



Georgia Department of Early Care and Learning

BRIGHT FROM THE START: Georgia Department of Early Care and Learning

Nutrition Services

POLICY	No.: CACFP/04-32	Effective Date:	9/1/2004
		Revised:	2/1/2005
		Revision Effective:	2/1/2005

SUBJECT: Institutions Owing Outstanding Debts to the Child and Adult Care Food Program

LEGAL AUTHORITY: O.C.G.A. § 20-1A-5; 7 C.F.R. § 226.6 (c); 7 C.F.R. § 226.14; 7 C.F.R. § 226.15 (c)

Cross Reference/See Also:

I. PURPOSE

The purpose of this policy is to discuss the guidelines that institutions that owe outstanding debts to the Child and Adult Care Food Program (CACFP) must follow.

II. APPLIES TO

This policy applies to all institutions owing outstanding debts to the CACFP.

III. DEFINITION(S)

"Institution" means a sponsoring organization, child care center, outside-school-hours care center, emergency shelter, or adult day care center participating in the CACFP. (7 C.F.R. 226.2) It also includes homeless shelters and "at-risk" after school care programs.

IV. POLICY

All institutions participating in the CACFP enter into an agreement with Bright from the Start: Georgia Department of Early Care and Learning (DECAL) and accept final administrative and financial responsibility for Program operations. Institutions may be required to repay funds as a result of a review, agreed upon procedures review, and/or any other action that results in an overclaim and/or overpayment of funds to the institution. In most cases, DECAL will recover reclaims from the institution's next payable claim. Institutions may, at any time, elect to pay all of a debt owed back to the CACFP in one lump sum payment. Institutions may also make

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arrangements with DECAL to pay a debt back through a payment plan. DECAL will review all payment plan requests to ensure repayments are made within a reasonable timeframe. However when outstanding debts are not paid in full or when payment plans are approved, federal regulations require DECAL to assess interest on the amount owed beginning with the initial demand for remittance. (See CACFP/03-29 Assessing Interest on Institution Audit Assessments and Overclaims)

Federal regulations also require DECAL to declare an institution seriously deficient for failure to perform any of the financial and administrative responsibilities required by 7 C.F.R. § 226. (See CACFP/00-9 Corrective Action for and Termination from the Child and Adult Care Food Program for Renewing and Participating Institutions) Institutions that fail to repay a debt in full and/or fail to adhere to approved payment plan arrangements have failed to meet their financial responsibilities required by federal regulations and will be declared seriously deficient.

Institutions that owe money to DECAL and are not in good standing with payment plan arrangements during the renewal application period will not be approved for participation. Institutions that owe money to DECAL and are not in good standing with payment plan arrangements will also not be approved to participate in the Summer Food Service Program (SFSP). A person who is a principal(s) for more than one institution will not be approved to submit an application on behalf of any of the institutions if they are not in good standing with payment plan arrangements for one or more of the institutions. Institutions that are not in good standing with payment plan arrangements or have failed to pay debts after being notified in writing will be declared seriously deficient and will not be approved to participate at the renewal application period. Institutions that are seriously deficient and owe money to DECAL during the renewal application period will be allowed to participate for no more than 90 days of the new fiscal year through an extension of the previous fiscal year's agreement and their final application status will be dependent on the outcome of the serious deficiency process.

V. PROCEDURE(S)

DECAL will notify institutions in writing of any outstanding debts owed resulting from an overclaim. Failure to repay debts in full and/or in accordance with payment plan arrangements will result in the institution being declared seriously deficient. Outstanding debts that are not settled in full will also become subject to collections.

Payments may be submitted to DECAL by personal check, certified check, and/or money order. Submission of a bad check to DECAL is a violation of the payment plan agreement. If a personal check submitted to DECAL by an institution for payment on a payment plan is returned to DECAL by the bank due to insufficient funds, the payment plan will be considered void and will be terminated. The institution will then be required to pay the remaining balance including the

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accrued interest in full immediately. The remaining balance must be submitted to DECAL by certified check or money order. DECAL will deduct the outstanding debt from any future Program payments for institutions that fail to pay the remaining balance in full immediately. Failure to repay debts in full and/or in accordance with payment plan arrangements will result in the institution being declared seriously deficient. Institutions that have previously submitted a personal check to DECAL that was returned by the bank due to insufficient funds will not be permitted to submit payments by personal check in the future. Outstanding debts that are not settled in full will also become subject to collections.

This policy also applies to institutions that no longer participate in the CACFP even if they voluntarily terminate their participation in the CACFP and/or they have been terminated for cause.

VI. COMMENT(S)

Any questions concerning this policy should be directed to the Policy Coordinator at (404) 651-7181.