

**Alabama State Department of Education  
Child Nutrition Programs  
School Nutrition Programs**

**Repayment of Overclaims Policy**

An administrative review, follow-up review, special focus review, audit, or investigation may result in findings for overclaims as defined in federal regulations and guidance. The Alabama State Department of Education (ALSDE) Child Nutrition Programs (CNP) Director sends written notification of fiscal action to the school food authority (SFA) in the official letter and administrative review report with findings and recommendations, including the reasons and the amount to be repaid.

Corrective Action Plan

1. The SFA must submit an adequate corrective action plan (CAP) within 30 calendar days of receiving the Final Administrative Review Report.
2. If the SFA does not submit evidence of successful implementation of its corrective action plan within 30 days of receiving the Final Administrative Review Report, claims for reimbursements are withheld. A claim may be submitted but is not processed by ALSDE Accounting until the CAP is approved.
3. If the SFA does not submit evidence of successful implementation of its corrective action plan within 60 days of receiving the Final Administrative Review Report, claims for reimbursements are suspended. A claim may not be submitted.
4. If the SFA does not submit evidence of successful implementation of its corrective action plan within 90 days of receiving the Final Administrative Review Report, the sponsor is terminated.

Appeals

1. SFAs have the right to appeal the overclaim that led to the demand for repayment.
2. The request for an appeal must be filed with the hearing officer within 15 calendar days of receiving the Final Administrative Review Report.

Automatic Deductions

1. The full amount is automatically deducted (offset) from the next available claim reimbursement(s) until the debt is paid in full.
2. The withheld funds are released when the CAP is successfully implemented.

Lump Sum Payments

1. If an overclaim amount is estimated to exceed the total of two months average claims making repayment within the required 90-day timeframe unlikely, the SFA must submit the full amount in by cashier's check or money order by the deadline established by the ALSDE.

2. If the SFA withdraws or is terminated from the Program, the full amount of the overclaim must be submitted by cashier's check or money order by the deadline established by the ALSDE.

### Interest

If the SFA repays the full debt within 30 days through automatic deductions (offset) from future reimbursements (offsets), the ALSDE waives the interest charge.

1. The interest rate is the Current Value of Funds Rate (CVFR) established by the U.S. Department of the Treasury. Interest accrues monthly and must be paid by cashier's check or money order.
2. Interest continues to accrue during the appeal process. If the hearing officer rules in the sponsor's favor or reduces the amount that is owed, accrued interest on the amount that is no longer due is waived. If the hearing officer rules in the State's favor, the sponsor owes the balance of the overclaim as well as accrued interest. Collection activities resume.
3. Sponsors may request interest payments be waived under extenuating circumstances. The ALSDE CNP Director has the authority to grant a waiver if it is determined that the collection of interest payments is against equity and good conscience or is not in the best interest of the population served by the Program. An example of an extenuating circumstance for a public school would be if the Governor declares proration of education budgets.

### Referral to the ALSDE Office of General Council

If the ALSDE CNP section is unable to collect the full amount of the overclaim, the matter is referred to the ALSDE Office of General Counsel for continued collection efforts.

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## Appendix: Links to Resources

### Recovery of Federal Funds

- **2 CFR 200.346 Collections of Amounts Due**  
[eCFR Section 200.346](#)  
[eCFR Section 226.14](#)
- **31 CFR 901 Standards for the Administrative Collection of Claims**  
[eCFR Title 31 Part 901](#)
- **Current Value of Funds Rate**  
[Department of Treasury | Current Value of Funds Rate](#)

### Withholding Notification and Payments

- 7 CFR 210.18(i)(3)  
[eCFR 7 CFR 210.18\(i\)\(3\)](#)
- 7 CFR 210.18(k)  
[eCFR 7 CFR 210.18\(k\)](#)

### Suspensions and Terminations

- 7 CFR 210.25 Suspension, Termination and Grant Closeout Procedures (NSLP)  
[eCFR 7 CFR 210.25](#)

### Interest

- **31 U.S. Code § 3717 - Interest and Penalty on Claims**  
[31 U.S.C. 3717 - Interest and penalty on claims](#)
- **31 CFR 901.9 Interest, Penalties, and Administrative Costs**  
[31 CFR 901.9 Interest, Penalties, and Administrative Costs](#)
- U.S. Department of the Treasury: Current Value of Funds Rate  
[Current Value of Funds Rate](#)