

CF OPERATING PROCEDURE
NO. 165-18

STATE OF FLORIDA
DEPARTMENT OF
CHILDREN AND FAMILIES
TALLAHASSEE, August 23, 2017

Economic Self-Sufficiency Services

BENEFIT RECOVERY ACCOUNTING

This operating procedure describes the policies and procedures governing Benefit Recovery (BR) accounting of claims in the Food Assistance, Temporary Cash Assistance, Refugee Assistance, and Medicaid Programs.

BY DIRECTION OF THE SECRETARY:

(Signed original copy on file)

JERI CULLEY
Assistant Secretary for
Economic Self-Sufficiency

SUMMARY OF REVISED, ADDED, OR DELETED MATERIAL

This operating procedure is created to reflect current benefit recovery accounting policies and procedures, incorporating changes occurring since 2012.

This operating procedure supersedes the accounting chapters of CFOP 165-17, dated December 1, 2002.

OPR: Public Benefits Integrity

DISTRIBUTION: OSGC; OSIH; ASGO; Region/Circuit Economic Self-Sufficiency staff.

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Chapter 1

INTRODUCTION

1-1. Benefit Recovery Program Definitions.

- a. ACCESS Document Imaging System (ADI). An easily accessible method of storing documents used to determine eligibility as well as a variety of administrative functions. The system allows staff to view images of customer information from any computer inside the DCF firewall with access to the intranet without regard to location. ADI replaced the paper file records; once scanned, the electronic version is designated as the copy of record.
- b. Accounts Receivable System (ARS). Former name of Benefit Recovery System (BRS) used prior to implementation of BRS and IBRS for records and tracking accounting entries on BR accounts, generating the federal reports, various management and operational reports, and billing statements.
- c. Agency Error (AE). A term used when the Department's action or inaction results in an overpayment of food assistance, Temporary Cash Assistance, or Medicaid.
- d. Aid to Families with Dependent Children (AFDC). Now known as Temporary Cash Assistance (TCA) and Temporary Assistance for Needy Families (TANF).
- e. Allotment Reduction (AR). Automatic monthly reduction of recipient's food and/or Temporary Cash Assistance or RAP benefits to repay the program overpayment.
- f. Assistance Group (AG). Members in the assistance group at the time of overpayment; some or all of whom are responsible for paying back the overpayment.
- g. Authorized Representative (AU). Adults who are non-household members authorized in writing by the head of household, spouse, or another responsible member if the household has difficulty completing the eligibility processes. Authorized representatives may be authorized to act on behalf of a household in the application process, obtaining benefits, and using benefits. The authorized representative authorized for using benefits receives an Electronic Benefits Transfer (EBT) card for this purpose. The authorized representative designated for application processing purposes may also carry out household responsibilities during the certification period such as reporting changes in the household's income or other household circumstances. Residents of drug or alcohol treatment centers must apply and be certified through the use of an authorized representative. Residents of group living arrangements have the option to apply and be certified through the use of authorized representatives.
- h. Automated Budget Computation (ABC). The budgeting system built into IBRS to provide an accurate and timely determination of overpayment claims.
- i. Automated Community Connection Economic Self- Sufficiency. The ACCESS program.
- j. Bankruptcy (BK). An IBRS special action code used to identify a claim or person included in a bankruptcy.
- k. Benefit Recovery. BR.
- l. Benefit Recovery System. BRS (former accounting system (aka ARS) prior to IBRS).
- m. Caretaker Relative. Adult relative within specified degree of relationship who applies for benefits on behalf of the assistance group and whose needs may or may not be included in the Temporary Cash Assistance benefit at the time of the overpayment.

n. Cash Assistance. Temporary Cash Assistance (AFDC/TANF) and Refugee Assistance (RAP) Programs.

o. Code of Federal Regulations (CFR). Regulations used by the federal government to administer programs and funds provided to states.

p. Community Service. Some form of work ordered by a court in lieu of or in addition to restitution.

q. Credit Balance. Claim balance has been overpaid and the difference must be moved to another claim or returned to the recipient, Department of Corrections (DOC) or other organization, or retained by the state.

r. Department of Children and Families (formerly HRS). DCF.

s. Department of Corrections. DOC.

t. Department of Financial Services. DFS.

u. Department of Motor Vehicle. DMV.

v. Division of Public Assistance Fraud (DPAF). A division of DFS previously known as PAF that investigates public assistance fraud.

w. Electronic Benefit Transfer (EBT). A system used to enable recipients to access their public assistance benefits with an EBT card.

x. Florida Accounting Information Resource (FLAIR). A statewide accounting system formerly known as SAMAS.

y. Florida Administrative Code (FAC). The official compilation of administrative rules for the state of Florida. An administrative rule is each agency's statement of general applicability that implements, interprets, or prescribes law or policy or describes the procedure or practice requirements of an agency and includes any form, which imposes any requirement or solicits any information not specifically required by statute or by an existing rule. The term also includes the amendment or repeal of an administrative rule.

z. Florida On-Line Recipient Integrated Data Access (FLORIDA). The Florida public assistance computer system used to determine and track a recipient's eligibility and receipt of public assistance benefits.

aa. Florida Statutes (FS). A permanent collection of state laws organized by subject area into a code made up of titles, chapters, parts, and sections. The Florida Statutes are updated annually by laws that create, amend, transfer, or repeal statutory material. This includes laws that govern Benefit Recovery policies and procedures.

bb. Food Assistance (FA). Federally funded food assistance program for recipients or households meeting certain income/assets criteria.

cc. Food and Nutrition Service (FNS). An agency of USDA.

dd. GNP Joint Venture. GNP.

ee. Headquarters – Office of Public Benefits Integrity (OPBI). Benefit recovery program office that promulgates policies and procedures to the BR offices around the state (sometimes referred to as central office).

ff. Historical-Year-To-Date. HYTD.

gg. Inactive Recipients. Recipients who are no longer receiving benefits in food assistance (FA), Temporary Cash Assistance (TCA), Refugee Assistance Program (RAP), Medicaid or Supplemental Security Income Related Medicaid. Recipients may have been active in more than one program simultaneously.

hh. Inadvertent household error (IHE). A term used when a misunderstanding or unintentional error is made by the household which results in an overpayment of food assistance, Temporary Cash Assistance, or Medicaid. Also known as Client Error

ii. Integrated Benefit Recovery System (IBRS). One computer system that replaces FLORIDA, BRS and ABC function for BR. IBRS is currently the official accounting record for benefit recovery cases.

jj. Intentional Program Violation (IPV [fraud]). A term used when a court of appropriate jurisdiction finds an individual guilty, or an administrative disqualification hearing, a disqualification consent agreement or signed waiver, determines the individual or household fraudulently received public assistance they were not entitled to receive which caused an overpayment.

kk. Interface. FLORIDA sends data to IBRS overnight.

ll. Internal Revenue Service. IRS.

mm. Liable Recipients. Persons who are or were coded as eligible, financial or prorated (EA, FA, PA or PM) adults in the assistance group who either applied for benefits on behalf of the assistance group or applied for and received benefits as a part of the assistance group.

nn. Non-Liable Recipients. Persons who are or were minor children at the time of the overpayment or who were not a part of the assistance group and did not apply or receive benefits on behalf of the assistance group.

oo. Non-Responsible Recipients. Adults who are or were not included in the assistance group and who did not apply for or receive benefits on behalf of the assistance group. Persons who are or were not a part of the assistance group and who volunteer to make payments for an overpaid assistance group are not liable or responsible for the debt.

pp. Notice of Case Action. A notice sent to the overpaid payee informing the household of the overpayment claim amount, hearing rights and repayment options. Also known as demand letter or overpayment notice.

qq. Offset. Funds diverted from the food assistance, Temporary Cash Assistance or RAP benefits, or TOP to apply to BR claims.

rr. Payee. The recipient is receiving or who has received benefits.

ss. Payroll Deduction. An option available to any state employee, not just staff in DCF, to repay an overpayment.

tt. Public Assistance. PA.

