

**County of Orange Social Services Agency
Family Self-Sufficiency**

Program/Area: CalWORKs/Welfare-To-Work
Title: Supportive Services Overpayments and Underpayments
Number: 320 **Status:** *Signature on file*
Effective Date: 02/01/98 **Revision Date:** 01/03
Approved:

PURPOSE

To provide instruction for handling underpayments and overpayments of CalWORKs ancillary, child care and transportation supportive services payments.

Definition	
Underpayment	Payments for supportive services is less than the amount which either client or provider is eligible to receive.
Overpayment	Payments for supportive service in excess of the amount which either client or provider is eligible to receive.

STAFF RESPONSIBILITY

The Ancillary, Child Care, Transportation Team Worker (ACTT) or the Cal Learn Case Manager (CM) shall take all reasonable steps to promptly correct any underpayment or overpayment of supportive services payments to a recipient or service provider including, but not limited to, all cases involving fraud and abuse.

UNDERPAYMENT IDENTIFICATION AND ADJUSTMENT

When the ACTT worker or Cal Learn CM has identified that an underpayment exists, (s) he shall calculate the amount of the underpayment and issue a supplemental payment within 20 calendar days from date of discovery unless the underpayment is to be offset against an identified overpayment.

OVERPAYMENTS SUBJECT TO COLLECTION

An overpayment is considered to have occurred if it involves:

- Administrative errors (such as errors in computation).
- Recipient caused errors
- Uncollected unused advance payments
- Result of [Fraud](#) regardless of the amount
- Examples of overpayments and non-overpayments are outlined in [Section 1](#).

**RECOVERY OF
OVERPAYMENTS &
REPAYMENT AGREEMENTS**

The county cannot force recipients to repay overpayments or fraudulent claims by discontinuing child care services. Even in cases of chronic abuse, the county cannot offset a recipient's grant or childcare payment **without the recipient's signed agreement**. Refer to [Recovery Procedures and Establishing Repayment Agreements](#) in [Section 2](#).

While the county cannot adjust the CalWORKs grant or child care supportive payments to collect a child care overpayment **without the recipient's agreement**, the county can pursue other means to recover overpayments from both recipients and providers, including, but not limited to:

- a. Voluntary repayment
- b. Assign overpayments to collection agencies
- c. Pursue payment through small claims court
- d. Obtain restitution order through a court proceeding

**OVERPAYMENT
COLLECTION DEFERRALS**

If the individual is an active WTW participant/Cal Learn student and collection/adjustment of an overpayment would result in a disruption of child care arrangements, preclude participation in the program or prevent employment, the collection/adjustment can be temporarily postponed. In such incidents, the ACTT worker/Cal Learn CM will:

1. Discuss the repayment deferral criteria with the individual and explain the decision to defer repayment. No Repayment Agreement needs to be completed
2. Document the expected ending date of the deferred repayment status in the case record and establish a tickler using the code FDOP
3. Re-evaluate the deferral whenever the individual changes status, e.g., from one component to another or is no longer a WTW participant/Cal learn student

**OVERPAYMENT
COLLECTION
METHODS**

Reasonable cost effective efforts at collection shall be implemented where the overpayment amount owed is thirty-five dollars (\$35) or more. Reasonable efforts shall include written notification of the overpayment and that payment is required. The following are reasonable cost-effective overpayment collection methods 1-4 as outlined in [Section 3](#)

1. [Balancing](#)
2. [Voluntary Cash Recovery](#)
3. [CalWORKs Grant Adjustment](#)

4. Future Supportive Services Payments Adjustment and
5. [Other means](#) as outlined in Recovery of Overpayments and Repayment Agreements above.

Note: Individuals choosing to adjust overpayments by methods 3 and 4 , shall be allowed to **revoke** their agreement and enter into a new agreement with the county at any time.

**OVERPAYMENT
COLLECTION
PROCESS**

When the ACTT worker/Cal Learn CM determines that an overpayment has occurred and has calculated the amount of the overpayment the following steps outlined in [the Recovery Procedures and Establishing Repayment Agreements](#), in [Section 2](#) are to be followed.

