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## ANTI-FRAUD PLAN

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### **Purpose**

The Anti-Fraud Plan addresses the detection and prevention of overpayments, abuse and fraud relating to the provision of and payment for the School Readiness (SR) program and Voluntary Prekindergarten (VPK) program services. The plan addresses parents or legal guardians of children enrolled in the SR or VPK programs. *Note that provider fraud is a violation of the terms of the contract (SR and/or VPK) and is addressed in the state wide contract rules.*

### **Scope**

This plan focuses on recipients of program services from SR and/or VPK programs. Specifically, the goal is to identify any potential area of concern exhibiting fraud indicators, or behavior indicative of fraud schemes by recipients, staff or other related parties.

### **Policy**

In its efforts to ensure proper use of public funds, the Coalition will review any and all information and data to determine if there is a reasonable belief and supporting evidence that fraud or misrepresentation may have been committed and will take appropriate action which may include, but not be limited to, refusing re-entry to early learning programs until required repayment has been satisfied; denying further participation in early learning programs; and/or referral of the matter and supporting evidence to Florida's Office of Early Learning Eligibility and Fraud Prevention Unit.

### **Education/Training**

On an annual basis the Coalition will offer training to all personnel. This training will include the definition of fraud, how to detect, prevent, and report fraud, and the penalties if fraud is found.

### **Implementation**

This plan will be implemented by the Coalition with the primary point of contact being the Assistant Executive Director, who may be contacted at [coalition@phelc.org](mailto:coalition@phelc.org). The Assistant Executive Director also serves as coalition administrator for the Office of Early Learning Fraud Referral System. (See Appendix I for personnel responsible for investigating and reporting possible overpayment, abuse or fraud.)

## Definitions

**Recipient** shall mean the parent, family member or guardian that is the recipient of services for their child(ren) enrolled in an early learning program.

**Provider Owner/Principal** shall mean 1) the owner of the applicable business; 2) the individual that is primarily responsible for the day-to-day operations of the business; and/or 3) the individual that is primarily responsible for hiring and directing employees (agents) to perform his/her/its duties with respect to the business.

**Early Learning Programs** shall mean any program funded with local, state, and/or federal funds administered by the Coalition. The primary programs are SR and VPK.

**Fraud and/or Misrepresentation** shall mean any false or misleading documentation, action, omission or statement made by individual client recipient or provider for the purpose of causing the Coalition, or any employee or affiliated third party of the Coalition, to act in reliance of said concealment or representation in order to obtain funding, or some other benefit, from the Coalition.

**Intentional Program Violation** shall mean intentional false or misleading documentation, action, omission, or statement made in order for an Owner/Principal, and/or Facility to qualify as a provider or recipient in the SR or VPK programs or to receive program benefits or reimbursement (as determined at the sole discretion of the Coalition).

**Related Party** shall include but not be limited to corporate entities with same leadership, personal relatives of Principal/Owner including immediate family members or spouse.

### Examples of Potential Fraud or Misrepresentation:

The following is a list of examples of intentional program violations and is not intended to be all inclusive.

- Providing false or misleading information or withholding information in order to participate or receive payments under the SR program.
- Concealing information to obtain SR payments.
- Failing to disclose a change in circumstances or material information that could directly affect eligibility.
- Falsifying records or documents.
- Assisting or aiding any person in committing any of the above acts.

## **FRAUD INVESTIGATION/REPORTING PROCEDURE:**

Any potential fraud or misrepresentation that is uncovered or suspected by management, an employee, or a related party to the Coalition shall be immediately reported to the Assistant Executive Director or the Executive Director. Information on fraud reporting is posted in Coalition offices and the Whistleblower Policy is available at <http://www.phelc.org/downloads/policy-proced/Whistleblower.pdf>. The Assistant Executive Director shall be responsible for coordinating further investigations into the reported fraud. The Board of Directors will be informed of any possible fraudulent activity.

Upon becoming aware of any suspected fraud or misrepresentation, the Assistant Executive Director shall, in cooperation with other employees of the Coalition, conduct a preliminary investigation in order to determine the likelihood that a fraudulent act has been committed. Such preliminary investigations may include, but need not be limited to, conducting in-person interviews, telephone calls, file review, and site visits. A report of findings and recommendation shall be made to the Executive Director or other designee. The Assistant Executive Director shall ensure adequate notes are placed in the file documenting such allegations and any findings from the preliminary investigation, including whether further investigation is warranted. If it is determined, at the sole discretion of the Coalition's Executive Director, that no further investigation is warranted, the case shall be closed and a notation placed in the file of such a determination.

