

**DEPARTMENT OF SOCIAL SERVICES**

744 P Street, Sacramento, California 95814



March 3, 2003

ALL COUNTY INFORMATION NOTICE I-10-03

TO: ALL COUNTY WELFARE DIRECTORS  
ALL FOOD STAMP COORDINATORS

**REASON FOR THIS TRANSMITTAL**

- State Law Change
- Federal Law or Regulation Change
- Court Order
- Clarification Requested by One or More Counties
- Initiated by CDSS

SUBJECT: FNS-209 REPORT VALIDATION MODULE AND CERTIFICATION OF COMPLIANCE

REFERENCE: ALL COUNTY LETTER 88-42  
ALL COUNTY INFORMATION NOTICE I-80-02

The purpose of this notice is to request that counties complete the FNS-209 Report Validation Module (module four of the Recipient Claims Self-Assessment Guide that was previously distributed on October 30, 2002 via ACIN I-80-02) and the county Status of Claims Against Households (FNS-209) Certification of Proper Completion.

The United States Department of Agriculture (USDA), Food and Nutrition Service (FNS) requires the California Department of Social Services (CDSS) to ensure that counties are properly completing the FNS-209 report. In an effort to determine compliance with minimal impact on the counties, CDSS is asking the County Welfare Directors to certify that the FNS-209 is being completed properly and in accordance with ACL 88-42.

Additionally, we are asking the counties to complete and return the attached FNS-209 Report Validation Module and any written procedures regarding the completion of the FNS-209 report. The FNS-209 Report Validation Module should be completed by county staff who are responsible for the completion of the FNS-209 report. The Director's certification, FNS-209 Report Validation Module, and copies of any written procedures should be completed and returned no later than March 31, 2003 to the following address:

California Department of Social Services  
Corrective Action Bureau  
744 P Street, MS 16-32  
Sacramento, CA 95814  
ATTN: Leanna Pace

CDSS will review the completed modules and county procedures to determine proper completion of the FNS-209 report and to determine if a detailed field review of the FNS-209 procedures is warranted.

If you have any questions regarding this notice or the attached FNS-209 Report Validation Module, please contact Bill Mullinax of the Food Stamp Policy Bureau, at (916) 657-3418. Please direct all questions regarding proper completion of the FNS-209 report to James Cortes of the Fund Accounting and Reporting Bureau at (916) 657-3131.

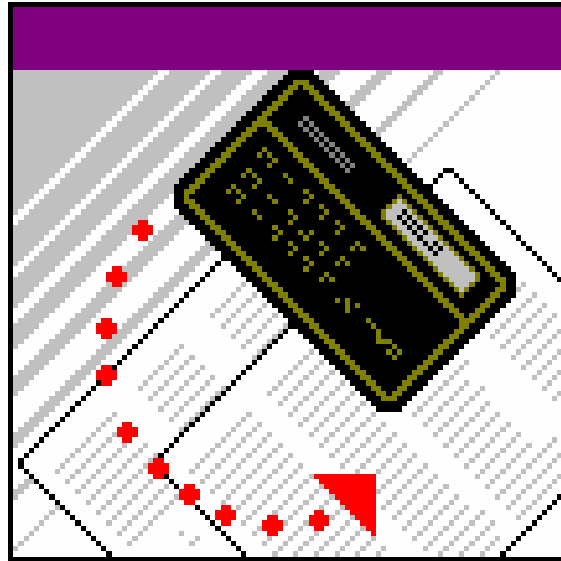
Sincerely,

***Original Document Signed By***

F. PATRICK SUTHERLAND, Acting Chief  
Food Stamp Branch

Attachments

# Recipient Claims Self-Assessment Guide



FNS-209 Report Validation  
Module

Revised  
February 2002

### Business Objectives:<sup>1</sup>

The organization will take the necessary steps to ensure that it can generate and validate FNS-209 report (*Status of Claims Against Households*) information within federal time frames

### Control Objectives (CO):

An efficient and effective claims management system will have a number of well-devised manual and automated procedures in place to ensure that the FNS-209 report is accurate and submitted on time.

1. Competent and sufficient staff have been assigned to ensure that FNS-209 information is correct before submitting that report to FNS.
2. A system of automated and manual procedures are in place to ensure that FNS-209 report generation process accurately captures and summarizes actual transactions for each quarter.
3. Tools exist that allow managers to monitor the efficiency and effectiveness of claims reporting processes (e.g., management reports, CAATs).
4. Independent reviews are conducted periodically to increase the confidence levels that the standards and procedures in place for the FNS-209 are being followed and remain effective (e.g., internal audits, management evaluation reviews).