- uu. Public Benefits Investigations (PBI). Formerly referred to as ACCESS Integrity or Front-end Fraud Prevention.
- vv. Private Collections Contractor. PCC .
- ww. Probation and Parole Office (P&P). A place where an offender is supervised and expected to follow certain rules and guidelines based on a court decision.
- xx. Pull-Down. FLORIDA transitions for the upcoming month.
- yy. Recoupment. Automatic deduction for active assistance groups from food assistance, Temporary Cash Assistance, or RAP benefits to repay an overpayment.
- zz. Refugee Assistance Program (RAP). Cash Assistance and Medicaid.
- aaa. Repayment Agreement. Form used by recipients to indicate the amount of the repayment and how often the payments will be made.
- bbb. Responsible Individuals. Members of the AG at the time of overpayment who are or were mandatory members of the standard filing unit that were unreported or not included in the assistance group but should have been. Responsible individuals are also those persons who are caretaker relatives, protective payees or Relative Caregivers who are applying for and receiving benefits on behalf of the assistance group and are responsible for paying back the overpayment.
- ccc. Restitution. Court action requiring a recipient to repay a specific amount. It may be the same as the claim amount or less.
- ddd. Revenue Management (ASFMR). Office that processes BR deposits, refunds, write-offs, other financial data, and prepares the federal reports.
- eee. State Automated Accounting System (SAMAS). A statewide accounting system officially renamed FLAIR.
- fff. Supplemental Nutrition Assistance Program (SNAP). Also referred to as Food Assistance Program.
- ggg. Temporary Assistance for Needy Families. TANF .
- hhh. Temporary Cash Assistance (TCA). Formerly known as AFDC.
- iii. Treasury Offset Program (TOP). A federally mandated collection program that allows interception of federal payments (called offset) in order to repay established food assistance claims. Formally known as FTROP (Federal tax refund offset program).
- jjj. United States Department of Agriculture. USDA.
- kkk. User ID. A unique number, name, or both that is associated with a user name on a server system.
- lll. Waiver. When a recipient has signed an agreement to waive their right to an administrative disqualification hearing and accepted the disqualification penalty. The waiver can be for food assistance, Temporary Cash Assistance, or RAP provided the recipient signed an application for a public assistance program.

mmm. Warrant. An arrest warrant or payment warrant. An arrest warrant is a document issued by a judge that directs a law enforcement officer to arrest a person accused of an offense (also referred to as *capias* or warrant for arrest). Before the implementation of the EBT system, TCA and RAP payments were made by a warrant, which was a check.

nnn. Work and Gain Economic Self-Sufficiency (WAGES). Replaced by Temporary Cash Assistance.

ooo. Write-Off (WO). Balance that meets certain criteria can be temporarily or permanently deleted. Some balances that have been written off can be reinstated if needed.

1-2. Purpose.

a. The need to recover improperly issued food assistance (also known as Supplemental Nutrition Assistance Program (SNAP)), Temporary Cash Assistance (TCA) or Temporary Assistance for Needy Families (TANF), and Medicaid Program benefits, led to the development of a statewide system for the identification, investigation, determination, and collection of these overpayments.

b. Overpayment, Fraud and Recoupment (OFR) Units, which many years later was renamed Benefit Recovery (BR), was established to recover improperly paid food assistance, Temporary Cash Assistance (AFDC/TANF), and Medicaid Program benefits. Benefit Recovery is now responsible for the identification, determination, collection, accounting, and reporting aspects of these overpayments and Refugee Assistance (RAP), Supplemental Security Income (SSI), and Medicaid-RAP (MED-RAP).

1-3. Timeline of Major Events.

a. Originally, the AFDC payments unit had the major responsibility for overpayment and fraud activities.

(1) The payments unit determined whether overpayment existed, completed the necessary reports, decided if the recipient was responsible under applicable program policies to make repayment, and completed a narrative report that was sent to the Headquarters (state) office for a determination of whether or not the recipient would be referred to the state attorney for fraud prosecution.

(2) The payments worker was also responsible for court appearances as required by the state attorney and for collection of repayment of the overpayment.

b. The 1971 Florida Legislature created the Division of Public Assistance Fraud (DPAF) under the Office of the Auditor General. Department of Public Assistance Fraud was given limited authority to investigate suspected welfare fraud. In 1974, the legislature expanded the authority of DPAF to include the investigation of all suspected fraud cases referred by the Department of Children and Families (Department). In 1975, the responsibility for overpayment policy was placed with the Headquarters Economic Services Program Office.

c. After a pilot project to test the feasibility of conducting overpayment activities in the district, Overpayment, Fraud, and Recoupment (OFR) units were established in each district. They established claims, performed collection activities, and recorded and deposited payments. Claims, adjustments, and payment information were recorded on manual payment cards in the district OFR offices. Automated recoupment payments were taken from recipient's benefits via the Food Assistance Information System (FSIS) and Assistance Payments System (APS).

d. In 1984, the Department began converting the claims and payment information to the Department's first computer system known as "ARS" (Accounts Receivable System). It was part of the

Fee Collection System (FCS) at that time which was a billing system used by various state hospitals and institutions to bill fees to families of recipients in these facilities.

e. In late 1986, the Automated Budget Computation (ABC) system was developed by staff in District 6. It was used to compute the budgets for the claims so they did not have to be computed manually.

f. In 1989, Economic Services began development of a computer system that would eliminate the existence of multiple, separate systems then in use by the various economic service entities. Statewide implementation of the Florida On-Line Recipient Integrated Data Access computer system, known by the acronym "FLORIDA," began in April 1991, with full statewide implementation occurring in 1992. Once implemented, this system integrated the public assistance policies, procedures, and functions of all programs into a single system with an integrated "on-line" manual. A large portion (but not all) of BR functionality was included in FLORIDA.

g. In November 1990, during the development of the FLORIDA system, the name of the OFR program was changed to the Benefit Recovery Program. Around the same time, the ARS system was separated from FCS and was renamed the Benefit Recovery System (BRS).

h. In addition, in the early 1990's, the Department became responsible for establishing and collecting Refugee Assistance (RAP), Supplemental Security Income (SSI), and Medicaid-RAP (MED-RAP) claims.

i. In 1994, the Department began collection of food assistance debts through the Federal Tax Return Offset Program (FTROP) which was later renamed the Tax Offset Program (TOP).

j. In 1996, the Florida Legislature in section 414.36 of the Florida Statutes mandated that the Department develop and implement a plan for the statewide privatization of activities relating to the recovery of public assistance overpayment claims. These activities included the cash collection functions for inactive recipients for the recovery of fraudulent and non-fraudulent benefits paid to recipients of food assistance, Temporary Cash Assistance, (known at that time as the WAGES program), and the Medicaid program. The claims, recoupment, and accounting sections remained with the Department of Health and Rehabilitative Services. GNP Joint Venture was awarded the 1996-1999 collections contract. Statewide implementation of privatization of BR collections service began September 1, 1996. They administered the collections from July 1, 1996 through December 31, 1999.

k. Beginning in the month of October 1996, BR activities at the Headquarters office were supervised by the Special Programs Unit. In addition, in October, the Department of Health and Rehabilitative Services ceased to exist and was replaced by the newly created Department of Children and Family Services (aka the Department of Children and Families). Benefit Recovery's monitoring and training responsibilities were reassigned to the Quality Assurance and the Policy Training units at the Headquarters office of the Department of Children and Families. In 1996, the WAGES program was renamed the Temporary Assistance for Needy Families (TANF) program.

l. In October 1997, DCF began issuance of food assistance and Temporary Cash Assistance and RAP benefits via EBT cards.

m. On October 1, 1999, the DPAF unit responsibility was changed from the Office of the Auditor General to the Florida Department of Law Enforcement and the name was changed to Public Assistance Fraud (PAF).

n. Effective January 1, 2000, Public Consulting Group Inc. (PCG) was awarded the contract and has administered the collections since that time.

o. In January 2005, the Integrated Benefit Recovery System (IBRS) was implemented. The Integrated Benefit Recovery System combined most data and processes into one system or interfaced with other systems. The standalone Automated Budget Computation (ABC) system functionality, used for many years to develop the budgets for claims, was built into IBRS and certain information from the BRS and FLORIDA systems was migrated to IBRS. Also in 2005, ESS (Economic Self Sufficiency) BR Program was renamed ACCESS Benefit Recovery Program.

p. In 2008, the Food Assistance Program was renamed the Supplemental Nutrition Assistance Program (SNAP) by the 2008 Farm Bill. Florida chose to use the Food Assistance Program or food assistance name.

q. On January 1, 2011, PAF was moved to the Department of Financial Services and the name was changed back to the DPAF.

r. On September 15, 2011, BR was moved from ESS and joined AIP under the Office of Public Benefits Integrity.

s. In July 2013, in an effort to sustain continued workloads, BR launched its new organizational structure where the functional areas of Claims, Collections, and Accounting were no longer working from a district work level and moved to a statewide level. Supervisors were specialized in each BR function type allowing for functional control and streamline of processes.

1-4 Legal Basis.

a. Food assistance Overpayment. The legal basis for food assistance overpayment is found in the Code of Federal Regulations (CFR), 7 CFR 273.18 and Florida Statutes, Chapter 414. The Code of Federal Regulations 7 CFR 273.18 requires the Department to “establish a claim against any household that has received more food assistance benefits than it is entitled to receive” and to “initiate collection against households as determined by specific criteria presented in the regulations.”

