

---

**FOOD AND NUTRITION SERVICES CERTIFICATION  
CLAIMS**

---

**FNS 800 Claims**  
**Change #1-2017**  
**April 1, 2017**

Claims begin with referrals from any source that alleges a Food and Nutrition Services household has received or used benefits inappropriately, or has provided questionable information during the application/recertification process **or when reporting a change**. The Date of Discovery for all types of referrals is the date Program Integrity **determines there is an actual FNS overissuance through completing a DSS-1682, Report of Erroneous Overissuance or determines there is not a FNS overissuance and unsubstantiates the referral in EPICS**. The five basic types of referrals are defined below.

**800.01 FRONT END REFERRALS**

Front End Referrals are used when information provided by the applicant is questionable or conflicting, and eligibility cannot be determined. Front End Referrals are referrals made after the application is filed but before an application is approved or denied. The caseworker processing the application should attempt to resolve the eligibility factor using all available sources before referring a case for a Front End. The Investigator must act on the referral to resolve the eligibility factor, and provide a decision to the caseworker within ten (10) calendar days. Do not delay processing an application unless a DSS-8650, Notice of Information Needed to Complete your FNS, is pending. See Section 840 for policy regarding Front End Investigations. Enter Front End Referrals in EPICS with a referral type code of "F". **Front End referrals are the only referrals types that can be opened in NC FAST.**

**800.02 REGULAR REFERRALS**

Regular referrals apply to both active and terminated cases. The referral source can be a caseworker, third party source, or automated match. Regular referrals usually result in an Agency Error (AE) or an Inadvertent Household Error (IHE) claim because they do not appear to involve a false statement by the applicant. However, a regular referral may result in an Intentional Program Violation (IPV) claim once the investigation is completed. Establish claims or refer for an Administrative Disqualification Hearing (ADH) or criminal prosecution within 180 days of the Date of Discovery. Enter regular referrals in EPICS with a referral type code of "R".

**800.03 SUSPECTED INTENTIONAL PROGRAM VIOLATION REFERRALS**

Suspected IPV referrals apply to both active and terminated cases. The referral source can be a caseworker, third party source, or automated match. Generate a suspected IPV referral based on the belief that a false statement was made at application or recertification **or when reporting a change**. Establish a claim or refer for an Administrative Disqualification Hearing (ADH) or criminal prosecution within 180 days of the Date of Discovery. Enter suspected IPV referrals with a referral type code of "S" **(except IPV referrals suspected of trafficking. See section 800.05 for trafficking referrals)**.

**800.04 PROJECT RECALL REFERRALS**

Project Recall referrals are generated from a Project Recall verification. Counties are provided monthly listings of applications approved two months prior to the current month. Use this list to randomly select cases and check for changes that may have occurred since the application. Counties are not required to participate in Project Recall. Enter Project Recall referrals in EPICS with a referral type of "P".

---

**FOOD AND NUTRITION SERVICES CERTIFICATION  
CLAIMS**

---

**800.05           TRAFFICKING REFERRALS**

Trafficking referrals apply to cases of suspected benefit misuse or abuse that violates the USDA Federal Regulation §271.2. Federal Regulation §271.2 defines trafficking as the buying or selling of FNS benefits for cash or consideration other than eligible food; or the exchange of benefits for firearms, ammunition, explosives or controlled substances; or the attempt to buy or sell FNS benefits online and in public; or the reselling of food purchased with FNS benefits; or the purchasing of a product with FNS benefits that has a container requiring a return deposit with the intent of obtaining cash by discarding the product and returning the container for the deposit amount. Trafficking referrals can originate from USDA/Food and Nutrition Services or an outside source. Trafficking referrals also may result from the attempt to buy or sell FNS benefits online and in public. Consider each person listed on an USDA store disqualification charge letter a referral. Refer to Section 830, EBT Recipient and Retailer Fraud. Enter trafficking referrals in EPICS with a referral type of “ T”.

