CDSS
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STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY
DEPARTMENT OF SOCIAL SERVICES
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ARNOLD SCHWARZENEGGER
GOVERNOR

JUNE 6, 2008

COUNTY FISCAL LETTER (CFL) NO. 07/08-54

TO: PERFORMANCE MEASUREMENT COUNTY (PMC) WELFARE DIRECTORS

SUBJECT: FNS-209 REPORT VALIDATION

REFERENCE: ALL COUNTY LETTER (ACL) NO. 07-26, DATED JULY 18, 2007

In July 2007, the California Department of Social Services (CDSS) issued ACL NO. 07-26 which informed the 19 PMC's that the United States Department of Agriculture (USDA) was requesting that each county validate the accuracy of the FNS-209 for the report quarter April – June 2007.

The results of ACL 07-26 showed that most counties were unable to validate the FNS-209. Therefore, the USDA is requiring that all data contained in the FNS-209 report for the April – June 2008 quarter be verified for accuracy by all PMC's. The USDA is requiring that the counties use the four accountability tests contained in Attachment A (FNS-209 Validation Review Methodology).

Also included as Attachment B are USDA guidelines 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.

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.

The results of this validation are to be submitted in a formal letter by August 31, 2008 to:

California Department of Social Services
Fund Accounting & Reporting Bureau
744 P Street, M.S. 20-72
Sacramento, CA 95814
ATTN: Christine Wong

Because of the importance of this federal management report, counties must continue to ensure the accuracy of future FNS-209 reports. More information on future processes will be forthcoming in a separate CFL.

If you have any questions regarding these instructions please contact Christine Wong, Chief, Fund Accounting and Reporting Bureau at (916) 324-1000 or by email at christine.wong@dss.ca.gov.

Sincerely,

Original Document Signed By:

DOUGLAS PARK, Chief
Fiscal Systems and Accounting Branch

Attachments

c: CWDA
Dave Bailey, USDA WRO

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 2008. Ideally, these would be system-generated individual monthly reports (April, May, and June 2008, 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 (IPV, IHE, and 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 2008.

For each line, compare the system-generated report totals to the amounts reported on each line of the June 2008 FNS-209. The comparison should demonstrate a direct data relationship between actual 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 2008 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 CDSS or 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 2008 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 2008 to the corresponding beginning/ending balance reported on the county's FNS-209 for the quarter ending June 2008. 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 2008 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 2008 FNS-209:				
Difference:				

Claim $ amounts	IPV ($)	IHE ($)	AE ($)	Total ($)
History data file:	$	$	$	$
Jun 2008 FNS-209:	$	$	$	$
Difference:	$	$	$	$

ACCOUNTABILITY TEST 3 (Timely Claims Establishment):

PURPOSE: To verify that claims are being established timely. The Federal regulations at 7 CFR 273.18(d) requires 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 10 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 2007 through June 2007. 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 2007 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 at 7 CFR 273.18(e) requires States to begin collection action on all claims unless the household is paying a claim using benefits from its EBT 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 2007 Over-issuances

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

ATTACHMENT B

FOOD STAMP PROGRAM NATIONAL PRIORITY AREAS

FY 2007

A Guide for California State Agency Review Teams

United States Department of Agriculture
Food and Nutrition Service

August 2006

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

The FNS-209, Status of Claims Against Households is a Federal report which documents State agency (SA) activities relating to recipient claims during the report quarter and the status of claims from previous quarters.

