

Purpose of Food Stamp Program and Use of Benefits

110 Purpose of Food Stamp Program**12-01-98**

The Food Stamp Act of 1977 authorizes the Food Stamp Program. Section 2 of the act states in part:

"It is hereby declared to be the policy of Congress, in order to promote the general welfare, to safeguard the health and well-being of the Nation's population by raising levels of nutrition among low-income households. Congress hereby finds that the limited food purchasing power of low-income households contributes to hunger and malnutrition among members of such households. Congress further finds that increasing utilization of food in establishing and maintaining adequate national levels of nutrition will promote the distribution in a beneficial manner of the Nation's agricultural abundance and will strengthen the Nation's agricultural economy, as well as result in more orderly marketing and distribution of foods. To alleviate such hunger and malnutrition, a food stamp program is herein authorized which permits low-income households to obtain a more nutritious diet through normal channels of trade by increasing food purchasing power for all eligible households who apply for participation."

To summarize: The Food Stamp Program is designed to increase the limited food purchasing power of low-income households and thus alleviate hunger and malnutrition.

120 Use of Food Stamp Benefits**12-01-98**

Participating households may use their food stamp benefits at retail stores authorized by the United States Department of Agriculture (USDA), Food and Nutrition Service (FNS), to accept food stamp benefits.

A household may purchase only eligible foods with food stamp benefits. Eligible foods include plants and seeds that the household may use to grow food. Ineligible items that cannot be purchased with food stamps include alcoholic beverages, household products, tobacco, pet foods, and other non-food items. At grocery stores with delicatessens, the household may use food stamp benefits to purchase foods that have not been heated above room temperature and are to be eaten away from the store.

Example Food stamp benefits could be used to purchase sliced cold cuts at the delicatessen, but could not be used to purchase a barbecued chicken cooked by the delicatessen and kept under warming lamps.

Residents of drug and alcoholic treatment centers, group living arrangements, and shelters for battered women/children who are certified to participate in the Food Stamp Program may use their food stamp benefits to purchase meals prepared especially for them. Limitations are: 1) the facility must be authorized by FNS or the appropriate state agency; and 2) the meals must be prepared by the facility during the course of the facility's normal program -- i.e. a person in a drug treatment program must be residing at the facility and undergoing the treatment program. **Exception** - Residents of group living arrangements and/or shelters for battered women need not be involved in a formal treatment program. See FSC 1800-1842.

Homeless households may use their food stamp benefits, on a voluntary basis to purchase meals from authorized meal providers. See FSC 1850-1852.

121 Communal Dining Facilities

12-01-98

Certain households may use their food stamp benefits to purchase prepared meals at a communal dining facility or to purchase meals delivered to them at home by a nonprofit meal delivery service.

A communal dining facility means:

1. A public or nonprofit private establishment, approved by the Food and Nutrition Service (FNS), that prepares and serves meals to households composed of elderly persons and their spouses, or households composed of SSI recipients and their spouses, or both;
2. A public or private nonprofit establishment (eating or otherwise) that feeds households composed of elderly persons and their spouses, or SSI recipients and their spouses or both;
3. Federally subsidized housing for the elderly where meals are prepared and served to the residents; or
4. Private establishments that contract with the Arkansas Department of Human Services to offer meals at concessional prices to households composed of elderly persons and their spouses, or of SSI recipients and their spouses, or both. (The contract must specify the approximate prices to be charged for the meals.)

All meal delivery services and communal dining facilities desiring to prepare and serve (or deliver) meals to eligible households must be approved by FNS to accept food stamp benefits.

Households composed of homeless individuals may purchase meals from restaurants that contract with the Arkansas Department of Human Services to supply meals to the homeless at an already low or reduced price. These restaurants must also be approved by FNS to accept food stamp benefits.

Restaurants that intend to accept food stamp benefits from all groups of households (elderly, SSI and the homeless) must either submit a separate contract pertaining only to the homeless or must submit one contract that clearly identifies each group to be served.

Restaurants interested in contracting with the Arkansas Department of Human Services to furnish meals to specified food stamp benefit recipients should contact the Central Office, Food Stamp Section, (501) 682-8284.

200 Authorization of the Program and the State's Responsibilities 06-01-01

U.S.D.A., Food and Nutrition Service and the Division of County Operations (DCO) have jointly entered into a Plan of Operation of the Food Stamp Program in Arkansas and have prescribed policies and procedures, and rules and regulations as set forth in this manual for the administration of this program.

DCO responsibilities include but are not limited to:

1. Insuring that county offices administer the program in a manner that guarantees prompt action, nondiscrimination, and accurate completion of the certification process.
2. Establishing the policies and procedures under which the Food Stamp Program is administered.
3. Establishing procedures to best serve households in the State including households with elderly or disabled members, households in rural areas, homeless households, households with limited English skills, and working households.
4. Issuing food stamp benefits to eligible households. Benefits are issued via an Electronic Benefits Transfer (EBT) system.
5. Maintaining issuance control and submitting accurate and timely financial and program reports.
6. Providing qualified employees to conduct interviews and to determine initial and ongoing eligibility for the program. NOTE: Only DCO employees may conduct interviews with food stamp benefit applicants and/or recipients unless the applicant is interviewed as part of a joint SSI/Food Stamp application as specified in FSC 8240.
7. Developing, conducting, and evaluating training of certification and issuance personnel.
8. Maintaining a Performance Reporting System (Quality Assurance and Management Evaluation) in accordance with federal regulations.
9. Making program records available for review or audit by U.S.D.A., FNS (Office of Audit and Office of Investigation) for a period of three years from the month of origin of each record.
10. Handling recipient claims and restorations of lost benefits in accordance with federal regulations.
11. Disqualifying individuals and households from participation in accordance with federal regulations.
12. Developing and maintaining complaint procedures.

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13. Administering disaster certification programs only when authorized by the Department of Agriculture, Food and Nutrition Service.
 14. Developing and implementing program information activities.
 15. Serving as a voter registration agency. See the Voter Registration Appendix.

210 Program Informational Activities

06-01-01

Program informational activities are intended to explain the Food Stamp Program to applicant and recipient households. Such information may be conveyed by means of publications, telephone hotlines, and face to face contacts.

County offices must comply with the following minimum program informational activity requirements:

1. Providing food stamp application forms and a copy of the pamphlet *How to Apply for and Use Food Stamp Benefits* to anyone who expresses an interest in the Food Stamp Program or who expresses concerns that indicate food insecurity.
2. Explaining the local office procedures for scheduling interviews to anyone interested in submitting an application.
3. Informing each applicant and recipient household of their rights and responsibilities during the interview process and providing written information on forms and notices. See FSC 8250 for additional information.
4. Displaying the required FNS posters in waiting areas for food stamp applicants and recipients.

211 Outreach

Each DHS county office must make application forms readily accessible to potentially eligible households. Application forms will be provided to individuals. Applications will also be provided to other agencies and/or organizations that wish to maintain a supply of the forms for outreach purposes. Agency informational pamphlets such as, but not limited to, *How to Apply For and Use Food Stamp Benefits* will also be supplied to individuals, other agencies and/or organizations upon request.

220 Personnel Standards

12-01-98

DCO employees who interview and certify households for food stamp benefits must meet agency standards or any standards later specified by the Federal Office of Personnel Management. Only authorized personnel may have access to issuance documents.

Volunteers and/or other non-state agency employees (with the exception of SSA employees who conduct joint interviews as specified in FSC 8940) are not allowed to interview or to certify food stamp benefit applicants. However, they may be used in related activities such as prescreening, assisting applicants in completing the application, and assisting applicants in securing verification.

Exception - Individuals and organizations who are parties to a strike or lockout cannot be used in the certification process except as a source of verification for information supplied by the applicant.

230 Bilingual Staff and Materials

10-01-97

Bilingual staff or interpreters and bilingual certification materials (i.e. applications, change form, QR form and notices) must be provided when a county has a specified number of low income households which speak the same non-English language and which do not contain an adult fluent in English as a second language. Such households are considered a single language minority.

231 Seasonal Influx of Non-English Speaking Households

10-01-97

A seasonal influx of non-English speaking households will require the use of bilingual staff or interpreters if at least 100 non-English speaking households apply. Bilingual staff or interpreters may be requested for less than 100 applicants if the majority of these households are of a single language minority.

232 Estimates of Low-Income Single-Language Households

10-01-97

The Central Office will make estimates of the number of households of a single language minority in each county by using census figures and other appropriate sources of information.

240 Training Requirements

10-01-97

Continuing training will be provided for food stamp eligibility workers, hearing officials and performance reporting system reviewers. Training will occur following issuance of new policy when the policy issuance is extensive and/or entails a major change. In addition, training may occur on an individual, countywide, area wide or statewide basis when problem areas are identified through the monitoring process, reviews or when otherwise deemed necessary.

Training will also be provided to State Agency outreach workers, including hotline operators who prescreen or provide other food stamp services to applicants or the public. This training need not be as comprehensive as that for certification personnel. It will, however, be in sufficient detail and held frequently enough to ensure that the public has access to accurate information about the Food Stamp Program and that any prescreening conducted is accurate.

Individuals who are not state employees but are knowledgeable of program eligibility rules and certification procedures and are actively involved in work or volunteer activity related to food stamp certification rules will also receive appropriate training.

241 Public Attendance at Training

11-01-90

Public attendance at formal certification training sessions conducted on a statewide or regional basis is permitted. Public attendance at such sessions will be limited to five percent of the total attendance or five training slots, whichever number is smaller. Provisions for public attendance need not be provided at training sessions for fewer than twenty people. The role of public participants at training sessions may be limited to observation only.

242 ENS Review

11-01-90

FNS will review the effectiveness of the training program based on information from the performance reporting system and other sources.

250 Hours of Operation

11-01-90

At least annually, the hours of operation of county food stamp offices will be reviewed to ensure that the needs of food stamp recipients who work are adequately met. Based on the results of the review, it may be necessary to change the hours that county food stamp offices are open in order to meet the needs of such recipients.

300 County Office Worker Responsibilities

11-01-90

The Food Stamp Certification Manual is provided as a general guide to the policies governing the Food Stamp Program. Because each case situation differs slightly, the county office worker is expected to use "good judgement" in applying these policies. While "good judgement" is impossible to define exactly, this section will provide some information about how this Agency expects a worker to meet his responsibilities in providing prompt, accurate services to all food stamp applicants and recipients on a non-discriminatory basis.

Since most households applying for food stamps have limited income and resources, the worker is expected to consider the effect of his decisions upon individual households. For example, a worker knows that a household is in dire circumstances but that household does not meet the criteria for expedited services. While FSC 8501 states that household must be provided an opportunity to participate no later than 30 days following the date of application, a worker using "good judgement" would take all the actions required to certify that household as quickly as possible. This may mean making extra telephone calls to obtain required verification or prioritizing work to complete the required paperwork.

The worker is also expected to make a conscious effort to base a decision upon his general knowledge as well as his knowledge of the Food Stamp Program. For example, a household reports that the economic head of the household has quit his most recent employment. FSC 3600 calls for sanctions to be applied when the economic head of household quits a job without good cause. The worker has general knowledge that the job site at which the household member was employed is hazardous. The worker would base any decision about good cause on his general knowledge as well as the statements provided by the employer and the household.

When the worker cannot reach a decision about a case action based upon the policy and his general knowledge, he will consult his supervisor. If the supervisor is not able to reach a decision based upon his general knowledge of the program, a policy interpretation will be sought through the county's established chain of command.

310 Specific Responsibilities

11-01-90

Each worker that works with Food Stamp Program applications and/or cases has specific responsibilities and is held accountable for carrying out these responsibilities in a timely, accurate, courteous, and non-discriminatory manner. Each responsibility is discussed below.

