CalWORKs Fraud Referrals	CW 100-H4
Approved: ***Signature on file***	Date: 3/2009 (R 11/2010)

PURPOSE

A complete and detailed referral shall be made to the District Attorney-Public Assistance Division (DA-PAD) for investigation when there are reasonable grounds to suspect that a crime (i.e., fraud, perjury, embezzlement, trafficking, etc.) against a public social services program has occurred. This policy provides guidelines for the fraud referral process in the CalWORKs program including cash assistance and supportive services (Child Care, Transportation or Ancillary).

DEFINITION

Fraud is when an individual knowingly, and with intent to defraud:

- Makes a false statement or misrepresents facts to obtain benefits, continue receiving benefits, increase 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 them.

FRAUD PREVENTION

Fraud prevention measures are to be taken by CalWORKs staff at initial contact, annual re-determination and when appropriate.

The ISW/OSW/ET will:

- Inform the client of what information is needed to determine/maintain eligibility and why that information is needed.
- Review rights and responsibilities with the client.
- Explain to the client his/her responsibility to report mandatory mid-quarter changes within 10 days, provide a timely and complete quarterly status report and document the client's level of understanding in CalWIN Case Comments.
- Explain to the client his/her responsibility to report changes in family size and income on a monthly basis if

receiving supportive services.

- Advise the client of criminal penalties for making false statements or failing to report information that affects eligibility.
- Ask the client appropriate questions to ensure the client has fully reported changes.
- Follow-up on questionable information provided by the client or through observation.
- Make frequent contacts with a client who is known to have a problem reporting changes, remind the client of criminal penalties for perjury/fraud, and document contacts in CalWIN Case Comments.
- Be aware of potential fraud indicators. The Potential Fraud Indicators Form F063-41-WT14, is a tool to help identify potential fraud situations that need further evaluation.

Note: The ISW/OSW/ET should use reason and sound judgment when determining whether or not a client's circumstances require a fraud referral.

INVESTIGATION REFERRAL FORM

The Investigation Referral to District Attorney Form F063-30-74 has been revised and separated into two new forms:

Regional Fraud Investigation Referral Form F063-30-74A is completed by the ISW/OSW/ET to send an initial investigation referral to the district investigators because there is reasonable grounds to suspect fraud on a case; and

Criminal Prosecution Unit Referral Form F063-30-74B is completed by the ISW/OSW/ET when the “Yes” field is checked in the “Criminal Referral Required” section of the Regional Fraud Investigation Response Form F063-30-14 received from the district investigator. The ISW/OSW/ET submits the completed Criminal Prosecution Unit Referral Form F063-30-74B to the DA-PAD Unit, Bldg 190, to determine if criminal prosecution follow up is necessary.

Role in the Discovery of Fraud

CALWORKS STAFF

The ISW/OSW/ET shall evaluate all information received or

RESPONSIBILITY observed and assess:

- Is there any indication that potential fraud exists?
- Is there current eligibility?
- Is there conflicting information on file?
- Does the family have enough income to meet their needs?
- If the parent(s)/caretaker is not aided, is enough income reported to meet their needs other than the CalWORKs grant for the child(ren)?
- Has another county/Child Care agency reported suspected child care fraud?

The ISW/OSW/ET shall collaborate with other staff, including the Welfare-To-Work (WTW)/Cal-Learn Case Manager (CM), other partners and child care partners to identify any inconsistencies in the case and evaluate for suspected fraud prior to initiating the fraud referral to maximize the efforts covering multiple programs.

The ISW/OSW/ET shall complete all sections of the Regional Fraud Investigation Referral Form F063-30-74A; and

- Forward the fraud referral to the District DA-PAD supervising investigator by placing the referral form in the designated DA-PAD basket in the regional office.
- Retain a copy of the referral form on the Administrative Review ACCO in the case record.
- Update CalWIN Case Comments.