BIC 905 is to be entered on the CalWORKs case to record “Balance Owing” for agency caused errors and BIC 914 is to be entered to record “Balance Owing” for client caused errors.

Note: Do not use Acknowledgement BICs. Refer to CalWORKs Codebook for guidelines on how to adjust overpayments for CalWORKs Grant Adjustment Recovery Method

**INDIVIDUALS SUBJECT TO
OVERPAYMENTS
COLLECTION**

Overpayments may ONLY be collected from:

1. The overpaid recipient
2. Any adult member of the assistance unit (AU) that was overpaid
3. Any family which contains an individual who was a member of a previously overpaid AU

**DEFINITION OF
FRAUD**

Fraud is the knowing misrepresentation of facts that are material to an issue, made with the intent to obtain something to which one is not entitled. It occurs when an individual knowingly, and with intent:

- Makes a false statement or representation to obtain benefits, obtain continuance of benefits or increase in benefits, or avoid a reduction of benefits
 - Fails to disclose a fact, which if disclosed could result in denial, reduction or discontinuance of benefits
 - Accepts benefits knowing he/she is not entitled to
-

POTENTIAL FRAUD INDICATORS

Potential [fraud indicators](#) are outlined in [Section 4](#) and are merely a tool to help identify possible situations where fraud may occur and may warrant further attention. Staff should use sound judgement in determining whether a client 's circumstances warrant a fraud referral.

REFERRAL FOR FRAUD INVESTIGATION

The ACTT worker/Cal Learn CM will attempt to clarify any inconsistencies in the case folder by careful review of records and by conferring with the recipient and other knowledgeable parties.

If it appears fraud was committed, the ACTT worker/Cal learn CM is to:

- Discuss the case with the responsible unit supervisor
- Document the referral and background information in the case
- Refer the case to the District Attorney Fraud Unit (DAFU) for evaluation using [the Suspected Fraud Referral Form \(F0912-07-272\)](#) attaching any pertinent documents
- Make every effort to collect the overpayments regardless of the amount if a finding of fraud is made

OVERPAYMENT RECORDS MAINTENANCE

The ACTT worker/Cal Learn CM will identify and keep track of all overpayments involving clients or childcare providers. The worker will make sure that a record is kept of all overpayment activities, including copies of all notices and repayment agreements. If the worker determines that collection of the overpayment while the recipient is receiving CalWORKs is not feasible, the worker shall identify and track the overpayment for possible future recovery.

SECTION 1

Supportive Services Overpayment and Non Overpayment Examples

Overpayment	Non Overpayments
<p><u>CHILD CARE</u></p> <ul style="list-style-type: none"> • Childcare subsidies for child care services received after the date a recipient stopped working or participating in a welfare-to-work activity • Child care subsidies paid in error to a 	<p><u>CHILD CARE</u></p> <ul style="list-style-type: none"> • Childcare provided during lapses in CalWORKs eligibility due to administrative error or for less than a full month • Child care provided to children during temporary absence of the provider

provider for child care services after informing the provider that subsidies have been terminated

- Child care subsidies received while parent was ineligible for cash aid and the parent does not qualify as a former recipient

TRANSPORTATION

- Transportation paid for miles not traveled
- Transportation paid after the date the recipient stopped working or participating in a welfare-to-work activity
- Transportation paid in error
- Transportation paid beyond the 12 months retention period for a former recipient
- Mileage paid when recipient did not have use of a car

ANCILLARY

- Ancillary paid for inappropriate items
- Misuse of ancillary funds for non-approved items
- Car insurance paid for non- AU member's car

ALL

- Uncollected unused advance payments.
- Administrative error, e.g., notice of action to terminate supportive services is not sent timely and services continue
- Any of the situations described for fraud where the provider or recipient received payments for which they are not eligible, regardless of the amount

when someone else provides the care

- Child care provided by a licensed provider who no longer has a valid license or by a license-exempt provider providing care for more than one family **and** the provider actually provided care. (This information should be reported to the Community Childcare licensing Office)
- Child care provided by a license-exempt provider awaiting Trustline Registry application process and Trustline is denied

