



**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 - Return Receipt # 70163010000073891817**

November 17, 2017

Vernal Sweeting, Director  
Rehoboth Outreach Ministry  
2925 Murfreesboro Road  
Antioch, Tennessee 37013

**RE: Notice of Serious Deficiency for the Child and Adult Care Food Program (CACFP) Agreement Number 00-064 and Demand for Overpayment.**

Dear Dr. Sweeting:

The Department of Human Services Audit Services Division staff conducted an on-site unannounced review of the Child and Adult Care Food Program (CACFP) at Rehoboth Outreach Ministry (Sponsor), Application Agreement 00-064, on August 17, 2017. Additional information was requested and received on August 23, 2017. Site visits were completed during the month of April 2017. The purpose of this review was to determine if the Sponsor complied with *Title 7 of the Code of Federal Regulations (CFR)* applicable parts, application agreement, and applicable Federal and State regulations.

Based on our review of the Sponsor's records and information provided, the Sponsor had 48 approved sites of which 35 sites had meals claimed during the test month of April 2017. Harvest Hands, Jere Baxter Middle School, Kirkpatrick Community Center, LaVergne High School, Lobby Community Center, McFadden Community Center, Pelham Elementary, and South Inglewood were sites that were selected as the sample sites for the review.

**Background**

CACFP sponsors utilize meal count sheets to record the number of meals served for breakfast, lunch, supper and supplement meals served. The sponsor will report the number of meals served through the department's 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 inspected meal counts, attendance records, and menus for our test period. In addition, we observed meal services at the sites selected for review during the test month.

**SERIOUS DEFICIENCY DETERMINATION**

Based on the monitoring review, the Department has determined that Rehoboth Outreach Ministry is seriously deficient in its operation of the CACFP. In addition, the Department has identified Vernal Sweeting, Director as responsible for the serious deficiencies in light of their responsibility for the overall management of Rehoboth Outreach Ministry's CACFP.

If Rehoboth Outreach Ministry 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 Rehoboth Outreach Ministry's, agreement to participate in the CACFP;
- Propose to disqualify Rehoboth Outreach Ministry from future CACFP participation; and
- Propose to disqualify Vernal Sweeting, Director, from future CACFP participation.

In addition, if Rehoboth Outreach Ministry voluntarily terminates its CACFP agreement after receiving this letter, the Department will propose to disqualify Rehoboth Outreach Ministry and Vernal Sweeting, Director from future CACFP participation. If disqualified, Rehoboth Outreach Ministry, Vernal Sweeting, Director will be placed on the National Disqualified List ("NDL"). While on the NDL, Rehoboth Outreach Ministry will not be able to participate in the CACFP as an institution or facility. Vernal Sweeting, 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 the corrective action required.

Our review of the Sponsor's records for April 2017 disclosed the following:

### **1. The Sponsor reported incorrect meal counts**

#### Condition

The Claim for Reimbursement for the sample sites in the test month of April 2017 reported 3,284 supplements and 7,097 supper meals served. However, our review of Sponsor's records noted a totaled of 3,395 supplements and 7,256 supper meals served prior to any meal disallowances.

As a result, 111 supplements and 159 supper meals served were underreported.

#### Criteria

Title 7 of the *Code of Federal Regulations*, Section 226.10 (c) states, "Claims for Reimbursement shall report information in accordance with the financial management system established by the State agency, and in sufficient detail to justify the reimbursement claimed and to enable the State agency to

provide the final Report of the Child and Adult Care Food Program (FNS 44) required under §226.7(d). 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 that accurate meal counts are being recorded at each meal service.

**2. The Sponsor did not provide evidence that sufficient quantities of milk claimed for meals served were purchased**

**This is a Serious Deficiency:**

Condition

Based on the number of meals served with milk as a required or listed component, a total of 32,344 half pints were needed. However, our review of the Sponsor’s records only reported 28,755 half pints purchased. This resulted in a shortage of 3,589 half pints.

As a result of our testing, 1,925 supplements and 1,664 supper meals claimed for reimbursement were disallowed. (See Exhibit A)

Criteria

Title 7 of the *Code of Federal Regulations*, Section 226.20 (c)(2) states, “Fluid milk, meat and meat alternatives, vegetable, fruits, and grains are required components in the lunch and supper meals. ...”

Milk is not a required component for supplements, but since the Sponsor listed milk as a component of its supplements, the Sponsor must purchase enough milk to fulfill the menu requirements.