311 Maintenance of the Food Stamp Certification Manual

11-01-90

Each new worker is issued a Food Stamp Certification Manual. That worker is responsible for adding new policy as issued and deleting old policy. Instructions for adding and deleting policy are provided with each policy issuance. A checklist of current manual material is provided once per year.

312 Using the Food Stamp Certification Manual

06-01-01

The worker will use the Food Stamp Certification (FSC) Manual to determine the correct policy, procedures and timeliness standards applicable to the case action being completed. Tables of Contents, page headers and a topical index are provided to assist the worker in finding the correct information. The worker may also access the Food Stamp Certification Manual at DHS GOLD by clicking on “ANSWER Online Policy.”

When a specific situation is not addressed in the FSC Manual or the DCO, the worker is responsible for making a reasonable decision based upon his general knowledge of the Food Stamp Program or for obtaining a policy interpretation through the county's established chain of command. All such situations must be documented in accordance with the provisions in FSC 314.

313 Conducting Interviews

06-01-90

The county office worker must conduct all interviews in accordance with the standards specified in FSC 8200 – 8270.

All interviews are to be conducted in a non-discriminatory, courteous manner and in an environment that protects the privacy of the household to the greatest extent possible. No worker will discuss information gained through an interview with non-agency personnel except as specified in FSC 530.

314 Documentation

06-01-90

The county office worker must document each case action in enough detail to allow a reviewer to determine what type of case action occurred, when it occurred, and why the worker took this action. For example, an application denial must contain information adequate to allow a reviewer to determine that the application was denied, why it was denied, and when the denial occurred.

When a worker determines that a household has not provided adequate verification or that the verification provided is incomplete, inaccurate, inconsistent, or outdated, the reason for the decision must be fully documented. For example, at recertification a household reports no change in a member's VA check; however, the worker is aware that VA recipients had a general increase. The household's statement would be considered to be inconsistent with information known to the worker. This information should be documented in the case record. The Glossary, definition of "Verification" contains a full explanation of the terms incomplete, inaccurate, inconsistent, and outdated.

It also means that when the worker becomes aware that a client needs assistance in complying with the required action, the worker must provide this assistance promptly. For example, if the client obviously cannot comply with the requirement for an in-office interview, an out-of-office interview or an interview with the household's authorized representative will be offered. If the worker is aware that the client needs assistance in obtaining required verification, such assistance will be provided even though the client has not requested this assistance. If the client is having problems completing the application form, assistance will be provided.

Case actions must be completed as quickly as possible, but no later than the specified time frames. When a worker becomes aware that he may have a problem that will delay the processing of case actions such as changes, applications, and quarterly reports, he must advise his supervisor. It may be necessary to prioritize county office duties in order to insure that such case actions are not delayed.

400 Records and Reports

06-01-90

All Food Stamp Program records, documents, reports, etc. are to be retained in an orderly fashion for a period of at least three years from the month of origin of each document/report. DCO must insure that such documents/reports are retained and must submit to FNS any records, documents, reports or other information required. The central office will notify the county office if records are to be retained longer than three years for audit purposes.

410 Retention of the Contents of the Case Record

06-01-90

All contents of the food stamp case record including both forms and supporting documents (collateral statements, income statements, etc.) are to be retained for at least three years from the month of origin. Verification of social security numbers, identity, and alien status are to be retained for at least three years from the date of case closure or last expiration. Documents concerning overpayments are to be retained for three years from the date of fiscal or administrative closure. Documentation of restoration of lost benefits (DCO-201) is to be retained for three years from the date of fiscal or administrative closure.

Fiscal closure means that all obligations for or against the federal government have been liquidated - e.g., the client has received the restoration or the overpayment has been paid in full. Administrative closure occurs upon determination by the Overpayment Unit that no further action to liquidate the claim is appropriate. See FSC 15534.

When the required retention period for a form or document expires, the form or document may be burned or shredded.

420 Case Record Order

06-01-90

Food stamp case records will be maintained in the following order:

1. Face sheet/SSN - The food stamp face sheet is filed on top of the case record. Social security cards and SS-5's are attached to the back of the face sheet or filed immediately behind it. SS-5's will be discarded upon receipt of verification of the SSN.
2. Case Summary -- The case summary section contains the forms used for certifications, denials, changes, monthly reporting, or any case action. The authorization document is filed first. It is followed by the document that initiated the case action, and then by supporting forms and documentation. The most current case action is filed at the front of the case record.

Example: A recertification would be filed in the following order:

- The authorization document (DCO-233 or copy of WFSM screen); or
 - Action Document (DCO-220); and
 - Supporting forms (DCO-1, DCO-205, DCO-206 or DCO-239, etc., will be filed in numerical order with the smallest number appearing after the DCO-239);
 - Supporting documentation (copied verification).
3. Overpayment/Fraud -- The overpayment/fraud section will contain all claims and fraud documents such as the DHS-199, DHS-1700, etc. with the most recent data filed to the top. Information received or submitted pertinent to a specific claim (e.g. demand letter) will be filed on top of that claim data.
 4. Documents -- The documents section will contain all legal documents pertinent to the case including divorce decrees, birth/death certificates, etc.

A standard blue sheet will separate and identify the overpayment/fraud documents sections. The brad will enter the case from the bottom of the record.

430 Food Stamp System Reports

06-01-90

Any report generated on an individual basis (e.g. - budget sheet, DCO-233 turnaround, wage match report) is to be considered a part of the case record. As such, individual reports will be filed in the proper case record and retained at least three years from the run date.

All composite reports will be retained in binders in chronological order for a specified period. IRS summary reports must be held in a secure area. See the FACTS System Reports Appendix for a full list of Food Stamp reports. The FACTS System Reports Appendix also contains information about related screens, the frequency of the report, the purpose of the report and the retention requirement.

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5. Local, state or federal law enforcement officials, upon their written request, for the purpose of investigating an alleged violation of the Food Stamp Act or regulations; and
 6. Federal, State or local law enforcement officers who are attempting to apprehend a fleeing felon.

Any written request from a law enforcement official must include the identity of the individual requesting the information, his or her authority to do so, the violation being investigated and the name of the person about whom the information is requested. (Other identifying information such as social security number and/or date of birth must be provided if available.) A federal, state or local law enforcement officer (including parole officers) may notify a Department of Human Services (DHS) employee that a food stamp recipient is fleeing to avoid prosecution, custody, or confinement for a felony, is violating a condition of parole or probation, or that the applicant/recipient has information necessary for the officer to conduct an official duty related to a felony or parole violation. If so, DHS will provide, upon request, to the law enforcement officer the recipient's address, social security number, and (if available) photograph.

For Requests Made in Person - If the law enforcement officer making the request is not known to the DHS County Office, identification will be requested before this information is released. The identification should prove that the person is currently serving as a law enforcement officer. The term law enforcement officer includes probation and parole officers.

For Requests Made by Telephone - Telephone inquiries will be honored only if the DHS County Office employee is sure of the identity of the person making the request. Otherwise, the law enforcement officer will be asked to come into the DHS County Office and present acceptable identification.

Fleeing felons and probation/parole violators are ineligible to participate in the Food Stamp Program while they are fleeing or in violation. See FSC 1622.10.

540 The Household's Access to its Case Record

10-01-97

Upon the written request of a responsible household member, current authorized representative, or other person acting in the household's behalf, the case record will be made available for review and inspection during normal working hours. A DCO employee must be present.

The county office will withhold confidential information such as names of individuals who have disclosed information about the household without the household's knowledge. Information about the nature or status of pending criminal prosecutions will be withheld. Medical Review Team decisions will also be withheld.

600 Program Complaints

10-01-97

NOTE: The procedures for handling discrimination complaints are explained in FSC 700 - 722.

Any household has the right to complain about the service that it receives from the Department of Human Services (DHS). When a household believes that its participation in the Food Stamp Program has been adversely affected, it may:

- Complain directly to the DHS County Office; or
- Complain to the Central Office Client Assistance Unit; or
- Request an administrative hearing; or
- Select some other method of making a complaint.

No matter how the household elects to make a complaint, the complaint must be resolved and the household must be notified of the disposition of the complaint.

a) Complaints Submitted to the County DHS Office

When a household complains directly to the county office, county office personnel will assess the complaint. If it is possible for the county office to resolve the complaint, no additional action is required. If the county is unable to resolve the household's complaint, the household will be advised of its rights to contact the Client Assistance Unit or to request a fair hearing.

b) Complaints Submitted to the Client Assistance Unit

A household may contact the central office Client Assistance Unit by telephone or in writing to make a complaint. The address is:

Client Assistance Unit
Division of County Operations
P. O. Box 1437
Little Rock, AR 72203

The telephone numbers are:

Toll-Free 1-800-482-8988
Pulaski County – 682-8233
TDD - 682-8275

The address and phone number of the Client Assistance Unit must, at a minimum, be posted in each waiting area in the DHS County Office. In Pulaski County offices, the local Client Assistance number must be posted.

When Client Assistance receives a complaint, the Client Assistance worker will complete a DHS-10, *Complaint Report*. The form will be routed according to its instructions.

c) Administrative Hearing Requests

A household or its representative may request an administrative hearing by making any clear expression, oral or written, that it wishes to appeal a decision or to present its case to a higher authority. Full instructions for requesting a hearing may be found in FSC 16300-16400.

d) Other Methods of Making a Complaint

Some households choose to direct their complaints to public officials or to central office personnel other than the Client Assistance Unit. When a central office unit other than the Client Assistance Unit receives a complaint, a DHS-10 must be completed by the individual receiving the complaint. Civil Rights complaints will be routed to the DHS EEO Manager. See FSC 722 for the address. Other complaints will be routed according to form instructions. When public officials request information regarding a complaint, such requests must be honored. See FSC 510 for the policy on disclosure of information from a case record before answering such requests.

700 Discrimination

01-01-96

No person in the United States will, on the grounds of race, color, national origin, age, sex, disability, political affiliation or religion be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under the Food Stamp Program.

Specific acts of discrimination may include:

- A) Denial of benefits or services to an individual or household on the basis of race, color, national origin, age, sex, disability, political beliefs, or religion; or
- B) Distinction in the quality, quantity, or manner in benefits are provided on the basis of race, color, national origin, age, sex, disability, political beliefs, or religion; or
- C) Segregation or separate treatment of individual in any manner related to the receipt of program benefits on the basis of race, color, national origin, age, sex, disability, political beliefs, or religion; or
- D) Use of criteria or methods of administration which have the effect of defeating or impairing the objectives of the Food Stamp Program to serve all individual without regard to race, color, national origin, age, sex, disability, political beliefs, or religion; or
- E) Selection of sites for certification and/or issuance offices that have the effect of excluding individuals based on race, color, national origin, age, sex, disability, political beliefs, or religion.

710 Rude Treatment

09-01-94

The Department of Human Services will not condone rudeness, disrespect, or any other ill treatment of program applicants/recipients or the general public. Any substantiated claim of ill treatment of these individuals will be considered a non-compliance with DHS policies and procedures. Complaints of rude treatment will be handled in the same manner as discrimination complaints. See DHS Administrative Policy 1068.

720 Filing a Complaint - Discrimination or Rude Treatment

09-01-94

Any individual who feels that he or she has been the victim of discrimination by DHS or by a DHS employee may file a complaint. Any individual who feels that he or she has been treated rudely by a DHS employee may also file a complaint.

Complaints may be filed in any DHS central office or county office location or with the Food and Nutrition Services (FNS) Dallas Regional Office. Regardless of where the initial report of discrimination is received, agency employees must advise the complainant that a complaint may be filed with either the state or federal office or with both offices.

Any individual may make a complaint of discrimination in person, by telephone or in writing. The use of any form is not a prerequisite for the acceptance of a complaint. However, the individual may be encouraged to complete a Complaint Report (DHS-10).

All complaints must be filed no later than 180 days from the date of the alleged discriminatory action.

