

38. CWES Fraud Referrals

38.1 Policy [EAS 20-000, 42-751, and 47-440]

State regulations require counties to refer suspected fraud associated with supportive service payments on the part of the client or provider for investigation and to take all reasonable steps necessary to promptly correct any overpayment of supportive services payments due to fraud.

It is county policy that CalWORKs Employment Services (CWES) staff refer ALL open or Post Aid Services (PAS) cases where fraud is suspected to Social Services Agency's (SSA) Special Investigation Unit (SIU) regardless of the overpayment amount.



Note:

The SIU will prioritize and investigate for criminal prosecution when warranted.

38.1.1 Definition of Fraud

Fraud is the knowing misrepresentation of facts with the intent to obtain something to which one is not entitled.

Fraud exists when an individual, on behalf of himself, or others:

- Knowingly, and with intent, makes a false statement or representation to obtain benefits, obtain a continuance or increase of benefits, or avoid a reduction of benefits or denial of benefits.
- Knowingly, and with intent, fails to disclose a fact which, if disclosed, could result in denial, reduction, or discontinuance of benefits.
- Accepts benefits knowing that he/she is not entitled, or accepts any amount of benefits knowing it is greater than the amount he/she is entitled to receive.

38.1.2 Fraud Prevention

To reduce the chance of fraud occurring, the Employment Counselor (EC) must:

Step	Action
1.	Review the rights and responsibilities for the program with the client.
2.	Inform the client of what information is needed to determine eligibility for supportive services and why the information is needed.

Step	Action
3.	Explain to the client their responsibility to report correct and complete information and to promptly report changes in circumstances to the EC.
4.	Document the client's perceived level of understanding of their reporting responsibilities in Maintain Case Comments window in CalWIN (i.e., "Client states that he fully and completely understands reporting requirements.")
5.	Advise the client of the potential criminal penalties for making false statements or failing to report information.

38.1.3 Pre-Referral Requirements

Referrals to the SIU for fraud investigations are to be initiated by the EC as part of their role in the prevention and detection of fraud. The SIU investigates referrals of potential fraud by clients or others to determine potentially fraudulent receipt of public assistance (supportive services) and completes the prosecution of these claims as appropriate.

Following each step in the detection process is essential to the successful evaluation of fraud. When proper procedures are followed, erroneous referrals, based solely on eligibility problems or administrative errors, may be avoided.

Prior to initiating a referral to the SIU, the EC must review all information and:

- Analyze whether or not the information received is logical for the situation described.
- Check for the inconsistencies of statements contained in CWES documents pertaining to supportive services and other information provided by the individual.
- Pursue inconsistencies in information received and individual's statements. Allow the individual an opportunity to clear up what may turn out to be a simple misunderstanding. It is only when a reasonable or credible explanation is not forthcoming that the EC must take further action.
- Clarify unexplained discrepancies. A denial of the discrepancy by the individual is not always a resolution of the discrepancy.
- Make third-party contacts to properly assess a situation, if appropriate. The EC must obtain a "Release of Information" (SCD 1029) to follow-up on third-party contacts.
- Treat all individuals with respect and dignity.



Note:

If the issue remains questionable or unresolved, a fraud referral must be made by the EC.

38.1.4 Community Inquiry

Community complaints are defined as complaints received by persons in the community to report client fraud or misrepresentation by a staff member of this Agency. All community complaints are documented on the “Community Inquiry or Report” (SCD 16). [Refer to Common-Place Handbook, Chapter 39] for more information.

On occasion a member of the community may call-in an inquiry or complaint for suspected fraud to a CWES District Office or directly to an EC. The information may be provided by a neighbor, provider, relative, or any other member of the community.

In order to maintain the confidentiality of the client, the person taking the call must NOT acknowledge that the client is a recipient of any AGENCY services. These calls are to be routed to the CWES Fraud Designee for the CWES District Office.

