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## 412.1 GENERAL POLICY & REGULATION

This manual section sets forth the regulation, policy and procedure for the CCIS agencies to follow when a child care overpayment occurs. The information in this manual section contains direction and procedure related to processing an overpayment and sending the overpayment referral to the Office of Inspector General (OIG) for investigation.

The information presented in this chapter applies to all subsidized child care programs - Temporary Assistance for Needy Families (TANF), Food Stamps/Supplemental Nutritional Assistance Program (FS/SNAP), General Assistance (GA), Former TANF (FT), Head Start/Prekindergarten (HS/PK) and Low-Income (LI) child care programs.

This manual section does not discuss regulation, policy or procedures related to the disqualification of a family from the subsidized child care program as a result of a referral to OIG confirming fraud was committed. For information regarding disqualification, see [Manual Section "413 - Disqualification."](#)

The following table lists the applicable regulatory cite(s) related to the processing of child care overpayments and collection for each of the child care programs managed within Pennsylvania's Enterprise to Link Information for Children Across Networks (PELICAN) Child Care Works (CCW).

Child Care Program	Applicable Regulatory Cite
ALL	<a href="#">55 Pa.Code, Chapter 275, Subpart B</a> (relating to administrative disqualification hearings)
TANF & GA	<a href="#">55 Pa.Code, §§ 168.91, 255.1 &amp; 255.4</a> (relating to restitution; restitution and disqualification policy; and procedures)
FS/SNAP	<a href="#">55 Pa.Code, § 501.12 &amp; 7 CFR 273.18</a> (relating to overissuance; and claims against households)
FT, HS/PK & LI	<a href="#">55 Pa.Code, §§ 3041.181 — 3041.188</a> (all relating to subsidized child care overpayment)

Of the regulations listed in the above chart, [55 Pa. Code, Chapter 3041](#) (relating to subsidized child care eligibility) contains the most extensive information related to both the processing and collection of child care overpayments.

As set forth in [§ 3041.181](#) (relating to overpayment), "The parent or caretaker (p/c) may not be required to repay an overpayment except for an overpayment resulting from one of the following:

- (1) Fraud;
- (2) Failure to comply with Chapter 3041;
- (3) Subsidy continuation pending an appeal when the p/c did not win the appeal."

As set forth in [§§ 3041.182\(b\), 3041.182\(c\)\(5\), 3041.186\(a\) and 3041.188\(a\)](#) (relating to eligibility agency responsibilities regarding overpayment; collection; and collection for a family whose child is no longer in care), "The CCIS shall pursue possible overpayments in active and closed cases, including those that were voluntarily closed; identify and document the causes of overpayment; and collect the total amount of the overpayment."

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**“The OIG may refer a p/c who has a subsidized child care overpayment for criminal prosecution if there is evidence of fraud. The OIG may refer a p/c applying for or receiving subsidized child care for an administrative disqualification hearing if there is evidence of an intentional program violation”, as set forth in § 255.1(c) (relating to restitution and disqualification policy).”**

For additional information on disqualification, see Manual Section [“413 – Disqualification.”](#)

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[See Manual Section “412.18.3.1 – Questions 412.1 – General Policy & Regulation”](#)

## 412.2 DEFINITIONS & ACRONYMS

See [Manual “101 – Definitions and Acronyms”](#) for a complete, alphabetical listing of definitions and an alphabetical table of acronyms.

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## 412.3 GOALS & OBJECTIVES

See [Manual Section “412.18.1 – Goals”](#) and [Manual Section “412.18.2 – Objectives”](#)

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## **412.4 DETERMINING THE INTENT OF THE P/C**

**As set forth in § 255.1(b), “ The course of action of the Department in respect to overpayments will be directly related to the cause or reason underlying the p/c’s receipt of assistance for which the p/c was not eligible. When the overpayment appears due to fraud, the Public Welfare Code (62 P. S. § 101—1412) will set the course of action to be taken. The decision as to whether or not fraud is suspected will be an administrative decision which will place on the Department the responsibility of distinguishing between overpayments due to fraud, and those due to error. To carry out this responsibility, the Department has developed certain objective criteria which will be used in deciding the appropriate action for an overpayment.” **These criteria may be applied across all subsidized child care programs and the CCIS should consider the information in this section a guideline to follow when determining whether an overpayment is a result of fraudulent activities or not.****

**“In cases of suspected overpayment the information must be verified. The determining factor in distinguishing between fraud and nonfraud will be the intent of the p/c.**

**Intent will be established by examining and evaluating the following:**

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- (1) ***Actions and attitudes of the p/c.*** The answers to the following questions will be employed in determining the actions and attitudes of the p/c:
- (i) Did the p/c deny the fact that caused the overpayment?
  - (ii) Did the p/c provide information that was misleading or incorrect?
  - (iii) Were the actions of the p/c directed to concealing information? For example, did he deface or alter documents or arrange appointments with the caseworker so as to conceal other activities?
  - (iv) What was the reaction of the p/c to the fact of the overpayment? What did he see as the cause?
- (2) ***Nature of the overpayment.*** The answers to the following questions will be employed in determining the nature of the overpayment:
- (i) Was the overpayment in an amount that the p/c could not have failed to realize that his assistance payment was incorrect?
  - (ii) Did the period of overpayment extend over a period of time that the p/c had repeated opportunities to report?
  - (iii) Were there previous overpayments for related reasons?
- (3) ***The ability of the p/c to comprehend requirements.*** The answers to the following questions will be employed in determining the ability of the p/c to comprehend requirements:
- (i) Are there physical disabilities, such as advanced age, defective hearing or vision or illness which affect the ability of the p/c to understand the requirements and his responsibilities in connection with them?
  - (ii) Are there mental limitations, such as emotional or psychiatric disturbances or mental retardation which affect the p/c's understanding of what is expected of him?
  - (iii) Does the p/c have any social handicaps, such as illiteracy, language barriers or lack of education which affect his comprehension of requirements?
  - (iv) Were there social factors at the time of the overpayment such as death, accident, serious illness, desertion and the like that so involved the p/c that comprehension of the importance of meeting reporting requirements was affected?

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(4) Quality of worker's job with the p/c. The answers to the following questions will be employed in determining the quality of the worker's job with the p/c:

- (i) Does the case record indicate that the pertinent regulations were explained in terms suited to the capacity of the p/c?
- (ii) Were appropriate reporting plans worked out with the p/c?
- (iii) Were redeterminations of eligibility made as frequently as appropriate to the situation?
- (iv) Has the method of working with the p/c been such as to demonstrate to him the importance of reporting changes in his circumstances? Has the capacity of the p/c for carrying responsibility been evaluated realistically?" as set forth in §§ 255.3(a) and (b) (relating to requirements).

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**See Manual Section "412.18.3.2- Questions 412.4- Determining P/C Intent"**

## 412.5 TANF, GA/WS2 & FS/SNAP CHILD CARE OVERPAYMENTS

As set forth in § 255.4(a)(1) (relating to procedures), "The CAO has the basic responsibility for determining and redetermining eligibility for assistance and, therefore, for discovering ineligibility. County Assistance Office duties are:

- (i) To explore possible overpayments on active and closed cases.
- (ii) To determine whether an overpayment has occurred.
- (iii) To determine the cause or causes of the overpayment.
- (iv) To collect verification of the resource or resources which caused the overpayment.
- (v) To recommend the nature of the action to be taken on referred overpayments.
- (vi) To furnish Bureau of Claim Settlement with current information which may affect action on the overpayment. "

The CAO is responsible for initiating the child care overpayment referral to OIG in a TANF, GA/WS2 or FS/SNAP case when the p/c is determined ineligible for benefits already received, which results in ineligibility for child care under those programs (i.e., total program ineligibility). When the CAO processes the overpayment in CIS, any child care payments issued by the CCIS will automatically be included. The CCIS **may NOT initiate** an overpayment referral to the OIG when the p/c is receiving TANF, GA/WS2 or FS/SNAP benefits and never begins participation in the approved employment and training (E&T) activity, but continues taking the child to the provider for care.

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In this case, the child care provider may have cared for the child in good faith. As a result, any child care payment authorized by the CCIS would NOT be an overpayment. In this situation, the CCIS may issue payment for the number of actual days care was provided; up to a maximum of 30 days from the date the p/c was originally scheduled to begin her approved E&T activity. On the date the CCIS receives and processes the CIS update indicating the p/c was a “no show”, PELICAN CCW will generate an Adverse Action Notice (AA) to end care for no work activity. The CCIS must also end enrollment(s) with the reason “No need for care,” which will generate a Stop Letter to notify the provider that care is ending immediately. The CCIS must not pay for care during the AA period if care was not actually provided. In most situations like this, the provider will have only provided care for a few days, or at the most, require a minimum payment of 10 days if the child was never in care, but provider requests payment for the 10-day absence period.