Recommendation

The Sponsor should purchase enough milk to provide all participants with meals that require milk or are served with milk as a listed component.

**3. The Sponsor menus were not in compliance with the USDA meal pattern requirements**

Condition

Based on our review of the Sponsor’s menus, we noted that the following menus did not contain the required components:

**Pelham:**

Date	Menu	Reason	No. of Meals Disallowed
4/11/17	Ham and cheese sandwich, fruit cup, and milk	Missing 2 <sup>nd</sup> veg/fruit/juice component.	53 Suppers

**Looby:**

Date	Menu	Reason	No. of Meals Disallowed
4/11/17	Juice & Fruit Cup (Diced	Missing 2 <sup>nd</sup> component. Served	55 Supplements

	Peaches)	two fruit/juice components.	
4/12/17	Juice & Fresh Orange	Missing 2 <sup>nd</sup> component. Served two fruit/juice components.	50 Supplements
4/17/17	Juice & Fruit Cup (Diced Peaches)	Missing 2 <sup>nd</sup> component. Served two fruit/juice components.	51 Supplements
4/21/17	Juice & Fresh Apple	Missing 2 <sup>nd</sup> component. Served two fruit/juice components.	64 Supplements

As a result of our testing, 220 supplements and 53 supper meals served were disallowed. (See Exhibits A, F, and G)

### Criteria

Title 7 of the *Code of Federal Regulations*, Section 226.17a (l) states, “At-risk afterschool snacks must meet the meal pattern requirements for snacks in §226.20(b)(6) and/or (c)(4); at-risk afterschool meals must meet the meal pattern requirements for meals in §226.20(b)(6) and/or (c)(1), (c)(2), or (c)(3).”

### Recommendation

The Sponsor should ensure that all menus meet the USDA Nutrition Guidelines for reimbursement.

### **3. The Sponsor did not ensure that meals served were stored in adequate temperature**

#### Condition

During our site visits, there were meals delivered and then stored at room temperature for an extended amount of time. Milk was delivered to these sites in coolers with ice.

Meals were served at an unsafe temperature as follows:

<b>Date</b>	<b>Site</b>	<b>Menu</b>	<b>Reason</b>	<b>No. of Meals Disallowed</b>
4/11/17	LaVergne High School	Turkey/Cheese sandwich, celery w/ranch dressing, orange and wafer cookie	Meal delivered at 3:15 and kept at room temperature until end of meal service time at 5:20 pm	113 Supper meals
4/17/17	Jerre Baxter	Turkey slider, celery w/ranch dressing, apple	Meal delivered between 1:30-2 pm and kept at room temperature until end of meal service time at 6:15 pm	45 Supper meals
4/19/17	Looby Community Center	Peanut butter/jelly sandwich or Turkey sandwich, celery w/ranch dressing, banana, and chips.	Meal delivered between 1:30-2 pm and kept at room temperature until end of meal service time at 5 pm	83 Supper meals
4/24/17	South Inglewood	Taco wrap with lettuce and tomato, carrots w/ranch dressing and apple	Meal delivered at 2 pm and kept at room temperature until end of meal service time at 4:40 pm	90 Supper meals

As a result, 331 supper meals served were disallowed. (See Exhibits A, C, E, F, and I)

## Criteria

Title 7 of the *Code of Federal Regulations*, Section 226.20 (l) states, “Institutions and facilities must ensure that in storing, preparing, and serving food proper sanitation and health standards are met which conform with all applicable State and local laws and regulations. Institutions and facilities must ensure that adequate facilities are available to store food or hold meals.”

The USDA *Refrigeration and Food Safety Guide*, page 2, states, “Refrigerators should be set to maintain a temperature of 40 °F or below. Some refrigerators have built-in thermometers to measure their internal temperature. For those refrigerators without this feature, keep an appliance thermometer in the refrigerator to monitor the temperature. This can be critical in the event of a power outage. When the power goes back on, if the refrigerator is still 40 °F, the food is safe. Foods held at temperatures above 40 °F for more than 2 hours should not be consumed.”

## Recommendation

The Sponsor should ensure that all meals are stored at the proper temperature to prevent serving children spoiled meals.

