



**STATE OF TENNESSEE
DEPARTMENT OF HUMAN SERVICES**

JAMES K. POLK BUILDING
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BILL LEE
GOVERNOR

DANIELLE W. BARNES
COMMISSIONER

July 2, 2020

Bill Lloyd, Board Chair
Signal Centers, Incorporated
109 North Germantown Road
Chattanooga, TN 37411

Dear Mr. Lloyd,

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) at Signal Centers, Incorporated (Sponsor), Application Agreement number 00-493 during the period of March 25, 2020 through May 21, 2020. 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 review of the documents obtained from Sponsor, via e-mail, mail, or other electronic transmission 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.

Based on our review of the Sponsor's records and information provided, the Sponsor had two (2) feeding sites operating during the review period. The Signal Center Adult Center (Adult Center) and Signal Center Germantown (Germantown) were selected for review.

Background

CACFP Sponsors utilize meal count sheets to record the number of breakfasts, 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) to seek 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 a lunch meal service at the Adult Center and a pm supplement meal service at Germantown on February 11, 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 February 2020 disclosed the following:

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

Condition

Based on our review of the menus provided by the Sponsor for February 2020, the menus provided did not meet the USDA meal pattern requirements. The menus provided had deficiencies as follows:

Germantown

Date	Menu	Menu Error	Meal Type	No. of Meals
02/26/2020	Waffles, Syrup, Pineapple Tidbits	Milk not documented as served on menu	Breakfast	91

As a result, 91 breakfast meals claimed for reimbursement were disallowed. (See Exhibit B)

Adult Center

Date	Menu	Menu Error	Meal Type	No. of Meals
02/05/2020	Milk and Veggie Straws	Veggie Straws not a creditable component	Supplement	28
02/10/2020	Milk and Veggie Straws	Veggie Straws not a creditable component	Supplement	27
02/18/2020	Milk and Veggie Straws	Veggie Straws not a creditable component	Supplement	23
02/26/2020	Milk and Veggie Straws	Veggie Straws not a creditable component	Supplement	23

As a result, 101 supplements claimed for reimbursement were disallowed. (See Exhibit C)

This is a repeat finding from a previous report dated March 23, 2018

Criteria

Title 7 of the Code of Federal Regulations, Section 226.17(b)(4) states, “Each childcare 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(a)(1) states, “Fluid milk must be served as a beverage or on cereal, or a combination of both, as follows: (i) Children one year of age must be served unflavored whole milk. (ii) Children two through five years old must be served either unflavored low-fat (1 percent) or unflavored fat-free (skim) milk. (iii) Children six years old and older must be served milk that is low-fat (1 percent fat or less) or fat-free (skim).”

Title 7 of the Code of Federal Regulations, Section 226.19a(b)(6) states, “Each adult day 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....”

Recommendation

The Sponsor should ensure that all meals prepared meet the meal patterns established by the USDA, and menus should be reviewed to ensure they contain all required meal components to be eligible as a reimbursable meal.

2. The Sponsor did not provide documentation to support sufficient quantities of milk were purchased for all meals claimed for reimbursement

Condition

Adult Center

Based on the number of meals served with milk as a component, the Sponsor was required to purchase a total of 3,736 ounces of milk for pm supplement meals requiring milk as a second component. However, the Sponsor could only document the purchase of 320 ounces of milk, resulting in a shortage of 3,416 ounces of milk for pm supplement meals served.

As a result, the remaining 366 supplement meals claimed for reimbursement, that were not previously disallowed in Finding 1, were disallowed. (See Exhibit C)

Additionally, based on the 290 breakfast meals and 408 lunch meals served, 5,584 ounces of milk would be required to be available if all adult participants chose to take milk with their meal. However, since this is an adult center which uses an offer vs. serve meal service, no additional meals are being disallowed.

Criteria

Title 7 of the Code of Federal Regulations, Section 226.20(c)(3) states, “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. ...”

Title 7 of the Code of Federal Regulations, Section 226.20(a)(1) states, “Fluid milk must be served as a beverage or on cereal, or a combination of both, as follows: (i) Adults must be served milk that is low-fat (1 percent fat or less) or fat-free (skim). Milk may be unflavored or flavored from July 1, 2018, through June 30, 2019 (school year 2018-2019). Six ounces (weight) or ¾ cup (volume) of yogurt may be used to fulfill the equivalent of 8 ounces of fluid milk once per day. Yogurt may be counted as either a fluid milk substitute or as a meat alternate, but not

as both in the same meal.”