## EXAMPLES:

1. The CCIS receives a TANF case. The p/c is scheduled to begin attending a contracted activity on 11/10. The CCIS assesses eligibility and the case is open/ongoing with an active enrollment, but payment has not been issued yet. A CIS update is received on 11/14 indicating the p/c never attended (i.e., Referral Rejection code exists on CQPREN in CIS), which results in the P/C Training in PELICAN CCW being sent to history without a participation segment. When the CCIS assesses eligibility on 11/14 to process the CIS update, the case fails for no work activity and an AA is generated, which sets a future ineligible date of 11/28 (end of AA period). Because an enrollment already exists for the child, the CCIS must also send a Stop Letter by ending the enrollment with the reason “No need for care.” If the provider cared for the child in good faith for the first few days, the CCIS will issue payment for the requested period. No child care overpayment exists because the provider cared for the child in good faith.

**NOTE:** If the p/c’s case is open/ongoing, but an enrollment does not yet exist, the CCIS would only send the AA generated when the CIS update is processed. A Stop Letter is not sent because there is no active enrollment in the case.

2. The CCIS receives a TANF case. The p/c is scheduled to begin attending a contracted activity on 11/29. The CCIS assesses eligibility and the case is open/ongoing with an active enrollment. A late CIS update is received on 12/9 indicating the p/c never attended but the first payment was already issued to the provider. When the CCIS assesses eligibility on 12/9 to process the CIS update, the case fails for no work activity and an AA is generated, which sets a future ineligible date of 12/23 (end of AA period). Because a payment was already issued to the provider for the child, the CCIS must also send a Stop Letter by ending the enrollment effective the date immediately following the last day for which care was paid, with the reason “No need for care.” No child care overpayment exists because the provider cared for the child in good faith and care will end immediately following the days paid for November.

**NOTE:** If the activity is employment, the CCIS must continue to pay for care until notified by a CIS update or CAO contact that the family is no longer eligible to receive care.

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The CCIS also may ***NOT*** initiate a child care overpayment referral to OIG when the p/c is receiving TANF, GA/WS2 or FS/SNAP benefits, begins attending an approved E&T activity as agreed to on her AMR or EDP and later stops attending. In this case, the CCIS must continue paying for care until notified by a CIS update or CAO contact that the family is no longer eligible and care should stop. An overpayment does ***NOT*** exist in this situation since the p/c is entitled to an additional 30 days of continued care during a break in activity. On day 31, the CCIS must send an AA to end care. Child care payments may stop prior to the end of the 30-day break in activity period if the CAO instructs the CCIS to do so; ***however, no overpayment exists in this situation either.***

## **EXAMPLES:**

1. A p/c receiving TANF benefits has been attending a contracted training program, as agreed to on her AMR, and is receiving subsidized childcare for her children. The CCIS receives a CIS update on 4/2 indicating that she stopped attending her training program on 3/26. The CAO has ***not*** contacted the CCIS to request care stop immediately, so the p/c is eligible to receive care during the 30-day break in activity period. The CCIS processes the update and the case continues to be eligible. On 4/26 (day 31), PELICAN CCW generates an alert for the CCIS worker to re-assess eligibility. If no activity exists in the case, PELICAN CCW will fail the case and generate an AA effective 5/10 (end of the 13-day AA period). ***No child care overpayment exists because the p/c was still eligible to receive care during both the 30-day break in activity and AA periods.***
2. Using the same setup as in Example #1 above, the CCIS receives a CIS update on 4/2 indicating that a p/c receiving TANF benefits and subsidized child care has stopped attending her training program on 3/26. On 4/2 the CAO also contacts the CCIS to report the p/c is not cooperating and will not resume participation in an employment or training activity so care should stop immediately (i.e. not continue for the 30-day break in activity period). When the CCIS processes the CIS update on 4/2, the child care request for each child should be deselected by using "P/C Available for Care" as the reason for ending care, which will generate an AA for the case. On 4/16 (end of the 13-day AA period), the case will become ineligible and care will end. ***No child care overpayment exists because the p/c was eligible to receive care during the AA period.***
- 3a. **The CCIS receives a TANF case. The p/c is scheduled to begin an activity on 11/1. The CCIS assesses eligibility and case is open/ongoing with an enrollment effective 11/1. A CIS update is received on 11/3 indicating the p/c never attended her activity. When the CCIS assesses eligibility on 11/3 to process the CIS update, the case fails for no work activity and an AA is generated, which sets a future ineligible date of 11/17 (end of AA period). Since an enrollment already exists and the child began attending effective 11/1, the CCIS will contact the provider, pay for care through 11/3 and send a Stop Letter ending care effective 11/4, using reason "No need for care." ***No child care overpayment exists in Part 1 because the CCIS may pay for up to 30 days of care from the date the p/c was scheduled to begin attending her activity, if necessary.*****

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3b. On 11/12 (during the AA period), another CIS update is received indicating the p/c is now scheduled to begin training on 11/17. When the CCIS assesses eligibility on 11/17 to process the update, the case passes since training exists for the p/c with a new begin date of 11/17. The CCIS enters the enrollment with the new begin date of 11/17. On 11/25, a CIS update is received indicating the contractor terminated the p/c from her training effective 11/24 after only attending two days. The CCIS enters a tracking date alert for 12/26 (i.e., Day 31 following the 30-day break in activity). On day 31 when eligibility is assessed, system will generate an AA if p/c still has no work activity, and case will close at the end of the AA period. No child care overpayment exists in Part 2 because the p/c was still eligible to receive care during both the 30-day break in activity and AA periods.

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[See Manual Section “412.18.3.3- Questions 412.5 – TANF, GA/WS2 & FS/SNAP Child Care Overpayments”](#)

## 412.6 DETERMINING WHEN AN OVERPAYMENT EXISTS

An overpayment exists when any of the following occur:

1. The p/c enrolled a child in subsidized child care but was later found ineligible for subsidized child care or eligible for less subsidy than was authorized due to failure to report a change as required in [§ 3041.127](#) (relating to p/c report of change).
2. The p/c falsified documents to obtain subsidized child care.
3. The p/c continued to receive subsidized child care for a child pending an appeal decision and lost the appeal.

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[See Manual Section “412.18.3.4 – Questions 412.6 – Determining when an Overpayment Exists”](#)

## 412.7 DISCOVERY OF AN OVERPAYMENT

Examples of how overpayments are discovered include, but are not limited to the following:

1. **The p/c:**
  - a. Fails to report.
  - b. Reports untimely.
  - c. Erroneously reports a change in circumstances as required in [§ 3041.127](#) that may cause the family to become ineligible for subsidized child care or eligible for less subsidized child care. The CCIS must review a financial or non-financial change to eligibility to determine if the p/c was overpaid.

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2. **CAO:** An overpayment may occur if, following a referral to the CCIS, the CAO reports that the p/c no longer has a need for care due to failing to begin participation in an approved work-related activity, as agreed to on the p/c's AMR or EDP.
3. **The community:** The CCIS must explore if an overpayment occurred when letters and telephone calls are received from persons in the community who want to report alleged fraud or abuse.

**As set forth in § 3041.182(c)(4)(relating to eligibility agency responsibilities regarding overpayment), the CCIS will conduct an "Investigation of a credible complaint that a p/c is erroneously receiving subsidized child care."**

The CCIS must ensure that the identity of the persons who report alleged fraud or abuse is kept confidential when investigating these complaints. The names may not be revealed to the p/c under any circumstances. This procedure is necessary to protect the persons making complaints from potential harm, including reprisal.

**As set forth in § 3041.83(a) (relating to confidentiality), "The CCIS and its employees shall keep confidential the information in the family file and use that information only for purposes directly connected to the administration of their duties." Additionally, "The CCIS shall assure the confidentiality of an individual who files an appeal or complaint about a family's receipt of subsidized child care for a child," as set forth in § 3041.83(e).** The CCIS may not require persons making complaints to give their name. All complaints will be investigated regardless of identification.

4. **Adverse hearing decision:** An overpayment may occur if a p/c continues to receive subsidized child care for a child pending a hearing decision and the hearing officer finds in favor of the CCIS. See §§ 3041.173(c) and 3041.181(3) (relating to subsidy continuation during the appeal process; and overpayment).
5. **Auditor General:** The Auditor General's Office reviews a sample of records during periodic audits of eligibility agencies. Overpayments may be discovered through an audit exception.
6. **OIG's Tipline:** Telephone calls to the fraud tip line are screened for possible overpayments occurring as a result of fraud. Telephone calls that are not investigated by the OIG are referred to the CCIS to investigate and determine if an overpayment occurred. See § 3041.182(c)(4) (relating to eligibility agency responsibilities regarding overpayment).
7. **Review of family files:** The CCIS supervisory review of family files and other internal reviews.
8. **Review of closed family files:** When the CCIS has reason to believe an overpayment occurred, the CCIS must review any family file closing to verify if an overpayment occurred. If an overpayment occurred and fraud is suspected or if repayment/collection stops before the overpayment is fully recovered, a referral to the OIG is required. For information regarding the cessation of collection before an overpayment is fully recovered, see **Manual Section "412.10.3 - Closed Family File Prior to Full Recovery"**.