### **4. Participants were allowed to take meals off-site and included those meals in the claim for reimbursement**

#### Condition

During our on-site review conducted on April 20, 2017, at McFadden Community Center to observe a meal service, we observed participants were given a supplement meal to take home after the supper meal was served. Therefore, eight supplement meals were disallowed. (See Exhibits A and G)

During on our on-site review conducted on April 19, 2017, at Lobby Community Center to observe a meal service, we observed four participants took the supper meals served off-site before consuming. Also, participants were given a supplement meal to take home after the supper meal was served. Therefore, four supper meals and 43 supplement meals were disallowed. (See Exhibits A and H)

During on our on-site review conducted on April 17, 2017, at Jere Baxter Middle School Center to observe a meal service, we observed participants were given a supplement meal to take home after the supper meal was served. Therefore, 45 supplement meals were disallowed. (See Exhibits A and C)

As a result, four supper meals served and 96 supplement meals served were disallowed.

## Criteria

USDA Memo CACFP 10-2017, issued April 6, 2017, states, in part, “... meals must be consumed on-site in order for the meal to be reimbursable. ...”

## Recommendation

The Sponsor should ensure that proper controls are in place to ensure meals are served onsite to be eligible for reimbursement.

### **5. The Sponsor did not perform monitoring of its feeding sites as required**

#### Condition

Based on review of the monitoring forms that were provided to DHS program monitors, we noted that the forms indicated that a second monitoring was not completed at Harvest Hands. The only form provided for Harvest Hands was dated January 18, 2017. There were no monitoring forms provided for LaVergne High School. The monitoring form for Pelham Elementary School was dated February 13<sup>th</sup> but the year could not be determined.

#### Criteria

Title 7 of the *Code of Federal Regulations*, Section 226.16(d) state, "Each sponsoring organization must provide adequate supervisory and operational personnel for the effective management and monitoring of the program at all facilities it sponsors. Each sponsoring organization must employ monitoring staff sufficient to meet the requirements of paragraph (b)(1) of this section. At a minimum, Program assistance must include: ... (4)(iii), Sponsoring organizations must review each facility three times each year, except as described in paragraph (d)(4)(iv) of this section. In addition:

- (A) At least two of the three reviews must be unannounced;
- (B) At least one unannounced review must include observation of a meal service;
- (C) At least one review must be made during each new facility's first four weeks of Program operations; and
- (D) Not more than six months may elapse between reviews."

#### Recommendation

The Sponsor should ensure that the monitoring of the feeding sites is completed, as required and the documentation of the monitoring are maintained.

### **6. The Sponsor did not have a menu posted for the meal observed at all sites**

#### Condition

There was no menu posted at Harvest Hands on April 18, 2017, McFadden Community Center on April 20, 2017, or Pelham Elementary on April 6, 2017.

#### Criteria

The State of Tennessee *CACFP Policies and Procedures Manual*, page 23, states, "An institution must maintain menus that meet the following requirements: All food components, as required for each type of meal to be served (i.e., breakfast, lunch, supper, and supplement), are identified; each menu accurately lists the food items that are to be served, including any substitutions that are inserted on the menu before the beginning of the meal service; all food items that are identified on the menus are supported by purchase receipts; the specific date of use is identified, including the day, month and year; and each menu is posted in a conspicuous place for all parents and guardians to observe."

#### Recommendation

The Sponsor should ensure that meal menus are posted at all sites.

**7. The Sponsor did not have a working thermometer at one feeding site.**

Condition

A thermometer was not found in the refrigerator at Harvest Hands during the site visit on April 18, 2017.

Criteria

Title 7 of the *Code of Federal Regulations*, Section 226.20 (I) states, "Institutions and facilities must ensure that in storing, preparing, and serving food proper sanitation and health standards are met which conform with all applicable State and local laws and regulations. Institutions and facilities must ensure that adequate facilities are available to store food or hold meals."

The USDA *Refrigeration and Food Safety Guide*, page 2, states, "Refrigerators should be set to maintain a temperature of 40 °F or below. Some refrigerators have built-in thermometers to measure their internal temperature. For those refrigerators without this feature, keep an appliance thermometer in the refrigerator to monitor the temperature. This can be critical in the event of a power outage. When the power goes back on, if the refrigerator is still 40 °F, the food is safe. Foods held at temperatures above 40 °F for more than 2 hours should not be consumed."

Recommendation

The Sponsor should ensure that a working thermometer is kept in the refrigerator and freezer to ensure that food is kept at the proper temperature to avoid spoilage.