The purpose of the report is to:

* Determine the number and amount of established Federal claims
* Determine the amount of collections of Federal claims
* Determine the outstanding balance of Federal claims
* California Food Assistance Program (CFAP) claims and collections are **not** reported on the FNS-209

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 must submit their reports to the FARB by the 30 day due date. Therefore, the county must **submit their 209 to FARB no later than**:

January 30
April 30
July 30
October 30

LINE BY LINE INSTRUCTIONS

Line 1a: Enter your county name
Line 1b: State code for CA is 06
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)

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 previous report (see Example1, page 1 of attachment)
* Report amount of voluntary payment to reactivate a previously terminated claim (line 9 of previous report) (see Example 3, page 1 of attachment)
* Report interstate or intercounty claim transfers (see Example 2, page 1 of attachment)
* Report amount of voluntary payment to reactivate a previously compromised claim (Line 10 of previous report)
* Report amount by which a claim increased/decreased in a court determination or hearing (see Example 4, page 1 of attachment)
* Report number of claims increased/ decreased because a court determination or hearing separated/combined claims
* Report amount of original claim transferred to/from another category
* Do not report transfers between categories because of a court determination or hearing (use line 5)

Line 4, Newly Established

* Report number and amounts of claims established during the report quarter
* Note 1: Counties are not required to establish SAE claims less that or equal to $35 per California FSP manual 63.801.12
* Note 2: Claims against a rehabilitation center are established under SAE
* Do not report claims which have been transferred from another county or State on Line 4. These claims are not Newly Established. They 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 (see Example 5, page 2 of attachment)
* 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 intercounty or interstate transfers on line 5
* Note: Net effect of transfers is always 0

Line 6, Refunds
Sum of line 20a, Cash Refunds and line 20b, Non-Cash Refunds

Line 7, Total
Sum of lines 3a, 3b, 4, 5, and 6

Line 8, Closed

* Report the number of claims paid in full in report
* Report previously terminated claims, but reactivated by a voluntary payment in report quarter (see Example 6, page 2 of attachment)
* 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

Line 9, Terminated

* Report the number and amount (balance due) of claims that have been determined uncollectible in accordance with Section 273.18 of the Food Stamp regulations (see Example 7, page 2 of attachment)
* Report amount of claim removed because all household members have died before collection
* Report claims considered "paid in full" when client completes required public service work (see Example 8, page 2 of attachment)
* Report claims uncollectible due to bankruptcies
* Any claim which has been delinquent for 3 years
* Any claim which is found to be invalid in a fair hearing, administrative disqualification hearing or court determination
* Any claim which has an outstanding balance of $25 or less and has been delinquent for 90 days or more
* Note: In no instance would a negative amount ever be reported in line 9

Line 10, Compromised

* 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.
* Do not report the remaining balance of the claim
* Note: In no instance would a negative amount be reported in line 10
* Administrative compromises, addressed in Section 273.18 of the Food Stamp regulations, would be reported here, **however**, California has elected not make administrative compromises

Lines 11a, Collection and
Line 11a, Collection is taken directly from Line 18a, Total

Line 11b, Collection Adjustments
Sum of 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, Line10, Compromised, Line 11a, Collection, and Line 11b, Collection Adjustment

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**)

Collection Summary:

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 TOP (Tax Offset Program) payments and collections are also included in this line (see Example 1, page 3 of attachment)
* Breakout amount of TOP collections in Remarks, Line 29
* Record all Franchise Tax Board (FTB) refunds and lottery offsets collected
* Do not reduce line 14 for cash refunds

Line 15, Food Stamps

* Note: The term "coupon" is used to describe payments in the form of paper food coupons and/or EBT benefit account deductions, therefore...
* Record the total amount of payments received in food coupons during the quarter
* Record payments made from deductions taken from the household's EBT benefit account subsequent to issuance
* Submit FNS-471, Coupon Account and Destruction Report as supporting documentation
* Submit FNS-135, Affidavit of Return or Exchange of Food coupon as supporting documentation
* 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 (see Example 2, page 3 of attachment)
* Do not record collections made through offsetting restoration of lost benefits or deductions taken from household's EBT benefit account subsequent to issuance

Line 17, Offset

* **Do not** report TOP or State offset collections on this line
* The offsetting of restored benefits against outstanding claims is no longer allowable in California as a result of the Lopez vs. Espy. Therefore, **CA should not be reporting any collections on this line.**

Line 18a, Total

Sum of 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 (see Example 3, page 3 of attachment)
* Do not report cash adjustments caused by a transfer (line 19) or a refund (line 20a)
* Make notes in Line 29, Remarks

