



NATIONAL CENTER ON  
Subsidy Innovation and Accountability



# FY 2020 National Program Integrity Webinar Series

Webinar # 3: CCDF Fraud Front-End Detection and Investigation Strategies

June 9, 2020 – 3 p.m. ET

# Call Logistics

- Welcome to our Adobe Connect webinar platform.
- This is an interactive session with breaks for dialogue.
- The slides are available for download in the Adobe pod labeled “Program Integrity Resources.”
- If you called in, or the Adobe room called you, please mute your phone.
- If you would like to ask a question, “raise your hand” or type in questions and comments using the “Chat” boxes within the Adobe room.
- For Adobe Connect or registration issues please contact Kara Lehnhardt at [klehnhardt@wrma.com](mailto:klehnhardt@wrma.com).

# Introductions

## National Center on Subsidy Innovation and Accountability



**Leigh Ann Bryan**  
Program Integrity  
Manager



**Ann Renaud Avila**  
Fiscal Management SME



**Jenna Broadway**  
Program Integrity  
Specialist/SME



**Katie Watts**  
Program Integrity  
Specialist/SME



**Michael McKenzie**  
Program Integrity  
Specialist/SME

# Welcome from the Office of Child Care

**Moniquin Huggins**

Director, Division of Oversight and Accountability



# Agenda



- Fraud Front-End Detection Strategies and Benefits
- Fraud Investigations Strategies and Benefits
- Fraud Cases and their Impact on the Error Rate Review Process
- State Presenter – Ohio
- Demo of CCDF Fraud Toolkit – *New Releases*
- Program Integrity Resources
- Open Discussion and What's Next?



# CCDF Fraud: Front-End Detection Strategies and Benefits

# CCDF Program Integrity Requirements

## 45 CFR 98.68(a)(3) Program Integrity

Lead Agencies are required to describe in their Plan effective internal controls that are in place to ensure integrity and accountability, while maintaining continuity of services, in the CCDF program.

Sound fiscal management

Identify areas of risk

**Train providers and staff about program requirements and integrity**



Regular evaluation of internal control activities

# Front-End Detection System (FEDS)

Three controlled elements that contribute to an effective front-end detection system:



# Front-End Detection System (FEDS) cont.

## Front-End Detection System Elements and Strategies:



“Controlled”  
Environment

Leadership/  
management/  
supervisor set  
the climate

Automated  
processes

- System alerts  
(not red flag  
reports)

Agency and  
child care  
provider  
partnership

Screening/interviewing/hiring of front-line:

- Eligibility workers
- Call center/document processing staff
- Payments/fiscal staff
- Quality control/IT
- Contractors/vendors/subrecipients
- Licensing/provider certification staff



# Front-End Detection System (FEDS) cont.



## Training

- Fraud, waste, and abuse training
- Program requirements and integrity training

## Communication

- Communicating roles and responsibilities
  - What are the expectations?
- What is the agency mission/goal?

# Front-End Detection System (FEDS) cont.



## Enforcement

- Enforcement activities
  - Monitoring – providers, staff, contractors, subrecipients, etc.
  - Regular meeting, check in, newsletters, bulletins
  - Visible action taken (non-compliance enforcement activities)

# State Responses – Training of Providers

Lead Agencies provided information on how they inform and train all providers receiving CCDF funds on program requirements and integrity in State Plan Section 6.2.6 ...

## Kansas

All Kansas Department of Children and Families (DCF) enrolled CCDF providers are required to complete an online training course on DCF requirements. The agency also utilizes the following techniques to inform and train providers:

- The agency provides in two formats a Provider Handbook to child care providers the necessary information.
- A third agency activity is individual one-on-one training provided by the Overpayment Detection and Prevention Unit and currently provided in conjunction with attendance record reviews (with statewide limitation).
  - During the visit to the child care facilities, staff not only review their child care records, staff inform and educate them of the DCF policies, and whether their records are in compliance/or not and how to become compliant with DCF.
- This unit has recently begun to focus on the development of an *educational approach* to working with providers.

# State Responses – Training of Providers cont.

Lead Agencies provided information on how they inform and train all providers receiving CCDF funds on program requirements and integrity in State Plan Section 6.2.6 ...

## California

The California Department of Education Early Education and Support Division's Field Service Office (FSO) provides a series of trainings for contractors. Some of the trainings are in the form of webinars, others are in-person trainings held in many regions across the state. FSO also provides workshops at various conferences and meetings across the state.

# State Responses – Training of Staff Members

States/territories provided descriptions on how they inform and train all staff members and staff members of other agencies who administer the CCDF program on program requirements and integrity in State Plan Section 8.1.1 ...

## Wisconsin

... In addition, specialized program integrity training is offered to both Lead Agency staff and local agency staff. This training covers the five guiding principles of program integrity: prevention, detection, investigation, sanction, and collection.

## South Carolina

A PowerPoint tutorial regarding eligibility and program integrity was developed for all eligibility staff, and is required at least once a year, and more often as needed.

# Front-End Detection System – Benefits

- **P**revent ineligible individuals from being approved for benefits
- **A**dministrative savings
  - Recoupment activities
  - Investigation activities
- **M**aintain staff that are committed to the process of deterring and preventing fraud, waste, and abuse
- **C**ommunicate to the community and other stakeholders that the agency’s staff are:
  - practicing good stewardship
  - safeguarding federal funds
  - maximizing CCDF benefits within the state
- **A**ssess the effectiveness and mitigate gaps in eligibility and payment processing
  - Tracking system for FED referrals
- **M**inimize improper payments
  - Stopping payments before they leave the agency



# Let's Talk About It

- Does your agency provide fraud training to all staff?
- What front-end detection strategies has your agency implemented?
- Share the results of front-end detection strategies you've implemented.





# Fraud Investigations Strategies and Benefits

# CCDF Program Integrity Requirements

## 45 CFR 98.68(b) Program Integrity

Lead Agencies are required to describe in their Plan the processes that are in place to:

Identify fraud or other program violations, which may include, but are not limited to the following:

- Record matching and database linkages
- Review of attendance and billing records
- Quality control or quality assurance reviews
- Staff training on monitoring and audit processes

**Investigate and recover fraudulent payments and to impose sanctions on clients or providers in response to fraud.**



# Fraud Investigation – Benefits

- Fiduciary responsibility
- Deterrent effect
- Coordinate with other programs in your state
- Recover improper payments
- Fraud investigation is a specific skill
  - Using dedicated staff allows your eligibility staff to focus on case management activities.



