

**Bright from the Start:
Georgia Department of Early Care and Learning**

Nutrition Services

POLICY	No.: SFSP/03-13	Effective Date: 1/1/2004
		Revised: 10/22/2004
		Revision Effective: 10/1/2004

SUBJECT: Assessing Interest on Sponsor Audit Assessments, Overclaims, and Outstanding Advances

LEGAL AUTHORITY: O.C.G.A § 20-1A-5; 7 C.F.R. § 225.12 (a)

Cross Reference/See Also:

I. PURPOSE

Federal regulations require Bright from the Start: Georgia Department of Early Care and Learning (DECAL) to charge interest on audit assessments and overclaims for institutions participating in the Child and Adult Care Food Program (CACFP) and institutions that no longer participate in the CACFP but owe money back to the CACFP. In order to provide consistency across both Programs, the Department will also charge interest on audit assessments, overclaims, and outstanding advances for sponsors that are participating in the SFSP and/or sponsors that no longer participate in the SFSP but owe money back to the Program. The purpose of this policy is to explain DECAL's policy on charging interest on audit assessments, overclaims, and outstanding advances for sponsors that are participating in the SFSP and/or sponsors that no longer participate in the SFSP but owe money back to the Program.

II. APPLIES TO

All sponsors participating in the SFSP and sponsors that no longer participate in the SFSP but owe money back to the Program.

III. DEFINITION(S)

"Sponsor" means a public or private nonprofit school food authority, a public or private nonprofit residential summer camp, a unit of local, municipal, county or State government, a public or private nonprofit college or university currently participating in the National Youth Sports Program (NYSP), or a private nonprofit organization which develops a special summer or other school vacation program providing food service similar to that made available to children during the school year under the National School Lunch and School Breakfast Programs and which is approved to participate in the Program.

"DECAL"- means Bright from the Start: Georgia Department of Early Care and Learning.

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IV. POLICY

All sponsors participating in the SFSP enter into an agreement with DECAL and accept final administrative and financial responsibility for Program operations. DECAL will consider claims for reimbursement not payable when a sponsor fails to comply with the recordkeeping requirements that pertain to records directly supporting claims for reimbursement. (See SFSP/03-5 Recordkeeping requirements for the SFSP) DECAL may permit sponsors to repay audit assessments, overclaims, and outstanding advances over a period of one or more years. However, federal regulations require DECAL to assess interest on the amount owed beginning with the initial demand for remittance. Federal regulations require DECAL to use the Current Value of Funds Rate (CVFR), which is published by the United States Treasury Department in the Federal Register.

In accordance with federal regulations, DECAL will assess interest on all SFSP debts that are not repaid in full within 30 days from the date of the initial notice and/or the unpaid balance of a debt under a repayment plan. Simple interest will accrue on unpaid debts monthly. SFSP funds cannot be used to repay an audit assessment or overclaim and/or interest assessed on an audit assessment or overclaim. Nonfederal funds must be used to repay the audit assessment, overclaim and/or accrued interest.

V. PROCEDURE(S)

Reviews of sponsors will be conducted by USDA, DECAL, and/or any of its agents for sponsors participating in the SFSP to assess Program compliance. If it is found during a review that an overclaim was made, DECAL will send a written request for repayment to the sponsor. The sponsor will have 30 days from the date of the initial notice to submit the total amount owed without incurring interest charges. If the full amount owed is not received by DECAL within 30 days of the initial notice, DECAL will send a second notice to the sponsor notifying them that interest has been added to the amount due. DECAL may allow sponsors to set up a repayment plan, however interest will still accrue on any debt that is not paid within 30 days of the initial letter requesting repayment.

Example 1: A review is conducted for a sponsor participating in the SFSP on August 20, 2003 where it is found that an overclaim of \$100.00 has been made. DECAL sends a notice to the sponsor on September 1, 2003 requesting repayment.

DECAL receives full payment in the amount of \$100.00 from the sponsor on September 20, 2003. The amount owed has now been paid in full with no interest assessed against the amount due.

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Example 2: A review is conducted for a sponsor participating in the SFSP on August 20, 2003 where it is found that an overclaim of \$100.00 has been made. DECAL sends a notice to the sponsor on September 1, 2003 requesting repayment. On October 1, 2003, DECAL has not received payment from the sponsor. DECAL would then send a second notice to the sponsor stating that interest for the month of September has been added to the amount due. Simple interest will continue to accrue monthly on the debt until it is paid in full. Interest is calculated beginning with the date of the first notice sent to the sponsor.

VI. COMMENT(S)

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