**800.06           INVESTIGATION PROCEDURES**

Program Integrity must create a referral in EPICS when a FNS overissuance or IPV is suspected, within 10 business days. The date of discover should not be entered until the investigation is completed. Complete an investigation and enter a Date of Discovery in EPICS before establishing a claim or seeking an IPV disqualification or making a criminal referral, or unsubstantiating a referral. The date the [DSS-1682](#) is completed will become the Date of Discovery. If during the investigation it is determined that a suspected IPV has occurred, but no overissuance can be established, enter the date of the ADH notice or criminal referral as the Date of Discovery. If during the investigation it is determined that there is no overissuance and no IPV, substantiate the referral and this date becomes the Date of Discovery. A Date of Discovery must be entered within 180 days from the referral creation date.

Complete Food and Nutrition Services investigations using the following steps. Mail original notices to the individual suspected of committing the IPV, and a copy of all notices to any known legal or authorized representative.

- A.     Upon the receipt of a referral:
  - 1.     Create a referral in EPICS and do not enter a Date of Discovery if the [DSS-1682](#) is not completed. (See the EPICS User’s Manual for instructions.)
  - 2.     Open an investigative file folder and begin a narrative.
  - 3.     Pull the case files for all aid programs the client received, and label to prevent purging. Close the referral if the eligibility file(s) has been purged or lost for the period of suspected overissuance.
  
- B.     Investigate the referral:
  - 1.     Review all local agency eligibility files for the household under investigation. Check for verifications or other reported pertinent information.
  - 2.     Send a written request to all third party verification sources (such as employers, neighbors, etc.) to verify the information reported by the referral that is not part of the Food and Nutrition Services or other agency files. Request a reply within 30 days.

---

**FOOD AND NUTRITION SERVICES CERTIFICATION  
CLAIMS**

---

3. Send a second written request to all third party verification sources that did not respond to the first request within 30 days. Request a reply in 15 days.
  4. Send a request to the household under investigation for information if the third party verification is not provided at the end of the second request period. **The DSS-8231, Request for Information must be used to request information.** Request a reply in 15 days. Mail a copy to any known legal or authorized representative. Do not force the suspected household to cooperate.
- C. Client interviews:
1. An individual under investigation cannot be forced to:
    - a. Answer questions,
    - b. Allow you in their home,
    - c. Cooperate,
    - d. Provide documents,
    - e. Sign a waiver, statement, or agreement.
  2. An individual under investigation has the right to:
    - a. Review any evidence that may be used against him/her,
    - b. Have an attorney present during an interview, at their own expense,
    - c. Have a representative present during an interview,
    - d. Present evidence on his/her own behalf.
  3. If an investigation warrants an interview with the individual prior to establishing a claim, mail DSS-8230, Program Integrity Appointment Notice to notify client of an appointment. Mail a copy to any known legal or authorized representative. Keep a copy in your file.
  4. Do not require a client under investigation to come into the agency to discuss the amount of the claim or the type of the claim. Inform the client that his/her participation is strictly voluntary.
  5. Schedule and conduct a home visit with the client, if appropriate and the client consents. Mail a DSS-8230, Program Integrity Appointment Notice at least three (3) working days prior to the home visit. Mail a copy of the DSS-8230 to any known legal or authorized representative. Keep a copy in the investigative file. Cancel the home visit if the client declines to allow the home visit.
  6. During the interview, advise the individual of his/her rights in 800.06, C, 1-2.
  7. Make reasonable inquiries into the individual's educational level, reading ability, language barriers, medical or psychological problems, or a victim of domestic violence. **If it is determined a client has any of these issues, explain how to obtain an authorized representative and document the outcome. Refer to section E, for information on how to handle this situation.**
  8. Continue the investigation if the client does not cooperate with the interview or home visit. Establish a claim without a client interview if the client does not keep the appointment, and the evidence is clear and convincing to prove the overissuance.