# Fraud Investigations – Who Does It?

Agencies have options for completing fraud investigations:

- In-house staff for local project areas or statewide
  - There are a variety of training opportunities to improve your skills
- Contract with law enforcement for investigations
  - They may also be able to provide training to staff
- Contract with private agency
  - Investigations
  - Surveillance
  - Benefit recovery
  - Hearings and appeals
  - Training



# Fraud Investigation – Resources

- Social media (e.g. Facebook, Instagram)
- Newspaper obituaries
- Department of Motor Vehicles
- Labor Dept. (wages, unemployment comp)
- Integrated eligibility systems
- Energy programs
- Accurint or Clear
- Establish a relationship with other cabinet agencies



**Most investigations can be conducted from your desk**

# Fraud Investigation – Provider

States/territories provided information regarding an established unit to investigate and collect improper payments (State Plan Section 8.1.5).

## Wisconsin

The Lead Agency established the Bureau of Program Integrity to investigate improper payments and collect Wisconsin Shares and YoungStar funds that were improperly authorized. The Bureau is housed in the Lead Agency's Division of Early Care and Education. It has 20 state employees, including program and policy analysts and auditors, who manage program integrity activities from Madison and Milwaukee offices.



# Fraud Investigation – Parent

## Wisconsin

The Lead Agency provides program integrity services for Milwaukee County and provides guidance and technical assistance to local agencies responsible for establishing overpayments for clients in the balance of the state.

Wisconsin's CCDF program is state supervised and locally administered. Milwaukee is their largest county.



# Fraud Investigation – Results

## Wisconsin

In Wisconsin, all CCDF parent investigations are tracked in the Benefit Recovery and Investigation Tracking System (BRITS), coordinated with SNAP, MA, and TANF so investigation data from one program (e.g. household composition verification from SNAP investigation) can be used for CCDF.

Provider investigation data is tracked outside of BRITS.

Wisconsin DCF uses this data to determine cost savings derived from their investigations.



### **Remember:**

State Plan Sections 8.1.4 and 8.1.5 require a description of the results of fraud prevention activities.

# Fraud Investigation – Results

## Examples from Wisconsin's State Plan Response:

- In 2017, the Lead Agency screened 2,681 provider referrals and completed 174 formal investigations (6.1% of referrals).
- In 2017, the Lead Agency in Milwaukee County received 14, 554 client referrals. Of the provider formal investigations, 30 resulted in no overpayment, 103 resulted in overpayment only, 22 resulted in overpayment and stipulation that the provider would follow program rules, and 27 resulted in provider termination.
- In 2017, \$360,586 in provider overpayments were established due to provider intentional program violations. The Lead Agency also established 72 client intentional program violations totaling \$245,792.

# Let's Talk About It

- Tell us how you measure the results of your investigations.
- How do you track the investigation results?





# Fraud Cases and the Error Rate Review Process

# Fraud and the Error Rate Review

The CCDF error rate review focuses on errors and improper payments caused during eligibility determination, so **fraud is not under the scope of the review.**

**However,**  
fraud and the error rate  
review may “intersect”  
in other ways...

# Fraud and the Error Rate Review

Should cases that are, or have been, under investigation for fraud or suspected fraud be included?

**However,**

fraud and the error rate review may “intersect” in other ways...

In general, **yes**, as long as there was a payment made for services in the sample month.

- Being under investigation for fraud is not **in itself** a valid reason for requesting a replacement case.
- However, if the case file is **unavailable** due to a fraud investigation, a replacement case may be requested.
- Review to the extent possible. Focus on eligibility – did the worker make a correct determination with what was known at the time?

# Fraud and the Error Rate Review



## Does the reviewer suspect fraud?

If so, continue the review and refer the matter appropriately.

Should cases that are, or have been, under investigation for fraud or suspected fraud be included?



In general, **yes**, as long as there was a payment made for services in the sample month.

- Being under investigation for fraud is not **in itself** a valid reason for requesting a replacement case.
- However, if the case file is **unavailable** due to a fraud investigation, a replacement case may be requested.
- Review to the extent possible. Focus on eligibility – did the worker make a correct determination with what was known at the time?



# Ohio



## FRAUD UNIT

IDENTIFYING FORGED PAYSTUBS, GATHERING EVIDENCE, & PURSUING PROSECUTION

FY 2020 National Program Integrity Webinar Series: #3

CCDF Fraud: Front-End Detection and Investigation Strategies

Presented by Adrienne Biernacki & Greg Hayes

June 9<sup>th</sup>, 2020

# Lucas County Information

Lucas County is a metro county with a population of 430,000

We have 73,504 individuals on SNAP-

Our criminal fraud cases are sent to the Lucas County Court of Common Pleas

- ▶ Theft ORC 2913.02
- ▶ Forgery ORC 2913.31
- ▶ Illegal Use of SNAP ORC 2913.46
- ▶ Tampering w/ Gov't Records ORC 2913.42
- ▶ Currently, we have :
  - 79 prosecutions since July 2017 totaling \$1,400,967.33 (does not include declined to prosecute and dismissals)
  - forged paystubs total overpayments \$292,393.74
  - 3 of 79 declined to present to Grand Jury
  - 7 of 79 dismissed post indictment
  - 20 cases currently pending
- ▶ Currently there are 3,759 families receiving publicly funded Child Care here in Lucas County

# Front end detection

- ▶ Starts on the front lines
  - ▶ Communicate with all employees who are on the front lines
  - ▶ Encourage them to refer ANY suspected fraud
  - ▶ Foster that relationship
  - ▶ Ensure that staff feels comfortable in what a red flag looks like
  - ▶ Be visible- share with staff success stories
  - ▶ Follow up with staff- let them know that their referral led to a big indictment
  - ▶ Shout out emails to staff and cc their chain of command

# Investigation strategies

- ▶ Investigative reports are the lifeblood of your investigation!
  - ▶ A “living” document
  - ▶ Be aware of your audience
  - ▶ Free of typos and grammatical errors
  - ▶ Is it easy to read and understand within a few minutes?
  - ▶ Consistent formatting
    - ▶ Cover page, demographics, allegation, summary, conclusion
    - ▶ Case chronology and investigative timeline
  - ▶ Details, details, details
    - ▶ Record every action you take- conversations, interviews, correspondence, phone calls, requests for information, receipt of information

# Investigation strategies

- ▶ Interviewing
  - ▶ Be prepared!
    - ▶ Background check
    - ▶ Review evidence
    - ▶ What questions do you want to ask?
    - ▶ What do you want to accomplish?
  - ▶ Tactics
    - ▶ Build rapport
    - ▶ The silent treatment
    - ▶ Adjust and adapt

