

**County of Orange Social Services Agency
Family Self-Sufficiency Division & Adult Services Division**

Program/Area: CalWORKs/Welfare-To-Work
Title: **Ancillary Supportive Services Overpayments and Underpayments & Unused Portions of Advance Supportive Services Payments**
Number: 320 **Status:** *Signature on file*
Effective Date: 02/01/98 **Revision Date:** 3/18/2019
Approved

PURPOSE The purpose of this policy is to provide instructions for handling overpayments, underpayments and unused portions of advance payments of CalWORKs Ancillary, Child Care and Transportation Supportive Services Payments.

DEFINITIONS

Overpayment: Payment for supportive services in excess of the amount which either participant or service provider is eligible to receive.

Underpayment: Payment for supportive services less than the amount which participant or service provider is eligible to receive.

Advance Payment: Payment made before the expense has actually occurred.

Reimbursement Payment: Payment made after the expense has occurred.

DEFINITION OF UNUSED PORTION OF ADVANCE PAYMENT Unused portions of an Advance Ancillary Payment are created when:

- Acceptable proof of costs is not received, no later than 10th day of the following month after the issuance of Advance Payment was made.
- [WTW Ancillary Expenses Statement F063-41-65](#) is not completed.
- Proof of costs is received by the 10th. of the following month, but the proof of the costs indicated is less than the amount of the Advanced Ancillary Payment.

Example:

(Advanced Payment Unused Portion Payment)

The WTW Participant requests \$200.00 in Ancillary Supportive Services Advance Payment for steel toe work boots.

The CM determined that due to the participant's specialty field in construction (working with concrete) and the supporting documentation provided by the new employer, that the request is reasonable and necessary. Advance Payment in the amount of \$200.00 is issued on 12/20/18.

On 12/28/18, the participant provides the CM with proof/receipt of \$150.00 for his steel toe boots and states that he found a cheaper pair and used the other \$50.00 to pay his outstanding electrical bill.

In this example \$50.00 will be considered "Unused Advance Payment Overpayment" (Client Error).

Refer to section "Establishing Ancillary Supportive Services Overpayments & NOA".

SUPPORTIVE SERVICES PAYMENTS

Regardless of when they occur, payment to vendors/providers for the provision of bus passes/vouchers is not considered an Advance payment of Ancillary Supportive Services

WORKER RESPONSIBILITY

Workers shall take all reasonable steps to promptly correct any overpayment or underpayment of supportive services payments to a participant or service provider including, but not limited to, all cases involving fraud and abuse

Refer to [CalWORKs Policy 100-H4 CalWORKs Fraud Referrals](#)

UNDERPAYMENT IDENTIFICATION AND ADJUSTMENT

When a worker has identified that an underpayment exists, the worker 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.

Refer to [CalWORKs Policy 100 B15 Overpayment and Underpayments](#)

OVERPAYMENTS SUBJECT TO COLLECTION

An overpayment is considered to have occurred if it involves:

- Errors in computation (Administrative/Agency Error)
- Participant caused errors (Client Error)
- Unused Advance Payment or an unused portion of Advance Payment
- Fraud, regardless of the amount

- An Advance Ancillary Payment that has been reconciled by receipt of proof of costs or a completed [WTW Ancillary Expense Statement F063-41-65](#) and later is determined to be an overpayment because the participant failed to comply with WTW requirements.

Refer to [CalWORKs Policy 100-H4 CalWORKs Fraud Referrals](#) and [F063-41-WT14 Potential Fraud Indicators](#) for examples of potential fraud indicators.

**INDIVIDUALS
SUBJECT TO
OVERPAYMENTS
COLLECTION**

Overpayments may ONLY be collected from:
The overpaid participant assistance unit (AU) member.

**ESTABLISHING
ANCILLARY
SUPPORTIVE
SERVICES
OVERPAYMENTS
& NOA's**

The following steps will be completed when establishing an Ancillary Supportive Services Overpayment:

1. Calculate the overpayment within 30 calendar days of the date the overpayment or partial overpayment is first discovered.
2. Complete Cal WIN Case Comments and include:
 - Name of individual overpaid
 - Amount owed
 - Reason for overpayment (include specific item(s))
 - Period of time the claim(s) covers
3. Complete and send a the [WTW/CL Supportive Services Overpayment/Underpayment \(WTW 11\)](#),

The participant has 10-calendar days from the date the NOA was mailed to arrange payment or contact the County verbally or in writing.

Participant responds within 10-calendar days:

- Approve the deferral for repayment IF the participant does not have enough money to pay for child care, transportation and or work/training related expenses and/or education related expenses to be in a WTW/CL Program and complete a Case Comment in CalWIN and resend a [WTW/CL Supportive Services Overpayment/Underpayment \(WTW 11\)](#) advising the participant the deferral has been granted.

