STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY
DEPARTMENT OF SOCIAL SERVICES
744 P Street • Sacramento, CA 95814 • *www.cdss.ca.gov*

WILL LIGHTBOURNE
DIRECTOR

EDMUND G. BROWN JR.
GOVERNOR

August 26, 2011

COUNTY FISCAL LETTER (CFL) NO. 11/12-14

TO: PERFORMANCE MEASUREMENT COUNTY (PMC) WELFARE DIRECTORS

SUBJECT: FNS-209 REPORT VALIDATION

REFERENCE: CFL NO. 07/08-54, DATED JUNE 06, 2008
ALL COUNTY LETTER (ACL) NO. 07-26, DATED JULY 18, 2007

This letter informs the 19 PMCs that validation of the FNS-209 April through June 2011 quarter is due to the California Department of Social Services (CDSS) by September 30, 2011. In January 2006, the United States Department of Agriculture (USDA) conducted a review of the FNS-209 report that is completed by the counties on over-issuance claims establishment and collection activities in the CalFresh program. As a result of the review, USDA raised concerns about the accuracy of the information contained in these reports.

The USDA had previously requested two validations by counties of the FNS-209 report. The first review was the April through June 2007 quarter, the second was the April through June 2008 quarter. The first review showed that most counties were unable to validate the FNS-209. The second review had much better results; however, some counties continued to have problems validating the report.

In a continuing effort to ensure accuracy, the USDA is requiring that all data contained in the FNS-209 report for the April through June 2011 quarter be verified for accuracy by all PMCs. The USDA is requiring that counties use the four accountability tests described in Attachment A (FNS-209 Validation Review Methodology).

Attachment B outlines the USDA guidelines that are to be used in performing the validation, along with instructions for completing the FNS-209 report. The validation must be performed by either the county's auditor controller, an internal auditor within the Social Services Agency, or an independent certified public accountant. Each county must also maintain documentation that describes how the information on the FNS-209 report was validated. Furthermore, backlogs in existing claims and over-issuances yet

to be established must be reported with a plan for corrective action and included in the submission of the formal validation letter.

If the validation process finds errors in the FNS-209 report, the county must submit a one-time adjustment on the next quarterly report to correct the errors. The nature of the adjustments should be outlined in the remarks section or included as an attachment.

Attachment C is a listing of the 19 PMCs. The results of this validation are to be submitted in a formal letter to the following address by September 30, 2011:

California Department of Social Services
Fund Accounting and Reporting Bureau
744 P Street, M.S. 9-4-76
Sacramento, CA 95814
ATTN: Lisa Kwon

If you have any questions regarding these instructions, please contact Cheley Swart, Manager of the Federal Reporting Section at (916) 657-3131 or Cheley.Swart@dss.ca.gov.

Sincerely,

Original Document Signed By:

FRAN MUELLER
Deputy Director
Administration Division

Attachments

c: County Welfare Directors Association
Dave Bailey, USDA

FNS-209 Validation Review Methodology

ATTACHMENT A

ACCOUNTABILITY TEST 1 (FNS-209 Information):

PURPOSE: To verify that the information reported on the FNS-209 Report is accurate and can be supported with internal accounting records (i.e., traced to individual cases).

PROCEDURE: Run system-generated case level reports supporting the data on lines 3b through 20b of the FNS-209 for the quarter ending June 2011. Ideally, these would be system-generated individual monthly reports (April, May, and June 2011, with combined totals) that show establishment and collection data by type of claim at the individual case level. The data should be broken down by type of claim: Intentional Program Violation (IPV), Inadvertent Household Error (IHE), and State Agency Administrative Error (AE), by client (case number and last name) and by dollar amount, with summary totals for each line item (lines 3b through 20b) for the quarter ending June 2011.

For each line, compare the system-generated report totals to the amounts reported on each line of the June 2011 FNS-209. The comparison should demonstrate a direct data relationship between actual Food Stamp Program (FSP) case records (the system-generated report) and the data reported on the FNS-209. If the number of claims and dollar amounts agree, the data reported on the FNS-209 can be traced to individual cases. If there are differences between the data from the system-generated report and the data reported on the June 2011 FNS-209, the discrepancies should be researched and corrected/adjusted.

SUPPORTING DOCUMENTATION: Provide an Excel spreadsheet (or similar documentation) showing the comparison of each line item (lines 3b through 20b). Provide a narrative describing the results of the comparison and any corrective action. Maintain the system-generated reports by line item as these may be requested by the California Department of Social Services (CDSS) or the federal Food and Nutrition Services (FNS) if additional documentation is needed.

ACCOUNTABILITY TEST 2 (FNS-209 Balances):

PURPOSE: To verify that the beginning/ending balances on the FNS-209 Report are supported by automated claims management systems and paper records (i.e., traced to individual cases).