# Investigation strategies

- ▶ Information gathering
  - ▶ Subpoenas
  - ▶ Public record searches
  - ▶ Use the phone!
  - ▶ Maintain a record of contacts
  - ▶ Build strong working relationships
- ▶ Information analysis
  - ▶ Excel spreadsheets
  - ▶ Summarize your methods
- ▶ Stay informed
  - ▶ Policy, administrative code, criminal code, legal procedure

# Investigation strategies

- ▶ Presenting cases to a prosecutor
  - ▶ Prosecution summary, index, reports, evidence
  - ▶ Maintain consistency with case file formatting
  - ▶ Understanding “politics” of entitlement fraud cases
- ▶ Maintaining prosecution caseload
  - ▶ Monitor and track life of each case
  - ▶ Different prosecutors = different approach
  - ▶ Babysitting
  - ▶ Be direct and tell them exactly what you expect, not just what you want!

# REFERRAL CRITERIA

## What types of cases do we refer?

- ▶ Must be a felony
- ▶ Fraud claims \$1000 and over
- ▶ Cases involving forgery are automatic referral

# How did we become aware of fake documents in our agency?

## HOTLINE! HOTLINE! HOTLINE!

- ▶ There is acknowledgment of how important our hotline is. Our two biggest prosecutions originated from tips on the hotline. A 70k indictment and a 178k indictment came from tips on our hotline.
- ▶ Our hotline has consistent coverage for our hours of operation. We have assigned worker of the day.
- ▶ Pick up the phone! You never know who is on the other end and who may lose their nerve and not call back.



This Photo by Unknown Author is licensed under [CC BY-SA-NC](#)

# Start Spreading the News!

Coordinated efforts took place to speak at all caseworker staff meetings. Educated staff on what to look for:

- ▶ Investigations presented at agency wide town halls
- ▶ Encouraged staff when in doubt, verify or call us
- ▶ Have communicated with all staff that our unit has an open-door policy; they may contact us for assistance in verifying the validity of a paystub



# Tips on how to identify a fake paystub

Small details make a big difference in spotting a fake paystub

- ▶ Alignment- look at the alignment of the info- are the columns lined up correctly?
- ▶ Spacing- is there too much? Too little?
- ▶ Missing YTD fields
- ▶ Does the information sound logical? A LPN should not be submitting a paystub that states she makes \$9.00/hr
- ▶ Watch the letter “o” versus the number zero “0”
- ▶ Basic information- spelling info- is it all there and is it all correct?- if not this is a red flag
- ▶ Pay attention to all digits and decimals points- they should all align correctly. A fake paystub may look like it was created on Microsoft Word. If a legit payroll company issued the paystub, all information will be correct.

- ▶ Estimations and round-ups should be minimal. If you are seeing too many numbers rounded to the nearest zero, estimations that look unrealistic or it doesn't look right, that is a red flag.
- ▶ Paystubs should be clearly legible. If it's hard to read or the numbers don't match up correctly, or formatting looks off, those are red flags.
- ▶ Run the numbers- real paystubs do not have errors on them. Take a couple of minutes to check.

## How to spot a fake paystub cont'd

# Tips

We will see some examples of subpoenas that were part of the investigation as well as employer verification

- ▶ Cases are airtight -once you have your verifications that the pays are fraudulent you are there
- ▶ Be sure to include your detailed investigation report- this is the backbone to your case
- ▶ Include in your case file all applications and interim reports
- ▶ To interview or not to interview the accused individual?
  - ▶ At first we did and our experience has shown that sometimes it is not necessary or productive.

# Tips on dealing with fake documents

Where there is one forgery, there is likely to be more

- ▶ Historical investigation of entire case file
- ▶ Look at friends, family, and co-worker case files- Facebook is so helpful!
- ▶ Subpoena employer for list of employees- we Grand Jury subpoenaed an employer for a list of all their employees. We then ran to see if they were on assistance and reviewed their paystubs. Sure enough, we had 2 more grand theft and forgery prosecutions from that list.
- ▶ Take a peek at Facebook, see what they're posting & who's friends with who. Be sure to clear this with your internal agency's policies.
- ▶ When a person commits forgery, they not only do it in other areas of the case file, but under other assistance programs through other agencies, not just in our own agency. Experience tells us that forgery is committed in programs from 2 to 5 federal and state assistance programs; such as, SSA, HUD, WIC, etc.

# Additional tips

Who are your local employers? Get to know them

- ▶ Toledo - ProMedica, Chrysler, Mercy Healthcare
- ▶ For example, we know that Toledo Hospital has all employer verifications go through their HR dept. Therefore we should never see an individual supervisor's signature.
- ▶ We had a prosecution where the client forged her supervisor's signature. She was terminated from Toledo Hospital.

What are their procedures for verifying employment?

- ▶ Who typically processes requests for information?
- ▶ What do the paystubs look like?

Grand Juries- are not too happy when hearing fake paystub cases



## So how can you get a fake paystub?

- ▶ Social Media- Facebook
- ▶ “Homemade” with Adobe software
- ▶ A quick google search will give you the sites where you can make it yourself or pay to have it done
- ▶ We had a case where the client’s aunt made the fake paystub. Aunt was a computer graphic design artist and made fake paystubs that were admittedly difficult to spot

