



**STATE OF TENNESSEE
DEPARTMENT OF HUMAN SERVICES**

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BILL LEE
GOVERNOR

DANIELLE W. BARNES
COMMISSIONER

March 12, 2020

Richard Scott, Board Chair
Aaron Nutritional Services
Post Office Box 1338 Antioch, Tennessee 37013-1147

Dear Mr. Scott,

The Department of Human Services (DHS) - Division of Audit Services staff conducted an unannounced on-site monitoring review of the Child and Adult Care Food Program (CACFP) at Aaron Nutritional Services, Inc. (Sponsor), Application Agreement number 00-132, on January 31, 2020. The purpose of this review was to determine if the Sponsor complied with the *Title 7 of the Code of Federal Regulations* (CFR) applicable parts, provider agreement, and applicable Federal and State regulations.

Based on our review of the Sponsor's records and information provided, the Sponsor had 23 feeding sites operating during the review period. The Model Kids Learning Academy, Inc (**Model Kids**), Mount Juliet Early Learning Center 2 (**Mount Juliet**), New Beginnings Children's Academy, Inc (**New Beginnings**), and Wee Care Pre-School and Daycare, LLC (**Wee Care**) were selected as the sample.

Background

CACFP Sponsors utilize meal count sheets to record the number of 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) for reimbursement.

We inspected meal counts 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. In addition, we observed lunch meal services at **Model Kids** on November 19, 2019, **New Beginnings** on November 15, 2019, **Wee Care** on November 20, 2019, and **Mount Juliet** on November 21, 2019.

Our review of the Sponsor's records for November 2019 disclosed the following:

1. The Sponsor reported the number of participants in the free, reduced-price, and paid categories incorrectly

Condition

Based on our review of the Claim for Reimbursement for November 2019, we noted that the Sponsor reported the number of participants in the free, reduced-price and paid categories incorrectly for sponsored sites. The Sponsor used actual meal counts served to individual participants; therefore, this finding resulted in a change to the number of meals claimed in each reimbursement category. The results of this finding are as follows:

Mount Juliet – sample site

The Sponsor reported 14 participants in the free category, six (6) participants in the reduced-price category, and 56 participants in the paid category for **Mount Juliet**. However, based on our review of the records available, we noted that there were 16 participants in the free category, four (4) participants in the reduced-price category, and 56 participants in the paid category. The differences were due to two (2) participants reported in the reduced-price category were income or categorically eligible for the free category. These participants were reclassified as free and the meals reported for these participants were also credited to the free category.

The Sponsor overreported the number of participants reduced-price category by two (2) participants and underreported the number of participants in the free category by two (2) participants. As a result, 37 breakfast meals, 37 lunch meals, and 36 supplements were removed from the reduced-price category and credited to the free category. (See Exhibit X)

New Beginnings – sample site

The Sponsor reported 33 participants in the free category, two (2) participants in the reduced-price category, and one (1) participant in the paid category for **New Beginnings**. However, based on our review of the records available, we noted that there were 34 participants in the free category, two (2) participants in the reduced-price category, and zero (0) participants in the paid category. The difference was due to one (1) participant reported in the paid category was income eligible for the free category. This participant was reclassified as free and the meals reported for this participant were also credited to the free category.

The Sponsor overreported the number of participants paid category by one (1) participant and underreported the number of participants in the free category by one (1) participant. As a result, seven (7) breakfasts, seven (7) lunches, and seven (7) supplements were removed from the paid category and credited to the free category. (See Exhibit X)

Wee Care – sample site

The Sponsor reported 54 participants in the free category, one (1) participant in the reduced-price category, and four (4) participants in the paid category for **Wee Care**. However, based on our review of the records available, we noted that there were 52 participants in the free category, one (1) participant in the reduced-price category, and four (4) participants in the paid category.

The difference was due to two (2) participants reported in the paid category were reported twice in the paid category. The two (2) duplicate participants were removed from the paid category.

As a result, the Sponsor overreported the number of participants paid category by two (2) participants. There was no adjustment to the number of meals served required. (See Exhibit X)

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 maintain all information used to determine eligibility and ensure that each participant is classified and reported accurately based on categorical or income eligibility.

2. The Sponsor provided menus that did not meet USDA meal pattern requirements

Condition

Based on our review of the menus provided by the Sponsor for the test month, the menus provided did not meet the USDA meal pattern requirements. The menus provided for lunch meals at **Model Kids** were missing components. The menus had deficiencies as follows:

Date	Menu	Menu Error	Free Meals	Paid Meals
11-13-2019	Oranges, peas and carrots, broccoli medley, and milk	No meat or meat alternative	19	0
11-14-2019	Bananas, light wheat bread, ham and cheese, and milk	No vegetable	20	0
11-26-2019	Fruit cocktail, Mac and Cheese and chicken nuggets, and milk	No vegetable	17	1

As a result, 56 free lunch meals and one paid lunch meal claimed for reimbursement were disallowed. (See Exhibit X)

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 ..."

