



COMPTROLLER'S INVESTIGATIVE REPORT

Rehoboth Outreach Ministries

November 4, 2019

Justin P. Wilson
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JUSTIN P. WILSON
Comptroller

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Deputy Comptroller

November 4, 2019

Board of Directors
Rehoboth Outreach Ministries
2908 Brantley Drive
Antioch, TN 37013

Board Members:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Rehoboth Outreach Ministries, and the results are presented herein.

Copies of this report are being forwarded to Governor Bill Lee, the State Attorney General, the District Attorneys General of the 20th, 14th, and 12th Judicial Districts, certain state legislators, and various other interested parties. A copy is available for public inspection in our office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

A handwritten signature in black ink, appearing to read "Justin P. Wilson", is written over a light gray rectangular background.

Justin P. Wilson
Comptroller of the Treasury

JPW/MLC

INVESTIGATIVE REPORT

REHOBOTH OUTREACH MINISTRIES

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to a Tennessee Department of Human Services (DHS) Summer Food Service Program grant awarded to Rehoboth Outreach Ministries (Rehoboth). The office initiated the investigation after Comptroller auditors identified and reported questionable documentation related to the grant. The investigation was subsequently expanded to include limited transactions related to the DHS Child and Adult Care Food Program in which Rehoboth also participated. The results of the investigation were communicated with the District Attorneys General of the 20th, 14th, and 12th Judicial Districts.

BACKGROUND

The Summer Food Service Program and the Child and Adult Care Food Program are U.S. Department of Agriculture programs administered by the DHS. Among other services, these programs are intended to provide free meals to children when meals are unavailable through school food programs. DHS contracts with approved sponsors who prepare and provide meals and snacks for accepted sites in accordance with the contract terms. Under those contracts, DHS reimburses the sponsors for allowable expenses incurred in preparing and serving the meals.

Rehoboth was a DHS-approved sponsor for the summer and afterschool food programs since 2013 and 2014, respectively, and was thus eligible to obtain reimbursement from DHS for allowable expenses. DHS approved Rehoboth to provide summer food program meals at 25 locations, including schools, community centers, and apartment complexes, and after school snacks and meals at multiple locations in various counties in Middle Tennessee. DHS required participating sponsors in the summer food program to count the number of children who received meals each day. Onsite personnel entered the counts on daily meal count forms. Rehoboth field staff delivered meal count forms to Rehoboth's headquarters where administrative staff summarized the totals on summary sheets. The executive director, who was ultimately responsible for the information submitted to DHS, used the information from the summary sheets to input the meal quantities into the DHS online payment system in order to obtain summer food program reimbursements. DHS calculated reimbursements using the approved federal rate per meal served. The terms of the contract required that Rehoboth expend all reimbursements received on allowable expenses of the food program or carry the excess over to future food programs.

During the time that Rehoboth participated in the programs, DHS reviewed and routinely questioned whether some of Rehoboth's claimed expenses were allowable under the contract. Following a determination and appeals process, Rehoboth and DHS arrived at settlements with respect to questioned claims.

RESULTS OF INVESTIGATION

EXECUTIVE DIRECTOR KNOWINGLY SUBMITTED QUESTIONABLE CLAIMS FOR REIMBURSEMENT

During June through August 2017, the Rehoboth executive director knowingly submitted reimbursement claims to DHS and subsequently received payment for meals Rehoboth did not serve in connection with the 2017 Summer Food Service Program. Comptroller auditors identified and investigators subsequently reviewed operations and documentation for multiple sites with questionable activity. For most sites, available information and documentation was inadequate to definitively determine the number of meals Rehoboth served. However, for at least three of the summer food program sites, evidence was sufficient to show that Rehoboth received reimbursement for meals the sponsor claimed but did not serve. Investigators were able to determine that for the period June through August 2017:

- Rehoboth was reimbursed at least \$3,092 for meals Rehoboth did not serve at these three sites.
- Daily meal count forms were overstated. [See Exhibits 1 and 2.]