**8. The Sponsor did not have the "And Justice for All" poster displayed**

Condition

The "And Justice for All" poster was not on display at Harvest Hands when we conducted the site visit on April 18, 2017.

Criteria

FNS Instruction 113-1 Section IX (B)(1), states the Sponsor must, "Prominently display the USDA nondiscrimination poster "And Justice for All," or an FNS approved substitute, except in family day care homes. If a State agency elects to produce its own posters, either due to unavailability from USDA/FNS or State agency preference, the reproduction must be approximately the same size as the applicable "And Justice for All" poster (11" width and 17" height)."

Recommendation

The sponsor should ensure that the "And Justice for All" poster is prominently displayed at all sites.

**9. The Sponsor did not maintain racial/ethnic data and number of potential beneficiaries by category**

Condition

Based on our inquiry of the feeding site staff at Jerre Baxter Middle School, staff informed us that racial/ethnic data had not been recorded.

### Criteria

Title 7 of the *Code of Federal Regulations*, Section 226.6 (b)(4)(ii) states, in part, "...the sponsor must comply with all requirements of title VI of the Civil Rights Act of 1964, title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975 and the Department's regulations concerning nondiscrimination (parts 15, 15a and 15b of this title), including requirements for racial and ethnic participation data collection, public notification of the nondiscrimination policy, and reviews to assure compliance with such policy, to the end that no person may, on the grounds of race, color, national origin, sex, age, or disability, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under, the Program."

### Recommendation

The Sponsor should ensure that racial/ethnic data for all feeding sites are collected and maintained.

## **15. The Sponsor did not have an independent board of directors**

### **This is a Serious Deficiency:**

#### Condition

The Sponsor's Board of Directors consisted of three members referred to as the Advisory Board. Two of the board members were paid employees of the Sponsor. We requested but did not receive copies of the board minutes. Therefore, it appears that the board is neither active nor independent.

This is a repeat finding from the Notice of Serious Deficiency dated April 7, 2017.

#### Criteria

USDA – CACFP, Guidance for Management Plans and Budgets, Page 9, titled, Developing an Appropriate Board of Directors states, "An acceptable Board consists of a majority of the members whose livelihood is independent of and who holds no personal fiscal interest in the institution's activities and who are not related to each other or to its personnel."

Title 7 of the *Code of Federal Regulations*, Section 226.2 defined Independent governing board of directors as follows:

*"Independent governing board of directors* means, in the case of a nonprofit organization or in the case of a for-profit institution required to have a board of directors, a governing board which meets regularly and has the authority to hire and fire the institution's executive director."

#### Recommendation

The Sponsor should establish an appropriate independent governing board of directors in accordance with CACFP rules and regulations.

## **16. The Sponsor did not have adequate financial management system to ensure program accountability**

## **This is a Serious Deficiency:**

### Condition

The Sponsor did not maintain adequate accounting records to demonstrate the income and expenses of the program. The Sponsor's bank statements were requested and obtained to determine if the expenses were charged to the program properly. We were not able to trace all expenditures from the Sponsor's bank statements to the Program or from receipts provided by the Sponsor to the bank statements.

CACFP regulations do not require institutions to maintain any specific type of accounting system. CACFP funds may be comingled with other funds in one single bank account or they may be kept separate from other funds in a segregated bank account. However, if funds are co-mingled, the institution and State agency must be able to track CACFP related income and expenses separately from other funds.

This is a repeat finding from the Notice of Serious Deficiency dated April 7, 2017.

### Criteria

FNS Instruction 796-2, Rev. 4, Page 94 Item 3 titled "Financial" states "Institutions must record the receipt and expenditure of all Program funds, Program income, and other income in accordance with U.S. GAAP, this Instruction, Department regulations and the State agency financial management system. Any Program expenses paid for in cash should be a nominal amount and clearly documented."

*7 CFR 226.6 Performance Standard 3—Program 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) Recordkeeping. 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.

**Recommendation**

The Sponsor should establish an accounting system that allows adequate tracking of expenses allocated to the CACFP and the supporting documentation.

