

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814
(916) 445-0220



April 23, 1980

ALL-COUNTY LETTER NO. 80-25

TO: ALL COUNTY WELFARE DIRECTORS

ATTENTION: QUALITY CONTROL STAFF

SUBJECT: CLARIFICATION OF AFDC QUALITY CONTROL REVIEW PROCEDURES OF CASES
INVOLVING OVERPAYMENT/UNDERPAYMENT ADJUSTMENTS

REFERENCE: JANUARY 1976 REVISION OF FEDERAL QC MANUAL/3000

This letter is to clarify procedures for conducting a quality control review of cases involving supplements for underpayments and overpayment recoupments which are paid (or recouped) in the review month. Shown below are three types of supplements which are likely to appear in AFDC cases which have been selected for quality control review.

I. An authorized adjustment which is intended for a prior month's payment.

The amount of this type of adjustment is accepted as correct by quality control.

First, the correctness of the current (prior month budgeted) grant paid for the review month must be reviewed and verified before application of the adjustment. Then, the reviewer must verify that (1) the adjusted amount was for a prior month payment [rather than an adjustment to the review month's (prior month budgeted) payment], and (2) the adjustment was authorized on or before the 16th (sample selection date) of the review month. After such verification, the adjusted amount is to be included in the total amount paid to the case in the review month, and entered in Item R, Boxes 49-52 of the Review Schedule - Form SRS-OQC-341. If it is found to have been authorized after the 16th of the review month, that adjustment will be totally disregarded - treated as if it had not occurred. (See January 1976 Revision of Federal QC Manual/3000, Section 3770.)

Application of the adjustment to the budgeted needs determined by quality control will show whether the amount of payment actually received by the recipient is correct, overpaid or underpaid. A computation should be entered in element 421 of the QC Worksheet and Section III of the Review Schedule and to identify the adjustment. Following are computation examples:

Underpayment Adjustments

(1) <u>Case Record</u>	<u>QC</u>
\$100 Prior month budgeted needs	\$ 90 Prior month budgeted needs
+ 50 Adjustment	+ 50 Adjustment
(a) <u>\$150</u> = Total amount actually received	(b) <u>\$140</u> = Total amount which should have been received

Error

(a) \$150 Total amount actually received
 (b) 140 Total amount which should have been received
 \$ 10 Overpaid for review month [(a) is greater than (b)]

(2) <u>Case Record</u>	<u>QC</u>
\$100 Prior month budgeted needs	\$150 Prior month budgeted needs
+ 50 Adjustment	+ 50 Adjustment
(a) <u>\$150</u> = Total amount actually received	(b) <u>\$200</u> = Total amount which should have been received

Error

(a) \$200 Total amount which should have been received
 (b) -150 Total amount actually received
 \$ 50 Underpaid for review month [(b) is greater than (a)]

Overpayment Adjustments

(1) <u>Case Record</u>	<u>QC</u>
\$100 Prior month budgeted needs	\$ 90 Prior month budgeted needs
- 50 Adjustment	- 50 Adjustment
(a) <u>\$ 50</u> = Total amount actually received	(b) <u>\$ 40</u> = Total amount which should have been received

Error

(a) \$ 50 Total amount actually received
 (b) 40 Total amount which should have been received
 \$ 10 Overpaid for review month [(a) is greater than (b)]

(2) Case RecordQC

\$100	Prior month budgeted needs	\$ 40	Prior month budgeted needs
- 50	Adjustment	- 50	Adjustment
(a) \$ 50	= Total amount actually received	(b) \$ 00	= Total amount which should have been received

Error

(a) \$ 50	Total amount actually received
- (b) 00	Total amount which should have been received
\$ 50	Overpaid for review month [(a) is greater than (b)]

It is to be noted that, where income exceeds needs prior to the application of the supplemental amount, the case is overpaid, and where income exceeds needs prior to application of the recouped amount, the case is ineligible.