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**As set forth in § 3041.182(b), “The CCIS shall pursue possible overpayments in active and closed cases, including those that were voluntarily closed.” When exploring possible overpayments, the CCIS is responsible for making “referrals of suspected fraud cases to the Office of Inspector General,” as set forth in § 3041.182(c)(7) (related to eligibility agency responsibilities regarding overpayment). Additionally, “The CCIS shall notify the Department when recoupment stops before the overpayment is fully recouped,” as set forth in § 3041.184 (related to notifying the Department).**

The CCIS must establish an overpayment when sufficient evidence exists to:

1. Determine who caused the overpayment.
2. Determine when and why the overpayment occurred.
3. Establish the overpayment amount.

The CCIS must take the following actions upon discovery of an overpayment:

1. Explore the facts that caused the overpayment.
2. Obtain verification to decide if an overpayment did or did not occur.
3. Determine who caused the overpayment.
4. Determine the period of the overpayment.
5. Compute the amount of the overpayment.

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**[See Manual Section “412.18.3.5 – Questions 412.7 – Discovery of an Overpayment”](#)**

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## 412.8 VERIFICATION

The CCIS has 10 calendar days from the date that an overpayment first was identified to secure verification of the overpayment. Verification is in the form of a document that shows the income or change(s) in circumstances that caused the overpayment.

**As set forth in § 3041.182(c)(5), “The CCIS must identify and document the causes of an overpayment.”**

The CCIS must note in the family file the date that the overpayment first was identified and the date a verification request was sent to a third party. Sources of verification include, but are not limited to, the p/c (i.e., through self-certification and/or self-declaration), child care provider(s), employer(s), school administrators and collateral contact with reliable third party sources familiar with the cause of the overpayment.

Written verification may be in the form of any document that identifies the source and beginning date of the change in circumstances that caused the overpayment. If the cause of the overpayment is financial, the verification document must provide amounts and receipt dates.

Acceptable written verification includes, but is not limited to the following:

1. Employment verification form or pay stubs.
2. Bank records.
3. Public records.
4. Letters from a landlord, employer, school, or other public or private agency.

If the verification is from a third party source, the CCIS must note in the family file or on the document the name and title of the person who provided the information and the date it was received.

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[See Manual Section “412.18.3.6 – Questions 412.8 – Verification”](#)

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## 412.9 **DETERMINING THE OVERPAYMENT PERIOD & AMOUNT**

The CCIS must determine the dates the overpayment began and ended. If the p/c failed to provide correct information at application, the overpayment begins the date the child was enrolled in the subsidized child care program.

The p/c who receives subsidized child care must report certain changes in circumstances that may cause the family to become ineligible for subsidized child care or eligible for less subsidized child care no later than ten calendar days following the date of the change.

**As set forth in § 3041.127 (relating to parent and caretaker report of change), “A p/c shall report the following changes to the CCIS no later than 10 calendar days following the date of the change:**

- (1) Loss of work, including layoffs or strikes.**
- (2) Decrease in the hours of work, education or training below an average of 20 hours per week.**
- (3) A change in the number of days or hours for which subsidized child care is needed.**
- (4) Onset of maternity, paternity or adoption leave and return to work following leave.**
- (5) Onset of a disability and return to work following disability.**
- (6) Change of address.**
- (7) Change in family composition.”**

The CCIS must investigate whether or not these reported changes must be processed within ten calendar days from the date the p/c reported and verified the change, or must be processed only during the next scheduled redetermination.

When a p/c fails to report a change timely, an overpayment may occur.

**The CCIS must consider the following when determining the actual overpayment period:**

1. The overpayment begins with the date the CCIS should have increased the family’s co-payment, reduced the hours of subsidized child care, or terminated the family’s eligibility for subsidized child care.
2. The overpayment period ends the date the CCIS reduced or discontinued subsidized child care, or the date change in circumstances that caused the overpayment no longer exists.

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3. *If the overpayment is a result of the p/c failing to report a change timely, the CCIS will not subtract the 10-day period allowed for reporting changes (as set forth in § 3041.127 (related to parent and caretaker report of change)) or the 13-day Adverse Action period from the overpayment period. As a consequence for the p/c not reporting the change timely, the CCIS must include both of these time periods when determining the actual overpayment period.*
  - a. *If, per regulation, the p/c is eligible for the 60-day break in activity period for an involuntary loss of employment, the 60 days IS subtracted from the actual overpayment period. As set forth in § 3041.20(1) (related to subsidy continuation during breaks in work, education or training), the p/c is entitled to this 60-day period regardless of whether the change in circumstances was reported timely or not.*
  - b. *Additionally, if the p/c is eligible for the 84-day maternity leave period, the 84 days IS subtracted from the actual overpayment period. As set forth in § 3041.20(2), the p/c is entitled to this 84-day period regardless of whether the change in circumstances was reported timely or not.*
4. *If the overpayment is a result of the p/c failing to report a change timely and the newly obtained information results in ineligibility, the CCIS will consider the overpayment amount to be the entire cost of care received during the overpayment period. The overpayment period begins on the date the p/c failed to timely report the change and ends the date that subsidized child care was terminated. The CCIS is NOT responsible for calculating the difference between the amount of subsidy received and the amount of subsidy that would have been authorized had the p/c reported timely.*
5. *If the family BECOMES INELIGIBLE and an overpayment occurs as a result of the p/c losing the appeal hearing decision after having requested subsidy benefits continue during the appeal period (and the p/c had reported her change in circumstances timely), the overpayment period only consists of the period of time subsidy was received during the actual appeal period.*
6. *If a reported change affects the co-payment amount but the family CONTINUES TO BE ELIGIBLE and an overpayment occurs as a result of the p/c losing the appeal hearing decision after having requested subsidy benefits continue during the appeal period (and the p/c had reported her change in circumstances timely), the overpayment amount is the difference between the subsidized child care received during the overpayment period and the subsidized child care the CCIS would have authorized had it been aware of the correct circumstances during the overpayment period.*

**As set forth in § 3041.182(c)(6), “The CCIS is responsible for the computation of the amount of the overpayment.”**

# ***P/C OVERPAYMENT & RECOVERY***

	<b>Example</b>	<b>Overpayment Period</b>	<b>Overpayment Amount</b>
<b>1</b>	<b>Redetermination completed on 1/15. On 3/20, the CCIS discovers p/c has not been working since 1/5 - (<u>VOL</u>).</b>	<b>1/5 - 3/20 or Care End Date</b>	<b>Total Cost of Care</b>
<b>2</b>	<b>Redetermination completed on 1/15. On 3/20, the CCIS discovers p/c has not been working since 1/5 - (<u>INVOL</u>)</b>	<b>3/5 - 3/20 or Care End Date</b>	<b>Total Cost of Care</b>
<b>3</b>	<b>Redetermination completed on 1/15 and the p/c reported that employment ended on 1/10 - (<u>VOL</u>).</b>	<b>No overpayment</b>	<b>\$0</b>
<b>4</b>	<b>Redetermination completed on 1/15 and the p/c reports that employment ended on 1/10 - (<u>VOL</u>). P/C appeals and requests that care continue during appeal period. On 4/20, p/c loses appeal.</b>	<b>2/4 - 4/20 or Care End Date</b>	<b>Total Cost of Care</b>
<b>5</b>	<b>Redetermination completed on 1/15 and the p/c reported that employment ended on 1/10 - (<u>INVOL</u>).</b>	<b>No overpayment</b>	<b>\$0</b>
<b>6</b>	<b>Redetermination completed on 1/15. On 3/20, the CCIS discovers that employment ended on 1/10 - (<u>INVOL</u>). P/C appeals and requests that care continue during appeal period. On 4/20, p/c loses appeal.</b>	<b>3/20 - 4/20 or Care End Date</b>	<b>Total Cost of Care</b>

## ***P/C OVERPAYMENT & RECOVERY***

<b>Example</b>		<b>Overpayment Period</b>	<b>Overpayment Amount</b>
<b>7</b>	<b>Redetermination completed on 3/20 and the CCIS discovers p/c stopped working on 1/5 - (<i>VOL</i>), but started new employment on 2/15. The p/c was currently meeting the work-hour requirement.</b>	<b>1/5 - 2/14</b>	<b>Total Cost of Care</b>
		<b>2/15 - 3/20</b>	<b>Difference associated with the increase in co-pay only</b>
<b>8</b>	<b>Redetermination completed on 1/15 and the CCIS discovers p/c married on 11/20. The change in family composition causes the family to be ineligible.</b>	<b>11/20 - 1/15 or Care End Date</b>	<b>Total Cost of Care</b>
<b>9</b>	<b>Redetermination completed on 1/15 and the CCIS discovers p/c married on 11/20. The family continues to be eligible, with increased co-pay.</b>	<b>11/20 - 1/15 or Care End Date</b>	<b>Difference associated with the increase in co-pay only</b>
<b>10</b>	<b>Redetermination completed on 1/15 and the CCIS discovers p/c married on 1/9. The family continues to be eligible, with increased co-pay.</b>	<b>No overpayment</b>	<b>\$0</b>
<b>11</b>	<b>Redetermination completed 1/15 and the p/c reported a break in employment and the addition of a new baby. The p/c stopped working on 11/1 and the baby was born on 1/8. The break in employment was due to the pregnancy. P/C is scheduled to return to work on 1/24.</b>	<b>No overpayment</b>	<b>\$0</b>

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See Manual Section “412.18.3.7 - Questions 412.9 - **Determining the Overpayment Period & Amount**”

# P/C OVERPAYMENT & RECOVERY

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## 412.10 NOTIFICATION & RECOVERY

Any p/c applying for or receiving subsidized child care is responsible for repaying an overpayment once notified of the occurrence of an overpayment.

