

+-----+
 | ADMINISTRATIVE DIRECTIVE |
 +-----+

TRANSMITTAL: 97 ADM-19

DIVISION: MSQI

TO: Commissioners of
 Social Services

DATE: September 26, 1997

SUBJECT: Reporting and Monitoring of the DSS-3214, Food Stamps Claims
 Against Households Report

SUGGESTED

DISTRIBUTION: Accounting Supervisors
 Food Stamp Supervisors
 Fraud Unit

CONTACT

PERSON: Roland Levie- Regions I-IV at 1-800 343-8859,
 ext. 4-7549
 Marvin Gold- Metro: Region V at (212) 383-1730

ATTACHMENTS: Survey-Questions (on-line)

FILING REFERENCES

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
94 ADM-5		18 NYCRR 387.19	7CFR 273.18 PRWORA (P.L. 104- 193)	Food Stamp Source Book - Chp-XV FRM II. 3.zd-1	97 LCM-31 97 LCM-4 90 LCM-204

I. Purpose

The purpose of this Administrative Directive is to convey United States Department of Agriculture's (USDA) and the New York State Department of Social Services' (NYSDSS) initiative to improve Food Stamp claims management. USDA has also provided policy changes for terminating claims, and thresholds for establishing claims to assist Local Districts in managing their claims systems.

II. Background

In a recent USDA Office of Inspector General Food Stamp audit, the Department was instructed to ensure that all districts maintain an adequate food stamps accounts receivable system that complies with federal Food Stamps regulations. Detailed claims information is required that fully supports the amounts reported on each line of the DSS-3214, Claims Against Households, report. This includes the requirement for each claim to be traceable to a source documentation e.g., case file which must contain all the necessary documentation to support the establishment and computation of overpayments. A reconciliation must be completed on a quarterly basis to ensure that the number and dollar value of all claims in the district's claim system agree with the number and dollar value of claims reported on the DSS-3214. Districts must also have procedures to ensure the establishment of claims when there is an overpayment. This would include review of any case determined to have an overissuance of public assistance benefits for the potential overissuance of food stamp benefits and if appropriate the establishment of a food stamp claim.

USDA Northeast Regional Food and Consumer Services (FCS) has given the State an advance notice of potential fiscal sanctions based on deficiencies found in the management of FS claims. In order to avoid these sanctions, corrective action is needed. The NYSDSS will initially conduct a review of the claims operations in selected districts. In the future, review of the claims process in all other districts will be conducted as part of the Management Evaluation (ME) review.

III. Program Implications

Pre-Establishment Cost-Effectiveness Determination

Non participating households

Effective August 1, 1997, local districts may waive the establishment and collection of any claim that is \$125 or less for any non-participating household. This threshold would apply to new Intentional Program Violations (IPV), Inadvertent Household Errors (IHE), and Agency Errors (AE) claims. This is a change from the prior FCS threshold of \$ 35 which had been in effect since 1977. For existing claims, districts would follow the criteria in Section IV of this ADM for claims termination and write-off.

Participating Households

There is no threshold for establishing and collecting claims for participating households, since districts can collect from these households using allotment reduction, i.e., automated recoupment of authorized food stamp benefits.

Districts must continue to establish claims as outlined in the NYSDSS Food Stamp Source Book, Section XV.

IV. Required Action

Claims Termination and Write-Off

Effective August 1, 1997, districts may terminate and write-off any claim for a non-participating household, if it meets any of the following criteria:

1. Any claim which is found to be invalid in a fair hearing, administrative disqualification hearing or court hearing;
2. Any claim in which all adult household members are deceased, and the district is not planning to pursue collection from the estate;
3. Any claim which has an outstanding balance of \$ 25 or less and has been delinquent for 90 days or more;
4. Any claim which the district has determined is not cost-effective to collect; or
5. Any claim which has been delinquent for 3 years. Claims no longer have to be suspended for 3 years before termination.

In order to utilize the third and fifth criterion, your district must be able to age the claim to determine the length of delinquency. It is imperative that districts review their system to determine if claims are properly aged. Districts will be required to submit claims aging data to the NYSDSS when USDA revises the Claims Against Households Report at some time in the future.

Terminated claims, as a result of the revised policies in this ADM, are to be reported on Line 9 of the DSS-3214, Food Stamp Program Status of Claims Against Households Report.

Claims Establishment Backlog

In an effort to reduce the number of claims which are not established in a timely manner, districts must establish claims before the end of the quarter following the quarter of the discovery of a potential overissuance. For example, if the discovery of a potential overissuance is in April, May or June, districts must establish the claim by sending a demand letter and entering the claim into the claims system no later than September 30.

FTROP Reporting

The following is a clarification of the instructions in 97-LCM-31, dated April 16, 1997:

The dollar amount of FTROP collections will be reported on line 3b, Balance Adjustment, of the DSS-3214 report as a negative adjustment. Line 3b must be explained in the Remarks section. However, if the FTROP collection pays the claim in full, the number of claims will be reduced using Line 8, Closed.

