



DATE: October 21, 2026

MEMO CODE: CACFP 03-2027

SUBJECT: Identifying False Claims and Potential Fraud in the Child and Adult Care Food Program

TO: Child Nutrition Directors, Child Nutrition Programs, All Child Nutrition Offices, State Directors, Child Nutrition Programs, All States

State agencies serve as the frontline of defense in protecting Child and Adult Care Food Program (CACFP) funds. Effective claims oversight is essential to prevent fiscal waste, ensure compliance, and uphold public trust. As stewards of Federal Program funds, State agencies must remain vigilant in identifying unusual claiming patterns, errors, or practices that could indicate potential fraud. This memorandum provides guidance to help State agencies recognize common red flags, take timely corrective action, and ensure that Program operations remain compliant, transparent, and protective of taxpayer resources.

Guidance documents lack the force and effect of law, unless expressly authorized by statute or incorporated into a contract. USDA may not cite, use, or rely on any guidance that is not available through their guidance portal, except to establish historical facts.

By reinforcing State agency oversight efforts in institution recordkeeping compliance, you are fulfilling your essential role of safeguarding the integrity of the Program, maximizing the impact of taxpayer dollars, and protecting access to CACFP for participants.

Sincerely,

JESSICA SARACINO Digitally signed by JESSICA SARACINO
Date: 2026.10.20 12:57:18 -04'00'

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Child Nutrition Programs
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Enclosure

Identifying False Claims and Potential Fraud

Effective claim oversight is essential to prevent fiscal waste, ensure compliance, and uphold public trust. While some errors stem from operator mistakes, others may signal potential fraud requiring decisive action. State agencies should utilize existing resources, such as edit checks, to identify potential fraud and initiate the serious deficiency (SD) ([7 CFR 226.6\(c\)\(3\)](#)) and suspension processes ([7 CFR 226.6\(c\)\(5\)\(ii\)](#)) swiftly to address false or fraudulent claims. When potential fraud is identified, the Food and Nutrition Administration (FNA) recommends initiating **both** the SD process and the suspension process simultaneously ([7 CFR 226.6\(c\)\(3\)\(iii\)](#)). Identifying red flags and taking swift action is critical for protecting taxpayer dollars and maintaining Program integrity.

The table below provides examples for when states must initiate the SD process and should simultaneously start the suspension processes.

Integrity Risk	Fraud Indicator	State Oversight Action
Meal claims show an unexplainable increase in the number of meals claimed compared to previous months.	The institution cannot provide proof of an increase in meals served or in enrolled children or adults. The increase exceeds existing Census or school data. Some documentation appears to be falsified or altered.	Validate the claim immediately. Ask for meal counts and daily attendance records. Request invoices for vended meals and production records. If documentation cannot be produced to validate the claim or documentation is determined to be insufficient, State agencies should immediately implement the suspension process and must immediately implement the SD process.
Reimbursement claims do not fluctuate (i.e. are identical regardless of holidays or absences) from day-to-day or month-to-	Facility operator reports that they were trained by their sponsoring organization to claim the maximum number	Contact other sponsored facilities to determine if the issue is systemic. Check training materials to verify the meal claiming instructions.

Integrity Risk	Fraud Indicator	State Oversight Action
month, for all meal types served.	of meals prepared, regardless of the number of children actually in attendance. Training materials support their statements.	If documentation cannot be produced to explain why reimbursement claims do not fluctuate, State agencies must immediately implement the SD process and disallow meal reimbursements.
An independent center claims meals in excess of their approved licensing capacity.	State agency determines through their system edit check that an independent center's claim exceeds their approved license capacity	Conduct a reconciliation of meals claimed, enrollment, and attendance. If the State agency has reason to believe that the erroneous claiming was fraudulent (based on the State agency's investigation and discretion), State agencies should initiate the suspension process for false and fraudulent claims at the same time the State agency initiates the required SD process. Disallow all meals that exceed the licensing capacity.
Several attempted monitoring visits to a day care home reveal that no one is home during meal service times.	The provider has claimed meals for those two months and has not reported a closure to the sponsoring organization.	Conduct household contacts to verify attendance of all enrolled participants. A parent reveals that the day care home shut down two months ago. Disallow all meals that cannot be supported by daily attendance. Immediately implement the SD process.