---

**FOOD AND NUTRITION SERVICES CERTIFICATION  
CLAIMS**

---

- D. Determine the amount of the overissuance:
1. Evaluate all evidence to determine if an overissuance/underissuance of Food and Nutrition Services benefits occurred. If an underissuance occurred due to client's failure to report a change, no further action is required. Do not restore benefits.
  2. Use actual unreported income for each month of the issuance period. Do not reverify reported income unless there is a reason to believe it has changed. For example, **re-verify** the UIB of a person who recently began new employment, since you would have reason to believe the UIB would terminate.
  3. Use the Program Integrity trial budget to calculate the correct allotment.
    - a. Enter unreported earned income as unearned income to prevent earned income deductions for IHE and IPV claims.
    - b. Enter all earned income as earned income for AE claims.
  4. Use information on the Person Page, under the Financials tab in NC FAST to determine the amount of the benefits issued.
  5. Complete a DSS-1682 as instructed in Section 835 of the Food and Nutrition Services Certification Manual.
  6. Verify **through ebtEdge** the benefits issued were used and not expunged.
  7. The DSS-1682 must be reviewed, approved, and signed by a Supervisor or their designee. The Supervisor or designee must ensure the calculations on the DSS-1682 are correct. **Once the DSS-1682 has been completed, enter the date of the DSS-1682 as the Date of Discovery in EPICS.**
  8. Close the referral when an overissuance amount cannot be determined due to lack of cooperation by the client or third party verification sources. **Close the referral when it is determined that no overissuance occurred. The date that the Investigator determines there is no overissuance is the Date of Discovery to be entered into EPICS.**
- E. Determine the type of overissuance:
1. Review all **local agency** eligibility files to determine if the information was reported to another caseworker.
    - a. Unless the Medicaid and Food and Nutrition Services Caseworker is the same person, information known to Medicaid and Services (including Child Care) is not considered known to Food and Nutrition Services. Establish an IHE claim if information is reported to Medicaid or Services but not Food and Nutrition Services.
    - b. Information known to Work First Family Assistance (WFFA) is considered known to Food and Nutrition Services. Establish an AE claim if information is reported to Work First Family Assistance and not shared with Food and Nutrition Services.

---

**FOOD AND NUTRITION SERVICES CERTIFICATION  
CLAIMS**

---

- c. Establish an AE claim if information reported to Food and Nutrition Services was not acted upon promptly and/or correctly. Follow rules in the Food and Nutrition Services Certification Manual regarding reporting requirements and how the caseworker must respond to the information.
    - d. Do not establish a claim if the recipient was not required to report the change, the income was excluded, or the income could not have been anticipated, **unless it was reported to Food and Nutrition Services and required to be acted on according to FNS Manual Section 400.03.**
  2. Review the evidence for proof of an intent to commit a violation.
    - a. A false statement or withheld information at application or review must be present for an IPV claim. Document proof of intent in the file.
    - b. Reporting change(s) that increase benefits, but failing to report required change(s) that decrease benefits, may demonstrate fraudulent intent.
    - c. Additional evidence of fraudulent intent may include falsified documents or information withheld for more than one application or review.
    - d. Consider a claim to be an IHE and not an IPV if the **local agency** records contain evidence of a mental or physical condition that may significantly impair the client's ability to understand and follow program rules or to communicate clearly and/or accurately with **the local agency**. Consideration should be given to an individual's possible limited English proficiency and possible illiteracy when determining if the debtor knowingly and willfully intended to commit fraud.
    - e. Establish an IHE claim when the overissuance is not an **Agency Error** or Intentional Program Violation by the client or representative.
    - f. Factors to evaluate in determining whether there was fraudulent intent include prior reporting history, other incidents of dishonesty by the individual in dealing with **the local agency**, the length of the period of overissuance, and evidence of reasonable efforts by the individual to contact **the local agency** and report the information.
- F. Collection of AE and IHE claims:
  1. Enter the claim information in EPICS to generate the letter of overissuance. Use the Maintain Client screen in EPICS to add an address when EPICS address fields are blank. Use your best available information.
  2. EPICS automatically begins recoupment procedures for active households unless debtor(s) are blocked. **Debtors are blocked from recoupment if an X is placed in the FS Appeal Indicator on the Debtor Detail screen.**
  3. Upon establishment of a claim, negotiate a **Voluntary Repayment Agreement** with the debtor(s). Use DSS-8604 to document the agreement **if the DSS-8554, Letter of Overissuance was not returned and accepted.** Enter the repayment