# DETECTION cont'd...



**Marquitta [redacted]** Dec 14, 2018 at 2:54 PM · 🌐  
Who can make pay stubs 🙄🙄🙄🙄

👍 Like      ➦ Share

👍 1

**lbn [redacted]**  
You can they hit sites on line google  
5w Like ❤️ 1

**DeVonne [redacted]  
Kenneth [redacted]**  
5w Like ❤️ 1

**Jayson [redacted]  
Dusty [redacted]** 😊 3  
5w Like

**Carla [redacted]  
Ave [redacted]** ❤️ 1  
5w Like

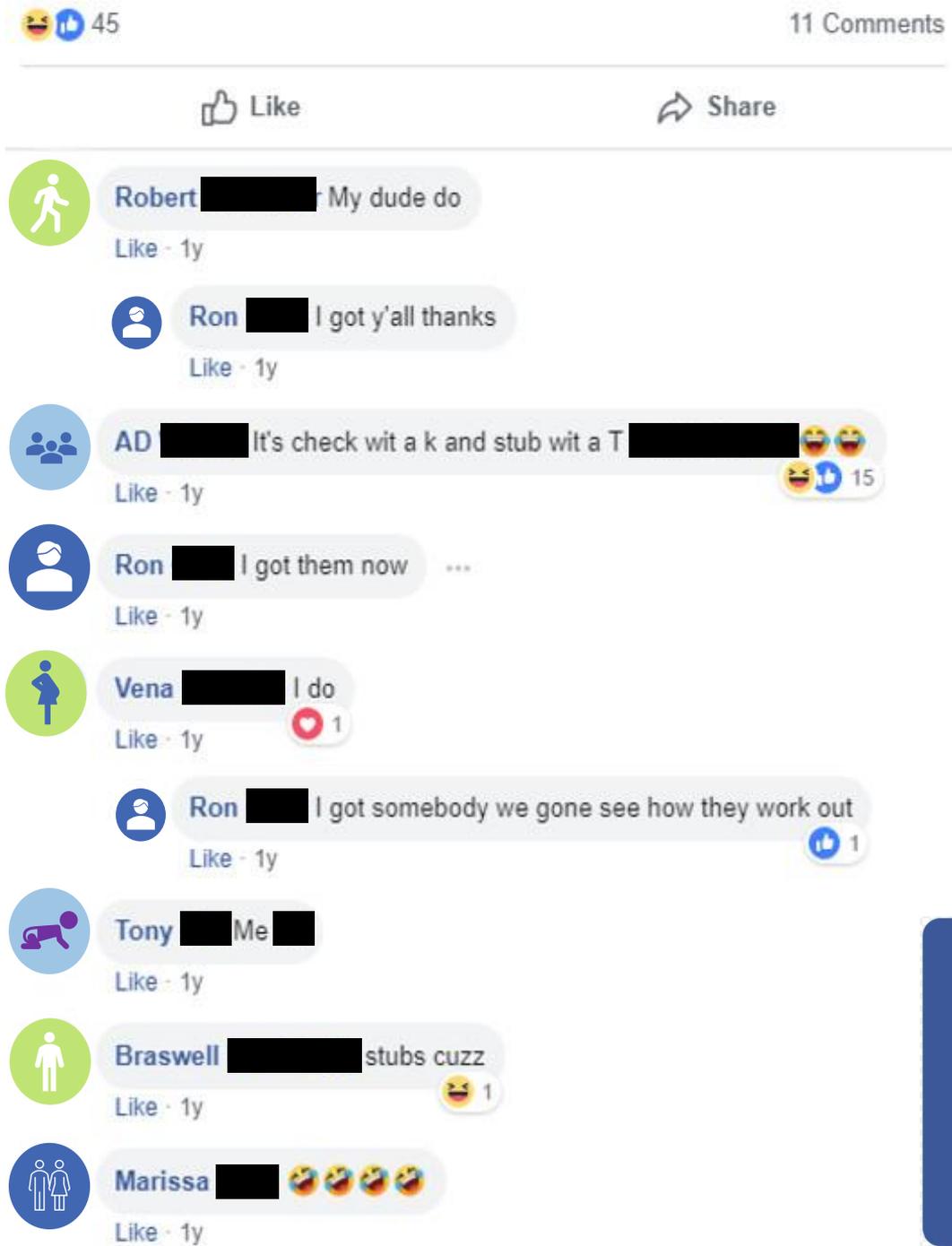
← Replies 🔍

**Candice [redacted]**  
You can do your own  
5w Like

**Marquitta [redacted]  
Candice [redacted]** 🙄🙄🙄🙄  
5w Like

**Candice [redacted]  
Marquitta [redacted]** |  
messedged you  
5w Like 48

# DETECTION cont'd...



Let's look at some examples



# Real or fake?

Text alignment is off

4352  
M & A SERVICE, INC DBA LOMA LINDA  
Check date: 02/19/18 118103

Wages	Total Hrs.	Amount	Withholdings	Amount	Deductions	Amount
Wages	24.99	249.90	FICA-SS	15.49	Child Support	9.00
			FICA-MED	3.63		
Wages		10.00	Ohio SIT	1.77		
			Ohio Toledo City Tax	5.62		
<b>Totals</b>	<b>24.99</b>	<b>249.90</b>		<b>26.51</b>		<b>9.00</b>
Accruable benefits used this check:			Direct deposit detail:		Net Check	214.39
					Total Pay	214.39

Margins appear altered because they don't line up

118103

Check date: 02/19/18

4352  
M & A SERVICE, INC DBA LOMA LINDA

Wages	Total Hrs.	Amount	Withholdings	Amount	Deductions	Amount
Wages	24.99	249.90	FICA-SS	15.49	Child Support	9.00
			FICA-MED	3.63		
Wages		10.00	Ohio SIT	1.77		
			Ohio Toledo City Tax	5.62		
<b>Totals</b>	24.99	249.90		26.51		9.00

100% AUTHENTIC

Accruable benefits used this check:

Direct deposit detail:

Net Check 214.39

Total Pay 214.39

# Real or fake?

[REDACTED]			10/12/2018	0.00	0.00	[REDACTED]	10/1/2018	10/7/2018	32308
HOURL	\$12.00	10.00	\$120.00			\$0.00	\$0.00	\$0.00	\$0.00
				\$1.74	\$9.22				
				\$7.44	\$39.43				
			OH	\$0.39	\$3.52				
			TOLED	\$2.70	\$14.31			\$0.00	
								\$838.00	\$569.52
	10.00	\$120.00	\$12.27		\$0.00				\$107.73

32308

10/12/2018 \$0.00

XX



**VOID**

DUE TO DIRECT DEPOSIT





Job1 USA  
701 Jefferson Ave.  
Toledo, Ohio 43603

May 30, 2017

Ref: employment verification

The following is the employment information for [REDACTED]

Starting date 6/5/2017. Pay rate  
\$8.75 with 24hours a week. Hours  
varies 8am-4:30 pm.

Should you have any questions, please feel free to call me at [REDACTED]

Sincerely,  
[REDACTED]

---

From: [REDACTED]  
Sent: Friday, October 13, 2017 8:40:58 AM  
To: [REDACTED]  
Subject: RE: EMPLOYMENT VERIFICATIONS

Ok, I've reviewed the first letter dated 6/14/2014 this letter was typed by me.

As for the second letter, I have a lot of questions about that letter:

- Our Logo on this letter, isn't a logo we even use
- Her address the Toledo is on the wrong line
- Curious if I typed this letter why I would say her start date is 6/5/2017 when she didn't even work for us on 6/5/2017 plus I don't normally type the employment information like that. I normally type this area with bullets and the 8am is strange, pay is strange she's hasn't been paid \$8.75 since 2010
- My phone number is wrong

The second letter has me very confused, so I can't say whether I typed it or not. I do know one thing I would have never typed a letter stating the employee worked for us on 6/5/2017 when she didn't.

