



STATE OF CONNECTICUT

FRAUD EARLY DETECTION PROGRAM Referral and Investigation Handbook

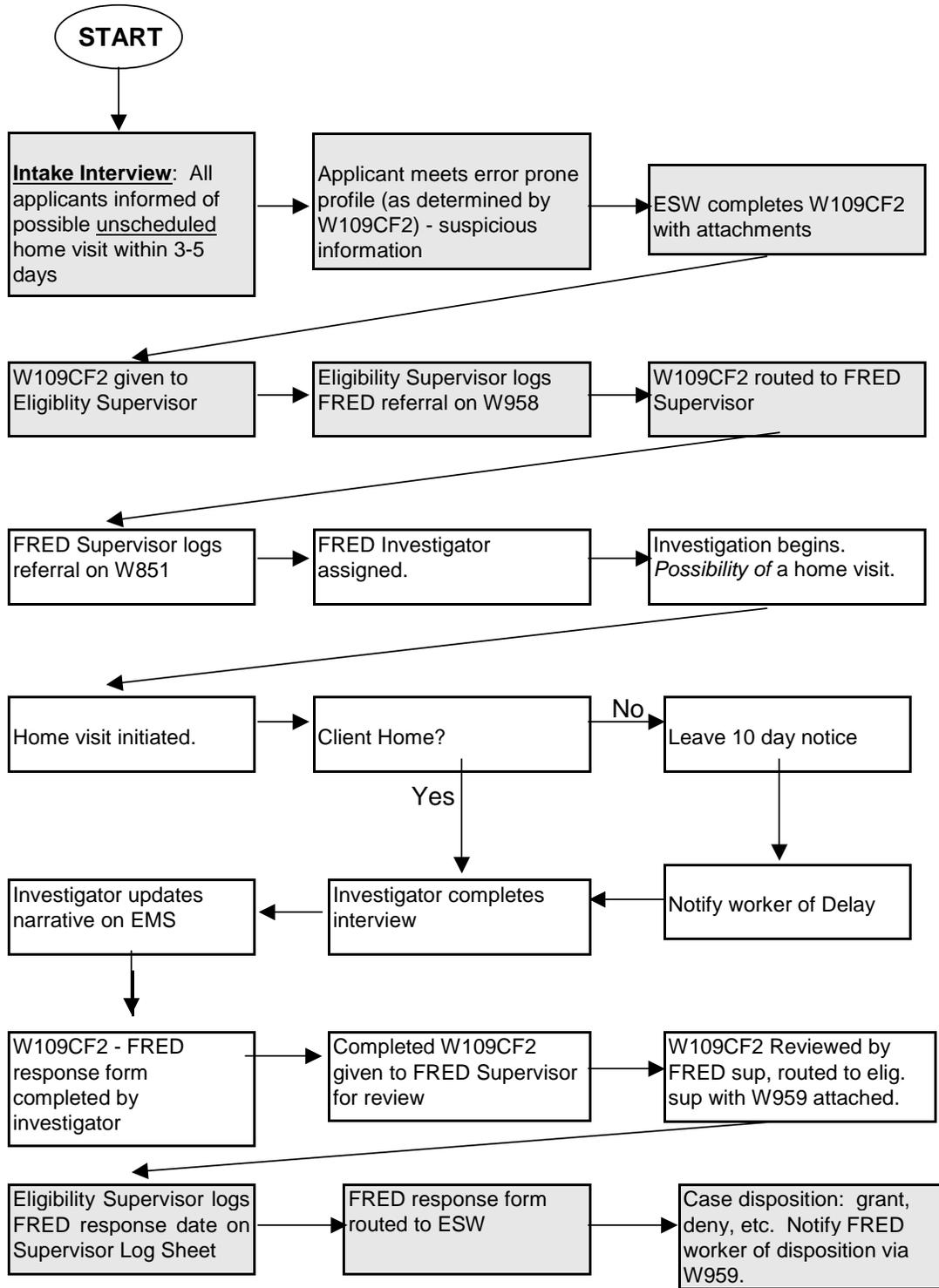
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FRAUD EARLY DETECTION PROGRAM **Referral and Investigation Handbook**

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Fred Referral Process
DSS



Historical Perspective

The Fraud Early Detection (FRED) goal is to identify, investigate and determine if a case is fraudulent before granting assistance. Intake workers refer cases within the referral Guidelines to the FRED unit. FRED investigators perform a preliminary office review of the case and complete the investigation process by interviewing applicants in their homes.