(1) Per communication from USDA, in referring to disqualifications under 7 CFR, the word “indefinite” means “forever” as in the records must be retained until one of two exceptions take place: (1) when the state has knowledge of the recipient’s death, in which case all records must be purged, or (2) when the recipient reaches 80 years of age, in which case all records may be purged, if the Department establishes a policy to do so.

(2) The reason for retaining eDRS (Intention Program Violation – IPV) records and supporting documents indefinitely is to enforce a permanent (i.e., lifelong) disqualification. The Privacy Act requires supporting documents (e.g., hearing officials’ determinations, accounting records, etc.) that prove the record in the database is accurate need to be kept as long as the record is in the database. Without the supporting documents, the record in eDRS cannot be used to deny benefits to a recipient who should be in a disqualified status. For example, “if a recipient is permanently disqualified at age 25 and applies again when 65 years old, the only way that recipient can be denied benefits is if both the eDRS (IPV) record and supporting documents have been retained.”

b. Temporary Cash Assistance Overpayment (AFDC/TANF). Temporary Cash assistance overpayment polices are based on 45 CFR 233.20, Chapter 10-C of the Florida Administrative Code (F.A.C.), Chapter 414 of the Florida Statutes, and Title IV-A of the Social Security Act which states that overpayment must be recovered.

(1) The Code of Federal Regulations at 45 CFR 233.20(13) requires the states to “specify uniform Statewide polices for recovery of overpayments of assistance, including overpayments resulting from assistance paid pending hearings decisions.”

(2) The Code of Federal Regulations at 45 CFR 235.110 also requires that Temporary Cash Assistance state plans provide the following: “the State Agency will establish and maintain methods and criteria for identifying situations in which a question of fraud in the program may exist, and procedures developed in cooperation with the State's legal authorities for referring to law enforcement officials situations in which there is valid reason to suspect that fraud has been practiced.”

(3) Florida Statute section 409.016 states “Social and economic services, within the meaning of this chapter, means the providing of financial assistance as well as preventive and rehabilitative social services for children, adults, and families.”

(4) Florida Statute section 414.28 states, “The acceptance of public assistance creates a debt of the person accepting assistance, which debt is enforceable only after the death of the recipient.”

(5) Florida Statute section 414.28(2) states that a debt arising from payment of public assistance must be discharged two years after the death of the debtor unless the Department has instituted probate proceedings or filed a timely claim against the estate of a debtor or instituted a suit to set aside a fraudulent conveyance.

(6) Florida Statute section 414.39(1)(a-c) state “Any person who knowingly: (a) Fails, by false statement, misrepresentation, impersonation, or other fraudulent means, to disclose a material fact used in making a determination as to such person's qualification to receive public assistance under any state or federally funded assistance program; (b) Fails to disclose a change in circumstances in order to obtain or continue to receive any such public assistance to which he or she is not entitled or in an amount larger than that to which he or she is entitled; or (c) Aids and abets another person in the commission of any such act, commits a crime and shall be punished as provided in subsection (5).”

(7) Florida Statute section 414.41 states “Whenever it becomes apparent that any person or provider has received any public assistance under this chapter, to which she or he is not entitled, through either simple mistake or fraud on the part of the department or on the part of the recipient or participant, the department shall take all necessary steps to recover the overpayment.”

c. Medicaid Overpayment. Medicaid overpayment policies contained in this operating procedure are based on Medicaid eligibility criteria as presented in 42 CFR 455, Administrative Rules 65A-1.900 and 1.901, and s. 414.41, F.S.

d. Other Florida Statutes.

(1) Florida Statute 17.20, Assignment of claims for collection states, “Each Agency shall be responsible for exercising due diligence in securing full payment of all accounts receivable and other claims due the state.” It also states, “Each October 1, each agency shall submit a report to the President of the Senate, the Speaker of the House of Representatives, and the Chief Financial officer which includes:

(a) A detailed list and total of all accounts that were referred for collection and the status of such accounts, including the date referred, any amounts collected, and the total that remains uncollected.

(b) A list and total of all delinquent accounts that were not referred to a collection agency, the reasons for not referring those accounts, and the actions taken by the agency to collect.

(c) A list of all accounts or claims, including a description and the total amount of each account or claim, which were written off or waived by the agency for any reason during the prior fiscal year, the reason for being written off, and whether any of those accounts continue to be pursued by a collection agent.”

(2) Florida Statute 215.26, Repayment of funds paid into State Treasury through error states “Application for refunds as provided by this section must be filed with the Chief Financial Officer, except as otherwise provided in this subsection, within 3 years after the right to the refund has accrued or else the right is barred.”

(3) Florida Statute 215.26 also states “No refund of moneys referred to in this section shall be made of an amount which is less than \$1, except upon application.” If the credit balance is less than \$1.00, it must be retained by the state regardless of the date of the credit unless the client requests the refund.

(4) Florida Statute 17.04, To Audit and Adjust Accounts of Officers and Those Indebted to the State states “Financial Officer, using generally accepted auditing procedures for testing or sampling, shall examine, audit, adjust, and settle the accounts of all the officers of this state, and any other person in anywise entrusted with, or who may have received any property, funds, or moneys of this state, or who may be in anywise indebted or accountable to this state for any property, funds, or moneys, and require such officer or persons to render full accounts thereof, and to yield up such property or funds according to law, or pay such moneys into the treasury of this state, or to such officer or agent of the state as may be appointed to receive the same, and on failure so to do, to cause to be instituted and prosecuted proceedings, criminal or civil, at law or in equity, against such persons, according to law.”

e. Other Legal.

(1) Directives 65A-1.900 F.A.C., Overpayment and Benefit Recovery. The purpose of this section is to define the administrative policies applicable to the establishment and recovery of overpayment in the public assistance programs.

(2) Attorney General Opinion No. 076-218: Charging Off, Collecting and Settling Accounts due the State.

(3) Horta v. Department of Children and Families.911 SO.2d 139 (Fla.3d DCA 2005). In this case, the court ruled that there is no statute of limitation on FS and AFDC debts owed to the State of Florida. The Department has interpreted this to apply to debts in other programs.

f. Department of Children and Families Policy and Procedures Manuals Affecting Benefit Recovery.

(1) Accounting Procedures Manual 4 APM contains procedures for processing cash receipts. Efficient management of cash collections within the Department includes measures that will assure the reliability of accounting for cash receipts and prevent losses from fraud, theft, or unintentional errors. Internal controls are established within each region to accomplish these measures.

(2) Accounting Procedures Manual 4 APM contains procedures for handling accounts receivable collections/write-off and states “This chapter provides a general description of the structure of the Department’s accounts receivable. It also establishes uniform guidelines and principles for the internal control, collections, and write-off of accounts receivable held or administered by the regions/circuits, institutions, or Headquarters office entities. Those applicable to recipients of federally-funded programs, such as food assistance recipients and Temporary Assistance to Needy Families (TANF) recipients, are specifically governed by federal regulations and Department of Children and Families Benefit Recovery Manuals relating to such programs.”

(3) Accounting Procedures Manual 5 APM contains procedures necessary to account for and replace forged state warrants.

(4) Accounting Procedures Manual 6 APM contains procedures for internal controls and reviews and states “Internal accounting control is the plan of organization and the procedures and records that are concerned with the safeguarding of assets and ensuring the reliability of financial records. The controls are designed to provide reasonable assurance that:

(a) Transactions are executed in accordance with management's general or specific authorization originating in controlling laws, rules, and regulations.

(b) Transactions are recorded as necessary:

1. To permit preparation of financial statements in conformity with generally accepted accounting principles or other criteria applicable to such statements, and other records and reports for internal management purposes.

2. To maintain accountability for assets.

(c) Access to assets is permitted only in accordance with management's authorization provided in controlling laws, rules, and regulations.

(d) The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.”

1-5. Collection Methods Used by BR. Department of Children and Families uses a number of collection methods, several of which are not available to a contractor, due to federal and state regulations and large collection fee amounts. The Department employs the following methods of collection:

a. Cash Repayment Agreements.

(1) Private contract company (PCC) who mails collection letters to recipients, establishes repayment agreements, and handles the depositing and posting of recipient payments, as well as refunds related to those payments. Cash payments can be made as a one-time payment or in installments. The collections contractor generates up to 3 past due notices when a payment is not received within certain timeframes (pursuant to s.414.36 F.S.).

(2) If 1 payment is missed, is late even 1 day, or the payment is less (even 1 cent) than the amount agreed to, by federal law they are forever delinquent, even if they catch up any back payments and because of the delinquency, can be intercepted through TOP. There are two ways they can “cure” the delinquency. Begin receiving benefits in FA or TCA or if an FA overpayment claim has become subject to TOP, the recipient may enter into a TOP repayment agreement with the Department. If the debt has already been sent to TOP for offset, the recipient no longer has an option to enter into a repayment agreement.

b. Court Ordered Payments. Many recipients, due to committing fraud, are court ordered to pay their debt through a court, pre-trial intervention/diversion programs, or the Probation and Parole division of the Department of Corrections (DOC). Once a month, DOC sends DCF a list and an electronic file with the information needed to post these payments and a check for the amount included in the file. DCF posts these electronically to the recipient's debt(s) through FLORIDA and IBRS. The courts and pre-trial intervention/diversion programs send DCF checks or money orders for payments they collect. Revenue Management may receive individual checks from court ordered payments that are posted manually to recipient's debt(s).

c. Lottery Intercepts.