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 food coupons (including EBT benefits), allotment reductions, or offsets to restored benefits
* Make notes in Line 29, Remarks
* Adjustments to line 18c are usually caused by arithmetic or accounting errors when the non-cash collections were compiled for inclusion in a previous report
* Do not report non-cash adjustments for a transfer due to a court determination or hearing (use Line 19, Transfers)

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) (see Example 4, page 3 of attachment)
* Include any cash refunds provided due to TOP overcollections
* Make notes in Line 29, Remarks
* Do not include amounts IRS refunded (this is reported on Line 3b, Balance Adjustment)
* 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
* Under no instance would this line be negative

Line 20b, Non-Cash Refunds

* Report the amount of refunds paid in coupons or 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 (see Example 5, page 4 of attachment)
* Make notes in Line 29, Remarks
* Under no instance would this line be negative

Line 21, Total

* Sum of entries on Line18a, Total,
  - ⇒ Line 18b, Cash Adjustments
  - ⇒ Line 18c, Non-Cash Adjustments
  - ⇒ Line 19, Transfers
  - ⇒ Line 20a, Cash Refunds
  - ⇒ Line 20b, Non-Cash Refunds

Line 22, Retention Amount

* The retention amount is the amount of collections the county is entitled to keep (less State share, calculated by CDSS)
* For IPV, enter Line 21 x 35%
* For IHE, enter Line 21 x 20%

Line 23, Net Cash Collections

Sum of lines 14 and 18b, columns A, B, and C less sum of line 20a, columns A, B, and C

Line 24, Total (SA) Retention

Sum of line 22 columns A and B

Line 25, LOC Adj (+) or (-)

Line 23 less line 24

Line 26, Reimbursement Due FNS

CA does not exercise this option, leave this line blank

Line 27, Billing Adjustments

Enter total value of collections that have already been paid to FNS through prior FNS-46 Issuance Reconciliation billings

Line 28, Total Letter of credit Adjustments

* Line 25, LOC Adjustment less line 27, Billing Adjustment
* **Note: Line 28 represents the amount of collections due FNS. This amount will be reduced by CDSS for TOP collections made (already retained by FNS) during the reporting period** (see Example 6, page 5 of attachment)

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
* Explain in Remarks the number and amount of any line entries which include claims and/or collections from rehabilitation centers
* Specify number and value of coupon loss on line entries which include claims involving public service work

Attachment: EXAMPLES, FNS209, STATUS OF CLAIMS AGAINST HOUSEHOLDS

5/31/00

EXAMPLES: FNS-209
STATUS OF CLAIMS AGAINST HOUSEHOLDS

Claim Summary Example 1:
Line 3b, Adjustments
In quarter 2, a fair hearing determines that an IHE claim for $80, established in quarter 1, should never have been established. How is the reported?

- -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.

Claim Summary Example 2:
Line 3b, Adjustments
A household moves from Orange county to Arizona. The household had a balance of $75 to pay on a IHE claim that Orange County will no longer try to collect. How does Orange county report this on their 209?

- The county will report a decrease of $75 to line 3b under IHE.

Claim Summary Example 3:
Line 3b, Adjustments
A client Voluntarily makes a payment of $50 against a previously terminated IHE $100 claim. How is this reported?

- Report the $50 payment as an increase on line 3b, IHE adjustment. The amount is also reported in the appropriate line item of the Collections Summary. Provide comment in line 29.

Claim Summary Example 4:
Line 3b, Adjustments

In quarter 1, an IHE claim is established for $100. In quarter 2, a court determination establishes 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.

Claims Summary Example 5:
Line 5, Transfer
A household's overissuance was referred for investigation. The overissuance 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. How is this reported in quarter 2?

- Report 1 and $100 on Line 5, under IPV. Report -1 and -$100 on Line 5, under IHE.