Sorry that's the best I can say or do with this letter.

---

From: [REDACTED]  
Sent: Thursday, October 12, 2017 3:13 PM  
To: [REDACTED]  
Subject: EMPLOYMENT VERIFICATIONS

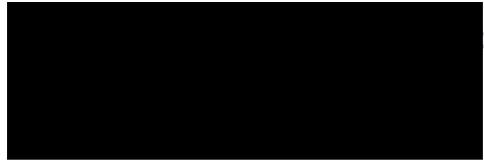
[REDACTED]

Per our telephone conversation today (10/12/17), please find the attached documents.

Thanks,



18.91	173.60	86.31	87.29	8344.00	2462.72	5881.28
PAY RATE	CURRENT EARNINGS	CURRENT DEDUCTIONS	NET PAY	Y.T.D. EARNINGS	Y.T.D. DEDUCTIONS	Y.T.D. NET PAY



Citizens Bank

AMOUNT  
\$ 87.29

DATE  
06/17/2016

EIGHTY SEVEN DOLLARS and 29 CENTS

PAY  
TO THE  
ORDER  
OF



Bank Routing No. Bank Account Number



Deposit Amount  
87.29

NON NEGOTIABLE



Hire Date: 12/8/2014  
 Fed Status: Single, Exemptions: 2  
 OH Status: Regular, Exemptions: 4  
 Direct Deposit:  
 Fifth Third: 421.67



Employee Name		Emp.ID	Company:		Check No.	P/P End Date: 01/07/2017		
			Group:	Loc.	Dept:5	Check Date: 01/13/2017		
Earnings	Hours	Hourly Rate	Current	Year-To-Date	Taxes/Deductions	Current	Year-To-Date	
Regular	64	8.10	518.40	518.40	Federal Tax	22.18	22.18	
Overtime			0		Soc. Sec. Tax	25.15	25.15	
Holiday			0		Medicare Tax	17.06	17.06	
Vacation			0		OH State Tax	13.94	13.94	
Training			0		Toledo Tax	18.40	18.40	
Administrative			0					
<b>TOTALS</b>	<b>Gross Wages</b>	<b>Taxable Wages</b>	<b>Total Taxes &amp; Other Deductions</b>		<b>Net Pay</b>			
Current	518.40	518.40	96.73		421.67			
Year-To-Date	518.40	Direct Deposit		421.67				

09/30/2016

\*\*\*\*\*

ADVICE OF DEPOSIT - NON - NEGOTIABLE



# NON-NEGOTIABLE

Pay Period: 09/09/2016- 09/23/2016 Direct Deposit

<u>Employee</u>	<u>SSN</u>	<u>Status (Fed/State)</u>	<u>Allowances</u>
████████████████████	██████████	Single/Withhold	Fed-3/0/OH-3/0

Pay Period: 09/09/2016-09/23/2016 Pay Date: 09/30/2016

<u>Earnings and Hours</u>	<u>Qty</u>	<u>Rate</u>	<u>Current</u>	<u>YTD Amount</u>
Hourly	20.00	11.00	280.00	5040.00

<u>Taxes</u>	<u>Current</u>	<u>YTD Amount</u>
Medicare Employee	- 4.64	-41.76
Federal Income Tax W/H	- 0.00	-0.00
Social Security Employee	EXEMPT	EXEMPT
OH - Withholding	-3.56	-32.04
EE SERS Contrib	-25.00	-225.00
<b>TOTAL</b>	<b>33.20</b>	<b>298.80</b>

<u>Direct Deposit</u>	<u>Amount</u>
Checking- ***** ██████████	246.80



CO.	FILE	DEPT.	CLOCK	VCHR. NO.
[REDACTED]				
[REDACTED]				
Taxable Marital Status:		Single		
Exemptions/Allowances:				
Federal:		3		
OH:		3		

## Earnings Statement



Period Beginning: 07/02/2016  
Period Ending: 07/15/2016  
Pay Date: 07/29/2016

[REDACTED]

### Subpoena Payroll Processors

- ▶ Codes and file numbers can often identify the company and/or employee
- ▶ Confirm if employer is customer of payroll processor
- ▶ Can generate leads to individuals who may be complicit



Department of  
Job and Family Services

**SUBPOENA DUCES TECUM - O.R.C. 5101.37\***

Attention: Subpoena Processing  
ADP  
1 ADP Boulevard  
Mail Stop 325  
Roseland, New Jersey 07068

RE: Identification of Paystub Codes

YOU ARE HEREBY COMMANDED to appear at the Lucas County Department of Job & Family Services, Investigations Department, 3210 Monroe Street, Toledo, Ohio, on the 11th day of November 2017, at 9:00 a.m. to provide testimony in this administrative investigation and to bring with you all documents relating to:

Identification of: company code [REDACTED]; File [REDACTED] as it relates to company [REDACTED]; Department [REDACTED] as it relates to company [REDACTED]; and clock number [REDACTED] as it relates to company [REDACTED].

In Lieu of appearing at the place and time aforesaid, you may have the subpoenaed information delivered to Lucas County Department of Job & Family Services, 3210 Monroe Street, P.O. Box 10007, Toledo, Ohio 43699-0007 [REDACTED] - Investigations, or you may e-mail the requested information on or before the date stated above to [REDACTED].

Should you have any questions regarding the requested information, please contact [REDACTED] in the Investigations Unit at [REDACTED].



A more human resource.™



ADP, LLC  
One ADP Boulevard  
Roseland, NJ 07068



October 23, 2017

[REDACTED]  
Lucas County Department of Jobs & Family Services  
Investigations Department  
3210 Monroe Street  
Toledo, OH 43606

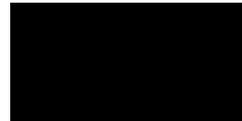
Re: Subpoenas dated October 11, 2017 – Case No. [REDACTED]

This letter is sent in response to the subpoenas served on ADP, LLC in the above-captioned matter.