Recommendation

The Sponsor should perform a month end-inventory for milk and maintain all receipts for food purchases to verify the required amount of milk was purchased and served.

3. The Sponsor served milk substitutes not nutritionally equivalent to cow’s milk

Condition

Germantown

Our review of the requests for service of milk substitutes to participants at Germantown, and the labels of the substitutes used by the Sponsor, found that milk substitutes were not nutritionally equivalent to cow’s milk as required by Program regulations. The two (2) participants listed were given almond milk as an alternative to cow’s milk. Neither participant had a statement on file with the Sponsor from a medical professional stating that the participant specifically was to given almond milk as a milk substitute. Almond milk lacks the required amount of protein and potassium as stated in the federal regulations, as well as having no magnesium, phosphorus, riboflavin and Vitamin B-12 as required in Title 7 of the Code of Federal Regulations. Meals were found insufficient as follows:

Participant	Date	Breakfast	Lunch
SD	02/03/20	1	1
	02/04/20	1	
	02/07/20		1
	02/10/20	1	1
	02/12/20	1	1
	02/13/20	1	1
	02/14/20	1	1
	02/18/20	1	1
	02/19/20	1	1
	02/20/20	1	1
	02/24/20	1	1
	02/25/20	1	1
	02/26/20	1*	1
	02/27/20	1	1
	02/28/20	1	1
Total		13	14
SA	02/03/20	1	1
	02/04/20	1	1
	02/05/20	1	1
	02/07/20	1	1
	02/10/20	1	1
	02/11/20	1	1
	02/13/20	1	1
	02/14/20	1	1
	02/18/20	1	1
	02/19/20	1	1
	02/20/20	1	1

	02/24/20	1	1
	02/25/20	1	1
	02/26/20	1*	1
	02/27/20	1	1
	02/28/20	1	1
Total		15	16

*meal previously disallowed in Finding 1

As a result, 28 breakfast meals and 30 lunch meals claimed for reimbursement were disallowed. (See Exhibit B)

Criteria

Title 7 of the Code of Federal Regulations, Section 226.17(b)(4) states, “Each childcare 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....”

USSA Memo CCFP 17-2016 states that. “Non-dairy beverages must be nutritionally equivalent to milk and meet the nutritional standards for fortification of calcium, protein, Vitamin A, Vitamin D, and other nutrients found in cow’s milk. The nutrient standards for non-dairy beverages are outlined in the CACFP regulations at *Title 7 of the Code of Federal Regulations, Section 226.20(g)(3).*”

Recommendation

The sponsor should compare nutrition labels from milk substitutes to Program nutrition requirements to ensure adequate milk substitutes are required when requested for participants.

4. The Sponsor provided menus that contained grain-based desserts as a component

Condition

Adult Center

Based on our review of the menus provided by the Sponsor for February 2020, the menus provided did not meet the USDA meal pattern requirements. The menu provided for supplements listed a grain-based dessert and had deficiencies as follows:

Date	Menu	Supplements
02/04/20	Milk and Cereal Bar	24
02/13/20	Milk and Cereal Bar	27
02/25/20	Milk and Cereal Bar	26

Due to the new 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 226.17(b)(4) states, “Each childcare 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(a)(4)(iii) states, “Grain-based desserts do not count towards meeting the grains requirement.”

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.

5. The Sponsor incorrectly reported the number of meals served the date of the monitoring site visit

Condition

Based on our observation and our review of the Claim for Reimbursement for February 2020, we found the number of meals claimed at two feeding sites differed from the number claimed as follows:

Germantown

The pm supplement meal service observed on February 11, 2020, showed 33 meals observed; however, the Sponsor claimed 37 pm supplement meals.

As a result, four (4) supplements claimed for reimbursement were disallowed. (See Exhibit B)

Adult Center

The lunch meal service observed on February 11, 2020, showed 23 meals observed; however, the Sponsor claimed 22 lunch meals.

As a result, one (1) lunch meal was underclaimed. (See Exhibit C)

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.