---

**FOOD AND NUTRITION SERVICES CERTIFICATION**  
**CLAIMS**

---

agreement information in the Repayment Approach Screen in EPICS. All types of claims are required to be paid in full within 36 months from the date of **establishment**. In cases of hardship, the 36 months may be extended up to 60 months by the State Office. **If a claim is \$4,000.00 or more, considered this to be a hardship and allow the claim to be paid off within 60 months.** If the **local agency** determines the household meets the hardship requirements, then fax a request on letterhead to the State Office/Attn: Program Integrity to 919-334-1265. The request must have the signatures of the Investigator and the Program Integrity Supervisor. List the reason for the hardship and the claim information. A Voluntary Repayment Agreement is **offered to the debtor when** the Letter of Overissuance DSS-8554 is issued, when the 60 Day Notice is issued, **and** when the Post Hearing Repayment Notice DSS-8658 is issued. **A Voluntary Repayment Agreement can be offered to a debtor anytime until the debtor is considered delinquent. Once the 60 Day Notice period has expired and the debtor failed to sign a Voluntary Repayment Agreement and make the minimum monthly payment timely, the debtor is considered delinquent. Once a debtor becomes delinquent, the debtor will be considered delinquent until the entire claim is paid.**

**Note:** If a debtor begins to have an active FNS case during the 60 Day Notice period, a Voluntary Repayment Agreement can be accepted within 30 days after the month the debtor stops receiving FNS benefits. The debtor is notified on the DSS-8554, Letter of Overissuance to contact the local agency and make a payment according to an accepted Voluntary Repayment Agreement within 30 days of the last month the debtor received FNS benefits.

4. **Use the FRD-425, Delinquency Report Investigator's Maintenance Report and FRD-750, Terminated Claims to determine delinquent debtors. Delinquent letters must be sent quarterly and a copy of the delinquent letter kept in the file. Delinquent letters are created by the local agency.**
5. **EPICS automatically begins procedures for TOP, DOR, and NC Education Lottery (NCEL) interception on delinquent claims unless the debtor(s) is blocked. If the debtor has an active FNS case or becomes an active FNS recipient, a debtor is made inactive in the TOP, DOR, and NC Education Lottery (NCEL) systems. A manual block should not be applied to claims for having a VRA or being an active FNS recipient.**

**G. Establishment of IPV claim and disqualification:**

Evidence to prove a person committed an IPV must be clear and convincing. Clear and convincing is defined as the measure or degree of proof which will produce, for a reasonable person, a firm belief or conviction of the allegations being sought.

1. **Each local agency must develop Prosecution Guidelines to ensure equitable claim establishment and collection procedures within their local agency. Prosecution Guidelines determine which suspected IPV claims will be prosecuted in Criminal Court or established with an Administrative Disqualification Hearing (ADH).**