Anyone who expresses an interest in filing a complaint may do so without fear or reprisal, intimidation, coercion and/or threats. No one will be adversely affected because he or she has made a charge, testified, assisted, or participated in any manner in an investigation, review, proceeding or hearing under this policy.

721 Contents of Complaint

09-01-94

A complaint of discrimination may be made in person, by telephone or by written communications.

Verbal - A complainant may make an allegation in person or through a telephone conversation and refuse or not be inclined to put the allegations in writing. If so, the person to whom the allegation was made must put the complaint in writing.

Written - If a complainant wishes to submit a written complaint, the complaint must be accepted as submitted.

Every effort will be made to have the complainant provide the following information:

A) The name, address and telephone number or other means of contacting the complainant;

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- B) The specific location and name of the person or agency against whom the complaint is being made;
 - C) The nature of the incident or action which made the complainant feel that discrimination was a factor;
 - D) An example of the treatment that is having a disparate effect on the public, applicants, or recipients;
 - E) The basis for the alleged discrimination, i.e. - age, religion, disability, political affiliation, veteran status, sex, race, color, or national origin;
 - F) Names, titles and business address of people who may have knowledge of the discriminatory action; and
 - G) The date on which the alleged discrimination occurred, or if continuing, the duration of the discrimination.

722 Addresses

09-01-94

Complaints can be filed with either or both of the following agencies.

Arkansas Department of Human Services
Office of Employee Relations
Donaghey Plaza North, Room 205
P.O. Box 1437, Slot 203
Little Rock, AR 72203-1437

Telephone: (501) 682-6003
FAX: (501) 682-8962
TDD: (501) 682-7958

OR

Regional Director of Civil Rights
USDA, Food and Nutrition Services
1100 Commerce Street, Room 5-C-30
Dallas, TX 75242-1005

Telephone: 1-800-422-6641
FAX: (214) 767-5522
TDD: 1-800-735-2988

or
(214) 767-0241

730 Delays in Reporting Discrimination

09-01-94

Discrimination complaints must normally be filed no later than 180 days from the date of the alleged discrimination. An extension of this time period may be requested in writing. The request must contain a reason for the delay.

740 Racial/Ethnic Data Collection

09-01-94

Racial/Ethnic data is reported to FNS via the report, FNS-101, which is based upon participation in the food stamp program during July of each year. The FNS-101 is prepared automatically.

The racial ethnic categories are:

- . White (not of Hispanic origin),
- . Black (not of Hispanic origin),
- . American Indian or Alaskan Native,
- . Asian or Pacific Islander, and
- . Hispanic.

Applicants will be asked to voluntarily indicate their race or ethnic background on the food stamp application. The application clearly states that providing such information is voluntary, that it will not affect eligibility or benefit amount, and that the information is requested to insure that benefits are distributed without regard to race or ethnic background. If the applicant declines to indicate their race or ethnic background, the county office worker will determine the proper category during the interview.

800 Quality Assurance (Q.A.)

12-01-98

DCO is required to conduct quality assurance reviews on a statistically valid sample of households currently participating in the Food Stamp Program and of households for which participation was denied or terminated. The objectives of quality assurance reviews are to provide:

1. A systematic method of measuring the validity of the food stamp caseload;
2. A basis for determining error rates;
3. A timely, continuous flow of information upon which corrective action is based at all levels of administration;
4. A basis for establishing the state's liability for errors that exceed national standards; and
5. A basis for establishing eligibility for enhanced funding.

801 Cooperation with Q.A.

12-01-98

A household that refuses to cooperate when a Q.A. Review is being conducted is ineligible to participate in either the regular or the Simplified Food Stamp Program. If a household's case is closed for refusal to cooperate in the Q.A. process, the household may reapply but cannot be determined eligible until:

1. The household cooperates with the Q.A. reviewer; or
2. Until January 3rd of the year that follows the end of the completed annual review period. The annual review period ends September 30th.

To resume participation, a household must provide verification of all eligibility requirements prior to certification.

Example: A household's food stamp case is being reviewed by Quality Assurance for the review month of April, 1999. The household refuses to cooperate with the reviewer. The annual review period ends on September 30, 1999. The household cannot be determined eligible until January 3, 2000. On January 10, 2000, the household reapplies and may be found eligible after all eligibility factors are re-verified.

If a household's case is closed for refusal to cooperate in the Federal Quality Control process, the household may reapply but cannot be determined eligible until:

1. The household cooperates with the Federal Quality Control reviewer; or
2. Until seven months after the end of the completed annual review period (April 30th). The annual review period ends on September 30th.

The household must provide verification of all eligibility requirements prior to certification.

Example A household's food stamp case is being reviewed by Federal Quality Control for the review month of March, 1999. The household refuses to cooperate with the reviewer. The annual review period ends on September 30, 1999 and the seven-month period ends April 30, 2000. On May 5, 2000, the household reapplies and is found eligible after all eligibility factors are verified.

810 The Selection Process

12-01-98

Cases are selected at random for Quality Assurance reviews. This is referred to as a "Q.A. Pull". A Q.A. Pull is conducted each month for the previous month. This means that the September Pull contains only denials or closures completed in August or cases on households who participated during the month of August. August will be considered the "review month". August 1st will normally be the "review date". Q.A. may consider another day within the review month the review date. For example, if an initial application was received in the review month, the date the application was certified becomes the review date.

Denials or closures are referred to as negative actions or negative cases. The cases of households who participated in the review month are called active cases.

Certain cases are not subject to the review process. These are cases in which:

1. All household members died or moved out of the state before the review could be completed;
2. The household is receiving food stamp benefits under a disaster certification authorized by FNS;
3. The household is under investigation for an intentional program violation with a pending administrative disqualification hearing;
4. The household is appealing an adverse action when the review date falls within the time period covered by continuation of benefits pending a hearing decision; or
5. The household is not currently participating in the Food Stamp Program, but did receive a restoration of food stamp benefits in the review month.

1. Examining the Case Record

During this examination, the reviewer identifies specific facts related to the household's eligibility and basis of issuance of food stamp benefits. It is considered improper for a reviewer either to question a county office worker or to accept information not in the case record from the county office. The case record (including all online screens and reports) is considered the reviewer's only source of information about the county's action.

2. Conducting the Field Review

During the field review, the Q.A. reviewer obtains information about the household's actual circumstances during the review month. The reviewer verifies and documents this information. The two basic activities of the field review are interviewing the household and making collateral contacts. A worksheet is used to record the results of the field review.

3. Identifying Variances

Using information shown in the case record and information gathered during the field review, the reviewer determines if there are any differences between the information the reviewer has verified and information used by the county office to issue food stamp benefits.

Example: If changes have occurred and have been reported or the county has not acted on a reported change within the proper timeframe, a variance will be determined.

4. Making the Review Decision

The final step of the review is deciding whether or not the case is in error. The reviewer may determine that a variance has occurred, but the case will not be considered an error case unless the food stamp benefit amount was incorrect by at least \$5.00. If the case is in error, the reviewer must determine the amount of the error and whether too many or too few food stamp benefits were issued. The results will then be entered on the proper forms.

Any active case that contains a variance of at least \$5.00 (over or under issuance) will be used in determining the case error rate for the county and state. A variance which caused the household to be ineligible for food stamp benefits or to receive \$5.00 or more in food stamp benefits than they were entitled to receive will be used to calculate the dollar error rate for the county and state. Such errors are called overissuances and ineligibles. Errors where the household received less food stamp benefits than they were entitled to receive are called underissuances. Case and dollar error rates are used to determine the quality of the operation of the program in a county.

850 Calculating Case Error Rate

12-01-98

The following procedures will be used to calculate the case error rate for a specified period of time:

1. Total the number of completed Q.A. reviews;
2. Total the number of complete reviews in which an error (overissuance, underissuance or ineligibility) occurred;
3. Divide the total number of reviews with errors by the number of Q.A. reviews completed to determine the case error rate percentage.

Example: total Q.A. reviews completed 31
total overissued cases 3
total underissued cases 1
total ineligible cases 2

Total error cases (6) - total Q.A. reviews (31) = 19.35%

Case Error Rate - 19.35%

860 Calculating Dollar Error Rate

12-01-98

The following procedures will be used when calculating the dollar error rate for a specified period of time.

1. Obtain the total amount of food stamp benefits issued in the cases upon which a review was completed. (Include all cases reviewed in the specified period of time).
2. Obtain the total amount of food stamp benefits issued in error.
3. Divide the total amount of food stamp benefits issued in error by the total food stamp benefits issued to determine the dollar error rate.

Example: Total food stamp benefits issued 728
Total food stamp benefits over or under issued 25
Total food stamp benefits issued to ineligible households 10

Over or under issued benefits (\$25) + \$ ineligible (\$10) = Total issued in error (35) - Total food stamp benefits issued (\$728) = 4.81% Dollar Error Rate.

870 Reviewing Negative Cases

12-01-98

The reviewer examines the case record and verifies through documentation in the case file if the reason for the denial or closure is correct. When the case record alone provides acceptable documentation that the decision to deny or close was correct, the review is considered complete. If it is determined that the reason for denial or closure is incorrect, the reviewer determines if the household was actually ineligible at time of the action.

The reviewer may find it necessary to contact the household or collateral contacts. However, negative case reviews are generally limited to a review of the case record.

If an error is found in a negative case, the county office must take the steps necessary to determine the household's eligibility. If the household is determined eligible for the review month (for case closures, for subsequent months in the original certification period) benefits will be restored. See FSC 13300 for procedures for restoring food stamp benefits.

880 The Q.A. Log

12-01-98

Each county office must maintain a quality assurance log. This log will, at a minimum, contain the following information:

1. Case name;
2. Case number;
3. County office worker name;
4. Date the case was sent to Q.A.;
5. Date the case was returned;
6. Review number;
7. Whether the case was in error;
8. Whether the error was attributed to the household or the agency;
9. The corrective action needed;
10. Date the response is due; and
11. The date the response was completed.

Each county office will design a Q.A. log. The log may be automated or manual and may contain as much additional information as the county desires. The county office will use the log to determine the need for corrective action and to track the number of errors by individual workers so that the appropriate actions may be taken. The log will be monitored.

890 The Q.A. Appeal Process

12-01-98

Upon notification by Quality Assurance that a selected case is in error, the county office will have the opportunity to appeal the findings. Listed below are the requirements for appealing a case:

1. Just cause for appealing the case must be determined by the DCO county supervisor and the Program Support Specialist.
2. An appeal packet must be prepared. The packet must contain a narrative justification with specific policy references along with any supporting documentary evidence.
3. Within ten calendar days, the case record must be submitted along with the appeal to the Quality Assurance Unit. The address is:

Administrator
Quality Assurance
P. O. Box 1437, Slot 501
Little Rock, AR 72203

The entire appeal process must occur within the specified ten calendar day period. The ten-day period begins with the date that Q.A. sends the error summary and appeal form to the county office. (This is the date Q.A. sends out the error summary and not the date the error summary is received in the county office.)

All documentation for the appeal must be received by the Quality Assurance Unit no later than the tenth day. If, in rare instances, the preparation of the appeal will require more than ten days, advance approval must be given by the Administrator of the Quality Assurance Unit. Extensions granted will be limited to five days.

There may be a time period at the last of the calendar year when it will not be possible to allow counties a full ten day period to submit an appeal since the agency must meet federal Quality Control (Q.C.) completion requirements.

On any case submitted for an appeal of a Q.A. error, adverse action on the matter under appeal will be delayed until a decision is rendered in the appeal. County offices will be notified of the decision via memorandum from the Administrator, Quality Assurance Unit.

900 Authorized Representatives

06-01-01

An authorized representative (AR) is an individual designated in writing by the case head, spouse, or other responsible household member to act on behalf of the food stamp household. Some residential facilities serve as AR's for their residents. The authorized representative may:

1. Make application for the program;
2. Be interviewed for the household; and
3. Report changes as instructed in FSC 11200. (This would include completing and submitting the household's quarterly report.)