PROCEDURE: Run a system-generated case level report that will support **either** the beginning balance (line 3a) or ending balance (line 13) of the June 2011 FNS-209. If necessary, the report may be a combination of system-generated and manual reports. The report would be a complete history of **all** claims in your system (simply verifying that the current month's FNS-209 beginning balance matches the ending balance

reported on the previous month's FNS-209 **is not** sufficient). The data should be broken down by type of claim (IPV, IHE, and AE), by client (case number and last name) and by dollar amount.

Compare the totals from the system-generated history report as of June 2011 to the corresponding beginning/ending balance reported on the FNS-209 for the quarter ending June 2011. The comparison should demonstrate a direct data relationship between actual FSP case records (the system-generated history report) and the data reported on the FNS-209. If the number of claims and dollar amounts agree, the data reported on the FNS-209 can be traced to individual cases. If the comparison shows any differences, (ex: case numbers or amounts from the history file that are not reflected on the June 2011 FNS-209), the discrepancies should be researched and corrected/adjusted.

SUPPORTING DOCUMENTATION:
Provide the **summary page** from your case level history report that shows the **total** number and **total** dollar amount of claims by type of claim (IPV, IHE, and AE). Show the results of the comparison of the history report to the FNS-209 (**number** of claims and **dollar amount** of claims) in the below tables and provide a narrative describing the results and any corrective action.

Claim #'s	IPV (#)	IHE (#)	AE (#)	Total (#)
History data file:				
Jun 2011 FNS-209:				
Difference:				

Claim $ amounts	IPV ($)	IHE ($)	AE ($)	Total ($)
History data file:	$	$	$	$
Jun 2011 FNS-209:	$	$	$	$
Difference:	$	$	$	$

ACCOUNTABILITY TEST 3 (Timely Claims Establishment):

PURPOSE: To verify that claims are being established timely. The federal regulations 7 CFR 273.18(d) require states to establish a claim before the last day of the quarter following the quarter in which the overpayment was discovered. A backlog exists when more than ten percent of claim referrals are not established according to this standard.

PROCEDURE: Identify all Quality Control (QC) cases (overpayment and ineligible cases only) for the period of January 2010 through June 2010. Select a random sample of 20 cases minimum. Identify the **Date of Discovery** and the **Date of Establishment**

for each case, then determine if each claim was established timely (before the last day of the quarter following the quarter in which the over-issuance was discovered).

SUPPORTING DOCUMENTATION: For each case, provide documentation identifying the Date of Discovery, such as a claim referral form that specifically shows the Discovery Date or an individual screen printout from your automated certification or claims system that shows the date the claim was discovered. For each case, also provide documentation identifying the Date of Establishment. Since a claim is considered established for tracking purposes as of the date of the demand notice [7 CFR 273.18(e)(3)(ii)], provide either a copy of the initial demand notice to the household for each over-issuance, or an individual screen printout from your automated certification or claims system that shows the date the claim was established. Summarize the establishment information for your sample of cases using the following table:

County Over-Issuances January through June 2010 Sample Months

Sample YYYYMM	Local Office	Case Number	Amount of Over-issuance	Date of Discovery	Date of Establishment	Number of days to Establish

.

ACCOUNTABILITY TEST 4 (Claims Collections):

PURPOSE: To verify that established claims are being collected. The federal regulations 7 CFR 273.18(e) require states to begin collection action on all claims unless the household is paying a claim using benefits from its Electronic Benefit Transfer benefit account.

PROCEDURE: Using the list of QC overpayment and ineligible cases identified for Accountability Test #3, determine if collection action was initiated for each case.

SUPPORTING DOCUMENTATION: For each case, provide documentation (such as an individual screen printout from your automated certification or claims system) showing the collection status. Summarize the collection information for your sample of cases using the following table:

County Collections Based on January through June 2010 Over-Issuances

Case Number	Referred for Collection? (Yes/No)	Currently Participating Household? (Yes/No)	Collection Method: Recoupment? TOP? Other?	Amount Collected (Total)	Comments

United States Department of Agriculture

Food and Nutrition Service

Western Region

90 Seventh St.
Suite 10-100
San Francisco, CA 94103

December 7, 2010

SNAP-10-4-4-CA

Ms. Christine Webb-Curtis, Chief
Food Stamp Branch
Department of Social Services
744 P Street, MS 8-9-32
Sacramento, CA 95814-5512

Dear Ms. Webb-Curtis:

This is an addendum to our September 16, 2010 letter regarding the Federal Fiscal Year (FFY) 2011 Supplemental Nutrition Assistance Program (SNAP) management evaluation (ME) priorities. Our September 16 letter listed Recipient Claims Management as an area to be reviewed on an at-risk basis, but at least once every six years. Our letter also referred to two rounds of Performance Measurement County (PMC) validation reviews of the FNS-209 report (Status of Claims against Households) conducted in prior years which confirmed problems with the accuracy of some county reports.

