

	STATE OFFICE for SERVICES to CHILDREN and FAMILIES	NUMBER: III-B.3.1 OAR 413-310-0200 / 0240
	ADMINISTRATIVE SUPPORT MANUAL III	SECTION: B. Financial Management
	ISSUED BY: Management Operations EFFECTIVE DATE: September 6, 2000	SUBSECTION: 3. General Collection
SUBJECT: 1. Erroneous Payments Based on Error or Fraud - Oregon Administrative Rules		

Responsible Manager: Assistant Administrator,
Management Operations

Approval: _____
Assistant Administrator,
Management Operations

Interpretation: Accounting Manager

REFERENCES: ORS 293.235 - 293.245
ORS 293.265
ORS 418.005
42CFR, part 433

PURPOSE

413-310-0200 These rules describe SOSCF's procedures for handling payments made by SOSCF which are in error or result from fraudulent acts committed by service providers and subcontractors of service providers contracting with SOSCF, persons working under personal service contracts with SOSCF, or SOSCF employees.

Statutory Authority: ORS 418.005

Stats. Implementation: ORS 293.235 -245

DEFINITIONS

413-310-0210 (1) "Fraud": Intentional acts, claims, statements, or payments resulting in misrepresentation and/or willful withholding of material facts for the purpose of deceiving.

(2) "Unintentional Error": Errors in payments or billings made without intent to deceive.

Statutory Authority: ORS 418.005

Stats. Implementation: ORS 293.235 -245, 42CFR, part 433

POLICY

UNINTENTIONAL ERROR

413-310-0220 In instances of unintentional error, SOSCF will report the details of the inappropriate payment to SOSCF Collections Unit for review. The Collections Unit will establish an account receivable and collect from future payments or prepare a billing invoice.

Statutory Authority: ORS 418.005

Stats. Implementation: ORS 293.235 -245, ORS 293.265

FRAUD OR WILLFUL DECEPTION

413-310-0230 (1) Any employee who becomes aware of what appears to be a payment based on incorrect or fraudulent information shall notify his/her supervisor immediately. The worker and supervisor having responsibility for payment will determine whether the payment was based on incorrect information.

(2) If it appears that fraud may be involved, a referral for investigation will be immediately forwarded to the SOSCF Assistant Administrator of Management Operations who will notify the Administrator.

(3) In instances involving potential fraud, it is not appropriate to follow the chain of command since that can interfere with the investigation.

(4) If the investigation of the referral can best be accomplished by an audit, the Assistant Administrator of Management Operations will refer all or part of the investigation to the SOSCF Management Operations Audit Unit.

(5) The client, claimant, or payee shall not be contacted unless directed by Management Operations or a law enforcement agency to do so.

(6) The Audit Unit will begin the investigation immediately. If sufficient documentation establishes fraud, referral will be made to the appropriate agencies.

(7) The Audit Unit investigation is intended to either clear any suspicion of wrongful action or, if needed, result in subsequent referral for recovery of improperly expended funds and possible prosecution.

(8) At all times the civil rights and personal liberties of a person who is suspected

of fraudulent activities or willful deception to obtain services or payments will be protected.

(9) When incorrect information has been provided which affects the payment or when a client or provider is unwilling to resolve the incorrect payment problem, the division may terminate services, or terminate the contract. The decision whether to terminate service or the contract will be made by the regional administrator or assistant administrator responsible for the program.

Statutory Authority: ORS 418.005

Stats. Implementation: ORS 293.235 -245

REFERRAL TO OTHER AGENCIES

413-310-0235 (1) The Chief Financial Officer of the Department of Human Services (DHS) Financial Services Section will be responsible for coordinating the investigation of fraud committed by an agency employee or designated non-state employee who has been entrusted with the custody of funds or property or has been an accomplice to financial fraud.

(2) SOSCF Assistant Administrator of Management Operations will be responsible for coordination of the investigation of fraud committed by an individual or organization external to the agency, such as a client. Examples include fraudulent reporting and eligibility fraud.

(3) Those coordinating the investigation are responsible for notifying the following parties, as appropriate:

(a) The Director of DHS;

(b) DHS Collections Unit (to collect from future payments or prepare invoice for contracted providers);

(c) DHS Communications (to handle all media inquiries);

(d) DHS Human Resources/Organization Development (when SOSCF employees are involved);

(e) DHS Internal Audit Director;

(f) Department of Justice (for administrative recovery);

(g) Department of Justice Medicaid Fraud Unit (for funds established by Title XIX of the Social Security Act);

(h) Oregon State Police (when criminal intent is suspected);

(i) Secretary of State Audits Division (within 30 days of the beginning of the investigation);

(j) Department of Administrative Services Risk Management (within 30 days of the beginning of the investigation).

Statutory Authority: ORS 418.005

Stats. Implementation: ORS 293.235

EMPLOYEE RESPONSIBILITY

413-310-0240 (1) It is the responsibility of each employee of the division to be alert to the possibility of incorrect payments.

(2) It is the responsibility of all supervisors to insure that each employee is aware of this responsibility and that proper internal controls are enforced to limit agency risk.

Statutory Authority: ORS 418.005

Stats. Implementation: ORS 293.235 -245