### **Fraud Detection Activities**

- The Coalition will review the data quality reports generated by Florida's Office of Early Learning on a quarterly basis.
- The Coalition will verify referrals for child care services from other organizations through periodic cross reference review of children in care.

### **Reporting Process**

The Coalition will submit a report monthly to OEL reflecting any clients or providers terminated from the SR or VPK programs as a result of fraud.

### **Penalties**

Following a determination that there is reasonable evidence of fraud, one or more of the following actions, or other actions at the sole discretion of the Coalition, will be taken:

- a. Providers: Termination of the School Readiness (SR) Contract and/or Voluntary Prekindergarten (VPK) Agreement effective ten (10) calendar days after the provider has received notification, to allow families time to enroll with an alternate provider.
- b. Recipients: Termination of eligibility from SR and/or VPK programs. Terminations will not be applied against clients with a valid at-risk referral.

- c. Terminations shall not be effective until the written decision of the Executive Director or the original date of the intended action, whichever is later.
- d. Seek reimbursement through established Coalition procedures.
- e. Deny the client/provider from further participation in early learning programs.
- f. Refuse the client/provider re-entry to the early learning program until the required repayment has been satisfied.
- g. Refuse the client/provider re-entry to early learning programs until the investigation by Florida's Office of Early Learning (FOEL) and Department of Financial Services (DFS), if applicable, is concluded and a determination has been reached following investigation.

The responsible individual will be provided written advance notice by the Executive Director fourteen (14) days before the intended action. This notice will include the allegations, the intended action, the option to appeal, the appeal process and that **failure to file a timely appeal waives the right to an appeal**. (This communication will be translated into recipient's native language if necessary.)

### **Appeal Process**

- The responsible individual shall first contact the designated coalition point of contact to provide documentation to resolve the issue. If they feel that the issue was not resolved, they can provide a written notice to the Executive Director.
- The written appeal to the Executive Director must be received via email or postmarked before the date of the proposed action, and must include a description of error the recipient believes has been made and shall contain any/all documentation to support the claim.
- The Executive Director will respond in writing within 30 days of the receipt of the appeal with a decision.
- The Appeals Committee shall be selected by the Chairman of the Board and be convened within forty-five (45) calendar days or receipt of the responsible party's request for an appeal.
- If the responsible party wants to appeal the Executive Director's decision, they must submit in writing within 10 days of the receipt of the Executive Directors notice.
- When the meeting of the Appeals Committee is scheduled, the responsible party shall be notified of the date of the meeting in writing within a minimum of 7-10 days, informed that it is a public meeting, and informed that any information presented may be used by other state agencies.
- The individual will be able to defend his/her position in front of the Appeals Committee and will be allowed up to thirty (30) minutes to present their position and any information they wish the appeals committee to consider.
- The coalition staff, excluding the Executive Director or other executive staff person designated by the coalition board, shall be available to provide any information requested by the committee.
- The committee shall select or appoint a member of the coalition, excluding the Executive Director or other executive staff person designated by the coalition board, to memorialize the events of the appeals committee proceeding and the final determination including the basis for the decision.
- The committee will consider all statements, review all documents and may request any additional evidence or information from the parties if an appeals committee member believes it is necessary and

relevant to the decision making. The required final determination letter will be tolled for the length of time given to provide the additional information.

- The appellant shall be notified in writing of the committee's determination within ten (10) days of the date of the meeting.
- With no additional appeals, the Committee shall have the final decision.

### **Client Records**

A client may request a copy of his/her file by submitting a written request to the Assistant Executive Director. Upon receipt of request, a copy will be provided within ten (10) business days.

### **Additional Investigations**

If it is determined, at the sole discretion of the Coalition, that further investigation is warranted, the Assistant Executive Director shall immediately contact FOEL Eligibility and Fraud Prevention Unit, DFS Public Assistance Fraud Unit and notify the Coalition's legal counsel. The Assistant Executive Director in coordination with these partners, shall undertake those actions necessary to assist in a full investigation of the alleged fraudulent activity. The Assistant Executive Director shall provide the Executive Director with a brief summary report of the investigation findings and actions.

### **Determination**

Once referred to DFS, determinations of fraud are solely made by that entity.