As a result of discussions with Yvonne Lee, Brian Tam, and Fraud Bureau staff during a November 23 meeting in Sacramento, it was agreed that the FFY 2011 ME requirements for Recipient Claims Management will include a third round of PMC validation reviews of the FNS-209 report, as a follow up to the reviews conducted in FFY 2007 and FFY 2008, and to determine if all outstanding problems have been resolved. The methodology for the FFY 2011 reviews will include the four accountability tests used in the FFY 2008 reviews, as described in California Department of Social Services' (CDSS) County Fiscal Letter (CFL) No. 07/08-54, dated June 6, 2008. For the FFY 2011 reviews, we ask that CDSS instruct the PMCs to validate their FNS-209 reports for the quarter ending June 2011.

If you have questions, please contact me or Hope Rios at dave.bailey@fns.usda.gov or hope.rios@fns.usda.gov, respectively. Technical questions may also be addressed to Ed Mars, ed.mars@fns.usda.gov .

Sincerely,

DAVID H. BAILEY, Chief
Program Operations and Investigations Branch
Supplemental Nutrition Assistance Program
Western Region

1. Program Access

Related Functional Areas: *Benefit Delivery, Caseload Management, Civil Rights, Certification, Complaints, Hearings, Staffing/Organization, Training*

State ME: (suggested methods)

- Conduct Program Access Reviews of local operations using the methodology contained in the FNS' *"Food Stamp Program Client Access Review Guide for Regional Offices,"* August 2000. Adapt the guide for use by State-level ME staff. Instead of the office selection criterion on Page 8 of the review guide, conduct an access review in each project area or management unit due for an ME according to the approved schedule. Adjust minimum sample size requirements based on the participation data for the particular local office being evaluated.
- Review activity should include:
    1. Participation Data Analysis
    2. Gathering of Initial Local Office Information
    3. Case File Reviews of Initial Certifications, Denied Applications, and Terminations (The reviewer will need to review hard copy paper files unless the State agency has a scanner for a paperless system.)
    4. Staff Interviews
    5. Client Interviews
    6. Local Advocate or Grassroots Organization Interviews
    7. Observation of Office Functions
    8. Inclusion of Program Access Issues in ME Entrance and Exit Conferences
    9. Inclusion of Program Access Review Findings in ME Reports to the FNS Regional Office.
    10. Timeliness of Application Processing – to ensure that offices are meeting the regulatory guidelines for processing new applications within 30 days and expedited applications within 7 days of the date of application.
    11. Report on best practices of noteworthy creativity and effectiveness. Follow the promising practice report form issued July 9, 2004. The form is on the FSP web page at http://www.fns.usda.gov/fsp/rules/Memo/04/070904.htm

2. Assessment of Corrective Action

Related Functional Areas: *Administrative Funds, Audits/Monitoring*

State ME: (suggested methods)

- Examine performance data for each local project area or management unit scheduled for review, including findings from past ME Reviews, to confirm adequate Corrective Action Plans are in place where indicated.
- Where plans are in place, determine if the corrective actions are being taken

accordingly and are effective.

- Review a sample of case records containing actions which are error prone.
- Re-evaluate the causes of errors and deficiencies persisting over time and assess the quality and scope of the corrective action plans being followed unsuccessfully.
- Require the local project area or management unit to submit new or updated plans timely if indicated.

3. Recipient Claims Management

State ME: (suggested methods)

For each project area or local office scheduled for review, or organizational unit as appropriate based on the State's claims management structure :

- Review case records to determine the timeliness of referrals made by local *office staff to claims establishment personnel.*
- Review case records to ensure they contain documentation supporting claim referrals and establishments.
- Use the FNS-provided self-assessment guide or similar tool as necessary to assess claims management.
- For States in which claims processing is decentralized, review local operations to determine the validity of amounts contained in reports to the State agency. Evaluate the local office's performance on claims establishment, collections, posting new information to accounts, and the management of debts. Where the clams function is decentralized, use the following general procedures for the review:

    1. Validate the FNS-209 Report examining source documentation to determine the accuracy of the amounts entered on these reports and the timeliness of claims establishment and posting of entries to the system. Ensure there are detailed records supporting the FNS-209's beginning balance. The claims self-assessment guide or similar may be used as a tool to facilitate this effort.
    2. Ensure there are detailed records supporting the FNS-209's beginning balance.
    3. Assess performance on handling newly established claims. Examine the time span between discovery of an overissuance (as defined by the State) and the establishment of the claim to determine whether this is being completed in accordance with the FNS standard or an approved State plan. Assess performance on collections and the procedures in place for updating account records when payments are made or recoupment takes place.
    4. Ensure that any significant variation from the normal patterns in the data over reporting periods is not due to inaccurate reporting. The prevalence of manual corrections made to source documentation should be explored as an indication of inadequate accounting procedures.
    5. Consult technical guides where necessary for further instruction.

