

**Senate Government Operations Committee 1**

**Amendment No. 1 to SB1472**

**Bell  
Signature of Sponsor**

**AMEND Senate Bill No. 1472\***

**House Bill No. 1940**

by deleting all language after the enacting clause and substituting instead the following:

SECTION 1. Tennessee Code Annotated, Title 4, Chapter 3, Part 12, is amended by adding the following language as a new section:

(a) As used in Sections 1-3 of this act, unless the context otherwise requires:

(1) "Analytical procedure" means a process consisting of evaluations of financial information made by a study of plausible relationships among both financial and nonfinancial data, and involving a comparison of recorded values with expectations developed by an auditor. "Analytical procedure" includes, but is not limited to, data analysis to identify subrecipients who claim maximum reimbursement when fluctuations are expected, and the unreasonable or inconsistent relationships between the subrecipients' ability to provide the level of services that the subrecipients claim for reimbursement;

(2) "Chairs" mean:

(A) The chair of the government operations committee of the house of representatives and the chair of the government operations committee of the senate;

(B) The chair of the health committee of the house of representatives and the chair of the health and welfare committee of the senate; and

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(C) The chair of the finance, ways and means committee of the house of representatives and the chair of the finance, ways and means committee of the senate;

(3) "Department" means the department of human services;

(4) "Speakers" mean the speaker of the house of representatives and the speaker of the senate;

(5) "Sponsoring organization":

(A) Means a public or nonprofit private organization that is entirely responsible for the administration of a food program in:

(i) One (1) or more day care homes;

(ii) A child care center, emergency shelter, at-risk afterschool care center, outside-school-hours care center, or adult day care center which is a legally distinct entity from the sponsoring organization;

(iii) Two (2) or more child care centers, emergency shelters, at-risk afterschool care centers, outside-school-hours care center, or adult day care centers; or

(iv) Any combination of child care centers, emergency shelters, at-risk afterschool care centers, outside-school-hours care centers, adult day care centers, and day care homes; and

(B) Includes an organization that is entirely responsible for administration of a food program in any combination of two (2) or more child care centers, at-risk afterschool care centers, adult day care centers, or outside-school-hours care centers; and

(6) "Subrecipient" means a nonfederal legal entity that receives a sub award from the department acting as a pass-through agency to carry out a federal program or grant. "Subrecipient" includes a sponsoring organization.

"Subrecipient" does not include an individual that is a beneficiary of the program.

(b) Every three (3) months, the department shall submit to the chairs, the speakers, and the comptroller of the treasury a report summarizing each announced and unannounced physical site visit conducted by the department during the subrecipient monitoring process. The report shall also contain advance notice of any announced and unannounced site visits planned for the following three-month period.

(c) Every three (3) months, the office of inspector general within the department of human services shall submit to the chairs, the speakers, and the comptroller of the treasury a report summarizing the results of any substantiated investigation concerning fraud, waste, and abuse regarding the child and adult care food program and summer food service program.

(d) The department's written reports submitted pursuant to subsections (b) and (c) shall be treated as confidential and shall not be open for public inspection.

(e) The department shall develop subrecipient monitoring plans utilizing analytical procedures. The subrecipient monitoring plans shall be submitted to the chairs, speakers, and comptroller of the treasury prior to October 1 of each year, consistent with state central procurement office policy and the applicable federal plan development and submission cycle.

(f) To the extent authorized by federal law, the department shall perform both announced and unannounced physical site visits during the subrecipient monitoring process. The department shall not provide any subrecipients with a description of the information sought by the department in anticipation of physical site visits conducted by the department during the subrecipient monitoring process.

SECTION 2. Tennessee Code Annotated, Title 4, Chapter 3, Part 12, is further amended by adding the following language as a new section:

(a) To the extent authorized by federal law, the department shall require a sponsoring organization applying to participate in any food program administered through the department to obtain and maintain a performance bond from a company designated in the United States Treasury Circular 570 as certified to issue bonds for the child and adult care food program and the summer food service program in an amount specified by the department.

(b) The bond amount shall be reviewed and adjusted to reflect actual enrollment or reimbursement as needed.

(c) A sponsoring organization may request relief from the bonding requirement once it can demonstrate that it has accumulated three (3) consecutive years of successful administrative and financial history by submitting a written request to the department.

SECTION 3. Tennessee Code Annotated, Title 4, Chapter 3, Part 12, is further amended by adding the following language as a new section:

(a) During the application process, and at any time during a sponsoring organization's or subrecipient's participation in a food program administered by the department, to the extent authorized by federal law the department shall conduct background checks on each applicant of the subrecipient or sponsoring organization, to determine if any applicant has a criminal history that would make the organization

ineligible to participate in a food program administered by the department. Criminal history that meets this criterion includes a criminal conviction in the seven (7) years preceding the date of application or the date of background check that indicates a lack of business integrity including, but not limited to, any crime involving dishonesty.

SECTION 4. This act shall take effect July 1, 2016, the public welfare requiring it.