(1) Pursuant to s. 24.115(2)(b)(4) F.S., the Department by, state statute, may intercept any recipient's Lottery winnings including those on recoupment, those in the TOP program, or those on probation, whether a recipient is past due or not. Through cooperation with the Department of Lottery, DCF intercepts recipient's Lottery winnings that are in excess of \$600. DCF provides Lottery a file, on a weekly basis, of all debts owed to DCF that are not exempt (RP claims, claims included in bankruptcy, etc.).

(2) When recipients attempt to redeem their winnings, Lottery checks their file to see if the recipient owes DCF a debt and if so, Lottery intercepts up to the total amount of the debt owed to DCF unless other agencies hold a higher priority claim (Department of Revenue and Department of Education). Lottery will send DCF ASFMR a check for the amount collected.

d. Income Tax/Federal Payments Intercepts. DCF participates in the federal Tax Offset Program (TOP) operated by the FNS section of USDA to intercept federal income tax refunds, Social Security payments, and various other types of federal payments. Although state and federal laws allow intercepts on other types of debts, DCF currently only intercepts these for SNAP debts.

e. Recoupment. The Department's computer systems generate these collections automatically as a by-product of daily work performed by BR or PA staff. The FLORIDA system issues monthly benefit. If the recipient owes DCF a (food assistance and/or Cash Assistance) debt, the OP is set up on recoupment unless the OP claim is exempt for some reason (RP claims, bankruptcy, etc.). The system automatically deducts a percentage (up to 20%) of the recipient's benefits depending on the program and error type of the debt owed. The recipient may send additional checks, money orders, or cash payments while on recoupment. With the recipient's written permission, funds may be deducted from their EBT account(s).

f. Benefit Offsets. The Department's computer systems also generate these collections automatically as a by-product of daily work performed by BR or PA staff. Each day when the FLORIDA system issues auxiliary benefits (prior month benefits not previously issued), if the recipient owes DCF a debt, the system automatically deducts up to 100% of the recipient's auxiliary benefits depending on the type of debt owed and the "reason code" used for the auxiliary. This is possible only when the recipient has pending benefits to be received.

g. Civil Liens. In a number of fraud cases, due to a recipient's inability or unwillingness to pay their debts, in order to release them from probation, the courts will place a civil lien against the recipients. From time to time, in order to obtain credit, buy or sell a piece of property, or settle an estate, a recipient (or their heir in the case of an estate) will work with a lender to pay off the lien through a loan or settlement agreement related to the purchase or sale of the property or estate assets.

h. Payroll Deductions. Recipients, who are also state employees of any state agency (except some universities) can enter into a payroll deduction agreement with BR to have payments deducted from their paycheck and applied to their BR debt. BR staff receives a monthly report of new state employees. BR staff sends letters to the recipients asking them to voluntarily agree to payroll deduction with the Department.

i. Expunged Benefits. Under federal regulations, when a recipient does not use the benefits in their EBT account within one year from the date deposited into their account, they are no longer entitled to the benefit. The EBT system expunges (removes) the benefit from the recipient's account, creates a file, and sends it to the IBRS system. The IBRS system automatically applies the expungements to the recipient's BR debts with a positive balance in the program from which they were expunged.

(1) Pre-Expunged (EBT) Policy. As defined in 7 CFR 274.2(h), inactive or stale EBT benefits are benefits which are not accessed for 3 months or longer. These benefits may be applied to any claim within a program category to pay off or reduce the claim balance. The state retains 35% for Intentional Program Violations, or 20% for Inadvertent Household Errors, when collecting from inactive benefits. 7 CFR 273.18(g)(2)(ii)(b) states that "collecting from stale EBT benefits, the state agency must mail or otherwise deliver to the household written notification that you intend to apply the benefits to the outstanding claim and give the household at least 10 days to notify you that it doesn't want to use these benefits to pay the claim."

(2) Language has been added to the Voluntary Repayment Agreement section of the Overpayment/Post-Fair Hearing notice to support the Federal requirements allowing the recipient 30 days from the date of the notice to indicate that they do not want their stale or unused benefits applied to their claim.

j. Voluntary Electronic Benefit Transfer (EBT) Deductions. In addition to the recoupments and offsets mentioned above, BR can deduct a specified amount (flat amount or percentage) from benefits currently in a recipient's EBT account, if a voluntary authorization is received in writing from the recipient.

k. Community Service Credits. In some fraud cases, as part of the court order, the recipient is court ordered to perform community service hours in lieu of other payment types. In these cases, the Department enters a credit to the recipient's claim(s) for the value of the service performed. Unfortunately, some judges require so few hours or work that the rate per hour equals out to \$20-\$200 per hour.

l. Child Support Credits. Sometimes the absent parent repays the AFDC/TANF (Temporary Cash Assistance for Needy Families) benefits received by the custodial parent of their mutual child. In these cases, the Department enters a credit to the recipient's claim(s) for the amount repaid during the period of the claim that is retained by CSE instead of giving it to the custodial parent.

m. Employee Fraud Payments. Former DCF employees who use their position with the Department to commit fraud are required to repay the Department through the courts or DOC.

1-6. Collection of BR Debts. The following issues complicate the collection of BR debts. Many of these relate to federal or state laws.

a. Federal Policy Governing Collections. There are various regulations regarding when, from whom, and the amounts DCF can collect, the methods of collection DCF can use, and the claims to which the payments apply. This varies by program which takes vast amounts of program knowledge to collect on these debts. The changing of household circumstances concerning recipient's eligibility for benefits adds further complications.

b. Application of Payments. Due to federal or state regulations and DCF policies, certain type of payments (recoupments, offsets, TOP offsets, expungements, EBT, and court ordered payments) can only apply to certain claims.

c. Cash Payments. To maximize the state's retained share of collections, and to comply with federal policy, DCF splits payments equally between one SNAP/FA and one AFDC/TANF claim (if the

recipient has both), based on priority, IPV, IHE, AE. Active Probation and Parole (P&P) food assistance, and Temporary Cash Assistance claims are paid first, then the Medicaid claims. See Benefit Recovery Collections (CFOP 165-19) for additional information on cash payments.

d. More Than One Person Liable. There may be multiple people liable for payment of the same claim(s). The Department may at the same time attempt to collect from several people for the same debt. In some cases, the original overpaid payee may have died or filed bankruptcy and DCF will attempt to collect from other liable recipients. The Department may be collecting from one person by means that would prohibit a collection agency from collecting from other household member(s) in one program but not in another, due to state or federal regulations. These actions can change at any point in time due to the recipient's household circumstances.

e. Required by Federal Regulations to "Recoup" and "Offset" Benefits Given to Recipients. Federal law mandates that DCF reduce recipient's benefits by recouping or offsetting a certain percentage of their current benefits based on the program and error type of the claim, unless the claim is being collected at regular intervals at a higher amount or another household is already having its allotment reduced for the same claim. Federal law states in 7 CFR (273.18 (g)(1)(vi) that the agency may collect using allotment reduction from two separate households for the same claims. However, the State agencies are not required to perform the simultaneous reduction.

(1) As mentioned above, the Department can also recoup from benefits of former household members who may have their own case or are in a case with someone else. This can change from month to month depending on which, if any, liable recipients are receiving benefits and the case in which they are being received. If they are receiving benefits, the amount of benefits received, the amount recouped, and whose claims the recoupments apply to can change from month to month.

(2) Since the FLORIDA system automatically performs the recoupment and offsetting, it is complicated to know when a recipient goes on or off benefits without looking at each recipient payment history, from the source of the payment, and where the payment was applied.

(3) In some instances, depending on the type of debt, if recoupment is occurring, BR cannot attempt to collect cash payments or TOP Offsets from the recipient for debts in the same program except through non-voluntary methods (Lottery intercepts, the courts, and Probation and Parole).