On January 8, 1993 the FRED Program was launched as a pilot in the Bridgeport District Office with two Client Fraud Investigators and an Investigation Supervisor. FRED staff received referrals from Intake Units on AFDC, AFDC related Food Stamps and Medicaid applicants whose stated circumstances at time of intake were questionable. FRED investigations uncovered cases where: the applicants did not have the number of children claimed, did not live at the address reported, the absent parent was in the home, the applicant was collecting in another state and the applicant was employed.

The eighteen-month FRED pilot proved a successful fraud prevention tool. Of the 2,130 referrals, 34.5% or 721 investigations led to reduction/cost avoidance for total savings of \$2,332,127. In October 1994 the program was taken over by the Regional Offices and expanded from Bridgeport to include the Hartford and New Haven Regions.

The Governor's Blue Ribbon Commission on Welfare Fraud stated in its Report of Findings and Recommendations issued on April 12, 1995, "[t]he FRED Program [s]hould [b]e [i]mplemented [s]tatewide. The Fraud Early Detection program piloted by the Department of Social Services in Bridgeport in 1993-94 has already reaped rewards. Continuation of this program is consistent with national trends and provides the intensive scrutiny many welfare applications need at the pre-eligibility stage."

Subsequently, the Department received authority to expand the FRED program statewide by hiring twelve investigators. All Regional Offices except, Manchester, Torrington, and Willimantic were involved in the expansion.

For FRED to continue to be a successful program, communications and cooperation between Intake and FRED, such as that demonstrated in the pilot project and its' expansion, is of the utmost importance. Also due to expansion it is important that effective communication between the various Regional and Central Office units that play important roles in the FRED program continue.

Legal Requirements

Connecticut General Statute Section 17b-7a, statewide fraud early detection system, consolidates into law the FRED Program. This statute, passed effective July 1, 1995, required the Commissioner of the Department of Social Services to develop a statewide fraud early detection system for the purpose of identifying, investigating and determining if an applicant for public assistance under TANF, Food Stamps or Medicaid is fraudulent prior to the approval of benefits. The statute was amended effective July 1, 2005 to include all programs administered by DSS, and specifically identifying TANF, Food Stamps, Care 4 Kids and Medicaid. As a result of the statutory change, a distinct FRED program for Care 4 Kids and energy assistance is developed for SFY06. Procedures related to that program are included in a separate handbook.

Referral Guidelines

The regional FRED Program includes all DSS administered programs, with special emphasis on TANF, Food Stamps, and Title XIX.

Using the W109CF2, Intake workers make referrals to FRED Investigators on cases where an applicant presents questionable or inconsistent information, and is therefore suspected of being fraudulent. The FRED Investigator's task is to secure the accurate information so that a correct eligibility determination can be made by Intake. **Remember – we are Eligibility's field support. As team members, we treat each other with professional courtesy and respect.**

If an applicant is denied benefits due to a FRED investigation and subsequently reapplies, a new FRED referral must be made for additional investigation. If the applicant has previously been the subject of a fraud referral and/or investigation, a FRED referral must also be made.

The FRED Referral Form -- W109CF2

The Intake Worker, upon receipt of an application that meets any of the above criteria, must complete the W109CF2 and forward to the FRED Supervisor for investigation.

The form should be completed in its' entirety as follows:

- 1) Date: the date the referral is made
- 2) Client ID: enter the client id
- 3) Client name
- 4) Alvarez deadline date
- 5) FRED investigation source. Check as many as apply to the application in question.
- 6) AU numbers for all programs
- 7) Spanish speaking
- 8) Applicant employed
- 9) Reason for referral: Please give short explanation as to why referral is necessary (see below). If the Intake worker has entered a complete EMS narrative on the application, a screen print of this will be sufficient.

The following referrals guidelines a meant to serve as examples of FRED referral cases:

Residency

- Applicant presents proof of residency, rent receipt, landlord letter, similar documents or receipts that appear questionable.
- Applicant has a history of frequent moves and untimely reporting of address changes.
- Applicant recently moved to Connecticut.

Household Composition

- Applicant reports a change in household size but provides inconsistent or curiously incomplete information about the whereabouts of household members.

Absent Parent

- Applicant provides contradictory or inconsistent information about absent parent's whereabouts.
- Applicant recently had child by absent parent and alleges no information on him/her.
- Applicant has two or more children by absent parent and claims no knowledge about him/her or his/her whereabouts.
- Applicant alleges living with absent parent but claims they recently separated.
- Applicant alleges absent parent lives in same building but in different apartment.

