



**STATE OF TENNESSEE
DEPARTMENT OF HUMAN SERVICES**

JAMES K. POLK BUILDING
505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-1403

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BILL LEE
GOVERNOR

DANIELLE W. BARNES
COMMISSIONER

August 20, 2020

Allen Savage, Chairman of the Board
Southern Avenue Charter School
2185 Democrat Road
Memphis, Tennessee 38132-1802

Dear Mr. Savage,

The Department of Human Services (DHS) - Division of Audit Services staff conducted a limited desk review of the Child and Adult Care Food Program (CACFP) for Southern Avenue Charter School, Application Agreement number 00504, during the period of June 11, 2020, through July 30, 2020. Our scope of the review was for reimbursement made to the Sponsor for January 2020.

Due to the outbreak and the risk that COVID19 poses to the Sponsor and our staff, the review was limited to verification based on a review of the documents obtained from the Sponsor via e-mail, mail, or other electronic transmissions of documents. We also obtained confirmation from the feeding sites and Sponsor staff via telephone or e-mail relative to the operation and administration of the CACFP.

The purpose of this review was to determine if the Sponsor complied with USDA regulations set through the COVID-19 period, taking into consideration the waivers granted to the Sponsor's operation. Also, to determine if the Sponsor complied with the applicable *Title 7 of the Code of Federal Regulations* (CFR) applicable parts, provider agreements, and applicable Federal and State regulations.

Important COVID-19 note: Due to the current outbreak and the risk that COVID19 poses to your organization personnel and our staff, all our staff are working from home with no or very limited access to the office. Therefore, we will not send a copy of this report via regular mail until further notice. Please confirm the receipt of this email as it is currently the option to communicate with you. If you need any assistance or have any questions, please do not hesitate to contact us via email.

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 count sheets for our test period and reconciled the meals claimed for reimbursement to the meals reported as served for each meal service. We also reviewed documentation of the Sponsor's financial transactions including, but not limited to, purchases of food.

Based on our review of the Sponsor's records and information provided, the Sponsor had two at risk feeding sites operating during the review period of January 2020. **0002 The Academy** was selected as our sample site. Additionally, we reviewed monitoring documentation, training, and financial records for both operating sites. We observed a supplement service on January 7, 2020, at the sampled site.

Our review of the Sponsor's records for January 2020 disclosed the following:

1. The Sponsor incorrectly reported meal counts

Condition

Based on our review of the Claim for Reimbursement for January 2020, the Sponsor reported 1,270 supper meals and 5,683 supplements served. However, our review of the Sponsor's records reconciled 1,270 supper meals and 5,852 supplements before any meal disallowances.

The Sponsor under reported the number of supplements by 169. The difference was based on the following:

0002 The Academy

Based on our review of the Claim for Reimbursement for January 2020, the Sponsor reported 2,844 supplements served for 0002 The Academy. However, based on our review of available documents, we noted that there were 3,013 supplements before any meal disallowances.

This is a repeat finding from a previous report dated June 19, 2017

Criteria

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

Recommendation

The Sponsor should ensure meal counts are reported accurately and based on supporting documentation.

2. The Sponsor provided a meal that did not meet USDA meal pattern requirements during an observed meal service

Condition

We observed a supplement at **0002 The Academy** on January 7, 2020. The meal served included strawberry cream cheese and graham crackers. The strawberry cream cheese is a non-creditable component. Therefore, the supplement meal was missing a second component. During our visit we observed 145 supplements served, but the Sponsor reported 146 supplements served.

As a result, 146 supplements claimed for reimbursement were disallowed.

Criteria

Title 7 of the Code of Federal Regulations, Section 226.20(c)(3) states, “Snack. Serve two of the following five components: Fluid milk, meat and meat alternates, vegetables, fruits, and grains. Fruit juice, vegetable juice, and milk may comprise only one component of the snack...”

The USDA Crediting Handbook for the Child and Adult Care Food Program, page 23, states “Cream cheese contains less protein and more fat than creditable cheese.” According to the handbook, the product is not creditable.

Recommendation

The Sponsor should ensure that the meals claimed for reimbursement are in accordance with the USDA meal pattern requirements.

