



**STATE OF TENNESSEE
DEPARTMENT OF HUMAN SERVICES**

CITIZENS PLAZA BUILDING
400 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-1403

TELEPHONE: 615-313-4700 FAX: 615-741-4165
TTY: 1-800-270-1349
www.tn.gov/humanservices

BILL HASLAM
GOVERNOR

DANIELLE W. BARNES
COMMISSIONER

CERTIFIED MAIL RECEIPT #70163010000073891701

September 22, 2017

Harry Smith, Owner
Danielle Smith, Executive Director
Bright Beginnings Enrichment Center, LLC
1453 East Raines Road
Memphis, Tennessee 38116-5976

**RE: Notice of Serious Deficiency for the Child and Adult Care Food Program (CACFP)
Agreement Number 00-184 and Demand for Overpayment.**

Dear Mr. Smith:

The Department of Human Services (DHS) Audit Services staff conducted an on-site unannounced review of the Child and Adult Care Food Program (CACFP) at Bright Beginnings Enrichment Center, LLC (Sponsor), Application Agreement 00184, on May 22, 2017. We reviewed the sponsor's records of reimbursements and expenditures for April 2017. The purpose of this review was to determine if the sponsoring organization complied with *Title 7 of the Code of Federal Regulations* (CFR) applicable parts, application agreement, and applicable Federal and State regulations.

SERIOUS DEFICIENCY DETERMINATION

Based on the monitoring review, the Department has determined that Bright Beginnings Enrichment Center, LLC is seriously deficient in its operation of the CACFP. In addition, the Department has identified Harry Smith, Owner and Danielle Smith, Executive Director as responsible for the serious deficiencies in light of their responsibility for the overall management of Bright Beginnings Enrichment Center, LLC's CACFP.

If Bright Beginnings Enrichment Center, LLC does not fully and permanently correct all of the serious deficiencies and submit documentation of the corrective action by the due date, the Department will:

- Propose to terminate Bright Beginnings Enrichment Center, LLC, agreement to participate in the CACFP;
- Propose to disqualify Bright Beginnings Enrichment Center, LLC from future CACFP participation; and

- Propose to disqualify Harry Smith, Owner and Danielle Smith Executive Director, from future CACFP participation.

In addition, if Bright Beginnings Enrichment Center, LLC voluntarily terminates its CACFP agreement after receiving this letter, the Department will propose to disqualify Bright Beginnings Enrichment Center, LLC and Harry Smith, Owner and Danielle Smith, Executive Director from future CACFP participation. If disqualified, Bright Beginnings Enrichment Center, LLC, Harry Smith, Owner and Danielle Smith, Executive Director will be placed on the National Disqualified List (“NDL”). While on the NDL, Bright Beginnings Enrichment Center, LLC will not be able to participate in the CACFP as an institution or facility. Harry Smith, Owner and Danielle Smith, Executive Director will not be able to serve as a principal in any institution or facility or as a day care home provider in the CACFP.

Institutions and individuals remain on the NDL until the United States Department of Agriculture’s Food and Nutrition Service, in consultation with the Department, determines that the serious deficiencies have been corrected, or until seven years after their disqualification. However, if any debt relating to the serious deficiencies has not been repaid, they will remain on the list until the debt has been repaid.

The authorization for this action is found in Paragraph 1.e. of your FY 2016 CACFP Provider Agreement and in the CACFP regulations at 7 C.F.R. § 226.6(c)(3). You may not appeal a finding of serious deficiency.

SERIOUS DEFICIENCIES, ADDITIONAL FINDINGS AND REQUIRED CORRECTIVE ACTION

The following paragraphs detail each serious deficiency and additional finding:

Background

CACFP sponsors utilize meal count sheets to record the number of meals served for breakfast, lunch, supper and supplement meals served. Meals served by participating sponsors must meet the minimum guidelines set by the United States Department of Agriculture (USDA) and DHS to be eligible for reimbursement. The CACFP sponsor reports the number of meals served through the DHS Tennessee Information Payment System (TIPS) to seek reimbursement.

We inspected meal count sheets for our test period and reconciled the meals claimed to the meals reported as served for each meal service. We also assessed compliance with civil rights requirements and observed a meal service on April 27, 2017.

Our review of the sponsor’s records for the test month of April 2017 disclosed the following:

1. The number of participants reported in the free and paid categories was incorrect

This is a Serious Deficiency:

Condition

The Claim for Reimbursement for the test month reported 282 participants in the free category, zero participants in the reduced-price category and 16 participants in the paid category. However, our review of the sponsor’s records verified there were 159 participants in the free category, zero participants in the reduced-price category and 35 participants in the paid category. The differences were based on the following:

The number of participants reported in the free category was over reported by 123 and the paid category was under reported by 19.

The Sponsor reported 298 participants reported in the program, however, based on the available documents reviewed, we were able to determine that 194 individuals participated in the program.

Criteria

Title 7 of the Code of Federal Regulations, Section 226.10 (c) states, "... In submitting a Claim for Reimbursement, each institution shall certify that the claim is correct and that records are available to support that claim. ..."

Recommendation

The Sponsor should ensure each participant is classified and reported according to the income eligibility application for child care centers and according to the actual number of participants.

2. The Sponsor reported incorrect meal counts

Condition

The Claim for Reimbursement for the test month had 3,220 breakfast meals, 2,120 lunch meals, and 3,680 supplements served. However, our review of sponsor records showed 3,377 breakfast meals, 2,201 lunch meals and 4,040 supplements prior to any meal disallowances.

Criteria

Title 7 of the Code of Federal Regulations, Section 226.10 (c) states, "... In submitting a Claim for Reimbursement, each institution shall certify that the claim is correct and that records are available to support that claim. ..."

Recommendation

The Sponsor should ensure claims for reimbursement are completed correctly and based on the proper supporting documents, such as meal count sheets.