The household may designate this same individual or an entirely different individual to use the household's electronic benefits transfer (EBT) card to purchase food for the household. Even households who are able to use their EBT card to purchase food should be encouraged to name an AR to use their EBT card in case of illness or other circumstances which might result in the household being unable to use their benefits.

If a household has not designated an AR but finds itself in an emergency situation where an AR is needed, the household may send or bring a written statement to the DHS county office designating an AR.

910 Who May be an Authorized Representative

06-01-01

An AR must be an individual age 18 or older who is knowledgeable about the food stamp household's circumstances and who has not been disqualified in accordance with FSC 970 from serving as an AR in the Food Stamp Program.

920 Who May Not be an Authorized Representative

06-01-01

Neither an employee of the Division of County Operations who is involved in certification processes nor a retailer who is authorized to accept food stamp benefits may be an AR unless the ES supervisor determines that no one else is available to serve as an AR and gives that individual specific written approval.

An individual disqualified for an intentional program violation (IPV) may not act as an AR during the period of disqualification unless no one else is available to serve as an authorized representative. Once this has been established, the county office must determine whether this individual is needed to apply on behalf of the household or to use the food stamp benefits to purchase food for the household. For example, the household may be able to find someone else to make application for food stamp benefits but be unable to find anyone to purchase food regularly with the food stamp benefits. If the county office is unable to find someone to serve as an AR to purchase food with the food stamp benefits, the disqualified individual will be allowed to do so.

A homeless meal provider may not be an AR for a homeless household. (A homeless meal provider is an establishment such as a soup kitchen or a temporary shelter that feeds homeless persons. A full definition of a homeless meal provider may be found in the Glossary.)

930 Liability

12-01-98

The county office worker will inform the household that all members will be held liable for any overpayments resulting from erroneous information given by the AR.

Exception: A private non-profit organization, institution or group living arrangement that serves as an AR will be responsible for any misrepresentation or fraud knowingly committed as facility residents are certified to receive food stamp benefits. See FSC 980 for details on centers as AR's.

Since household is liable for the information provided by the AR, a household member should either complete the application or review the information on the application before the application is submitted. Since organizations or institutions serving as AR's are liable for erroneous information, the individual from the institution who will be interviewed will be advised to carefully review the application with the resident before it is submitted to the county office.

940 Records of AR's

12-01-98

The county office will ensure that AR's are properly designated in the household's case record. The *Food Stamp Application* (DCO-220) contains a section for the household to enter the AR's name, address and telephone number. The household may also submit a signed, dated statement containing the AR's name, address and telephone number which clearly states that the household wants this individual to serve as an AR.

If the AR has completed and signed an application and the validity of the application is questioned, the county office worker will obtain a note signed by the case head spouse or other responsible household members indicating that the household wants this individual to serve as an AR. If the case head spouse or other responsible household member is unable to complete and/or sign the note, the worker will attempt to contact the household by telephone to confirm the AR. If telephone contact cannot be made, an interview with the AR in the household's home may be considered.

950 Controls on AR's

12-01-98

Limits may not be placed on the number of households that an AR may represent. However, county offices should be alert for situations where AR's have access to large amounts of food stamp benefits. For example, when a farmer employs migrant and seasonal farm workers and serves as their AR, the situation may be questionable. In such situations the county office should attempt to assure that:

- The household has freely requested the assistance of the AR;
- The household's circumstances are correctly represented;
- The household is receiving all of food stamp benefits authorized; and
- The authorized representative is properly using the benefits.

An assessment of the situation may be made by contacting the households involved. If it is not possible to contact these households or if the households fear reprisal, the county office will contact collateral contacts with knowledge of the situation.

If a DHS county office worker suspects an AR is using a household's food stamp benefits improperly, he or she will report the circumstances to the Central Office, Food Stamp Section, who will relay the report to Food and Nutrition Services.

No formal control procedures are mandated for county offices. If a county office has historically had problems with AR abuse of the Food Stamp Program, or if a problem appears to be developing in this area, a control procedure may be advised by the DCO County Administrator.

960 Verifying the Identity of an AR

12-01-98

If an AR applies on behalf of a household, the identity of both the AR and the head of the household must be verified. Any document that reasonably establishes the identity of the AR must be accepted. Examples of such documents are a driver's license, a work or school ID, an ID for health benefits or other assistance, voter registration card, wage stubs, or birth certificate. A collateral contact may be made if documentary evidence is unavailable.

970 Disqualifying AR's

12-01-98

If a DHS county office obtains evidence that an AR has knowingly provided false information about the household, or has used the household's food stamp benefits improperly, the ES supervisor may disqualify that individual. If disqualified, that individual may not serve as an AR in the Food Stamp Program for a period of up to one year. The exact period of time will be left to the discretion of the ES supervisor so long as it does not exceed one year.

To disqualify an AR, the county office will send a letter to both the AR and the household that the AR has been representing. The letter will be sent 30 days prior to the date of the disqualification and will contain:

Authorized Representative

1. The proposed action (disqualification);
2. The reason for the disqualification;
3. The household's right to request an administrative hearing;
4. The telephone number of the county office; and
5. If possible, the name of the person to contact for additional information.

980 Residential Facilities as Authorized Representatives (AR's)**12-01-98**

Residents of certain classes of residential facilities may choose to participate in the Food Stamp Program if the facility has been authorized by the Food and Nutrition Service (FNS) or the appropriate state agency. The agency or agencies authorizing the facility must have determined that the facility is a non-profit organization.

Any organization, institution, or group living arrangement that serves as an AR is responsible for any misrepresentation or fraud knowingly committed when resident households are approved for food stamp benefits. For this reason, the employee designated to serve as the AR must be familiar with each resident's household situation and must carefully review each *Food Stamp Application* (DCO-220) with the household before submitting the application to the county office.

A facility will also be strictly liable for all misuse of food stamp benefits received on behalf of resident households and for all overissuances that occur while households are residing in the facility and are represented by the facility. There are two exceptions:

Exception 1 - Residents of group living arrangements applying on their own behalf are responsible for overissuances as would be any other household.

Exception 2 - Residents of shelters for battered women and children are responsible for any misinformation and/or overissuances even if they were certified through an AR.

When it is determined administratively or judicially that a facility has misappropriated or used food stamp benefits for purposes not contributing to a certified household's meals, the facility may be penalized. Employees of alcoholism and drug addiction treatment centers and the heads of group living arrangements that intentionally misrepresent a resident's circumstances while acting as the resident's authorized representative in the Food Stamp Program may be prosecuted under applicable state and federal statutes for their acts.

The county office will promptly notify the Central Office Food Stamp Section in writing when it believes that a facility is misusing food stamp benefits. The Food Stamp Section will, in turn, notify FNS when it has reason to believe that the facility is misusing food stamp benefits. FNS will determine whether a facility will be disqualified.

No action will be taken by the state against the facility before FNS takes action. If FNS disqualifies an organization or institution as a result, the Food Stamp Section will notify the county office of this action. The County Office will then suspend the violator's status as an AR for the same time period as instructed in FSC 970.

If a group living arrangement has its status as an AR suspended, residents applying on their own behalf may still participate.

A claim will be established against the facility for overissuances of food stamp benefits held for resident households if such overissuances are discovered during an FNS investigation or hearing.

981 Alcoholic and/or Drug Addiction Treatment Centers

12-01-98

Residents of alcoholic and/or drug addiction treatment centers may participate in the Food Stamp Program if one of the two following conditions has been met:

- The center has been certified as a treatment center by the Bureau of Alcohol and Drug Abuse, or
- The center has been authorized by the Department of Agriculture, Food and Nutrition Service (FNS).

Residents of alcoholic and/or drug addiction treatment centers must apply for food stamp benefits through an authorized representative (AR) who is an employee of the treatment center. In order to avoid duplicate entries on the ANSWER System, the AR will not be classified as an alternate payee. The treatment center will maintain control of the resident's electronic benefits transfer (EBT) card and personal identification number (PIN) as long as the customer continues to reside at the center.

When a county office receives an inquiry from alcoholic and/or drug addiction treatment center about participating in the Food Stamp Program, the center should be provided with a copy of FSC 981.5. All applicable policy should be provided to participating treatment centers. This includes the policy at FSC 1820-1825 and FSC 980-981.5.

981.1 Treatment Center's Responsibilities

12-01-98

Each alcoholic and/or drug addiction treatment center must maintain a Daily Census Report (DCO-254). A copy of the DCO-254 must be provided to the county office at the end of each month.

At least once each year, the county must make an on site visit to each treatment center to compare the center's records to the information submitted on the DCO-254. (The center's records for at least one month must be compared to the information submitted on the DCO-254.) A form, Alcoholic and/or Drug Addiction Treatment Center Record of On-Site Visit, (DCO-263) may be used to record these visits.

The DCO-263 is not a mandatory form. However, any record of an on site visit prepared by the county should contain at least the information provided on the DCO-263.

981.2 Accessing EBT Benefits

12-01-98

Alcoholic and/or drug addiction treatment centers that have only Bureau of Alcohol and Drug Abuse certification will purchase food for the residents by using the residents' EBT cards at retail outlets.

In treatment centers that have been authorized by FNS to use food stamp benefits, a point of sale (POS) device may be installed. In centers with a POS device, the authorized representative will swipe the resident's EBT card through the center's POS device to obtain benefit authorization. When the EBT card authorization occurs, the food stamp benefits will be debited from the resident's account and transferred through the settlement process to the treatment center's bank account. The treatment center will use the funds in the bank account to purchase food for the center.

981.3 Special Procedures for Authorized Representatives

12-01-98

For residents of alcoholic and/or drug addiction treatment centers, an EBT card will be issued for the resident. However, the resident will not be given access to the EBT card or personal identification number (PIN) until he or she leaves the treatment center. For the protection of center employees, treatment centers are advised to maintain records of when each resident's EBT card and PIN was received and when the card and PIN were provided to the resident or when the EBT card and PIN were destroyed. See FSC 981.4 for additional information.

981.4 When a Resident Leaves a Treatment Center

10-01-01

When a resident leaves an alcoholic and/or drug addiction treatment center, the treatment center must report the departure to the DHS county office immediately. The treatment center will provide his or her EBT card to the resident, if possible. If the resident leaves without notifying the treatment center, the resident's EBT card will be destroyed immediately by burning the card or by cutting the card into at least three pieces. If possible the treatment center should provide the household with a *Change Report Form* (DCO-234) to report their new address and other circumstances to the DHS county office.

981.5 Treatment Center Guidelines for FSP Participation

06-01-01

- Residents of an alcoholic and/or drug addiction treatment center will be allowed to participate in the Food Stamp Program only if the center has been: 1) certified by the Bureau of Alcohol and Drug Abuse; or 2) authorized by the Department of Agriculture, Food and Nutrition Service (FNS) to use food stamp benefits.
- Treatment centers that wish to be certified by the Bureau of Alcohol and Drug Abuse must contact the Bureau of Alcohol and Drug Abuse, 5800 West 10th, Suite 907, Little Rock, AR 72204. The telephone number is (501) 280-4500.
- Treatment centers that wish to be authorized by FNS to use the food stamp benefits must contact FNS at 700 West Capitol, Room 3319, Little Rock, AR 72201. The telephone number is (501) 324-5851.