Assets

- Applicant has been employed and may have credit union.
- Applicant has been employed and may have had direct deposit paycheck.
- Prior assistance record shows assets and client currently states none.

Income (Earned, Unearned and Self Employment)

- Applicant's reported income is less than household expenses, rent, utilities, etc.
- Applicant states only source of income is self-employment but does not have business records to verify income. Self-employment may be as handyman, car repairperson, nail tech, braiding hair, house cleaning.
- Applicant is self-employed and has business records.

- Applicant presents wage/employment verification that appears questionable.
- Applicant was employed and claims to have been injured on the job.
- Wages on DOL do not appear consistent with pay stubs presented.

FRED Investigation Procedures

Checklist

The FRED investigator should review the following checklist before beginning the investigation, and secure the information before the home visit, depending on the nature of the FRED referral. **NOTE: The FRED investigator is required to confirm the address of the applicant on the day of the home visit BEFORE the home visit occurs.**

- 1) Read the W109CF2 referral thoroughly to determine purpose of FRED referral and verification(s) requested.
- 2) Using the client ID check for all previous case au #s.
- 3) Read the present case narrative and all previous case narratives - they might prove useful.
- 4) To determine if LLR has ever been a member of previous case(s) - try using the name inquiry as LLR might have been on assistance on his/her parent's award.
- 5) Get LLRs social security # and DOB from previous case.
- 6) Determine if LLR is receiving assistance.
- 7) Check DMV for LLR address.
- 8) Check labor for employment and unemployment of LLR and applicant.
- 9) Check the shelter screen for landlord's name, address and telephone #.
- 10) Check the assessors list for landlord's name, address and telephone #.
- 11) Try calling landlord and if that doesn't work send a letter.
- 12) If applicant has just moved from out of state call the previous state.

13) If applicant has school aged children call the board of education/or school to verify enrollment and attendance - if no school is listed check with board of education to determine which school a child from the neighborhood should be attending and then determine if the child is enrolled and attending.

14) Bring the 5 day notice letter in field (make carbon copy so you'll have a copy) - send copy to intake worker - tickle your file so you can remind intake to deny case if applicant does not contact you.

15) Check Care 4 Kids to see if the applicant and/or LLR are providers.

16) When investigation is complete make a thorough narrative entry into EMS - make a copy and attach to back of w-109cf2 for your reply.

The Field Investigation – Approval and Preparation

Before going into the field the FRED investigator must get the field investigation approved by the FRED supervisor. All other means of obtaining the required information are pursued (see FRED Investigation Check List) before going into the field. A telephone call or a letter might prove as effective. Only certain eligibility factors lend themselves to field verification.

Before leaving the office, familiarize yourself with the case and the issues to be investigated. You may wish to write down some questions or notes at this time. Review the case record thoroughly so you are familiar with the individual and situation you are about to investigate. Take a photocopy of the file picture so you are sure you are talking to the applicant before going to the field.

The Field Investigation

Present your DSS identification card and give the client your business card and state the purpose of your visit. Explain to the client that you are at their home to verify information submitted during the application process. If the applicant does not wish to permit entry into the residence, you should inform the client that refusal might delay granting of the application. Explain to the applicant what your goal is and attempt to make him/her understand this by answering any questions. You must make it clear that if the applicant refuses admission, that he/she must meet with you at the Regional Office to complete the application process. Make it clear that if the applicant does not meet with you within 5 days that the application may be denied due to failure to cooperate with the eligibility process. If given permission to enter the residence tell the person who gave you consent that he/she may withdraw the consent at any time.

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If the applicant allows you entry into the home, ask for a photo ID so you know you are talking to the correct person. Be observant both inside and outside the home. Note automobiles, license plates, names on the mailbox, and other similar items.

Anything in plain view that is pertinent to determining eligibility may be included in your written report. You may ask to see areas of the residence but **do not** demand access, or inspect, closets, cabinets, attics, basements, garages, etc. Depending on the reason for the home visit, you may seek the applicant's permission to view where the child(ren) sleep, other sleeping areas or other areas of the home.