(4) Recoupment and offset payments can only be applied to claims in the program the Department recouped them from, other claims in that program and other programs will show past due even though the recipient is paying on their total debt to DCF. Recoupment does not apply to Medicaid claims.

f. Pending Court Claims and Administrative Disqualification Hearings (ADH). The Department cannot pursue collection of claims involving fraud, which have not yet had a judgment rendered (RP claims). Once a judgement is rendered, the Notice of Case Action/Notice of Overpayment is sent to the overpaid recipient to notify them of the claims debt. If the recipient does not receive the notice or if the notice is returned and a new address cannot be located, the Department cannot begin collections on the claim because the recipient has not been legally notified. See Benefit Recovery Collections (CFOP 165-19) for further explanation.

g. Court Ordered Payments. Recipients whose cases involve fraud, and which go through the court system, are court ordered to repay their claims through a court, Pre-Trial Program or the Department of Corrections (DOC). Department of Children and Families has only limited control over when these payments are received. The Department of Corrections collects payment(s) and sends them to DCF on a monthly basis via an electronic process and or a physical check to the recipient's debt(s). The Department uses the electronic file to post the payments and manually posts the physical

check(s). Many times both the courts and DOC deduct a fee from each payment made by the recipient, which also lengthens the time needed to collect the debt. The Department cannot determine delinquency on this claim type because the payments are order through court and the court would have to determine if the claim became delinquent. See Benefit Recovery Collections (CFOP 165-19) for further explanation.

h. Fair Hearings. A recipient can request a hearing within 90-days of the Notice of Case Action/Notice of Overpayment. If requested within the 90-days, the fair hearing request is timely and the Department will stop all collection activities until after the final order is received. These hearings can be withdrawn, postponed at a moment's notice, then rescheduled, or dropped. The recipient can request new hearing later. If a recipient requests a Judicial review with the appropriate District Court of Appeal on a final order, collection activities will not continue until the final disposition of the review is received from the District Court of Appeal.

i. Community Service. The courts have the option to order recipients to perform community service hours. These hours can be part of their punishment, part or all of their restitution, or both. If it is for punishment, the value of the hours cannot be used to reduce the balance of their account. If, as part of their sentence, the court orders them to perform community service hours in lieu of restitution, or in some cases pay partial restitution and perform community service for the balance, the value of the hours is applied to their claim balance in the form of a Community Service Credit. The court order must clearly state in lieu of restitution. The value of the hourly rate is usually set by the court. If the court does not specify an hourly rate, the rate is determined by dividing the claim amount (or the portion of the claim the court said could be paid by community service) by the number of hours ordered in lieu of restitution. The amounts of Community Service Credits are determined by ASFMR and an approval memo stating the amount is sent to the accountant to post. In these cases, the court claims are not past due at 30 days even though DCF has received no payments and the recipient has not yet performed the community service.

Chapter 2

COMPUTER SYSTEMS: FLORIDA/IBRS/EBT/ACCESS ONLINE/OTHER SYSTEMS

2-1. History of BR Computer Systems. This chapter is designed to provide only the accounting aspects of the systems, as the broad functionality of these would require extensive information. It contains information for the following systems and reference to other systems used in conjunction with them.

a. Prior to February 1984, the BR accounting and reporting was done manually with the exception of recoupment payments taken through the FSIS and APS systems. As the number of claims and collections increased, the Department looked for a way to computerize the accounting.

b. The Department already owned the Fee Collection System (FCS), which was a billing system used by various state hospitals and institutions to bill fees to families of recipients in these facilities. It was modified by creating a subsystem within FCS to accommodate the daily BR accounting functions, send delinquent letters and billing statements, produce the Food Assistance FNS-209 and the AFDC SSA-4972 federal reports, and various other reports needed by BR. The subsystem was named the "Accounts Receivable System" (ARS). The Department converted the existing claim and payment information to ARS, beginning in February 1984, and began adding all new claims, payments, and adjustments to it as they were created.

c. In April 1991, the Florida On-Line Recipient Integrated Data Access (FLORIDA) system began and full statewide implementation was completed in 1992. This system integrated the public assistance policies, procedures, and functions of all programs into a single system with an integrated "on-line" manual. A large portion (but not all) of BR functionality was included in FLORIDA. Production of the federal reports was not included in FLORIDA, the Accounts Receivable System (ARS) was renamed the Benefit Recovery System (BRS) and was used until the establishment of the Integrated Benefit Recovery System (IBRS) in 2005. Part of it was incorporated into IBRS and is still used for research.

d. ARS/BRS was an "account based" system with a 9-digit account number assigned to each recipient and accounting history stored by that number. An account could have multiple claims on it. All of a recipient's claims used the same account number with the exception of the last 2 digits, which varied depending on the program and error type of the claim. The number changed if the recipient moved to another DCF district. Sometimes a recipient received 2 or more account numbers and the accounting history of the others had to be merged with the correct one. The account number increased to 11 digits with implementation of IBRS. It used a highly complicated system of numerical transaction types and codes in order to prepare the federal reports.

e. Among the various reports created by ARS and BRS were the daily BP015L1 (formerly FM015L1) Accounts Receivable Journals, which listed the daily entries by batch and the monthly BP121L1 (formerly the FM121L1) Historical Year to Date (HYTD) report, which showed all the accounting entries made to each account from the beginning of ARS system through the BRS system except those mentioned below, which disappeared. Some of those that disappeared are shown on prior years HYTDs.

(1) At the end of each fiscal year, each district kept a paper copy of their final HYTD report for each fiscal year, beginning with the end of fiscal year 1984 up through the last one printed at implementation of IBRS. There were also a few special occasions, when an HYTD from additional months were kept because of the need to delete zero balance accounts. These are kept for future research and documentation of accounting entries. Beginning at some point in the early 1990's, due to system capacity issues, entries began disappearing from the system. An archive file and a method of deleting zero balance accounts from BRS was developed and deleted accounts no longer appeared on

the HYTD reports after the end of the fiscal year. The yearly BP151L1 report was created to show the deleted accounts.

(2) Along with them, a paper copy of the BP170L1 Summary of All Accounts by District by Name report and BP170L4 Summary of All Accounts by District by SSN report, for the same time period was saved to assist in locating accounts on the HYTD. The HYTDs and deleted accounts reports are the only record of large numbers of payments received from recipients. These reports along with the alpha and SSN lists must never be destroyed prior to 60 years from the date of the report unless a scanned copy of them is saved.

f. At the time of conversion to IBRS, accounting information was migrated from FLORIDA but it did not contain a large portion of the information in BRS, except in the form of “converted” (lump sum) payments. Therefore, to preserve the detailed accounting history still in the live portion of BRS, that information was captured in a searchable file and placed in IBRS for research purposes. Accounts that were in the archive file in BRS and those previously deleted were not included in IBRS.

2-2. Computer Systems.

a. FLORIDA (Florida On-Line Recipient Integrated Data Access).

(1) Even though it began operation in 1991, the FLORIDA system is still used for many functions of BR. Benefit Recovery staff began manually converting claims and payment information from the BRS system to FLORIDA in 1991, and continued until information from it was migrated to the IBRS system in 2005. On some occasions, household information related to the claims previously migrated to IBRS still has to be modified in FLORIDA. However, accounting data that existed in FLORIDA at the time of cutover to IBRS can only be modified in IBRS.

(2) FLORIDA is a “claims based” system with all the history stored by claim as opposed to account number. Claims are tied to SSNs or PINs. (Account numbers are used but it does not have accounting history by account number as BRS and IBRS do.) As new claims were developed, they were established in FLORIDA and interfaced with BRS. New payments received for claims on FLORIDA were supposed to be posted through FLORIDA but many times were posted directly to BRS through error, and were later converted to FLORIDA. Payments received on claims not yet converted to FLORIDA were posted directly to BRS and later converted to FLORIDA after conversion of the claims.

(3) All case member information, demographic data, issuance history, and most other information used by BR, initially originates in FLORIDA through direct input or interfaces with other systems and is sent to IBRS via interfaces or files. All referrals for recipients not already known to IBRS must be established in FLORIDA, which sends them to IBRS and or DPAF.

(4) There are several types of interfaces between FLORIDA and IBRS and/or other systems. Some of these are:

(a) Nightly, IBRS creates a file of claim balances found on IBRS and sends it to FLORIDA. FLORIDA uses this information in the process of issuing benefit auxiliaries to offset a portion or all of the benefits based on certain reason codes used on the auxiliaries. It then interfaces with IBRS to provide the offset information to IBRS for posting to claims and creation of reports.

(b) Monthly, IBRS creates a “pull down” file of claim balances on IBRS and sends it to FLORIDA. FLORIDA uses the file to recoup from benefits issued at “pull down.” The recoupments taken are then passed to IBRS for posting to claims and creation of reports.

(c) Monthly, FLORIDA receives and processes the DOC file of payments, creates several files, and sends them to IBRS for processing, posting, and creation of reports. It also creates a file of rejected entries and sends back to DOC.

(d) Weekly, FLORIDA receives and processes a file from FNS of TOP intercepts. It updates information on FLORIDA, creates a file, and sends it to IBRS for posting and creation of reports.