3. One lunch menu did not meet USDA meal pattern requirements

Condition

According the USDA meal pattern requirements, a lunch meal should consist of one serving of meat or meat alternate, two servings of fruit and/or vegetables, one serving of bread/grains, and one serving of fluid milk. However, a lunch meals menu provided by Bright Beginnings Enrichment Center, LLC had the following deficiency:

On April 10, 2017 the lunch meal menu listed a breaded chicken patty, cheese, peaches, white sliced bread and milk. The lunch meal menu did not document a second fruit/juice/vegetable component as being served. The meal count documented 116 lunch meals served and as a result the cost reimbursements for those meals are disallowed due to noncompliance with the UDSA requirements

Criteria

Title 7 of the Code of Federal Regulations Section 226.17(b)(4) states, "Each child care center participating in the Program shall claim only the meal types specified in its approved application in accordance with the meal pattern requirements specified in §226.20. ..."

Recommendation

The Sponsor should ensure all meals served meet the meal patterns established by the USDA. Also, the Sponsor should review all menus to ensure they contain required meal components and meet criteria reimbursable meal.

4. The Sponsor's reported attendance claim did not agree with the verified attendance

This is a Serious Deficiency:

Condition

The Claim for Reimbursement for the test month reported 3,690 participant days. However, based on our review of the available documents, we determined only 2,959 participant days.

Criteria

Title 7 of the Code of Federal Regulations, Section 226.10 (c) requires institutions to ensure that "... In submitting a Claim for Reimbursement, each institution shall certify that the claim is correct and that records are available to support that claim. ..."

Recommendation

The Sponsor should ensure accurate daily attendance is taken and the supporting documentation is kept on file.

5. The Sponsor's report of number of meals served exceeded the verified attendance

This is a Serious Deficiency:

Condition

Based on our review of the meal count documentation provided by the Sponsor, we noted that the 4,040 supplements reported as served exceeded the attendance of 2,959 by 1,081. We also noted that the 3,220 breakfasts reported as served exceeded the attendance by 261. The number of meals served cannot exceed the attendance of 2,959. Therefore, we determined that the payment to the Sponsor for 1,081 supplements and 261 breakfasts will be disallowed.

Criteria

Title 7 of the Code of Federal Regulations, Section 226.10 (c) states, "... In submitting a Claim for Reimbursement, each institution shall certify that the claim is correct and that records are available to support that claim. ..."

Recommendation

The sponsor should ensure accurate daily attendance and meal counts are taken, and the supporting documentation is kept on file.

6. There were participants that did not have a CACFP enrollment addendum form

Condition

There were 16 participants who did not have a current CACFP enrollment addendum form on file.

Criteria

Title 7 of the Code of Federal Regulations, Section 226.15(e)(2) states, “Documentation of the enrollment of each participant at centers (except for outside-school-hours care centers, emergency shelters, and at-risk afterschool care centers). All types of centers, except for emergency shelters and at-risk afterschool care centers, must maintain information used to determine eligibility for free or reduced-price meals in accordance with §226.23(e)(1). For child care centers, such documentation of enrollment must be updated annually, signed by a parent or legal guardian, and include information on each child's normal days and hours of care and the meals normally received while in care.”

Title 7 of the Code of Federal Regulations, Section 226.17(b)(8)state,” Child care centers shall collect and maintain documentation of the enrollment of each child, including information used to determine eligibility for free and reduced price meals in accordance with §226.23(e)(1). In addition, Head Start participants need only have a Head Start statement of income eligibility or a statement of Head Start enrollment from an authorized Head Start representative, to be eligible for free meal benefits under the CACFP. Such documentation of enrollment must be updated annually, signed by a parent or legal guardian, and include information on each child's normal days and hours of care and the meals normally received while in care.”

Recommendation

The Sponsor should ensure all participants have a current CACFP enrollment form on file. This should be completed during the enrollment process.

7. The Sponsor did not provide documentation for the required annual CACFP training

Condition

The Sponsor did not provide us with the documentation of the annual CACFP training provided to the Sponsor’s staff. This training is required and must emphasize food service procedures and record keeping requirements.

Criteria

Title 7 of the Code of Federal Regulations, Section 226.15 (e) states, “Each institution shall establish procedures to collect and maintain all program records required under this part, as well as any records required by the State agency. Failure to maintain such records shall be grounds for the denial of reimbursement for meals served during the period covered by the records in question and for the denial of reimbursement for costs associated with such records. At a minimum, the following records shall be collected and maintained: ... (12) Information on training session date(s) and location(s), as well as topics presented and names of participants; ...”

Recommendation

The Sponsor should document CACFP training annually for all staff with CACFP responsibilities and keep the supporting documentation on file.

8. The Sponsor did not maintain a financial system as required by CACFP Program policies

Condition

The financial records of Bright Beginnings Enrichment Center, LLC were limited to bank statements, payroll records and receipts from purchases. Revenue and expenses pertaining to the CACFP program were comingled with the financial transactions of the daycare and personal expenses. The bank account was not regularly reconciled. There was no chart of accounts or accounting system used that segregated expenses between CACFP-related expenses, daycare-related expenses and other business or personal expenses.

The 2016-2017 CACFP Management Plan, submitted by Bright Beginnings Enrichment Center, LLC as part of the application process, included an affirmation at Section III.B – Fiscal Accountability that the institution’s operational policies addressed the requirements of 7 CFR 226.6 requiring the institution to have a financial system with management controls specified in writing and written operational policies.

Criteria

Title 7 of the Code of Federal Regulations Section 226.16 Sponsoring organization provisions.

(a) Each sponsoring organization shall comply with all provisions of §226.15.