- For States in which claims collection is decentralized, review local operations to assess performance in the Treasury Offset Program (TOP) using the following general procedures:

    1. Ensure that the office is properly performing all pre-offset processes:
        - determining eligible debts
        - sending proper notice to the households
        - completing reviews when requested
        - researching/updating records to reflect deceased individuals, different names, etc.
    2. Proper submission/maintenance of the debt.
        - adding eligible debts at least quarterly
        - maintaining debts (submitting weekly updates – bankruptcy, recoupment, balance adjustments, reporting State refunds, etc.)
        - correcting rejected reports (unprocessable) and resubmitting
    3. Use of online system.
        - to identify and correct debtors with name changes found through the non-offset reports
        - to update information in TOP
    4. Timely recording of collections.
        - post offsets and reversals to debtors' accounts
        - issue refunds for overcollections
        - report collections on the FNS-209
    5. Consult technical guides where necessary for further instruction.

4. Nutrition Education

State ME:
(suggested methods)

- Conduct on-site nutrition education reviews of local operations in at least two project sites to ensure that operations comply with the requirements of the Nutrition Education State Plan Guidance and are consistent with the approved Plan. Copies of the reviews should be submitted to the Regional Office as they are completed.
- Review activity should include at a minimum:
    1. Review of financial integrity to include the documentation and identification of costs, identification of state match sources and costs are properly allocated.
    2. Account for any program income.
    3. Ensure that appropriate time and effort reporting documents are kept.
    4. Observation of Nutrition Education delivery to ensure that it is consistent with methods approved in the State Nutrition Education Plan
    5. Review of targeting and delivery to Food Stamp Program eligibles.

5. Employment and Training (E&T) Program

Related Functional Areas: Certification, Caseload Management

State ME (suggested Methods)

For States with decentralized E&T Programs, review at least three local level E&T Programs to ensure compliance with allowable Federal financial practices as follows:

- Participant Reimbursements: Are reimbursements to clients only for costs reasonably necessary and **directly** related to E&T participation? Are the reimbursements for components in the approved plan? 273.7(d)(2)(iii)(C)
- Actual Costs, In-Kind Matching, and Records: a) Are all financial claims made to the State and FNS supported by appropriate documentation; b) Are the financial claims for components in the approved plan and consistent with the approved budget?
- E&T Financial Policy: Ensure compliance with guidance on allowable costs, allowable components, participant reimbursements, 50/50 reimbursements; and operations are consistent with the terms of the approved plan.

6. Food Stamp Issuance/Electronic Benefits (EBT) Transfer

State ME, if the function is done at the local/county level (suggested methods)

- Security: Verify compliance with the regulations at 7 CFR 274.12(i)(3) and 274.3(d)(ii)(2) regarding the security of the EBT system, specifically addressing who has access to the system and separation of duties. The regulations require that issuance responsibilities are divided between at least two persons to prevent any single individual from having complete control over the authorization of issuances and the issuances themselves. Responsibilities to be divided include maintenance of inventory records, assembly of benefits and preparation of envelopes for mailing. If issuance functions in an office are handled by one person, a second-party review shall be made to verify card inventory, the reconciliation of the mail log, and the number of mailings prepared. (Issuance procedures will depend on whether the State agency issues cards through a centralized mailing system or over-the-counter in local offices.)

  a) Review and document the security procedures in place to ensure that whoever is responsible for determining client eligibility is not also responsible for issuing benefits/EBT cards to clients. Ensure that eligibility workers do not have access to the EBT administrative terminals and that cases

cannot be established on EBT administrative terminals by examining daily management reports.

b) Determine who decides which state and county employees have access to the EBT system, and verify that state and county employees who no longer work in the EBT field no longer have access to the EBT system. Document the process used to assign access rights to the EBT system, and determine how this process is tracked and how often it is monitored. Sample questions that may aid the reviewer in determining the State's compliance with this target area, are provided as an attachment.

- Security: Determine compliance with the regulations at 7 CFR 274.12(i)(3)(i) regarding the security of stored EBT cards. Examine what storage and control measures have been established to control blank unissued and returned EBT cards and PINs. (Storage of regular card stock will depend on whether cards are issued through a centralized mailing system or over-the-counter in local offices.)

  a) Review and document the security procedures in place to limit access to EBT card stock, including any cards that have been returned after they have not reached the intended clients.

  b) Determine who has access to stored EBT cards, how card stock is inventoried, including how returned cards are logged, statused, and destroyed. Sample questions that may aid the reviewer in determining compliance with this target area, are provided as an attachment.