The designated person must follow this process when a complaint is received:

STAGE	WHO	ACTION
1.	Member of the Community	Contacts the EC via telephone or the CWES District Office to file a complaint.
2.	EC or Clerical Staff	Refers the telephone call IMMEDIATELY to the CWES Fraud Designee without acknowledging that the client is a recipient of any agency services.
3.	CWES Fraud Designee	Completes a “Community Inquiry or Report” (SCD 16).
		Forwards original and yellow copy of SCD 16 to the EC. If the case is closed the, SCD 16 is routed to the EC’s Supervisor.
		Forwards a copy of the SCD 16, for active cases, to the EC’s Supervisor.
		Maintains a copy of the SCD 16 for tracking action to be taken by the EC within fifteen work days.

STAGE	WHO	ACTION
4.	EC	<ul style="list-style-type: none"> • Takes appropriate steps to clarify inconsistencies or discrepancies. This includes contacting the client or provider and scheduling an appointment to complete the "General Affidavit" (SCD 101) with the client or provider's explanation/clarification concerning the situation. The "General Affidavit" (SCD 101) is used for languages other than English and Spanish. <p>Note: If the complainant wants to remain anonymous, do NOT reveal the complainant's identity even if the client professes to know it.</p> <ul style="list-style-type: none"> • The EC must thoroughly document the dialogue on the Maintain Case Comments window in CalWIN. • For closed cases, the last known worker will take appropriate action. If the last known worker is no longer available, the EC Supervisor will determine who will process the inquiry. <p>Completes the bottom section of the SCD 16, thoroughly documenting all actions taken and the final resolution to the problem, signs the form and obtains a signature from the supervisor and manager.</p> <p>Distributes the form as follows after the supervisor and manager have signed the SCD 16:</p> <ul style="list-style-type: none"> • Returns the original to the CWES Fraud Designee. <p>If fraud is suspected, initiates an SIU fraud referral after all inquiries have been made.</p>
5.	CWES Fraud Designee	<p>Forwards the original to IDM for scanning.</p> <p>Note: Notifies the Unit Supervisor and SSPM on the sixteenth work day if the SCD 16 is overdue.</p>

38.2 Fraud Referral Indicators

38.2.1 Fraud Indicators

The criteria listed in this section is intended to assist the EC in determining if a fraud referral is appropriate. If a fraud referral is questionable, the EC should consult with their supervisor. Although the criteria listed are not always an indication of fraud, the criteria should alert the EC to consider whether a referral may be necessary.

Indicators of fraud can be found at any point in time whether handling a case on a routine basis, determining eligibility for supportive services, reviewing attendance or payment records, or receiving a report from a member of the public.

Fraud referrals may be associated with payments made involving child care expenses, certain transportation costs, or work or training-related expenses. These may include, but are not limited to the following:

- Child care payments made to the provider
- Mileage and/or transportation payments made to the client
- Ancillary expenses.

38.2.2 Child Care Fraud Indicators

Child care fraud may include, but is not limited to, a CalWORKs client or former CalWORKs client receiving or continuing to receive child care services they know they are not eligible for or no longer entitled to receive. Child care fraud may also involve a child care provider that is knowingly obtaining or receiving child care payments for services which they did not provide or are not entitled.

Below is a list of potential child care fraud indicators associated with clients and/or providers:

Client Related

Client related fraud indicators MAY be:

- A client intentionally fails to report increased earnings knowing that those earnings will result in higher family fees or ineligibility.
- A client intentionally fails to report changes in the hours he/she is engaged in CWES activities knowing that reporting changes will result in less hours of subsidized child care.
- Client obtains child care when, in fact, the biological or adoptive parent is in the home and able to care for the child(ren), when the client knows such a person is obligated to provide care for the child(ren).
- The tax deductions on pay stubs indicate married status for the client but client states they are single and the other parent is not available to care for children.
- A client knowingly receives child care subsidies from two different sources for the same service.
- A client receives cash aid fraudulently. (However, in such cases, child care eligibility needs to be reviewed separately.)
- Client reports hours that are different than what provider reports.
- Attendance in child care is irregular (agencies can limit the number of excused absences).
- Client is consistently at home when they should be at work.

