

August 1, 2019

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

EXECUTIVE SUMMARY

ALL COUNTY LETTER NO. 19-65E

This letter provides guidance to all 58 counties on a new annual and biennial process to validate the Status of Claims Against Households (FNS-209 report), which is a federally required report for CalFresh. The Department is issuing this letter to address and satisfy Federal Nutrition Service's concerns from a 2006 audit.



KIM JOHNSON
DIRECTOR

STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY
DEPARTMENT OF SOCIAL SERVICES
744 P Street • Sacramento, CA 95814 • www.cdss.ca.gov



GAVIN NEWSOM
GOVERNOR

August 1, 2019

ERRATUM

ALL COUNTY LETTER (ACL) NO. 19-65E

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY IEVS COORDINATORS
ALL COUNTY SPECIAL INVESTIGATIVE UNIT CHIEFS
ALL COUNTY CONSORTIUM MANAGERS
ALL CALFRESH PROGRAM SPECIALISTS
ALL QUALITY CONTROL PROGRAM COORDINATORS

SUBJECT: CALFRESH FEDERAL REPORT: FOOD AND NUTRITION
SERVICE (FNS) STATUS OF CLAIMS AGAINST HOUSEHOLDS
209 REPORT: 2019 VALIDATION REVIEW AND ONGOING
VALIDATION REVIEW REQUIREMENT

REFERENCE: [7 CFR 272.10\(b\)\(2\)\(vii\)\(B\)](#), [7 CFR 272.10\(b\)\(2\)\(xiii\)](#); [COUNTY FISCAL LETTER \(CFL\) NO. 14/15-13](#), DATED AUGUST 22, 2014; [CFL NO. 11/12-14](#), DATED AUGUST 26, 2011; [CFL NO. 07/08-54](#), DATED JULY 18, 2007; [ALL COUNTY LETTER \(ACL\) NO. 07-26](#), DATED JULY 18, 2007

The purpose of this erratum to ACL 19-65 is to correct the phone number and add an email contact that was not included with the letter released on July 16, 2019.

The purpose of this letter is to provide County Welfare Departments (CWD) instructions for the newly required submission of the annual and biennial Status of Claims Against Households report (FNS-209 report) validation review to the California Department of Social Services (CDSS).

Background

On a quarterly basis, the FNS-209 report is completed by all CWDs on over-issuance claims establishment and collection activities in CalFresh. CDSS compiles all counties responses and submits a state FNS-209 report to United States Department of Agriculture (USDA), Food and Nutrition Service (FNS). In 2006, FNS conducted an in-

depth review of the FNS-209 reports and raised concerns about the accuracy of the information contained in the FNS-209 reports, as cited in [ACL 07-26](#).

As a result, FNS requested that CDSS complete validation reviews of the FNS-209 report. The first validation review, completed for the June 2007 quarter, showed that most counties were unable to validate the FNS-209 report. The second validation review, completed for the June 2008 quarter, had improved results; however, some counties continued to have difficulty validating the report. The third validation review, completed for the June 2011 quarter, uncovered issues with one or more of the accountability tests. As a result, the fourth validation review, completed for the June 2014 quarter, reduced the number of accountability tests to provide clearer guidance. The FNS validation review methodology used for the fourth validation review will be used moving forward.

FNS 209 Report Validation Review: June 2019 Quarter

All CWDs are required to submit an FNS-209 report validation review to CDSS for the June 2019 quarter by **September 30, 2019**. Submissions are to be emailed to IEVSReviewUnit@dss.ca.gov. If unable to email, please mail the validation review to:

Attn: IEVS Review Unit
744 P Street, M.S. 8-5-26
Sacramento, CA 95814

FNS 209 Report Validation Review: June Quarter moving forward

To ensure ongoing program integrity, all Performance Measurement Counties (PMC) will be required to submit annual FNS-209 report validation reviews for the June quarter report starting in September 2020. For example, the June 2020 quarter FNS-209 report validation review is due by September 30, 2020. The PMCs are as follows: Alameda, Contra Costa, Fresno, Kern, Los Angeles, Merced, Monterey, Orange, Riverside, Sacramento, San Bernardino, San Diego, San Francisco, San Joaquin, Santa Clara, Solano, Stanislaus, Tulare, and Ventura.

All other counties will be required to submit biennial FNS-209 report validation reviews for the June quarter report starting in September 2021. For example, the June 2021 quarter FNS-209 report validation review is due by September 30, 2021.

The annual and biennial FNS-209 report validation reviews are due by ***the last business day of September*** in the respective year.