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

Condition

The Sponsor provided menus that did not meet USDA meal pattern requirements as follows:

0002 The Academy

Date	Menu Deficiency	Disallowed Meals
01/29/20	Menu Listed: Whole grain goldfish, whole grain crackers, and chilled water Deficiency: No creditable second component was listed. Two separate components must be served.	163 Supplements
01/31/20	Menu Listed: Blueberry muffins, whole grain crackers, and chilled water Deficiency: No creditable second component was listed. Two separate components must be served. The fruit amount in the muffin is insufficient.	148 Supplements

As a result, 311 supplements claimed for reimbursement were disallowed.

Criteria

Title 7 of the Code of Federal Regulations, Section 226.20(c)(3) states, “Snack. Serve two of the following five components: Fluid milk, meat and meat alternates, vegetables, fruits, and grains. Fruit juice, vegetable juice, and milk may comprise only one component of the snack...”

The USDA Crediting Handbook for the Child and Adult Care Food Program, page 37, states “Fruit and vegetable breads contain insufficient amounts of vegetable/fruit for crediting.”

Recommendation

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

This is a repeat finding from a previous report dated June 19, 2017

4. The Sponsor reported the number of attendance days incorrectly

Condition

Based on our review of the Claim for Reimbursement for January 2020, the Sponsor reported 3,174 participant days for **0002 The Academy**. However, we noted that there were 3,351 participant days.

Criteria

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

Recommendation

The Sponsor should ensure attendance is reported accurately and based on supporting documentation.

This is a repeat finding from a previous report dated June 19, 2017

5. The Sponsor did not complete monitoring as required for sponsored at-risk sites

Condition

The Sponsor did not meet all monitoring requirements. The following deficiencies were discovered:

0002 The Academy

The feeding site was monitored on August 27, 2019 (unannounced), September 30, 2019 (follow-up), March 12, 2020 (announced). Monitoring deficiencies are as follows:

- Only one visit is documented as unannounced. At least two of the visits must be unannounced.
- None of the monitoring visits documented the dates of the 5-day reconciliation.
- The number of meals observed during each of the monitoring visits was documented incorrectly according to the number of participants listed under the racial/ethnic data category and the capacity of the site.
- The monitoring review dated September 30, 2019, is documented as a follow-up visit, but it could not be determined if the visit was announced or unannounced. Follow-up visits must be unannounced.

0001 Southern Avenue Charter School-The Academy

The feeding site was monitored on August 26, 2019 (unannounced), October 1, 2019 (follow-up), March 10, 2020 (announced). Monitoring deficiencies are as follows:

- Only one visit is documented as unannounced. At least two of the visits must be unannounced.
- None of the monitoring visits documented the dates of the 5-day reconciliation.
- The Sponsor did not reconcile the supper meals on any of the monitoring documents. Each meal service must be reconciled during the completion of the 5-day reconciliation.
- The number of meals observed during the monitoring visits on August 26, 2019, and October 1, 2019, was documented incorrectly according to the number of participants listed under the racial/ethnic data category and the capacity of the site.
- The number of meals observed was not documented on the March 10, 2020, visit.
- The monitoring review dated October 1, 2019, is documented as a follow-up visit, but it could not be determined if the visit was announced or unannounced. Follow-up visits must be unannounced.

Criteria

Title 7 of the Code of Federal Regulations, Section 226.16(d)(4)(ii) states “Reconciliation of meal counts. Reviews must examine the meal counts recorded by the facility for five consecutive days during the current and/or prior claiming period. For each day examined, reviewers must use enrollment and attendance records (except in those outside-school-hours care centers, at-risk afterschool care centers, and emergency shelters where enrollment records are not required) to determine the number of participants in care during each meal service and attempt to reconcile those numbers to the numbers of breakfasts, lunches, suppers, and/or snacks recorded in the facility's meal count for that day. Based on that comparison, reviewers must determine whether the meal counts were accurate.”

Title 7 of the Code of Federal Regulations, Section 226.16(d)(4)(iii) states, “Sponsoring organizations must review each facility three times each year... 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.”

Title 7 of the Code of Federal Regulations, Section 226.16(d)(4)(v) states, “...*Follow-up reviews.* If, in conducting a facility review, a sponsoring organization detects one or more serious deficiency, the next review of that facility must be unannounced. Serious deficiencies are those described in paragraph (l)(2) of this section, regardless of the type of facility.”

Recommendation

The Sponsor should ensure monitoring is completed in accordance with USDA regulations.

This is a repeat finding from a previous report dated June 19, 2017

6. The Sponsor did not have an adequate financial management system in place

Condition

The Sponsor did not have an adequate financial management system in place. The Sponsor did provide a bank statement and a general ledger, however all financial transactions related to the food program were not captured on either the statement or the ledger.