In order to submit a claim for FTROP, it must be included on the DSS-3214. Referrals for FTROP cannot be made against terminated claims. Districts would have to reactivate the claims by reporting the number and amount of claims on line 3B, balance adjustments of the DSS-3214.

Claim Balances

Each line on the DSS-3214 report must be supported by identifiable claims. Each claim must be traceable to a source documentation which must contain documentation to support the establishment and computation of the claim, e.g., case file.

Districts must initiate a complete review of their Food Stamps Claims establishment and reporting procedures in order to substantiate the amounts reported on each line of the DSS-3214. This review will require a reconciliation of the DSS-3214 report. At a minimum, the reconciliation must determine whether the Beginning Balances reported on the DSS-3214 agree with the claim listings of numbers and dollar amounts of claims. Districts must submit a reconciliation plan to the Bureau of Local Financial Operations for approval by December 31, 1997. The reconciliation must be completed by no later than March 31, 1998. Any district that identifies a problem with its claims process during the conduct of the initial reconciliation must submit a corrective action plan to the Bureau of Local Financial Operations by June 30, 1998 outlining the steps it plans to take to correct the problem(s) and the target date for completion. The plan must also include a target date for completion of a second reconciliation after corrective action steps have been completed. The second reconciliation would require a complete inventory and comparison of claims established on the district's system with the case file information. This reconciliation would be required in order to revise beginning and ending balances on the DSS-3214. At a minimum the reconciliation must include the following steps:

1. Does the Beginning Balance reported on the DSS-3214 agree with the claim listings of number and dollar amounts of claims?
2. Does the claim type agree with the case record?
3. Are all claims in the case file accounted for on the DSS-3214?

4. For an active Food Stamp case, is the case in WMS for recoupment of the overpayment?
5. Review documentation which substantiates each line of the DSS-3214.

The districts must also maintain a process that can be used to verify and update claim balances on a quarterly basis.

Any corrections to claim balances due to this review would be made on line 3b, balance adjustment. Any entries on lines 3b, 5, 18b, 18c and 19 of the DSS-3214 report must be explained in the Remarks section or on a separate sheet as needed.

Reporting Requirements

Instructions for completing the DSS-3214 report can be found in the Fiscal Reference Manual, Volume II, Chapter 3, page zd-1.

In order to meet Federal reporting deadlines, districts must submit their DSS-3214 reports in a timely manner. To ensure timeliness, multiple staff should be trained to prepare the reports. Please submit complete reports to the Bureau of Local Financial Operations within 25 days following the report month.

The FNS-46, Issuance Reconciliation Report is due 60 days after the end of the report month. (NYC ONLY).

Recoupments

Unless a FS overissuance is collected in the form of cash or some other non allotment-reduction means, districts must automatically reduce a household's allotment to collect IPV, and IHE as well as AE claims. The household's permission is no longer required to collect AE claims through this method with proper client notification. The allotment reduction amount for IPV's is 20% of the household's pre-disqualification benefit amount or \$10, whichever is greater. The amount for IHE's and AE's is 10% of the allotment or \$10, whichever is greater.

Survey

The attached survey on Food Stamp Program Claims Against Households must be completed by each district and returned to the Bureau of Local Financial Operations by December 31, 1997. However, districts that recently underwent a claims review by State staff (Erie, Monroe, Nassau, New York City, Onondaga, Rockland, Suffolk and Westchester) are exempt from completing the survey.

System

Each district is required to have a claims tracking system in place by December 31, 1998. The system must be CAMS or a system certifiable by our office.

Date September 26, 1997

Trans. No. 97 ADM-19

Page No. 6

V. Effective Date

The effective date of this Administrative Directive is October 15, 1997 except for the threshold for establishing and collecting claims and claim termination and write-off which are effective August 1, 1997.

Thaddeus Ziemba
Assistant Commissioner
Office of Financial Management

SURVEY QUESTIONS ON FOOD STAMP PROGRAM OVERPAYMENT CLAIMS

1. Do you have a Food Stamp Overpayment claims tracking system?
Yes___ No___

Please explain how and provide any additional comments.

2. Are you using either CAMS or an equivalent automated system to account for overpayment claims and collections? Yes___ No___

Please explain how and provide any additional comments:

3. Does your Food Stamp Overpayment claim system document the circumstances which resulted in the establishment of a claim?
Yes___ No___

Please explain how and provide any additional comments.

4. Does your claim system document the procedures used to calculate the amount of the overpayment claim? Yes___ NO___

Please explain how and attach a copy of the procedures used to calculate the amount of the overpayment claim.

5. Does your claim system document the methods used to collect the claim?
Yes___ No___

Please explain how and provide any additional comments.

6. Does your claim system identify those situations in which benefits not yet issued to a household can be used to offset a claim owed by a household? Yes___ No___

Please explain how and provide any additional comments.