- Hours claimed on attendance sheet are not authorized by CWES Worker or are not consistent with work schedule.
- Client presents verification of residency, such as a rent receipt, lease or utility bill that appears to have been altered and/or written by the client.
- Client presents identification document that appears to have been altered and/or does not appear authentic.
- Client reports mailing address as post office box with no reasonable explanation.
- Frequent address change for parent.
- Previously employed client terminates employment but continues to receive child care benefits.
- Parent incarcerated during a time when they were supposed to be working and claimed child care assistance.
- Client is self-employed but has little or no business records to verify income.
- Client previously on aid and parents separate when the cash aid case is discontinued due to employment of the primary wage earner.
- Pay stubs are inconsistent with household composition, marital status, or income that client has previously reported.
- Parent fails to provide proper documents to verify school enrollments and/or progress reports/grades.
- Parent comes in to county welfare department office on a regular basis during the hours they are supposed to be working.

Provider Related

Provider related fraud indicators may be:

- A provider submits time sheets for hours when child care services were not provided for the recipient's child(ren).
- Indication that provider has hours that are in conflict with times child care is being provided.
- The EC telephones provider and provider is absent during times child care is being provided, and provider cannot furnish reasonable accounting of her time.
- Provider has reported child care "operational" hours different than the times child care is actually being provided.

- Indication that the provider has work/personal hours that are in conflict with the contractual hour, and there are no arrangements for providing care in their absence.
- Provider reports excessive hours in one week or on an ongoing basis. Care provided for longer periods of time than recipient's work or school schedule.
- Check is being mailed to a third party address.
- Provider is attending a California community college during hours he/she is allegedly providing care.
- Provider has work/school hours that are in conflict with time child care is being provided.
- Provider charging CalWORKs clients more than other clients are charged. This refers to other unsubsidized clients or families.
- Billing for days that are not contracted.
- Provider incarcerated during a time when they were supposed to be providing care.
- A community complaint is received that child care fraud is taking place.
- A license-exempt provider is being paid for child care services that are actually being rendered by another individual on a regular basis.
- Provider signs over child care checks to parent.
- Provider submits supplemental billing statements on a regular basis.

Client/Provider Related

Client/Provider related fraud indicators MAY be:

- The client and the child care provider are submitting time sheets for payment when child care services were not provided.
- Neighbor or relative listed as providing child care when client has older child(ren) actually providing care.
- Older child or relative denied as provider, and now the neighbor states they provide care. The neighbor is a "paper provider" (neighbor now shows as provider on paperwork), but care is actually done by older child or relative previously denied.
- Billing statement(s) or parental sign in/out show evidence of having "white out" alterations, or photo copies are submitted, rather than the original documents.

- Discrepancy between hours approved and hours claimed.
- Child care billing statements are inconsistent with recipient's work or school schedule.
- Client and provider live 25 or more miles apart.
- Two different clients claim they are providing child care for each other's child(ren) but are actually only caring for their own.
- Child has perfect attendance for a significant number of consecutive weeks, months, or days.
- Parental sign-in/out sheet appears to have been completed in "one sitting".
- Provider and parent report living at same residence, but are not related.
- Consistently late billing statements.
- Someone other than the provider is calling regarding child care payments.
- A complaint is received through a hot-line, or other reliable agency or source, that child care fraud is taking place.

What Is Not Child Care Fraud

The following are examples of what is not considered child care fraud:

- A client continues to attend unapproved CWES activities and using child care services when the county has not sent a Notice of Action (NOA) informing the recipient that the activity is not or is no longer approved.
- A client and a family member who is providing child care are sharing household expenses.
- A license-exempt provider seeking the assistance of a relative or friend to care for the child(ren) during occasional appointments or to perform occasional tasks.
- A provider submitting time sheets for care that was provided during time the client was not attending CWES activities when the provider was not notified that the care should cease.
- A relative, such as a grandmother, being paid to provide child care for their relative's child(ren). The only relative that is not authorized to be paid to provide care for a child is the child's biological or adoptive parent or a stepparent who is part of the assistance unit.
- When a licensed provider no longer has a valid license or a license-exempt provider is providing care for more than one family.

- If a license-exempt provider has been providing child care while their TrustLine Registry application is being processed and TrustLine is denied.

38.2.3 Transportation Related Fraud Indicators

Transportation related fraud may include, but is not limited to, a CalWORKs client or former CalWORKs client receiving or continuing to receive transportation related services that they know they are not eligible for or entitled to receive. Transportation related fraud may also involve a repair shop that is knowingly obtaining or receiving payments for services which they did not provide or are not entitled.