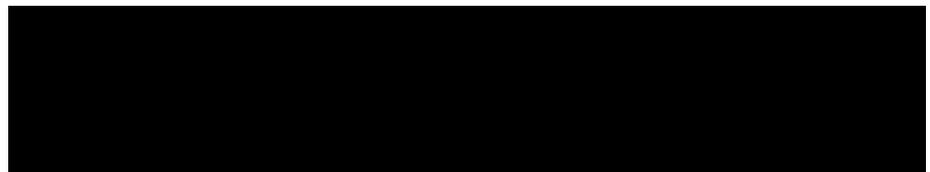
ADP provided payroll data processing services to [REDACTED] under ADP Company Code [REDACTED] which terminated in 2013. ADP does not serve as a "Records Custodian" for its payroll clients. Rather, ADP clients are provided records each time a payroll is processed and on a quarterly and annual basis. Once the reports are provided to the client, ADP stores the records for a limited period of time. Earnings Statements are not available for [REDACTED] of [REDACTED]. Enclosed please find EE Wage & Tax print screen for [REDACTED] of [REDACTED] for 1<sup>st</sup> and 2<sup>nd</sup> quarter 2013.

Please contact me if you have any questions.

Very truly yours,



Enclosures



# Contacting ADP....

It all started with a little 

- 5 phone calls & several hoops later, we reached the Subpoena Processing Department at ADP
- Taught us a lesson when dealing with larger corporations
- Ask for WHO can get it done vs. trying to explain what you need to a customer service rep
- Now we immediately ask: “Where do I send a subpoena?”

# Fraudulent paystubs Prosecutions



This Photo by Unknown Author is licensed under [CC BY-SA-NC](#)

# Fake flower shop case

- ▶ \$59,296.55 TOTAL OVERPAYMENT
- ▶ CHILD CARE PROGRAM
- ▶ PERIOD: 7/1/10 - 9/30/17 (7+ YEARS)
- ▶ Source: caseworker noticed discrepancy between paystub and wage form; hourly wage reported on paystub was \$13/hr, while hourly wage on form was \$8/hr
- ▶ Employment with flower shop is fabrication. The flower shop never existed.
  - ▶ Property record for business address was a vacant lot
  - ▶ Template for forgeries was obtained from defendant's ex-husband and daughter
  - ▶ Client confessed to her attorney and the prosecutor that she made the paystubs herself



EMPLOYEE NAME		SOCIAL SECURITY NO.		EMPLOYEE NO.		CHECK NO.	
[REDACTED]		[REDACTED]		[REDACTED]		33989	
DIVISION	DEPARTMENT	PERIOD BEGINNING		PERIOD ENDING		CHECK DATE	
1	[REDACTED]	03/19/12		03/24/12		03/29/12	
EARNINGS/TAXABLE BENEFITS	HOURS	RATE	CURRENT	YEAR TO DATE	TAXES / DEDUCTIONS	CURRENT	YEAR TO DATE
TOTAL PAY	28.00	7.50	210.00	680.94	FEDERAL S-4 STATE-OH S-0	17.46 2.37	680.94 82.94

NET PAY 190.17

Regulate and Report - 10/10/12 04:10:00 PM

CO. FILE DEPT. CLOCK NUMBER 080

[REDACTED]

## Earnings Statement



Period Ending: 04/14/2013  
Pay Date: 04/19/2013

[REDACTED]

Social Security Number: XXX-X [REDACTED]

Earnings	rate	hours	this period
Regular	7.8500	17.90	140.52
<b>Gross Pay</b>			<b>\$140.52</b>

Deductions	Statutory	
	Social Security Tax	-8.71
	Medicare Tax	-2.03
	OH State Income Tax	-0.74
	Toledo Income Tax	-3.16
	Federal Income Tax	
<b>Net Pay</b>		<b>\$125.88</b>

[REDACTED]	EMPLOYEE NAME				SOCIAL SECURITY NO.	EMPLOYEE NO.	CHECK NO.
	[REDACTED]				[REDACTED]	[REDACTED]	33989
	DIVISION	DEPARTMENT			PERIOD BEGINNING	PERIOD ENDING	CHECK DATE
	1	[REDACTED]			03/19/12	03/24/12	03/29/12
EARNINGS/TAXABLE BENEFITS	HOURS	RATE	CURRENT	YEAR TO DATE	TAXES / DEDUCTIONS	CURRENT	YEAR TO DATE
TOTAL PAY	28.00	7.50	210.00	680.94	FEDERAL S-4 STATE-OH S-0	17.46 2.37	680.94 82.94

NET PAY 190.17

Reynolds and Reynolds MANUFACTURE CUSTOMER O (2012)

- Google search for "Reynolds & Reynolds" yielded a software company from Dayton, Ohio.
- Reynolds & Reynolds specializes in accounting software for car dealerships
- background investigation for defendant revealed that defendant's ex-husband worked at a local car dealership
- contacted the dealership and verified that Employee Number & Department Number identified defendant's ex-husband

CO. FILE DEPT. CLOCK NUMBER 000  
[REDACTED]

[REDACTED]

### Earnings Statement



Period Ending: 04/14/2013  
Pay Date: 04/19/2013

[REDACTED]

Social Security Number: XXX-XX-[REDACTED]

Earnings	rate	hours	this period
Regular	7.8500	17.90	140.52
<b>Gross Pay</b>			<b>\$140.52</b>

Deductions	Statutory	
Social Security Tax		-8.71
Medicare Tax		-2.03
OH State Income Tax		-0.74
Toledo Income Tax		-3.16
Federal Income Tax		
<b>Net Pay</b>		<b>\$125.88</b>

- Subpoena to ADP requesting identification of "CO. [REDACTED] - revealed CO. [REDACTED] is an identifier for [REDACTED] - defendant's daughter had worked for [REDACTED]

11-13-13

[REDACTED]

Owner

[REDACTED]

To whom it may concern,

This letter is to verify that [REDACTED] is a full time employee at [REDACTED] Ms. [REDACTED]  
current workweek consists of working 30 hrs. at a pay rate of \$7.85 an hr.

