

**Illinois State Board of Education
Funding and Disbursement Services
Regulatory Communication**

Program: Child and Adult Care Food Program

Date: May 2006

Policy Year/Number: FY2006—Policy Memo 1

Source: United States Department of Agriculture—Food and Nutrition Services

Reference: 7CFR 226.14(a)

Required Date for Implementation: Immediately

Topic: Overclaim policy and assessing interest on overclaims not repaid within 30 days.

Target Audience: Child and Adult Care Food Program Institutions

Purpose: To provide Child and Adult Care Food Program institutions with the United States Department of Agriculture's (USDA) requirements for waiving certain overclaims and assessing interest on overclaims not repaid within 30 days.

Fiscal action can be taken on any sponsor that fails to comply with the regulatory requirements for participation in the Child and Adult Care Food Program. An overclaim can be assessed on a sponsor as a result of a program review, program audit, financial audit (including but not limited to Single Audit/A-133, or desk audit), or a federal audit (i.e. OIG audit).

Disregard Threshold

Beginning October 1, 2004, the Child Nutrition Reauthorization Act of 2004 (Public Law 108-265) allows a disregard threshold for overpayments to child or adult care institutions participating in the Child and Adult Care Food Program (CACFP). A disregard threshold in the amount of \$600.00 will be placed on each overclaim notice assessed as a result of program reviews or program audits. *However, no overpayment is to be disregarded where there is substantial evidence of violations of criminal law or civil fraud statutes.*

Overpayments may also occur as a result of downward revised claims filed after all claims for the fiscal year have been paid or from advance payments in excess of claim earnings. Based on State policy, a disregard threshold in the amount of \$50.00 will be placed on each overclaim notice assessed as a result of downward revised claims or excess advances.

Repayment Requirements

If your entity incurs a fiscal overclaim/overpayment that must be assessed (i.e. greater than \$600.00 for review or audit or greater than \$50 for downward claim revision or excess advances), the entire debt must be repaid in full within 30 calendar days from the date of the *Overclaim Notice*. You must submit a check for the full amount of the overclaim within 30 calendar days from the date of the *Overclaim Notice*. The check should be made payable to the *Illinois State Board of Education* and mailed to the following address: Illinois State Board of Education, Funding & Disbursement Services (E320), 100 North First Street, Springfield, IL 62777.

Interest Charges

Payment is due in full within 30 calendar days from the date of the *Overclaim Notice* letter. **If not paid in full within 30 calendar days, interest at the Current Value of Funds Rate (currently 2.000% per year) as set by the Federal Government will be charged on any overclaim balance beginning with the date of the *Overclaim Notice* letter.** Based on State policy, any interest charges that are \$50 or less will be waived. ISBE will calculate any interest charges and notify you when and how to repay such interest.

If you request to repay an overclaim in installment payments, interest will be charged on the unpaid balance each month. Any requests for an installment plan must be submitted to this office in writing for consideration.

Appeal Rights

If your entity disagrees with any of the findings that resulted in the fiscal overclaim, your entity has the right, by Federal Regulation, to obtain a fair and impartial administrative appeal hearing. The request for an appeal hearing must be filed in writing **within 15 calendar days** from the date of receipt of your *Overclaim Notice*. Detailed hearing procedures will be included with the overpayment notice when appropriate. If you appeal the payment demand, we will stop all collection activities; however, interest will continue to accrue. If the hearing officer upholds our demand for payment, you will owe the total balance of the overclaim and the interest that has accrued. If the hearing officer does not uphold our decision or reduces the amount of our repayment demand, any interest that has accrued on the overclaim amount, no longer due, will be waived. Collection activity will resume after the hearing officer issues a decision on your appeal.

Contact Information

If you have any questions regarding issues in this Regulatory Communication notice please contact Funding & Disbursements staff at 217-782-5256.