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

Condition

Germantown

During our monitoring visit on February 11, 2020, an observed supplement was served outside of the TIPS approved time. The observed meal service was from 2:00 pm to 4:00 pm, but the TIPS approved meal service time was 2:30 pm to 4:00 pm.

However, since the meals were creditable, no meals were disallowed.

Criteria

Title 7 of the Code of Federal Regulations, Section 226.17(b)(4) states, "Each childcare 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.

7. The Sponsor did not provide documentation of the CACFP annual training as required

Condition

Adult Center

The Sponsor provided the agenda for the CACFP annual training that was conducted on February 7, 2020. However, the Sponsor did not provide a sign-in sheet with the staff signatures to document attendance.

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; and (14) ... records documenting the attendance at annual training of each staff member with monitoring responsibilities. Training must include instruction, appropriate to the level of staff experience and duties, on the Program's meal patterns, meal counts, claims submission and claim review procedures, recordkeeping requirements, and an explanation of the Program's reimbursement system."

Recommendation

The sponsor should ensure that all the required training is completed annually and that all employees sign in to document their attendance.

Technical Assistance Provided

The Sponsor requested technical assistance regarding correcting information on the site application. Additional technical assistance was given regarding the updated "And Justice for

All” poster as the new poster was not displayed.

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 \$662.45.

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 February 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 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 meals 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

Exhibits

cc: Donna McConnico, Executive Director, Signal Centers, Incorporated
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 Claim****Name of Agency: Signal Centers, Incorporated****Review Month/Year: February 2020****Total Meal Reimbursement Received: \$10,724.64**

Site Meal Service Reconciliation and Monitor Activity	Reported on Claim	Reconciled to Documentation
Total Days of CACFP Food Service	19	19
Total Attendance	2,268	2,268
Number of Breakfasts Served	1,885	1,766
Number of Lunches Served	2,107	2,078
Number of Supplements Served	1,465	994
Number of Participants in Free Category	138	NA ¹
Number of Participants in Reduced-Price Category	21	NA ¹
Number of Participants in Paid Category	24	NA ¹
Total Number of Participants	183	NA ¹

¹The number of participants and their classifications was not verified due to the limited review because of COVID 19

EXHIBIT B**Verification of CACFP Sponsored Center Claim****Site: Germantown****Review Month/Year: February 2020****Total Meal Reimbursement Received: \$8,419.60**

Site Meal Service Reconciliation and Monitor Activity	Reported on Claim	Reconciled to Documentation
Total Days of CACFP Food Service	19	19
Total Attendance	1,783	1,783
Number of Breakfasts Served	1,595	1,476
Number of Lunches Served	1,700	1,670
Number of Supplements Served	998	994
Number of Participants in Free Category	92	NA ¹
Number of Participants in Reduced-Price Category	12	NA ¹
Number of Participants in Paid Category	22	NA ¹

Total Number of Participants	126	NA ¹
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¹The number of participants and their classifications was not verified due to the limited review because of COVID 19

EXHIBIT C

Verification of CACFP Sponsored Center Claim

Site: Adult Center

Review Month/Year: February 2020

Total Meal Reimbursement Received: \$2,305.04

Site Meal Service Reconciliation and Monitor Activity	Reported on Claim	Reconciled to Documentation
Total Days of CACFP Food Service	18	18
Total Attendance	485	485
Number of Breakfasts Served	290	290
Number of Lunches Served	407	408
Number of Supplements Served	467	0
Number of Participants in Free Category	46	NA ¹
Number of Participants in Reduced-Price Category	9	NA ¹
Number of Participants in Paid Category	2	NA ¹
Total Number of Participants	57	NA ¹

¹The number of participants and their classifications was not verified due to the limited review because of COVID 19



**STATE OF TENNESSEE
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BILL LEE
GOVERNOR

DANIELLE W. BARNES
COMMISSIONER

July 2, 2020

Bill Lloyd, Board Chair
Signal Centers, Incorporated
109 North Germantown Road
Chattanooga, Tennessee 37411

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

Institution Name:	Signal Centers, Incorporated
Institution Address:	109 North Germantown Road, Chattanooga, Tennessee 37411
Agreement Numbers:	00493
Amount Due:	\$662.45
Due Date:	August 3, 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 meals 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