Participant does NOT respond within 10-calendar days or case closes:

- Send [WTW12 WTW/CL Supportive Repayment Agreement](#) & [WTW 13 WTW/CL Supportive Services Overpayment Final Notice](#).
- Proceed with collection activity by lowering future Ancillary Supportive Services Payments and complete Cal WIN Case Comments. See “Overpayment Collection Methods”.

Note: If a determination is needed to evaluate the cost effectiveness of the overpayment in pursuit of the collection activity, contact Program Subject Matter Expert (SME).

OVERPAYMENT DEFERRALS

If the individual is an active Welfare-to-Work (WTW) or Cal-Learn (CL) participant and indicates they are unable to repay or the IEES/CEES and/or the CM determines that the collection/adjustment of an overpayment would result in a disruption of child care arrangements, preclude or prevent participation in the WTW or CL Program or employment, the collection or adjustment can be temporarily deferred.

In such circumstances, the worker will:

1. Discuss the repayment deferral with the participant and explain the decision to temporarily defer repayment.
2. Resend the [WTW 11 WTW/CL Supportive Services Overpayment & Underpayment NOA](#) advising the participant that the deferral has been granted and repayment will be delayed.
3. Not collect the unused portion of the Advance Payment initially
4. Complete Cal WIN Case Comments and include:
 - Name of individual overpaid
 - Amount owed
 - Reason for deferral (include specific item(s))
 - Period of time the claim covers

Temporary deferral shall also be reviewed when:

1. The participant changes status, e.g., from one activity to another or
2. The participant is no longer a WTW or Cal-Learn participant or
3. The case is discontinued

Resend the [WTW 11 WTW/CL Supportive Services Overpayment & Underpayment NOA](#) advising the participant when changes are made to the deferral.

[Program Integrity and Accounting Collections Units Bld. #180](#) handles collection efforts from individuals who were overpaid and no longer receiving aid.

**RECOVERY OF
UNUSED
PORTIONS**

Child Care:

When the IEES/CEES & CM determines that recovery of unused portions of childcare payments is appropriate, the recovery of the unused portion shall only be made from future childcare payments when the individual voluntarily agrees. If the participant does not voluntarily agree, cease (stop) the collection activity and complete a case comment in Cal WIN.

Note: A recipient cannot be forced to offset or repay over payments or fraudulent claims by discontinuing Child Care Services.

Transportation & Ancillary Supportive Services:

Any recovery of unused portions of transportation and/or ancillary expenses may be made from either future transportation and/or ancillary payments, unless collection is **deferred**.

**OVERPAYMENT
COLLECTION
METHODS**

The County cannot force participants to repay overpayments or fraudulent claims by discontinuing child care services. The County cannot offset a participant's grant or childcare payment without the participant's signed agreement.

Workers are:

1. To explain repayment options, but will only present a repayment agreement to the participant when the participant requests to pay back the overpayment.
2. **Not to initiate** or require a participant to complete a repayment agreement.

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 for active cases. Participants who initiate repayment and agree to repay an overpayment, may use of any of the following methods:

1. **Balancing**

Balancing is a method for the recovery of all or a portion of an overpayment by applying an overpayment against a repayable underpayment.

2. **Voluntary Cash Recovery**

Voluntary cash recovery is a voluntary repayment made to the County by a participant who has incurred an overpayment.

The worker will explain voluntary cash recovery to a participant (or former participant) but workers are not to request repayment by this method.

Participants can repay all or any portion of an overpayment in cash, checks, money orders (checks and money orders made payable to the County of Orange Social Services Agency), either as a lump sum or in installments to District Accounting.

The district accounting staff will issue a receipt to the participant. The worker will narrate the repayment amount into CalWIN Case Comments and image a copy of the receipt into On Base.

3. **Voluntary CalWORKs Grant Adjustment**

Voluntary grant adjustment is a voluntary repayment made to the County by a participant, foregoing all or a portion of a grant to which he/she is eligible. The worker should explain the voluntary grant adjustment process to participants with available income and resources.

If the participant chooses the voluntary grant adjustment as a method of recovering an overpayment, the worker must obtain written agreement to repay. This agreement must indicate that repayment is voluntary.

The participant is not required to fulfill any voluntary grant adjustment agreement he/she enters into and may request payment of the full grant to which he/she is eligible to at any time.

The participant may enter into a new agreement with the County at any time.

4. **Supportive Service Payment**

Ongoing supportive service payments may be adjusted to repay supportive service overpayments, provided the individual agrees to the method of recovery, unless deferred. The following are guidelines for overpayment adjustments:

- a. The monthly maximum recovery from current payments shall be as follows, unless the individual volunteers to pay a higher percentage:
 - 10% of the total payment for **Participant/Client caused overpayment**
 - 5% of the total payment for **Administrative/Agency caused overpayment**.

