

DEPARTMENT OF SOCIAL SERVICES
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February 24, 1983

ALL-COUNTY LETTER NO. 83-13

TO: ALL-COUNTY WELFARE DIRECTORS
ALL-COUNTY FISCAL OFFICERS
ALL-COUNTY FOOD STAMP COORDINATORS

SUBJECT: COLLECTION INCENTIVE FOR COLLECTIONS MADE PRIOR
TO A FINAL FRAUD DETERMINATION

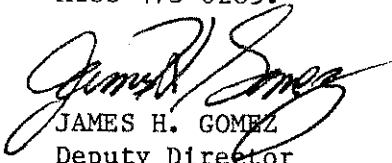
REFERENCE:

The purpose of this letter is to provide counties with more complete Food Stamp Program incentive claiming instructions. Food Stamp Program Manual Section 63-801.4 (Fraud Claims) specifies that a claim against a household cannot be considered a fraud claim until such time as a finding of fraud is made during an administrative hearing or by a court of appropriate jurisdiction. This specification has caused some difficulty in the treatment of collections made between the time a claim is established and the rendering of a final fraud determination. This letter provides counties with uniform instructions regarding such collections.

The current collection incentive sharing ratio for nonfraud claims is federal - 75 percent; state - 12 1/2 percent; county 12 1/2 percent. The ratio for fraud claims is federal - 50 percent; state - 25 percent; county - 25 percent. All client-caused claim collections made by a county before a final finding of fraud is rendered must be reported on the CA-209 (Status of Claims Against Households) as nonfraud client-caused claim collections. However, once a final fraud determination has been rendered, the claim and subsequent collections must be transferred to the fraud category (See attached CA-209 instructions). Collections made before the final fraud determination will retroactively qualify for the higher fraud collection incentive. Therefore, at the time a final fraud determination is made, the county must record any amount of the fraud claim, that was previously collected and reported as a nonfraud collection, in the "Remarks" section of the CA-209 for the month in which the fraud determination was made. These amounts are to be identified as "Nonfraud Client-Caused Claim Collections/Fraud Eligible". These collections must be further identified as collections received and reported as nonfraud collections: (1) between July 1, 1981 and December 31, 1981; and (2) after January 1, 1982. This identification is necessary to calculate the proper retroactive fraud incentive.

Counties that have not been claiming the retroactive fraud incentive for collections received in advance of a final fraud determination should begin with their next CA-209 report. Since eligibility for the fraud collection incentive began July 1, 1981, counties may claim the adjusted fraud incentive back to that date. Counties are not required to submit individual revised reports for retroactive adjustment for prior periods. All retroactive adjustments may be included in the next CA-209 report, or any subsequent report, as long as the data is identified on the CA-209 as indicated above. For review and auditing purposes, counties must ensure that their accounting documents accurately justify all data recorded on the CA-209 reports. All nonfraud collections claimed on a CA-209 report (Lines 16A and 16B) as collections resulting from an out-of-court settlement entered into before July 1, 1982 do not qualify for this retroactive adjustment. These collections have already received the higher fraud incentive, as explained in ACL 82-102.

Thank you for your continued cooperation. If you should have any questions regarding this letter, please contact Mr. Leighton Lai at (916) 323-0285 or ATSS 473-0285.



JAMES H. GOMEZ
Deputy Director
Administration

Attachment

cc: CWDA
Carol Fahey - FNS/WRO
Frank Martin - FNS/WRO

Line 2(C) - Enter the total dollar value and number of claims for which adjustments are made on Active Claims during the report month and explain in the "Remarks" section. Examples of adjustments include changes because of state hearing decisions, eligibility worker error, clerical error, transfer from nonfraud to fraud, etc.

Line 3 - Complete this item by adding together lines 1, 2(A), 2(B), and 2(C).

Line 4(A) - Enter the total dollar value of funds collected by cash, check, or money order in payment of fraud and nonfraud claims during the report month. Collections for claims for which the claim amount is a FNS-46 or FNS-250 liability must be separately reported on lines 6(A) or 7(A) and not on this line, 4(A). The county agency shall retain all funds collected in a separate, secure identifiable account.

Line 4(B) - Enter the total dollar value of funds collected through the voluntary return of food coupons in payment of fraud and nonfraud claims during the report month. The county agency shall ensure that copies of the FNS-135, Affidavit of Return or Exchange of Food Coupons, are completed and retained in the client's case file as verification that coupons were returned by the client. Counties must also retain the original FNS-135 in their CA-209 files for auditing purposes. Counties must attach a consolidated FNS-135 to this report with an attached listing of names of clients, case number, and amount of coupons each client returned as repayment of a claim during the report month. Only FNS-135's completed for the purpose of returning food coupons in repayment of claims are to be included in this item. Collections for claims for which the claim amount is a FNS-46 or FNS-250 liability must be separately reported on lines 6(B) or 7(B) and not on this line, 4(B).