**17. The Sponsor did not have supporting documentation for expenditures funded by CACFP**

**This is a Serious Deficiency:**

**Condition**

The Sponsor did not provide supporting documentation such as receipts or invoices for all disbursements that were paid with program funds. Based on the review of the Sponsor’s bank records for April and May 2017, the Sponsor did not provide us with supporting documentation or proper explanation for transfers made to other accounts and financial transaction. The following are transaction of disbursements that appear questionable:

	<b>Accounting Records</b>	<b>Sponsor explanation</b>	<b>Unallowable Administrative Cost</b>
1.	The Sponsor’s bank statement for April 2017 revealed various cash withdrawals totaling \$912.82 made by ATM or customer withdrawal.	The Executive Director did not provide an explanation or invoices, receipts, or other supporting documentation to support the withdrawals from the bank account.	\$912.82
2.	The Sponsor’s bank statement for April 2017 revealed transfers to related entities totaling \$30,800 for which the Sponsor provided no documentation.	The Sponsor provided receipts for expenses that were not traceable to cash disbursements, including conference registration, hotel and airfare and lease payments for facilities and vehicles. Some of these expenses may have been reimbursed through these transfers, but it was not determinable from the accounting records provided.	\$30,800.00
3.	The Sponsor’s April 2017 bank statement for showed \$6,900 in non-program deposits on 4/14 and a withdrawal of \$6,900 also on 4/14 by a relative of the Executive Director. Additional unexplained customer withdrawals totaled \$1,227 in April 2017.	The Executive Director did not provide an explanation or invoices, receipts, or other supporting documentation to support the withdrawals from the bank account.	\$8,127.00
4.	The Sponsor’s bank statement for May 2017 revealed debit card purchases totaling \$448.38 for which no documentation was provided by the Sponsor.	The Executive Director did not provide an explanation or invoices, receipts, or other supporting documentation to support the withdrawals from the bank account.	\$448.38

5.	The Sponsor's bank statement for May 2017 revealed transfers to related entities and unidentified accounts totaling \$38,900 for which no documentation was provided by the Sponsor.	The Executive Director did not provide an explanation or invoices, receipts, or other supporting documentation to support the withdrawals from the bank account.	\$38,900
6.	The Sponsor's bank statement for May 2017 revealed a customer withdrawal of \$23,879.13 for which no supporting documentation was provided by the Sponsor.	The Executive Director did not provide an explanation or invoices, receipts, or other supporting documentation to support the withdrawals from the bank account.	\$23,879.13
		Total Unallowable Cost	\$103,067.33

This is a repeat finding from the Notice of Serious Deficiency dated April 7, 2017.

Criteria

FNS Instruction 796-2, Rev. 4, Page 15A, titled Cost Principles states "Institutions are responsible for accounting for costs correctly and for 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."

The USDA's Guidance for Management Plans and Budgets, A Child and Adult Food Program Handbook, Page 22, titled Adequate Documentation states "All costs charged to the CACFP must be properly documented with receipts, invoices, or mileage logs, and time and attendance records. Payments made must be documented in bank statements, registers and accounting systems. The State agency may identify the specific documentation it expects based on general practices."

Recommendation

The Sponsor should ensure that sufficient supporting documentation is maintained to demonstrate that costs were incurred and allocable to the CACFP.

**18. The Sponsor expensed overdraft fees to the CACFP Program**

Condition

A review of the Sponsor's bank statements indicated that overdraft payment service fees in the amount of \$220.00 in April and May 2017 were paid for with CACFP Program funds.

<b>Rehoboth Overdraft Fees</b>	
April 2017	\$133.00
May 2017	\$97.00
	\$220.00

This is a repeat finding from the Notice of Serious Deficiency dated April 7, 2017.

### Criteria

FNS Instruction 796-2, Rev.4, "Financial Management – Child and Adult Care Food Program," Section VIII.I.22.b(1) includes Insufficient fund charges in the list of "Unallowable Costs."

### Recommendation

The Sponsor should ensure that unallowed cost such as insufficient fund penalties or late payment fees are not allocated to the CACFP funds. Unallowable costs such as insufficient fund penalties should be funded through non-program funds.

## **19. The Sponsor did not have a written compensation policy**

### Condition:

Based on our inquiry of the Sponsor's personnel, we were informed that the Sponsor did not have a written compensation policy.

### Criteria:

FNS 796-2 Revision 4, Section VIII(I)(23)(c)(1) 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."

### Recommendation

The Sponsor should establish and implement compensation guidelines to comply with state and federal regulations.

## **20. The Sponsor paid labor cost to personnel who were not approved in the budget**

### Condition

During our review of the Sponsor's budget and labor cost expensed to the program in April 2017, we noted that 18 individuals of the 44 reviewed who received salary payments for April were not included in the budget for FFY17. These payments represented \$13,426.25 of the total \$41,123.75 paid in May for April personnel services.