TRANSPORTATION

- Partial duplication of services, e.g., interview transportation provided by another source when recipient issued a bus pass

ANCILLARY

- Car repairs made based on a mechanic's inaccurate diagnosis that resulted in unnecessary repairs

ALL

- Non fraudulent overpayment amount is less than \$35 and the individual is no longer receiving CWs cash aid

RECOVERY PROCEDURES AND ESTABLISHMENT OF REPAYMENT AGREEMENTS

Initial Recovery Steps	Establishing Repayment
<p><u>Step 1</u></p> <ol style="list-style-type: none"> a. Initiate recovery efforts within 30 calendar days of the date the overpayment is first discovered; or b. Narrate in the case file outlining the reasons for delay in recovery efforts made beyond 30 days. 	<p><u>If individual responds to the GIS 797 notice by the deadline:</u></p> <ol style="list-style-type: none"> 1. Discuss and mutually agree on a method of repayment plan 2. Complete GIS 798 Supportive Services Repayment Agreement 3. Obtain both parties signature on the Agreement 4. Give the individual a copy of the Agreement 5. File original copy in case file
<p><u>Step 2</u></p> <ol style="list-style-type: none"> A. Calculate the amount of the overpayment; and B. Mail a completed GIS 797 Overpayment Notice form to include: <ol style="list-style-type: none"> a. Name of overpaid person b. Amount owed c. Reason for the claim d. Period of time that claim covers e. Hearing Rights f. Reasons repayment may be deferred g. Statement that recovery will occur if individual fails to respond within 10 calendar days 	<p><u>If individual responds to the GIS 797 notice by the deadline and opts for a repayment method other than a CalWORKs adjustment:</u></p> <ol style="list-style-type: none"> 1. Complete GIS 798 Supportive Services Repayment Agreement 2. Obtain both parties signature on the Agreement 3. Give the individual a copy of the Agreement 4. File original copy in case file 5. Complete F063-41-73 WTW Supportive Services Overpayment Summary Referral form 6. Forward original copy of Summary Referral form with a copy of the Agreement to SSA Accounting, Financial Resources Unit
<p><u>Step 3</u></p> <p>To be used to notify the following individuals that their overpayment is due unless they enter into a new repayment agreement plan.</p> <p>Mail a completed GIS 799 Supportive Services Overpayment Final Notice (Attachment 3) to:</p> <ol style="list-style-type: none"> 1. Individuals who leave WTW/Cal Learn, including those who become exempt and do not choose to volunteer; or 2. Individuals who have failed to make cash repayment per their agreement 	<p><u>If individual fails to respond to the GIS 797 AND GIS 799 notice by the deadline or opts for another repayment method:</u></p>

regardless of whether they are still in WTW/Cal Learn activities or receiving cash aid.	<ol style="list-style-type: none"> 1. Complete F063-41-73 WTW Supportive Services Overpayment Summary Referral form 2. Forward to SSA Accounting, Financial Resources Unit
---	--

SECTION 3
Overpayment Recovery Methods

Methods	Action	Applicable to
1. Balancing	When an individual has both an overpayment and an underpayment, the ACTT worker/Cal Learn CM may offset one against the other, subject to provisions specified in Overpayment Recovery Method #4 .	Active WTW participant.
2. Voluntary Cash	<p>Individuals can repay all or any portion of an overpayment in cash (checks and money orders are payable to the County of Orange Social Services Agency), either as a lump sum or in installments.</p> <p>The district accounting staff will issue a receipt to the individual. The worker will narrate repayment amount in the case record and keep a copy of the receipt in the case file.</p>	Active CalWORKs recipient or inactive CalWORKs individual.
3. CalWORKs Grant	<p>Overpayments can be adjusted from CalWORKs grants provided the individual agrees to the method of recovery and to the amount of the grant adjustment.</p> <p>Individuals choosing this method shall be allowed to revoke their agreement and enter into a new agreement with the county at any time</p> <p>The ACTT worker/Cal Learn CM will inform the Employment Eligibility Specialist (EES) via the ACTT Communication Document form (F063-41-70).</p> <p>Individuals shall be notified in writing using the appropriate supportive service notices (refer to NOA Procedure 317) whenever adjustments are made from ongoing payments or the recovery of an overpayment is made in full.</p>	Active CalWORKs recipient
4. Supportive Service Payment	Overpayments can be adjusted from ongoing supportive services payment(s) provided the individual agrees to the method of recovery, or unless deferred using the guidelines below	