Additionally, if there is potential fraud that would significantly impact the eligibility and benefits amount, the worker will immediately initiate and submit the Criminal Prosecution Unit Referral Form F063-30-74B for the DA-PAD to determine if the case is to be reviewed for criminal prosecution. (In these cases, the worker will submit the Criminal Prosecution Unit Referral Form F063-30-74B without processing the Regional Fraud Investigation Referral Form F063-30-74A.) The Criminal Prosecution Fraud Referral is forwarded to the central DA-PAD Unit, Bldg 190. When a fraud allegation is confirmed, DA-PAD determines whether or not the case will be referred for criminal

prosecution. DA-PAD forwards the case to the Fraud/Overpayment Review Unit (FRU) (SSA Program Integrity) for overpayment/overissuance computation evaluation.

CHILD CARE SERVICES TRANSITIONING TO STAGE 2

When the client is pending Stage 2 Child Care, the ISW/OSW and the Children's Home Society (CHS)/Orange County Department of Education (OCDE) staff will notify each other via Change In Status – Stage 2 & 3 Child Care Services Form F063-41-108 when there is a suspicion of child care fraud or when fraud is being reported. The ISW/OSW will initiate a fraud referral to the DA-PAD for investigation.

Note: If the client is receiving Stage 2 or 3 Child Care Services and the ISW/OSW suspects that child care fraud began while the client was receiving Stage 1 Child Care, the ISW/OSW will initiate a Fraud Referral to the DA-PAD for investigation.

WHEN A SUSPECTED FRAUD INTERVIEW IS REQUIRED

The ISW/OSW/ET will schedule a suspected fraud interview on a case-by-case basis for ongoing cases when the following occurs:

- Community complaint – Discuss the individual situation with your supervisor. An interview and/or referral would then be conducted based on the nature of the allegation and information obtained from the community complaint.

In cases of unreported information, discuss with your supervisor; a referral for investigation may need to be made prior to the interview.

Example: The client's neighbor alleges another adult is living in the client's home. A fraud referral is initiated and if the DA-PAD findings come back with supporting evidence that fraud exists, an interview would be appropriate at that time.

- Unreported income.
- Inconsistent information.
- Client disputes the DA-PAD investigator's findings – the ISW/OSW/ET shall include the investigator in the interview.

Note: The above examples are not all inclusive. Discuss the

individual situation with the supervisor or Social Services Supervisor II (SSSII), if needed.

The ISW/OSW/ET will narrate the suspected fraud situation and record the date of the scheduled fraud interview.

WHEN A FRAUD INTERVIEW IS NOT REQUIRED

An interview is not required when:

- Fraud is suspected on new applications.
- The child is suspected to be out of the home.
- The absent parent is suspected to be in the home.
- The Provider is suspected to not be providing child care.
- An IEVS discrepancy exists, i.e., unreported income or assets.

Note: The ISW/OSW/ET has the option to schedule an interview at any time.

FRAUD INTERVIEW PREPARATION

The ISW/OSW/ET reviews all information to determine if potential fraud exists, and evaluates the following before the interview:

- What is it that you suspect?
- What information needs to be clarified?
- What questions will you need to ask?
- Identify pertinent documents to be reviewed during the interview.
- Anticipate any additional forms the client may need to complete (i.e., affidavits, duplicate QR7s).
- Discuss the situation with the supervisor or SSSII, if needed. In some situations the supervisor may recommend an investigator participate in the interview.

CONDUCTING A FRAUD INTERVIEW

The ISW/OSW/ET will:

- Present the discrepancy to the client in a courteous and professional manner.

- Review pertinent documents with the client, which may include the SAWS 2A QR Rights and Responsibilities cover sheet, and signatures. Make sure the client understands the meaning of perjury and fraud.
- Ask the client for an explanation of the discrepancy.
- Be specific if the client needs to do anything further, and summarize exactly what is needed and when it is needed. Give the client a checklist.
- Summarize and review the information the client provided during the interview. Include the allegation and the client's response.
- Re-review reporting responsibilities and the penalties involved for misstating or not reporting relevant facts. Ask the client to complete an affidavit as appropriate.
- Ask if the client has any questions.
- Narrate the facts of the interview in CalWIN Case Comments.