(b) Each sponsoring organization must submit to the State agency with its application all information required for its approval, and the approval of the facilities under its jurisdiction, as set forth in §§226.6(b) and 226.6(f). The application must demonstrate that the institution has the administrative and financial capability to operate the Program in accordance with the Program regulations. In addition to the information required in §§226.6(b) and 226.6(f), the application must include:

Title 7 of the Code of Federal Regulations Section 226.6(b)(2)(vii)(C), Performance Standard 3—Fiscal accountability, states, “The renewing institution must have internal controls and other management systems in effect to ensure fiscal accountability and to ensure that the Program operates in accordance with the requirements of this part. To demonstrate Program accountability, the renewing institution must document that it meets the following criteria:

(1) Governing board of directors. Has adequate oversight of the Program by an independent Governing board of directors as defined at §226.2;

(2) Fiscal accountability. Has a financial system with management controls specified in writing. For sponsoring organizations, these written operational policies must assure:

(i) Fiscal integrity and accountability for all funds and property received, held, and disbursed;

(ii) The integrity and accountability of all expenses incurred;

(iii) That claims are processed accurately, and in a timely manner;

(iv) That funds and property are properly safeguarded and used, and expenses incurred, for Authorized Program purposes; and,

(v) That a system of safeguards and controls is in place to prevent and detect improper financial activities by employees;

(3) Recording keeping. Maintains appropriate records to document compliance with Program requirements, including budgets, accounting records, approved budget amendments, and, if a sponsoring organization, management plans and appropriate records on facility operations.”

FNS Instruction 796-2 Rev. 4. VIII.A. “Cost Principles” states, “Institutions are responsible for accounting for costs correctly and maintaining records and sufficient supporting documentation to demonstrate that costs claimed have been incurred, are allocable to the Program, and comply with State agency financial management requirements, this Instruction, and applicable Program regulations and policies. Costs that are not properly documented and recorded pursuant to U.S. GAAP, State agency

financial management requirements, 7 CFR Part 226 and other applicable regulations, 2 CFR Part 225 or 2 CFR Part 230, as applicable, and this Instruction are unallowable.”

Recommendation

The Sponsor should ensure that adequate financial management system is maintained that segregates expenses to match the source of funding and that clearly documents the revenues and expenses associated with the CACFP program.

9. Management did not maintain adequate records to compute the cost of labor allocable to the CACFP program

Condition

The payroll records for Bright Beginnings Enrichment Center, LLC were not adequate to distinguish between the time worked for the CACFP program and other operations of the agency. Also, the person who did most of the cooking and grocery shopping was paid as an independent contractor and did not maintain time records.

Criteria

FNS Instruction 796-2 Revision 4, Page 45(2) states,
"Time and attendance reports for all labor costs (salaries, wages and benefits) charged to the Program for hourly or salaried employees for part-time, full-time or piece-work. These reports must identify the total time actually worked by the employee, not just the time spent on Program activities.

(a) At a minimum, these reports must include:

- (i) Start time;
- (ii) End time; and
- (iii) Absences.

(b) The report must be prepared timely and coincide with the employee's pay period."

FNS Instruction 796-2 Revision 4, VIII.I.23.b.(1), "Unallowable Costs," states that unallowable costs includes "any payment for services rendered by, or the costs or benefits for individuals not employed by the institution, except for certain health care benefits."

Recommendation

The Sponsor should implement procedures to accurately calculate the cost of labor used in the CACFP program, and to ensure that labor costs allocated to the CACFP program represent costs or benefits for individuals who are employed by the institution.

10. The Sponsor did not comply with its management plan

Condition

The Sponsor did not provide documentation that they meet Program licensing/approval requirements, and the owner stated that they were waiting for their renewed license.

During our review of the Bright Beginnings Enrichment Center, LLC's management plan submitted as part of the application process, we noted that the management plan disclosed that the center did not participate in any public funded programs during the past seven years; however, the Sponsor's April 2017 bank statement disclosed several State of Tennessee deposits that were not related to the CACFP program.

The 2016-2017 CACFP Management Plan, submitted by Bright Beginnings Enrichment Center, LLC as part of the application process, included an affirmation at III.B that the institution's operational policies addressed the requirements of 7 CFR 226.6 requiring the institution to have a financial system with management controls specified in writing and written operational policies; however, the Sponsor did not have a financial system with management controls specified in writing and written operational policies.

Criteria

According to the Title 7 of the Code of Federal Regulations Section 226.6 (B) Certification, Renewing institutions must submit a statement listing any publicly funded programs in which the institution and its principals have begun to participate since the institution's previous application.

USDA Guidance for Management Plans and Budgets Page 14 titled Performance Standard 3 – Program Accountability states, "New and participating institutions must have internal controls and other management systems in place to guarantee fiscal accountability and other CACFP operational requirements. The new institution must document and guarantee it has:

- Fiscal accountability including a written financial system with management controls;
- Fiscal integrity and accountability for all funds and property, received, held, and disbursed;
- Integrity and accountability of all expenses incurred;
- A system ensuring claims will be processed accurately, and timely;
- Funds and property are safeguarded and used for authorized CACFP purposes; and
- A system of safeguards and controls in place to prevent and detect improper financial activities by employees."

Recommendation

The Sponsor should correct any incorrect information documented in the management plan, and maintain the necessary information regarding participation with publicly funded programs. Also, the Sponsor should establish and implement a financial management system and internal controls to ensure fiscal accountability.

11. The Sponsor did not have a written compensation policy

Condition

Bright Beginnings Enrichment Center did not have a written compensation policy.

Criteria

FNS 796-2 Revision 4, Section VIII.(I)(23)(c)(1) on page 44 states: "Institutions must establish and maintain a written compensation policy for every element of compensation charged to the Program. At a minimum, the written compensation policy must apply to any individual or group of individuals employed by the institution and identify:

- (a.) Rates of pay;
- (b) Hours of work, including breaks and meal periods; and
- (c) The institution's policy and payment schedule for regular compensation, overtime, compensatory time, holiday pay, benefits, awards, severance pay and payroll tax withholding. The timing and frequency of the institution's payments to its employees will follow a routine schedule as directed by its human resource policy. For example, it may compensate employees weekly, bi-weekly, or monthly.
- (d) The compensation policy must also reflect the requirements of the U.S. Department of Labor's FLSA, which directs whether non-salaried employees are compensated for overtime or compensatory time whenever time worked exceeds eight hours per day or forty hours per week."