Once inside the home try seating yourself facing the client. If you are not comfortable with this, conduct your interview in the least invasive manner, as you must respect the fact that you are in the applicants' home. Maintain good eye contact and observe the persons reaction to your questions. Try to avoid any compromising situations. If the parent walks out of the room and leaves the child(ren) alone with you, tell the parent that you do not feel comfortable being left in the room alone with the child(ren). Inform the parent that you will step out of the house/apartment. until the parent returns. Try to avoid sitting or standing in a corner. Your first choice is to position yourself so you have unobstructed access to the door. If there are other people in the home, ask them for photo identification. Ask if they also live in the home or are simply visiting.

Put the applicant at ease by being pleasant and having a positive attitude. Remember you are there to gather information only. Questions you ask the applicant should be clear and concise, positively stated in a language they understand, and fitting to the purpose of the interview. If you believe that an ADA accommodation needs to be made for an effective and complete interview, contact your supervisor to discuss next steps.

Use positive open-ended questions as they imply that you know the subject of the question to be factual. Never use negative questions such as, " You're not working anywhere are you?" But instead ask, "Where are you working now?" In the applicant's reply to a positive question, they must confirm or deny the fact and give an explanation.

When questioning collateral contacts show your agency Identification Card and state the purpose of the inquiry. Keep in mind the applicant's right to privacy and disclose only enough information to explain your purpose.

Irrespective of the basis for the referral, all areas on the FRED Investigation Worksheet should be covered. At the end of the home visit, have the applicant sign the worksheet verifying the accuracy and completeness of the information. If there is a witness available (over the age of 18 years), have the witness sign (and print name) as well.

Unsafe or Inappropriate Field Conduct

Never enter a situation or continue an interview in the field if you determine that you are in physical danger. Your safety should be your first concern.

Never interview someone who is drunk or appears to be under the influence of drugs. What they say is undependable plus their behavior is unpredictable.

Never forget that the applicant has the same rights afforded any person and that these rights do not end with the application for public assistance. Never enter the home without the applicant's or other household member's permission.

Don't be confrontational. This is not the way to get the desired results. Remember your goal is to obtain information.

Don't question the applicant's children. While they may be able to provide useful information the parent may retaliate against the child for providing it. Keep the safety of the children in mind.

Although it is obvious, it bears emphasis: Never abuse your position as a FRED investigator by explicitly or implicitly promising a favorable investigation outcome in exchange for anything.

Field Investigation of Eligibility Factors

1. Income

If the FRED referral concerns suspected unreported income, DOL should be checked to verify the applicant's last job prior to the home visit. In addition, check the Care 4 Kids database to determine whether the applicant is a provider.

You should discuss with the applicant how he/she has been supporting him/herself and a family with no verifiable source of income. If the applicant states he/she works "under the table" you must explain that it is necessary to verify this income. A notarized statement from the applicant's employer may assist in determining this eligibility factor. It may be necessary subsequent to the receipt of the letter to call the employer and confirm the information contained in it. If applicants state they are self employed, for example, braiding hair, doing nails, repairing cars, doing handyman work, or other similar employment, they must provide a sworn, notarized statement indicating how much they earn. If the applicant works "on the books" and simply has failed to report this, a W35 should be sent for verification of wages.

Oftentimes, an applicant states that family members or friends have been supporting them. Ask for notarized statements containing date of birth and phone numbers from the individuals contributing to the family indicating how much support they provide on a monthly basis. If and when these are received, check to see whether the person providing assistance is a DSS recipient (including Care 4 Kids).

2. Absent Parent in the Home

If your referral reason is a possible absent parent living in the home, preparation prior to your home visit is essential. Obtain the names, dates of birth and social security numbers of all absent parents on the case. Attempt to locate the absent parent(s) via DOL, an EMS check for possible DSS benefits, Department of Corrections, Department of Motor Vehicles and Care 4 Kids. At home visit arrival, prior to going into applicants home, speak with other tenants and neighbors regarding the whereabouts of the absent parent. Frequently, they are aware of his/her situation and can give you valid, current information about the absent parents whereabouts. When you are conducting your home visit, question the applicant about his/her knowledge of the whereabouts of the absent parent(s). Identify the last time the applicant saw the absent parent and the circumstances under which they spoke, i.e., child's birthday, holiday, Father's Day, Mother's Day, or other similar life's events. Determine where the applicant believes the absent parent is residing and with whom he lives. If, within the past 30 days, the absent parent was residing with the applicant and it is alleged he/she left, it is essential and critical to verify his new residence. Obtain from the applicant the date he/she left and where he/she went. Ask the applicant if he/she still gets mail at the home and if he/she has taken all of his/her belongings. Ask him/her to obtain his phone number so that you can verify his/her new address. Check DMV to see where absent parent lists as address.

