

CF OPERATING PROCEDURE
NO. 55-9

STATE OF FLORIDA
DEPARTMENT OF
CHILDREN AND FAMILIES
TALLAHASSEE, January 1, 2005

Financial Management

INTERNAL FRAUD PROCEDURES

1. Purpose.

a. The purpose of this operating procedure is to establish requirements for reporting any Economic Self-Sufficiency (ESS) employee believed to have committed an act of fraud or dishonesty to the Florida Department of Law Enforcement, Public Assistance Fraud (PAF), to the Economic Self-Sufficiency Program Office at Central Office, and to the DCF Office of Inspector General (OSIG). However, this operating procedure does not supplant the authority of OSIG to investigate allegations of employee fraud or dishonesty pursuant to section 20.055, Florida Statutes (2000). This operating procedure also does not supplant the authority of PAF to investigate allegations of fraud in the public assistance programs governed by this operating procedure pursuant to section 414.33, Florida Statutes or the Interagency Agreement between the Department and FDLE relating to public assistance fraud.

b. This operating procedure applies to the Food Stamps, Temporary Assistance to Needy Families, Refugee Assistance, Medicaid, Optional State Supplementation, Public Assistance Training and Employment, and Child Day Care programs which are administered by the department.

c. This operating procedure supplements the reporting process concerning claims against a bonding company under the State's Blanket Employee Dishonesty Bond Program. For additional information about reporting bond-related incidents involving the Food Stamp Program see CFOP 60-05, chapter 8, paragraph 8-7, and CFOP 75-3, paragraph 12.

2. Definitions.

a. "ASFMR" means Revenue Management under Financial Management.

b. "ASGO" means the General Operations under General Services.

c. "District Contact Person" means the person in the district program office designated to receive reports or allegations involving employee fraud or dishonesty in the administration of public assistance programs governed by this operating procedure.

d. "ESS" means Economic Self-Sufficiency Program Office.

e. "FDLE" means Florida Department of Law Enforcement.

f. "Fraud". See section 414.39, Florida Statutes (2000).

g. "OSIG" means Office of Inspector General.

h. "PAF" means Public Assistance Fraud investigative units of FDLE.

This operating procedure supersedes CFOP 55-9 dated January 1, 2001.

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i. "Public Assistance Benefits". See section 414.0252(10), Florida Statutes (2000). The term also includes Refugee Assistance, Training and Employment and Child Day Care services and programs.

3. General.

a. Any department employee who suspects that another department employee has committed an act of fraud or other dishonest act in the administration of any program governed by this operating procedure shall immediately notify the district contact person in the district's ESS program office, who will notify OSIG in accordance with CFOP 180-4. Employees who knowingly fail to make the required notice to the district contact person may be subject to prosecution in accordance with section 414.39, Florida Statutes (2000).

b. Fraud can occur by the misuse of computer or electronic systems and databases for personal monetary gain. Other instances of fraud include, but are not limited to: intentionally authorizing benefits for another to which they are not eligible; aiding and abetting another in the receipt of public assistance benefits to which they are not eligible; and the embezzlement of benefits or resources.

c. The district contact person will refer all notices of alleged employee fraud or other acts of dishonesty in administering public assistance programs to the Central Office's ESS Program Integrity (Fraud and Benefit Recovery Unit) or to OSIG and notify the district administrator, or their designee, of such allegations. The referral or notice must be in writing. The Fraud and Benefit Recovery Unit will refer the matter to OSIG for further handling or investigation in accordance with CFOP 180-4. A referral to OSIG is not required if OSIG has been previously notified of the allegation(s).

d. Section 119.07(3) (d) and (e), Florida Statutes (2000) apply to confidentiality requirements regarding investigations of alleged employee fraud. Failure to comply with confidentiality requirements may result in prosecution.

e. The Director of ESS shall designate an Employee Fraud Coordinator who shall be responsible for coordinating the handling and processing of complaints or allegations concerning employee fraud or dishonesty. The Director shall designate a liaison to serve as the Employee Fraud Coordinator when the designated coordinator is absent or otherwise unavailable.

f. The district administrator shall designate the district contact person.

4. Responsibility. Responsibilities of the offices involved in combating employee fraud or dishonesty are as follows:

a. Referral of Information.

(1) The designated district contact person shall refer all employee fraud or dishonesty related documents and information to the Employee Fraud Coordinator no later than thirty (30) days after the district program office determines that an employee investigation is required.