OTHER MONITORING REQUIREMENTS

Civil Rights Compliance reviews may be completed in conjunction with the State's Management Evaluation Reviews. For guidance, see FNS Instruction 113-1, dated September 29, 2005.

FNS-209, THE STATUS OF CLAIMS AGAINST HOUSEHOLDS
Instructions

WHAT IS IT?

A quarterly report which documents State agency (SA) activities relating to recipient claims during the report quarter and the status of claims from previous quarters.

WHY IS THE 209 NEEDED?

- Determine the number and amount of established claims
- Determine the amount of collections on claims
- Determine the outstanding balance of claims

WHEN IS IT DUE?

The FNS-209 is due to FNS by the 30th day following the end of the report quarter. The report quarters are based on the Federal Fiscal Year (FFY) which end on December 31, March 31, June 30, and September 30.

Note: California has a waiver extending the due date by 20 days. In order for the Fund Accounting and Reporting Bureau (FARB) to meet this extended due date, the counties <u>must</u> submit their reports to FARB by the 30 day due date.

Therefore, the county must **submit their FNS-209 to FARB no later than**:

- January 30
- April 30
- July 30
- October 30

HOW IS IT COMPLETED?

THE EASY PART:

- Line 1a: Enter your county name
- Line 1b: Enter county number
- Line 2a: Enter the FFY quarter
  - 1 - ends in December
  - 2 - ends in March
  - 3 - ends in June
  - 4 - ends in September
- Line 2b: Enter FFY

CLAIMS SUMMARY:

All entries must be in the proper category

- Intentional Program Violation (IPV), aka Fraud
- Inadvertent Household Error (IHE)
- State Agency Administrative Error (SAE)

Note: Use (+) or (-) signs, as appropriate, for lines 3b, 5, 7, 11b, 12, 18b, 18c, 19, 21, 23, 25, & 28.

Line 3a, Beginning Balance

Report the number and total value of all active and suspended claims as shown on the ending balance (line 13) of the previous quarter's report. No adjustments are ever allowed to line 3a. In order to correct an inaccurate Beginning Balance, adjustments must be made to either Line 3b, Balance Adjustment or Line 9, Terminated.

Line 3b, Balance Adjustments

- Report corrections to Line 4, Newly Established, of the <u>previous report</u>
- Report amount of voluntary payment to reactivate a <u>previously terminated claim</u> (line 9 of previous report)
- Report amount of voluntary payment to reactivate a <u>previously compromised claim</u> (Line 10 of previous report)

Example Line 3b, Adjustment

- In quarter 1, an IHE claim is established for $100. In quarter 2, a court determines it should be an IPV claim and for $150.
- In quarter 2, an adjustment is made for +$50 on line 3b of IPV. The transfer from IHE to IPV is reported in quarter 2 as -$100 IHE and $100 IPV on Line 5, Transfer.

Example Line 3b, Adjustments

- A household moves from Orange County to Arizona. The household had a balance of $75 to pay on an IHE claim that Orange County will no longer try to collect.
- Report a decrease of $75 to line 3b under IHE.

- A client voluntarily makes a payment of $50 against a previously terminated IHE $100 claim.
- Report the $50 payment as an increase on Line 3b, IHE Adjustments. The amount is also reported in the appropriate line item of the Collections Summary. Provide comments in line 29.

- In quarter 2, a fair hearing determines that an IHE claim for $80, established in quarter 1, should never have been established.
- -1 (number) and -$80 (amount) are reported on line 3b under IHE in quarter 2. Any refund given should be reported on either Line 20a, Cash Refunds or Line 20b, Non-Cash Refunds, as appropriate.

Line 4, Newly Established

- Report number and amounts of claims established during the report quarter
- A claim is considered established for tracking purposes as of the date of the initial demand letter or written notification
- Do not report claims which have been transferred from another county or State. These claims are not Newly Established and must be reported on Line 3b, Balance Adjustments

Line 5, Transfers (+) or (-)

- Report claims (balance due amount and number) that are changed from one category to another solely because of a hearing or court determination
- Report claims changed to IPV because a household member signed either a waiver of right to an administrative disqualification hearing or a consent agreement
- Do not report inter-county or inter-state transfers on line 5

Note: Net effect of transfers is always 0

Example Line 5, Transfer

- A household's over-issuance was referred for investigation. The over-issuance was originally established in quarter 1 as an IHE claim for $100. In quarter 2, during the disqualification hearing, an IPV was found to be committed.
- Report 1 and $100 on Line 5, under IPV.
- Report -1 and -$100 on Line 5, under IHE.