This is a repeat finding from the Notice of Serious Deficiency dated April 7, 2017.

## Criteria

According to The USDA's Guidance for Management Plans and Budgets, A Child and Adult Food Program Handbook, Page 43, titled Revising or Amending Budgets - At any point after the budget is approved, the organization may submit revisions or amendments to the budget for State agency approval. The State agency should follow its own procedures for approving or denying amendment requests. An organization is prohibited from spending CACFP funds in accordance with the amended budget until the amendments have been reviewed and approved by the State agency. Budget Revisions Required of Sponsoring Organizations - Changes to salaries and/or benefits, equipment, consultant and/or contract services.

## Recommendation

The Sponsor should ensure that labor cost was paid for authorized personnel who were approved in the budget and application. If necessary, the Sponsor may amend the application to include additional staff and obtain approval from DHS program management.

## **21. The Sponsor's time and attendance reports were missing or inadequate for April 2017**

### Condition

Based on our review of the documentation provided for payroll records, we noted that 17 of the 44 payroll checks for April 2017 were paid to individuals who had not completed a timesheet or clocked in with a timecard, representing \$14,996.25 of the total \$41,123.75 paid. Additionally, five administrative employees, including the Executive Director, share a common weekly time record which does not meet the requirements established by federal guidelines. There was no documentation of the pay rates used or the number of hours paid to individuals compensated for work in April 2017.

Documentation was requested but not provided to demonstrate either the number of hours calculated and paid or the pay rate used to calculate the pay that employees received for the test month of April 2017.

### Criteria

According to the USDA's Guidance for Management Plans and Budgets, A Child and Adult Care Food Program Handbook, Part 2(B)(2) and FNS Instruction 796-2 Review 4 (VIII I 23 c), administrative labor costs for both salaried and hourly employees must be documented. Documentation includes the following:

- Time sheets
- Time and attendance reports
- Time distribution records
- Payroll records

FNS Instruction 796-2, Revision 4, Section VIII.I.23.c.(2), "Documentation Requirements," i.e. for compensation through the CACFP program, includes: "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, 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

We recommend that the Sponsor comply with state and federal regulations and ensure that timesheets, time and attendance reports and time distribution reports for all salaried and hourly employees are maintained.

### **OVERPAYMENT-RIGHT TO APPEAL**

#### **Disallowed Meals Cost**

Based on the review, we determined that the Sponsor's noncompliance with the applicable Federal and State regulations that govern the CACFP resulted in a total disallowed meals cost of \$8,249.07.

#### **Unallowable Administrative costs**

The total for questionable disbursements (\$103,067.33) and overdraft fees (\$220.00) of \$103,287.33 were unallowable costs. The Sponsor should *reimburse its CACFP nonprofit food service account with non-program funds* in the amount of \$103,287.33.

Remit a check payable to the *Tennessee Department of Human Services* in the amount of \$8,249.07, 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](http://www.fiscal.treasury.gov/fsreports/rpt/cvfr/historical_rates.htm)

### **SUMMARY**

The Department has determined that Rehoboth Outreach Ministry is seriously deficient in its operation of the CACFP and that Vernal Sweeting, Director is responsible for the serious deficiencies.

You may not appeal the serious deficiency determination itself. If the Department proposes to terminate Rehoboth Outreach Ministry's CACFP agreement, or propose to disqualify Rehoboth Outreach Ministry 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.

Rehoboth Outreach Ministry may continue to participate in the CACFP during the corrective action period. The Department will pay any valid claims for reimbursement submitted by Rehoboth Outreach Ministry 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 thirty (30) days of your receipt of this notice:

Rehoboth Outreach Ministry must complete the following actions within 30 days from the date of this report:

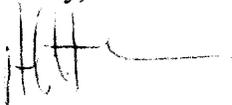
- Login to the Tennessee Information Payment System (TIPS) and revise the claim submitted for the center for April 2017, which contains the reconciled claim data from the enclosed exhibit.
- Remit a check payable to the *Tennessee Department of Human Services* in the amount of \$8,249.07 for recovery of the amounts disallowed in this report. **Please return the attached billing notice with your check;**
- ***Reimburse the CACFP nonprofit food service account with non-program funds*** in the amount of \$103,287.33 and provide proof of such reimbursement, and
- 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](mailto:AuditServices.CAPS.DHS@tn.gov)

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](mailto:Jackie.D.Yokley@tn.gov).