Authorized Representative

- A treatment center must agree to be responsible for any misrepresentation or fraud knowingly committed when resident households are approved for food stamp benefits.
- A treatment center must designate an employee in writing to serve as an authorized representative (AR) for all residents. The AR will make application for food stamp benefits on behalf of center residents. The AR will use the resident's electronic benefits transfer (EBT) card and personal identification number to access the resident's food stamp benefits. The resident will not have access to the EBT card and PIN while he or she is residing at the treatment center
- Only treatment centers authorized by FNS to use food stamp benefits will be allowed to have an EBT point of sale (POS) device at the center.
- When a resident leaves a treatment center, the center must notify the DHS county office immediately. If possible, the resident's EBT card and PIN will be given to the resident. If not, the EBT card and PIN must be destroyed. If none of the household's food stamps have been accessed before the resident's departure, the treatment center must not access any portion of the benefits after the resident's departure.
- The DHS County Office worker will issue a *Change Report* (DCO-234) for each approved application. The AR will be asked to report within 10 days if there are changes in any resident's circumstances while he or she is residing at the treatment center.
- A treatment center must insure that residents who leave on or before the 15th of the month have access to one-half of their monthly food stamp benefit amount. Residents who depart on or before the 15th of the month will be directed by the treatment center to contact the county office to have their remaining food stamp benefits activated. In treatment centers where the EBT cards are used to shop, the center will insure that one-half the resident's monthly benefit amount remains in the resident's account until the 16th of the month. In treatment centers that utilize an EBT point of sale (POS) device, the center may do a food stamp purchase refund if the resident departs on or before the 15th of the month. Or, the center may swipe the EBT card through the POS on a weekly or biweekly basis to cover the costs of the resident's meals for that period.
- Once a resident leaves a treatment center, the resident, not the treatment center, has access to any food stamp benefits remaining in the resident's EBT account. This applies any time of the month.
- A treatment center must maintain a Daily Census Report (DCO-254) and provide a copy to the appropriate county office at the end of each month.
- The DHS county office will conduct a yearly on-site visit to each treatment center to compare the Daily Census Report to the center's records.

982 Group Living Arrangements

12-01-98

A resident of a group living arrangement as defined in the Glossary under "Group Living Arrangement" has three options in applying for food stamp benefits. They are:

1. Apply and be certified as a one person household through an AR employed by and designated in writing by the group living arrangement;
2. Apply themselves and be certified on their own behalf if they are capable; or
3. Apply and be certified through an AR of their choice.

The group living arrangement will have the discretion of deciding if a resident may apply for food stamp benefits on his or her own behalf. This decision will be based upon the resident's physical and mental ability to handle his or her business.

982.1 Accessing EBT Benefits

12-01-98

A resident of a group living arrangement may use their EBT card to access their benefits or may allow the authorized representative to use their EBT card to access their benefits. In order to avoid duplicate entries on the ANSWER system, employees of a group living arrangement may no longer serve as the alternate payee or the primary payee for residents. Instead, the employee will be designated as the resident's AR. If the group living arrangement determines that it is not in the resident's best interest to possess and/or use the EBT card to access EBT benefits, the authorized representative will maintain physical control of the resident's card and personal identification number (PIN).

983 Shelters for Battered Women and Children

12-01-98

A woman or a woman with children who is temporarily residing in a shelter for battered women and children may apply for food stamp benefits and be certified without the use of an AR. Shelter residents do have the option of appointing an AR. The AR may be an individual of the resident's choice. If the resident cannot appoint an AR and will be endangered by leaving the shelter, the shelter may appoint a shelter employee or a volunteer to act as an AR.

983.1 Accessing EBT Benefits

12-01-98

A resident of a shelter for battered women and children will retain control of their food stamp benefits and EBT cards even if certified through an AR.

990 Purpose **07-01-94**

The Fraud Investigations Unit identifies, investigates, and refers for prosecution any individual accused of committing Theft of Property or Theft of Public benefits as defined by state law. This includes Agency staff, recipients, providers, or other persons who deliberately violate the rules and regulations of DHS to defraud the state. The Fraud Unit also prepares the Administrative Disqualification File on persons accused of committing an intentional program violation.

991 Organization **03-01-02**

The Fraud Investigations Unit is organizationally located within the Office of Chief Counsel.

1

992 Functions **03-01-02**

The Fraud Investigations Unit has the following major functions:

- Review the case record and independently verify information contained in the file to determine if a criminal investigation is warranted.
- Investigate to gather evidence in cases where there is a probability that a fraudulent act was committed.
- Refer to the prosecutor appropriate cases in which facts are obtained prove that the accused person, by deception, received DHS monies/benefits to which he/she was not entitled.
- Refer for an administrative disqualification hearing or secure a waiver of an administrative disqualification hearing on cases not referred to the prosecutor if these cases contain evidence of an IPV.

993 Referral Sources **07-01-94**

Reports of suspected fraud may be received from any source within the Department of Human Services, the general public, public officials, or other public agencies, or by the Fraud Investigations Unit, itself.

2

994 Reporting Suspected Fraud **03-01-02**

A food stamp case will be referred for an investigation when:

- The suspected fraudulent act(s) resulted in a cumulative overpayment of \$125 or more.
- The client is suspected of receiving assistance in two or more names, counties or states.
- There is a report of trafficking in food stamp benefits. Trafficking means the buying or selling of food stamp coupons or electronic benefits transfer (EBT) cards for cash or for consideration other than eligible foods; or the exchange of firearms, ammunition, explosives or controlled substances for food stamp benefits.

Referrals from DHS sources are made via a *Suspected Fraud Report* (DHS-1700).

3	995	<u>Review of Case</u>	03-01-02
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When a referral is made to the Fraud Investigations Unit, the circumstances will be reviewed to determine if the case warrants investigation toward criminal prosecution.

If one or more of the following facts are present, the case will not be referred for prosecution:

- Total amount of the overpayment resulting from the alleged fraud is less than the minimum dollar amount set by the criminal statute.
- The age or education of the suspect is not conducive to proving criminal intent.
- The statute of limitations has run on all evidence referred;
- The suspect is permanently residing out of state.

Cases not referred to the prosecutor that contain evidence of an intentional program violation will be referred for an administrative disqualification hearing.

4	996	<u>Case Accepted for Investigation</u>	03-01-02
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The following procedures will be completed on reports of suspected fraud that warrant criminal prosecution:

1. The case record and any other pertinent information concerning the suspected recipient will be requested from the County Administrator. DHS offices, sections, and units must release any requested information to the Fraud Investigations Unit.
2. The investigator assigned to the case will:
 - A. Examine the case record and/or any other records on file within or outside DHS for suspected false statements of clients, providers or other persons.
 - B. Conduct a systematic inquiry to determine validity of allegations of criminal conduct. Such investigation may entail interviewing workers or witnesses with knowledge of the case, providers, division staff, and the suspect for any accounts of alleged conduct.
 - C. Determine the net amount of the overpayment that resulted from the fraudulent act within the criminal statute of limitations or within time frames set out in overpayment policy for cases referred for an Administrative Disqualification Hearing.
 - D. Prepare a written, documented report at the completion of the investigation for referral to the Prosecutor.
 - E. Secure a waiver of the administrative disqualification hearing or complete the referral for an administrative disqualification hearing (DHS-1208).
 - F. Administratively close the investigation if, at any stage of the inquiry, the investigative staff determines that the case is not suitable for prosecution or for referral for an Administrative Disqualification Hearing.
 - G. Notify the Overpayment Unit and the DHS county office of the disposition of the investigation and return copies of the case record to the county office.

5

997 Disposition of Investigations

03-01-02

The Fraud Investigations Unit will notify the county administrator of the initial disposition of each referral.

When a case is referred for prosecution, the Fraud Investigations Unit will request that the Prosecuting Attorney file charges, send a copy of that request to the DHS county office and advise the Overpayment Unit of the factual basis for the overpayment.

When the Fraud Unit feels that a case should be referred for an Administrative Disqualification Hearing, a *Hearing Statement* (DHS-1208) will be provided to the Overpayment Unit. The Overpayment Unit will determine whether or not the cases should be referred to Appeals and Hearings for an Administrative Disqualification Hearing.

When the individual suspected of committing the IPV signs a *Waiver of Hearing and Disqualification Agreement* (Form DHS-267), the Fraud Investigations Unit will advise the DHS county office and the Overpayment Unit of the facts of the case. A copy of the DHS-267, and, if negotiated, a copy of the Repayment Agreement will be provided. See FSC 16830 for additional information.

For cases administratively closed, the Fraud Investigations Unit will forward a memo to the County Office and the Overpayment Unit explaining the reason for the closure. If an overpayment has been calculated, these documents will be forwarded to the Overpayment Unit for collection.

The final disposition of cases adjudicated by the court will be furnished to the county office and the Overpayment Unit by the memorandum from the Director of the Fraud Investigations Unit.

998 Decision to Prosecute

07-01-94

The Director of the Fraud Investigations Unit will present to the Prosecuting Attorney of jurisdiction the original investigative report of those cases deemed worthy of prosecution. The prosecutor has sole discretion to either prosecute, accept repayment in lieu of prosecution, or decline to prosecute.

Summary**15100 Summary****03-01-02**

An overissuance occurs when a food stamp household receives more benefits than the household was entitled to receive. In this section of policy, the term "overpayment" will be used to refer to claims established against households that received an overissuance of food stamp benefits.

This section of policy covers:

1. When and how to prepare an overpayment
2. How to submit the overpayment to the Overpayment Unit
3. Overpayment Unit's responsibilities
4. State income tax interception
5. The federal Treasury Offset Program (TOP)

The State will initiate or pursue collections only of food stamp benefits paid as a result of improper issuance, or overissuance. The State will not initiate or pursue collections of properly issued benefits. The State will not collect overissuance in a manner contrary to federal law or regulation.

6 The State will have 180 days from the date of discovery of an overpayment to complete an overpayment. This means the overpayment will be prepared and either the State will begin collection or will refer the case to a prosecutor's office for possible legal proceedings. The date of discovery is the date when a county office worker or a Fraud Unit worker establishes the existence of an overpayment through documentary evidence.

7 15110 Types of Overpayments 03-01-02

The three types of overpayment claim referrals are inadvertent household error, administrative error, and intentional program violation.

An explanation of each type of claim follows:

Inadvertent Household Error – An overpayment caused by a misunderstanding or an error on the part of the household. An inadvertent household error that results in an overpayment includes, but is not limited to, situations where:

- The household unintentionally failed to provide the county office with correct information;
- The household unintentionally failed to report to the county office changes in household circumstances; or
- The household unintentionally received an overissuance of food stamp benefits due to a continuation of benefits pending an administrative hearing decision.

Type of Overpayment

Administrative Error – An overpayment caused by the agency or by the agency's failure to take action. An administrative error results in an overpayment when:

- The county office failed to take timely action on a change reported by the household;
- The agency incorrectly computed household income or deductions or otherwise assigned an incorrect benefit amount;
- A household was overpaid food stamp benefits due to a worker or system error;
- The household continued to receive food stamp benefits after the certification period expired without a reapplication determination; or
- The county office failed to reduce a household's food stamp benefits after the TEA (AFDC prior to 7-1-97) grant increased.

An overpayment will not be prepared when the county office failed to insure that the household signed the application form.

Intentional Program Violation (IPV) – An overpayment caused by an individual household member when the member intentionally:

- Made false or misleading statements (for example, the household falsified statements on the application);
- Misrepresented, concealed or withheld facts (for example, the household did not report a change in a timely manner although the household was aware of the reporting requirements); or
- Violated the Food Stamp Act, the Federal Regulations, or State Statutes relating to the Food Stamp Program. (See FSC 16600 for a full explanation of an Intentional Program Violation.)

An IPV and the individual guilty of the IPV must be determined through:

- An Administrative Disqualification Hearing;
- A Court of Law with appropriate jurisdiction; or
- The accused individual signing a *Waiver of the Disqualification Hearing (DCO-257)*.

Until one of the above actions occurs, suspected IPV's will be handled as inadvertent household errors.

The individual found guilty of committing the violation will be disqualified from participating in the Food Stamp Program. The period of disqualification depends on the sanction in effect at the time the violation began.