Line 6, Refunds and Line 7, Total

- On Line 6 (Refunds) report sum of Line 20a (Cash Refunds) and Line 20b (Non-Cash Refunds) of current report
- On Line 7 (Total) report sum of lines 3a, 3b, 4, 5, and 6

Line 8, Closed

- Report the number of claims paid in full in report quarter
- Report the number of claims compromised to zero in report quarter
    - A claim is compromised down to zero when the entire claim or remaining balance of the claim is "forgiven" due to the household's inability to pay the claim over a three year period.
- Report previously terminated claims, but reactivated by a voluntary payment in report quarter

- Report previously compromised claims, but reactivated by a voluntary payment in report quarter
- Do not report terminated claims on this line
- Do not report claims written off (in county's accounting system) on this line

Example Line 8, Closed

- A household makes a $40 voluntary cash payment on a $200 IHE claim that is five years old and was terminated.
- This household is reactivating a previously terminated claim. Enter $40 on Line 3b, Adjustments, enter 1 on Line 8, Closed and $40 on Line 14, Cash Collections.

Line 9, Terminated

- Report the number and amount (balance due) of claims that have been determined uncollectible in accordance with section 273.18(e)(8) of the Federal recipient claims regulations

Note: In no instance would a negative amount ever be reported in this line.

Example Line 9, Terminated

- An IHE claim with a balance of $100 has been determined as uncollectable.
- Report 1 and $100 on Line 9, Terminated under IHE.

Line 10, Compromised

- Report the number of claims and the cumulative amount by which those claims have been reduced in accordance with section 273.18(e)(7) of the Federal recipient claims regulations
- Enter the amount by which a claim is compromised, not the remaining balance of the claim
- Certain bankruptcies may result in the discharge of a portion of a claim. The amount of the claim discharged in a court of law would be considered a compromise and would be reported on line 10 as such
- Report claims considered "paid in full" when client completes required public service work

Note: In no instance would a negative amount be reported on line 10

Example Line 10, Compromised

- A household paid $175 of a $225 SAE claim. They negotiated with the eligibility worker to have the balance forgiven.
- The claim has been compromised to zero. Report 1 and $50 on line 10 and report 1 on Line 8, Closed.

- In quarter 1, a judge orders a client to do 100 hours of public service work to pay off a $500 IPV claim. He completes the 100 hours in quarter 2.
- In quarter 1, enter 1 and $500 in IPV, Line 4, Newly Established. In quarter 2, enter 1 and $500 in IPV, Line 10, Compromised. Report the claim as "closed" on line 8. Write remarks in line 29.

Lines 11a and 11b, Collection and Adjustments

- Line 11a (Collection) is taken directly from Line 18a (Total)
- Line 11b (Collections Adjustment) is compiled by adding Line 18b (Cash Adjustment) and Line 18c (Non-Cash Adjustment)

Line 12, Total

- For the number columns, sum of Line 8 (Closed) and Line 9 (Terminated)
- For the amount columns, sum of Line 9 (Terminated), Line 10 (Compromised), Line 11a (Collection), and Line 11b (Collection Adjustment)
- Be sure that (+) and (-) signs are used appropriately

Line 13, Ending Balance

- Compute by subtracting the subtotal on Line 12, Total from the subtotal on Line 7, Total in the claims summary. This provides the outstanding balance of active and suspended claims
- The Ending Balance becomes the Beginning Balance (Line 3a) for the next quarter's report (**must match exactly**)

Line 14, Cash, Check, Money Orders

- Record the total amount of payments received in the form of cash, check, or money order during the quarter
- All Treasury Offset Program (TOP) payments and collections are also included in this line
- Breakout amount of TOP collections in Remarks, Line 29
- Do not reduce line 14 for cash refunds

Example Line 14, Cash, Checks, Money Orders

- A former client's $50 tax refund is collected to pay on a $200 IPV claim.
- Report $50 on line 14. Amount is also included in addendum under IPV TOP collections.

Line 15, Food Stamps

- Note: The term "Food Stamps" on the FNS-209 is used to describe payments in the form of EBT benefit account deductions. Therefore,
    - Record the total amount of payments received in EBT deductions during the quarter
    - Record payments made from deductions taken from the household's EBT benefit account subsequent to issuance
    - Do not reduce line 15 for non-cash refunds

Line 16, Recoupment

- Record the total amount of payments received in the form of allotment reduction during the quarter.
- Do not record collections made through offsetting restoration of lost benefits or deductions taken from household's EBT benefit account subsequent to issuance.

  Example Line 16, Recoupment

  - In month 1 of quarter 2, it's determined a client is entitled to $100 in benefits. However, $10 in benefits are recouped against a $150 IHE claim. In month 2 of quarter 2, the client is again entitled to $100 in benefits. The client chooses to make a check payment for the $140 claim balance. How are the transactions reported in quarter 2?

  - In quarter 2, $10 is reported on Line 16, Recoupment under IHE. $140 is reported on Line 14, Cash, Check, M.O. Report 1 on Line 8, Closed under IHE.