---

**FOOD AND NUTRITION SERVICES CERTIFICATION  
CLAIMS**

---

2. Complete a second party file review to ensure there is clear and convincing evidence to prove the client committed an Intentional Program Violation. Otherwise, establish the claim as an IHE. The difference between an IPV and an IHE is intent. **If during an ADH or a determined by a judge that an IPV did not occur, establish an IHE claim.**
3. Determine if the claim is subject to criminal prosecution.
  - a. Prepare case summary and evidence for appropriate authorities.
  - b. Enter a claim type of "P" in EPICS on the day the case is released to appropriate authorities **and enter this date as the Date of Discovery.**
  - c. Cooperate with the District Attorney's Office through the completion of the case.
  - d. Once established, enter the IPV claim and disqualification in EPICS. Follow instructions in the EPICS User's Guide.
  - e. Cooperate with the probation officer for claim collection if the client is found guilty of the offense.
4. Decide if the claim is subject to Administrative Procedures.
  - a. Prepare a case summary and evidence for an Administrative Disqualification Hearing.
  - b. Prepare and mail together via first class or certified mail a DSS-8556, Advance Notice of Disqualification Hearing and a DSS-8588, Waiver of Administrative Disqualification Hearing to the recipient and any known legal or authorized representative. Allow 30 calendar days notice. Do not make threats in an attempt to have the client sign a waiver. Never allow a client to sign a waiver in the presence of an Investigator in order to prevent a later claim that they were coerced into signing the waiver against their will.
  - c. Enter a claim type of "U" in EPICS on the day the DSS-8556 is mailed. **Enter the Date of Discovery into EPICS. The Date of Discovery will be the date the DSS-1682 is completed.**
  - d. Prepare a copy of the case summary and evidence for the hearing officer and the recipient. **Always include the manual sections used to determine this was an IPV.**
  - e. Follow policy in Section 710, Administrative Disqualification Hearings.
  - f. Once established, enter the IPV claim and disqualification in EPICS. Instructions are in the EPICS User's Guide.
  - g. Only the individual who signed the Waiver of ADH or was found guilty of the IPV will be disqualified. However, the claim is to be collected from all

---

**FOOD AND NUTRITION SERVICES CERTIFICATION  
CLAIMS**

---

responsible household members. Responsible household members must be 18 years or old at the time of the overissuance, included in the FNS Unit, someone who should have been included in the FNS Unit, or an emancipated minor head of household. Do not include as a debtor someone who was included in the FNS Unit when it is proven that person no longer lived in the household.

h. Follow collection procedures consistent with an IHE claim.

**H. Date Of Discovery for AE, IHE, and IPV Claims**

A local agency has 180 days to investigate a referral to determine if there is an actual overissuance. A local agency has an additional 180 days to establish a claim once it has been determined there is an actual overissuance and the Date of Discovery has been entered into EPICS.

1. Once a referral is made of a suspected overissuance or IPV to Program Integrity a referral must be entered into EPICS within 10 business days. The Date Of Discovery field in EPICS should remain 00/00/0000 until it has been determined that an overissuance or disqualification has occurred.
2. If during the investigation it is determined that an overissuance did occur, complete a DSS-1682 and enter into EPICS the date of the DSS-1682 in the Date of Discovery field in the Referral Detail 1 screen, A claim must be established within 180 days from the Date of Discovery.
3. If during the investigation it is determined that no overissuance occurred or can be determined, enter the date this has been determined into EPICS in the Date of Discovery field in the Referral Detail 1 screen and unsubstantiate the referral,
4. If during the investigation it is determined that an IPV occurred, but no overissuance can be determined enter this date into EPICS in the Date of Discovery field in the Referral Detail 1 screen. The claim must be established for \$1.00 within a 180 days from the Date of Discovery. Establish the disqualification in EPICS and fax a request to the State Office to close the claim the next business day. Do not establish a claim for \$1.00 when the casehead has no Social Security Number (SSN). Document in the record for tracking purposes.

**I. Referrals With A Date Of Discovery 00/00/0000**

1. Once a referral has been created in EPICS a Date of Discovery must be entered into the Referral Detail 1 screen within 180 days of the Referral Date.
2. Program Integrity Supervisors must monitor the report MONTHLY FNS REFERRALS WITH NO DATE OF DISCOVERY in XPTR to ensure that no referrals have a Creation Date of more than 180 days with a Date of Discovery of 00/00/0000.