(e) At various intervals, FLORIDA receives and processes information from IBRS used to create and send files to USDA related to various TOP processes. It also receives and processes files from USDA to create reports on FLORIDA and IBRS that assist in identifying and sending recipient's debts to TOP and performs various functions related to TOP processes.

(f) Nightly, FLORIDA interfaces with the "Hearings" system to send and receive information related to hearings and hearing's decisions.

(g) Weekly, IBRS creates a file of claim balances found on IBRS and sends a file to Lottery, which is used to intercept winnings of DCF recipients.

(h) At various intervals, information (wage data, employment data, etc.) from systems at various other federal, state, and private businesses or organizations is received and processed by FLORIDA and used by the Department in establishing and collecting claims.

b. CA Dispatch. This system, also called "DISPATCH", is a system for viewing and printing reports produced by the FLORIDA System. It has both current reports and archived reports. It is accessed through the same screen, user code, and password used to access the FLORIDA system. Reports that have been archived may be retrieved and viewed or printed on demand but are not immediately accessible. Reports requested from the archive prior to noon each day are available at 1:00PM that day and reports requested prior to system shutdown at the end of each day are available the next working day when the system is available for use.

c. IBRS (Integrated Benefit Recovery System). The IBRS system was developed due to an audit of the Department's FNS-209 "Status of Claims against Households Report." This audit revealed a number of problems in all areas of BR but especially in the areas of incorrect FNS-209 reports, rejected entries not posted to recipient's claims, inadequate reconciliation between the BRS, FLORIDA, and SAMAS systems, failure to request refunds for recipient's credit balances, claims not established in a timely manner, and a large number of backlogged referrals. One of the primary goals of IBRS was to combine much of the functionality of the ABC, BRS, and FLORIDA systems and have matching balances in FLORIDA and IBRS. It did result in the inclusion of the BRS balances at cutover into IBRS for historical references and in the incorporation of the ABC system functionality into the IBRS system, thereby eliminating those two separate systems.

(1) The accounting portion of IBRS, as well as its predecessors, FLORIDA, BRS, and ARS, is built around the federal reporting requirements of the FS FNS-209, the AFDC SSA-4972, and the TANF SSA-4972 reports. These reports contain all the accounting entries made in IBRS, which are in excess of 100,000 entries per quarter. They determine a substantial amount of the funding from the federal government used to operate the BR program, so accuracy of the accounting entries is extremely important.

(2) The Integrated Benefit Recovery System is a "claims based" system. Account numbers are used and it does have history by account number but the account number does not change when a recipient moves to another region and staff can no longer determine the region where the recipient lives in by looking at the first 2 digits of the account number as you could in BRS and initially in FLORIDA. It allows staff to perform a variety of accounting functions related to recipient's

claims. Accounting data can be entered from a screen within IBRS or IBRS can receive and send data through FLORIDA to and from other sources (DOC, FNS, etc.). See Chapter 3 Basic Accounting Procedures, (of the ARPG) for an explanation of the accounting functions.

d. EBT (Electronic Benefits Transfer). Electronic Benefits Transfer (EBT) is an electronic payment delivery system for distribution of certain payments and services of both the federal and state government provided by a private contracted company. Payments and services are accessible through (or are associated with) the use of a magnetic strip debit card commonly known as the EBT card. The State of Florida began use of the system in 1996.

(1) Benefit recipients may use their EBT card at point-of-sale (POS) devices in USDA food assistance authorized stores to access food benefits and can use them at other retailers and ATMs to make cash purchases and withdrawals if they are TCA recipients.

(2) BR recipients may also use benefits from their EBT account to make payments on their BR claims without providing the EBT card to BR staff. They must authorize BR (in writing) to deduct the benefits. Through use of an administrative feature of the EBT system, BR collection staff make the deductions and provide documentation to the accountants to apply the payments to the recipient's claims.

e. ACCESS Online System. This system contains various BR claims and collections reports, some of which are used by the accountants, as well as, a large number of reports used by the ACCESS staff. The data for these reports comes from various sources. It also allows you to sort the data of certain reports based on criteria you enter. It can be sorted by specific date ranges, demographics (state, district, BR worker, etc.), and by program.

f. DAVID System (Driver and Vehicle Information Database). Driver and Vehicle Information Data Base (DAVID) is a system linked with the Department of Motor Vehicles (DMV) that enables staff to access information on recipients who have a Florida Driver's License or ID. BR staff can verify the recipient's identity, social security number and mailing or living address. A User ID and password is required and information can be accessed by using the recipient's SSN, date of birth (DOB), or name. This is a confidential site, so information must never be shared with outside sources.

g. FLAIR (Florida Accounting Information Resource) aka SAMAS (State Automated Management Accounting System). FLAIR is the state accounting system through which record of all receipts and expenditures are recorded. It is operated by DFS. Deposits made by BR from all sources (TOP, Lottery, payroll deduction, the PCC, etc.) are recorded in FLAIR and reconciliations of these deposits are done by Administrative Services Financial Management Revenue (ASFMR) staff. Requests for Refunds of cash overpayments on recipient's accounts are sent to ASFMR for input into FLAIR. Administrative Services Financial Management Revenue vouchers the requests through FLAIR and sends them to DFS for processing. Division of Financial Services generates the warrants through FLAIR to return the money to the recipients. The history and status of the warrants is maintained in FLAIR.

h. CONS (Corrections Offender Network) system operated by DOC related to recipient's criminal and probation history.

(1) The CONS system is accessible to anyone without the use of a user code and password. It contains demographic and public record information on felony offenders sentenced to the DOC prison facilities or probation supervised by DOC.

(2) This information only includes offenders sentenced to state prison or state supervision and includes current and prior offenses. Offense types include related crimes such as attempts, conspiracies, and solicitations to commit crimes.

(3) Information on offenders sentenced to county jail, county probation, or any other form of supervision is not contained.

(4) The information is derived from court records provided to the Department of Corrections and is made available as a public service to interested citizens. It is used by BR to obtain information related to court cases of BR recipients.

i. COPS (Court Ordered Payments System) is operated by DOC related to recipient's criminal and probation history.

(1) The COPS system is not accessible by BR staff but has a strong impact on BR operations. It contains the payment history of all payments received by DOC from BR recipients placed on probation.

(2) Recipients placed on probation are required by law to pay their restitution through DOC or the courts. Payments received and deposited by DOC are recorded in COPS and sent to DCF on an electronic file on a monthly basis.

(3) Payments made through the courts are recorded in COPS but the payments are sent directly to DCF by the courts.

(4) Information on payments received directly by DCF from sources other than the court (TOP, Lottery, recoupment, etc.) must be provided to DOC so they can make "direct pay" adjustments in COPS.

Chapter 3

CASE RECORD RETENTION REQUIREMENTS

3-1. Purpose. This chapter describes the BR case record retention requirements. Benefit Recovery case records must be maintained for a specified period to meet reporting, monitoring and record keeping requirements.

3-2. Classification of Benefit Recovery Case Files.

a. Benefit Recovery case files are classified as fiscal and accounting records and as such must be retained for a minimum of three years from the date of fiscal or administrative closure.

b. Fiscal or administrative closure of a benefit recovery case file occurs when all repayment or recovery activity on all claims related to that case file have been discontinued and the case file has been classified as “inactive” or “terminated”.

3-3. Levels of Retention. There are three levels of retention for benefit recovery case files. These levels are identified as active, suspended, and inactive or terminated.

a. Active Case Files.

(1) Active case files are defined as those benefit recovery files containing pending referrals or IHE/AE collectible claims in current repayment status.

(2) These files will be maintained in the benefit recovery unit until either the pending referrals are terminated (no claim), the client has paid out all claims, or the case status changes such that it meets the criteria for a suspended case or write off.

(3) IPV claims must be maintained indefinitely in the BR units.

b. Suspended Case Files. Suspended case files are those benefit recovery cases in which collection or other case activity has been suspended or discontinued.

(1) Suspended IHE/AE case files must be retained in the benefit recovery unit for three (3) years before terminating.

(2) Case files housing IPV claims may not be destroyed or terminated.

c. Terminated (Inactive) Case Files. Terminated case files must be retained in the benefit recovery unit for one year from the date of termination and then kept for two years in storage before consideration to destroy the file is made. These case files should NOT be considered for destruction during this three-year period. Claims on IPV cases may NOT be considered for destruction at any time.

(1) To classified as terminated, a benefit recovery case file must meet at least one of the following criteria:

(a) The case has had no payment activity in any existing claims for the past three (3) years, whether due to recoupment, collections, offsetting restored benefits, application of child support credit or any other collection effort; or,

(b) The case contains only invalid referrals (referrals that did not result in a claim); or,

- (c) All parties responsible for repayment of overpayment are deceased; or,
- (d) All claims related to a case have been repaid in full; or,
- (e) All claims were subject to dismissal as a result of a bankruptcy court ruling.