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."

3. The Sponsor served a breakfast cereal that did not meet USDA meal component requirements

Condition

During our monitoring visit on November 15, 2019 at **New Beginnings**, we reviewed the posted menu and noted one breakfast menu was not in accordance with the USDA meal pattern requirements. The menu for the breakfast served on November 15, 2019 listed milk, applesauce, and dry cereal. We observed that the only dry cereal in the kitchen was Honey Nut Cheerios and the site supervisor confirmed that Honey Nut Cheerios was served for that breakfast. Honey Nut Cheerios contains 33 grams of sugar per 100 grams of cereal which exceeds the maximum amount of sugar allowed by the USDA

Due to the updated CACFP meal pattern requirements and emphasis on providing technical assistance during the implementation process, there were no meals disallowed.

Criteria

Title 7 of the Code of Federal Regulations, Section 226.20(a)(4)(ii) states, "... Breakfast cereals must contain no more than 6 grams of sugar per dry ounce (no more than 21.2 grams sucrose and other sugars per 100 grams of dry cereal)"

Title 7 of the Code of Federal Regulations, Section 226.14(b) states, "In the event that the State agency finds that an institution which prepares its own meals is failing to meet the meal requirements of §226.20, the State agency need not disallow payment or collect an overpayment arising out of such failure if the institution takes such other action as, in the opinion of the State agency, will have a corrective effect."

Recommendation

The Sponsor should ensure menus meet the meal patterns established by the USDA and that dry cereal served does not contain more than the maximum allowed amount of sugar.

4. The Sponsor provided menus that did not name specific components

Condition

During our monitoring visit at **Model Kids** on November 19, 2019, the posted menu did not identify the type of milk served to participants. We observed the correct type of milk was provided to participants in each age group and receipts were sufficient to identify the type of milk purchased.

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.... Menus and any other nutritional records required by the State agency shall be maintained to document compliance with such requirements."

The USDA policy memorandum, CACFP 17-2016 Nutrition Requirements for Fluid Milk and Fluid Milk Substitutions in the Child and Adult Care Food Program, states, "In order to ensure

compliance with the milk requirements outlined in 7 CFR 226.20(a)(1) and this memorandum, centers and day care homes must document the type of milk served on their menu. This includes listing the fat content (e.g. whole, low-fat or 1%, and fat-free or skim) and if the milk is flavored. It is the responsibility of the State agency or sponsor, as applicable, to further ensure that the correct type of milk is being served when conducting reviews.”

Recommendation

The Sponsor should ensure menus reflect and meet the meal patterns established by the USDA.

5. The Sponsor served meals outside of the approved serving time

Condition

During our monitoring visit on November 20, 2019, at **Wee Care**, an observed meal was served outside of the TIPS approved time. The TIPS approved meal service time for lunch was 1:00 pm to 1:30 pm. However, the lunch meal was already served upon our arrival at 12:40 pm. The Sponsor did not claim lunch meals for this date. Subsequently, the Sponsor updated the lunch meal service times to 11:00 am to 11:30 am in TIPS on November 20, 2019.

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....”

Title 7 of the Code of Federal Regulations, Section 226.17(b)(9) states, “Each child care center must maintain daily records of time of service meal counts by type (breakfast, lunch, supper, and snacks) served to enrolled children, and to adults performing labor necessary to the food service.”

Recommendation

The Sponsor should ensure that meals are served during the approved feeding site time.

6. The Sponsor did not have a menu posted for an observed meal

Condition

During our monitoring visit at **New Beginnings** on November 15, 2019, we noted that there was no menu posted at this feedings site.

Criteria

Food & Nutrition Service (FNS) 796-2, Rev. 4, states, “Menu records that identify the meal components served to participants must be maintained. Menu records must be updated to reflect changes to planned menus so that the menu records reflect the actual meal components and foods service to participants.”

The USDA Monitoring Handbook for State Agencies, page 29, states, "Institutions must serve meals according to the posted menus and document substitutions...."

Recommendation

The Sponsor should ensure the menu is posted for each meal served.

Note: Our observations of the lunch meal service at **Model Kids** on November 19, 2019 and **Mount Juliet** on November 21, 2019, revealed no significant deficiencies.

Technical Assistance Provided

During our monitoring visits to centers during the review period, technical was requested and/or provided regarding grain ounce equivalents, meal service times, and the updated "And Justice for All" poster.

During our monitoring visit on January 31, 2020, the Sponsor requested and was provided technical assistance regarding meal pattern requirements including listing specific names of components and providing whole grain-rich components once per day, revising claims for reimbursement, and receiving approval for centers with preapproved vendor. The request regarding approving centers was forwarded to Program specialists for further assistance.

Disallowed Meals Cost

The disallowed meals cost associated with the findings above is below the DHS threshold for repayment.