3. Unreported Assets

Discuss with the applicant what assets he/she had or may currently have. If he/she claims no assets and it appears that their circumstances indicate there may be bank accounts, retirement accounts, credit unions, or other accounts, *ask to see the applicant's Federal Tax Returns for the past 3 years*. These documents, if filed accurately, will reveal interest income from any such accounts. If there is an indication that the applicant may have or have had real property, determine his/her addresses over the past several years and call the local Tax Assessors to get information on property in the applicants name, either currently owned or sold.

4. Questionable Child(ren) in the Home

If the children are of school age, obtain school letters. If the children recently moved to the area with a parent, determine their prior residence and confirm with

that particular school system that the child has been withdrawn and records transferred to Connecticut. If the child(ren) is under school age, ask to see where the child(ren) sleeps and where his/her and clothes are. If the apartment does not appear to have children's items in it, question the parent as to where the child is. *If you have reason to believe the child or children have been removed from the home by DCF, send a DCF request to determine if the child(ren) has been removed from the home.* A red flag for children possible not living with applicant is the school district not corresponding with the applicant's residence. If the child is not in the appropriate school district, applicant must verify in writing either that the Board of Ed has granted permission for the child to be out of district or the child needs to be transferred to the correct district. Obtain phone numbers of grandparents, aunts or other relatives to determine if the child is currently with these relatives. **Contact the absent parent of the child(ren) and question as to where and whom they live with.**

5. Applicant Recently Moved to Connecticut

If person recently moved to Connecticut, contact previous state to get public assistance history and to confirm household composition in that state.

6. Questionable Verification

If applicant provides questionable verification, for example, an altered birth certificate, marriage certificate, or other altered document, the original must be obtained from the client to resolve discrepancy. If client is unable to provide the original, the investigator should contact the appropriate agency for verification of the accurate information.

FRED Conclusion of Investigation and Response to Eligibility

Upon return to the office, review notes of field visit(s) and Checklist to determine additional data gathering and/or contacts.

The backside of the W109CF2 will document the investigation findings. The FRED Investigator **must** also enter the investigation findings **in the EMS narrative** so that the ongoing case notes will detail any fraudulent findings for future reference. If a home visit has occurred and additional work is needed, that too **must be entered in the EMS narrative.**

When the investigation is complete, the FRED Investigator should log out the eligibility action, then forward to the FRED Supervisor his/her work for approval and return to the Intake worker.

SUPERVISOR RESPONSIBILITIES

The FRED Supervisor will receive and review each referral to ensure the case meets FRED guidelines for propriety and proper accompanying documentation from the Eligibility Worker. Once it is determined that the referral is acceptable, FRED Supervisor will log referral onto the FRED Referral Disposition Log, assign a number and investigator to the case.

Investigators' referrals must be monitored on a regular basis by FRED Supervisors to ensure that home visits are being done in a timely fashion and EMS investigation narratives are properly documented and entered for the Eligibility Staff to access. (The most efficient way to perform this task is to reference the FRED Referral Disposition Log starting with the oldest pending referral and going forward from that point.) It is critical that Eligibility Staff and other DSS staff are able to access this information in the event questions or concerns arise on the pending FRED referral.

FRED home visits and responses must be completed within **25** days of receipt of the referral so as not to delay the eligibility determination beyond the 30-day time frame for processing applications.

It is recommended that periodic (weekly or biweekly) conferences be held with FRED Investigators in order for the Supervisor to be appraised of their workflow, any difficulties they are having with investigations and/or other administrative equipment issues, i.e., cars, cell phones, etc. This practice will ensure that communication between Supervisor and Investigator is open and will allow resolution to any problems within the administration of the FRED Program.

Once a completed FRED referral is submitted to the FRED Supervisor, it should be reviewed for accuracy, proper backup documentation/verification, correct policy application and appropriate recommendation for either denial or approval of benefits. The Supervisor then signs the completed response and logs it out on the FRED Referral Disposition Log in the FRED Section and forwards the paper response with pertinent statements and documentation to Eligibility Staff. A copy must be retained in the FRED investigation file along with home visit notes and any backup documentation obtained in the course of the investigation. It is imperative that for those offices not currently utilizing BMEN as a FRED referral tracking mechanism, that all detail of the FRED investigation being clearly documented in the EMS narrative.

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FRED Supervisors must continually update the FRED Referral Disposition Log with actions taken by Eligibility Staff on FRED recommendations. Such eligibility actions are noted in the Intake Section of the FRED Referral Disposition Log. Data on the FRED Referral Disposition Log is used to complete monthly reports for each investigator.

