



CDSS

JOHN A. WAGNER  
DIRECTOR

STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY  
**DEPARTMENT OF SOCIAL SERVICES**

744 P Street • Sacramento, CA 95814 • www.cdss.ca.gov



ARNOLD SCHWARZENEGGER  
GOVERNOR

July 31, 2008

ALL COUNTY INFORMATION NOTICE NO. I-38-08

TO: ALL COUNTY WELFARE DIRECTORS  
ALL CHILD CARE PROGRAM COORDINATORS  
ALL COUNTY WELFARE-TO-WORK COORDINATORS  
ALL DISTRICT ATTORNEYS  
ALL COUNTY SPECIAL INVESTIGATION UNIT CHIEFS

SUBJECT: CHILD CARE FRAUD INDICATORS TOOL

REFERENCE: MANUAL OF POLICIES AND PROCEDURES (MPP),  
SECTION 20-009; WELFARE AND INSTITUTIONS CODE  
SECTIONS 10553 AND 10554

REASON FOR THIS TRANSMITTAL

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

The purpose of this All County Information Notice is to provide counties with an updated version of the child care fraud indicators released in 2001. The tool can be used by county welfare department (CWD) staff when reviewing documentation for child care services. The MPP Section 20-009 requires the California Department of Social Services (CDSS) to assist CWDs in the prevention, identification, and investigation of welfare fraud. In January, 2001, CDSS released a letter to CWDs that included a list of potential fraud indicators that counties could use on a voluntary basis.

The CDSS and representatives from the California Welfare Directors Association (CWDA) Child Care Committee formed a Program Integrity Workgroup to develop strategies to strengthen program integrity within the Stage One California Work Opportunities and Responsibility to Kids (CalWORKs) Child Care Program. The workgroup revised the child care indicators tool with updated information based on actual cases that led to a fraud investigation.

This is one tool that counties can utilize to help identify possible situations where fraud may occur. The indicators are not proof that fraud exists; they merely identify situations that may warrant further attention. Indicators of fraud can be found at any point in time

whether handling a case on a routine basis, determining eligibility, reviewing attendance or payment records, or receiving a report from a member of the public. Although no single indicator proves the existence of fraud, a number of indicators together should warrant a closer evaluation for suspected fraud. Staff should use sound judgment in determining whether a client's circumstance(s) warrants a fraud referral to their county special investigation unit (SIU). CDSS encourages the counties to work closely with their SIUs.

Attached are two versions of the fraud indicators document. The longer version is an in-depth description of the indicators. The second document is a condensed version that can be used as a quick reference guide.

If you have any questions, please contact Ms. Linda Horne, Child Care Programs Bureau, at (916) 657-3285.

Sincerely,

***Original Document Signed By:***

VENUS GARTH, Chief  
Child Care and Refugee Programs Branch

Attachments

c: CWDA

# CalWORKs Child Care Programs

## Indicators of Potential Fraud

### *Desk Reference Guide*

*This document may be used as a tool to assist county welfare departments and alternative payment programs child care staff in identifying possible situations where child care fraud may occur. No single indicator proves the existence of fraud, however, a number of indicators together should warrant further investigation.*

*The indicators are grouped into three categories: parents, providers, and miscellaneous.*

### **PARENTS**

- ✓ Parent and provider live a significant distance, such as, 25 or more miles apart with the exception in some rural counties, a parent may have to travel a significant distance to access child care.
- ✓ Child has perfect attendance with child care provider for significant number of consecutive weeks, months, or days.
- ✓ Parent sign-in/out sheet appears to have been done in "one sitting".
- ✓ Welfare-to-Work plan hours differ from claimed child care hours.
- ✓ Parents consistently fail to report changes in employment status and/or provide proper documents to verify school enrollments and/or progress reports/grades.
- ✓ Absent parent or stepparent living in the home and has continued access to children; however, they are not being reported as a resident of the household.
- ✓ Parent claims self-employment but doesn't provide supporting documentation.
- ✓ Parent comes in to county welfare department office on a regular basis for unscheduled appointments during hours they are supposed to be working.
- ✓ County welfare department is notified that the parent was incarcerated during time they are supposed to be working.
- ✓ Frequent address changes for parent.

### **PROVIDERS**

- ✓ Checks signed over to parent or another person.
- ✓ Provider and parent report living at the same residence, but not related.
- ✓ The provider has work/school hours that are in conflict with time child care is being provided.
- ✓ Billing statement(s) or parental sign in/out sheets show evidence of having been altered, or copies turned in, rather than the original documents.

**CalWORKs Child Care Programs**  
**Indicators of Potential Fraud**  
*Desk Reference Guide*

- ✓ Provider submits supplemental billing statements on a regular basis.
- ✓ Consistently late billing statements by provider.

**MISCELLANEOUS**

- ✓ Someone other than provider is calling regarding child care payments.
- ✓ A complaint is received through a hot-line, or other reliable agency or source, that child care fraud is taking place.