Potential transportation related fraud indicators may include:

- Client receives a reimbursement for vehicle repairs that were not completed or done.
- Client knowingly signs documents stating that the vehicle for which the repair request is being made is the only operational vehicle when in fact it isn't.
- Client submits altered or fraudulent documentation, receipts, or verification.
- Client knowingly submits a vehicle repair request for alleged work that was never completed or done.
- Client knowingly submits a vehicle repair request estimate for an amount that is higher than the actual costs of a repair.
- Client knowingly uses vehicle repair monies for something other than the intended purpose.
- Repair shop provides client with fraudulent receipts or estimates for work that was never completed.
- Client is claiming mileage reimbursement but has not been driving the vehicle to an approved CWES activity or is not in an approved CWES activity.

38.2.4 Ancillary Expenses Fraud Indicators

Work or training related expenses fraud may include, but is not limited to, a CalWORKs client or former CalWORKs client receiving or continuing to receive payments for work and training related expenses that they know they are not eligible for or entitled to receive.

Potential work and training related expense fraud indicators may include, but are not limited to the following:

- Submitting a request for payment when not in an approved CWES activity or not attending an approved CWES activity.

- Client uses monies paid for work or training related expenses for something other than the intended purpose.

38.3 General Fraud Referral

38.3.1 Overview

The CalWIN Referral Sub-System is to be used to initiate General Fraud Referrals to the SSA's Special Investigation Unit (SIU) as part of the prevention and detection of fraud.

The intent of the fraud referral process is to facilitate the prompt investigation and possible prosecution of welfare fraud. Following the processes and procedures in this chapter helps ensure that:

- Fraudulently obtained supportive services are kept to an absolute minimum, and
- The rights of the client are maintained.

38.3.2 Prior to Referral

Prior to making a referral for fraud, the EC must review the following sections:

- [["Pre-Referral Requirements," page 38-2.](#)]
- [["Fraud Referral Indicators," page 38-4.](#)]
- [["When to Refer," page 38-11.](#)]

This will ensure that the referral is appropriate and help to avoid erroneous referrals, based on case management problems or administrative errors.

38.3.3 Evaluation of Information

After the information to determine eligibility for supportive services has been gathered and reviewed, the EC must make a number of determinations based on available data.

Some common determinations which must be made by the EC are:

- Is the client eligible for supportive services provided/paid?
- If the client is eligible, what is/was the correct amount of supportive services?
- If the client is ineligible or the amount of supportive services paid was incorrect, is there an overpayment?

- If an overpayment has occurred, can it be corrected by repayment?
- If an overpayment has occurred, are there reasonable grounds to suspect fraud?

38.3.4 When to Refer

The EC is to refer the case for investigation when the information provided by the individual is clearly inconsistent or in conflict with other information known to the agency, and the EC is unable to resolve this inconsistency or conflict with an explanation from the individual or third party.



Note:

A denial of the allegation by the individual is not always a resolution of the discrepancy and may require a referral to the SIU for follow-up.

After the information is evaluated, a decision must be made as to whether there are reasonable grounds to suspect fraud.

If...	Then...
There Is a question as to whether or not there are reasonable grounds to suspect fraud,	Consult with your supervisor and refer, if appropriate.
There are reasonable grounds to suspect fraud,	Initiate a referral to the SIU. [“Fraud Referral Information,” page 38-11.]

38.3.5 Fraud Referral Information

General Fraud referrals to the SIU MUST have the reason for the referral entered on the [Referral Notes] tab in CalWIN: In the first sentence state whether the referral is a CWES Child Care, Transportation, or Ancillary Expenses fraud referral and all the details of the circumstances.

In the available space of the [Referral Notes] tab, add reference to specific information that will support the allegation and that will help SIU in an investigation. The specific information and/or reference details includes, but is not limited to:

- Location of documents in IDM (e.g. Fastener) and entry date
- “Community Compliant” (SCD 16)
- “Attendance and Child Care Billing” (SCD 1755)
- Reference to any previous fraud referral
- Driver’s license with picture (if available)
- Social Security Card of child care provider
- Check stubs
- Any other pertinent information.