Line 5 - Complete this item by adding together Lines 4(A) and 4(B).

Line 6(A) - Enter the total dollar value of funds collected by cash, check or money order in repayment of a claim for which the county is or has been held liable through the FNS-46 (ATP Reconciliation Report) reporting process. The county must be able to substantiate any amount claimed in this section as a collection for which the county is or has been liable through the FNS-46 reporting process.

Line 6(B) - Enter the total dollar value of funds collected through the return of food coupons, allotment reduction, or by offsetting benefits in repayment of a claim for which the county is held liable through the FNS-46 (ATP Reconciliation Report) reporting process. (These repayments will generally come from collections in the Nonfraud Claim-Administrative Error Category.) The county must be able to substantiate any amount claimed in this section as a collection for which the county is or has been liable through the FNS-46 reporting process. Nonfraud claims may not be established if a household transacts an expired ATP.

CA 209 GENERAL COMPLETION INSTRUCTIONS (REF: STATE FOOD STAMP MANUAL SECTION 63-801)

County - Enter the name of the County for which the report is prepared.

Report - Check this box if this is an initial report submitted for the report month.

Revised Report - Check this box if this is a report which amends a prior report.

Month - Enter the calendar month for which the figures are reported.

I. ACTIVE CLAIMS SUMMARY

Line 1 - Enter the total dollar value and number of active fraud and nonfraud claims due at the beginning of the report month. These balances should correspond with the figures on line 15 (Balance of Active Claims at End of Month) of the previous month's report.

Line 2(A) - Enter the total dollar value and number of new claims established during the month, regardless of the disposition of the claim after it was established. This includes claims under \$35.00 which at the county's option may be suspended during the report month.

A claim may not be considered a fraud claim unless the household member has been found to have committed fraud through an administrative fraud hearing or by a civil or criminal court of appropriate jurisdiction. Until a finding of fraud has been made, a county must classify a case as nonfraud. Nonfraud claims must be separated into claims resulting from client caused overissuances and those claims resulting from overissuances caused by county administrative error. At such time as a county obtains a fraud finding on a nonfraud case, the case must be transferred to the fraud category through the use of line 2C, Adjustments. Also, all collections which were received and reported on prior CA-209's as nonfraud (client-caused) collections are eligible for the higher fraud collection incentive, if the amount collected prior to the finding of fraud resulted from a nonfraud claim which is included in the final judgement. Counties must identify the amount of prior nonfraud (client-caused) collections eligible for the fraud collection incentive in the "Remarks" section as "Nonfraud Client-Caused Collections/Fraud Eligible." These collections must further be identified as nonfraud collections received and reported: (1) between July 1, 1981 and December 31, 1981; and (2) after January 1, 1982.

Line 2(B) - Enter the total dollar value and number of claims reactivated from suspense and explain such reactivation in the "Remarks" section. Examples of reasons for reactivation are: after the claim was suspended the household began making payments, the suspended claim was offset by a restoration of lost benefits, the case was erroneously put in suspense, etc. If payment is made for a case which was previously suspended, the county must include on Line 2(B) the amount owed before the payment is deducted. This entry must equal the entry recorded on the Suspended Claims Summary, Line 4(B). The payment received is then recorded on Lines 4 through 10 below.

Line 7(A) - Enter the total dollar value of funds collected by cash, check, money order in repayment of a claim for which the county is or has been held liable through the FNS-250 (Food Coupon Accountability Report) reporting process. The county must be able to substantiate any amount claimed in this section as a collection for which the county is or has been liable through the FNS-250 reporting process.

Line 7(B) - Enter the total dollar value of funds collected through the return of food coupons, allotment reduction, or by offsetting benefits in repayment of a claim for which the county is or has been held liable through the FNS-250 (Food Coupon Accountability Report) reporting process. The county must be able to substantiate any amount claimed in this section as a collection for which the county is or has been liable through the FNS-250 reporting process.

Line 8 - Complete this item by adding lines 6(A), 6(B), 7(A), and 7(B).