For any violation that began prior to March 1979, no disqualification will be imposed. For any violation that began during the period from March 1979 to September 1983, the disqualification will be three months. (*A three-month disqualification will be applied regardless of the number of offenses.*) For any violation that began during the period from October 1983 to September 1996, the disqualification will be three months for the first offense, six months for the second offense, and permanent for the third offense. For any violation that began during the period beginning October 1996 and continuing to the present, the disqualification will be one year for the first offense, two years for the second offense, and permanent for the third offense. See FSC 15531 for additional instructions.

Timely Submission of an Overpayment**15200 When to Prepare an Overpayment****03-01-02**

All adult household members will be jointly and severally liable for the value of any overissuance of food stamp benefits to the household.

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Overpayment claim may be established against:

- Any household currently participating in the Food Stamp Program that has received more food stamp benefits than the household was entitled to receive; or
- Any household containing an adult member who was an adult member of another household when that household received more food stamp benefits than the household was entitled to receive.
- Any household involved with the trafficking* of food stamp benefits.
- A sponsor of an alien household who was at fault for the alien receiving more benefits than the alien was entitled to receive.

* Trafficking means the buying or selling of food stamp coupons or electronic benefits transfer (EBT) cards for cash or for consideration other than eligible foods; or the exchange of firearms, ammunition, explosives or controlled substances for food stamp benefits. Suspected instances of trafficking will be referred to the Fraud Unit via a *Suspected Fraud Report* (DHS-1700) within 10 days of the date the trafficking incident became known to a DHS county office worker.

No overpayment claim is prepared if:

- The county office failed to insure that the household signed the application form.
- The claim is classified as an administrative error and more than 12 months have elapsed between the month the overpayment occurred and the caseworker discovered an overpayment might exist.
- The claim amount is \$125 or less and the household is not currently participating in the Food Stamp Program **UNLESS** the overpayment was discovered in a Quality Assurance review. Overpayments discovered in a Quality Assurance review must always be established.

When a claim is submitted in any category other than an administrative error, the overpayment must be calculated back to the month the overpayment began **EXCEPT THAT:**

- No claim will be prepared for overpayments that occurred more than six years before the agency became aware of the overpayment.
- No claim will be prepared for any months in excess of three years from the month the agency discovered a possible overpayment if the county office has purged its files and has no record of issuance for those months.
- No claim will be prepared for any months in excess of three years from the month the worker discovered a possible overpayment if the household's circumstances for that month cannot be established because an employer or other source of verification has purged the records for the month of possible overpayment.

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15210 Who Will Prepare the Overpayment

03-01-02

The county office worker will prepare the *Benefit Overpayment Report* (DHS-199) on all overpayments classified as administrative errors. This includes overpayments where:

- The county office failed to take timely action on a change reported by the household.
- The agency incorrectly computed household income or deductions or otherwise calculated an incorrect benefit amount.
- The household was overpaid due to a worker or system error.
- The household did not complete the recertification process but continued to receive food stamp benefits after the certification period expired.
- The county office failed to reduce a household's food stamp benefit amount after a household member's TEA cash assistance increased.

The county office worker will prepare the *Benefit Overpayment Report* (DHS-199) on an overpayment classified as an inadvertent household error if:

- The overpayment occurred when a household requested continuation of benefits and the hearing decision was in favor of the agency's action.
- The overpayment amount is \$125 or less.

If an IPV is suspected and the total overpayment is estimated to \$125 or more, the worker will submit a *Suspected Fraud Report* (DHS-1700) to the Fraud Unit. If the case is accepted, the Fraud Unit will conduct an investigation, obtain the needed verification and prepare the overpayment documents.

If the case is not accepted for investigation, the county will be notified so a county office worker can be complete a DHS-199.

15300 Timely Submission of an Overpayment

03-01-02

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An overpayment claim must be submitted to the Overpayment Unit within 60 days of the date of discovery. The date of discovery is the date that the county office worker establishes through documentary evidence that an overpayment exists.

A *Suspected Fraud Report* (DHS-1700) must be submitted to the Fraud Unit within 10 days of the date the worker becomes aware that an overpayment that is a suspected intentional program violation may exist.

15400 Preparing an Overpayment

03-01-02

NOTE: When a DHS County office becomes aware of an overpayment as the result of a Quality Assurance (QA) review, the household must follow the procedures in this section of policy. A QA reviewer will determine only the amount of overpayment for the review month. Also, the verification provided to QA by an agency or an employer may not cover the entire overpayment period.

The following actions will be completed to determine the total amount of the overpayment:

Step 1 - Determine the Initial Month of Overpayment.

The initial month of overissuance is the first month in the overpayment period. If the overissuance resulted from the household giving incorrect or incomplete information at the time of application (initial or recertification), the initial month of overissuance is the first month of the certification period assigned at application approval.

Example A household submitted an application on September 12. The husband's earnings were reported on the application, but the wife's earnings were not reported. The application was approved on October 21 based only on the husband's earnings. Retroactive prorated benefits were authorized for September. At the time of the wage match for the quarter ending September, it was discovered that the wife was employed at the time the application was submitted and had been working for several months. The initial month of overissuance will be September.

For Occasional Reporters, as defined in FSC 11350, if the household fails to timely report one of the changes specified in FSC 11200, the initial month of overissuance will be established by determining the effective date of the change and adding 20 days. For example, if the effective date of change is established as June 6th, the worker will begin with June 7th and count 20 days. The 20th day falls before the end of June (June 26th) so the initial month of overissuance is July. (No overpayment will be prepared if the overissuance resulted from a change other than those listed in FSC 11200.) If there is more than one unreported change during the overpayment period, the effective date of each change will be established in the same manner.

The effective date of the change is defined as the day upon which an identifiable change actually occurred. Some examples of the effective day of change are given below.

SITUATION	EFFECTIVE DATE
. Went to work	First day of employment.
. Change in household composition	Date member actually entered or left household.
. Received entitlement check	Date 1 st check issued to household as verified by issuing agency.
. Received unemployment	Date 1 st check issued to household as verified by WESD screen.

Example A household failed to report that the wife went to work until the household's recertification interview in December. The worker established that the wife's first day of employment was September 11. The 20th day is October 1. The initial month of overissuance will be November.

Quarterly reporting households, as defined in FSC 11340, are only required to report changes on the quarterly report form. The initial month of the overissuance will be the first month following the submission of the quarterly report on which the change should have been reported.

Step 2 - Exclude Any Months More Than 72 Months (or 12 months for administrative errors) Prior to the Month in Which the Overissuance was Discovered

Step 3 - Determine the Household's Correct Food Stamp Benefit Amount for Each Month of the Overpayment Period.

The household's correct benefit amount will be calculated using the household's exact income, resources, expenses, household composition, etc. for each month in the overpayment period. It may be necessary to calculate a different budget for each month in the overpayment period in order to capture variations in circumstances. Weekly and bi-weekly income and/or expenses will not be converted when a budget is calculated. See FSC 7512-7740 for instructions on preparing a budget.

If verification of the monthly income is not available, the best source of information may be used to prepare the overpayment. For example, the quarterly wages appearing on the wage match may be used to prepare an overpayment if the individual's employment is verified, but verification of monthly wages cannot be obtained. Documentation of all verification obtained must appear in the case record. If actual monthly income cannot be established, documentation of all attempts to obtain verification of the actual monthly income must appear.

The standards (e.g. - utility standard, standard deduction, earned income deduction) and issuance charts in effect during the overpayment period must be used to prepare the overpayment. If a standard changed during the overpayment period, the overpayment budgets must reflect this change. The tapes or forms used to prepare the overpayment budgets must be clearly labeled and must remain in the case record as documentation.

Step 4 - If Necessary, Complete a Second Series of Budgets With no Earned Income Deduction

The earned income deduction is not allowed on any earned income that a household failed to report timely. The overpayment budget will be prepared in the same manner as any other budget except that the earned income deduction will not be allowed for that portion of the earned income that the household failed to report.

Example A household reported the husband's income but failed to report the wife's income. The earned income deduction will be allowed for the husband's earnings but not for the wife's.

The earned income disallowance will be effective for any months in the overpayment period when the county was not aware of the earnings. For example, a county becomes aware of a household's earned income in July but does not adjust the case to include the earnings until December. The earned income disallowance will cease in July. The earned income deduction will be allowed when the overpayment budgets for the months August through December are prepared.

Households Who Do Not Remain Workfare Eligible

Step 5 - Complete a DHS-199, *Benefit Overpayment Report*.

NOTE Should the household become entitled to restored benefits while the overpayment is being prepared, the amount to be restored will be offset. See FSC 13320 for instructions.

Step 6 - Enter the Overpayment in the Overpayment Record in the County Office.

Any record must contain the following information.

- Name
- Case Number
- Date overpayment was discovered
- Month, day and year overpayment started
- Date referred to the Overpayment Unit
- Suspected claim type

Other information may be added if desired by the county office. Records may be manual or maintained on a personal computer (PC) based system.

15401 Households Participating In Workfare**07-01-00**

When an overpayment occurs on a case where a household member participated in workfare during the overpayment period, the county office worker must determine if the household is entitled to an offset on the overpayment. See FSC 15402.

15402 Households That Remain Workfare Eligible**07-01-00**

If a household was overissued benefits while participating in workfare and remains eligible for participation in workfare, the county office worker must take the following steps:

- Step 1 Establish a claim for the entire amount of overissuance.
- Step 2 Give credit to the household for all extra hours of work performed during month of overissuance. Apply these hours to future work obligations.
- Step 3 Determine the number of hours a participant has actually worked by contacting the workfare sponsor.
- Step 4 Notify the workfare sponsor via DCO-209 of the household's entitlement.
- Step 5 Complete a DHS-199, *Benefit Overissuance Report*.

If the household did not remain workfare eligible, see FSC 15403.

Preparing Overpayments for Categorically Eligible Households**15403 Households That Do Not Remain Workfare Eligible****07-01-00**

If a household was participating in Workfare at the time of the overissue but is not longer participating in Workfare, a different procedure will be used. This procedure is outlined below.

- Step 1 Determine the household's correct food stamp benefit amount for each month of the overpayment period. Use FSC 15400. Enter the corrected benefit amount on the DHS-199.
- Step 2 Determine the household's correct obligation by dividing the household's correct monthly benefit amount by the current federal minimum wage. For Workfare households, see FSC 3730 for the maximum obligation.
- Step 3 Determine the number of hours actually participated. The Workfare sponsor must furnish this information.
- Step 4 Subtract the household's corrected obligation from the number of hours the household actually worked if additional hours were worked due to the overissuance. The result will be the extra hours worked.
- Step 5 Determine the offset amount by multiplying the extra hours worked by the current federal minimum wage. Enter the offset amount.

When cases are referred in a non-fraud status, the offset will be allowed when the total overpayment amount is entered. When the case is referred pending a fraud determination, the offset must appear on the form but will not be reflected in the overpayment. The offset amount will be used by the Overpayments Unit to adjust the overpayment if there is no finding of an intentional program violation through a court of law or an administrative disqualification hearing.

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15404 Overpayments On Categorically Eligible Households**03-01-02**

Before 12-01-99, the definition of a categorically eligible household was: A household where every household member received either TEA (AFDC) or SSI benefits.

Beginning 12-01-99, the definition of a categorically eligible household is: A household where at least one member receives one of the TEA benefits specified in FSC 1920 **OR** a household where every member receives SSI benefits.

Categorical eligibility cannot be rescinded retroactively. This means that a household's status as a categorically eligible food stamp household will not be changed after the fact even if AFDC (TEA) or SSI eligibility is subsequently determined improper.

No overpayment will be prepared when excess household resources caused a household to be subsequently found ineligible for AFDC (TEA) or SSI benefits. However, an overpayment will be prepared if the AFDC (TEA) or SSI eligibility was improper due to unreported income or changes in household size and an overissuance of food stamp benefits occurred.