As set forth in [§ 3041.185](#) (relating to repayment), “The p/c shall repay the CCIS or Department the full amount of the overpayment”. “When the CCIS determines that an overpayment occurred, “the CCIS shall notify the p/c in writing of an overpayment. The notice of overpayment must include the following, as set forth in [§ 3041.167](#) (relating to notice of overpayment):

- (1) The reason for the overpayment as specified in [§ 3041.181](#) (relating to overpayment).
- (2) The period of the overpayment.
- (3) The amount of the overpayment.
- (4) An explanation of how the overpayment was calculated.
- (5) The repayment methods as specified in [§ 3041.186](#) (relating to collection).
- (6) The right of the p/c to appeal the decision on the overpayment and how to appeal as specified in [§§ 3041.162](#) and [3041.171](#) (relating to notice of right to appeal; and appealable actions).”

The CCIS must send a Confirmation Notice to the family as initial notification of any overpayment, whether the family file is currently active or closed. The CCIS must also send repayment letter(s) to the family for all overpayments. The first letter must accompany the Confirmation Notice and as set forth in [§§ 3041.186\(b\)\(1\)](#) and [3041.188\(b\)\(1\)](#), and must include the following information: 1) the original overpayment amount; 2) the overpayment balance; and 3) the repayment methods. **If the case file was referred to OIG and an investigation is still pending, the CCIS will NOT collect any money toward the repayment of the overpayment until OIG completes its investigation and notifies the CCIS of what the next steps will be regarding any possible prosecution and/or overpayment collection.**

**NOTE: If the p/c responds to the first repayment letter and asks to set up a re-payment plan, the CCIS must allow the p/c to begin repaying the overpayment, regardless of the status of OIG’s investigation.**

# ***P/C OVERPAYMENT & RECOVERY***

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If the p/c fails to respond to the first letter within ten calendar days, the CCIS must send a second letter that will:

- ✓ Reiterate the information specified in the first letter sent to the p/c.
- ✓ Request a response from the p/c no later than ten calendar days following the date of the letter.
- ✓ Notify the p/c of failure to choose a repayment option, the amount of the increased co-payment and the number of weeks the increased co-payment will continue ***(for active family files)***.
- ✓ Inform the p/c that the OIG will contact the p/c concerning recovery of the overpayment if the p/c fails to respond to the letter ***(for closed family files)***.

**NOTE: If the reason for the p/c failing to respond to the letter is due to an incorrect address on the correspondence, resulting in the p/c never receiving it, the CCIS may look in the Client Information System (CIS) to try to confirm a more recent address to send the second the letter. However, this is the ONLY situation in which the CCIS may use CIS as verification for families who are not referred for child care by the CAO.**

The CCIS must initiate recoupment/collection no later than ten calendar days following the date of the letter for an active or closed family, unless the family files a timely appeal or agrees to another acceptable payment option.

**As set forth in § 3041.183 (related to delaying recoupment), “Recoupment shall be delayed until after a hearing decision, if the family files an appeal of the overpayment decision no later than 10 calendar days after the date the written notice is postmarked or hand-delivered to the p/c by the CCIS.”**

The OIG will continue collection on the overpayment even if the family receives subsidy at a future date. For additional information, see [Manual Section “412.12 - OIG Collection.”](#) The following subsections contain additional information regarding overpayment recovery when the family file is active, when the family file is closed and when the family file closes prior to full recovery of an overpayment.

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[See Manual Section “412.18.3.8 – Questions 412.10 – Notification & Recovery”](#)

# P/C OVERPAYMENT & RECOVERY

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## 412.10.1 Active Family File

As set forth in [§ 3041.186\(a\)](#) (relating to collection), “The CCIS shall collect the total amount of the overpayment from a family whose child continues to receive subsidized child care when the CCIS identifies an overpayment.”

When the CCIS identifies an overpayment in an **active** case, the CCIS must **first notify the p/c of the overpayment by sending the appropriate correspondence**. Per policy, the CCIS must notify the p/c in writing of the overpayment within ten days following the date the overpayment is identified by sending a Confirmation Notice. The notice includes all information listed in [§ 3041.167](#) (relating to notice of overpayment), **except** for the repayment methods.

Details of the repayment methods are included in an accompanying letter. The overpayment information is sent in two separate correspondence types because the p/c has the right to appeal the information in the Confirmation Notice, but may **not** appeal the repayment information explained in the letter.

As set forth in [§ 3041.186\(b\)\(1\)](#) (relating to collection), the CCIS will “notify the p/c by a letter that a repayment is required, the amount of the repayment and the following repayment options:

- (i) A one-time payment of the full amount owed.
- (ii) A one-time partial payment and an increase in the co-payment to be paid until repayment is complete.
- (iii) An increase in the co-payment until the repayment is complete.”

For specific information on the issuance of overpayment correspondence (i.e. the Confirmation Notice and letter(s), for active family files), see [Manual 500 – Correspondence, “500.10.2 – Overpayment Collection – Family Receiving Care.”](#)

As set forth in [§ 3041.187\(a\)](#), “A co-payment increase for the purpose of collecting an overpayment may not exceed an amount greater than 5% of the family’s gross monthly income. If the p/c indicates to the CCIS that an increase to 5% would cause hardship to the family, the family and the CCIS may agree to a lesser amount.”

“A p/c may choose to increase the co-payment beyond the amount specified in subsection (a) to repay an overpayment in a shorter period of time,” as set forth in [§ 3041.187\(b\)](#).

NOTE: In a FS/SNAP case, the only available repayment option for the p/c is a one-time payment of the full amount owed because there is no co-payment assigned in an FS/SNAP case.

# ***P/C OVERPAYMENT & RECOVERY***

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If the p/c fails to choose a repayment option after receipt of the Confirmation Notice and both repayment letters, the CCIS must automatically implement an increase to the co-payment until the repayment is complete. The increased co-payment will be effective no later than the Monday following 10 calendar days from the date of the letter as set forth in [§ 3041.186\(b\)\(2\)](#).

**If the increased amount of co-payment exceeds the cost of care, then the CCIS may only increase the co-payment to an amount that does not exceed the cost of care. The CCIS must make other arrangements with the p/c to collect the remaining balance in a one-time payment. If the family has multiple children in care, the CCIS may also opt to split the increased co-payment amount between each of the children, so that each child's assigned co-payment does not exceed his cost of care.**

**NOTE: Whether the co-payment amount is increased or split between multiple children in the family, each time eligibility is assessed on this case in the future, the CCIS will have to override the co-payment back to higher amount or reassign the split co-payment amount to each child receiving care in the case.**

The CCIS must manually generate a Confirmation Notice notifying the p/c of an increase in the weekly co-payment. For additional information regarding generation of a Confirmation Notice, see [Manual "500 - Correspondence."](#)

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[See Manual Section "412.18.3.9 - Questions 412.10.1- Active Family File"](#)

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## 412.10.2 Closed Family File

As set forth in **§ 3041.188(a)** (relating to collection for a family whose child is no longer in care), “The CCIS shall collect the total amount of the overpayment from a family whose child is no longer receiving subsidized child care if the CCIS identifies an overpayment.”

When the CCIS identifies an overpayment in an *inactive* case, the CCIS must initiate the process for collecting the total amount of the overpayment from the family **unless the case is being referred to OIG for investigation and/or collection.**

As set forth in **§ 3041.188(b)(1)**, “If the Department, CCIS or other entity identifies an overpayment subject to repayment as specified in **§ 3041.181** (relating to overpayment) for a family whose child is no longer receiving subsidized child care, the CCIS shall notify the Department of the subsidy termination date, the amount of the overpayment recouped and the amount outstanding.

The Department will notify the p/c by letter of the overpayment, the amount of the outstanding overpayment and that repayment is required in either a single payment or under a payment plan agreeable to the p/c and the CCIS. The letter must state that the p/c has 10 calendar days to respond to the Department indicating agreement or disagreement and indicating the choice of a repayment method.”

When processing a child care overpayment for an *inactive case*, the CCIS should follow the same policy and procedures as stated in **Manual Section “412.10.1 Active Family File.”** However, the repayment options for a family in an inactive case are slightly different than those for a family in an active case.

