POLICY ALERT

Date: September 7, 2007
Reference: # NSLP/SBP 2007-14
To: National School Lunch Program/School Breakfast Program (NSLP/SBP) Contractors
Subject: Late Claim – One Time Exception Policy
Effective Date: Immediately

Purpose

This Policy Alert:

• REPLACES Policy Alert NSLP/SBP 2007-4, Late Claim – One Time Exception Policy;
• REPLACES the current process for handling claims that are postmarked or received by the Special Nutrition Programs (SNP) later than 60 days after the last day of the claim month for compliance with U.S. Department of Agriculture (USDA) claim filing regulations; and
• RESCINDS NSLP/SBP Handbook Chapter 4, Managing the Program, Section titled Submitting Claims under Late Claims, Good Cause and One-Time Exception.

Implementation

Immediately

Procedure

Claims postmarked or received by SNP later than 60 days after the last day of the claim month (i.e. late claim) will be processed in the following manner:

Corrective Action Plan (CAP)

The submission of a late claim is a program noncompliance; therefore, the contractor must submit an approvable CAP that includes the:

• Reason for submitting a late claim;
• Actions to be taken to avoid repetition of the situation linked to the late claim submission;
• Actions to be taken to avoid any future late claim submission from the same or other causes; and
• Signature of an Authorized Representative designated to act on the organization’s behalf per Form H4508, Certificate of Authority.

Once the contractor has submitted an approvable CAP, SNP will determine if the contractor is eligible for the one-time exception payment provision.

continued

This Policy Remains in Effect Until Further Notice
Note: SNP will accept as proof of submission a postmark affixed by the U.S. Postal Service or equivalent documentation from a private postal service showing when the item was mailed. We will not accept as proof of submission a postmark affixed by a postage meter.

One-Time Exception

A one-time exception may only be used once within a 36-month time period for each USDA Child Nutrition program that the contractor administers. A one-time exception granted to an NSLP/SBP sponsor does not eliminate the sponsor from consideration for a one-time exception for another child nutrition program claim.

<table>
<thead>
<tr>
<th>If the contractor has ...</th>
<th>Then the contractor may ...</th>
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</thead>
<tbody>
<tr>
<td>Not used their one-time exception provision within the 36-month time period</td>
<td>Choose or request to use their one-time exception payment or receive no payment for the late claim. If the contractor submits several claim months at the same time, then the contractor may choose the claim month for which to apply the one-time exception.</td>
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<tr>
<td>Already used their one-time exception provision within the 36-month time period</td>
<td>Request a good cause exception.</td>
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Requesting a Good Cause Exception

<table>
<thead>
<tr>
<th>If the contractor ...</th>
<th>Then ...</th>
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<tbody>
<tr>
<td>Requests a good cause exception</td>
<td>SNP will consider each request on a case-by-case basis. The contractor must demonstrate that the noncompliance occurred due to circumstances beyond the contractor’s control (i.e. Good Cause).</td>
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<table>
<thead>
<tr>
<th>If SNP ...</th>
<th>Then ...</th>
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<tbody>
<tr>
<td>Approves the contractor’s request for a good cause exception</td>
<td>SNP will forward the request for a good cause exception to USDA for further approval.</td>
</tr>
<tr>
<td>Does not approve the contractor’s request for a good cause exception</td>
<td>SNP will deny payment of the late claim.</td>
</tr>
</tbody>
</table>

| Does not request a good cause exception | SNP will deny payment of the late claim. |
Procedure continued

Examples of good cause beyond a contractor’s control may include, but are not limited to:

• A catastrophic incident such as a tornado, flood, fire; or
• A life-threatening injury or illness to the person responsible for submitting the claim.

Note: Catastrophic incidences, life-threatening injuries or illnesses do not automatically entitle the contractor to be granted a good cause exception. The responsibility is upon the contractor to demonstrate how the catastrophic incident, life-threatening injury or illness caused a situation that made submitting the claim within 60 days unreasonable/impossible.

Examples of reasons that would not be considered good cause beyond the control of the contractor include, but is not limited to:

• Absence of personnel on the 60th day, for reasons other than a life-threatening injury or illness;
• SNP Internet Nutrition Assistance Payment Processing (INAPP) system is down or inaccessible for electronic filing;
• A malfunction of power or equipment at the contractor’s facility; or
• Failure to get the claim in the mail in time to get it postmarked on the 60th day.

If USDA determines that a contractor’s request for a good cause exception does not demonstrate that the noncompliance occurred due to good cause, payment of the late claim will be denied. Contractors cannot appeal USDA’s denial of a claim.

Authority

USDA Correspondence 2002-CN-07, 2003-CN-07, 92-CN-8, 91-CN-15, 91-SP-25, 90-SP-47

Contact

If you have any questions please contact your Area Program Office.