Line 9 - Enter the total dollar value of allotment reductions recouped to repay fraud claims. Coupon allotments may not be reduced to repay nonfraud claims. Do not include amounts recovered through offsetting restoration of lost benefits. These amounts are reported on Line 10. Also, do not include the value of allotment reductions due to a household member's disqualification. Allotment reductions due to disqualification do not qualify as collections. Any amount recouped for claims for which the claim amount is also a FNS-46 or FNS-250 liability must be separately reported on lines 6(B) or 7(B).

Line 10 - Enter the total dollar value of funds recovered as a result of offsetting lost benefits to be restored against recipient claims during the report month. Any amounts offset for claims for which the claims amount is also a FNS-46 or FNS-250 liability must be separately reported on Lines 6(B) or 7(B).

Line 11(A) - Complete this item by adding together lines 4(A), 6(A) and 7(A).

Line 11(B) - Complete this item by adding together lines 4(B), 6(B), 7(B), 9 and 10. The State Department of Social Services will amend the quarterly to reflect the County's retention of 25 percent of the dollar value of fraud claims collected, 12-1/2 percent of the dollar value of client caused nonfraud claims collected as well as full retention by FNS of all administratively caused nonfraud overissuance recoveries.

Line 12(A) - Enter the total amount by which claims were reduced during the report month through compromises negotiated between the county agency and the food stamp household. Provisions for when claims may be compromised are included in state regulation under "Claims Against Households."

Line 12(B) - Enter the total dollar value and number of claims suspended during the report month. Provisions for when claims may be suspended are included in state regulation under "Claims Against Households." (A corresponding entry should be made on the Suspended Claims Summary, Line 2(A).)

Line 13 - Complete this item by adding together lines 12(A) and 12(B).

Line 14 - Enter the number of active fraud and nonfraud claims closed during the report month by:

- a) Lump-sum payments,
- b) Completion of installment payments,
- c) Completion of allotment reduction (fraud only), or
- d) Offsetting the full amount of claims against lost benefits.

The procedures for the disposition of claim records following closure are established in Section 63-201.6, Retention of Records.

Line 15 - Enter the total dollar value and number of fraud and nonfraud claims on which collection action is continuing, including those which the required demand letter(s) have not been sent.

Line 16(A) - Enter the total dollar value of all funds collected by cash, check, money order in payment of nonfraud claims during the report month which is eligible for 50 percent retention and is included in Line 4(A). Only nonfraud collections received after July 1, 1981 resulting from out-of-court settlements entered into prior to July 1, 1982 are eligible for this incentive.

Line 16(B) - Enter the total dollar value of all funds collected through the voluntary return of food coupons in payment of nonfraud claims during the report month which is eligible for 50 percent retention and is included in Line 4(B). Only nonfraud collections received after July 1, 1981 resulting from out-of-court settlements entered into prior to July 1, 1982 are eligible for this incentive.

II. SUSPENDED CLAIMS SUMMARY

Line 1 - Enter the beginning month balance of the total dollar value and number of claims that were suspended in prior months and have not been terminated. These balances should correspond with the figures on Line 6 (Balance of Suspended Claims at End of Month) of Suspended Claims Summary for the previous month's report.

Line 2(A) - Enter the total dollar value and number of claims suspended during the report month. This includes claims under \$35.00 which, at the county's option, may be suspended during the report month. Provisions for when claims may be suspended are included in state regulation under "Claims Against Households". (This entry must equal the entry recorded on the Active Claims Summary, line 12(B).)

Line 2(B) - Enter the total dollar value and number of claims for which adjustments are made to the suspense account during the report month and explain in the "Remarks" section. Examples of adjustments include: changes because of state hearing decisions, eligibility worker error, clerical error, transfer from nonfraud to fraud, etc.

Line 3 - Complete this item by adding together lines 1, 2(A), and 2(B).

Line 4(A) - Enter the total dollar value and number of claims which have been held in suspense for three years and are being terminated during this report month.

Line 4(B) - Enter the total dollar value and number of claims which have been transferred from Suspense Status to Active during the report month. (This entry must equal the entry recorded on the Active Claims Summary, Line 2(B).)

Line 5 - Complete this item by adding together lines 4(A) and 4(B).

Line 6 - Enter the total dollar value and number of fraud and nonfraud claims which remain in suspended status at the end of the month, including those suspended during the report month.

III. Enter the total number of fraud and nonfraud claims closed during the report month by:

- a) Lump-sum payments,
- b) Completion of installment payments,
- c) Recoupment (fraud only)
- d) Offsetting the full amount of claims against lost benefits,
- e) Termination, and
- f) Adjustments.

The procedures for the disposition of claim records following closure are established in state regulation Section 63-201.6, Retention of Records.