Exhibit 1

**Winchester Swimplex
Pool Admission Tally Sheet**

DATE: 6-23-17 SHIFT: 1st

Starting Ticket #: 102432 Paying

Guest:	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
ind \$4=	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
group \$3=	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60
meet \$3=x	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80
	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120
	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140
	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160
	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180
	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200
	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220
	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240
	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260
	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280
	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300

Aerobics: 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20

Kayaking: 1 2 3 4 5 6 7 8 9 10 11 12 13* 14 15 16 17 18 19 20

Ending Ticket #: 102441

Passes

Passholders:	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
rec swim=	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
meet=x	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60
	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80
	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100

Aerobics: 1 2 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40

Kayaking: 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20

Winchester City Employees: 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15

Winchester Utilities Employees: 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15

Totals

Total Paying: 9 X 4 = \$ 36 Total Passes: 9

Aerobics Paying: 0 X 3 = \$ 0 Total Water Aerobics Passes: 14

Kayaking Paying: 0 X 2 = \$ 0 Total Kayaking Passes: 0

Group/Meet Rate: 0 X 3 = \$ 0 Total WCE Passes: 2

Total Money Collected: \$ 36 Total WUE Passes: 0

Employee Signature: _____

The pool attendance tally sheet prepared by pool employees shows 9 guests, 9 passholders, 14 water aerobics pass users, and 2 city employee pass users, totaling only 34 persons in attendance.

Exhibit 2

Attachment # 20

DAILY MEAL COUNT FORM

Site Name: Swimplex Winchester Meal Type (circle): B () SN SU

Address: 3551 Old Forest Springs Rd Telephone: _____

Supervisor's Name: _____ Delivery Time: _____ Date: 06-23-17

Meals received/prepared 125 + Meals available from previous day 0 = 125 (Total meals available) [1]

First Meals Served to Children (cross off number as each child receives a meal):

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	
41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	
61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	
81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	
101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	
121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	
141	142	143	144	145	146	147	148	149	150											

Total First Meals + [2] 121

Second meals served to children: 1 2 3 4 5 6 7 8 9 10 Total Second Meals + [3] 0

Meals served to Program adults: 1 2 3 4 5 6 7 8 9 10 Total Program Adult Meals + [4] 0

Meals served to non-Program adults: 1 2 3 4 5 6 7 8 9 10 Total non-Program Adult Meals + [5] 0

TOTAL MEALS SERVED = [6] 121

Total damaged/incomplete/other non-reimbursable meals + [7] 0

Total leftover meals + [8] 4

Total of Items: [6] + [7] + [8] = [9] 121

(Item [9] should be equal to item [1])

Number of additional children requesting a meal after all available meals were served: 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15

By signing below, I certify that the above information is true and accurate: _____ Date: 06-23-17


Signature: _____

The daily meal count form prepared by Rehoboth staff show 121 meals served at the pool on the same day.

The executive director told investigators that he knew that some meal count forms that Rehoboth staff submitted from the field overstated the number of meals that were served and that he reduced that number to compensate for the overstatement of meals Rehoboth staff served. He further acknowledged that he knew many of the meal count numbers he entered in the DHS online payment system were still overstated and thus increased the amount of reimbursements received. Investigators were unable to determine who recorded the false information on the meal count forms and summary sheets that the executive director used as a basis for amounts he submitted to DHS in order to obtain reimbursements.

Exhibit 3

Investigators also discovered that during this period, unidentified Rehoboth employees created at least 40 fraudulent daily meal count forms for 2 additional sites, falsely indicating that Rehoboth staff served over 2,000 meals. [See Exhibit 3.] However, investigators found no evidence that Rehoboth served any summer food program meals at these additional sites. The executive director told investigators he was unaware that Rehoboth field staff were not delivering and serving meals at these sites when he entered those meal quantities into the online payment system. DHS reimbursed Rehoboth \$7,814 for those meals. Investigators were unable to determine who recorded the false information on the meal count forms.