(2) Most cases that have been classified as terminated do not have to be physically maintained at the benefit recovery unit. They may be placed in secure off-site storage when such is available. The cases that should not be stored off-site are those cases with claims that resulted from an audit or investigation. (These cases may be placed in remote storage if it can be determined that the audit or investigation is completed and it is no longer necessary to retain the file.)

3-4. Exceptions. Exceptions to the retention guidelines presented in paragraph 3-3 above are as follows:

a. "Write-Off" Cases. Benefit recovery cases with outstanding balances may be identified as eligible for write-off. This is a process that allows inactive accounts to be removed from the accounts receivable activity file (see chapter 7 of this operating procedure).

b. There is no statute of limitation on the recovery of public assistance claims. This allows accounts (or portions of an account) that have been written-off to be reinstated if necessary.

3-5. Destruction of Benefit Recovery Case Files. Most cases that are retained as terminated or inactive following the guidelines presented in this chapter may be considered for destruction in accordance with CFOP 15-7, Schedule 12, Item #1 and Schedule 42.

Chapter 4

BASIC ACCOUNTING

4-1. Integrated Benefit Recovery System (IBRS) Procedures. The accounting portion of IBRS, as well as its predecessors, FLORIDA, BRS, and ARS, is built around the federal reporting requirements of the FS FNS-209, the AFDC SSA-4972, and the TANF SSA-4972 reports. These reports are created by IBRS and contain all the accounting entries made in IBRS, which are in excess of 100,000 entries per quarter. They determine a substantial amount of the funding from the federal government used to operate the BR program, so accuracy of the accounting entries is extremely important. Depending on the program and error type of the claim, a percentage of most payments recovered (except payments on FS AE claims) are retained by the Department and the remaining amount is sent to the federal government.

a. The Integrated Benefit Recovery System is a “claims based” system with claims being tied to the recipient's SSNs and/or PINs. “Claim numbers” are assigned by FLORIDA and consist of the 10-digit FLORIDA case number followed by the Category, Sequence, and Claim Sequence with each part separated by a forward slash (/), i.e., CASE/CAT/SEQ/CLMSEQ. IBRS maintains accounting history by claim number and account number. It uses 11-digit account numbers which do not change when a recipient moves to another region. Previous systems used 9-digit account numbers that changed when a recipient moved. Staff can no longer determine the region where the recipient lives in by looking at the first two (2) digits of the account number as they could in ARS, BRS, and initially in FLORIDA. FLORIDA does not display digit account numbers.

b. IBRS allows staff to perform a variety of accounting functions related to recipient's claims and payments. Accounting data can be entered from a screen within IBRS or IBRS can send data through FLORIDA and or other sources (DOC, FNS, etc.).

c. IBRS refers to all transaction types as “payments” (except for claims) even though most entries are actually “adjustments.” Certain entries can be entered through multiple screens but some can be entered only through one screen. Some entries can only be applied against claims in certain programs while others can be applied against claims in any program. Some entries are reversible and some are not. There are many edits to various fields on all the screens to help reduce the number of errors that can be made when posting accounting entries.

d. All accounting screens have two types of comments related to the entries. The “Comments” field is used to give a brief explanation of the entry. The “Accounting Comments” is certain information designed to give anyone looking at the ACCTH and ACATH screens the ability to understand the entry without having to go to other screens. The comment also appears on the recipient's monthly billing statement during the month it is initially posted to their claim.

e. There are various search features that allow accounting information to be viewed using certain search criteria (SSN, PIN, Claim number, name, etc.). These searches can be done through various screens and are accessed through the menu bar on the left side of many screens. A variety of accounting information can also be viewed by clicking on certain links or field names on many screens and through various reports on the menu bar.

f. There are various claims specific or recipient specific “Special Action Codes” that can be entered, which provide information related to a recipient or a claim. In addition to the codes providing information to BR staff, the system uses them for various actions and reporting.

g. The Integrated Benefit Recovery System sends billing statements to recipients on a monthly basis if the billing statement code is turned on, unless it has been six (6) months since an accounting entry has been made to a claim or other coding (RP status, etc.) in the system overrides the billing

statement code for a particular claim. The system is also programmed to turn the statement back on for any claims if there is an entry or a new claim is established unless other coding (RP status) in the system overrides it on a particular claim. IBRS contains three (3) types of addresses (billing, living, and alternate) and maintains a history of the addresses. The initial address in IBRS is received from FLORIDA when FLORIDA sends the referral to IBRS.

h. Various types of reports and “alerts” are generated by the system on a daily, weekly, monthly, or quarterly basis. Many of these reports and alerts are worked by BR and PCC staff in the process of performing their duties and others are designed to provide information for management purposes.

4-2. Basic Concepts of Internal Accounting Control Procedures.

a. The Department of Children and Families is responsible for collection of all debts established because of overpayment of public assistance benefits. Extreme care must be taken in managing recipient's payments and accounts to insure accuracy and prevent loss. Certain internal control procedures are required to safeguard these assets. There are specific controls related to certain aspects of BR accounting procedures found in various chapters of the BAR guide. Below is a brief explanation of principles used to develop the BR internal controls.

(1) “Internal accounting control” is the plan of organization and the procedures and records that are concerned with the safeguarding of assets and ensuring the reliability of financial records.

(a) The Financial Management section (ASFM) of DCF is responsible for establishing and maintaining an effective system of internal control procedures used by all DCF staff throughout the state (not just BR staff). The procedures are based on generally accepted accounting principles and guidelines of the Governmental Accounting Standards Board (GASB). The procedures and controls used by BR are based on the procedures established by ASFM.

(b) Strong internal controls are a vital part of any accounting system, both within the computer systems used, and within the accounting procedures themselves. The controls are designed to achieve the following objectives:

1. An adequate segregation of duties;
2. Restricted access to assets;
3. Asset accountability;
4. Periodic comparison of recorded assets to physical assets; and,
5. Proper documentation that evidences authorization and designates responsibility of work performed.

(c) These conditions are indicative of strong internal controls which will reduce the risk that errors and/or irregularities will occur and, if they do occur, that they will not go undetected. An effective internal control environment should include procedures and policies designed to preclude fraud, minimize errors, promote efficient operations, and achieve compliance with established policies and procedures.

(2) The basic objectives of a system of internal control, listed in order of importance, are:

- (a) Deter loss and provide for its early detection;

- (b) Encourage accuracy of recording and the timely correction of errors; and
- (c) Promote efficiency in unit operations.

(3) The controls are designed to provide reasonable assurance that:

(a) Transactions are executed in accordance with management's general or specific authorization originating in controlling laws, rules, and regulations.

(b) Transactions are recorded as necessary:

1. To permit preparation of financial statements in conformity with generally accepted accounting principles or other criteria applicable to such statements, and other records and reports for internal management purposes.

2. To maintain accountability for assets.

(c) Access to assets is permitted only in accordance with management's authorization provided in controlling laws, rules, and regulations.

(d) The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

b. The concept of checks and balances is to establish procedures in which the duties of one employee serve as a proof of the accuracy of the work of another. Segregation of duties involves the assignment of duties in such a way that different employees handle different parts of the same transaction. Therefore, duties of one employee automatically provide a cross check on the work of one or more other employees.

c. Anyone who records transactions and has access to the related assets ordinarily is in a position to perpetrate errors or irregularities. This segregation of duties should not only add to the efficiency of operations, but also produce a warning signal when errors, whether accidental or intentional, occur. This prevention and prompt detection of errors is essential if management is to be provided with reliable information for decision-making purposes. Appropriate segregation of duties helps to detect errors in a timely manner and deter fraud, waste, and abuse.

d. Internal auditing contributes to a good control environment through continuous monitoring of the reliability and effectiveness of records, controls, and operations. This function is a key element in the evaluation of internal accounting controls and in the determination of whether the controls are functioning effectively.

e. It is important that reports, reconciliations, document reviews, and other procedures and techniques that are intended to meet specific internal accounting control objectives be prepared or performed on a timely basis. For example, errors and exception reports should be reviewed and investigated promptly, and differences resolved expeditiously, so any necessary corrective actions can be taken without unnecessary delay or exposure to loss.