Line 17, Offset

- Report the total amount of payments made by offsetting restored benefits against outstanding claim balances
- The offset of outstanding State Agency Error claims against restored benefits has been prohibited in California since 1996 as a result of the *Lopez v. Espy* case
- Do not report TOP or State offset collections on this line

Example Line 17, Offset

- A household is entitled to $50 of restored benefits. The household has a two year old $100 claim. The county collects the $50 in restored benefits as payment.
- $50 is reported on line 17 as an offset collection.

Line 18a, Total

Mathematically derived from entries on Line 14 (Cash, Checks, Money Orders), Line 15 (Food Stamps), Line 16 (Recoupment), Line 17 (Offset)

Line 18b, Cash Adjustments

- Record the total amount of any amendments or corrections related to Line 14, Cash, Checks, Money Orders of a previous report
- Report the amount of checks recorded as collections in a previous report which have been returned due to insufficient funds
- Report TOP reversal amounts. Note: if the claim was previously closed, the State should also show an increase (of 1) in the Number column of line 3b, but nothing in the Amount column of 3b
- Do not report cash adjustments caused by a transfer (line 19) or a refund (line 20a)
- Make notes in Line 29, Remarks

Example Line 18b, Cash Adjustments (+) or (-)

- At the end of quarter 1, a county receives a check for $50 to pay on an IHE claim. In quarter 2, it is discovered the check is bad. How do you report for quarter 1 and 2?
- Enter $50 on Line 14 in quarter 1. Enter -$50 on Line 18b in quarter 2.

Line 18c, Non-Cash Adjustments

- Record the total amount of any amendments or corrections related to lines 15 through 17 of a previous report
- Note: Non-cash collections are collection via EBT benefits, allotment reductions, or offsets to restored benefits
- Do not report non-cash adjustments for a transfer due to a court determination or hearing (use Line 19, Transfers)
- Make notes in Line 29, Remarks

Line 19, Transfers (+) or (-)

- Record the payments reported on previous reports collected from claims which were reported as transfers on line 5 (due to an administrative/court disqualification hearing) in the current FNS-209 report
- A corresponding entry must be on Line 5, Transfers
- Make notes in Line 29, Remarks

Line 20a, Cash Refunds

- Enter the value of refunds paid in cash to households who overpaid claims (reported as cash collections on line 14 of previous report)
- Include any cash refunds provided due to TOP over-collections
- Make notes in Line 29, Remarks
- Do not include amounts Treasury reversed (TOP reversals) -- these are reported on Line 18b, Cash Adjustment
- Under no instance would this line be negative
-

Note: Because refunds reported on Line 20a, Cash Refunds and Line 20b, Non-Cash Refunds are brought up to Line 6, Refunds, (which increase balance of claims) do not make any adjustment on line 3b

Example Line 20a, Cash Refunds

- A household pays $40 cash to close an SAE claim in month 1 of quarter 1. In month 2 of quarter 1, it is discovered that there was only a balance of $20 due. The household was given a $20 refund. How is this reported on quarter 1 report?
- This household has paid their claim in full, but overpaid it. Since the refund happened in the same quarter, the refund is not reflected on the report - only the closed case. Therefore, enter 1 on Line 8, Closed and $20 on Line 14, Cash Collections.

Line 20b, Non-Cash Refunds

- Report the amount of refunds paid in EBT benefits to households who overpaid claims (reported as collections on lines 15 through 17) in previous report
- Report any non-cash refunds made as a result of a claim overpaid due to benefits that were incorrectly offset
- Make notes in Line 29, Remarks
- Under no instance would this line be negative

Line 21, Total

Mathematically derived from entries on Line 18a (Total), Line 18b (Cash Adjustments), Line 18c (Non-Cash Adjustments), Line 19 (Transfers), Line 20a (Cash Refunds), and Line 20b, (Non-Cash Refunds)