7. Does your claim system identify those households that have failed to make installment payments on their claims? Is a delinquency report generated by your claims system? Yes___ No___

Please explain how and provide any additional comments.

8. Does your claim system age claims and is an aging report available? Yes___ No___

Please explain how and provide any additional comments.

9. Does your claim system document how much money was collected in payment of claims? Yes___ No___

Please explain how and provide any additional comments.

10. Does your claim system ensure that the opening, adjusting, and closing figures on the DSS-3214 can be traced to source documents with relative ease? Yes___ No___

Please explain how and provide any additional comments.

11. Does your claim system contain at least the following: client case number; SSN; claim type; claim amount; claim identifier and; date claim established? Yes___ No___

Please explain how and provide any additional comments.

12. Does your claim system ensure that the DSS-3214 will calculate correctly internally and that the opening balance for the next month is the ending balance for the previous month? Yes___ No___

Please explain how and provide any additional comments.

13. Does your claim system provide a complete master listing of claims included in the opening balance, ending balance, collections balance, and adjustments balance from the DSS-3214? Yes___ No___

Please explain how and attach a sample of the master listing.

14. Does your claim system ensure that all potential claims are timely evaluated (within 30 days of discovery) and developed into overpayment claims or documented as correct payments? Is there a listing of potential claims? Yes___ No___

Please explain how and provide any additional comments.

15. Does your claims system tie into the official accounting system of the county? Yes___ No___

Please explain how and provide any additional comments:

16. Does your claims system ensure that claims identified as potential IPVs are established as IHE claims pending the result of required administrative review? YES____ No____

Please explain how and provide any additional comments:

17. Do individual claim balances agree with case activity? Yes____ No____

Please explain how and provide any additional comments:

18. Is the total claims balance periodically verified and updated? i.e. Is there a process to check and ensure that the ending inventory balance is accurate? Yes____ No____

Please explain how and provide any additional comments:

19. Do you reconcile claims data with case files and reports? i.e. Is there a procedure for steps to take if data does not match? Yes____ No____

Please explain how and provide any additional comments:

20. Is a recipient overissuance file maintained that includes documentation of the claim and agrees with the claim system? Yes____ No____

Please explain how and provide any additional comments:

21. Are payments and recoupments properly posted to the recipient's account within ten days of the receipt date or recoupment date? Yes___ No___

Please explain how and provide any additional comments:

22. When a PA overpayment is established, is a Food Stamp Claim also calculated and established where appropriate? Yes___ No___

Please explain how and provide any additional comments:

23. Are claims established as a result of a QC review? Yes___ No___

Please explain how and provide any additional comments:

24. Are overissuances properly classified as AE, IHE or IPV? Yes___ No___

Please explain how and provide any additional comments:

25. Are claims referral reports generated by your claims system and reviewed by the supervisor? Yes___ No___

Please explain how and provide any additional comments:

26. Does the supervisor investigate claims not established within 90 days of discovery? Yes___ No___

Please explain how and provide any additional comments:

27. Does the district have a backlog of potential claims? If so, how large is the backlog and what is being done to reduce it? Yes_____ No _____

Please explain and provide additional comments.

28. Does the local district pursue collection for IHE and AE overissuances above the threshold amount, and is the IPV threshold amount also adhered to? Yes___ No___

Please explain how and provide any additional comments:

29. Does your claims system maintain delinquency reports which list claim balances for which a payment has not been received for 30 days or more? Yes___ No___

Please explain how and provide any additional comments:

30. Are delinquency reports generated by your claims system and reviewed by the Supervisor? Yes___ No___

Please explain how and provide any additional comments:

31. Are appropriate demand letters sent out in accordance with Food Stamp Program regulations? Yes___ No___

Please explain how and provide any additional comments:

32. When participating IHE, IPV or AE households do not respond to the initial demand letter, is collection initiated through reduction of the household's Food Stamp allotment? Yes___ No___

Please explain how and provide any additional comments:

33. Does the local district make effective use of additional methods of collection by providing appropriate information for FTROP? What other collection methods does your district use? Yes___ No___

Please explain how and provide any additional comments:

34. Are food coupons received as payment for an overissuance properly destroyed within 30 days of receipt? Yes___ No___

Please explain how and provide any additional comments:

35. Are appropriate collection procedures initiated on delinquent claims for closed cases? Yes___ No___

Please explain how and provide any additional comments:

36. Are claims terminated in accordance with Food Stamp Program regulations? Yes___ No___

Please explain how and provide any additional comments:

37. Are dollar thresholds for suspending claims collection established and adhered to? Yes___ No___

Please explain how and provide any additional comments:

38. Are Food Stamp overpayment claims referred to the Fraud Unit and local District Attorney where appropriate? Yes___ No___

Please explain how and provide any additional comments:

Please return by no later than December 31, 1997 to:

Richard Radzynski, Director
Bureau of Local Financial Operations
New York State Department of Social Services
40 North Pearl Street 13C
Albany, NY 12243

Date: _____ Signature: _____

Telephone: _____