FNS 796-2 Revision 4, Section VIII.(I.)(23)(c)(2) on page 45 requires, "Time and attendance reports for all labor costs (salaries, wages and benefits) charged to the Program for hourly or salaried employees for part-time, full-time or piece-work. These reports must identify the total time actually worked by the employee, not just the time spent on Program activities.

(a) At a minimum, these reports must include: (i) Start time; (ii) End time; and (iii) Absences. (b) The report must be prepared timely and coincide with the employee's pay period."

FNS 796-2 Revision 4, Section VIII (I)(23)(c)(3)(4) on page 47 states, "In all cases, time and attendance and time distribution reports must be completed by the employee and signed and certified as true and correct by the employee and a responsible supervisory official having firsthand knowledge of the activities performed by the employee during the period covered by the reports."

Recommendation

The Sponsor should establish written compensation guidelines to comply with federal regulations.

12. An inventory of food and non-food items was not maintained

Condition

The site director did not maintain a monthly inventory of food and non-food items purchased with CACFP funds.

Criteria

The Tennessee Child and Adult Care Food Program Policies and Procedures Manual states; that "agencies must complete an inventory of items purchased but not used at the end of the program year."

Recommendation

The Sponsor should ensure an inventory is completed at the end of each month and an end of year reconciliation is completed.

13. The Sponsor did not have adequate procurement standards

Condition

The Sponsor did not have written procurement standards to provide guidance to its officers, employees, or agents engaged in the center's procurement processes.

Criteria

Title 7 of the Code of Federal Regulations Section 226.22 (d) states, "Institutions shall maintain a written code of standards of conduct which shall govern the performance of their officers, employees or agents engaged in the award and administration of contracts supported by Program payments"

Title 7 of the Code of Federal Regulations Section 226.22 (e) states, "The institution shall establish procurement procedures which provide that proposed procurement actions shall be reviewed by institution officials to avoid the purchase of unnecessary or duplicative items...."

Recommendation

The Sponsor should establish and implement procurement procedures in accordance with the federal procurement standards.

OVERPAYMENT-RIGHT TO APPEAL

Disallowed Meals Cost

Based on our review, we determined that the Sponsor's noncompliance with the applicable Federal and State regulations that govern the CACFP resulted in a total disallowed cost of \$2,712.50.

Remit a check payable to the *Tennessee Department of Human Services* in the amount of \$2,712.50, which the institution owes the Department. **The procedures for submitting an appeal regarding the amount of overpayment are enclosed. Please note that the appeal must be in writing and must be received by our Department no later than fifteen (15) calendar days from your receipt of this letter.** 7 C.F.R. § 226.6(k). The appeal must be submitted to:

Tennessee Department of Human Services
Appeals and Hearings Division, Clerk's Office
P.O. Box 198996
Nashville, TN 37219

If the Institution decides to appeal the amount of overpayment, all appeal procedures must be followed as failure to do so may result in the denial of your request for an appeal.

In accordance with the CACFP regulations at 7 C.F.R. § 226.14(a), in part, the State agency must assess interest 30 days from the initial request for repayment. For information about applied interest rates please visit the following website:

http://www.fiscal.treasury.gov/fsreports/rpt/cvfr/historical_rates.htm

SUMMARY

The Department has determined that Bright Beginnings Enrichment Center, LLC is seriously deficient in its operation of the CACFP and that Harry Smith, Owner and Danielle Smith, Executive Director are responsible for the serious deficiencies.

You may not appeal the serious deficiency determination itself. If the Department proposes to terminate Bright Beginnings Enrichment Center, LLC's CACFP agreement, or propose to disqualify Bright Beginnings Enrichment Center, LLC and the responsible individuals, you will be able to appeal those actions and you will be advised of your appeal rights and the appeal procedures at that time.

Bright Beginnings Enrichment Center, LLC may continue to participate in the CACFP during the corrective action period. The Department will pay any valid claims for reimbursement submitted by Bright Beginnings Enrichment Center, LLC for the corrective action period. As always, you must submit claims within sixty (60) calendar days of the last day of the month covered by the claim. The Department will deny any portion of a claim we determine is invalid. If the Department denies payment of any portion of a claim submitted for the corrective action period, that action would be appealable.

To provide for the full and permanent correction of the serious deficiencies and findings, please complete the following actions within fifteen (15) days of your receipt of this notice:

Bright Beginnings Enrichment Center, LLC must complete the following actions within 30 days from the date of this report:

1. Login to the Tennessee Information Payment System (TIPS) and revise the claim submitted for April 2017, which contains the reconciled claim data from the enclosed exhibit.

2. Remit a check payable to the *Tennessee Department of Human Services* in the amount of \$2,712.50 for recovery of the amounts disallowed in this report. **Please return the attached billing notice with your check;** and
3. Prepare and submit a corrective action plan to address the deficiencies identified in this report. The corrective action plan template is attached. Please return the corrective action plan to:

AuditServices.CAPS.DHS@tn.gov

Allette Vayda, Director
Child and Adult Care Food Program
8th Floor Citizens Plaza Building
400 Deaderick Street
Nashville, Tennessee 37243

If the Department does not receive the corrective action plan by the deadline date, or the Department determines that the corrective action plan does not provide for the full and permanent correction of the serious deficiencies and findings, the Department will propose to terminate the Institution's CACFP Provider Agreement and to disqualify you and the Institution from future CACFP participation by issuing a Notice of Proposed Termination and Disqualification.

We appreciate the assistance provided during this review. If you have any questions regarding this report, please contact Jackie Yokley, Audit Director 2, at 615-837-5035 or Jackie.D.Yokley@tn.gov.

