

<p style="text-align: center;">Nutrition Services Department of State Health Services</p>

Effective June 1, 2002

Policy No. GA:02.0

Claims Against Local Agencies

Purpose

To ensure program funds are used only for those purposes defined by the federal laws and regulations.

Authority

7 CFR Part 246.13, 246.23; XO:0111 (TDH Administrative Policy)

Policy

If the state agency (SA) determines through a review of the local agency's (LA's) reports, program or financial analysis, monitoring, audit, or otherwise, that any program funds provided to a LA for supplemental foods or administrative purposes were, through LA negligence or fraud, misused or otherwise diverted from program purposes, a claim shall be assessed by the SA against the LA.

Procedures

- I. The SA shall assess a formal claim against the LA for program funds misused or diverted from program purposes.
- II. The LA shall be notified in writing of the financial claim and the reasons for the claim. Repayment and/or rebuttal shall be due within 30 days receipt of the notification letter.
- III. The LA shall have full opportunity to submit evidence, explanation or information concerning alleged instances of misuse or diversion of program funds.

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- IV. Failure of the LA to justify and/or reimburse the SA for the financial claim shall result in the SA reducing the LA's administrative voucher(s) sufficient to recover the monies due the SA.

- V. The LA is not liable for program funds provided for supplemental foods obtained by a participant or parent/caretaker of a participant who intentionally makes a false or misleading statement or intentionally misrepresents, conceals or withholds facts to obtain program benefits, unless the LA has knowledge of the participant, parent, caretaker abuse and the LA fails to report the abuse to the SA. See **Policy GA: 12.0**.