



Georgia Dept of Early Care and Learning

BRIGHT FROM THE START

POLICY	No.: SFSP/05-14	Effective Date: 09/01/2004
		Revised: 02/01/2022
		Revision Effective: 02/01/2022

SUBJECT: Sponsors Owing Outstanding Debts to the Summer Food Service Program

LEGAL AUTHORITY: O.C.G.A. § 20-1A-4(3); 7 CFR § 225.11; 7 CFR § 225.12; and 7 CFR § 225.14

Cross Reference/See Also: DECAL Policy No. SFSP/03-13 - Assessing Interest on Sponsor Audit Assessments, Overclaims, and Outstanding Advances; and DECAL Policy No. SFSP/04-15 - Serious Deficiency Process for Sponsors in the Summer Food Service Program; [DECAL SFSP Appeal Procedures](#)

I. PURPOSE

The purpose of this policy is to discuss the guidelines sponsors must follow when an outstanding Summer Food Service Program (SFSP) debt is owed

II. APPLIES TO

This policy applies to all participating sponsors owing outstanding debt to the SFSP and to sponsors no longer participating in the SFSP, regardless of whether the sponsor was terminated for cause or voluntarily terminated its Agreement for Participation.

III. DEFINITION(S)

“Claim for remittance of payment” means any finding/program violation that results in a fiscal action, which includes disallowed costs and/or any claim for ineligible meals that the sponsor has received reimbursement for.

“Collection Notices” means written demand to the sponsor for the return of improper payments.

“Reclaimed meals” means meals that were determined to be invalid meals where the sponsor received reimbursement and DECAL issued a finding and disallowed meals.

“Recouped reclaims” means an attempt to recover previously disbursed funds from the sponsor’s first available claim for reimbursement because the meals were subsequently determined invalid, non-creditable or disallowed.

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“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 NYSP, or a private nonprofit organization which enters into an agreement with the State agency to assume final administrative and financial responsibility for Program operations.

“Unallowable costs” means costs that were charged to the Program in which program funds were used by the sponsor that were determined to be unallowable.

IV. POLICY

A. Reclaimed Meals and/or Unallowable Costs

All sponsors participating in the SFSP enter into an Agreement with the Georgia Department of Early Care and Learning (GA DECAL) and accept final administrative and financial responsibility for Program operations. Sponsors may be required to repay funds resulting from a review, agreed upon procedures review, and/or any other action that results in an overclaim and/or overpayment of funds to the sponsor. GA DECAL largely utilizes the following options to recoup the funds depending on the disallowance: (1) Reclaimed Meals or (2) Unallowable Costs.

- If the finding resulted from reclaimed meals, in most cases, during the Summer operating months, DECAL will attempt to recover, or sometimes referred to as “recoup” reclaims from the sponsor's first available claim for reimbursement. If the summer operating months have ended, sponsors must repay funds by submitting a certified check or money order to GA DECAL’s Finance Division. Sponsors may, at any time, elect to pay the entire debt owed back to DECAL in one lump sum payment.
- If the finding resulted in unallowable costs, the sponsor must submit documentation (e.g., bank statements, bank deposit receipts, statement of transfers, general ledger) verifying the debt has been repaid to the sponsors food service account and/or coded SFSP. The sponsor must use non-program funds to repay any debt owed. Additionally, excess Program funds cannot be used to repay any unallowable costs. The sponsor cannot use the repayment on a later date, unless it is an allowable, approved, and documented cost for the Program. However, if the sponsor has been terminated and/or voluntary terminated and unallowable costs were outstanding, the sponsor must repay funds by submitting a certified check or money order to GA DECAL’s Finance Division.

While GA DECAL strongly encourages sponsors to pay meal reclaims and unallowable costs in full, sponsors may also make arrangements with the State agency to repay the debt over a period of time. This is known as a ‘payment arrangement’ or ‘payment plan.’ If a sponsor wishes to enter into a payment arrangement/payment plan with DECAL, the sponsor must submit a payment plan request to the State agency. The payment plan request will be reviewed to ensure repayments are made within a reasonable timeframe. However, sponsors must be mindful of interest accrual. When outstanding debts are not paid in full or when payment plans are approved, Federal regulations require GA DECAL to assess interest on the amount owed, beginning with the initial demand for remittance. Any questions relative to interest accrual shall be directed to DECAL’s Finance Division. (See also, SFSP/03- 13 Assessing Interest on Sponsor Audit Assessments, Overclaims, and Outstanding Advances).

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B. Serious Deficiency

Federal regulations also require DECAL to declare a sponsor seriously deficient for failure to perform any of the financial and administrative responsibilities required by 7 CFR § 225. Therefore, sponsors that fail to repay a debt in full and/or fail to adhere to an approved payment arrangement have failed to meet their Federally required financial responsibilities and will be declared seriously deficient.

Absent exceptional circumstances, all SFSP outstanding balances must be satisfied before the sponsor can be approved to participate in the upcoming SFSP Program year. Within the meaning of this policy, the term “satisfied” means that either the debt was paid in full, or the sponsor is adhering to a payment plan/arrangement which was approved by DECAL.

Sponsors that owe funds to DECAL and who fail to adhere to the agreed upon payment plan arrangement approved by DECAL:

- will be declared seriously deficient and will not be approved for participation during the application period; and
- could jeopardize participation in any other Child Nutrition Program (CNP) (e.g., termination and disqualification).

Additionally, a sponsor program contact/delegated principal(s) for more than one sponsoring organization will not be approved to submit an application on behalf of any of the sponsoring organizations if they fail to adhere to their approved payment plan/arrangement. Sponsors shall direct questions concerning their Program application to the Nutrition Services’ Application Unit.

V. PROCEDURE(S)

SFSP compliance reviews are occasionally conducted prior to submission of claims for reimbursement. Therefore, corrective action involving reclaimed meals or unallowable costs often requires supporting documentation to ensure that the reclaimed meals or unallowable costs were not claimed for reimbursement.

When a sponsor fails to return money as a part of unearned or improper payments or excess advances, collection procedures pursuant to 7 CFR 225.12(b) will be implemented by the State agency. Accordingly, DECAL will notify sponsors in writing of any outstanding debts owed by issuing a series of collection notices. Collection notices themselves are not appealable and are not considered a remittance of payment. Therefore, no appeal procedures are attached to any notice of collection issued by the State agency. To be clear, the claim for remittance/payment itself is appealable, however, the process to collect the claim is not. Appeal procedures would have already been provided to the sponsor at the time the review findings reports are issued and indicate the appealable adverse actions, which may include a request for repayment/remittance of disallowed costs/ineligible claims and/or any recoupments from a future claim (a copy of the SFSP Appeal Procedures can be found [here](#)).

Absent exceptional circumstances, all SFSP outstanding balances must be satisfied before the sponsor can be approved to participate in the upcoming SFSP Program year. Within the meaning

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of this policy, the term “satisfied” means that either the debt was paid in full or the sponsor is adhering to a payment plan/arrangement which was approved by DECAL.

Moreover, a sponsor’s failure to repay debts in full and/or in accordance with their approved payment plan/arrangement will result in the sponsor being declared seriously deficient.

VI. COMMENT(S)

Any questions concerning this policy should be directed to the Policy Administrator at (404) 651-8193.