

COLLECTION OF CACFP DEBTS FROM TERMINATED HOMES AND UNAFFILIATED CENTERS

CACFP Policy 04-05

Purpose

To clarify the requirements to collect debt from terminated homes and unaffiliated centers by their sponsoring organization

Scope

Sponsoring organizations on the Child and Adult Care Food Program (CACFP).

Description

When a facility (home or unaffiliated center) has outstanding debt, the Sponsor must submit an amended claim in the CNPweb for the applicable months. The amount of the overclaim will be deducted from the Sponsors next claim, and the Sponsor is obligated to collect the debt from the facility.

The Sponsor should follow the procedures below to collect the debt from the facility:

The first request for overpayment must be sent in writing and should be included in the Seriously Deficient Notice, if applicable. Make sure that you request a money order or cashier's check. Do not accept personal checks. Sponsoring organizations are permitted to work out an agreeable payment plan between themselves and the facility

Sponsors should include collection and payment plan verbiage in the notice. For example,

Based upon our findings (or the serious deficiencies) in this notice, you have been overpaid \$xxxx.xx. The sponsor is obligated to collect all overpayments. This is our first request to collect this overpayment. Please submit a money order or cashier's check in the amount of \$xxxx.xx payable to (enter Sponsor's name). The payment, or a request to set up a payment plan, must be received by the sponsor within 30 days from the date you received this notice.

Thirty days after the first request, the sponsor should send the second request to collect the overpayment. This request can be included as part of another letter that may be sent out at the same time, such as a Proposed Termination and Disqualification letter.

Thirty days after the second request, the sponsor should send a third and final request to collect the overpayment. This request can be included as part of another letter that may be sent out at the same time, such as a Termination and Disqualification letter.

These requests should be sent via Certified Mail. Be sure to keep copies of the letters, the certified mail receipt and the returned notice showing proof of delivery. If the facility does not claim the letter, they may be considered delivered 5 days after they were mailed.

In the event the provider does not repay the money owed, or does not contact the sponsor to set up a payment plan, the sponsor may make a written request to the State Agency asking that the debt be forgiven because it is uncollectable. The request should be sent with copies of all information concerning the sponsor's attempt to collect the overpayment. The State Agency will

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review and forward the request to the USDA Midwest Regional Office, where the final determination will be made.

Sources

Indiana Department of Education, School and Community Nutrition, CACFP Policy Memorandum #04-10 and #05-01