### Review Requirements:

The staff who will complete this assessment will have a good understanding of how the FNS-209 report is generated or reconciled, as well as how the information on this report is checked for accuracy before it is submitted to FNS. For further explanation on FNS-209 data requirements, staff should refer to the *FNS-209 Validation Guide* (January 1995).

Some consultation with information technology staff may be necessary to complete some parts of this assessment.

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<sup>1</sup> Business objectives are the same as management or organizational objectives. They are the goals the organization hopes to achieve over a specific period of time.

**CO1. Staffing/Organization Issues:**

1. Provide organization charts that show where the FNS-209 functions are placed within the overall organization. Note the names of units/staff responsible for the following claims functions:

Function	Unit/Person's Name
a) Generating the FNS-209:	
b) Reconciling FNS-209 information:	
c) Submitting the FNS-209 to FNS:	

2. If available, provide job descriptions for key claims staff in the functions listed above.

**CO2. Written and Automated Controls & Procedures:**

**Written Standards & Procedures (S&Ps):**

1. Does the State have *written* S&Ps for completing and reconciling FNS-209 report information?

- Yes  
 No

2. If written S&Ps exist, is compliance with S&Ps by local staff considered mandatory or voluntary?

- Mandatory  
 Voluntary

3. Provide (or copy) a flow chart or narrative description of FNS-209 reporting processes.

**Automated Procedures:**

1. List all of the automated systems that are used to support FNS-209 report generation/ validation processes:

System Name:	Claims Function(s): <sup>2</sup>	Users:
1.		
2.		
3.		

Additional comments:

2. Provide documentation summarizing each system's environment<sup>3</sup> and functionality.
3. Are there interfaces between these systems *OR* is keying of the same data on multiple systems necessary?
4. What tools and procedures are used to identify/resolve data discrepancies (e.g., missing data, different data showing on different systems for the same account)?

Tool's name: <sup>4</sup>	User:	Purpose:
1.		
2.		
3.		
4.		
5.		

5. Provide (or obtain copies of) flowcharts or procedures that describe the data extract/report generation processes for the FNS-209.

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<sup>2</sup> If system documentation is available that describes system functionality, simply note that the information is contained in item 2. User manuals or training materials will frequently suffice, as will excerpts from general or detailed systems design documents.

<sup>3</sup> In many instances, technical documentation does not exist for locally developed/used systems; user manuals and training materials will frequently suffice. If no documentation exists, please briefly note the name of the application, if it's PC- or mainframe-based, whether it's home-grown or off-the-shelf, etc.

<sup>4</sup> Common tools are balancing, exception, and summary reports, and computer-assisted auditing tool (CAAT) software. Please provide the name of the tool (report number or CAAT's name).

**FNS-209 Validation Items:**

**Line 3a**

Claims Summary	A. IPV Number	A. IPV Amount	B. IHE Number	B. IHE Amount	C. AE Number	C. AE Amount
3a. Beginning Balance						

The Beginning Balance should include the number and the outstanding debt amount for all recipient claims that have been entered into the reporting system supporting the FNS-209.

1. The Beginning Balance is arrived at by:

- Carrying over the Ending Balance from previous quarter's report
- Derived from a new extract from the automated system

2. Describe the method(s) used to verify the accuracy of the Beginning Balance:

How are discrepancies resolved?:

**Line 3b.**

Claims Summary	A. IPV Number	A. IPV Amount	B. IHE Number	B. IHE Amount	C. AE Number	C. AE Amount
3b. Beginning Adjustments (+) or (-)						

This line is used to adjust balances to reflect amendments or corrections that need to be made because of changed or incorrect entries from a previous report. This line is also used to reflect previously reactivated compromised, or previously reactivated terminated claims or claims balances. This line includes interstate transfers (both those added into and those taken out of the system).

1. Does Line 3b include the following adjustments?:

- Previously reactivated compromised or previously reactivated terminated debt (debt previously written off as uncollectable)
- Interstate transfers
- Debt removal or adjustment of debt amounts as a result of hearings or court decisions
- TOP reversals
- Repayments due to bankruptcy notification
- Other

If other, explain:

2. Is there documentation to support these adjustments?

- Yes
- No

3. Are these adjustments posted to the claims record and claims system?

- Yes
- No



**Line 4.**

Claims Summary	A. IPV Number	A. IPV Amount	B. IHE Number	B. IHE Amount	C. AE Number	C. AE Amount
4. Newly Established						

This line is for the number and value of all claims established during the reporting period.

1. Describe the method(s) used to verify the accuracy of the Newly Established data:

2. How are discrepancies resolved?:

**Line 5.**

Claims Summary	A. IPV Number	A. IPV Amount	B. IHE Number	B. IHE Amount	C. AE Number	C. AE Amount
5. Transfer (+) or (-)						

This line is to be used to record that a previously established claim has changed from one category to another because of a hearing or court determination.