Families with overpayments in inactive cases only have two repayment options:

1. *LUMP SUM* – The p/c may repay the overpayment by making a single, one-time payment.
2. *REPAYMENT AGREEMENT* – The p/c may repay the overpayment by establishing a payment plan agreeable to the p/c and the CCIS.

**REMINDER: The CCIS will only pursue collection for case files that are not referred to OIG for investigation and/or collection, or those cases referred to OIG that do not result in prosecution and the OIG informs the CCIS that it must pursue collection on its own.**

For specific information on the issuance of overpayment correspondence (i.e. the Confirmation Notice and letter(s), for *inactive* family files), see the see **Manual 500 – Correspondence, “500.10.2 – Overpayment Collection – Family no longer Receiving Care.”**

# P/C OVERPAYMENT & RECOVERY

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As set forth in [§ 3041.188\(c\)](#), “The Department may institute civil legal proceedings when the p/c fails to respond to the second letter.” If the p/c does not respond to the second repayment letter within ten calendar days following the date of the letter or establishes a payment plan but does not follow through with the agreed upon payment plan, and the CCIS has exhausted all recovery efforts, the CCIS must:

1. Complete and forward a Subsidized Child Care P/C Overpayment Referral ([OIG 761](#)) to the OIG. For additional information on subsidized child care overpayment referrals to the OIG, see Manual Section [Manual Section “412.11 - Referral.”](#)
2. Attach repayment agreement documentation if any was received from the p/c.

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[See Manual Section “412.18.3.10- Questions 412.10.2- Closed Family File”](#)

## 412.10.3 Closed Family File Prior to Full Recovery

When the CCIS discontinues subsidized child care prior to full recovery of the overpayment through recoupment/collection, the CCIS should follow the same policy and procedures set forth in [Manual Section “412.10.2- Closed Family File.”](#)

In this situation, the family must be offered the same two repayment options as well, either a lump sum, one-time payment **OR** a repayment agreement that is agreeable to both the p/c and CCIS.

For specific information on the issuance of overpayment correspondence (i.e. the Confirmation Notice and letter(s), for family files closed prior to full recovery), see the [Correspondence Chapter, Manual Section “500.10.3 - Overpayment Collection- Family no longer Receiving Care.”](#)

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[See Manual Section “412.18.3.11- Questions 412.10.3- Closed Family File Prior to Full Recovery”](#)

# P/C OVERPAYMENT & RECOVERY

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## 412.11 REFERRAL

There are two types of referrals the CCIS may make to the OIG. One is the referral to a Welfare Field Investigator (WFI) in the OIG's Field Investigations Program. The purpose of this type of referral is for the OIG to provide information that the CCIS may not be able to easily obtain in order to determine eligibility or continued eligibility for subsidized child care benefits.

The other referral type is one made to an OIG Claims Investigation Agent (CIA). The purpose of this referral is for the OIG to investigate and collect on a suspected child care overpayment, whether the cause was related to fraudulent acts or not.

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[See Manual Section "412.18.3.12 – Questions 412.12 – Referral"](#)

### 412.11.1 OIG Field Investigations – Referral to the WFI

The CCIS will make a referral to a WFI when it suspects incomplete, inaccurate, or inconsistent information on an application for child care or at redetermination of eligibility.

The CCIS must:

1. **Complete the Subsidized Child Care Services Application Investigation Referral (OIG 1009). For instructions on completing this form, see the Sample Subsidized Child Care Services Application Investigation Referral (OIG 1009).**

**NOTE:** If the CCIS mistakenly uses the Subsidized Child Care P/C Overpayment Referral (OIG 761) for a referral to the WFI, it can still be processed by OIG. They will simply direct the referral to the correct area for investigation.

2. **Attach a copy of the Application for Subsidized Child Care (CY 868) or Redetermination Letter/Summary form, a copy of the Release of Information (CY 880), and any other supporting documentation.**
3. **Send the referral by U.S. mail to the appropriate OIG regional office address. See the [OIG Regional Offices Contact Information](#) and [OIG Regional Offices Map](#).**

**NOTE:** Although OIG's Southeast (Philadelphia) region is divided into a Region 1 and Region 2, all five Philadelphia CCIS agencies should send their OIG referrals to the Southeast Region 2 address. See the [OIG Regional Offices Contact Information](#) for contact information.

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## 4. Place a copy of the referral in the family file.

**NOTE:** Upon receipt of the referral, the OIG will:

- ✓ Investigate.
  - ✓ Report investigation results in Section 3, "Investigation Findings," of the **Subsidized Child Care Services Application Investigation Referral (OIG 1009)**.
  - ✓ Return updated **OIG 1009 form back to the CCIS for completion of Section 4, "Result of Investigation."**
5. After the OIG returns the OIG 1009 form with Section 3, "Investigation Findings" completed, the CCIS must complete Section 4, "Result of Investigation," and return form to the OIG within *30 calendar days from the date the CCIS makes an eligibility determination*. See the **Sample Subsidized Child Care Services Application Investigation Referral (OIG 1009)** for instructions on completing Section 4 of this form.

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See Manual Section "412.18.3.13 – Questions 412.11.1– OIG Field Investigations – Referral to the WFI"

## 412.11.2 Overpayments – Referral to the CIA

The CCIS must refer all overpayments to the OIG when fraud is suspected or fraud is not suspected but the CCIS has exhausted all recovery efforts.

The type of referral may be an initial referral or a follow-up referral. The overpayment is considered a follow-up when the CCIS provides the OIG with additional facts or corrections to a previous referral.

The CCIS must:

1. Complete the Subsidized Child Care P/C Overpayment Referral (OIG 761). See the **Instructions to Complete the Subsidized Child Care P/C Overpayment Referral (OIG 761)**.
2. Attach a copy of the Confirmation Notice and repayment agreement documentation if any was received from the p/c.
3. Send the initial referral by U.S. mail to the appropriate OIG regional office address. See the **OIG Regional Offices Contact Information** and **OIG Regional Offices Map**. Also send a follow-up referral when the CCIS provides additional facts or corrects the previous referral.
4. Place a copy of the referral in the family file.

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NOTE: In overpayment referrals where fraud is suspected, the OIG will:

- ✓ Investigate.
- ✓ If prosecution is an option:
  1. Report its findings and the action to be taken to the CCIS on a **Report on Subsidized Child Care Referral (OIG 762)**.
  2. Upon completion of prosecution, report final action taken to the CCIS on a **Report on Subsidized Child Care Referral (OIG 762)**.
- ✓ If prosecution is not an option:
  1. Contact the CCIS to see if the referral should be returned to the CCIS for collection or if the OIG should proceed with collection.
  2. Report its findings and action to be taken to the CCIS on a **Report on Subsidized Child Care Referral (OIG 762)**.

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**[See Manual Section “412.18.3.14 – Questions 412.11.2– Overpayments – Referral to the CIA”](#)**

# ***P/C OVERPAYMENT & RECOVERY***

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## **412.12 ADMINISTRATIVE DISQUALIFICATION HEARING CASES**

**As set forth in § 275.11(a) (relating to administrative disqualification hearings, general policy), “The Office of Hearings and Appeals is responsible for conducting administrative disqualification hearings for individuals alleged to have committed an intentional program violation as defined under §§ 255.2 and 501.1 (relating to definitions; and general provisions), which incorporates 7 CFR 273.16(c) (relating to disqualification for intentional program violation), when one of the following exists:**

- (1) The Office of Inspector General did not refer the case to the criminal court system.**
- (2) The Office of Inspector General referred the case to the criminal court system and the district attorney declined to prosecute.**
- (3) The Office of Inspector General referred the case to the criminal court system and the court took no action within a reasonable period, resulting in case withdrawal by the Office of Inspector General.”**

**As set forth in §§ 275.11(b), (c) and (d) (relating to administrative disqualification hearings, general policy), “The Office of Inspector General may initiate administrative disqualification hearing procedures despite the current eligibility of the individual alleged to have committed an intentional program violation.”**

**The Office of Inspector General will not initiate an administrative disqualification hearing against an individual whose case is currently being referred for prosecution or after any action taken against the accused individual by the prosecutor or court of appropriate jurisdiction, if the factual issues of the case arise out of the same, or related, circumstances.”**

**An administrative disqualification hearing will not preclude future prosecution if the Office of Inspector General later determines that prosecution is advisable.”**

**A p/c found to have committed an intentional program violation through an administrative disqualification hearing serves the same disqualification penalty as an individual adjudicated through the court.**

**For additional information on administrative disqualification hearings, see the [Manual – 413 – Disqualification, Sections “413.4 - Participation when the Hearing or Hearing Decision is Pending” and “413.5 – Waiver of Administrative Disqualification Hearing.”](#)**

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**[See Manual Section “412.18.3.15– Questions 412.12 – Administrative Disqualification Hearings”](#)**

# ***P/C OVERPAYMENT & RECOVERY***

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## **412.13 PROSECUTION**

When appropriate, the OIG will initiate a criminal prosecution in the appropriate court. The OIG will not give the p/c advance written notification of the criminal prosecution.