If you require any additional information, please feel free to contact me at [REDACTED]

reverse look-up on  
Clear confirmed  
this is defendant's  
sister's phone  
number

[REDACTED]

Owner

[REDACTED]

# Fake flower shop case outcome

Indicted on:      1 count grand theft                      4<sup>th</sup> degree felony  
                         1 count tampering w/ records      3<sup>rd</sup> degree felony  
                         6 counts forgery                              5<sup>th</sup> degree felony

- ▶ Plead No Contest to 1 count grand theft, 1 count tampering, 2 counts of forgery
- ▶ Sentenced to 3 years probation
- ▶ Ordered to pay full restitution of \$59k and sign wage withholding agreement
- ▶ No childcare eligibility until balance PIF

# LPN case \$69,136.68 TOTAL OVERPAYMENT

\$20,064.00	SNAP
\$36,753.03	CHILD CARE
\$12,319.65	MED

PERIOD: 1/1/13 - 3/31/18 (5+ YEARS)

- ▶ Interviewed client prior to referring case to Prosecutor. Client was not bothered in the least.
- ▶ Source: Fraud Hotline - anonymous source
  - ▶ Source knew where defendant worked, how long she'd been submitting forgeries, and even identified who was making the forgeries

# Earnings Statement

PAY PERIOD 06/06/2013 to 06/19/2013  
 PAY DATE 07/04/2013

SSN: [REDACTED]  
 FEDERAL: S-1  
 STATE: S-1  
 DEPT: 0123

HOURS AND EARNINGS					TAXES AND DEDUCTIONS				
DESCRIPTION	HOURS	RATE	THIS PERIOD	YTD	DESCRIPTION	CURRENT	YTD	VACATION	WCK
								AVAILABLE	AVAILABLE
EARNINGS	80	8.00	640	7200	FEDERAL	34.96	451.88		
OT EARNINGS	4	15.00	60	800	SOC SEC	45.31	596.03		
SALARY					MEDICARE	10.60	137.80	USED	USED
OTHER 1					STATE	11.90	154.72		
OTHER 2									
BONUS			10	30					
<b>GROSS YEAR-TO-DATE</b>	<b>9600.00</b>		<b>730.77</b>		<b>TOTAL DEDUCTIONS</b>				<b>NET PAY</b>
									<b>628.00</b>

CO. FILE DEPT. CLOCK VCHR. NO.

# Earnings Statement



Period Beginning: 07/02/2016  
 Period Ending: 07/15/2016  
 Pay Date: 07/29/2016

Taxable Marital Status: Single  
 Exemptions/Allowances:  
 Federal: 3  
 OH: 3

Social Security Number: [REDACTED]

Earnings	rate	hours	this period	year to date
Regular	9.00	48.0	432.00	5,266.68
Overtime				

### Important Notes

**Gross Pay** 432.00 5,266.68

Deductions	Statutory		
Social Security Tax		26.78	326.53
Medicare Tax		6.26	76.36
OH State Income Tax		2.90	187.77
Federal Income Tax			

Other

**Net Pay** 396.07

Your federal taxable wages this period are \$432.00

© 2000 ADP, Inc.

Advice number: 00000470303  
 Pay date: 07/29/2016

Deposited to the account of [REDACTED] account number xxxxxxxx0009 transit ABA xxxx xxx amount \$396.07

THIS IS NOT A CHECK

VOID AFTER 180 DAYS

**NON-NEGOTIABLE**

**Earnings Statement**



PAY PERIOD 06/06/2013 to 06/19/2013  
 PAY DATE 07/04/2013

inaccurate pay date

SSN: [REDACTED]  
 FEDERAL: S-1  
 STATE: S-1  
 DEPT: 0123



HOURS AND EARNINGS					TAXES AND DEDUCTIONS				
DESCRIPTION	HOURS	RATE	THIS PERIOD	YTD	DESCRIPTION	CURRENT	YTD	VACATION	WCK
								AVAILABLE	AVAILABLE
EARNINGS	80	8.00	640	7200	FEDERAL	34.96	451.68		
OT EARNINGS	4	15.00	60	800	SOC SEC	45.31	596.03		
SALARY					MEDICARE	10.60	137.80	USED	USED
OTHER 1					STATE	11.90	154.72		
OTHER 2									
BONUS			10	30					
<b>GROSS YEAR-TO-DATE</b>		<b>GROSS THIS PAY PERIOD</b>		<b>TOTAL DEDUCTIONS</b>				<b>NET PAY</b>	
9600.00		730.77		102.77				628.00	

gross YTD does not balance

gross total does not balance

no cents included for gross & YTD

Actual rate of pay was \$12/hr

### Earnings Statement



Period Beginning: 07/02/2016  
Period Ending: 07/15/2016  
Pay Date: 07/29/2016

Company Code and file number belongs to an employee at Maxim Healthcare

Taxable Marital Status: Single  
Exemptions/Allowances:  
Federal: 3  
OH: 3

inaccurate pay date

Social Security Number: [REDACTED]

Earnings	rate	hours	this period	year to date
Regular	9.00	48.0	432.00	5,266.68
Overtime				

#### Important Notes

**Gross Pay** 432.00 5,266.68

#### Deductions Statutory

Social Security Tax	26.78	326.53
Medicare Tax	6.26	76.36
OH State Income Tax	2.90	187.77
Federal Income Tax		

#### Other

**Net Pay** 396.07

Net pay does not balance - correct net according to deductions is \$396.06

Your federal taxable wages this period are \$432.00

employer does not offer direct deposit to employees

Advice number: 00000470303  
Pay date: 07/29/2016

Deposited to the account of	account number	transit ABA	amount
[REDACTED]	xxxxxxxx0009	xxxx xxx	\$396.07

THIS IS NOT A CHECK

VOID AFTER 180 DAYS

NON-NEGOTIABLE

Actual rate of pay was \$13/hr

Authentic format for employer

[REDACTED]		Check Date	03/17/16	Marital Status	S	SSN	[REDACTED]
Check Number	30758	Pay Period	03/10/16	Federal Exempt	3	Pay Rate	11.5000
Check Amount	\$79.65			State Exempt	9		
Current Summary		Year-to-Date Summary			Accruals		
Gross Pay	86.25	Gross Pay	2658.90	State		Available	Earned
Taxes	6.60	Federal	102.35	Local		Vacation	
EIC		FICA	164.85	EIC		Sick	
Deductions		Medicare	38.55	Deductions		Personal	
Net Amount	79.65			Net Amount	2353.15		
Earnings				Taxes			
Detail (See below for detail)				86.25	Federal		
Misc Pay					FICA		5.35
NonTaxable					Medicare		1.25
401-K Pay					State		
Cafe Pay					Local		
					EIC		
				Total	86.25		

Earnings Detail							Deductions	
Code	Department	Shift	Hours	Rate	Amount	Deduction Name	Amount	
1	Regular	Aides 7.5 Or 8.0 Hour Hrly	D	7.50	11.50	86.25		
Total								
			7.50		86.25			

# LPN's outcome

Indicted on: 1 count grand theft                      4<sup>th</sup> degree felony  
                  1 count tampering w/ records        3<sup>rd</sup> degree felony  
                  6 counts forgery                                5<sup>th</sup> degree felony

