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| LOCAL COMMISSIONERS MEMORANDUM |  
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DSS-4037EL (Rev. 9/89)

Transmittal No: 92 LCM-115

Date: July 30, 1992

Division: Administration

TO: Local District Commissioners

SUBJECT: Claiming Enhanced Federal Reimbursement for Fraud &  
Abuse Investigation Unit Expenditures

ATTACHMENTS: Attachment #1 - Claiming Instructions (available on line)  
Attachment #2 - Schedule D-17 (not available on line)  
Attachment #3 - Schedule D-10 (not available on line)  
Attachment #4 - DSS-3922 (not available on line)

The Federal Omnibus Budget Reconciliation Act of 1987 (OBRA-87) added a new section to the Social Security Act which permits State agencies to establish and operate an optional fraud control program for the Aid to Families with Dependent Children (ADC) Program. This section also provides federal matching at a 75 percent Federal reimbursement rate for costs directly attributed to the operation of a fraud control program, including prosecution, conducting administrative disqualification hearings, and any resulting fraud collection activities.

The enacted State budget for fiscal year 1992-93 established such a fraud control program in New York State as of April 1, 1992.

To permit the claiming of this enhanced federal funding, a new claim schedule has been developed entitled Schedule D-10 - Claiming of Fraud and Abuse Administrative Costs (DSS-2347F). This new schedule combines into one grouping all fraud and abuse activities that take place for public assistance, medical assistance and food stamps that are currently part of the administrative activities that take place within these functions.

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The local districts should use the newly established function code of F-10 to identify those staff who work in the fraud and abuse unit. This new functional code will include Public Assistance, Medical Assistance and Food Stamp investigations and related activities. Food Stamp fraud activities should no longer be claimed for reimbursement on the Schedule D-7.

The mandated State program Front End Detection System (FEDS) would also be included as an F-10 function. Please note that for FEDS, only those activities that are performed by investigators would be eligible for the enhanced Federal funding. Activities performed by eligibility workers under FEDS are considered to be part of their normal income maintenance/eligibility duties and should be claimed as F-1 function costs.

Please begin to follow the attached instructions immediately for this program. The attached instructions are interim procedures to be used until the Automated Claiming System (ACS) can be revised to accommodate a new Schedule D-10, and the F-10 function code on the Schedule D. At that time these instructions will become part of the Local Cost Allocation Manual Bulletin 143b.

Please remember that increases in fraud and abuse administrative costs are eligible for exemption from the administrative Cost Cap. There are some fraud and abuse costs, however, included in the base year amount from which your current year's cap is derived. Only costs in excess of this base amount can be considered for exemption of the Administrative Cost Cap.

If you have any questions on the claiming of this fraud and abuse function, please contact the following Bureau of Local Financial Operations Staff:

Metropolitan Office: Marvin Gold (212) 804-1108  
User ID# 0FM270

Upstate Office: Roland Levie 1-800-342-3715  
Ext. 4-7549 User ID# FM0020

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Nelson Weinstock  
Deputy Commissioner  
Division of Administrative Services

## CLAIMING OF FRAUD AND ABUSE INVESTIGATION UNIT EXPENDITURES

The Federal government's passage of the Omnibus Budget Reconciliation Act of 1987 (OBRA-1987) authorized states to establish optional fraud control programs that are eligible for enhanced Federal share funding of 75 percent for public assistance fraud investigations.

New York State as part of the Budget Bill for State Fiscal Year 1992-93 has established such a program within the State effective as of April 1, 1992. The following will be an interim process to permit the reporting and claiming of administrative expenditures for this new funding.

The local districts should use the newly established function code of F-10 to identify those staff who work in the area of fraud and abuse investigations to include Public Assistance, Medical Assistance and Food Stamp investigations. Food Stamp fraud activities should no longer be claimed for reimbursement on the Schedule D-7.

Costs that are directly attributable to the prosecution of fraud cases, the conducting of administrative disqualification hearings, and any resulting fraud collection activities are expenditures that should also be included in the new functional code F-10 as allowable Fraud and Abuse activities.

The Mandated State program Front End Detection System (FEDS) would also be included as a F-10 function. For FEDS only those activities that are performed by investigators would be eligible for the enhanced Federal funding. Activities performed by eligibility workers under FEDS are considered to be part of their normal duties and should be claimed as F1 function costs.

As part of this interim process these F-10 function codes should be accumulated in Column 11 - Other Reimbursable Programs of the Schedule D-DSS Administrative Expenses Allocation and Distribution By Function and Program (DSS-2347). Non-Salary expenditures should be reported in Column 11 of the Schedule DSS-923 first and then carried to the Schedule D. Those F-10 expenditures reported in Column 11 of the Schedule D would then be reported in a separate column of the Schedule D-17 - Distribution of Allocated Costs to other Reimbursable Programs (DSS-3274). The local districts would determine the costs to be allocated to each benefiting program and the resulting Federal, State and local shares by using the proposed Schedule D-10 - Claiming of Fraud and Abuse Investigation Unit Expenditures (DSS-2347F). Because there are no certifications on the Schedule D-10 the local districts will need to complete a DSS-3922 as part of this interim process. When the Automated Claiming System is changed to accommodate the new Schedule D-10, the DSS form will be incorporated as a part of the RF-2A claim package. Then the DSS-3922 form and the Schedule D-17 will no longer be needed.