1. When transfers are made, how is the claims record adjusted?

- Yes
- No

2. Are the adjustments supported by detailed documentation?

- Yes
- No

3. Where past collections are adjusted to account for a change in claim type in line 5, are the past collection amounts included in line 19?

- Yes
- No

**Lines 6, 20a, and 20b.**

Claims Summary	A. IPV Number	A. IPV Amount	B. IHE Number	B. IHE Amount	C. AE Number	C. AE Amount
6. Refunds (20a+20b)						
20a. Cash Refunds						
20b. Non-Cash Refunds						

Line 6 is a claims summary adjustment line and contains information that has been brought up from Lines 20 (a and b) from the Collection Summary. Line 6 must equal the sum of lines 20a and 20b

Lines 20 (a and b) are limited to refunds that are a reimbursement to a client for collections in excess of the established liability.

1. How are refunds for overcollection made?:

- Yes
- No

2. Can supporting documentation be provided to support the refunds?:

- Yes
- No

3. Determine if the refunds reported for overcollections are included in the current or previous FNS-209 report.

**Lines 8, 9, and 10.**

Claims Summary	A. IPV Number	A. IPV Amount	B. IHE Number	B. IHE Amount	C. AE Number	C. AE Amount
8. Closed						
9. Terminated						
10. Compromised						

Line 8 records the number of claims that have either been paid in full or compromised to \$0 during the quarter.

Line 9 records the number and value of debt that has been determined to be uncollectible.

Line 10 reflects the number of claims and the cumulative amount by which those claims have been reduced.

1. Does the claims system automatically post the case as closed if a final payment is received?:

- Yes
- No

2. Can you generate a list of cases that have been closed, terminated, and compromised during the quarter?:

- Yes
- No

3. Are accounts routinely analyzed to determine if claims ought to be terminated and/or compromised?:

- Yes
- No

4. Do you have claims termination and compromise standards and criteria?:

- Yes
- No

If so, do these standards/criteria comply with Federal regulations?:

- Yes
- No

**Lines 11a, 11b, 18a, 18b, and 18c.**

Claims Summary	A. IPV Number	A. IPV Amount	B. IHE Number	B. IHE Amount	C. AE Number	C. AE Amount
11a. Collection (18a)						
11b. Collections Adj. (18b+18c)						
18a. Total (14+15+16+17)						
18b. Cash Adj (+) or (-)						
18c. Non-Cash Adj (+) or (-)						

Line 11a and 11b is brought up from lines 18a-c.

Line 18a is mathematically derived from entries on other lines of the report (total of lines 14-17).

Line 18b and 18c are used to record the total amendments or corrections related to lines 14-17 of a previous report. Adjustments to cash collections (from line 14) are included in line 18b. Adjustments to previous collections from lines 15-17 are included on line 18c.

1. Can cash and non-cash transactions be distinguished in the system?:

- Yes  
 No

2. Can cash adjustments be substantiated with appropriate documentation?:

- Yes  
 No

3. Can you provide a listing of cases that fell into the extract file for this line item, and used to generate the summary amounts?:

- Yes  
 No

**Line 12.**

Claims Summary	A. IPV Number	A. IPV Amount	B. IHE Number	B. IHE Amount	C. AE Number	C. AE Amount
12. Total						

For *Number* columns, enter the sum of lines 8 and 9 only.

For the *Amount* columns, enter the sum of lines 9, 10, 11a, and 11b. Be sure that (+) and (-) signs are used as appropriate.

**Line 13.**

Claims Summary	A. IPV Number	A. IPV Amount	B. IHE Number	B. IHE Amount	C. AE Number	C. AE Amount
13. Ending Balance						

Line 13 is compiled by subtracting the subtotal on line 12 from the subtotal on line 7 in the Claims Summary.

**Line 14.**

Claims Summary	A. IPV		B. IHE		C. AE	
		Amount		Amount		Amount
14. Cash, Check, M.O.						

This line records the total amount of cash payments received during the quarter. This line should include TOP, State tax offset, funds referred from private collection agencies, and collections from State courts.

1. Do you include the following in line 14?:

- Cash, check, and money order collections
- TOP collections
- State tax offset
- Funds referred from private collection agencies
- Collections from State courts

If any of the above are reported on another FNS-209 line item, please specify:

2. How are collections summarized for inclusion into the FNS-209?:

**Line 15.**

Claims Summary	A. IPV	B. IHE	C. SAE
	Amount	Amount	Amount
15. Food Stamps			

Line 15 records the total amount of payments received in food coupons during the quarter. Payments made from deductions taken from the household's EBT benefit account *subsequent to issuance* should also be included in this line.

1. Are there procedures for destroying or returning to inventory coupons received as payment?:

- Yes
- No

Do these procedures conform with Federal regulations?