- ▶ Confessed to prosecutors that aunt created the forged paystubs
- ▶ Entered diversion program
  - ▶ Agency agreed to \$23,000 reduction of restitution to \$46,000
  - ▶ \$10,000 down (which mom pulled out of her 401k plan) & \$500/mo for 6 years to avoid felony conviction
- ▶ Permanent SNAP DQ

# The case of the couple

## \$14,393.00 TOTAL OVERPAYMENT

### SNAP PROGRAM

PERIOD: 11/1/14 - 3/31/17 (2+ YEARS)

- ▶ Defendant stated that paystubs were obtained directly from employer and had not been altered
- ▶ Boyfriend and girlfriend live together- both had fake paystubs
- ▶ Prosecutor chose to indict only the girlfriend as it was her case

Statement of Earnings for:



Pay Period:

4/17/2015 4/30/2015



<i>EARNING DESCRIPTION</i>	<i>HOURS</i>	<i>RATE</i>	<i>CURRENT</i>
Holiday			
Overtime			
Regular	17	8.3	141.1
Vacation			
<b>EARNING TOTALS</b>	17		141.1

*THIS IS NOT A CHECK*

EARNINGS	HRS/UNITS	CURRENT AMT
Regular	18	153.00

C

DEDUCTIONS

- Federal Regular Medicare Tax
- Federal Regular Social Security Tax
- Ohio Regular IT

8.50	153.00	11.37	141.63
PAY RATE	CURRENT EARNINGS	CURRENT DED	NET PAY



# The case of the couple OUTCOME

Indicted on: 1 count grand theft 4<sup>th</sup> degree felony  
1 count tampering w/ records 3<sup>rd</sup> degree felony  
6 counts forgery 5<sup>th</sup> degree felony

- ▶ Plead No Contest to 1 count attempted forgery (M1)
- ▶ Sentenced to 3 years probation
- ▶ Ordered to pay full restitution of \$14k
- ▶ Permanent SNAP DQ

# Other common types of forgeries

## Shelter verifications

- ▶ Rent receipts, leases...

## School verifications

- ▶ Attendance records v. enrollment records
- ▶ Using family as fraud mules

## Employer letterhead

## Utility bills

# Questions





# CCDF Fraud Tool Kit – New Release!

# CCDF Fraud Toolkit – Enforcement and Recovery

In January of 2020, the Enforcement and Recovery Assessment section of the toolkit was approved and made available to Lead Agencies.

There are five categories in the Enforcement and Recovery Assessment section. These categories will guide users through an internal evaluation of their administration and operations related to CCDF:

Regulations, Procedures and Coordination

Appeals and Adjudicating

Improper Payments

Recovery

Sanctions and Penalties.

# FTK - Enforcement and Recovery

## Fraud ENFORCEMENT and RECOVERY Risk Assessment Tool

CATEGORY	QUESTION	ANSWER	RISK	RECOMMENDATION
Regulations, Procedures, and Coordination	Does the Lead Agency inform families and providers of their applicable rights and responsibilities on applications, forms, and notices?	YES	Low	Awesome! Informing families and providers of their rights and responsibilities on applications, notices, and other forms will communicate a consistent message. The written notification offers subsidy recipients the official guidelines for participating in the program.
Regulations, Procedures, and Coordination	Does the Lead Agency inform families and providers of the penalties for providing false information and committing fraud?	I DON'T KNOW	Medium	Review the Lead Agency's policies and procedures to ensure families and providers are advised of the penalties for providing false information and committing fraud. Providing this information through written communication is a proper enforcement technique for utilization by the Lead Agency.
Regulations, Procedures, and Coordination	Does the Lead Agency provide written communication regarding responsibilities and penalties for providing false information and/or committing fraud to all entities that perform work on behalf of the Lead Agency?  (i.e., sub-recipient, vendor, contractor)	YES	Low	Kudos! The Lead Agency has broad authority to administer and implement the program through other governmental or non-governmental agencies (45 CFR 98.11(a)). Establishing written agreements that communicate the rules and regulations governing the subsidy program while advising of responsibilities and penalties with regards to misrepresentation or fraud is a great way to deter fraud, waste, and abuse.
Regulations, Procedures, and Coordination	Has the Lead Agency defined in its regulation or policy what constitutes an unintentional program violation (UPV)?	NO	Medium	Consider providing written information to eligibility workers, supervisors, quality control specialists, and fraud investigators that summarizes the characteristics of unintentional program violations (UPV). Informing staff of what the Lead Agency considers UPVs can ensure consistency in fraud investigations and quality control reviews.

# FTK - Enforcement and Recovery

## Fraud ENFORCEMENT and RECOVERY Risk Assessment Summary

## Category Based Risk Summary



**OVERALL RISK COUNT BY RISK LEVEL**

RISK LEVEL	COUNT
High	4
Medium	7
Low	10

**Regulations, Procedures, and Coordination**

RISK LEVEL	COUNT
High	1
Medium	3
Low	4

**Appeals/Adjudicating**

RISK LEVEL	COUNT
High	0
Medium	0
Low	0

**Improper Payments**

RISK LEVEL	COUNT
High	1
Medium	1
Low	2

**Sanctions and Penalties**

RISK LEVEL	COUNT
High	1
Medium	1
Low	2

**Recovery**

RISK LEVEL	COUNT
High	1
Medium	2
Low	2



# Program Integrity Resources

# Program Integrity Resources

## Program Integrity Resources Landing Page:

<https://childcareta.acf.hhs.gov/resource/ncsia-program-integrity-resources>

CCDF Fraud  
Toolkit

Program  
Integrity  
Webinars

Regional  
Presentations

TLA Fiscal Risk  
Assessment

Grantee Internal  
Controls Self-  
Assessment  
Instrument

CCDF Fiscal  
Fundamentals

Succession  
Planning  
Contact List

Error Rate TA  
Landing Page

# Error Rate Resources

## CCDF Error Rate Review Resources Landing Page:

<https://childcareta.acf.hhs.gov/resource/ccdf-error-rate-review-resources-0>

Data  
Collection  
Instructions

Training and  
Technical Assistance  
Cohort Calls

Error Rate

Fact Sheets

# Questions and Open Discussion



# What's Next?

- FY 2020 Program Integrity Webinar Series – Please share your ideas for future presentations.
- Please complete the evaluation and provide feedback on the items we discussed today.

**We value your opinion!**



**Next Webinar:**

Sept. 1

3 - 4:30 p.m. EDT



NATIONAL CENTER ON

Subsidy Innovation and Accountability



Email: [ncsia@ecetta.info](mailto:ncsia@ecetta.info)  
Phone: 301-881-2590 x273

# Thank you!