



North Carolina Department of Health and Human Services Division of Social Services

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Courier # 56-20-25 Fax 919-733-9386

Michael F. Easley, Governor
Carmen Hooker Buell, Secretary

Pheon E. Beal, Director
(919) 733-3055

December 5, 2001

Re: Requirements to Establish Claims

Dear County Director of Social Services:

**Attention: Food Stamp Supervisors
Work First Supervisors
Program Integrity Supervisors**

As you know, the General Assembly eliminated many items from the state budget in an effort to trim costs. Among the cuts was the \$25,000 incentive money to enhance program integrity units across the State. Even though the enhanced funding has been eliminated, the requirements for establishing claims for overpayments in the Work First and Food Stamp programs still exist.

Rules in 10NCAC49B, Section .0608, of the North Carolina Administrative Code require that each county department of social services designate staff to operate a program for fraud prevention, detection, and investigation of overpayments in the Work First program. County departments of social services are also required to take the necessary steps to recover overpayments in the Work First Program.

Federal regulations found in 7 CFR 273.18(a) require agencies to establish a claim against any household that has received more food stamp benefits than it is entitled to receive. Furthermore, 7 CFR 272.4(h) requires counties with more than 5,000 food stamp cases to operate a fraud detection unit. Staff in the fraud detection unit are not required to work full-time in program integrity, nor must they work exclusively on food stamp fraud cases.

Regulations also require that efforts to establish, track, and collect food stamp claims be monitored through periodic Management Evaluation (ME) reviews. Failure to meet the requirements results in corrective action being initiated. The Enterprise Program Integrity Control System (EPICS) is the method through which North Carolina tracks and reports program integrity activity and collections. Therefore, EPICS maintenance is necessary in order to report accurate information regarding established claims and collections.

Counties derive a number of benefits from establishing and pursuing collection of overpayments in the Food Stamp and Work First programs. Some of the benefits are:

- ◆ Community awareness about overpayment recovery and prosecution fraud serves as a deterrent to those who may consider defrauding the programs.
- ◆ Identifying and collecting overpayments ensures quality in the Work First and Food Stamp programs as these cases often point out training needs for income maintenance staff.
- ◆ Program integrity investigators allow income maintenance staff to devote their full attention to establishing eligibility for Food Stamp and Work First benefits.
- ◆ Counties retain a percentage of overpayments collected which offsets the cost of program integrity staff. Counties are allowed to retain thirty-five percent of the amount collected on Intentional Program Violations in the Food Stamp Program, and twenty percent of the amount collected on Inadvertent Household Errors in the Food Stamp Program. Seventy-five percent of the amount collected on Work First overpayments is returned to the counties. State law mandates that county departments of social services dedicate the full return of the Work First overpayments collected to enhance and improve program integrity.

If you have any questions, please contact your Program Integrity Representative or Program Operations Branch at (919) 733-3760.

Sincerely,

Wilbert R. Morris, Chief
Economic Independence Section

WRM/DL/slb
EI-28-2001