Attachment 

DAILY MEAL COUNT FORM																			
Site Name: [REDACTED]										Meal Type (circle): B <input checked="" type="radio"/> SN <input type="radio"/> SU <input type="radio"/>									
Address: [REDACTED]										Telephone: [REDACTED]									
Supervisor's Name: [REDACTED]										Delivery Time: 11:30 AM Date: 7-18-17									
Meals received/prepared 50 + Meals available from previous day 0 = 50 (Total meals available)										[1]									
First Meals Served to Children (cross off number as each child receives a meal):																			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60
61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80
81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120
121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140
141	142	143	144	145	146	147	148	149	150	Total First Meals +					50	[2]			
Second meals served to children:										Total Second Meals +					0	[3]			
Meals served to Program adults:										Total Program Adult Meals +					0	[4]			
Meals served to non-Program adults:										Total Non-Program Adult Meals +					0	[5]			
TOTAL MEALS SERVED =															50	[6]			
Total damaged/incomplete/other non-reimbursable meals +										Total leftover meals +					0	[7]			
Total of items:										[6]	+	[7]	+	[8]	=	[9]	(Item [9] should be equal to item [1])		
Number of additional children requesting a meal after all available meals were served:																			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15					
Signature: [REDACTED]										Date: 7-18-17									
is true and accurate:																			

200

This fraudulent daily meal count form shows that 50 meals were served at this site on this date, when, in fact, no meals were served.

**Summary of Excess Reimbursements to Rehoboth
For Summer Food Program**
(based on detailed analysis of 5 sites)

Excess Reimbursements Claimed	Amount
Claims for two sites at which no meals were served	\$7,814
Inflated Meal Claims at three sites	\$ 3,092
Total	<u>\$10,906</u>

- EXECUTIVE DIRECTOR CREATED AND SUBMITTED FALSE REIMBURSEMENT DOCUMENTATION TO DHS**

The Rehoboth executive director knowingly created and submitted to DHS false lease documents. This enabled Rehoboth to overstate allowable expenses related to the Child and Adult Care Food Program by at least \$3,250. The false documents stated the rent was \$4,000 per month, when in fact the rent was only \$750. [See Exhibits 4 and 5.] Additionally, the executive director inflated the lease expense amounts in the program budgets submitted to DHS. The executive director told investigators he did this to increase the total program budget in order to create a cushion to pay for unexpected expenses. He further acknowledged that he knew program guidelines allowed Rehoboth to keep any excess funds not used for program expenses for use in future programs.

Exhibit 4

It is agreed that the initial term of this Lease shall be for one year commencing on 1st day of May 2016 and ending 30th April, 2017. The rental price for the premises is the total sum of **\$750.00** Seven hundred and fifty dollars which shall be payable in **equal monthly installments of \$750.00** each, with the first installment being due on 1st of May 2016, and on the same day of each month thereafter during the term of this Agreement.

This lease agreement shows an actual monthly rent amount of \$750.

Exhibit 5

RENTAL RATE

The Renter hereby agrees to pay the Owner at the rate of \$ **4000.00** per **Month** for the use of said property and any accessories/equipment. Any fuel used shall be paid for by the Renter.

This false lease agreement shows an inflated amount of monthly rent as \$4,000, when, in fact, the monthly rent was \$750.

DHS auditors identified over \$103,000 of Rehoboth's expenses, including these lease expenses, as unallowable administrative costs and directed Rehoboth to reimburse this amount to the program account. Rehoboth did not make this reimbursement, and in February 2018, notified DHS of their voluntary withdrawal from the food programs. Because Rehoboth did not return to participate in subsequent food programs, DHS did not pursue collection of these funds.

DHS disqualified Rehoboth and the executive director from future participation in DHS food programs as of July 31, 2018.