**NOTE:** The p/c does not have the right to request a fair hearing if the OIG decides to file a criminal complaint.

The CCIS may be called to testify before magisterial district judges, judges, juries and grand juries.

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[See Manual Section “412.18.3.16- Questions 412.13 – Prosecution Cases”](#)

## **412.14 OIG COLLECTION**

The OIG will send a collection letter to the p/c when the CCIS sends an overpayment claim to the OIG for collection or when an administrative disqualification hearing decision indicates the p/c is responsible to repay an overpayment. The letter will include:

- The original overpayment amount;
- The current overpayment amount;
- Payment options;
- The minimum payment amount; and
- A statement that failure to repay the overpayment may result in legal action or referral to a collection agency.

If the OIG pursues an overpayment through the court and the p/c pleads guilty or is found guilty, the court will order restitution. The p/c must make repayment to the court or the court may order recoupment, lump sum payment or installment payments.

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[See Manual Section “412.18.3.17- Questions 412.14 – OIG Collection”](#)

# ***P/C OVERPAYMENT & RECOVERY***

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## 412.15 CCIS RESPONSIBILITIES

The CCIS must:

1. Refer non-fraud overpayments relating to active or closed families to the OIG when the CCIS has exhausted all recovery efforts and the p/c fails to cooperate with repayment.
2. Refer all suspected fraud overpayments (whether active or closed files) to the OIG upon discovery of the suspected fraud.
3. Advise the p/c of reporting requirements and record the reported changes in the family file. See §§ 3041.84, 3041.127, 3041.145 and 168.61.
4. Inform the p/c of the responsibility to repay the subsidy for which the family was ineligible if a hearing decision favors the CCIS. See §§ 3041.162(5), 3041.182(a) and 168.91.
5. Pursue possible overpayments on active and closed family files, including those that are voluntarily closed. See § 3041.182(b).
6. Determine whether the overpayment is a result of one of the conditions specified in § 3041.181 (relating to overpayment). See § 3041.182(c)(1).
7. Investigate any credible complaint that a p/c is receiving subsidized child care erroneously. See § 3041.182(c)(4).
8. Provide written assurance that the methods of exploring and investigating overpayments are appropriate to the particular situation and for the different eligibility factors. See § 3041.182(c)(2).
9. Ensure that the methods of exploring overpayments do not infringe on the civil liberties of individuals or interfere with the due process of the law. See § 3041.182(c)(3).
10. Identify if an overpayment exists and document the cause(s) of the overpayment. See § 3041.182(c)(5).
11. Obtain verification of the overpayment and record the circumstances in the family file that caused the overpayment.
12. Determine the period of the overpayment.
13. Compute the overpayment amount as specified in § 3041.182(c)(6).
14. Discuss the overpayment with the p/c.
15. Refer all suspected fraud overpayments to the OIG with appropriate attachments. See § 3041.182(c)(7).
16. Cooperate with the OIG in any investigation of suspected fraud.
17. Send the p/c a Confirmation Notice as specified in § 3041.167 (related to notice of overpayment). See also § 3041.182(c)(8).

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18. Notify the p/c by a letter that repayment is required, the amount of the overpayment and the repayment options. See [§ 3041.186\(b\)\(1\)](#).
19. Initiate collection to recover any non-agency error overpayment in active and closed family files. See [§ 3041.186 - 188](#).
20. Accept repayment options, including a lump sum payment, from the p/c. See [§ 3041.186 - 188](#).
21. Refer a non-fraud overpayment relating to an active or closed family to the OIG if repayment/collection stops before the overpayment is fully recovered. See [§ 3041.184](#).
22. Retain overpayment verification documents in the family file for at least six years from the end of the fiscal year in which subsidized child care has been provided or until an audit or litigation is resolved. See [§ 3041.85\(b\)](#).
23. Attend and represent the Department at a fair hearing when a p/c appeals the overpayment. See [§§ 3041.176\(e\), 3041.176\(f\)](#) and [3041.176\(g\)](#).
24. Testify before a magisterial district judge, grand jury, and jury to an overpayment referred for criminal prosecution and before a hearing officer at a fair hearing or an administrative disqualification hearing. See [§§ 3041.176\(c\)](#) and [3041.176\(d\)](#).
25. Disqualify a p/c who commits an intentional program violation. See [§§ 255.1\(f\)](#) and [3041.189\(a\)](#).

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[See Manual Section “412.18.3.18 – Questions 412.15 – CCIS Responsibilities”](#)

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## 412.16 OIG RESPONSIBILITIES

The OIG will:

1. Investigate and initiate legal action to prosecute in suspected fraud overpayments. See [§ 255.1\(f\)](#).
2. Refer the p/c to an administrative disqualification hearing if the p/c is suspected of committing an intentional program violation. See [§ 255.1\(c\)](#).
3. Notify the CCIS of prosecution and administrative disqualification hearing results.
4. Refer delinquent overpayments to a collection agency. See [§ 3041.188\(c\)](#).
5. Notify the Department that the claim has been paid in full.

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[See Manual Section “412.18.3.19 – Questions 412.16 – OIG Responsibilities”](#)

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## **412.17 UPDATED INFORMATION & ADDITIONAL RESOURCES**

This section contains a listing of updated information distributed following issuance of this manual section via Announcements, Updates and Communiqués, as well as additional resources available to the CCIS.

### 412.17.1 Announcements

<b>DATE ISSUED</b>	<b>ANNOUNCEMENT NUMBER</b>	<b>TITLE</b>

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412.17.2 Updates

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## 412.18 TRAINING GUIDE

This section contains information pertinent to training the p/c Overpayment & Recovery Manual Section. The following subsections contain the goals and objectives of the manual section, as well as helpful question and answer checkpoints.

### 412.18.1 Goals

The information in this section contains the goals with regard to processing child care overpayment referrals and overpayment recovery. The CCIS should be able to meet the following goals of this manual section:

1. To correctly process child care overpayments.
2. To refer a child care overpayment to the OIG for investigation based on regulation and policy.
3. To correctly identify child care overpayments and recover non-agency error child care overpayments from a family that continues to receive subsidized child care and from a family that no longer receives subsidized child care.
4. To understand the responsibilities of the OIG include conducting subsidized child care fraud investigations and acting on referrals received to recover child care overpayments **on active family files when the CCIS is unable to collect and** on closed family files in which collection stopped before the overpayment was recovered in full.
5. To understand the difference in policy and procedures regarding processing TANF, GA/WS2 and FS/SNAP versus LI and FT child care overpayments and process those overpayments correctly based upon the policy and procedures outlined in this manual.

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## 412.18.2 Objectives

The information in this section contains the objectives for the processing of child care overpayment referrals to OIG and overpayment recovery. The following are the objectives of this manual section:

1. To pursue possible overpayments on active and closed family files, including those that are voluntarily closed.
2. To determine whether the overpayment is a result of one of the conditions specified in [§ 3041.181](#) (relating to overpayment).
3. To inform a p/c of the responsibility to repay the subsidy for which the family was ineligible if a hearing decision favors the CCIS.
4. To investigate any credible complaint that a p/c is receiving subsidized child care erroneously.
5. To ensure that the methods of exploring overpayments do not infringe on the civil liberties of individuals or interfere with the due process of the law.
6. To provide written assurance that the methods of exploring and investigating overpayments are appropriate to the particular situation and for the different eligibility factors.
7. To obtain verification of the overpayment and record the circumstances in the family file that caused the overpayment.
8. To refer all suspected fraud overpayments to the OIG with appropriate attachments.
9. To cooperate with the OIG in any investigation of suspected fraud.
10. To notify a p/c of the existence of an overpayment, the amount of the overpayment and the repayment options.
11. To initiate collection to recover any non-agency error overpayment in active and closed family files.
12. To refer a non-fraud overpayment relating to an active or closed family to the OIG if repayment/collection stops before the overpayment is fully recovered.
13. To retain overpayment verification documents in the family file as set forth in [§ 3041.85](#) (relating to record retention).
14. To attend and represent the Department at a fair hearing when a p/c appeals the overpayment, providing testimony as appropriate.

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## 412.18.3 Section Checkpoint Questions

The Policy Division of the Bureau of Subsidized Child Care Services developed the following questions as a check point to ensure comprehension of the information presented within this section. Upon review of the information within this section, CCIS staff should be able to answer all of the questions listed below.

### 412.18.3.1 Questions – 412.1 – General Policy & Regulation

1. A p/c is required to repay a child care overpayment when it results from failing to comply with Chapter 3041; subsidy continuing pending an appeal when the p/c does not win the appeal; ***and***:
  - a. Over issuance caused by agency error.
  - b. Fraud.
  - c. Misunderstanding of requirements by the p/c.
  - d. Misunderstanding of requirements by the provider.
2. TRUE or FALSE. The CCIS is only responsible for identifying child care overpayments for a family who continues to receive subsidized child care, not for families with closed files.
3. TRUE or FALSE. The OIG may recover child care overpayments for both suspected fraud cases and closed family files in which collection stopped before the overpayment was fully recovered.