## Instructions for the Schedule D-10

The total Fraud and Abuse Expenditures will be allocated to the benefiting programs on the basis of the total number of cases that were investigated during the previous quarter. For example if a case was

investigated for fraud under the ADC program and the Food Stamp program it would be counted as being 1/2 ADC and 1/2 Food Stamps. If a case was investigated for fraud under PA, FS and MA it would be counted as 1/3, 1/3, 1/3 under each category. The number of cases counted under each are totaled and a percentage established as part of grand total. The following is an example of a worksheet used to establish percentages. Percentages should be calculated to two places and all normal rounding procedures should be followed.

## Case Counts

	Total	ADC	HR	Food Stamps	Medical Asst
	1	.50		.50	
	1			1.0	
	1	.33		.33	.33
	1		.33	.33	.33
	1		.50	.50	
	1		1.0		
	1	1.0			
Grand Total:	7	1.83	1.83	2.67	.67
%'s	100.00%	26.14%	26.14%	38.15%	9.57%

## Section 1 - Calculation of Shares for Administrative Costs

- Line 1 - Total Fraud and Abuse Expenditures - Enter the amount on Line 15 -total Salary and Non-Salary Costs (Lines 11 & 14) of the Schedule D-17 from the column used for the Fraud and Abuse Program.
- Line 2 - Identified Costs - Enter those costs that can be directly identified to one of the benefiting programs. An example of a directly changeable costs would be the cost of obtaining a medical assessment to determine the ability or inability of a principal earner to fulfill his/her work or training requirements. Such assessment costs would be directly charged to the ADC program for reimbursement.
- Line 3 - Balance to be allocated - Enter the result of subtracting Line 2, Column 1 from Line 1, Column 1
- Line 4 - Allocation Percentages - Enter under each column the percentages determined from the worksheet
- Line 5 - Balance of Costs Allocated - Enter in each column the results of multiplying Line 3, Column 1 by the percentages on Line 4.
- Line 6 - Total Costs Subject to Reimbursement - Enter in each column the result of adding Line 2 and Line 5 together
- Line 7 - Federal Share - Enter the results of multiplying the amounts on Line 6, Columns 2&4 by 75%. For Column 5 enter the result of multiplying Line 6, Column 5 by 50%.
- Line 8 - Balance - Enter the results of subtracting Line 7 from Line 6 for each Column.
- Line 9 - State Share - Enter the results of multiplying the amounts on Line 8, columns 2,3 and 5 by 50%. For column 4 enter the amount on Line 8, column 4.

Line 10- Local Share - Enter the results of subtracting Line 9 from Line 8 for each column.

Section 2 - Calculation of Federal and Local Shares A-87 Costs

Line 1 - Total A-87 Costs Fraud and Abuse - Enter the amount on Line 20 A-87 Costs of the Schedule D-17 from the column used for the Fraud and Abuse Program.

Line 2 - Identified Costs - Enter in each column the Fraud and Abuse amounts for any program for which identified costs have been made. This is calculated based on the ratio of identified costs in each program to total costs in Section 1. The percentages are applied against the total A-87 costs and are entered on Line 2 under the respective columns.

Line 3 - Net Amount is to be allocated - Enter the result of subtracting Line 2, Column 1 from Line 1, Column 1.

Line 4 - Allocation Percentages - Enter under each column the percentages as taken from Line 4 of Section 1 above.

Line 5 - Total Costs Allocation - Enter in each column the results of multiplying Line 3, Column 1 by the percentages on Line 4.

Line 6 - Total Costs Subject to Reimbursement - Enter in each column the results of adding Line 2 and Line 5 together.

Line 7 - Federal Share - Enter the results of multiplying the amounts on Line 6, Columns 2 and 4 by 75%. For Column 5 enter the results of multiplying the amount on Line 6, column 5 by 50%.

Line 8 - Local Share - Enter the results of subtracting Line 7 from Line 6 for each column.

Because this schedule does not have a certification area the local districts should complete a DSS-3922 - Financial Summary for Special Projects that the Schedule D-10 will support. The local districts will transfer the total Federal, State and local shares from Sections 1 and 2 of the D-10 to Line E, Project total of the DSS-3922. The county name, month and year of the claim and the project name (Fraud & Abuse) should be completed by the district.

Local districts may file retroactive claims for the period starting April 1, 1992. If such claims are filed corresponding credit claims for the other program areas should also be filed for the same period.

Until a supply of Schedule D-10 forms can be printed the local districts may photocopy and use the attached form.

All claims should be submitted on a monthly basis to the Bureau of Local Financial Operations at NYSDSS, 40 N. Pearl St., 8th floor, Section C, Albany, New York, 12243.

Please remember that increases in Fraud and Abuse administrative costs are eligible for exemption from Administrative Cost Cap. There are some fraud and abuse costs, however, included in the base year amount from which your current year's cap is derived.