### **Related Party Transactions**

Sale/transfer of a child care facility in any manner to a related party shall not be considered a sufficient remedy to avoid the imposition of sanctions. Notwithstanding the foregoing, the Coalition maintains broad discretion with respect to the determination of whether or not a facility is eligible for future funding or subject to the penalties listed above, and such determination will be on individual facts and circumstances based on the Coalition's sole discretion. For example, the Coalition may determine the transfer of a facility is being done to avoid the penalties described above, even if such transfer does not specifically fit the definition of a Related Party transaction.

### **Confidentiality**

All information provided by management, employees, or affiliated third parties relating to any new or pending fraud claim will be treated as confidential and only shared with DFS, the Coalition's attorney and other parties directly working on the investigation. No employee, who is not involved in the preliminary investigation, may intentionally contact or speak with an individual client recipient or provider about the investigation.

### **DELINQUENT ACCOUNT PROCEDURE:**

#### **PURPOSE**

To establish procedures regarding collection efforts of any delinquent account.

## BACKGROUND

A client, provider or any other entity receiving state or federal funds from the Coalition may be obligated to repay funds in full or part for various reasons, including, but not limited to:

- Overpayment;
- Improper payment;
- Disallowed payment as a result of audit;
- Reconciliation of an advance payment for the Voluntary Prekindergarten (VPK) program which results in a deficiency at the end of a fiscal year;

The grant agreement between Florida's Office of Early Learning (FOEL) and the Coalition requires the Coalition to repay any overpayment or disallowed expenditure. Once due diligence is exercised by the Coalition to secure full payment of a delinquent account, Rule 69I-21.003, F.A.C. allows FOEL to report the account for collection by DFS.

## COLLECTION EFFORTS

The Coalition will exercise due diligence in collection efforts, as follow:

- **Request for Repayment.** The Coalition will request the debtor, in writing, to repay the funds. The following information will be included in this request:
  - Amount the debtor owes,
  - Reason the debtor is obligated to repay the funds, and
  - Date by which the debtor is requested to repay the funds.
- **Establish a Repayment Schedule.** The Coalition may negotiate a repayment schedule that will allow a debtor to submit partial repayments, but the repayment schedule may not exceed more than six (6) months after the repayment date specified in the **Request for Repayment**.
- **Offsetting Payment.** The Coalition may offset, in full or in part, an amount that a debtor owes the Coalition for one early learning program with state or federal funds due from the Coalition to the debtor for another early learning program. If the Coalition offsets state or federal funds across programs, it will accurately enter the transaction in the accounting records according to the Fiscal/Accounting Policies.
- **First Demand for Repayment.** The Coalition, within ten (10) calendar days after the date the debtor's account becomes delinquent, will issue the debtor a demand letter via certified mail, return receipt requested. The first demand letter will include the following:
  - Full amount the debtor owes;
  - Reason the debtor's account is delinquent;
  - Demand for immediate repayment of full amount by a date within thirty (30) calendar days after issuance of the demand letter;
  - Debtor's right to dispute the delinquent account by submitting a written dispute to the Coalition before a date specified within the letter; and

- Description of the collection efforts the Coalition may use if the debtor fails to repay the delinquent account.
- **Second Demand for Repayment.** The Coalition, within ten (10) calendar days after the debtor fails to repay a delinquent account in full by the date required in the first demand letter, will issue the debtor a second and final demand letter by certified mail, return receipt requested. The second demand letter will include the following:
  - Full amount the debtor owes;
  - Reason the debtor's account is delinquent;
  - Demand for immediate repayment of the full amount by a date within ten (10) calendar days after issuance of the second demand letter;
  - Debtor's right to dispute the delinquent account by submitting a written dispute to the Coalition before the date specified in the first demand letter, if the date is not expired;
  - Notice that debtor may not receive further state or federal funds from the Coalition until the debtor repays the delinquent account in full; and
  - Notice that FOEL may report a delinquent account for collection by DFS if the debtor fails to repay the account in full by the date required in the second demand letter.

In the event the debt is not resolved after due diligence efforts have been exhausted, the Coalition will submit the information to FOEL and/or DFS for collection, according to FOEL guidelines.

Approved: Executive Committee – 7/19/2012

Board of Directors – 11/15/2012

Revised: 1/12/2015

Approved: Executive Committee – 1/15/2015

Approved: Board of Directors – 1/22/2015

Revised: 2/26/2015

Approved: Board of Directors – 3/24/2015



**Appendix I**