(2) OSIG, unless prohibited by law, shall notify the Employee Fraud Coordinator of all suspected ESS employee fraud investigations referred directly from the districts within 10 calendar days of the investigative assignment.

(3) The Employee Fraud Coordinator will send a copy of all employee fraud or dishonesty related information to OSIG and to ASGO. If the alleged fraud or dishonesty relates to the Food Stamp Program, the Employee Fraud Coordinator shall send a copy of all related referral

information to the United States Department of Agriculture, Food and Nutrition Services, in Atlanta Georgia.

(4) The Employee Fraud Coordinator will follow up on all investigative findings, reports, etc., with the district administrator or their designee, after receipt of the notice from OSIG of the completion of the investigation. Investigative findings, reports, etc. will include recommendations concerning subsequent administrative action to be taken against the employee(s). The district contact person, or the district administrator or their designee, will consult with the Office of Human Resources Development concerning the recommendation and its implementation.

b. Conducting Investigations. The following actions must be taken when ESS is notified that it is believed that an employee has committed an act, or has attempted to commit an act, governed by this operating procedure:

(1) The Employee Fraud Coordinator will review the allegation(s) and refer the information to OSIG, in accordance with CFOP 180-4. OSIG will determine if there is sufficient evidence to warrant an investigation.

(2) If OSIG determines that there may be a risk to safety and public welfare, OSIG will contact the appropriate district administrator. ESS will start the process of identifying which administrative action(s) are, or will be, required.

(3) Administrative action includes, but is not limited to, suspending the FLORIDA system user identification, or the removal of the employee(s) believed to have committed an act, or attempted to commit an act governed by this operating procedure from the FLORIDA System. The reassignment of such employee to other duties and responsibilities, or any other administrative action deemed to be necessary or warranted by the Office of Human Resources Development to prevent further abuse or misuse of the employee's position or authority are also options.

c. PAF Investigations. PAF's investigation starts immediately upon receipt of notice of alleged employee fraud or dishonesty from OSIG. When the investigation is completed, PAF will notify OSIG of their findings. The Employee Fraud Coordinator will provide copies of all written investigative findings or conclusions to the designated district liaison upon receipt. Should the district be contacted directly by PAF with their findings, the designated district liaison shall contact the ESS Employee Fraud Coordinator within 48 hours, who in turn will upon receipt, notify OSIG.

d. Investigative Units.

(1) The investigative units will refer to the appropriate State Attorney's Office for criminal prosecution only those matters, reports, claims, or cases determined by the investigative unit to have involved fraud, attempted fraud, embezzlement, or other dishonest acts or attempted dishonest acts governed by this operating procedure. The investigative unit will provide the Employee Fraud Coordinator the results of the criminal prosecution, including a copy of the court's order(s) and all documents and records related to the criminal case.

(2) If an investigative unit needs a computation of the value of the overpayment or overissuance claims(s) or loss(es), the district Benefit Recovery Unit will calculate and provide that information. No other involvement by the district Benefit Recovery Unit is expected or required. The Benefit Recovery staff must follow the instructions set forth in CFOP 165-17, attachment 6 to chapter 2.

e. ESS.

(1) Central Office's ESS Program Office, including all sub-units therein, will assist districts on a consultative basis.

(2) Central Office's ESS Program Office will provide copies of reports concerning the status of employee fraud or dishonesty allegations or complaints, as generated by the investigative units, as requested, to the Deputy Secretary for Administration and ASGO.

(3) Central Office's ESS Program Office will provide copies of complete documentation concerning employee fraud or dishonesty to the appropriate administrative units in ASFMR and ASGO.

(4) Central Office's ESS Program Office will submit all interim reports concerning employee fraud or dishonesty cases involving the Food Stamp Program to the United States Department of Agriculture, Food and Nutrition Services (USDA/FNS). The interim report will be submitted no later than ten (10) days after the court disposes of the criminal case. Complete documentation will also be provided to the appropriate district administrator, or their designee.

(5) Central Office's ESS Program Office will provide to USDA/FNS complete documentation on adjudicated employee fraud or dishonesty cases involving the Food Stamp Program no later than ten (10) days after the court disposes of the criminal case. Complete documentation will also be provided to the appropriate district administrator, or their designee.

(6) Central Office's ESS Program Office will maintain and safeguard the employee fraud or dishonesty case file under lock and key in its Fraud and Benefit Recovery Unit.

(7) Central Office's ESS Program Office will take all steps necessary to collect full and complete restitution of the claim or loss from all responsible persons.