At the end of each month, FRED Supervisors must complete the W-852, FRED referral Disposition Summary Report By Office and by Investigator and W-857, FRED Program Savings Report By Office and by Investigator for each FRED Investigator and submit to Alex Koskinas of the Central Office MIS division. Copies should also be sent to Stephen Markowski of Central Office Fraud & Recoveries division.

NOTE: The FRED monthly reports must be sent to the Fraud & Recoveries Manager by the 7th day of the following month in order for the F&R Manager to timely report to the Legislature.

Appendix

Many of the following documents are available on the DSS Web:

1. W-109CF2 – Fraud Early Detection Referral/Response Form
Form: <http://dssweb/dscqi/ds.py/Get/File-5702/W-109CF2.DOC>
Instructions: <http://dssweb/dscqi/ds.py/Get/File-5703/W-109CF2instructions.DOC>
2. W-852 – FRED Referral/Disposition Summary Form by Office
3. W-852 – FRED Referral/Disposition Summary Form by Investigator
4. W-857 – FRED Program Savings Form by Office
5. W-857 – FRED Program Savings Form by Investigator
6. W-851 - FRED Monthly Referral/Disposition Log
7. FRED Investigation Work Sheet
[http://dssweb/dscqi/ds.py/Get/File-5657/FRED INVESTIGATION WORK SHEET.DOC](http://dssweb/dscqi/ds.py/Get/File-5657/FRED_INVESTIGATION_WORK_SHEET.DOC)
8. W-958 – Intake Tracking Log
9. W-959 – Intake Disposition Response to FRED Investigation
10. Five-day letter -- English/Spanish
Directions: [http://dssweb/dscqi/ds.py/Get/File-5651/FRED 5 Day Letter Directions.doc](http://dssweb/dscqi/ds.py/Get/File-5651/FRED_5_Day_Letter_Directions.doc)
English: [http://dssweb/dscqi/ds.py/Get/File-5652/FRED 5 Day Letter English.doc](http://dssweb/dscqi/ds.py/Get/File-5652/FRED_5_Day_Letter_English.doc)
Spanish: [http://dssweb/dscqi/ds.py/Get/File-5653/FRED 5 Day Letter Spanish.doc](http://dssweb/dscqi/ds.py/Get/File-5653/FRED_5_Day_Letter_Spanish.doc)
11. W-1408 – Landlord Verification Request
<http://dssweb/dscqi/ds.py/Get/File-3438/W-1408.doc>
12. W-1446 – School Verification Request
13. Central Office/Regional Office Resources/FRED/CFI Staff Roster

http://dssweb/dscqi/ds.py/Get/File-4131/resourcecfiregstaffw_vacncies.doc

14. Statewide list of FRED Supervisors and Investigators
[http://dssweb/dscqi/ds.py/Get/File-5654/FRED SUPERVISORS AND INVESTIGATORS.doc](http://dssweb/dscqi/ds.py/Get/File-5654/FRED_SUPERVISORS_AND_INVESTIGATORS.doc)
15. CWFC National Directory
<http://dssweb/dscqi/ds.py/Get/File-5133/CWFCMemDir2a.doc>
16. Nationwide Web Site list of Social Services Departments
[http://dssweb/dscqi/ds.py/Get/File-5655/NATIONWIDE DSS WEB SITES.doc](http://dssweb/dscqi/ds.py/Get/File-5655/NATIONWIDE_DSS_WEB_SITES.doc)
17. State Government Web Sites
<http://dssweb/dscqi/ds.py/View/Collection-447>
18. State of Connecticut Web Sites
<http://dssweb/dscqi/ds.py/View/Collection-467>
19. Federal Government Web Sites
<http://dssweb/dscqi/ds.py/View/Collection-445>
20. Directory Assistance Web Sites
<http://dssweb/dscqi/ds.py/View/Collection-485>
21. People Search Web Sites
<http://dssweb/dscqi/ds.py/View/Collection-469>
22. Employment Web Site
<http://dssweb/dscqi/ds.py/View/Collection-558>
23. Map & Directions Web Sites
<http://dssweb/dscqi/ds.py/View/Collection-448>
24. Real Property Web Sites
<http://dssweb/dscqi/ds.py/View/Collection-441>
25. Public Record Web Sites
<http://dssweb/dscqi/ds.py/View/Collection-442>