Examples:

Underpayment AdjustmentCase RecordQC

\$ 75	Prior month budgeted needs	\$ 00*	Prior month budgeted needs
+ 50	Adjustment	+ 50	Adjustment
\$125	= Total amount actually received	\$ 50	= Total amount which should have been received

Error

\$125	Total amount actually received
- 50	Total amount which should have been received
\$ 75	<u>Overpayment</u> error for review month

Overpayment AdjustmentCase RecordQC

\$ 75	Prior month budgeted needs	\$ 00*	Prior month budgeted needs
- 50	Adjustment	- 50	Adjustment
\$ 25	= Total amount actually received	\$ 00	= Total amount which should have been received

Error

\$ 25	Total amount actually received
- 00	Total amount which should have been received
\$ 25	<u>Ineligibility</u> error for review month

*Income exceeds needs prior to application of adjusted amount.

II. An adjustment made to correct a grant paid in and for the review month:

A. Retroactive to the first of the review month.

The amount of an adjustment of this nature will be reviewed and verified for correctness if it was authorized on or before the 16th of the review month. If it is found to be in error, a QC error will be cited (see Federal QC Manual/3000, page 56).

Examples:

- (1) Review month is August. An FBU of two persons was budgeted to receive a grant of \$200. The agency found that the income computation for the budget month (June) was incorrect. Thus, on August 10, the agency authorized a supplement of \$50 for the review month's (August) payment. QC will review to the correctness of the (\$200 + \$50) \$250 paid in and for August. The amount to be entered on the Review Schedule in Item R, boxes 49-52 is \$250.
- (2) Review month is August. Same situation as in Example 1, except that the \$50 supplement for the review month was authorized after the 16th of the review month. QC will treat the case as if the \$50 supplement had not been issued. If QC agrees that the FBU should have been budgeted for \$250 (instead of the originally budgeted \$200), and there are no other payment errors found in the case, a \$50 underpayment error will be cited, even though the agency was aware of, and took action on the underpayment during the review month (but after the 16th). The amount to be entered on the Review Schedule in Item R, boxes 49-52, is \$200.

(Note, that in reviewing an adjustment made to correct a review month's payment, the reviewer must determine whether the administrative period concept would apply - see Federal QC Manual/3000, Section 3700.)

B. Not retroactive to the first of the review month, but prorated as payment for part of the review month.

Quality Control will review only to those members in the FBU effective the first day of the review month. Regardless of the authorization date, the prorated payment for the additional FBU member effective after the first day of the review month will not be reviewed and will not be included in the payment amount recorded on the Review Schedule in Item R.

Example: An FBU of three persons is budgeted to receive maximum aid of \$410 for the review month. Later, application is completed on the third day of the review month to include another individual to the FBU. Thus, the FBU size is increased to four persons, and the agency calculates a prorated supplement, effective the application date - the third day of the review month. QC will review to eligibility of only the three-person FBU, which was in effect as of the first day of the review month; and, if


no payment errors are found, will record on the Review Schedule, in Item R, the payment of \$410 paid to the FBU of three persons.

III. A Garcia v. Swoap supplement which has been requested by a client and authorized for payment on or before the 16th of the review month, will be accepted as correct and included in the payment amount recorded on the Review Schedule, in Item R. The correctness or timeliness of the payment will not be reviewed by QC. Refer to "I" of this letter for computation examples.

The procedures outlined in this letter are in compliance with the (current) January 1976 revision of the Federal QC Manual/3000. As many of you know, HEW is in the process of revising the manual, so these procedures are subject to change with implementation of the revised manual. A concrete date has not yet been established for such implementation; however, it is expected to be sometime in 1980.

If you have any questions related to these procedures, please call your state Quality Control liaison, per ACIN I-133-79.

Sincerely,


PHILIP J. MANRIQUEZ
Deputy Director
Planning and Review Division

cc: CWDA