Sincerely,



Allette Vayda
Director, CACFP & SFSP

Enclosures

EXHIBIT

Verification of CACFP Independent Center Claim

Name of Agency: Bright Beginning Enrichment Center, LLC

Review Month/Year: April 2017

Total Meal Reimbursement Received: \$15,129.68

Program Area	Reported on Claim	Verified By Monitoring Review
Number of Days that CACFP Food Service was operated	20	19
Total Attendance	3,690	2,959
Percentage of Participants in the Free or Reduced-price Category (For Proprietary Center Only)	XXXXXX	82%
Number of Breakfasts Served	3,220	2,959
Number of Lunches Served	2,120	2,085
Number of Supplements Served	3,680	2,959
Number of Participants in Free Category	282	159
Number of Participants in Reduced-Price Category	0	0
Number of Participants in Paid Category	16	35
Total Number of Participants	298	194
Total Amount of Eligible Food Costs	XXXXXXXX	\$2,890.37
Total Amount of Eligible Food and Non-Food Costs	XXXXXXXX	\$3,646.65



**STATE OF TENNESSEE
DEPARTMENT OF HUMAN SERVICES**

CITIZENS PLAZA BUILDING
400 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-1403
TELEPHONE: 615-313-4700 FAX: 615-741-4165
TTY: 1-800-270-1349
www.tn.gov/humanservices

BILL HASLAM
GOVERNOR

DANIELLE W. BARNES
COMMISSIONER

September 22, 2017

Harry Smith, Owner
Bright Beginnings Enrichment Center, LLC
1453 East Raines Road
Memphis, Tennessee 38116-5976

Notice of payment due to findings disclosed in the monitoring report dated September 20, 2017, for Child and Adult Care Food Program (CACFP).

Institution Name:	Bright Beginnings Enrichment Center, LLC
Institution Address:	1453 East Raines Road Memphis, Tennessee 38116-5976
Agreement Numbers:	00184
Amount Due:	\$2,712.50
Due Date:	October 22, 2017

Based on the monitoring report issued on September 22, 2017, by the Audit Services Division within the Tennessee Department of Human Services, the Community and Social Services-Food Programs- CACFP & SFSP management has agreed with the findings which require Bright Beginnings Enrichment Center, LLC. to reimburse the Department of Human Services unallowed cost in the amount of \$2,712.50.

Please remit a check or money order payable to the **Tennessee Department of Human Services** in the amount of \$2,712.50 by the due date to:

**Tennessee Department of Human Services
Fiscal Services 11th Floor
Citizens Plaza Building
400 Deaderick Street
Nashville, Tennessee 37243-1403**

Please note that the unallowed cost / overpayment of the CACFP is subject to an interest charge. The interest charge will be waived if the payment is received by the due date. If payment is not received by the end of 5th day of the due date, an interest charge may be added to the original amount due and will be billed to your entity.

If you have any questions regarding this notice, please feel free to contact Allette Vayda, Director, Community and Social Services-Food Programs-CACFP & SFSP at (615) 313-3769 or Allette.Vayda@tn.gov

Thank you for your attention

APPEAL PROCEDURES FOR CHILD AND ADULT CARE INSTITUTIONS AND SPONSORING AGENCIES

Appeal Procedures

1. Pursuant to 7 CFR §226.6(k)(4), the TN Department of Human Services (TDHS) must provide administrative review procedures to institutions and responsible principals and responsible individuals as follows:

- (a) Annually to all institutions;
- (b) To an institution and to each responsible principal and responsible individual when the State agency takes any action subject to an administrative review as described in 7 CFR §226.6(k)(2); and
- (c) Any other time upon request.

2. Pursuant to 7 CFR 226.6(k)(3) and (k)(9), some administrative actions are not subject to administrative review. Those actions are listed in paragraph 2.(a). Other administrative actions may be administratively appealed. Those actions are listed in paragraph 2.(b) and (c). All institutions and sponsoring agencies may appeal any adverse administrative action listed in paragraph 2.(b) which are taken by the TDHS by requesting a fair hearing to appear in person to refute the action, or by requesting a review of written information in lieu of a fair hearing.

(a) Pursuant to 7 CFR Part 226.6 (k)(3) TDHS is prohibited from offering administrative reviews of the following actions:

- (i) FNS decisions on claim deadline exceptions and requests for upward adjustments to a claim.
- (ii) Determination of serious deficiency.
- (iii) State agency determination that corrective action is inadequate.
- (iv) Disqualification and placement on State agency list and National disqualified list.
- (v) Termination.
- (vi) State agency or FNS decision regarding removal from the National disqualified list.
- (vii) State agency's refusal to consider an application submitted by an institution or facility on the National disqualified list.

(b) Pursuant to 7 CFR Part 226.6(k)(9), an abbreviated appeal process is available for the following actions. TDHS must limit the administrative review to a review of written submissions by the TDHS and institutions or sponsoring agencies concerning the accuracy of the State agency's determination if the application was denied, or the State agency proposes to terminate the institution's agreement because:

- (viii) The information submitted on the application was false;
- (ix) The institution, one of its sponsored facilities, or one of the principals of the institution or its facilities is on the national disqualified list;
- (x) The institution, one of its sponsored facilities, or one of the principals of the institution or its facilities is ineligible to participate in any other publicly funded program by reason of violation of the requirements of the program;

Appeal Procedures for Child and Adult Care Food Program-Institutions
Revised March 2017

- (xi) The institution, one of its sponsored facilities, or one of the principals of the institution or its facilities has been convicted for any activity that indicates a lack of business integrity;

(c) Administrative review is also available if the State agency notifies the institution and responsible principal or responsible individual of the following actions: proposed disqualification of a responsible principal or responsible individual, denial of a budget, denial of a line item within a budget, downward adjustment of the amount approved in a budget, suspension of an institution's participation, denial of start-up or expansion funds, denial of a request for advanced payment, recovery of an advance in excess of a claim, denial of a claim for reimbursement (except for late submission), decision not to forward an exception request for payment of a late claim, overpayment demand, denial of a new or renewing institution's application for participation, denial of sponsored facility application, notice of proposed termination, claim denial, claim deadline exceptions and requests for upward adjustments to a claim, or any other action affecting an institutions participation or claim for payment.

3. All appeal requests must be presented in writing to the TDHS Division of Appeals and Hearings not later than 15 calendar days after the date the institution or sponsoring agency receives the notice of adverse administrative action.