4-3. Payments.

a. The Department has a contract with a private collection contractor (PCC) who manages the receipt, deposit and posting of most cash payments (checks, money orders, and currency) received. Most cash payments received by the Department are forwarded to the PCC.

b. The Integrated Benefit Recovery System (IBRS) has automated payment-posting functionality built into it based on “business rules” established by the Department. This functionality works in conjunction with the percentages set on the Cash Percentage Setup (COPER) screen and the Recoupment Priority Setup (ICAGI) screen. They allow the system to automatically determine how to post and/or split payments depending on the payment type, the programs of the recipient's claims, and other factors. Benefit Recovery staff can change the way the system posts payments by changing the percentages on the Cash Percentage Setup screen or changing priorities on the Recoupment Priority Setup screen. Specific amounts of payments can also be posted to specific claims, through the Post Single Transaction by Claim screen, which bypasses the percentages on the COPER screen.

c. In addition to payments posted by the PCC, IBRS receives and posts files for DOC, TOP, recoupment, and offset payments. Certain types of payments (Lottery, payroll deduction, EBT, converted, and miscellaneous), are posted by the BR accountants. When payments are posted by the PCC and by file processes, some reject on the UUP screen/reports and are posted by PCC staff or BR accountants.

d. Refunds for erroneous or excess payments for all payment types, are created through IBRS and sent to ASFMR for processing. ASFMR inputs the refunds into SAMAS and sends them to DFS to create the refund warrant. DFS returns the warrant to Warrant Distribution Section in DCF who mails the warrants to the recipients. ASFMR also process Warrant cancellations and replacement of lost warrants. The PCC staff post refunds they create to the recipient's claims. Benefit Recovery accountants in the post TOP refunds and refunds created by them. The Integrated Benefit Recovery System contains a refund history screen of refunds for each recipient except for refunds of payments for non-BR recipients.

e. Benefit Recovery staff set up recipients on payroll deduction by the State Employees State department and answer emails concerning Florida lottery intercepts. After notification of receipt of payments, BR Accountants post the payments to the recipient's claims.

4-4. Entries Made by the Accountants. The accountants post various types of payments and other entries through the appropriate screens in IBRS using different transaction codes. The entries are grouped in batches to track them. This is done through the use of the “Batch Ref Code” field assigned and input on each entry by the accountants or PCC staff, or created by the system for non-accountant BR staff and automated system entries.

4-5. Documentation.

a. Proper documentation of transactions helps ensure proper review and checking responsibility, permits proper accounting, aids in the control of transactions, and reduces the chance of errors. The complete documentation of transactions is essential to sound internal accounting control.

b. Important aspects of documentation include:

(1) A description of the transaction;

(2) Written electronic approval authorizing the transaction; and,

(3) Written electronic evidence that any necessary subsequent steps, such as comparison to other documents and checking clerical accuracy and coding, were performed.

c. The electronic written indication of work performed helps to establish employee responsibility and disclose those transactions on which required procedures were not applied.

d. Accounting control procedures and techniques should provide reasonable assurance that all transactions are accounted for and that proper documentation is kept on file. Systematic and well-conceived supervision by all levels of management helps to detect and correct misunderstandings, errors, and improper practices in a timely manner and, at the same time, improve employee performance. Management must ensure that records are properly reconciled to supporting details, transactions are being accounted for, errors are appropriately investigated and corrected, and established policies and procedures are being followed. Specific acts of supervision and review must be documented in writing.

Chapter 5

BILLING STATEMENTS

5-1. Billing Statements.

a. An electronic file of the billing statements is created by IBRS after the close of business on the last day of every month and sent to a contractor. The statements are printed and mailed to the recipients shortly after the first day of the following month.

b. If the Billing statement is returned due to the recipient moved without leaving a forwarded address order or insufficient address, the statements are stopped until a new or correct address is found.

Chapter 6

BR SCANNING REQUIREMENT

6-1. ACCESS Document Imaging.

a. The ACCESS Document Imaging (ADI) allows BR an easily accessible method of storing documents electronically. The system allows staff statewide to scan documents and then access those documents as needed from any DCF computer statewide via the Intranet.

b. Benefit Recovery case files have two sections; the collection section and the claims section. The accounting records were not originally included in the scanning/imaging process on ADI; however, pertinent accounting documents were included.

6-2. Reconstructed BR Files. If no electronic claim exists, it may be reconstructed by the Claims Examiner for various reasons if there is sufficient information available. See CFOP 165-17 for further explanation.

Chapter 7

WRITE-OFFS, BANKRUPTCY, AND REINSTATEMENTS

7-1. Write-Offs.

a. The write off procedure is for account maintenance. The criteria for determining if a claim is to be written off are:

(1) Death of All Those Liable for the Claim. Claims may be written off for recipients for whom BR has proof of death. If there are other living liable recipients, the claim does not meet the write off criteria and will not be written off.

(2) Bankruptcy. If all liable/responsible individuals and DCF are listed on Discharge of Debtor Schedule except Chapter 7 bankruptcy.

(3) ID Theft Claims. When a claim is established for a recipient and it is later discovered that the recipient's identity was stolen, it is still a valid claim. Federal regulations require that BR establish the claim even though BR cannot collect from the recipient whose identity was stolen. However, BR has no one else to collect from since BR does not know who stole the person's identity. Since the claims are valid, they must be written off. If it is later discovered who stole the identity, the claim can be reinstated.

(4) Lost File. BR cannot locate the case file.

(5) Old Claim. Claims over 10 years old and no activity in the last three (3) years excluding IPV and food assistance claims.

(6) Very Low Claim Balance. If the claim balance is \$25.00 or less and the claim has been delinquent for 90 days or more, then it must be terminated and written off including IPV claims (per CRF 273.18(e)(8)(ii)(c)).

b. There is no Statute of Limitations on collection of food assistance claims.

c. Persons who are or were minor children in the assistance group at the time of the overpayment are not liable or responsible for the claim. Refer to BR MEMO# 08-01 for clarification. The accountant will review each claim and determine if the claim(s) meet one of the write-off criteria.

7-2. Bankruptcy.

a. Benefit Recovery may write off claims for recipients who have filed bankruptcy and:

(1) The court listed the Department as a creditor;

(2) The BR debt was listed as a claim; and,

(3) Approved by the court to be discharged.

b. If the recipient had claims that were not listed in the bankruptcy or if there are other liable recipients who did not file bankruptcy, the claim must not be written off. Only the claims listed in the bankruptcy may be written off if there are no other liable recipients. The Bankruptcy types are:

(1) Chapter 7. Debtors are permitted to retain certain exempt property, while the remaining assets are liquidated by the trustee. The trustee will distribute the funds from the liquidation to holders of claims (creditors) in accordance with the provisions of the Bankruptcy Code. Accordingly, potential Debtors must realize that the filing of a petition under Chapter 7 might result in the loss of non-exempt property.

(2) Chapter 11. This chapter allows corporations, partnerships, and certain recipients who do not qualify under Chapter 13 to reorganize without having to liquidate all assets. As in a Chapter 13, the Debtor (called the “debtor-in-possession” because a trustee is not normally assigned) is required to present a repayment plan. If the plan is accepted by the creditors and subsequently approved (confirmed) by the Court, the Debtor will be allowed to reorganize their personal, financial, or business affairs.

(3) Chapter 13. This chapter is designed for recipients with regular income to repay a portion or all of their debt over an extended period of time. Chapter 13 may be appropriate for Debtors who seek to retain certain assets through a repayment plan.

7-3. Reinstatements.

a. If a claim has been written off due to no payment activity or it was voided in error, it may be reinstated for several different reasons:

(1) A previously un-located party responsible for repayment is located and collection activity can now occur;

(2) A responsible party or parties return to active participation in the public assistance program in which they were previously overpaid;

(3) An absent parent pays back all public assistance funds expended on a responsible party's behalf, allowing offset by child support credit to occur against the balance of a claim;

(4) A restoration of public assistance in the affected program area becomes available for offset against the balance of a claim; or,

(5) The recipient or other liable recipient wins the lottery, is eligible for TOP, becomes a state employee, the Department has a civil lien against them, the claim was written off in error, the recipient voluntarily agrees to repay the debt or some other event or source of potential payment makes collection of debt possible.

b. Certain information from the case file must be maintained indefinitely to permit reinstatement of a claim. This documentation is required for reinstatement of accounts and must not be destroyed:

(1) The report of claim determination for food assistance, AFDC/TANF, and Medicaid;

(2) Medicaid recipient claims history or copy of the FMMIS screen;

(3) Overpayment notifications and other requests for repayment that document the Department's collection efforts as required by sections 7 CFR 273.18(e)(3), and 45 CFR 233.20(a) and Chapter 414, Florida Statutes;

(4) Payment record cards or other payment records; and,

(5) Case activity ledgers.

c. Claims that have been written off as a result of a bankruptcy court ruling may not be reinstated unless it is determined that the DCF debt was not included in the bankruptcy or the write-off was completed in error.

d. When the determination is made that the debt is still owed to the Department, a reinstatement entry can be done and the accounts receivable transaction is restored as a debt to BR.

Chapter 8

ACCOUNTING REPORTS

8-1. Accounting Reports. The Accountants use various reports as checks and balances that are located on ESS (ACCESS) On-Line (Accounting) Report, IBRS and FLORIDA. These reports are used to review and/or reconcile accounting type transactions posted to IBRS.