88 for breakfast and \$.49 for snacks. Consequently, the sponsor received excess meal reimbursements totaling \$4,449 for the month of October 1999.

An EOPA official informed us that the social service workers are responsible for assuring the children's income eligibility forms are completed properly. Upon completion, the form is forwarded to the food service department where the nutrition manager is responsible for reviewing it for completeness and determining the proper reimbursement category. However, the nutrition manager did not ensure that the social service workers had obtained applications for all students or ensured that all applications were properly completed. This official further stated that she knew there were problems with income eligibility applications and that she needs additional help. In addition, she relies on the family social service workers to keep accurate income eligibility records.

RECOMMENDATION NO. 1

Require the State agency to recover \$4,449 from EOPA which represents excessive meal reimbursements received for October 1999.

Agency Response

In its November 15, 2000, response, FNS agreed with the recommendation and the State agency has billed EOPA for \$4,449 which is to be remitted within 30 calendar days after receipt of the State agency's letter.

OIG Position

Based on FNS' corrective action, we accept management decision for this recommendation.

RECOMMENDATION NO. 2

Require the State agency to instruct EOPA to implement a second party review system to ensure that all income eligibility applications are obtained and reviewed for accuracy and completeness.

Agency Response

FNS agreed with the recommendation and the State agency has requested that EOPA submit a plan within 30 days that will detail how EOPA will ensure the validity of all income eligibility applications.

OIG Position

Based on the FNS' response, we accept management decision for this recommendation.

EXHIBIT A – SUMMARY OF MONETARY RESULTS

FINDING NO.	DESCRIPTION	AMOUNT	CATEGORY
1	Excessive meal reimbursement claims	\$4,449	Questioned Costs Recovery Recommended

EXHIBIT B – FNS' RESPONSE TO THE DRAFT REPORT



United States
Department of
Agriculture

Food and
Nutrition
Service

Midwest Region

Mr. Edward R. Krivus, Regional Director For Audit
Office of the Inspector General, USDA
Midwest Region
111 North Canal Street, Suite 1130
Chicago, Illinois 60606-7295

November 15, 2000

77 W. Jackson Blvd.
20th Floor
Chicago, IL
60604-3511

Dear Mr. Krivus :

We reference audit 27601-0025-Ch, entitled "Economic Opportunity Planning Association of Greater Toledo, Inc., Toledo, Ohio." We received the State Agency (SA) response. We address each recommendation below.

Recommendation 1: Require the State Agency (SA) to recover \$4,449 from EOPA which represents excessive meal reimbursements received for October, 1999.

FNS agrees with this recommendation.

State Agency Response: The SA agrees with this recommendation and has billed EOPA for \$4,449 which is to be remitted within 30 days from the date of the SA letter.

We have reached management decision on this recommendation and request your concurrence.

Recommendation 2: Require the SA to instruct EOPA to implement a second party review system to ensure that all income eligibility applications are obtained and reviewed for accuracy and completeness.

FNS agrees with this recommendation.

State Agency Response: The SA agrees with this recommendation and has requested that EOPA submit a plan within 30 days that implements a second party review system.

We have reached management decision on this recommendation and request your concurrence.

Edward Krivus

Page 2

If we can be of further assistance, please feel free to contact Frank Suchy at (312) 353-8239.

Sincerely,

A handwritten signature in black ink, appearing to read "Dave Mactaggart". The signature is fluid and cursive, with the first name "Dave" written in a larger, more prominent script than the last name "Mactaggart".

DAVE MACTAGGART
Supervisor
F/SS Financial Management

Attachment

cc: Theresa Bowman, Director, SNP