ACTIONS AFTER THE FRAUD INTERVIEW

The ISW/OSW/ET will complete a Fraud Summary Narrative in CalWIN Case Comments.

- Summarize the suspected fraud situation, the interview, the **re-review of perjury and fraud definitions with the client**, and any actions taken on the case. Keep the narrative objective and factual.
- Include the date the ISW/OSW/ET became aware of the potentially fraudulent situation.

This date is important because DA-PAD has four (4) years from the date of discovery to file for criminal prosecution.

- Evaluate all information to determine if potential fraud exists.

If the evidence shows fraud *does not* exist, document the basis for the decision in the narrative. No further action is required.

If the evidence shows fraud *does* exist or appears to exist, compute and start overpayment recoupment grant adjustment when enough information is available to establish the

overpayment amount.

The ISW/OSW/ET will:

- Send CalWIN NOA M44-352C Overpayment Computation Informing Notice.
- Send CalWIN NOA M44-352D Overpayment Adjustment Computation Notice to begin the overpayment recoupment grant adjustment.
- Send the overpayment notice for the supportive services overpayment.
- Complete the Criminal Prosecution Unit Referral Form F063-30-74B.

WHEN TO MAKE AN INVESTIGATION REFERRAL

The ISW/OSW/ET will attempt to clarify any inconsistencies in the case by a careful review of records and by communicating with the client and other knowledgeable parties, such as the Welfare-To-Work Case Manager (WTW CM), Cal-Learn Worker, and Domestic Abuse Services Unit (DASU) before making a determination if a fraud referral to DA-PAD is necessary.

If reasonable grounds to suspect fraud do not exist, no referral to the DA-PAD will be made.

Note: If a fraud alert special indicator is recorded in CalWIN when processing a CalWORKs application and it is within the expiration date, the ISW/OSW/ET will further evaluate if there are reasonable grounds to suspect fraud. If there are no reasonable grounds to suspect fraud, no referral to the DA-PAD will be made. The ISW/OSW/ET will enter CalWIN Case Comments stating no fraud referral was made to the DA-PAD because there were not reasonable grounds to suspect fraud.

SUSPECTED FRAUD: NO VERIFIABLE EVIDENCE

When fraud is suspected due to no verifiable evidence being submitted, the ISW/OSW/ET will:

- Discuss the case with the responsible supervisor.
- Contact the WTW/Cal-Learn team members for their program input on the suspected fraud and narrate contacts in CalWIN Case Comments.

- Complete the Regional Fraud Investigation Referral Form F063-30-74A the same day or the next working day.
- Complete CalWIN Case Comments describing the referral to initiate an investigation by the District DA-PAD investigator.
- Forward one copy of the referral to the District DA-PAD investigator, attach Program and Case member listing from the Inquiry Subsystem (Case Information window in CalWIN) and any other information that may be helpful (i.e., income verification, child care receipts, narrative) – **Do Not send the case folder.**
- File a copy of the F063-30-74A on the Administrative Review ACCO in the case record.

DA-PAD supervising investigator or designee will:

- Review and record receipt of the referral on the log.
- Assign the case to an investigator.

DA-PAD investigator will:

- Conduct an investigation to gather facts that prove or disprove fraud allegations.
- Promptly inform the worker who initiated the referral verbally or in writing of the status of the ongoing investigation.

Note: The DA-PAD investigator must inform the ISW/OSW/ET verbally or in writing of the status of the ongoing investigation on a pending application within 14 calendar days.

When a referral is pending with the DA-PAD, proceed to take the appropriate actions in the case with the information available/provided by the client. Case actions should not be held-up due to a pending response on a fraud referral.

- Complete the Regional Fraud Investigation Response Form F063-30-14, attach a copy of the investigation referral (F063-30-74A) and a report, if appropriate, and route to the worker who initiated the referral.