Claim Summary Example 6:
Line 8, Closed

A household makes a $40 voluntary cash payment on a $200 IHE claim that is five years old. How is this transaction reported?

- 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.

Claim Summary Example 7:
Line 9, Terminated
An IHE claim with a balance of $100 has been determined as uncollectable. How is the balance reported?

- Report 1 and $100 on Line 9, Terminated under IHE.

Claim Summary Example 8:
Line 9, Terminated
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. How is this situation reported in quarters 1 and 2?

- In quarter 1, enter 1 and $500 in IPV, Line 4, Newly Established. In quarter 2, enter 1 and $500 in IPV, Line 9, Terminated. Write remarks in line 29.

Collection Summary Examples

Collection Summary Example 1:
Line 14, Cash, Checks, Money Orders

A former client's $50 tax refund is collected to pay on a $200 IPV claim. How is the collection reported?

Report $50 on line 14 (post collection when the Treasury Intercept report is received). Amount is also included in Line 29, Remarks, or in addendum under IPV TOP collections.

Collection Summary Example 2:
Line 16, Recoupment

In month 1 of quarter 2, it's determined a client is entitled to $125 in benefits. The client agrees to have $20 in benefits recouped against his $100 IHE claim. In month 2 of quarter 2, the client is again entitled to $125 in benefits. The client chooses, however, to make a check payment for the $80 claim balance. How are the transactions reported in quarter 2?

- In quarter 2, $20 is reported on Line 16, Recoupment under IHE. $80 is reported on Line 14, Cash, Check, M.O. Report 1 on Line 8, Closed under IHE.

Collection Summary Example 3:
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.

Collection Summary Example 4:
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 <u>in the same quarter</u>, the <u>refund is not</u> reflected on the report- only the closed case. Therefore, enter 1 on Line 8, Closed and $20 on Line 14, Cash Collections.

Collection Summary Example 5:

Line 20b, Non-cash Refunds

In quarter 1, a household is entitled to $100 in benefits. In the same quarter, $20 is recouped for a prior quarter IPV claim. Therefore, an ATP for only $80 is issued.
In quarter 2, the $80 ATP is returned unredeemed. How do you report this in quarter 2?

- The household did not participate and therefore, the recoupment never happened. On quarter 2 report, enter $20 in Line 20b, Non-Cash Refunds under IPV.

Example 6 on following page.

Example 6:

Line 28, Total

Line 23, Net Cash Collections is $200,000. Total Retention on line 24 is $48,250 ($26,250 + $22,000). Therefore, lines 25 and 28, are $151,750 ($200,000 - $48,250).

22.	RETENTION AMOUNT (See Instructions)	$26,250.00	$22,000.00
23	NET CASH COLLECTION (14+18b-20a)	$200,000.00	29. REMARKS
24.	TOTAL SA RETENTION (22A+22E)	48,250.00	
25.	LOC ADJ. (+) OR (-) (23-24)	151,750.00	
26.	REIMBURSEMENTS DUE FNS (See Instructions)		
27.	BILLING ADJUSTMENTS (See Instructions)		
28.	TOTAL LETTER OF CREDIT ADJUSTMENTS (25+26-27)	$151,750.00	

TOP collections for the period were $40,000 ($25,000 IPV and $15,000 IHE). FNS retained $25,700 (65%) of all TOP collections.

CDSS reduces line 28 by the amount retained by FNS ($25,700). This is the amount ($126,050) of cash collections the county must "reimburse" to FNS.