4. The date of an institution's or sponsoring agency's receipt of a notice of suspension and/or proposed termination and disqualification will be governed by the federal regulation at 7 CFR Part 226.2. The notice must specify the action being proposed or taken and the basis for the action, and is considered to be received by the institution or day care home when it is delivered, sent by facsimile, or sent by email. If the notice is undeliverable, it is considered to be received by the institution, responsible principal or responsible individual, or day care home five days after being sent to the addressee's last known mailing address, facsimile number, or email address.

5. The TDHS Division of Appeals and Hearings will acknowledge the receipt of the appeal request within 10 calendar days of the receipt of the institution's or sponsoring agency's request for review. The written request for review should state if a fair hearing is requested or if a review of written information in lieu of a fair hearing is requested. If the appeal request from the institution or sponsoring agency does not specifically request a hearing, a review of written information in lieu of a hearing will occur. If a fair hearing is requested and the institution or sponsoring agency's representative fails to appear, the right to a personal appearance is waived.

6. If an institution or sponsoring agency does not request a fair hearing or a review of written information in lieu of the hearing within 15 calendar days from the date the institution or sponsoring agency receives a Notice of Proposed Termination, the TDHS will issue a letter advising the institution or sponsoring agency that it is terminated from the CACFP effective on the 16th calendar day following the institution's or sponsoring agency's receipt of the notice, and that the responsible principals and individuals of the institution or sponsoring agency are disqualified from participation.

7. To be considered for a fair hearing or for a review of written information in lieu of a fair

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hearing, all written documents must be submitted to the TDHS Division of Appeals and Hearings not later than 30 days after receipt of the notice of adverse administrative action.

8. The action of the TDHS must remain in effect during the administrative review. The effect of this requirement on particular actions by TDHS is as follows:

(i) *Overpayment demand.* During the period of the administrative review, TDHS is prohibited from taking action to collect or offset the overpayment. However TDHS must assess interest beginning with the initial demand for remittance of the overpayment and continuing through the period of administrative review unless the administrative review official overturns the TDHS's action.

(ii) *Recovery of advances.* During the administrative review, TDHS must continue its efforts to recover advances in excess of the claim for reimbursement for the applicable period. The recovery may be through a demand for full repayment or an adjustment of subsequent payments.

(iii) *Program payments.* The availability of Program payments during an administrative review of the denial of a new institution's application, denial of a renewing institution's application, proposed termination of a participating institution's agreement, and suspension of an institution are addressed in paragraphs (c)(1)(iii)(D), (c)(2)(iii)(D), (c)(3)(iii)(D), (c)(5)(i)(D), and (c)(5)(ii)(E), respectively, of 7 CFR §226.6.

9. The institution or sponsoring agency must refute the charges contained in the notice during the fair hearing or in the written information that is provided in lieu of the hearing.

10. The institution and the responsible principals and responsible individuals may retain legal counsel, or may be represented by another person.

11. If a fair hearing is requested, the institution or sponsoring agency will be notified in writing of the time, date and place of the fair hearing at least 10 calendar days in advance.

12. Any information which supports an adverse administrative action taken by the TDHS shall be available to the institution or sponsoring agency for inspection from the date of the receipt of the request for a fair hearing or a review of written information in lieu of the hearing.

13. In accordance with 7 CFR Part 226.6 (k)(8), the TDHS Division of Appeals and Hearings must conduct the administrative review of the proposed disqualification of the responsible principals and responsible individuals as part of the administrative review of the application denial, proposed termination, and/or proposed disqualification of the institution with which the responsible principals or responsible individuals are associated. However, at the administrative review official's discretion, separate administrative reviews may be held if the institution does not request an administrative review or if either the institution or the responsible principal or responsible individual demonstrates that their interests conflict.

14. The procedures contained in the Uniform Administrative Procedures Act found at TCA 4-5-301 et seq. shall be followed in rendering a decision on all appeals. The decision of the hearing officer is the final administrative determination to be afforded to the institution or sponsoring agency, and shall be rendered in a timely manner not to exceed 60 calendar days from the date of the receipt of the request for a fair hearing.

15. The processing limits for administrative appeals MUST be met. In the event a continuance is requested by a party, one continuance may be granted at the Hearing Official's discretion. This

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continuance shall not be for a period longer than ten (10) calendar days unless there are exceptional circumstances. Exceptional circumstances must be detailed in the order of continuance and the order must contain a date certain for the hearing, to be set as soon as possible. A report of pending CACFP desk review and fair hearing requests will be generated and reviewed daily by the Clerk's Office and the Legal Director for Appeals and Hearings who will monitor the dates for timeliness. In the event a decision has not been rendered within forty-five (45) calendar days of the date of receipt of the request for fair hearing or desk review, the Legal Director for Appeals and Hearings or their back-up shall notify the hearing official to take appropriate action.

16. All requests for a fair hearing or for a review of written information in lieu of a hearing must be submitted to:

**Tennessee Department of Human Services
Division of Appeals and Hearings
PO Box 198996, Clerk's Office
Nashville, TN 37219-8996
Fax: (615) 248-7013 or (866) 355-6136
E-mail: AppealsClerksOffice.DHS@tn.gov**

17. If a termination action is upheld by the hearing officer, the TDHS will issue a letter to the institution or sponsoring agency and its responsible principals and individuals advising that the termination and disqualification are effective on the date of the ruling issued by the hearing officer. The agency maintains searchable records of all administrative reviews and their dispositions for a period of five (5) years.

18. As required by 7 CFR Part 226.6 (c)(7), each disqualified institution, sponsoring agency, principal and individual will be placed on the National Disqualified List maintained by the U.S. Department of Agriculture (USDA). Once included on the National Disqualified List, an institution, sponsoring agency, principal and individual shall remain on the list until such time as the USDA, in consultation with the TDHS, determines that the serious deficiencies that led to their placement on the list have been corrected, or until seven years have elapsed since they were disqualified from participation. However, if the institution, sponsoring agency, principal or individual has failed to repay debts owed under the program, they will remain on the list until the debt has been paid.