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## 412.18.3.2 Questions – 412.4 – **Determining P/C Intent**

4. TRUE or FALSE. The determining factor in distinguishing between fraud and nonfraud **in all subsidized** child care overpayments will be the intent of the p/c.
5. Intent will be established by examining and evaluating pertinent objective facts, including which of the following:
  - a. Actions and attitudes of the p/c.
  - b. Nature of the overpayment.
  - c. The ability of the p/c of comprehend requirements.
  - d. Quality of worker’s job with the p/c.
  - e. All of the above.

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**See Answers**

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## **412.18.3.3 Questions – 412.5 – TANF, GA/WS2 & FS/SNAP Child Care Overpayments**

6. TRUE or FALSE. The CAO has the basic responsibility for determining and redetermining eligibility for assistance and, therefore, for discovering ineligibility.
7. TRUE or FALSE. The CCIS is responsible for initiating the child care overpayment referral to OIG when the p/c is determined to be ineligible for TANF, GA/WS2 or FS/SNAP benefits already received, which results in total program ineligibility.
8. TRUE or FALSE. The CCIS may not initiate a child care overpayment referral to OIG when the p/c is receiving TANF, GA/WS2 or FS/SNAP benefits, begins attending an approved employment and training activity and later stops attending because the p/c is entitled to an additional 30 days of continued care during a break in activity.

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**[See Answers](#)**

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## 412.18.3.4 Questions – 412.6 – Determining When an Overpayment Exists

9. TRUE or FALSE. An overpayment exists when the p/c enrolls a child in subsidized child care but is later found ineligible for subsidized child care or eligible for less subsidy than was authorized due to failure to report a change as required.
10. TRUE or FALSE. An overpayment does exist if the p/c falsifies documents to obtain subsidized child care.
11. TRUE or FALSE. An overpayment does **not** exist if the p/c lost the appeal but continued to receive subsidized child care for a child pending the appeal decision.

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[See Answers](#)

## 412.18.3.5 Questions – 412.7 – Discovery of an Overpayment

12. TRUE or FALSE. Overpayments caused by the p/c are a result of any one of the following actions:
  - a. Failing to report a change.
  - b. Reporting untimely.
  - c. Erroneously reports a change in circumstances as required in **55 Pa. Code 3041.127** that may cause the family to become ineligible for subsidized child care or eligible for less child care.
13. TRUE or FALSE. An overpayment may occur if, following a referral to the CCIS, the CAO reports that the p/c no longer has a need for care due to failing to begin participation in an approved work-related activity, as agreed to on the p/c's AMR or EDP.

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14. TRUE or FALSE. When a person in the community makes a report of alleged fraud or abuse, that person must agree to give his/her name and the p/c has the right to know the person's identity if requested.
15. TRUE or FALSE. An overpayment may occur if a p/c continues to receive subsidized child care for a child pending a hearing decision and the hearing decision is against the p/c.
16. The CCIS may discover an overpayment during review of a closed family file. If an overpayment occurred and fraud is suspected or if repayment/collection stops before the overpayment is fully recovered, what must the CCIS do?
  - a. Contact the CAO.
  - b. Nothing, the family file is closed.
  - c. Refer the case to the OIG for investigation.
  - d. Both *a* and *c* above.
17. TRUE or FALSE. The CCIS must establish an overpayment when sufficient evidence exists to determine who caused the overpayment, determine when and why the overpayment occurred, and establish the overpayment amount.
18. The CCIS must take the following actions upon discovery of an overpayment:
  - a. Explore the facts that caused the overpayment.
  - b. Obtain verification to decide if an overpayment did or did not occur.
  - c. Determine who caused the overpayment.
  - d. Compute the amount of the overpayment.
  - e. All of the above.

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## 412.18.3.6 Questions – 412.8 – Verification

19. The CCIS has how many days from the date that an overpayment is first identified to secure verification of that overpayment?
  - a. 60.
  - b. 90.
  - c. 45.
  - d. 10.
  
20. The CCIS must note in the family file the date that the overpayment was first identified and the date for what else?
  - a. The deadline date for the p/c to repay the overpayment.
  - b. The date a verification request was sent to a third party.
  - c. The begin date of the overpayment period.
  - d. All of the above.
  
21. TRUE or FALSE. Acceptable sources of verification include, but are not limited to self-certification, self-declaration, child care provider(s), employer(s), school administrators and collateral contact with third party sources familiar with the cause of the overpayment.
  
22. Which of the following are examples of acceptable written verification?
  - a. Bank records.
  - b. Public records.
  - c. Employment verification form or pay stubs.
  - d. Letters from a landlord, employer, school, or other public or private agency.
  - e. All of the above.

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## 412.18.3.7 Questions – 412.9 – **Determining the Overpayment Period & Amount**

23. If the p/c failed to provide correct information at application, the overpayment begins on what date?
  - a. The date the child was enrolled in the subsidized child care program.
  - b. The date of application.
  - c. The date the CCIS discovers it.
  - d. On the date determined by OIG.
24. TRUE or FALSE. The p/c who receives subsidized child care must report certain changes in circumstances that may cause the family to become ineligible for subsidized child care or eligible for less subsidized child care no later than 10 calendar days following the date of the change.
25. Which of the following are examples of changes in circumstances that a p/c must report to the CCIS?
  - a. Loss of work, including layoffs or strikes.
  - b. Decrease in the hours of work, education or training below an average of 20 hours per week.
  - c. A change in the number of days or hours for which subsidized child care is needed.
  - d. Onset of maternity, paternity or adoption leave and return to work following leave.
  - e. Change of address.
  - f. Change in family composition.
  - g. All of the above.
26. TRUE or FALSE. The CCIS is responsible for the computation of the amount of the overpayment.

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27. TRUE or FALSE. The overpayment amount is the difference between the subsidized child care received during the overpayment period and the subsidized child care the CCIS would have authorized had it been aware of the correct circumstances during the overpayment period.

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[See Answers](#)

## 412.18.3.8 Questions – 412.10 – Notification & Recovery

28. TRUE or FALSE. The p/c applying for or receiving subsidized child care is responsible for repaying an overpayment once notified of the occurrence of an overpayment.
29. Which of the following must the Confirmation Notice **and accompanying Repayment Letter** include?
- The reason for the overpayment.
  - The period of the overpayment.
  - The amount of the overpayment.
  - An explanation of how the overpayment was calculated.
  - The repayment methods.
  - The right of the p/c to appeal the decision on the overpayment and how to appeal.
  - All of the above.
30. TRUE or FALSE. The CCIS must send a Confirmation Notice to the family as initial notification of any overpayment, whether the family file is currently active or closed.
31. TRUE or FALSE. The CCIS must send repayment letters to the family for all overpayments.

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32. **For an overpayment not referred to OIG**, the CCIS must initiate recoupment/collection no later than how many days following the date of the letter for an active or closed family, unless the family files a timely appeal or agrees to another acceptable payment option?
- 5.
  - 10.
  - 15.
  - 30.
33. TRUE or FALSE. The recovery action will occur even when the CCIS refers a case to the OIG for suspected fraud, **collection of money toward repayment of the overpayment will be delayed until the investigation is complete and/or prosecution has occurred.**

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[See Answers](#)

## 412.18.3.9 Questions – 412.10.1 – Active Family File

34. The CCIS must notify the p/c by letter that a repayment is required, the amount of the repayment and which of the following repayment options?
- A one-time payment of the full amount owed.
  - A one-time partial payment and an increase in the co-payment to be paid until repayment is complete.
  - An increase in the co-payment until the repayment is complete.
  - All of the above.

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35. TRUE or FALSE. A co-payment increase for the purpose of collecting an overpayment may not exceed an amount greater than 5% of the family's gross monthly income.
36. TRUE or FALSE. If the p/c indicates to the CCIS that an increase to 5% would cause hardship to the family, the family and the CCIS may agree to a lesser amount.
37. TRUE or FALSE. A p/c may choose to increase the co-payment beyond 5% to repay an overpayment in a shorter period of time.
38. TRUE or FALSE. In a FS/SNAP case, the only available repayment option for the p/c is a one-time payment of the full amount owed because there is no co-payment assigned in an FS/SNAP case.
39. TRUE or FALSE. **For an overpayment not referred to OIG,** the CCIS will automatically implement an increase to the co-payment until the repayment is complete, if the p/c fails to choose a repayment option after receipt of the Confirmation Notice and both repayment letters.
40. TRUE or FALSE. The CCIS must manually generate a Confirmation Notice notifying the p/c of an increase in the weekly co-payment.