The ISW/OSW/ET will:

- Immediately (same day) provide a copy of the Regional Fraud Investigation Response Form F063-30-14 to each CalWORKs team member when received.
- Evaluate the investigation response in regard to person/case eligibility.
- Talk to the investigator for clarification of response, as needed.
- Review all eligibility factors and attempt to resolve any inconsistencies that may affect eligibility/ineligibility resulting from the investigation.

Example: The client applies for CalWORKs for his/herself and two children based on absence of the children's father. The investigation places the father in the home and unemployed. The ISW shall explore deprivation due to the father's unemployment and apparent availability to provide child care hours requested.

- Take appropriate action to approve/deny person/case or decrease/discontinue benefits.
- Document in CalWIN Case Comments.
- File the original completed Regional Fraud Investigation Response Form F063-30-14 on the Administrative Review ACCO in the CalWORKs case record and a copy in the WTW folder.

ACTIONS ON APPLICATION PENDING DA-PAD INVESTIGATION

The ISW/OSW will:

- Postpone approval of regular CalWORKs/Stage One Child Care for ten calendar days from the date of receiving the information required to approve child care services or until the response has been evaluated, whichever is earlier.

Note: If Immediate Need (IN) is issued, action must be taken to approve or deny the application within 15 working days from the date IN is issued. All other CalWORKs applications must be approved or denied within 45 calendar days from the date of application.

- Reply to requests for case information from the investigator by the next working day.
- Inform the investigator immediately (the same day) when CalWORKs/Stage One Child Care is denied while the response is pending.
- Issue IN if apparent eligibility to CalWORKs exists and the client meets IN specific requirements.
- Inform the investigator of IN issuance immediately (same day).
- Issue Homeless Assistance (HA) if apparent eligibility to CalWORKs exists and the client meets HA specific requirements. Inform the investigator of HA issuance by the next working day.
- Inform the investigator verbally or in writing of any other case changes relevant to the investigation.

Note: If the investigator is unavailable, the ISW shall inform the supervising investigator.

PROBLEM RESOLUTION

Problem Resolution between the DA-PAD investigator and CalWORKs Staff shall be as follows:

- The investigator brings the issue to the supervising investigator for resolution.
- If the supervising investigator is unable to resolve the issue, the supervising investigator will discuss the issue with the appropriate SSSII.

POTENTIAL CRIMINAL PROSECUTION

Based on evidence on file or after the district investigation is completed, if there is potential fraud affecting eligibility or the amount of benefits, the Criminal Prosecution Unit Referral Form F063-30-74B is completed and submitted by the ISW/OSW/ET to the DA-PAD Unit to determine whether the case can be referred for criminal prosecution or Administrative Disqualification Hearing (ADH).

The ISW/OSW/ET will:

- Discuss the case with the responsible supervisor.
- Contact the CalWORKs/WTW/Cal-Learn worker or other

team members for their program input on the potential fraud and narrate contacts in CalWIN Case Comments.

- Complete the Criminal Prosecution Unit Referral Form F063-30-74B the same day or the next working day.
- Attach a copy of the prior referral form if a previous investigation was initiated for the same reason.
- Attach Program and Case member listing from the Inquiry Subsystem (Case Information window in CalWIN) and any other information that may be helpful to the investigation (such as pay verification, Child Care Plan, CalWIN Search for Issuance, CalWIN Case Comments).
- Route the referral (F063-30-74B) with attachments to the DA-PAD Unit, Bldg 190 via pony mail. – **Do not send the case folder.**
- File a copy of the referral (F063-30-74B) on the Administrative Review ACCO in the case record.
- Inform the DA-PAD investigator verbally or in writing of any changes relevant to the investigation.

The Supervising Investigator will review the Criminal Prosecution Unit Referral Form and:

- Assign the case to an investigator if accepted for investigation; **or**
- Reject the case as not suitable for criminal prosecution. (A case may not be suitable for criminal prosecution but still have an overpayment/overissuance. Open cases will be returned to the worker of record for processing. Closed cases will be sent to FRU for processing.)