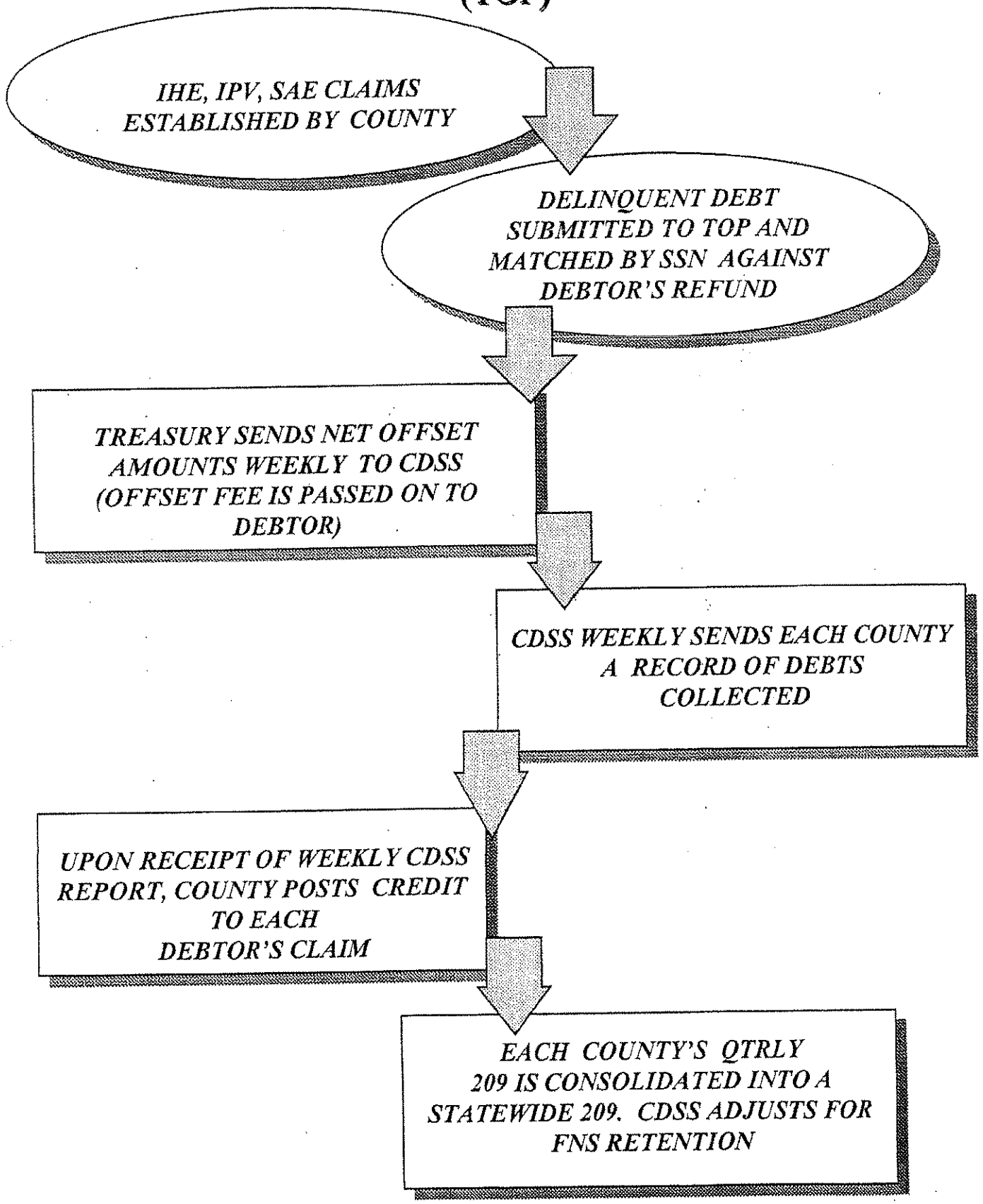
STATE LETTER OF CREDIT OFFSET FNS-209 REPORT FOR:

COUNTY	LINE 28: TOTAL OFFSET TO STATE LOC	LESS, 65% TOP FEDERAL RETENTION	REVISED LINE 28
ALAMEDA	$ 151,750.00	$ 25,700.00	$ 126,050.00

To the revised Line 28, CDSS will add the State's share of the retention rate. In this example it would be $24,125 ($13,125 of IPV and $11,000 of IHE). The total amount of LOC county offset is therefore,
$150,175.