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## 412.18.3.10 Questions – 412.10.2 – Closed Family File

41. TRUE or FALSE. When the CCIS identifies an overpayment in an inactive case **and does not refer it to OIG for investigation**, the CCIS must initiate the process for collecting the total amount of the overpayment from the family.
42. TRUE or FALSE. Lump sum payment or establishing a repayment agreement are the only repayment options available to families with overpayments in inactive cases.
43. TRUE or FALSE. **For an overpayment not referred to OIG**, the Department may institute civil legal proceedings when the p/c fails to respond to the second letter.
44. If the p/c does not respond to the second repayment letter timely or establishes a payment plan but does not follow through, and the CCIS has exhausted all recovery efforts, the CCIS must do which of the following?
  - a. Complete and forward a Subsidized Child Care P/C Overpayment Referral (OIG 761) to the OIG.
  - b. Attach repayment agreement documentation if any was received from the p/c.
  - c. All of the above.

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## 412.18.3.11 Questions – 412.10.3 – Closed Family File Prior to Full Recovery

45. TRUE or FALSE. The repayment options available to families who case closed prior to full recovery are the same as the repayment options for other inactive cases.

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## 412.18.3.12 Questions – 412.11 – Referral

46. **TRUE or FALSE. There are two types of referrals to OIG. One is to the Welfare Field Investigator and the other is to the Claims Investigation Agent.**

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## **412.18.3.13 Questions – 412.11.1 – OIG Field Investigations – Referral to the WFI**

- 47. TRUE or FALSE. The CCIS will make a referral to a WFI when it suspects incomplete, inaccurate, or inconsistent information on an application for child care or at redetermination of eligibility**
- 48. The CCIS will use what OIG form when making a referral to a WFI?**
  - a. OIG 762.**
  - b. OIG 761.**
  - c. OIG1009.**
  - d. OIG 880.**
- 49. The CCIS should include what additional information with the OIG referral to the WFI?**
  - a. Application for Subsidized Child Care (CY 868).**
  - b. Redetermination Letter/Summary form.**
  - c. Copy of the Release of Information (CY 880).**
  - d. Any other supporting documentation.**
  - e. All of the above.**

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50. **TRUE or FALSE. Although OIG's Southeast (Philadelphia) region is divided into a Region 1 and Region 2, all five Philadelphia CCIS agencies should send their OIG referrals to the Southeast Region 2 address.**
51. **After completing its investigation, OIG will return the OIG 1009 with its findings noted in Section 3 and the CCIS must complete Section 4, "Result of Investigation," and return it to OIG within how many days of making an eligibility determination?**
- a. 15 calendar days.**
  - b. 30 calendar days.**
  - c. 60 calendar days.**
  - d. 10 calendar days.**

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**See Answers**

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## 412.18.3.14 Questions – **412.11.2 – Overpayments – Referral to the CIA**

52. TRUE or FALSE. The CCIS will refer all overpayments to the OIG when fraud is suspected or fraud is not suspected but the CCIS has exhausted all recovery efforts.
53. The CCIS must do which of the following to initiate a referral to the OIG?
  - a. Complete Subsidized Child Care P/C Overpayment Referral (OIG 761).
  - b. Attach a copy of the Confirmation Notice and repayment agreement documentation if any was received from the p/c.
  - c. Send the initial referral by U.S. mail to the appropriate OIG regional office address.
  - d. Place a copy of the referral in the family file.
  - e. All of the above.

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[Return to Manual Section “412.11.2 – Overpayments – Referral to the CIA”](#)

[See Answers](#)

## 412.18.3.15 Questions – 412.12 – Administrative Disqualification Hearings

54. TRUE or FALSE. A p/c found to have committed an intentional program violation through an administrative disqualification hearing serves the same disqualification penalty as an individual adjudicated through the court.

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## 412.18.3.16 Questions – 412.13 – Prosecution

55. TRUE or FALSE. When appropriate, the OIG will initiate a criminal prosecution in the appropriate court, but will not give the p/c advance written notification of the criminal prosecution.
56. TRUE or FALSE. The CCIS may be called to testify before magisterial district judges, judges, juries and grand juries.

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## 412.18.3.17 Questions – 412.14 – OIG collection

57. TRUE or FALSE. If the OIG pursues an overpayment through the court and the p/c pleads guilty or is found guilty, the court will order restitution and the p/c will make repayment to the court or the court may order recoupment, lump sum payment or installment payments.

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[Return to Manual Section “412.14 –OIG Collection”](#)

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## 412.18.3.18 Questions – 412.15 – CCIS Responsibilities

58. TRUE or FALSE. The following are all accurate descriptions of some of the responsibilities of the CCIS:
- a. Investigate any credible complaint that a p/c is receiving subsidized child care erroneously.
  - b. Pursue possible overpayments on active and closed family files.
  - c. Refer all suspected fraud overpayments to the OIG with appropriate attachments.
  - d. Send the p/c a Confirmation Notice as specified in [§ 3041.167](#) (related to notice of overpayment).
  - e. Refer a non-fraud overpayment relating to an active or closed family to the OIG if repayment/collection stops before the overpayment is fully recovered.

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## 412.18.3.19 Questions – 412.16 – OIG Responsibilities

59. TRUE or FALSE. The OIG's responsibilities include all of the following:
- a. Investigate and initiate legal action to prosecute in suspected fraud overpayments.
  - b. Refer the p/c to an administrative disqualification hearing if the p/c is suspected of committing an intentional program violation.
  - c. Notify the CCIS of prosecution and administrative disqualification hearing results.
  - d. Refer delinquent overpayments to a collection agency.
  - e. Notify the Department that the claim has been paid in full.

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## 412.18.4 Section Checkpoint Answers

The Policy and Operations Divisions of the Bureau of Subsidized Child Care Services provided the answers to all of the questions asked in Manual Section “406.18.3 – Section Checkpoint Questions”.

### 412.18.4.1 Answers – 412.1 – General Policy & Regulation

1. b. – Fraud.
2. FALSE – The CCIS shall pursue possible overpayments in active and closed cases, including those that were voluntarily closed.
3. TRUE.

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### **412.18.4.2 Answers – 412.4 – Determining P/C Intent**

4. TRUE.
5. e. – All of the above.

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412.18.4.3      Answers – 412.5 – TANF, GA/WS2 & FS/SNAP Child Care Overpayments

6.    TRUE.
7.    FALSE – **The CAO is responsible for initiating a child care overpayment referral to the OIG when the p/c is ineligible for all assistance benefits, i.e. total program ineligibility.**
8.    TRUE.

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412.18.4.4      Answers – 412.6 – Determining When an Overpayment Exists

9.    TRUE.
10.   TRUE.
11.   FALSE.

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412.18.4.5      Answers – 412.7 – Discovery of an Overpayment

12. TRUE.
13. **FALSE – The CCIS may pay for up to 30 days of care provided in good faith by the provider.**
14. FALSE.
15. TRUE.
16. c. – Refer the case to the OIG for investigation.
17. TRUE.
18. e. – All of the above.

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412.18.4.6      Answers – 412.8 – Verification

19. d. – 10.
20. **d. – All of the above.**
21. TRUE.
22. e. – All of the above.

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412.18.4.7      Answers – 412.9 – **Determining the Overpayment Period & Amount**

- 23. a. – The date the child was enrolled in the subsidized child care program.
- 24. TRUE.
- 25. g. – All of the above.
- 26. TRUE.
- 27. TRUE.

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[Return to Manual Section “412.10 – Notification & Recovery”](#)

412.18.4.8      Answers – 412.10 – Notification & Recovery

- 28. TRUE.
- 29. g. – All of the above.
- 30. TRUE.
- 31. TRUE.
- 32. b. – 10.
- 33. TRUE.

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[Return to Manual Section “412.10.1 – Active Family File”](#)

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## 412.18.4.9      Answers – 412.10.1 – Active Family File

- 34. d. – All of the above.
- 35. TRUE.
- 36. TRUE.
- 37. TRUE.
- 38. TRUE.
- 39. TRUE.
- 40. TRUE.

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[Return to Manual Section “412.10.1 – Active Family File”](#)

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## 412.18.4.10      Answers – 412.10.2 – Closed Family File

- 41. TRUE.
- 42. TRUE.
- 43. TRUE.
- 44. c. – All of the above.

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[Return to Manual Section “412.10.3– Closed Family File Prior to Full Recovery”](#)

## 412.18.4.11      Answers – 412.10.3 – Closed Family File Prior to Full Recovery

- 45. TRUE.

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## **412.18.4.12 Answers – 412.11 – Referral**

46. TRUE.

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## **412.18.4.13 Answers – 412.11.1 – OIG Field Investigations – Referral to the WFI**

47. TRUE.

48. c. – OIG 1009.

49. e. – All of the above.

50. TRUE.

51. b. – 30 calendar days.

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## **412.18.4.14 Answers – 412.11.2 – Overpayments – Referral to the CIA**

52. TRUE.

53. e. – All of the above.

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412.18.4.15    Answers – 412.12 – Administrative Disqualification Hearings

54.    TRUE.

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412.18.4.16    Answers – 412.13 – Prosecution

55.    TRUE.

56.    TRUE.

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412.18.4.17    Answers – 412.14 – OIG Collection

57.    TRUE.

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412.18.4.18    Answers – 412.15 – CCIS Responsibilities

58.    TRUE.

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412.18.4.19    Answers – 412.16 – OIG Responsibilities

59.    TRUE.

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