The assigned Criminal Investigator will:

- Request the case record per DA-PAD internal procedure.
- Conduct an investigation to gather facts that prove or disprove the allegations.
- Determine whether the allegation is unfounded or the allegation is substantiated.
- Allegation unfounded: Open case is returned to the worker of record. No further action is necessary. Closed case is returned to Closed Files. No further action is

necessary.

- Allegation is substantiated: Open or closed case is forwarded to FRU for computation of overpayment/ overissuance.

The FRU Reviewer will:

- Evaluate evidence and compute overpayment/ overissuance.
- Package the case for prosecution.
- Forward the case to the Deputy District Attorney (DDA) at DA-PAD for consideration of criminal prosecution.
- Retain the packaged case when accepted and returned to FRU by the DA for criminal prosecution pending a court date (which may be up to a year or later). All cases pending a court date are retained by FRU whether the case is open or closed.

Note: The investigator may enter a fraud alert in CalWIN.

REJECTED FOR CRIMINAL PROSECUTION

If a case sent by FRU to DDA at DA-PAD is subsequently rejected for criminal prosecution (for example, substantiated but not suitable for prosecution) DA-PAD will return the case for final processing to FRU:

- Open case: FRU will return the case to the worker of record for grant adjustment to begin the first quarter of the next payment quarter (10 day notice is required). The ISW/OSW/ET will follow the applicable overpayment guidelines. Recovery and collection of supportive services overpayments are outlined in Policy 320 – Supportive Services Overpayments and Underpayments.
- Closed cases: FRU will process the overpayment to civil collections as applicable. Collection action will be handled by SSA Accounting.

Note: If the case is closed before grant adjustment is complete, the worker who initiated the referral returns the case to FRU for evaluation.

COMMUNICATION

The ISW/OSW/ET who initiates the referral is to immediately

BETWEEN PROGRAMS

(the same day) provide a copy of the Regional Fraud Investigation Response Form F063-30-14 to each CalWORKs team member when received.

If an Overpayment is generated as a result of suspected fraud the OSW/ET will take the following action:

- CalWIN will be updated reflecting information confirmed and received from the client during the interview or thereafter with items received and/or requested in the checklist.
- For Supportive Services Overpayments: Refer to Policy 320 – Supportive Services Overpayments and Underpayments and the Supportive Services Overpayments Resource Guide. Overpayments are generated through a manual process via the Benefit Issuance & Recovery Subsystem.
- Set up the Overpayment claims and the recovery method when an overpayment has been discovered.
- Information will be shared with the WTW CM, DASU, or Cal- Learn worker.
- Complete CalWIN Case Comments regarding actions being taken and information submitted by the client.

INTENTIONAL PROGRAM VIOLATION

Regulations provide direction for making an Intentional Program Violation (IPV) determination in all programs except Child Care.

Reference: CalWORKs Policy 100-H1 – Intentional Program Violation

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COLLECTION REQUIREMENTS

All fraudulent amounts are subject to collection requirements regardless of the amount. The CalWORKs benefits will be reduced consistent with other CalWORKs overpayments.

Reference: EAS Manual MPP 44-352

SETTING A PURGE EXCEPTION

Cases with an IPV are to be kept indefinitely and not purged. Therefore, in order to prevent a case from automatically being purged, the FRU will set a case archive exception following the Archive Exclusion Details Resource Guide.

FORMS	F063-30-74A Regional Fraud Investigation Referral F063-30-74B Criminal Prosecution Unit Referral Regional Fraud Investigation Response Form F063-30-14 F063-41-108 Change In Status – Stage 2 & 3 Child Care Services Form
RESOURCE GUIDES	Supportive Services Overpayments Resource Guide Archive Exclusion Details Resource Guide
REFERENCES	CDSS MPP Division 20 EAS MPP Section 44-352 ACL 00-53 CalWORKs Policies: 320 – Supportive Services Overpayments and Underpayments 100-H1 – Intentional Program Violation