	<p>a. The maximum recovery from current payments shall be as follows unless the individual volunteers to pay a higher percentage.</p> <ul style="list-style-type: none"> • 10% of the total payment for recipient caused overpayment • 5% of the total payment for agency caused overpayment. <p>a. When the current payment adjustment is not enough to recover the entire overpayment or no claim is received in a given month, then the remaining amount of the overpayment shall be applied to the following month(s) and the adjustment process shall be repeated as specified above.</p> <p>b. The individual shall be notified in writing when any adjustment is made.</p> <p>c. When no subsequent payment(s) are available for an adjustment to be made, because the individual becomes exempt and does not volunteer to participate or loses eligibility for CWs, attempt to establish or obtain a new repayment agreement.</p> <p>d. The individual shall be notified in writing when a reduction is made to adjust supportive services.</p>	
--	---	--

NOTE: Where an overpayment has been made to an assistance unit which is no longer receiving CalWORKs, recovery will be made by appropriate action under state law against the income or resources of the individual responsible for the overpayment or against the members of the former assistance unit.

SECTION 4

Potential Child Care Fraud Indicators

Client Examples	Provider Examples
<ul style="list-style-type: none"> • Has pattern of changing providers • Provider signs over child care check to client • Distance between clients work 	<ul style="list-style-type: none"> • Parental sign in/out sheets appears to have been signed all at the same times • White-out used on billing statement

<p>location, providers location and client's home (i.e. 25 miles or more) leads to excessive transportation time and child care expenses without reasonable explanation</p> <ul style="list-style-type: none"> • Reports hours that are different than what provider reports • Discrepancy between hours approved and hours claimed • Not at work when called and is unknown to the employer • At home when should be in WTW activity • Terminates employment but continues to receive child care benefits • Attendance in child care is irregular • Client and provider disagree on hours of care provided • Neighbor or relative listed as provider when client has older child(ren) actually providing the child care • Neighbor is a "paper provider" after older child denied as provider • Parent incarcerated during time claiming child care 	<p>or on the sign-in/out sheet</p> <ul style="list-style-type: none"> • Irregularities of the parents signature on the sign-in/out sheet • Hourly or daily irregularities • Provider has reported child care "operational" hours different than the times child care actually being provided • Provider has work/personal hours that are in conflict with contractual hours and no arrangements for providing care during their absence • Client and provider disagree on hours • Check being mailed to third party address • Child care attendance sheets and billing received after case has been discontinued • Provider absent during times of care without reasonable explanation • Frequent address change for provider • A pattern of duplicate requests for payments • Mileage claim not consistent with provider vs client residence /care facility • Provider attending college during hours allegedly providing care • Provider charging CalWORKs clients more than other clients are charged • Provider on SSI, Workers Compensation, etc, and injury or disability may interfere with ability to provide adequate care • Billing for days that are not contracted • Provider incarcerated during time child care supposedly provided.
---	--

REFERENCES

EAS MPP Sections 20-003.1, 47-110 (o) (1), 47-440.1 through .17 and 47.751 and ACL 00-53

REQUIRED FORMS AND NOTICES

[Attachment 1 - WTW Eligibility Communication Document \(F063-41-70\)](#)

[Attachment 2 - WTW Supportive Services Overpayment Summary Referral \(F063-41-73\)](#)

[Attachment 3 - Suspected Fraud Referral \(F0912-07-272\)](#)

[Attachment 4 - Supportive Services Overpayment and Underpayment Notice \(GIS NOA 797\)](#)

[Attachment 5 - Supportive Service Repayment Agreement \(GIS NOA 798\)](#)

[Attachment 6 - Supportive Services Overpayment Final Notice](#)

(GIS NOA 799)

OCCSSA