- b. When the current payment adjustment is not enough to recover the entire overpayment, the remaining amount of the overpayment shall be applied to the following month(s) and the adjustment process shall be repeated until the overpayment has been repaid in full.
- c. Notify the participant in writing via the [WTW/CL Supportive Services Overpayment/Underpayment \(WTW 11\)](#) NOA when any adjustment is made.
- d. 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 CalWORKs, the worker will explain to the participant that the overpayment still exists and explain repayment methods as detailed in this policy.

VOLUNTARY REPAYMENT OF OVERPAYMENTS

Should the participant initiate and agree to voluntarily repay the overpayment, the worker will:

1. Discuss and mutually agree upon the method of repayment.
2. Complete the [CW 2217 CalWORKs Request for Voluntary Repayment](#) form (both worker & participant must sign).
3. Give the participant a copy of the [CW 2217 CalWORKs Request for Voluntary Repayment](#).
4. Image original copy into electronic case record.
5. Complete CalWIN Case Comments.

[CW 2217 CalWORKs Request for Voluntary Repayment](#) will be given to participant **only** under the following conditions:

1. The participant understands that they are not required to voluntarily repay the overpayment and can suspend voluntary repayment at any time.
2. The participant asked if voluntary repayment of their overpayment can be made.
3. The worker has provided the participant with an explanation of the overpayment.
4. The worker has not in any way initiated or requested that the participant undertake voluntary repayment.

*Individuals shall be allowed to revoke a voluntary repayment agreement incorporating grant adjustment at ANY time and enter into a new repayment agreement with the County.

For methods of recovery refer to [CalWORKs Policy 100 B15 Overpayment and Underpayments](#).

SUPPORTIVE SERVICES OVERPAYMENT COLLECTION ON CLOSED CASES

Where an overpayment has been established for the participant who is no longer receiving CalWORKs, recovery will be made by appropriate action, under state law, against the income or resources.

[Program Integrity and Accounting Collections Units Bld. #180](#) handle collection efforts for individuals who were overpaid and no longer receiving aid.

Program Integrity receives a monthly overpayment report that provides the necessary information to proceed with the overpayment collection activity.

Note: It is no longer necessary to complete and send a Notice of Non-Fraud Overpayment form F063-07-96 to Program Integrity when a case closes and there is a remaining overpayment balance.

DEFINITION OF FRAUD, PERJURY, AND FRAUD INDICATORS

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 an increase in benefits or continuance of 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.

Refer to [F063-41-WT14 Potential Fraud Indicators](#) for examples of potential fraud.

Workers should use sound judgement and discretion to determine whether a participant's circumstances warrant a fraud referral. Refer to [CalWORKs Policy 100-H4 CalWORKs Fraud Referrals](#) for further information.

Perjury occurs when an individual knowingly and willingly tells a lie while under oath or affirmation. A perjury declaration is found on the application, Statement of Facts and SAR7.

REFERRAL FOR FRAUD INVESTIGATION

Workers will attempt to resolve any inconsistencies by careful review of records and by conferring with the participant and other knowledgeable parties. If it appears fraud was committed, the worker is to:

- Discuss the case with the responsible unit supervisor
- Document that a referral was made and background information in CalWIN Case Comments

- Refer the case to the District Attorney-Public Assistance Division (DA-PAD) District Attorney Fraud Unit (DAFU) for evaluation using the [Regional Fraud Investigation Referral \(F063-30-74A\)](#) and attach any pertinent documentation

**OVERPAYMENT
RECORDS
MAINTENANCE**

The worker will ensure all overpayments involving participants are correctly recorded in Cal WIN and Case Comments are updated accordingly. The worker will make sure that a record is kept of all overpayment activities, including imaging copies or virtually printing copies of all notices and repayment agreements into electronic case record.

REFERENCES

EAS MPP Sections 20-003.1, 42-750, 42-751, 47-110(o)(1), 47-440.1 through .17,
ACL 00-53 dated 8/29/00, Stage One Child Care Fraud & Overpayments
ACL 11-80 DATED 11/28/11, CW New & Reviewed Overpayment NOA Messages
ACL 15-13 dated 2/5/15, CW Use of Promissory Notes for Overpayment Collection Reminder to ACL 11-80
ACL 15-95 dated 12/1/15, CW Calculating OP & OI Treatment of IEVES Under SAR & AR/CO
[CalWORKs Policy 100 B15 Overpayment and Underpayments](#)
[CalWORKs Policy 100-H4 CalWORKs Fraud Referrals](#)

ATTACHMENTS

[F063-41-WT14 Potential Fraud Indicators](#)
[Regional Fraud Investigation Referral \(F063-30-74A\)](#)
[WTW 11 WTW/CL Supportive Services Overpayment/Underpayment NOA](#)
[WTW12 WTW/CL Supportive Repayment Agreement](#)
[WTW 13 WTW/CL Supportive Services Overpayment Final Notice](#)
[CW 2217 CalWORKs Request for Voluntary Repayment](#)