

November 6, 2023

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

EXECUTIVE SUMMARY

ALL COUNTY WELFARE DIRECTORS LETTER

This letter reminds County Welfare Departments (CWDs) of the importance of Program Integrity efforts including referring suspected fraud to the Special Investigative Unit (SIU) for investigation and SIU Staffing. The letter also highlights the use of Fraud Recovery Incentives funds which are allocated to CWDs because of each county's California Work Opportunity and Responsibility to Kids overpayment collection efforts.



KIM JOHNSON
DIRECTOR

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GOVERNOR

November 6, 2023

ALL COUNTY WELFARE DIRECTORS LETTER

TO: ALL COUNTY WELFARE DIRECTORS

FROM: RYAN GILLETTE, DEPUTY DIRECTOR
RESEARCH, AUTOMATION, AND DATA DIVISION

SUBJECT: PRIORITY ON PROGRAM INTEGRITY

REFERENCE: [TITLE 45 CODE OF FEDERAL REGULATIONS SECTION 260.20;](#)
[WELFARE AND INSTITUTIONS CODE SECTION 11486\(j\);](#)
[MANUAL OF POLICIES AND PROCEDURES \(MPP\) SECTION](#)
[20-004, MPP SECTION 20-007; ALL COUNTY LETTER 18-148,](#)
[ALL COUNTY INFORMATION NOTICE I-15-22](#)

The purpose of this All County Welfare Directors Letter (ACWDL) is to remind County Welfare Departments (CWDs) of the importance of Program Integrity efforts and highlight the use of Fraud Recovery Incentives (FRI) funds which are allocated to CWDs based on each county's California Work Opportunity and Responsibility to Kids (CalWORKs) overpayment collection efforts.

REFERRAL TO SPECIAL INVESTIGATIVE UNIT

Per [Manual of Policies and Procedures \(MPP\) Section 20-004](#), a referral for investigation must be made when there is a public allegation/report of fraud, and/or when the Eligibility Worker's (EW) observation of conditions which, based on the EW's knowledge of the case provides reason to suspect that fraud exists or has been attempted by the applicant/recipient.

The CWDs are reminded of the requirement to refer cases of suspected fraud to the Special Investigative Unit (SIU) to maintain and improve program integrity. Fraud is defined as an individual knowingly and intentionally making false or misleading statements, or misrepresenting, concealing, or withholding facts to obtain, continue, increase, or avoid a reduction of aid benefits.

SPECIAL INVESTIGATIVE UNIT STAFFING

The SIU must be a separate organization, independent of organizations performing eligibility and benefit determination functions ([MPP Section 20-007.2](#)). The SIU must be established and organized for the purpose of investigating suspected welfare fraud and CWDs are authorized to contract welfare fraud investigations if they choose not to staff an SIU in their CWD ([MPP Section 20-007](#)). The SIU must include sworn peace officers, pursuant to [MPP section 20-007.113](#).

Per [MPP Section 20-007.111](#), the CWDs with a CalWORKs caseload of 1,000 cases or more are required to maintain an SIU. Equivalent substitute investigative units may be established in other county departments (e.g., District Attorney's Office, County Sheriff's Office, or County Probation Department) under a Purchase of Service Agreement (POSA).

The CWDs with a CalWORKs caseload of less than 1,000 cases may maintain an SIU. Counties which do not maintain an SIU must have a process for the referral of suspected fraud cases to a contracted equivalent investigating authority for investigation, coordination, and cooperation with the California Department of Social Services (CDSS).

Per [All County Information Notice I-15-22](#), the CWDs who have their welfare fraud investigations performed by an equivalent substitute unit in another county department must submit their most recent POSA to the Data Stewardship and Integrity Bureau (DSIB) at fraudprevention@dss.ca.gov. The CWDs will be required to maintain the POSAs from the previous five years, to provide to the DSIB upon request. Verification of these agreements will be integrated into each county's scheduled SIU review.

EARLY AND ONGOING FRAUD EFFORTS

Early fraud efforts are investigations completed within 60 days from application, recertification, adding a new member to the household, or during an inter-county transfer. Ongoing fraud efforts are investigations completed beyond 60 days from application. Both efforts necessitate investigating individuals suspected of intentionally making a false or misleading statement, or misrepresenting, concealing, or withholding facts at application, required reporting, or recertification period with the intent to influence a CalFresh or CalWORKs eligibility determination.

The CWDs are reminded that Early Fraud programs provide the best opportunity to maximize limited county resources and avoid the higher costs associated with long-term investigations, prosecutions, and collections activities. By processing early fraud referrals and conducting necessary investigations during the application process, a county can determine whether an applicant is ineligible prior to granting benefits, which can result in cost avoidance savings.

CDSS supports the efforts of CWDs that have Early Fraud Prevention and Detection programs and encourages CWDs that do not have an early or ongoing fraud program or process to strongly consider the benefits of such programs.

ALLOCATION AND UTILIZATION OF FRAUD RECOVERY INCENTIVE FUNDS

Per [Welfare and Institutions Code Section 11486\(j\)](#), CWDs receive 12.5 percent of the amount of aid repaid or recovered by the county, resulting from the detection of fraud. This FRI funding has been defined by CDSS as the amounts collected on client-caused (non-administrative error) CalWORKs overpayments. The FRIs are funded 100 percent with Temporary Assistance for Needy Families (TANF) funds and must be spent on one of the four purposes of the TANF program provided in [Title 45 Code of Federal Regulations \(CFR\) Section 260.20](#).

All CWDs are highly encouraged to use FRI funds solely to promote program integrity issues and mitigation efforts, such as the prevention and identification of overpayments or fraud, and activities related to the collection of overpayments. Prevention and detection of fraud and overpayments, as well as recouping identified overpayments, are important goals for ensuring program integrity. Fraud-related administrative expenditures, including costs for fraud prevention and investigation, support and fulfill the four purposes of TANF, according to [45 CFR Section 263.0\(b\)\(2\)](#).

CDSS strongly encourages the CWDs to utilize these funds to prevent, investigate and prosecute electronic public assistance theft. By concentrating efforts and funding on program integrity, CDSS can successfully provide assistance to needy families and fulfill the purposes of the TANF program. Please refer to [County Fiscal Letter \(CFL\) 22/23-22](#) and [CFL 22/23-46](#) for more information on the allowable use of FRI funds.

If you have questions or need additional guidance regarding the information in this letter, contact the DSIB at PIBPolicyUnit@dss.ca.gov