FNS 209 Report Validation Review Process

The FNS-209 report validation review consists of submitting the (1) FNS-209 Validation Review Methodology, described in Attachment A, and (2) the formal validation letter signed by an auditor, as defined below.

A formal validation letter must include:

- when the audit was completed;
- a brief explanation of what program and/or test was utilized to complete the audit; and
- any issues and/or discrepancies, if applicable.

The FNS-209 Report Validation Review Methodology and formal validation letter must be completed by either the county's auditor controller, an external auditor outside the Social Services Agency, or an independent certified public accountant. Each county must also maintain documentation that describes the county process of completing the FNS-209 report validation review.

Any concerns and discrepancies identified require a corrective action plan (CAP) included in the submission of the FNS-209 report validation review and formal validation letter. CDSS will follow up with the CWDs' FNS-209 report validation reviews and the corresponding CAP during the Income and Eligibility Verification System (IEVS) Reviews.

If there are any questions and/or concerns, please email IEVSReviewUnit@dss.ca.gov or call the Program Integrity Bureau at (916) 653-1826.

Sincerely,

Original Document Signed by:

TODD R. BLAND
Assistant Director, CDSS
Automation, Integrity, and Client Initiatives Branch

Attachment

FNS-209 Report Validation Review Methodology

ACCOUNTABILITY TEST 1 (FNS-209 Information):

PURPOSE: To verify that the information reported on the FNS-209 report is accurate and can be supported with internal accounting records (i.e., traced to individual cases).

PROCEDURE: Run system-generated case level reports supporting the data on lines 3b through 20b of the FNS-209 for the quarter ending June of the respective year. Ideally, these would be system-generated individual monthly reports (April, May, and June of the respective year, with combined totals) that show establishment and collection data by type of claim at the individual case level. The data should be broken down by type of claim: Intentional Program Violation (IPV), Inadvertent Household Error (IHE), and Agency Administrative Error (AE), by client (case number and last name) and by dollar amount, with summary totals for each line item (lines 3b through 20b) for the quarter ending June of the respective year.

For each line, compare the system-generated report totals to the amounts reported on each line of the June quarter FNS-209 report of the respective year. The comparison should demonstrate a direct data relationship between actual CalFresh case records (the system-generated report) and the data reported on the FNS-209. If the number of claims and dollar amounts agree, the data reported on the FNS-209 can be traced to individual cases. If there are differences between the data from the system-generated report and the data reported on the June quarter FNS-209 report of the respective year, the discrepancies should be researched and corrected/adjusted.

SUPPORTING DOCUMENTATION: Provide an Excel spreadsheet (or similar documentation) showing the comparison of each line item (lines 3b through 20b). Provide a narrative describing the results of the comparison and any corrective action. Maintain the system-generated reports by line item as these may be requested by the California Department of Social Services (CDSS) or the federal Food and Nutrition Services (FNS) if additional documentation is needed.

ACCOUNTABILITY TEST 2 (FNS-209 Balances):

PURPOSE: To verify that the beginning/ending balances on the FNS-209 report are supported by automated claims management systems and paper records (i.e., traced to individual cases).

PROCEDURE: Run a system-generated case level report that will support either the beginning balance (line 3a) or ending balance (line 13) of the June quarter FNS-209 report of the respective year. If necessary, the report may be a combination of system-generated and manual reports. The report would be a complete history of all claims in your system (simply verifying that the current month's FNS-209 beginning balance matches the ending balance reported on the previous month's FNS-209 is not sufficient). The data should be broken down by type of claim (IPV, IHE, and AE), by client (case number and last name) and by dollar amount.

Compare the totals from the system-generated history report as of June of the respective year to the corresponding beginning/ending balance reported on the June quarter FNS-209 report of the respective year. The comparison should demonstrate a direct data relationship between actual CalFresh case records (the system-generated history report) and the data reported on the FNS-209. If the number of claims and dollar amounts agree, the data reported on the FNS-209 can be traced to individual cases. If the comparison shows any differences, (ex: case numbers or amounts from the history report that are not reflected on the June of the respective year FNS-209), the discrepancies should be researched and corrected/adjusted.

SUPPORTING DOCUMENTATION: Provide the **summary page** from your case level history report that shows the **total** number and **total** dollar amount of claims by type of claim (IPV, IHE, and AE). Also provide the below tables showing the comparison of the history report and the FNS-209 (number of claims and dollar amount of claims). Include a narrative describing the results and if corrective action is required.

Claims #	IPV (#)	IHE (#)	AE (#)	Total (#)
History report:				
June (Year) FNS-209:				
Difference:				

Claim amounts \$	IPV (\$)	IHE (\$)	AE (\$)	Total (\$)
History report:				
June (Year) FNS-209:				
Difference:				