# CalWORKs Child Care Programs

## Indicators of Potential Fraud

### *Instructional Guide*

*This document may be used as a tool to assist county welfare departments and alternative payment programs child care staff in identifying possible situations where child care fraud may occur. No single indicator proves the existence of fraud; however, a number of indicators together should warrant further investigation.*

*The indicators are grouped into three categories: parents, providers, and miscellaneous.*

## **PARENTS**

### **1. Parent and provider live a significant distance, such as 25 or more miles apart.**

- Normally, parents will find providers that are close to either their activity site or home.
  - Elements that should be taken into consideration should include the proximity of care to the client's home and activity site.

Note: In some rural counties, a parent may have to travel a farther distance between their welfare-to-work activity and/or home to access child care which may lead to excessive transportation time and additional child care expenses without a reasonable explanation.

- Each child care case should be reviewed on a case by case basis.

### **2. Child has perfect attendance for a significant number of consecutive weeks, months, or days.**

- Children get sick, have appointments, parents have time off or schedule changes that affect the number of hours care is actually provided.
- If there are concerns about a child/children's attendance, it can be verified in the following ways:
  - a. Compare school attendance records with billing forms for verification (when the child/children are school age).
  - b. Child care worker should obtain attendance information from the CalWORKs worker to verify parent's work attendance/activity and school attendance for school age children.

### **3. Parental sign-in/out sheet appears to have been completed in "one sitting".**

- For the Stages Two or Three programs, administered by the California Department of Education, parents are required to sign the child in and out each day, verifying the time spent in child care.

- The following may be indicators that the parent is utilizing child care on a daily basis or the paperwork is being completed at one sitting:
  - a. Signatures done in same ink.
  - b. Signatures tend to indent slightly each consecutive day. Child care worker should determine parents are signing in and out on the days child care is actually being provided.

**4. Welfare-to-Work plan hours differ from claimed child care hours.**

- This is usually discovered during the child care recertification process when the amount of the grant is verified or when the parent asks for more hours of child care; the child care worker contacts the CalWORKs worker who advises that the parent is either not working or working less than claimed.

**5. Parents consistently fail to report changes in employment status and/or fail to provide proper documents to verify school enrollments and/or progress reports/grades.**

- Parent may be using child care for an unapproved welfare-to-work activity.

**6. Absent parent or step-parent is living in the home; however, he or she is not being reported as a resident of the household.**

- The absent parent or step-parent may be the one actually providing care. The parent could be claiming another provider to receive the payment, knowing the absent parent is not eligible as a provider.

**7. Parent claims self-employment or employment but does not provide supporting documentation.**

- The parent should have supporting documents for the self-employment (e.g., business license for cosmetology, etc.) to verify whether the parent has the facility to conduct the work, the necessary equipment and the licenses to verify that the business is legal.
- If the parent claims employment as an in-home health care provider (not through In-Home Supportive Services), verification of information for the employer should be on file.

**8. Parent comes in to county welfare department office, other than for scheduled appointments, on a regular basis during the hours they are supposed to be working.**

- This may be an indicator that the parent is not actually working. The parent may have lost his/her job and is still claiming to be employed for the purposes of establishing eligibility for child care.
  - a. This indicator should be considered when a parent shows up on a regular basis during hours that conflict with the hours of their welfare-to-work activity and there is no reasonable explanation.

**9. County Welfare Department is notified that the parent was incarcerated during the time that he or she is supposed to be working.**

- If there is no change to the billing for child care for that period of time, this may be an indicator that requires further investigation.

**10. Frequent address change for parent.**

- This brings into question whether the parent is actually residing in the county and whether child care is being provided.

**PROVIDER**

**11. Provider signs over child care checks to parent.**

- This would be an indicator that the provider may not actually be providing the care. The person the check was signed over to might have a legitimate reason for having the check signed over to them (debt owed, etc), but if it is done more than once, it deserves looking into.

**12. Provider and parent report living at same residence, but are not related.**

- It is acceptable for the provider and parent to live at the same residence, but this may indicate the possibility that the parent receives the billing forms, fills them out, sends them back, and receives the reimbursement. This is an indicator when there is no shared housing form (in the CalWORKs case) indicating that the provider is living in the home.

**13. The provider has work/school hours that are in conflict with time child care is being provided.**

- Information is received that the provider is working or attending school during the hours he/she is supposed to be watching the child/children.
- Provider is absent during authorized child care hours on a consistent basis and provider cannot give reasonable accounting of this time. The worker may want to check if there are others in the child's home providing the care.

**14. Billing statement(s) or parental sign in/out sheets show evidence of having been altered, or copies are turned in, rather than the original documents.**

- This may indicate that there were changes to the hours billed, possibly after the parent has signed the forms or an attempt to bill for more hours.

**15. Provider submits supplemental billing statements on a regular basis.**

- The provider is either not completing the forms in a timely manner or is attempting to bill for additional hours after the parent has signed the forms.

**16. Consistently late billing statements.**

- This indicator may suggest that the provider is possibly trying to adjust the forms; is not preparing the forms until the end of the month; or is waiting to change the forms. There are reasons for delayed bills, but when it happens on a repetitive and consistent basis, it is something to question.

**MISCELLANEOUS**

**17. Someone other than the provider is calling regarding child care payments.**

- If this occurs repeatedly, this may indicate that someone other than contracted provider is actually providing child care.

**18. A complaint is received through a hot-line, or other reliable agency or source, that child care fraud is taking place.**

- This indicator may warrant further investigation. It could be a situation that someone is filing a false report.