



Georgia Department of Early Care and Learning

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

Nutrition Services

POLICY	No.: CACFP/03-29	Effective Date: 1/1/2004
		Revised: 2/1/2005
		Revision Effective: 2/1/2005

SUBJECT: Assessing Interest on Institution Audit Assessments and Overclaims

LEGAL AUTHORITY: O.C.G.A. § 20-1A-5; 7 C.F.R. § 226.14 (a); CACFP Policy Memorandum 226.14-02

Cross Reference/See Also:

I. PURPOSE

The purpose of this policy is to explain the federal regulations that require Bright from the Start: Georgia Department of Early Care and Learning (DECAL) to charge interest on audit assessments and overclaims for institutions that are participating in the Child and Adult Care Food Program (CACFP) and/or institutions that no longer participate in the CACFP but owe money back to the Program.

II. APPLIES TO

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

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 DECAL and accept final administrative and financial responsibility for Program operations. DECAL will consider claims for reimbursement not payable when an institution fails to comply with the recordkeeping

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requirements that pertain to records directly supporting claims for reimbursement. (See CACFP/02-18 Recordkeeping Requirements for the CACFP) Federal regulations state that DECAL may permit institutions to repay audit assessments and overclaims 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.

DECAL will assess interest on all CACFP 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. CACFP 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 overclaim and accrued interest.

V. PROCEDURE(S)

Reviews of institutions will be conducted by USDA, DECAL, and/or any of its agents for institutions participating in the CACFP 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 institution. The institution will have 30 days from the date of the initial letter 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 letter, DECAL will send a second request to the institution notifying them that interest has been added to the amount due. DECAL may allow institutions 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 an institution participating in the CACFP on August 20, 2003 where it is found that an overclaim of \$100.00 has been made. DECAL sends a notice to the institution on September 1, 2003 requesting repayment. DECAL receives full payment in the amount of \$100.00 from the institution on September 20, 2003. The amount owed has now been paid in full with no interest assessed against the amount due.

Example 2: A review is conducted for an institution participating in the CACFP on August 20, 2003 where it is found that an overclaim of \$100.00 has been made. DECAL sends a notice to the institution on September 1, 2003 requesting repayment. On October 1, 2003, DECAL has not received payment from the institution. DECAL would then send a second notice to the institution 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 institution.

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VI. COMMENT(S)

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