**CORRECTIVE ACTION PLAN
CHILD AND ADULT CARE FOOD PROGRAM (CACFP)
TENNESSEE DEPARTMENT OF HUMAN SERVICES (TDHS)**

Instructions: Please print in ink or type the information to complete this document. Enter the date of birth for each Responsible Principal and/or Individual in Section B. Attach the additional documentation requested. Enter your Date of Birth on the first page; enter your name, title and date of signature on the last page. Sign your name in ink. **Please return ALL pages of the completed Corrective Action Plan form.**

Section A. Institution Information	
Name of Institution Bright Beginnings Enrichment Center LLC	CACFP Agreement No. 00-184
Mailing Address: 1453 East Raines Road Memphis, Tennessee 38116	
Section B. Responsible Principal(s) and/or Individual(s)	
Name and Title: Harry Smith, Owner Danielle Smith, Executive Director	Date of Birth (s):
Section C. Dates of Issuance of Monitoring Report/Corrective Action Plan	
SD Report: September 22, 2017	Corrective Action Plan: September 22, 2017
Section D. Findings	
Findings:	
<ol style="list-style-type: none"> 1. The number of participants reported in the free and paid categories was incorrect 2. The Sponsor reported incorrect meal counts 3. One lunch menu did not meet USDA meal pattern requirements 4. The Sponsor's reported attendance claim did not agree with the verified attendance 5. The Sponsor's report of number of meals served exceeded the verified attendance 6. There were participants that did not have a CACFP enrollment addendum form 7. The Sponsor did not provide documentation for the required annual CACFP training 8. The Sponsor did not maintain a financial system as required by CACFP Program policies 9. Management did not maintain adequate records to compute the cost of labor allocable to the CACFP program 	

- 10. The Sponsor did not comply with its management plan
- 11. The Sponsor did not have a written compensation policy
- 12. An inventory of food and non-food items was not maintained
- 13. The Sponsor did not have adequate procurement standards

The following measures will be completed within **15 business days** of my institution's receipt of this corrective action plan:

Measure No. 1: The number of participants reported in the free and paid categories was incorrect.

The finding will be fully and permanently corrected.

Identify the name(s) and position title(s) of the employee(s) who will be responsible for ensuring that the finding is fully and permanently corrected:

Name: _____

Position Title: _____

Name: _____

Position Title: _____

Describe below the **step-by-step** procedures that will be implemented to correct the finding:

When will the procedures for addressing the finding be implemented? Provide a timeline below for implementing the procedures (i.e., will the procedures be done daily, weekly, monthly, or annually, and when will they begin?):

Where will the Corrective Action Plan documentation be retained? Please identify below:

How will new and current staff be informed of the new policies and procedures to address the finding (e.g., Handbook, training, etc.)? Please describe below:

Measure No.2: The Sponsor reported incorrect meal counts.

The finding will be fully and permanently corrected.

Identify the name(s) and position title(s) of the employee(s) who will be responsible for ensuring that the finding is fully and permanently corrected:

Name: _____ Position Title: _____

Name: _____ Position Title: _____

Describe below the **step-by-step** procedures that will be implemented to correct the finding:

When will the procedures for addressing the finding be implemented? Provide a timeline below for implementing the procedures (i.e., will the procedures be done daily, weekly, monthly, or annually, and when will they begin?):

Where will the Corrective Action Plan documentation be retained? Please identify below:

How will new and current staff be informed of the new policies and procedures to address the finding (e.g., Handbook, training, etc.)? Please describe below:

Measure No. 3: One lunch menu did not meet USDA meal pattern requirements

The finding will be fully and permanently corrected.
Identify the name(s) and position title(s) of the employee(s) who will be responsible for ensuring that the finding is fully and permanently corrected:

Name: _____ Position Title: _____

Name: _____ Position Title: _____

Describe below the **step-by-step** procedures that will be implemented to correct the finding:

When will the procedures for addressing the finding be implemented? Provide a timeline below for implementing the procedures (i.e., will the procedures be done daily, weekly, monthly, or annually, and when will they begin?):

Where will the Corrective Action Plan documentation be retained? Please identify below:

How will new and current staff be informed of the new policies and procedures to address the finding (e.g., Handbook, training, etc.)? Please describe below:

Measure No. 4: The Sponsor's reported attendance claim did not agree with the verified attendance

The finding will be fully and permanently corrected.

Identify the name(s) and position title(s) of the employee(s) who will be responsible for ensuring that the finding is fully and permanently corrected:

Name: _____ Position Title: _____

Name: _____ Position Title: _____

Describe below the **step-by-step** procedures that will be implemented to correct the finding:

When will the procedures for addressing the finding be implemented? Provide a timeline below for implementing the procedures (i.e., will the procedures be done daily, weekly, monthly, or annually, and when will they begin?):

Where will the Corrective Action Plan documentation be retained? Please identify below:

How will new and current staff be informed of the new policies and procedures to address the finding (e.g., Handbook, training, etc.)? Please describe below:

Measure No. 5: The Sponsor's report of number of meals served exceeded the verified attendance

The finding will be fully and permanently corrected.

Identify the name(s) and position title(s) of the employee(s) who will be responsible for ensuring that the finding is fully and permanently corrected:

Name: _____ Position Title: _____

Name: _____ Position Title: _____

Describe below the **step-by-step** procedures that will be implemented to correct the finding:

When will the procedures for addressing the finding be implemented? Provide a timeline below for implementing the procedures (i.e., will the procedures be done daily, weekly, monthly, or annually, and when will they begin?):

Where will the Corrective Action Plan documentation be retained? Please identify below:

How will new and current staff be informed of the new policies and procedures to address the finding (e.g., Handbook, training, etc.)? Please describe below:

Measure No. 6: There were participants that did not have a CACFP enrollment addendum form

The finding will be fully and permanently corrected.
Identify the name(s) and position title(s) of the employee(s) who will be responsible for ensuring that the finding is fully and permanently corrected:

Name: _____

Position Title: _____

Name: _____

Position Title: _____

Describe below the **step-by-step** procedures that will be implemented to correct the finding:

When will the procedures for addressing the finding be implemented? Provide a timeline below for implementing the procedures (i.e., will the procedures be done daily, weekly, monthly, or annually, and when will they begin?):

Where will the Corrective Action Plan documentation be retained? Please identify below:

How will new and current staff be informed of the new policies and procedures to address the finding (e.g., Handbook, training, etc.)? Please describe below:

Measure No. 7: The Sponsor did not provide documentation for the required annual CACFP training

The finding will be fully and permanently corrected.