38.3.6 Initiating a Fraud Referral

The following table describes the process for initiating a fraud referral once a determination has been made that fraud may exist:

STAGE	WHO	ACTION
1.	EC	<ul style="list-style-type: none"> • Makes an on-line referral to the SIU via the CalWIN Client Referral subsystem, by selecting Provider Name, <i>Special Investigation Unit (SIU)</i>. • Selects <i>Fraud-CWES Referral</i> from the Need drop-down field. • Documents on the Maintain Case Comments window in CalWIN that a CWES Fraud Referral was initiated.
2.	EC	<p>Enters the details of the Fraud Referral in the [Referral Notes] tab in the available space in CalWIN as follows:</p> <ul style="list-style-type: none"> • CalWIN Case Name and Number • Worker Name and Number • Reason for fraud referral • Specific detailed information that supports the allegation and that will help SIU in an investigation. [Refer to “Fraud Referral Information,” page 38-11]. <p>Note:</p> <p>If there is any urgency for information needed, that information should be included in the referral notes.</p>
3.	EC	<p>Makes a referral to Collections via CalWIN if an overpayment has occurred and the amount is known, if appropriate. [Refer to “CWES Overpayment and Under-payments,” page 39-1]] for details.</p>
4.	SIU Investigator	<ul style="list-style-type: none"> • Notifies the EC that the referral has been assigned and ask if there is any change in the situation. • Conducts an investigation to gather facts that prove or disprove the allegations. • Informs the EC verbally of the findings of the investigation. • Completes an investigation report with all information which supports his/her findings, and once investigation is completed, the EC will be notified by an SIU investigator of their findings. • Emails a copy of the report to the EC, including SIU contact information.

38.3.7 EC Action on Completed Investigations

Once the investigation is completed, a fraud referral report will be sent to the assigned EC for action.

STEP	EC ACTION
1.	Evaluates the investigation report as it affects eligibility for supportive services. Seek clarification from the Investigator, if needed.
2.	Reviews all eligibility factors.

STEP	EC ACTION
3.	Attempts to resolve any inconsistencies resulting from the investigation, that may affect eligibility/ineligibility for supportive services.
4.	Takes appropriate action to approve, deny or discontinue supportive services, based on SIU findings, and document the action taken on CalWIN Maintain Case Comments window.
5.	Sends an electronic CWES disposition response to SIU via CalWIN Client Referral System , by selecting referral [Need] “ Fraud-Referral Disposition” with information on the action taken on the case.
6.	Submits the completed investigation report for IDM scanning following District Office procedures.

38.3.8 SIU Investigator Disagreement With EC Action

IF...	THEN...
The SIU Investigator disagrees with the action taken by the EC,	The SIU Investigator shall bring the issue to the Supervising Investigator for resolution.
The Supervising Investigator is unable to resolve the issue with the investigator,	The Supervising Investigator will discuss the issue: <ul style="list-style-type: none"> • First, with the EC Supervisor, and then • With the appropriate District Office Manager.

38.4 Case Loan Procedures

In order to facilitate the investigation and possible prosecution of welfare fraud, the SIU is to be given prompt access to the CWES case files. The SIU has view and print access to the IDM and CalWIN systems. If the information is not available in these systems, the SIU will contact the EC.

The following procedures and processes are to be followed to ensure that:

- CWES staff retain all necessary eligibility information pertaining to the client/case; and
- SIU have all the information that they need (including needed originals of relevant case documents which have not yet been scanned into the IDM system.)

38.4.1 Requests from SIU

ALL SIU requests for CWES cases (whether open or closed cases/volumes) are to be handled by the office CWES Fraud Designee. Only specified clerical staff within the SIU are responsible for contacting staff for case access.

In emergency situations, SIU Investigators will be allowed to pick up the CWES case folder at the Retention Center, as appropriate, provided that at least 24 hours advance notice has been given. Case files requested for pickup by the SIU Office will have a case loan priority 1.



Note:

Retention scans cases into IDM when a case file is requested.

When the cases are received by the SIU, the specified clerical staff within SIU will log the cases in and monitor for adherence to the specified time limits.

38.4.2 Request for Physical Closed CWES Cases

Follow this process to request an active CWES case file that has not been scanned into IDM.

