



**STATE OF TENNESSEE  
DEPARTMENT OF HUMAN SERVICES**

JAMES K. POLK BUILDING  
505 DEADERICK STREET  
NASHVILLE, TENNESSEE 37243  
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[www.tn.gov/humanservices](http://www.tn.gov/humanservices)

**BILL LEE**  
GOVERNOR

**DANIELLE W. BARNES**  
COMMISSIONER

April 6, 2020

Dennis Stewart, Owner  
Happy Times Day Care Center  
3237 South Perkins  
Memphis, Tennessee 38118-4354

Dear Mr. Stewart,

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 Happy Times Day Care Center (Sponsor), Application Agreement number 00308 on February 25, 2020. The purpose of this review was to determine if the Sponsor complied with *Title 7 of the Code of Federal Regulations* (CFR) applicable parts, provider agreement, and applicable Federal and State regulations.

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 to the meals reported as served for each meal service. We also assessed compliance with civil rights requirements and observed a lunch meal service on January 3, 2020.

**Important COVID 19 note:** Due 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 to you. If you need any assistance or have any questions, please do not hesitate to contact us via email.

Our review of the Sponsor's records for January 2020 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 January 2020, we noted the Sponsor reported 220 participants in the free category, zero participants in the reduced-price category, and zero participants in the paid category. However, based on our review of the records available, we noted that there were 224 participants in the free category, two participants in the reduced-price category, and three participants in the paid category.

The differences were based on the following:

- There were two participants reported in the free category, but the Sponsor did not have an application on file for these participants. These two participants were reclassified as paid.
- There were two participants reported in the free category, but according to the income on the application, the participants should have been reported as reduced-priced. These two participants were reclassified as reduced priced.
- There was one participant reported in the free category, but according to the income on the application, the participant should have been reported as paid. This participant was reclassified as paid.
- The Sponsor under reported the total number of free participants by nine.

There were 220 participants reported on the Claim for Reimbursement. However, based on our review of the Sponsor's records, we noted that there were 229 participants enrolled in the program.

***This is a repeat finding from a previous report dated June 5, 2018.***

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 ..."

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

*Title 7 of the Code of Federal Regulations, Section 226.17(b)(8)* states, in part, "Child care centers shall collect and maintain documentation of the enrollment of each child, including information used to determine eligibility for free and reduced price meals in accordance with §226.23(e)(1). ..."

## Recommendation

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

### **2. The Sponsor reported meal counts incorrectly**

#### Condition

Based on our review of the Claim for Reimbursement for January 2020, the Sponsor reported 2,713 lunch meals, 4,294 supper meals, and 3,651 supplements served. However, based on our review of available documents, we noted that there were 2,714 lunch meals, 4,294 supper meals, and 3,651 supplements served, prior to any meal disallowances.

As a result, one (1) lunch meal claimed for reimbursement was under reported.

***This is a repeat finding from a previous report dated June 5, 2018.***

#### 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 that claims for reimbursement are completed correctly and based on accurate supporting documents.

### **3. The Sponsor reported an incorrect number of meals from an observed meal service**

#### Condition

On January 3, 2020, a DHS program monitor observed a lunch meal service. The monitor observed 59 lunch meals served. However, the Sponsor reported a total of 61 lunch meals being served.

As a result, two lunch meals claimed for reimbursement were disallowed.

#### Criteria

*Title 7 of the Code of Federal Regulations, Section 226.10 (c)* states in part "...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 meals reported agree with the actual meals served during the approved meal service time.

### **4. There Sponsor did not maintain enrollment information for two participants**

### Condition

Two participants did not have enrollment information on file for the review month of January 2020.

***This is a repeat finding from a previous report dated June 5, 2018.***

### Criteria

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

### Recommendation

The Sponsor should ensure enrollment forms are maintained and updated annually for each participant.

## **5. The Sponsor did not provide a compensation policy for employees paid with CACFP funds**

### Condition

The Sponsor provided payroll documentation for staff paid with CACFP funds; however, the sponsor did not provide a compensation policy. The written compensation policy is a requirement for any employee paid with CACFP funds and must include: rate of pay, hours of work, (including breaks and meal periods), the payment schedule for regular compensation, overtime, compensatory time, holiday pay, benefits, awards, severance pay, and payroll tax withholding.

### Criteria

*FNS instruction 796-2 Revision 4, Financial Management –Child and Adult Care Food Program (VIII I) (23)(c)(1)* on page 44 states, “Institutions must establish and maintain a written compensation policy for every element of compensation charged to the Program. At a minimum, the written compensation policy must apply to any individual 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 written compensation policies for staff paid with CACFP funds.

## Technical Assistance Provided

The Sponsor received technical assistance regarding keeping all receipts of purchases on site and reporting the correct number of participants during the month.

## 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 \$374.83.

## 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 exhibit. ***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](mailto: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, 15<sup>th</sup> Floor  
505 Deaderick Street  
Nashville, Tennessee 37243  
[Allette.Vayda@tn.gov](mailto: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, 16<sup>th</sup> 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](mailto:Sean.Baker@tn.gov).

Sincerely,



Sam O. Alzoubi, CFE  
Director of Audit Services

Exhibit

cc: Andrea Stewart, Director, Happy Times Day Care Center  
Allette Vayda, Director of Operations, Child and Adult Care Food Program  
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**

**Name of Agency: Happy Times Day Care Center**

**Review Month/Year: January 2020**

**Total Meal Reimbursement Received: \$28,989.98**

<b>Site Meal Service Reconciliation and Monitor Activity</b>	<b>Reported on Claim</b>	<b>Reconciled to Documentation</b>
Total Days of CACFP Food Service	21	21
Total Attendance	4,302	4,302
Percentage of Free or Reduced-price Category	XXXXXXX	99%
Number of Lunch Meals Served	2,713	2,712
Number of Supplements Served	3,651	3,651
Number of Supper Meals Served	4,294	4,294
Number of Participants in Free Category	220	224
Number of Participants in Reduced-Price Category	0	2
Number of Participants in Paid Category	0	3
Total Number of Participants	220	229



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April 6, 2020

Dennis Stewart, Owner  
Happy Times Day Care Center  
3237 South Perkins  
Memphis, Tennessee 38118-4354

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 attached 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 exhibit.

Institution Name:	Happy Times Day Care Center
Institution Address:	3237 South Perkins Memphis, Tennessee 38118-4354
Agreement Numbers:	00-308
Amount Due:	\$374.83
Due Date:	May 7, 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:

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

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](mailto:Allette.Vayda@tn.gov).

Thank you for your attention