



**STATE OF TENNESSEE
DEPARTMENT OF HUMAN SERVICES**

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BILL LEE
GOVERNOR

DANIELLE W. BARNES
COMMISSIONER

July 2, 2020

Devorner Tate, Owner
A Step Above Preparatory Daycare Center
4287 Millbranch Road
Memphis, Tennessee 38116-6737

Dear Ms. Tate,

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 A Step Above Preparatory Daycare Center (Sponsor), Application Agreement number 00131. Our scope of the review was for reimbursement made to the Sponsor for February 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 our method of communicating 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 February 2020 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. In addition, we observed a meal service on February 28, 2020.

Our review of the Sponsor's documentation for February 2020 disclosed the following:

1. The Sponsor did not maintain adequate comprehensive payroll records to support compensation to employees

Condition

The comprehensive payroll records provided did not support compensation to the Sponsor's employees. The Sponsor did not provide timesheets and the time distribution reports could not be reconciled to the number of hours documented on the pay stubs. Additionally, The Sponsor did not adhere to the compensation policies for two employees. The rates of pay listed on the written compensation policies were not the amount of payment reflected on the pay stubs.

Criteria

USDA Guidance for Management Plans and Budgets, A Child and Adult Care Food Program Handbook, page,35, states, "Administrative labor costs for both salaried and hourly employees must be documented. Documentation includes: Timesheets; Time and attendance reports; Time distribution records; Payroll records."

FNS instruction 796-2 Revision 4, Financial Management –Child and Adult Care Food Program p. 44(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 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 institutions 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..."

Recommendation

The Sponsor should maintain adequate comprehensive payroll records to support compensation to employees paid with CACFP funds.

2. The Sponsor's CACFP training documentation did not list the minimum required information

Condition

The Sponsor's CACFP training documentation did not list the location of the training.

Criteria

Title 7 of the Code of Federal Regulations, Section 226.15(e) states, "... At a minimum, the following records shall be collected and maintained: (12) Information on training session date(s) and location(s), as well as topics presented and names of participants; ...

Recommendation

The Sponsor should ensure the training documentation list the minimum required information.

Note: Our meal observation on February 28, 2020 revealed no significant deficiencies.

Technical Assistance Provided

Technical assistance was provided regarding the maintenance of payroll records and making copies of CACFP receipts and invoices as some parts of the original receipts were illegible due to fading.

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

cc: 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

Verification of CACFP Independent Center Claim (Claiming Percentages)

Center: A Step Above Preparatory Daycare Center

Review Month/Year: February 2020

Total Reimbursement: \$ 8,596.61

| Site Meal Service Activity and Monitor Reconciliation | Reported on Claim | Reconciled to Documentation |
|---|--------------------------|------------------------------------|
| Total Days of CACFP Food Service | 19 | 19 |
| Total Attendance | 1,645 | 1,645 |
| Percentage of Participants in the Free or Reduced-price Category (For Proprietary Center Only) | XXXXXXXX | 100% |
| Number of Breakfasts Served | 1,611 | 1,611 |
| Number of Lunches Served | 1,129 | 1,129 |
| Number of Supplements Served | 1,611 | 1,611 |
| Number of Participants in Free Category | 96 | 96 |
| Number of Participants in Reduced-Price Category | 0 | 0 |
| Number of Participants in Paid Category | 0 | 0 |
| Total Number of Participants | 96 | 96 |