Criteria

Title 7 of the Code of Federal Regulations, Section 226.7(b) states, "...State agencies or FNSRO's, where applicable, shall also have a system in place for monitoring and reviewing the institutions' documentation of their nonprofit status to ensure that all Program reimbursement funds are used: (1) Solely for the conduct of the foodservice operation; or (2) to improve such food service operations, principally for the benefit of the participants."

Recommendation

The Sponsor should implement and maintain an adequate financial management system.

Technical Assistance Provided

Technical assistance was provided regarding reviewing documentation before submitting a claim, completing monitoring according to USDA requirements, and updating TIPS with the current Board of Directors information.

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 cost of \$270.73.

Corrective Action

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

- Log into the Tennessee Information Payment System (TIPS) and revise the claim submitted for January 2020, which contains the verified claim data from the enclosed exhibits. ***Please note that, if the claim is revised,*** TIPS will automatically deduct the overpayment from your next CACFP claim for reimbursement. **OR**
- If you are no longer participating in the CACFP program, remit a check payable to the ***Tennessee Department of Human Services*** in the amount noted in the report for recovery of the amounts disallowed in this report. ***Please return the attached billing notice with your check;*** 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

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

Please note that the amount of disallowed cost is subject to an interest charge. The interest charge will be waived if your revised claim is completed within 30 days from the date of this report. If the revised claim is not completed by the 30-day deadline, an interest charge may be billed to your institution. Please mail your check and the billing notice to:

Child and Adult Care Food Program
Fiscal Services
James K. Polk Building, 16th Floor
505 Deaderick Street
Nashville, Tennessee 37243

In accordance with the federal regulation found at 7 *CFR Part 226.6 (k)*, your institution may appeal the amount of disallowed cost identified in this monitoring report. The procedures for submitting an appeal are enclosed. 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 disallowed administrative and meal cost, all appeal procedures must be followed as failure to do so may result in the denial of your request for an appeal.

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, CFE
Director of Audit Services

Exhibit/Exhibits

cc: Elise Evans, Founder, and Executive Administrator, Southern Avenue Charter School
Ervilin Pace, Director, Southern Avenue Charter School
Denise Dill, Account Specialist, Southern Avenue Charter School
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**Verification of CACFP Sponsor of Affiliated At-Risk Sites Claim****Name of Agency: Southern Avenue Charter School****Review Month/Year: January 2020****Total Reimbursement: \$9,974.35**

Site Meal Service Reconciliation and Monitor Activity	Reported on Claim	Reconciled to Documentation
Number of Sites	2	2
Number of Supper Meals Served	1,270	1,270
Number of P. M. Supplements Served	5,683	5,395

EXHIBIT B**Verification of Affiliated Sponsored At-Risk Afterschool Site Data****Name of Center: 0002 The Academy****Review Month/Year: January 2020****Total Reimbursement: \$2,673.36**

Site Meal Service Reconciliation and Monitor Activity	Reported on Claim	Reconciled to Documentation
Number of Days that CACFP Food Service was operated	19	19
Total Attendance	3,174	3,351
Number of P.M. Supplements Served	2,844	2,556



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August 20, 2020

Allen Savage, Chairman of the Board
Southern Avenue Charter School
2185 Democrat Road
Memphis, Tennessee 38132-1802

Note: If you are no longer participating in the CACFP, remit a check payable to the Tennessee Department of Human Services in the amounts disallowed in this report to the address below. Please return the billing notice with your check.

If you plan to continue participating in the CACFP, log into the Tennessee Information Payment System (TIPS) and revise the claim submitted for January 2020, which contains the verified claim data from the enclosed exhibits.

Institution Name:	Southern Avenue Charter School
Institution Address:	2185 Democrat Road Memphis, Tennessee 38132-1802
Agreement Numbers:	00504
Amount Due:	\$270.73
Due Date:	September 21, 2020

Please remit a check or money order payable to the Tennessee Department of Human Services in the amount noted above by the due date to:

Tennessee Department of Human Services
Fiscal Services 16th Floor
James K. Polk Building
505 Deaderick Street
Nashville, Tennessee 37243

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

If you have any questions regarding this notice, please feel free to contact Allette Vayda, Director of Operations at (615) 313-3769 or Allette.Vayda@tn.gov.

Thank you for your attention