Lines 22-26

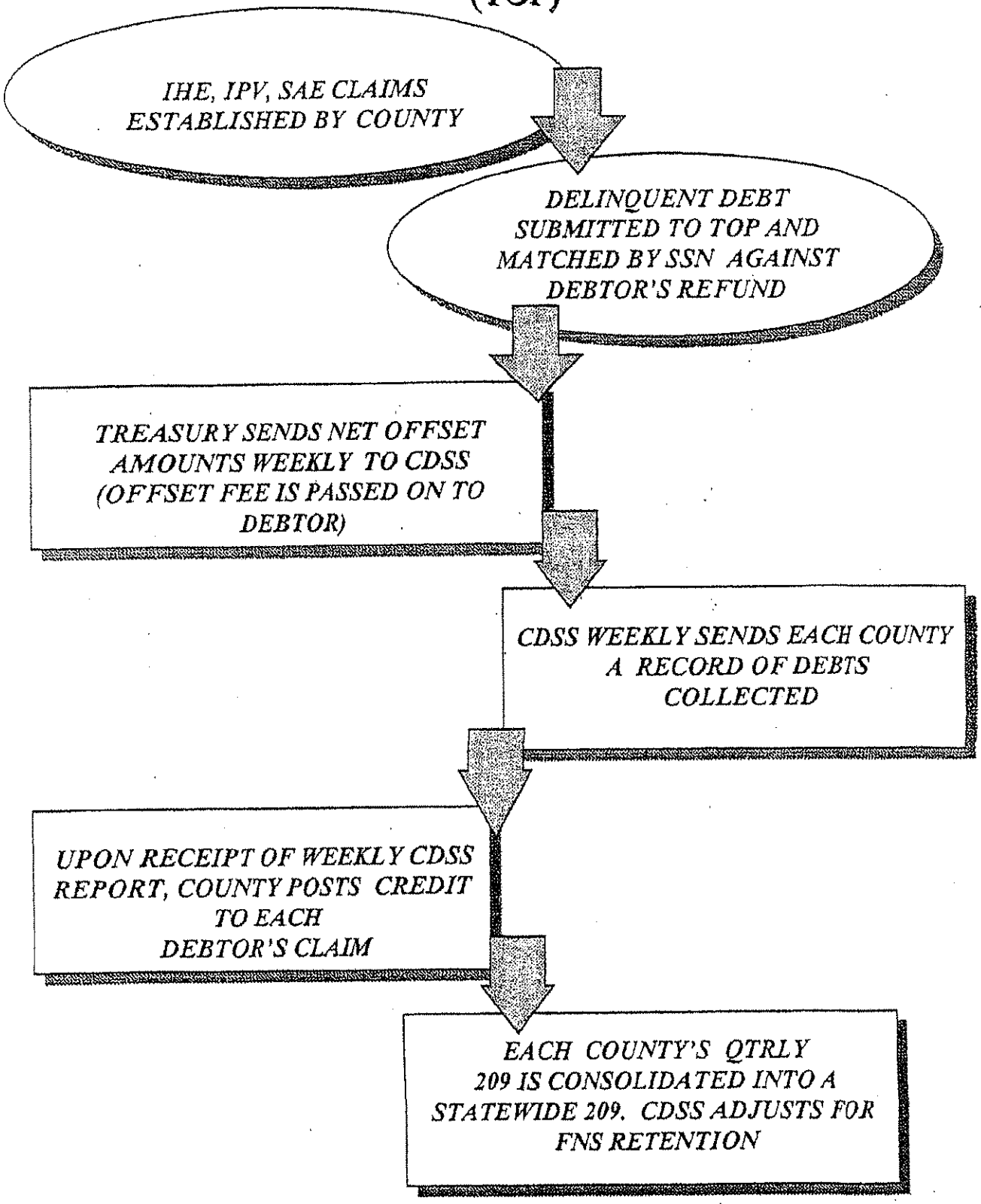
These lines are for Fund Accounting and Reporting Bureau only. Counties do not need to make any entries on these lines.

Line 29, Remarks

Remarks and/or attachments must be included if there are entries on the following lines:

- Line 3b, Balance Adjustments
- Line 5, Transfers (+) or (-)
- Line 18b, Cash Adjustments (+) or (-)
- Line 18c, Non-Cash Adjustments (+) or (-)
- Line 19, Transfers (+) or (-)
- Line 20a, Cash Refunds
- Line 20b, Non-Cash Refunds

OVERVIEW OF THE TREASURY OFFSET PROGRAM (TOP)



FNS -209 ADDENDUM

Purpose: This addendum is due with each Quarter's FNS-209 report, breaking out TOP collections, salary offsets (garnishments), and refund activity which comprise part of the total claims activity reported on the FNS-209. Please include data on the following:

A. TOP Cycle numbers involved in the report period (reported to States weekly)

B. Total # of IPV offsets

C. Total # of IHE offsets

D. Total # of AE offsets

E. Total # of all offsets (B+C+D)

F. Total $ of IPV offsets

G. Total $ of IHE offsets

H. Total $ of AE offsets

I. Total $ of TOP offsets (F+G+H)

J. Total # of refunds made due to TOP

K. Total $ of refunds made due to TOP

Rev. 6/00

ATTACHMENT C

LISTING OF 19 PERFORMANCE MEASUREMENT COUNTIES

1. Alameda
2. Contra Costa
3. Fresno
4. Kern
5. Los Angeles
6. Merced
7. Monterey
8. Orange
9. Riverside
10. Sacramento
11. San Bernardino
12. San Diego
13. San Francisco
14. San Joaquin
15. Santa Clara
16. Solano
17. Stanislaus
18. Tulare
19. Ventura