LINE 28: TOTAL OFFSET TO STATE LOC	LESS, 65% TOP FEDERAL RETENTION	REVISED LINE 28	TOTAL CDSS SHARE	COUNTY LOC OFFSET
$ 151,750.00	$ 25,700.00	$ 126,050.00	$ 24,125.00	$ 150,175.00

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

USDA

United States Department of Agriculture
Food and Nutrition Service

Western Region

JUL 14 1999

ply to
ttn of: Administrative Notice 99-445 FS-2-GEN

ubject: Sending 35% of Federal Collections for Food Stamp Recipient Claims to State Agencies

To: ALL WESTERN REGION FOOD STAMP PROGRAM COORDINATORS

Effective October 1, 1999, we will change our process and retain 65% of the funds collected through Federal collection programs and send 35% to the State agency.

Since the beginning of the Federal Tax Refund Offset program in 1992, FNS has sent bi-weekly collection files and 100% of the amount collected back to the State agency. The State agency used information from the collection file to post to the client's accounts and to prepare the quarterly FNS-209, calculating their retention amount and returning the balance to FNS through letter of credit adjustments or checks. The Department of Treasury Cash Management Group recommended to FNS that we send only the amount the State agency was entitled to retain. In the absence of knowing the exact amount to send by claim type, We will send the highest retention amount (35%).

We are not revising the FNS-209 form to implement this change. State agencies will continue to post the entire amount of their collection file and prepare the FNS-209 form and addendum as they have been. Regional offices will adjust the letter of credit by the 65% retention amount. We do not anticipate States will have to make major system modifications to implement this change. We will provide States with updated FNS-209 addendum guidance.

If you have any questions, please contact your designated State Program Team.

Sincerely,

Judy A. Yudico

JUDY A. YUDICO
Tax Offset Program Coordinator
Food Stamp Program
Western Region

THE FOLLOWING REPORT DUE DATES HAVE BEEN ESTABLISHED TO COMPLY WITH THE FEDERAL FOOD STAMP PROGRAM REQUIREMENTS:

Report	Due Dates	Federal Regulations	Mail to
FNS-46 ATP Reconcilitaion Report	Within 90 days after the end of the month	7 CFR 274.4(b)(2)(ii)	* Original to FNS **Copy to CDSS
FNS-209 Status of Claims Againist Households	Within 30 days after the end of the quarter	7 CFR 273.18(h)(2)	**Original to CDSS
FNS-250 Food Coupon Accountibility Report	Within 45 days after the end of the month	7 CFR 274.4(b)(1)(v)	* Original and 1 copy to FNS **Copy to CDSS
FNS-259 Food Stamp Issuance Report	Within 45 days after the end of the quarter	7 CFR 274.4(b)(3)(1)	* Original to FNS **Copy to CDSS

* USDA/FOOD AND NUTRITION SERVICE
FINANCIAL MANAGEMENT/DATA MANAGEMENT UNIT
550 KEARNY STREET, ROOM 400
SAN FRANCISCO, CALIFORNIA 94108-2518

FEDERAL FISCAL YEAR DUE DATES:

MONTH	FNS-46	FNS-209	FNS-250	FNS-259
October 1999	1-31-00		12-15-99	
November 1999	2-29-00		1-14-00	
December 1999	3-30-00	1-31-00	2-14-00	2-14-00
January 2000	5-1-00		3-16-00	
February 2000	5-30-00		4-14-00	
March 2000	6-29-00	5-1-00	5-15-00	5-15-00
April 2000	7-31-00		6-14-00	
May 2000	8-29-00		7-17-00	
June 2000	9-28-00	7-31-00	8-14-00	8-14-00
July 2000	10-30-00		9-14-00	
August 2000	11-29-00		10-16-00	
September 2000	12-29-00	10-30-00	11-14-00	11-14-00

** CALIFORNIA DEPARTMENT OF SOCIAL SERVICES
FUND ACCOUNTING AND REPORTING BUREAU
744 P STREET, M.S. 13-75
SACRAMENTO, CALIFORNIA 95814

ATTENTION: JANET LOPEZ