STAGE	WHO	ACTION
1.	SIU	Contacts CWES office designee to request the CWES case.
2.	CWES Fraud Designee	Makes a request to the Retention Center for the CWES case to be delivered to CWES Fraud Designee or arranges for a SIU Investigator to pick up the case from CWES District Office or Retention Center.
		Tracks outgoing CWES case according to CWES District Office procedure and forwards the CWES case to the SIU via pony in instances where there is a physical case file. Reminder: In emergency situations, the SIU Investigator will be allowed to pick up the CWES case directly from the CWES District Office or Retention Center provided that at least 24 hour notice has been received.
3.	SIU	Receives CWES case and logs the case in as received and monitors for adherence to the specified time lines.
		Proceeds with investigation as appropriate.
		Returns the CWES case, via pony, to the CWES Fraud Designee at the office the request was made. Note: The CWES Fraud Designee will receive a list of cases being returned via E-Mail.
4.	CWES Fraud Designee	Logs return of CWES case from the SIU.
		Returns the CWES case to Retention or forwards the case file to IDM for scanning.

38.4.3 Time Frames

The following time frames for retention of the CWES case files by the SIU begin with the date the case is received by the SSA SIU.

Case Type	Time Frames
Active or Discontinued Case - Not Closed	The current active or discontinued volume of the CWES case folder may be loaned to SIU for the purpose of filing a criminal complaint for a period not to exceed seven (7) calendar days.
Closed Cases or Prior Volumes of Active Cases at Retention Center	Prior volumes of open or closed cases requested from the Retention Center may be retained by SIU for the purpose of filing a criminal complaint for a maximum of 30 calendar days.
Closed Cases or Prior Volumes of Active Cases at CWES District Office	Prior volumes of open or closed cases requested from a district office may be retained by SIU for the purpose of filing a criminal complaint for a maximum of 30 days.

Neither attorneys nor Investigators from the SIU will retain any Social Services Agency files after a criminal complaint is filed.

38.4.4 SIU Investigator Activity

During the specified time frames, the SIU will:

- Review the case record;
- Identify relevant documents and have photocopies made, and
- File the photocopies in the appropriate place in the CWES case record, as appropriate.

38.4.5 Documents Kept by SIU

Original documents/IDM copies necessary to prove the welfare fraud may be removed from the CWES case for the SIU file. SIU As appropriate, Investigators will photocopy each document removed, stamp the copy indicating that the original is being retained by the SIU Office, and file the photocopies in the appropriate place in the case record prior to returning the case folder. This will all be done within the specified case loan time frame.

The SIU assumes responsibility to ensure that the original documents are returned to the CWES case folder at the conclusion of the investigation and /or prosecution, as appropriate.



Note:

If the case is in IDM, a copy is printed.

38.4.6 Return of CWES Cases

ALL cases loaned to the SIU must be returned to the CWES office from which they were loaned, as appropriate.



Exception:

If a closed case has been loaned to the SIU from the Retention Center or a District Office and is subsequently required for a CWES Intake Orientation at a different CWES District Office, the case record should be requested by contacting the CWES Fraud Designee. The CWES Fraud Designee will contact the SIU and coordinate delivery of the case to the CWES District Office making the request.

38.5 Defense Attorney Requests

38.5.1 Overview

The policy of the SIU in criminal welfare fraud cases is to provide the defendant with early and complete discovery (information) of all matters pertaining to the criminal action. The policies and procedures specified in this section have been developed in order to facilitate that process and to ensure that:

- The client's defense attorney has full and complete access to pertinent information, AND
- Any confidential material (e.g. identity of informants, medical history, such as ancillary services used) contained in the case record is not released inappropriately.

These policies and procedures apply to defense discovery requests **ONLY** and in no way impact a client's right to access their case record through their CWES Worker.

38.5.2 Definitions

"Defense Attorneys" include attorneys in private practice and the attorneys in the Office of the Public Defender and the Alternate Defender who represents the defendant.

A defense discovery request is a request received from a defense attorney to access a defendant's case record after a criminal complaint for welfare fraud has been filed.

38.5.3 Requirements of Defense Request

If you are contacted by the client’s defense attorney who is requesting information from a case record, refer him/her to the Custodian of Records. If the attorney states he has written permission from the client to review his/her case, this MUST be done through the Custodian of Records.