Sincerely,



Allette Vayda  
Director, CACFP & SFSP

Enclosures

**EXHIBIT A:****Verification of CACFP Sponsor of At-Risk Afterschool Meals Program****Sponsor: Rehoboth Outreach Ministry****Review Month/Year: April 2017****Total Reimbursement: \$111,880.96**

<b>Program Area</b>	<b>Reported on Claim</b>	<b>Reconciled Meals to Meal Count Sheets</b>
Number of Days that CACFP Food Service was operated	20	20
Number of Sites	34	34
Total Attendance	7,097	7,259
Number of Supplements Served	3,395	1,265
Number of Suppers Served	7,097	5,204
Total Amount of Food Costs	XXXXXXXXXX	\$30,087.68
Total Amount of Eligible Food and Nonfood Costs	XXXXXXXXXX	\$31,983.70

**EXHIBIT B:****Verification of CACFP Site of At-Risk Afterschool Meals Program****Site: Harvest Hands**

<b>Program Area</b>	<b>Reported on Claim</b>	<b>Reconciled Meals to Meal Count Sheets</b>
Number of Days that CACFP Food Service was operated	20	20
Total Attendance	1,041	1,044
Number of Supplements Served	930	931
Number of Suppers Served	1,041	1,044

**EXHIBIT C:**

**Verification of CACFP Site of At-Risk Afterschool Meals Program**

**Site: Jere Baxter Middle School**

<b>Program Area</b>	<b>Reported on Claim</b>	<b>Verified by Monitoring Review</b>
Number of Days that CACFP Food Service was operated	20	14
Total Attendance	744	735
Number of Supplements Served	488	434
Number of Suppers Served	744	690

**EXHIBIT D:**

**Verification of CACFP Site of At-Risk Afterschool Meals Program**

**Site: Kirkpatrick Community Center**

<b>Program Area</b>	<b>Reported on Claim</b>	<b>Verified by Monitoring Review</b>
Number of Days that CACFP Food Service was operated	20	12
Total Attendance	498	498
Number of Suppers Served	498	498

**EXHIBIT E:**

**Verification of CACFP Site of At-Risk Afterschool Meals Program**

**Site: LaVergne High School**

<b>Program Area</b>	<b>Reported on Claim</b>	<b>Verified by Monitoring Review</b>
Number of Days that CACFP Food Service was operated	20	6
Total Attendance	564	678
Number of Suppers Served	564	565

**EXHIBIT F:**

**Verification of CACFP Site of At-Risk Afterschool Meals Program**

**Site: Lobby Community Center**

<b>Program Area</b>	<b>Reported on Claim</b>	<b>Verified by Monitoring Review</b>
Number of Days that CACFP Food Service was operated	20	20
Total Attendance	1,663	1,661
Number of Supplements Served	1,028	818
Number of Suppers Served	1,663	1,574

**EXHIBIT G:**

**Verification of CACFP Site of At-Risk Afterschool Meals Program**

**Site: McFadden Community Center**

<b>Program Area</b>	<b>Reported on Claim</b>	<b>Verified by Monitoring Review</b>
Number of Days that CACFP Food Service was operated	20	20
Total Attendance	280	284
Number of Supplements Served	271	276
Number of Suppers Served	280	280

**EXHIBIT H:**

**Verification of CACFP Site of At-Risk Afterschool Meals Program**

**Site: Pelham Elementary**

<b>Program Area</b>	<b>Reported on Claim</b>	<b>Verified by Monitoring Review</b>
Number of Days that CACFP Food Service was operated	20	14
Total Attendance	567	620
Number of Supplements Served	567	620
Number of Suppers Served	567	567

**EXHIBIT I:**

**Verification of CACFP Site of At-Risk Afterschool Meals Program**

**Site: South Inglewood Community Center**

<b>Program Area</b>	<b>Reported on Claim</b>	<b>Verified by Monitoring Review</b>
Number of Days that CACFP Food Service was operated	20	20
Total Attendance	1,740	1,740
Number of Suppers Served	1,740	1,650

**Disallowed Meals Cost Totals**

<b>No. of meals</b>	<b>Rate per meal</b>	<b>CIL</b>	<b>Cost per meal</b>	<b>Total Disallowed meals Cost</b>
2,130	\$0.86	\$0.00	\$0.86	\$1,831.80
1,893	\$3.16	\$0.23	\$3.39	\$6,417.27
			<b>Total</b>	<b>\$8,249.07</b>