Overpayment Unit Responsibility

For example, a food stamp household is made up of a TEA recipient and her children, all of whom are included in the TEA grant. She goes to work but does not report this income. To determine the food stamp overpayment, the worker will include both the TEA grant received by the household and the unreported earned income.

In some cases, the additional income will result in a zero benefit amount even though the household was categorically eligible. In these instances, the overpayment amount will equal the entire benefit issued to the household. (NOTE: In the case of one and two person households, the minimum benefit rules will apply. See FSC 8630.)

When a household is receiving food stamp benefits only because the household is categorically eligible and the county discovers an unreported household member who was not a SSI recipient, an overpayment may be prepared if an overissuance occurred as a result. The overissuance amount will be the difference between the food stamp benefits received and the benefits that would have been received if the additional household member been properly included in the food stamp budget.

15430 Review and Submission of the Overpayment Report**03-01-02**

The ES Supervisor or a designee must review the *Benefit Overpayment Report* (DHS-199) for accuracy. If the overpayment is valid, the supervisor or designee will sign the DHS-199 and send it to the Overpayment Unit.

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If an intentional program violation is suspected and the overpayment amount is \$125 or more, only the DHS-1700 will be submitted to the Overpayment Unit. If the Fraud Unit does not find sufficient evidence to establish an IPV but does find that an overpayment exists, the Fraud Unit may complete the claim document and submit it to the Overpayment Unit or send the information to the county so the county can complete the DHS-199.

The county will complete and submit a *Report of Restored Benefits* (DCO-201) if the overpayment is used to offset restored benefits owed to the household. (The DCO-201 is a low use form and is not available through the warehouse. This form may be accessed through DHS Gold.) Copies of the DHS-199 and (if applicable) the DHS-1700 and/or DCO-201 will be retained and filed in the Overpayment Section of the case record.

All claim documents must be retained for three years from the date of fiscal or administrative closure. See FSC 410.

Processing the Overpayment Claim**15500 Overpayment Unit Responsibilities****03-01-02**

The Overpayment Unit has the following responsibilities:

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1. Reviewing the *Benefit Overpayment Report* (DHS-199) to determine if the information needed to substantiate an overpayment claim is contained in the documents.
2. Documenting the circumstances that resulted in the overpayment and the procedures and methods used to calculate the overpayment.
3. Requesting additional information if needed to substantiate the overpayment claim.
4. Activating the account in ROAS.
5. Sending a *Demand Letter and Repayment Notice*.
6. Monitoring claim payments and attempting to collect payments that are in arrears.

Within 120 days of the date of receipt of an overpayment claim, the Overpayments Unit will have entered all substantiated overpayment claims into the automated *Recipient Overpayment Accounting System* (ROAS) as an active account.

15501 Recipient Overpayment Accounting System (ROAS)**07-01-00**

The ROAS is the automated accounts receivable system. This system contains data about each *Benefit Overpayment Report* (DHS-199) received in the Overpayment Unit and each valid claim processed for collection activity. The ROAS is indexed by debtor social security number (SSN). Each SSN represents a specific account. Each account is sub-divided into a specific category by the agency program in which an overpayment has occurred. Each category is sub-divided by a specific claim number for each separate overpayment that has been established against the debtor represented by the SSN. All identifying information specific to the debtor account is entered into and contained in the ROAS.

An overpayment report becomes a valid overpayment claim only after verification has been completed and the claim has been entered into the ROAS as an active account. Overpayment claims processed by the Overpayment Unit without evidence of fraud are considered “civil” claims.

15510 Accounting Section Responsibilities**03-01-02**

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The Accounting Section receives, processes, and records all payments and maintains ROAS. The Accounting Section documents and maintains records on the amount of money and food stamp benefits collected in payment of an overpayment and how much was submitted to Food and Nutrition Service. At the end of each month, the Overpayment Unit receives a printout of all transactions occurring during that month.

Initiating Collection**15520 Processing the Overpayment Claim****07-01-00**

The Overpayment Unit reviews the *Benefit Overpayment Report* (DHS-199) to determine if all the information necessary to process an overpayment claim is contained in the documents. If the claim report is accurate and all information and calculations are correct, the Overpayment Unit substantiates the claim by:

1. Activating the account in the ROAS.
2. Sending a *Demand Letter and Repayment Notice* to the debtor with a copy to the initiating DHS county office.

If additional information is required to complete the overpayment claim, the initiating county office will be requested to provide the additional necessary information within 30 days. If the requested information is not received within 30 days, a second request will be submitted to the initiating county office.

If the requested information is not received from the initiating county office, the claim will be reviewed to determine if there is sufficient information available to establish any portion of the overpayment and one of the following actions will be taken:

- If sufficient information is available, a claim will be processed for the period and amount that can be substantiated with the available information. The initiating county office will be notified that a partial claim has been established and advised that the claim will be adjusted if the requested information is received in Overpayment Unit at a later date.

OR

- If the information is insufficient to verify and establish an overpayment claim for any time period or amount, the claim report will be administratively closed. The initiating county office will be notified and advised that if the requested information is received in the Overpayment Unit, the claim will be re-opened and processed.

15530 Collections**03-01-02**

The Overpayment Unit is responsible for the collection of the overpayment. Overpayments may be repaid through:

- | | |
|----|---|
| 16 | <ol style="list-style-type: none">1. Cash payment.2. Offset of EBT food stamp benefits.3. Reduction of the household's food stamp benefits prior to issuance (recoupment).4. Offset of state income tax refunds, federal income tax refunds, federal salaries due federal employees owing delinquent food stamp debts, and other monies payable by the federal government to individuals owing a delinquent food stamp debt. |
|----|---|

Renegotiation of the Payment Schedule

15531 Initiating Collection

07-01-00

Collection action will be initiated by sending a *Demand Letter and Repayment Notice* to the household (claim debtor). The *Demand Letter* will inform the household about the overpayment, the amount, time period, the reason it occurred, and the household's right to an administrative hearing and how to request one. The *Repayment Notice* will inform the household how the overpayment is to be repaid.

The Overpayment Unit will initiate collection action against the individual identified as the casehead on the DHS-199. However, every adult who was a member of the household during the overpayment period has liability for the debt. Therefore, if a change in household membership occurs, the Overpayment Unit may pursue collection action against any household with a member who was an adult member of the household that received the overissuance. The county office may offset restored benefits by the amount of the overpayment when restored benefits are owed to any household containing a member who was an adult member of the household that received the overissuance. See FSC 13320 for instructions on offsetting claims. Under no circumstances may the Overpayment Unit collect more than the amount of the claim.

Recoupment of food stamp benefits will be initiated if a household with a liable member is currently certified to receive food stamp benefits. If no such household is currently receiving food stamp benefits, the case head or other liable adult must make direct payments to the Agency unless he or she can repay the debt in full.

The county office must send a copy of the authorizing document to the Overpayment Unit when the case head changes on a case with an overpayment.

15532 Payment Schedule

02-01-00

There are two different payment schedules. They are:

1. A payment schedule for recoupment of food stamp benefits (see FSC 15700); or
2. A payment schedule for direct payment in the form of cash, check, or money order.

The payment schedule for direct payments, which is based upon the amount of the overpayment, appears below:

Overpayment Amount	Monthly Payment Amount	Overpayment Amount	Monthly Payment Amount
\$ 1.00 to 100.00	\$10.00	\$1,001.00 to 1,500.00	\$35.00
101.00 to 300.00	15.00	1,501.00 to 2,000.00	40.00
301.00 to 500.00	20.00	2,001.00 to 2,500.00	45.00
501.00 to 800.00	25.00	2,501.00 and above	50.00
801.00 to 1,000.00	30.00		

The payment schedule will remain in effect until changed by the Overpayment Unit. The household may contact the Overpayment Unit and request a change in the repayment schedule at any time. If the Overpayment Unit determines there is sufficient reason or that there is a legitimate financial hardship for the household, the repayment schedule may be changed.

15533 **Households That Fail to Cooperate with Overpayment Unit** **03-01-02**

If a household fails to repay an overpayment debt or fails to make monthly payments as required in the repayment schedule, the Overpayment Unit will mail a *Delinquency Notice* to the household requesting payment. Debts that become 180 days delinquent will be referred to the Collections Unit, and the Collections Unit will contact the household regarding the delinquent account and will review the debt for legal action. Delinquent debts will be pursued through lawsuits, judgements, and/or garnishment of wages when necessary.

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Delinquent food stamp debts will be referred to the Department of Finance and Administration, Revenue Division, for the purpose of intercepting the state income tax refund due to the household containing the debtor and applying the amount intercepted to the balance of the debt. Delinquent accounts will also be referred to the U.S. Treasury for the purpose of intercepting any monies payable by the federal government. Any federal monies intercepted will be applied to the overpayment debt.

The Fraud Unit monitors collections on court adjudicated cases.

15534 **Terminating Collection Action** **07-01-00**

If an overpayment claim is determined to be uncollectable, collection activity will be suspended and the claim will be processed for abatement in accordance with Arkansas Law. Abated claims will be held for three years before they are scheduled for destruction. During this period a claim may be offset by food stamp benefits in accordance with food stamp policy.

15535 **Suspending Collection Action** **03-01-02**

Efforts to collect an overpayment may be suspended under any of the following circumstances:

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- All household members die.
- The claim balance is less than \$5.00 or the combined amount of all open claims is less than \$20.00 and the claim or claims have been delinquent for 90 days or more and the debtor is not currently receiving food stamp benefits.
- The claim has been delinquent at least 3 years and 1) there has been no payment activity (including state intercept and treasury offset) for 5 years and 2) the claim cannot be pursued through legal action because the claim balance is less than \$500 and 3) there are no resources to pursue.

Initial Action – The Fraud Unit

- The household cannot be located.
- It is not cost effective to pursue the debt.
- The household/debtor has filed for bankruptcy and the bankruptcy court has discharged the debt unless there are other responsible household members who did not file for bankruptcy protection or the client has signed a criminal fraud waiver admitting guilt.
- The claim debt has been overturned by an administrative hearing decision or by court action.

Claims suspended for three years will be reviewed to determine if they can be collected. If the claim is determined to be uncollectable, it will be processed for abatement.

15600 Suspected IPV Overpayments**07-01-00**

Until an IPV has been determined through one of the procedures specified in FSC 16700, the overpayment will be handled as an inadvertent household error. If an administrative disqualification hearing is declined by the Appeals and Hearings Section or if the individual is found innocent of the charge through the hearing, the overpayment is handled as an inadvertent household error. This is also true if a court of law finds the individual innocent of an IPV.

15610 Deleted**03-01-02****15620 Initial Actions - The Fraud Unit****03-01-02**

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A DHS-1700 will be sent to the Fraud Unit when food stamp overpayment appears to be in excess of \$125 and is classified as a non-fraud pending fraud determination. Administrative errors will not be referred to the Fraud Unit. Overpayments that occur when a household requested an administrative hearing and continuation of benefits will not be referred to the Fraud Unit. No overpayment, regardless of classification, will be referred to the Fraud Unit if the total overpayment is \$125 or less. In these situations, the county must prepare the *Benefit Overpayment Report* (DHS-199) and submit it to the Overpayment Unit.

The Fraud Unit makes any necessary investigation. If an overpayment is discovered and the overpayment appears to be classified as an intentional program violation, the Fraud Unit will prepare the overpayments documents and determine whether the case is to be referred for prosecution. The Overpayment Unit will be provided with a list of the cases referred for prosecution.

Unless the household signs a *Waiver of Hearing and Consent to Disqualification*, the Fraud Unit will return overpayments not referred for prosecution to the Overpayments Unit for a referral to the Appeals and Hearings Section for an administrative disqualification hearing. The purpose of the hearing is to determine if the overpayment should be classified as an IPV. The Overpayments Unit immediately begins collection on all cases returned by the Fraud Unit when the Fraud Unit has prepared the overpayment documents..