Corrective Action

The Sponsor must complete the following actions within 30 days from the date of this report:

- 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

If you have questions relative to the corrective action plan, please contact:

Allette Vayda, Director of Operations
Child and Adult Care Food Program
James K. Polk Building, 15th Floor
505 Deaderick Street
Nashville, Tennessee 37243
Allette.Vayda@tn.gov
(615) 313-3769

We appreciate the assistance provided during this review. If you have any questions regarding this report, please contact Sean Baker, Audit Director 2, at 615-313-4727 or Sean.Baker@tn.gov.

Sincerely,

Sam O. Alzoubi

Sam O. Alzoubi, CFE
Director of Audit Services

Exhibit/Exhibits

cc: Richard Scott, Chairman of the board, Aaron Nutritional Services
Allette Vayda, Director of Operations, Child and Adult Care Food Programs
Debra Pasta, Program Manager, Child and Adult Care Food Program
Elke Moore, Administrative Services Assistant 3, Child and Adult Care Food Program
Constance Moore, Program Specialist, Child and Adult Care Food Program
Marty Widner, Program Specialist, Child and Adult Care Food Program
Comptroller of the Treasury, State of Tennessee

EXHIBIT A

CACFP Sponsor of Unaffiliated Centers Program Data

Name of Agency: Aaron Nutritional Services

Review Month/Year: November 2019

Total Meal Reimbursement Received: \$62,054.68

Site Meal Service Reconciliation and Monitor Activity	Reported on Claim	Reconciled to Documentation
Total Days of CACFP Food Service	19	19
Number of Centers	23	23
Number of Breakfasts	12,710	12,710
Number of Lunches	13,560	13,503
Number of Suppers	706	706
Number of Supplements	16,183	16,183

¹The difference in the reported and verified is immaterial and was not included in this report as a finding.

EXHIBIT B**Sponsored Unaffiliated Center Program Data****Center: Model Kids Learning Academy, Inc - 0028****Total Reimbursement: \$2,033.13**

Program Area	Reported on Claim	Reconciled to Documentation
Total CACFP Food Service Days	17	17
Total Attendance	323	323
Number of Breakfasts in Free Category	316	316
Number of Breakfasts in Reduced-Price Category	0	0
Number of Breakfasts in Paid Category	7	7
Number of Lunches in Free Category	305	259
Number of Lunches in Reduced-Price Category	0	0
Number of Lunches in Paid Category	7	6
Number of Supplements in Free Category	315	315
Number of Supplements in Reduced-Price Category	0	0
Number of Supplements in Paid Category	7	7

EXHIBIT C

Sponsored Unaffiliated Center Program Data

Center: Mount Juliet Early Learning Center 2- 0015

Total Reimbursement: \$2,473.54

Program Area	Reported on Claim	Reconciled to Documentation
Total CACFP Food Service Days	19	19
Total Attendance	1,205	1,186 ¹
Number of Breakfasts in Free Category	161	198
Number of Breakfasts in Reduced-Price Category	108	71
Number of Breakfasts in Paid Category	903	903
Number of Lunches in Free Category	164	201
Number of Lunches in Reduced-Price Category	108	71
Number of Lunches in Paid Category	910	910
Number of Supplements in Free Category	162	198
Number of Supplements in Reduced-Price Category	107	71
Number of Supplements in Paid Category	903	903

¹The difference in the reported and verified is immaterial and was not included in this report as a finding

EXHIBIT D**Sponsored Unaffiliated Center Program Data****Center: New Beginnings Children's Academy, Inc - 0018****Total Reimbursement: \$2,675.26**

Program Area	Reported on Claim	Reconciled to Documentation
Total CACFP Food Service Days	19	19
Total Attendance	471	471
Number of Breakfasts in Free Category	385	392
Number of Breakfasts in Reduced-Price Category	36	36
Number of Breakfast in Paid Category	7	0
Number of Lunches in Free Category	376	383
Number of Lunches in Reduced-Price Category	36	36
Number of Lunches in Paid Category	7	0
Number of Supplements in Free Category	425	432
Number of Supplements in Reduced-Price Category	36	36
Number of Supplements in Paid Category	7	0

EXHIBIT E**Sponsored Unaffiliated Center Program Data****Center: Wee Care Pre-School and Daycare, LLC - 0025****Total Reimbursement: \$2,033.13**

Program Area	Reported on Claim	Reconciled to Documentation
Total CACFP Food Service Days	18	17 ¹
Total Attendance	723	692 ¹
Number of Breakfasts in Free Category	352	352
Number of Breakfasts in Reduced-Price Category	15	15
Number of Breakfast in Paid Category	48	48
Number of Lunches in Free Category	523	523
Number of Lunches in Reduced-Price Category	16	16
Number of Lunches in Paid Category	49	49
Number of Supplements in Free Category	615	615
Number of Supplements in Reduced-Price Category	16	16
Number of Supplements in Paid Category	55	55

¹The difference in the reported and verified is immaterial and was not included in this report as a finding