**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

November 17, 2017

Vernal Sweeting, Director  
Rehoboth Outreach Ministry  
2925 Murfreesboro Road  
Antioch, Tennessee 37013

**Notice of payment due to findings disclosed in the monitoring report dated November 17, 2017 for Child and Adult Care Food Program (CACFP).**

Institution Name:	Rehoboth Outreach Ministry
Institution Address:	2925 Murfreesboro Road Antioch, Tennessee 37013
Agreement Number:	00-064
Amount Due:	\$8,249.07
Due Date:	December 17, 2017

Based on the monitoring report issued on October 30, 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 your institution to reimburse the Department of Human Services for disallowed meals cost.

Please remit a check or money order payable to the *Tennessee Department of Human Services* in the amount of \$8,249.07 by the due date to:

**Tennessee Department of Human Services  
Fiscal Services 11<sup>th</sup> 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 the 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](mailto:Allette.Vayda@tn.gov).

Thank you for your attention

**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.**

<b>Section A. Institution Information</b>	
<b>Name of Institution</b> Rehoboth Outreach Ministry	<b>CACFP Agreement No.</b> 00-064
<b>Mailing Address:</b> 2925 Murfreesboro Road Antioch, Tennessee 37013	
<b>Section B. Responsible Principal(s) and/or Individual(s)</b>	
<b>Name and Title:</b> Vernal Sweeting, Director	<b>Date of Birth (s):</b>
<b>Section C. Dates of Issuance of Monitoring Report/Corrective Action Plan</b>	
<b>SD Report:</b> November 17, 2017	<b>Corrective Action Plan:</b> November 17, 2017
<b>Section D. Findings</b>	
<b>Findings:</b>	
<ol style="list-style-type: none"> <li>1. The Sponsor reported incorrect meal counts</li> <li>2. The Sponsor did not provide evidence that sufficient quantities of milk claimed for meals served were purchased</li> <li>3. The Sponsor menus were not in compliance with the USDA meal pattern requirements</li> <li>4. The Sponsor did not ensure that meals served were stored in adequate temperature</li> <li>5. Participants were allowed to take meals off-site and included those meals in the claim for reimbursement</li> <li>6. The Sponsor did not perform monitoring of its feeding sites as required</li> <li>7. The Sponsor did not have a menu posted for the meal observed at all sites</li> <li>8. The Sponsor did not have a working thermometer at one feeding site</li> </ol>	

9. The Sponsor did not have the "And Justice for All" poster displayed
  10. The Sponsor did not maintain racial/ethnic data and number of potential beneficiaries by category
  11. The Sponsor did not have an independent board of directors
  12. The Sponsor did not have adequate financial management system to ensure program accountability
  13. The Sponsor did not have supporting documentation for expenditures funded by CACFP
  14. The Sponsor expensed overdraft fees to the CACFP Program
  15. The Sponsor did not have a written compensation policy
  16. The Sponsor paid labor cost to personnel who were not approved in the budget
- The Sponsor's time and attendance reports were missing or inadequate for April 2017

The following measures will be completed within **30 business days** of my institution's receipt of this corrective action plan:

**Measure No. 1: 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. 2: The Sponsor did not provide evidence that sufficient quantities of milk claimed for meals served were purchased**

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: The Sponsor menus were not in compliance with the 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 did not ensure that meals served were stored in adequate temperature**

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: Participants were allowed to take meals off-site and included those meals in the claim for reimbursement**

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: The Sponsor did not perform monitoring of its feeding sites as required**

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 have a menu posted for the meal observed at all sites**

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 have a working thermometer at one feeding site**

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: The Sponsor did not have the “And Justice for All” poster displayed**

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 maintain racial/ethnic data and number of potential beneficiaries by category**

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 an independent board of directors**

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: The Sponsor did not have adequate financial management system to ensure program accountability**

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 supporting documentation for expenditures funded by CACFP**

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. 14: The Sponsor expensed overdraft fees 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. 15: 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. 16: The Sponsor paid labor cost to personnel who were not approved in the budget**

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. 17: The Sponsor's time and attendance reports were missing or inadequate for April 2017**

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



## **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 16<sup>th</sup> 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

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

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

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](mailto: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.