Collection Action on Intentional Program Violation Cases

The cases referred for prosecution are handled as specified below.

1. Recommended for Prosecution

When the Fraud Unit recommends a case for prosecution, the overpayment will remain with the Fraud Unit. A memorandum will be sent to the Overpayment Unit (copy to the county) indicating the action being taken on the case. The Overpayment Unit will take no further action until final disposition of the case. Upon completion of prosecution, the overpayment will be returned to the Overpayment Unit with a memorandum (copy to the county) indicating the decision of the court.

2. Declined Prosecution

If the Fraud Unit recommends a case for prosecution but the Prosecuting Attorney declines prosecution, or if the Fraud Unit determines that the waiting time for a court hearing is prohibitive, the overpayment will be returned to the Overpayment Unit. Upon receipt of a case upon which prosecution was declined, the Overpayment Unit will review the overpayment to determine if there is sufficient evidence to request a disqualification hearing. If so, the case will be sent to the Appeals and Hearings Unit within thirty days of the date the case is returned to the Overpayment Unit.

15630 **Collection Action on Intentional Program Violation Cases**

07-01-00

The Fraud Unit will be responsible for collection action on court adjudicated cases.

Overpayments to be established as intentional program violations (IPV) by an administrative disqualification hearing or by the signing of a *Waiver of the Administrative Disqualification Hearing* (DHS-257) will be returned to the Overpayment Unit. The Overpayment Unit will prepare a DHS-11 notifying the Accounting Section that the claim has been changed to IPV status.

The Overpayment Unit will monitor repayment of the claim until it is paid in full, suspended, or the payments cease. If the household fails to repay the amount due, the Overpayment Unit will identify the claim as a delinquent account and take action to recover the full amount due.

15640 **Deleted**

03-01-02

15700 **Recoupment**

07-01-00

A household's food stamp benefit amount may be reduced prior to issuance to recover an overpayment. Such action is called "recoupment". A food stamp recoupment can only be applied to a food stamp overpayment.

Recoupment

Recoupment will be initiated against each new overpayment claim processed by the Overpayment Unit if an adult member of the household, against which the claim was established is currently certified for food stamp benefits. Recoupment will be initiated against the household in which the individual, in whose name the overpayment was reported and established, is included as a household member.

Inadvertent household and administrative (agency) error claims will be recouped at the rate of ten percent (10%) of the household's monthly benefit amount or ten dollars (\$10.00) whichever is greater. Intentional program violation (IPV) claims will be recouped at the rate of twenty percent (20%) of the household's monthly benefit amount or ten dollars (\$20.00) whichever is greater.

One and two person households may not receive the minimum benefit amount of \$10.00 specified in FSC 8630 after recoupment is initiated.

15800 Accepting Payment on an Overpayment**03-01-02**

The DHS county office may accept cash, money orders or cashiers checks as full or partial payment of an overpayment. Funds accepted in payment of an overpayment must be forwarded to the Overpayments Unit. All accepted payments must be documented on a *Receipt for Food Stamp Benefits or Money* (DCO-273). See the DHS Administrative Procedures Manual, chapter 201, for additional information.

With a household's written permission, benefits may be withdrawn from the household's food stamps electronic benefit transfer (EBT) account as partial or full payment of an overpayment. The household must authorize withdrawals from an EBT account on a DCO-273.

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An EBT food stamp benefit account that is accessed by the cardholder at least once every three months remains an active account. If there is no access of the account for three months, the account becomes "aged." This means that the household cannot access the benefits. Benefits in aged accounts are restored to a food stamp recipient upon request for up to 12 months from the month in which the benefits were credited to the household's account. After 12 months, the EBT benefits are expunged from the account and may no longer be restored to the household. However, expunged benefits may be applied to any overpayment. The county office worker must contact the Overpayment Unit if he or she becomes aware that food stamp benefits have been expunged from the EBT account of a household with a food stamp overpayment.

The Food Stamp Section will coordinate requests made by households to repay an overpayment with benefits from the household's EBT account. On the day of completion of the DCO-273, the county office worker must transmit a facsimile copy of the DCO-273 to the Food Stamp Section at (501) 682-1469. Unless a valid overpayment exists, the DCO-273 must be accompanied by a *Benefit Overpayment Report* (DHS-199). The Office of Fiscal Management (OFM), Accounts Receivable section is responsible for applying such withdrawn benefits to the overpayment account. The original completed DCO-273 will be routed to the OFM, Accounts Receivable section, slot 3001.

15810 **Preventing an Overpayment**

07-01-00

When too many food stamp benefits are authorized due to a county office error or a computer error, the benefits may be cancelled if the error is discovered prior to the date that benefits are made available to the household. The county office must contact the Food Stamp Section by telephone at (501) 682-8189 or (501) 682-8190 to request cancellation of benefits and reauthorization of the correct amount. The county office worker will be responsible for issuing a corrected approval notice to the household. Client caused overpayments will not be canceled. An advance notice of adverse action must be issued to the household when the case is corrected.

When an overpayment, either client-caused or agency caused, is discovered after the availability date, an overpayment must be prepared. The household is permitted to return benefits from the electronic benefits transfer (EBT) account to repay such overpayments. See **FSC 15800** for instructions.

15900 **State Income Tax Refund Interception**

07-01-00

Act 372 of 1983 as amended (Ark. Stats. Ann. S 84-4901 thru 84-4918), Act 987 of 1985, and Act 1154 of 1991 authorize the collection of debts owed to the State through the offset of the casehead/debtor's state income tax refund. The amount offset will be applied to the balance of the debt owed to the State.

Delinquent food stamp overpayment debts will be submitted to the Department of Finance and Administration, Revenue Division if the debt balance is \$20.00 or more. If the casehead/debtor has more than one overpayment debt, the total of all valid debts will be submitted for offset.

Individuals, whose debts are being submitted for tax offset, will be notified by mail of the intended action and given an opportunity to repay the debt or to request a hearing.

All offset activity will be governed by the provision established and required by Arkansas law in the above referenced acts and DHS state tax refund policy.

15930 **Treasury Offset Program**

07-01-00

The Debt Collection Act of 1982 and the Debt Collection Improvement Act (DCIA) of 1996 authorizes the Department of the Treasury to be the primary Federal collection agent for the collection of delinquent food stamp debts. As such, the Department of the Treasury now has the responsibility for operating the Federal Tax Refund Offset Program (FTROP), the Federal Salary Offset Program (FSOP), and the Program for Administrative Offset. The certification of a delinquent debt for any of the three actions will be made through the Treasury Offset Program (TOP).

Federal Tax Refund Offset is the reduction (offset) of a delinquent food stamp debtor's federal income tax refund by the amount of the delinquent food stamp debt and applying such amount reduced (offset) against the delinquent food stamp debt.

Federal Salary Offset is the reduction in salary of a federal employee who owes, and is delinquent in repayment of, a food stamp overpayment debt and crediting such amount to the delinquent debt.

Administrative Offset is the withholding of funds payable by the federal government to an individual owing a delinquent food stamp debt and crediting such funds withheld to the delinquent debt. This process is called the Treasury Offset Program or TOP. The Arkansas Department of Human Services has signed a letter of agreement with USDA, Food and Nutrition Service (FNS), to participate in TOP. The Accounts Receivable Overpayment Unit of the Division of Fiscal Management certifies delinquent debts to FNS so that monies owed by food stamp debtors may be offset through TOP.

15940 Debts Referred for TOP Offset

07-01-00

All food stamp overpayments debts that meet the criteria established by Federal Law will be sent to USDA, Food and Nutrition Service, (FNS), to be forwarded to the Department of Treasury. The Department of Treasury will apply the offset and apply the recovered funds the food stamp overpayment account.

Food stamp overpayment debts will be referred to the Treasury Offset Program (TOP) if they met the following criteria:

1. The debt must be legally established and legally enforceable as substantiated by the DHS Overpayment Unit. To meet this requirement, the debtor must have been notified of:
 - The debt amount
 - The reason the debt occurred
 - The time period of the debt
 - The procedures for repaying the debt
 - The right to request an administrative hearing to dispute the debt
2. The debt must be at least 180 days delinquent. This means that the overpayment debt is in arrears in an amount equal to or greater than the amount of six monthly payments as established in the initial repayment notice or a subsequent repayment agreement.
3. The total balance for all delinquent debts must be at least \$25.00.
4. The debt must be less than or equal to 10 years delinquent unless the household files for an administrative hearing or renegotiates a payment agreement. When the hearing decision is in favor of the agency or the new payment agreement becomes effective the delinquency date is altered. When debts are established by a judgement in a court of law, the 10-year limit is removed.
5. The debt must not be included under an automatic stay due to bankruptcy.
6. The debt must not be currently under litigation to establish its validity.

7. The debt must not be currently being collected through food stamp benefit recoupment.
8. The household must not be currently participating in the Food Stamp Program. (If so, benefit recoupment should be initiated.)

Once a claim has been correctly certified to the federal certification center, the debtor does not have the option of “making up” a missed monthly payment to have the debt deleted from the certification file.

15950 60 Day Advance Notice

07-01-00

The Overpayment Unit will notify the debtor of its intent to refer an overpayment for intercept through TOP. The notice will give the debtor 60 days to present evidence that all or part of the claim is not past due or legally enforceable.

The 60 day notice must state:

1. The debtor's social security number.
2. The amount of the claim.
3. That the debtor has previously been notified of the claim and prior collection efforts have been made.
4. That the debt is past due and legally enforceable.
5. That unless the claim is paid within 60 days of the date of the letter or other repayment arrangements acceptable to the Overpayment Unit are made, the claim will be referred for intercept.

The notice must also provide:

- The instructions for paying the claim.
- The specifics of the appeal process as described in FSC 15960.
- The name, address and telephone number of an individual in the Overpayment Unit who can discuss the claim and the intended intercept with the debtor and who can assist the debtor in filing an appeal.

15960 Review Rights

07-01-00

As one of the conditions for referring a claim for offset, any evidence presented by a debtor making a timely request for a review must be considered and a determination made as to whether the debt is past due and legally enforceable.

In order to request a review, the debtor must provide evidence or documentation to the Overpayment Unit that the claim is not past due or is not legally enforceable within 60 days of the date of the 60 day notice. The Overpayment Unit will provide this information to the Appeals and Hearings Office where the review will be conducted. A request for review is not considered received until the individual provides such evidence or documentation. The debtor's social security number must be included with the request. A claim will not be submitted for intercept if a timely request for review has been filed and is pending.

Review Rights

After the Appeals and Hearings Office has reviewed the submitted evidence and documentation and rendered a decision, the debtor must be notified of the decision in writing. The notice must specify whether or not the debt is past due and legally enforceable.

If the determination is made that the claim meets the requirements for certification, the debtor must be notified that the Overpayment Unit intends to refer the claim for offset. The debtor must be advised that he or she is entitled to appeal that decision to Food and Nutrition Service within 30 days of receipt of the decision by the Appeals and Hearings Office. The notice must contain the address of Food and Nutrition Service. The debtor must be advised to include his/her social security number on the appeal.

If the determination is made that the claim is not appropriate for offset, the debtor must be notified in writing and any appropriate corrective action taken under food stamp claim rules.

15970 Appeals of State Agency Reviews**07-01-00**

Upon receipt of an appeal of a state agency decision, FNS will request documentation from the Overpayment Unit and will take one of two actions:

1. Time permitting, FNS will complete the review and notify the debtor and the Overpayment Unit.
2. If not, FNS will notify the Overpayment Unit that it has not completed its review and the claim must be deleted from the final files certified to FNS for intercept.

If during its review FNS determines that the debt is past due and legally enforceable, the debtor will be so notified and advised that he or she has the right to appeal this decision through the courts. If FNS determines that the claim is not past due or legally enforceable, the Overpayment Unit must take appropriate corrective action. The Overpayment Unit will be notified of FNS's decision in either event.