If you have any contact from any attorney, there cannot be any acknowledgment of the client or his/her circumstances. Welfare and Institutions Code Section 10850 and the State of California Manual of Policies and Procedures, Division 19 protects the confidentiality of all case records. [Refer to Commonplace Handbook, Chapter 42.]

38.6 Overpayments As a Result of Fraud

A fraud referral to the SIU may be initiated by an EC or by another source (e.g. CalWORKs EW, APP, community complaint, etc...). Upon review of the fraud referral, the SIU Investigator may determine that an overpayment computation is necessary.

In most instances, the calculation of the overpayment will be made after the fraud has been substantiated. The SIU will access the overpayment computation information after it is made to Collections via the **Client Referral** subsystem in CalWIN.

The following table explains who will calculate the overpayment computation in these types of situations.

IF...	THEN...
The case is active,	The overpayment computation will be completed by the assigned worker of record.
The case is closed,	The overpayment computation will be completed by the last known worker. If the last known worker is no longer available, the EC Supervisor determines who will compute the overpayment, as appropriate.

The following table describes the process for an overpayment computation as a result of a SIU determination to investigate fraud:

STAGE	WHO	ACTION
1.	EC or Other Source	Makes a fraud referral to the SIU. [Refer to “Initiating a Fraud Referral,” page 38-12]] for details.

STAGE	WHO	ACTION
2.	SIU	Determines that a fraud investigation is appropriate.
		Forwards written instructions to the appropriate CWES Fraud Designee that an overpayment computation is necessary, based on findings.
3.	CWES Fraud Designee	Routes the SIU instructions to the appropriate EC as stated in prior table.
4.	EC	Computes the overpayment amount in CalWIN per the SIU's written instructions for either a client or child provider overpayment. [Refer to CWES Business Model 7.8.1.1] for more details.
		Generates the "Support Services Overpayment/Underpayment Notice" (WTW 11) or "Support Services Repayment Agreement" (WTW12), and completes the "Overpayment/Underpayment Computation" (SCD 1842C) for client overpayment or the "Child Care Provider Payment Notice" (SCD 1788) for provider overpayments. The overpayment notices provide the following information: <ul style="list-style-type: none"> • Reason for overpayment • Time-period of overpayment • Amount of overpayment • Computation.
		Initiates a referral to Collections in CalWIN. [Refer to "CWES Overpayments and Underpayments", page 39-1] for details.
		Forwards a copy of the overpayment notice (WTW 11 or SCD 1788) to IDM for scanning.
5	Collections	Receives the overpayment referral through the VACs/CalWIN interface.



Note:

After the SIU has secured a conviction resulting from a fraud referral, Collections is contacted by the Probation Department for the overpayment balance(s) so that a specific restitution order can be made. Therefore, it is important that the CWES overpayment information be available to Collections.

38.7 Suspected Employee Fraud Referral

38.7.1 Definition of Employee Fraud

Employee fraud occurs when an employee knowingly and willfully:

- Authorizes or issues benefits to an ineligible person such as to a non-existent client or to a *friend or family member.

- Illegally accessed client’s benefits through use of the EBT system or checks/warrants.
- Uses coercion to extort benefits from an applicant or recipient.



Reminder:

*Friends and family members of employees are considered confidential/sensitive cases and are NEVER to be processed by the employee involved. [Refer to “Confidential/Sensitive Cases”, page 52-6, in the Commonplace Handbook for more information.]

38.7.2 New Employee Training

New workers receive fraud referral training which will now include a segment on employee fraud.

38.7.3 Referral Procedure

When it comes to the attention of any staff member that another employee may be committing fraud, staff MUST follow these procedures:

Step	Action
1.	Contacts Toni Garcia, Supervising Welfare Fraud Investigator at (408) 755-7183 to make the referral of suspected employee fraud. Be sure to use a private office to ensure confidentiality.
2.	IMMEDIATELY notify Angela Shing, DEBS Director at (408) 755-7777 of the referral. Be sure to use a private office to ensure confidentiality.
3.	Must NOT discuss the matter with any other staff members unless authorized to do so. Remember that: <ul style="list-style-type: none"> • The employee has the RIGHT to confidentiality, and • Discussing the matter may alert the suspected employee and hinder the SIU's investigation.