5. State Blanket Employee Dishonesty Bond Program.

a. Except as set forth below, claims or losses based upon employee fraud or dishonesty are governed by CFOP 75-3, Insurance Claims Reporting Procedures, and CFOP 60-5, Chapter 8, Bonding of Employees.

(1) Central Office's ESS Program Office will provide ASGO copies of the documents described below for processing of claims covered by the State Blanket Employee Dishonesty Bond Program.

(a) Complete investigative reports supporting the investigative findings and conclusions pertaining to the claim.

(b) Investigative reports from appropriate law enforcement agencies.

(c) Other information that is requested by the bonding company to assist in the disposition of the claim.

(2) ASGO will notify the Employee Fraud Coordinator and ASFMR, in writing, of the final disposition of the claim. Upon receipt of a reimbursement check from the bonding company ASGO will send the check to the Employee Fraud Coordinator. The Employee Fraud Coordinator will forward the check to the cash management unit in ASFMR for deposit in the appropriate trust fund. ASGO will also forward a properly executed release form to the bonding company. However, reimbursements, less the amount of the deductible, made by responsible individuals after settlement with the bonding company must be forwarded to the bonding company.

(3) ASGO will maintain a record of all claims and receipts from the bonding company relating to employee fraud or dishonesty for federal reporting purposes. The record must include, at a

minimum: case name, total dollar amounts, the date the claim was filed, date(s) of deposit of reimbursement checks, and deposit receipt number(s).

(4) ASFMR will coordinate with the Employee Fraud Coordinator and the appropriate federal agency to effect reimbursement of federal agencies for their share of the loss or claim caused by the employee(s). The Financial Status Report, Form SF-269, must reflect all adjustments made concerning the loss.

(5) ESS will:

(a) Verify that the department has not been billed previously for any amount shown on the USDA/FNS billing statement.

(b) Reconcile all billing statements with the USDA/FNS Form FNS-250, Food Stamp Accountability Report.

(c) Reconcile all billing statements with the amount of loss reported by the investigative units(s).

(d) Ensure that all claims have been filed and reimbursement received from the bonding company for each loss that appears on a billing statement.

(6) Reimbursements to other federal funding sources or agencies related to employee fraud or dishonesty will be processed in accordance with the specific program statutes, rules and regulations.

b. Cancellation of Coverage. The coverage shall be deemed canceled on an employee immediately upon discovery by the department of any act on the part of such employee that would constitute a liability to the bonding company, under the applicable agreement concerning such employee. Discovery of loss under a fidelity bond occurs when the insured learns facts or obtains knowledge that would justify a careful and prudent person in charging another with fraud or dishonesty. Furthermore, once an employee has been discovered to have caused a loss, no attempt may be made by the department to negotiate any settlement with such employee. Additionally, such employee should be removed from that position in accordance with the provisions of CFOP 60-05, Chapter 3, Standards of Conduct and Standards for Disciplinary Action for All Employees in the State Personnel System.

BY DIRECTION OF THE SECRETARY:

(Signed original copy on file)

SAMARA H. KRAMER
Acting Deputy Secretary for
Community Based Care and Family Self-Sufficiency

SUMMARY OF REVISED, DELETED, OR ADDED MATERIAL

This revision establishes new procedures for the reporting and referring of employee fraud incidents, and for the processing of claims under the Employee Honesty Blanket Bond. Form CF-ES 1054 has been attached to this operating procedure for signature by applicable employees.



REPORTING OF FRAUDULENT ACTIVITY AS REQUIRED BY FLORIDA LAW

As an employee of the Department of Children and Families you must administer the program to which you are assigned pursuant to the law. Section 414.39, Florida Statute, requires all employees to report fraudulent activity committed by fellow employees or applicants or recipients of services.

Any employee who knows that another Department employee, applicant or recipient is involved in fraudulent activity and does not report this information is subject to criminal prosecution and dismissal from employment.

Information on fraudulent activity of an applicant or recipient must be reported to your immediate supervisor, District/Region Administrator or the designated district/region liaison for internal fraud.

Information on fraudulent activity of other Department employees must be reported to the District/Region Administrator or the designated district/region liaison for internal fraud as per CFOP 55-9.

As an employee of the Department, you are required to sign this form indicating that you have received and read it. A copy will be placed in your personnel file. If you have any questions, please consult with your supervisor or your Human Resources Officer.

I have received and read this form, and I am aware of my responsibility to report any fraudulent activity, which I have reason to believe occurred or that I witness on the part of another Department employee or applicant or recipient of services.

Employee's Name

Date

Employee's Signature

Date

Signature of Immediate Supervisor or Designee