Identify the name(s) and position title(s) of the employee(s) who will be responsible for ensuring that the finding is fully and permanently corrected:

Name: _____ Position Title: _____

Name: _____ Position Title: _____

Describe below the **step-by-step** procedures that will be implemented to correct the finding:

When will the procedures for addressing the finding be implemented? Provide a timeline below for implementing the procedures (i.e., will the procedures be done daily, weekly, monthly, or annually, and when will they begin?):

Where will the Corrective Action Plan documentation be retained? Please identify below:

How will new and current staff be informed of the new policies and procedures to address the finding (e.g., Handbook, training, etc.)? Please describe below:

Measure No. 8: The Sponsor did not maintain a financial system as required by CACFP Program policies

The finding will be fully and permanently corrected.
Identify the name(s) and position title(s) of the employee(s) who will be responsible for ensuring that the finding is fully and permanently corrected:

Name: _____ Position Title: _____

Name: _____ Position Title: _____

Describe below the **step-by-step** procedures that will be implemented to correct the finding:

When will the procedures for addressing the finding be implemented? Provide a timeline below for implementing the procedures (i.e., will the procedures be done daily, weekly, monthly, or annually, and when will they begin?):

Where will the Corrective Action Plan documentation be retained? Please identify below:

How will new and current staff be informed of the new policies and procedures to address the finding (e.g., Handbook, training, etc.)? Please describe below:

Measure No. 9: Management did not maintain adequate records to compute the cost of labor allocable to the CACFP program

The finding will be fully and permanently corrected.
Identify the name(s) and position title(s) of the employee(s) who will be responsible for ensuring that the finding is fully and permanently corrected:

Name: _____

Position Title: _____

Name: _____

Position Title: _____

Describe below the **step-by-step** procedures that will be implemented to correct the finding:

When will the procedures for addressing the finding be implemented? Provide a timeline below for implementing the procedures (i.e., will the procedures be done daily, weekly, monthly, or annually, and when will they begin?):

Where will the Corrective Action Plan documentation be retained? Please identify below:

How will new and current staff be informed of the new policies and procedures to address the finding (e.g., Handbook, training, etc.)? Please describe below:

Measure No. 10: The Sponsor did not comply with its management plan

The finding will be fully and permanently corrected.

Identify the name(s) and position title(s) of the employee(s) who will be responsible for ensuring that the finding is fully and permanently corrected:

Name: _____ Position Title: _____

Name: _____ Position Title: _____

Describe below the **step-by-step** procedures that will be implemented to correct the finding:

When will the procedures for addressing the finding be implemented? Provide a timeline below for implementing the procedures (i.e., will the procedures be done daily, weekly, monthly, or annually, and when will they begin?):

Where will the Corrective Action Plan documentation be retained? Please identify below:

How will new and current staff be informed of the new policies and procedures to address the finding (e.g., Handbook, training, etc.)? Please describe below:

Measure No. 11: The Sponsor did not have a written compensation policy

The finding will be fully and permanently corrected.

Identify the name(s) and position title(s) of the employee(s) who will be responsible for ensuring that the finding is fully and permanently corrected:

Name: _____ Position Title: _____

Name: _____ Position Title: _____

Describe below the **step-by-step** procedures that will be implemented to correct the finding:

When will the procedures for addressing the finding be implemented? Provide a timeline below for implementing the procedures (i.e., will the procedures be done daily, weekly, monthly, or annually, and when will they begin?):

Where will the Corrective Action Plan documentation be retained? Please identify below:

How will new and current staff be informed of the new policies and procedures to address the finding (e.g., Handbook, training, etc.)? Please describe below:

Measure No. 12: An inventory of food and non-food items was not maintained

The finding will be fully and permanently corrected.
Identify the name(s) and position title(s) of the employee(s) who will be responsible for ensuring that the finding is fully and permanently corrected:

Name: _____ Position Title: _____

Name: _____ Position Title: _____

Describe below the **step-by-step** procedures that will be implemented to correct the finding:

When will the procedures for addressing the finding be implemented? Provide a timeline below for implementing the procedures (i.e., will the procedures be done daily, weekly, monthly, or annually, and when will they begin?):

Where will the Corrective Action Plan documentation be retained? Please identify below:

How will new and current staff be informed of the new policies and procedures to address the finding (e.g., Handbook, training, etc.)? Please describe below:

Measure No. 13: The Sponsor did not have adequate procurement standards

The finding will be fully and permanently corrected.

Identify the name(s) and position title(s) of the employee(s) who will be responsible for ensuring that the finding is fully and permanently corrected:

Name: _____ Position Title: _____

Name: _____ Position Title: _____

Describe below the **step-by-step** procedures that will be implemented to correct the finding:

When will the procedures for addressing the finding be implemented? Provide a timeline below for implementing the procedures (i.e., will the procedures be done daily, weekly, monthly, or annually, and when will they begin?):

Where will the Corrective Action Plan documentation be retained? Please identify below:

How will new and current staff be informed of the new policies and procedures to address the finding (e.g., Handbook, training, etc.)? Please describe below:

I certify by my signature below that I am authorized by the institution to sign this document. As an authorized representative of the institution, I fully understand the corrective measures identified above and agree to fully implement these measures within the required time frame.

Printed Name of Authorized Institution Official

Position

Signature of Authorized Institution Official

Date

Signature of Authorized TDHS Official

Date