- Yes
- No

If No, is an action plan in place to implement correct procedures?:

- Yes
- No

2. Does the total value of coupons accepted as payment during the quarter match the disposition logs?:

- Yes
- No

3. How are EBT benefits returned in payment credited to the client's account?:

**Line 16.**

Claims Summary	A. IPV		B. IHE		C. SAE	
		Amount		Amount		Amount
16. Recoupment						

This line records the total value of payments received through allotment reduction during the quarter.

1. Are there standards and procedures describing how recoupment actions are initiated against individuals with outstanding claims?:
2. Are recoupment amounts/percentages correctly calculated by the system?
3. How timely are recoupment actions initiated?
4. Are allotment reductions posted to the client's claims record and/or system?

**Line 17.**

Claims Summary	A. IPV	B. IHE	C. SAE
	Amount	Amount	Amount
17. Offset			

Line 17 is to be used to record the total amount of payments made by offsetting restored benefits against outstanding claims balances.

1. Does the eligibility system automatically withhold benefit underpayments to reduce/eliminate recipient claims balances?

- Yes  
 No

2. How is the offset applied when more than one debt exists for the client?

3. How is the offset payment posted to the client's claims account?

4. Can you provide documentation to support line 17 entries? (For example, can you list all cases and offset amounts that were rolled up into line 17?)

- Yes  
 No



**Line 19.**

Claims Summary	A. IPV		B. IHE		C. SAE	
		Amount		Amount		Amount
19. Transfers (+) or (-)						

Line 19 records the payments reported on previous reports collected from claims that were reported as transfers on line 5 in the current FNS-209 report.

**Line 21.**

Claims Summary	A. IPV		B. IHE		C. SAE	
		Amount		Amount		Amount
21. Total (18a+18b+18c+19-20a-20b)						

**CO3. Claims Management Tools**

1. Examine the list of central office claims reports. Are any of these used (or could be used) to identify FNS-209 summary problems?

- Yes
- No

2. Do you use computer-assisted auditing tools (CAATs) to periodically assess the accuracy of FNS-209 reports being generated by your eligibility/accounts receivable system(s)?

- Yes
- No

If Yes, what CAATs are used, who uses them and how are they used?:

3. Does the State routinely reconcile its FNS-209 balances with a system of records?

- Yes
- No

4. Are the individual debtor record files adjusted based on collections made?

- Yes
- No

5. Is the State agency able to generate an audit trail for the most recent FNS-209?

- Yes
- No

**CO4. Testing compliance with, and effectiveness of, claims S&Ps and processes:**

1. How does the agency ensure that staff are following FNS-209 reporting procedures?:

2. Which of the following types of reviews have looked at the FNS-209 reporting processes (specifically or as part of an overall financial reports review)?:

- Single Audits
- Other Internal Audit
- External Audit (conducted by federal or private sector staff)

If reviews and audits covered functions other than those listed above, please briefly summarize the scope of the review and who conducted the review:

3. Did the reviews result in any findings that pertained to, or affected, the FNS-209?:

- Yes
- No
- Not applicable... no reviews have been conducted in the past two years

If Yes, what were they?:

Are any of the findings (those that required corrective action) listed above still open and unresolved?

- Yes
- No
- Not applicable... no reviews have been conducted in the past two years

If Yes, which ones are still open?:

4. How reliable is the claims data you now use to complete the FNS-209?:

- Very reliable
- Fairly reliable
- Unreliable
- Don't know

**Status of Claims Against Households (FNS-209)  
Certification of Proper Completion**

**PURPOSE:** To certify that the counties are properly completing the Status of Claims Against Households (FNS-209) report.

**INSTRUCTIONS:** ACL 88-42 describes the proper reporting procedures for the Status of Claims Against Households (FNS-209) report. CDSS, in an effort to reduce the impact on the counties, is asking the County Welfare Directors to certify that the FNS-209 is being properly completed in accordance with ACL 88-42. After reading these instructions and reviewing your county's data gathering and reporting process, please sign and date the certification of compliance located at the bottom of this page.

Certification must be signed and submitted, along with any written county procedures and a copy of the completed FNS-209 Report Validation Module, not later than March 31, 2003 to the California Department of Social Services, Corrective Action Bureau, 744 P Street, MS 16-32, Sacramento, CA 95814, Attention: Leanna Pace.

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**CERTIFICATION**

The FNS-209 report is being completed properly in accordance with ACL 88-42. Enclosed with this certification is the completed FNS-209 Report Validation Module and copies of our written procedures regarding the proper completion of the FNS-209.

Explanation or Additional Information:

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I certify, to the best of my knowledge, that the information provided above is true and correct.

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Signature of Director

County

Date