



Early Learning Coalition of Southwest Florida

<u>Subject:</u> Administrative Sanctions		
Improper Payments		
<u>Policy #:</u> ELCSWF-EL0014-08	<u>Category:</u> Program Quality and Standards	<u>Reference #:</u> OEL-EL-220
<u>Approval:</u> 11/19/08	<u>Effective Date:</u> 11/19/08	<u>Replaces (policy # and date):</u> ELCSWF-EL0014-06 (1/25/06) Updated 9/25/07 & 9/27/08

- I. **PURPOSE:** To establish a standardized policy and procedure for administrative sanctions of clients or providers who are the subject of improper payments.
- II. **REVIEW HISTORY:** This policy was initially approved as a composite of several areas related to the Coalition's fiduciary oversight. It has now been revised in to three separate policies under administrative sanction responsibilities. This part is established to work in tandem with remaining sections and replaces any previous written or verbal directives.
- III. **CONTACT:** Chief Executive Officer.
- IV. **PERSONS AFFECTED:** All applicants and clients receiving School Readiness and/or Voluntary Pre-Kindergarten services, participating early learning providers; and contracted central agencies.
- V. **POLICY:** This policy sets the process to handle improper payments.
- VI. **RATIONALE:** To ensure a system of accountability for fiduciary responsibility of proper distribution of federal and state money.
- VII. **CROSS REFERENCES:** 45CFR98, Code of Federal Regulations; Chapter 411.01-243, 402.301-319, Chapter 1002.51-79, Florida Statutes; Rule 60BB-4 and 8, Florida Administrative Code, AWI policy # OEL – PI-0021-05, other policies approved by the Early Learning Coalition of Southwest Florida.
- VIII. **DEFINITIONS:**

"Contractor" refers to Coordinated Community Care for Children and/or Redlands Christian Migrant Association (VPK only).

"Client" refers to any individual who has made application, received benefits or services in either the school readiness or voluntary pre-kindergarten program in Lee, Collier, Hendry or Glades County.

“Coalition” means an early learning Coalition created under s. 411.01, FS. and specifically refers to **“Early Learning Coalition of Southwest Florida, Inc. (ELC-SWF)”**.

“DCF” refers to the Florida Department of Children and Families.

“DFS” refers to the Florida Department of Financial Services

“EFS” refers to the Enhanced Field System which is the primary electronic depository of all data related to the School Readiness and VPK Programs.

“Early Learning Services” refers to the provisions of school readiness and/or voluntary pre-kindergarten services in Lee, Collier, Hendry or Glades county

“Eligibility Counselor” – refers to any counselor with the responsibility of determining the eligibility of School Readiness or Voluntary Pre-Kindergarten applicants.

“Immediately” – without interval of time, as soon as possible.

“Parent” means a parent by blood, marriage or adoption, legal guardian or person standing in loco parentis.

“Provider” means the individual or facility responsible for the provision of early learning services for children.

“School Readiness” refers to the School Readiness Act in Chapter 411.01, F.S.

“VPK” means Voluntary Pre-Kindergarten Education Program pursuant to Chapter 1002, Part V, Florida Statutes.

IX. **PROCEDURES:**

A. General

1. The Coalition is responsible for ensuring fiduciary diligence in the implementation of the rules and regulations of the school readiness and VPK programs, and to seek repayment when payment and/or benefits have been provided contrary to requirements.

2. Any contractor, provider or parent of School Readiness or VPK services, that receives state or federal funds or benefits from the Coalition or Contractor, are obligated to repay the funds for various reasons, including, but not limited to:

- Overpayment payment
- Payments made in error as a result of a lack of understanding or miscommunication by any party,
- Disallowed payment due to ineligibility of the client or provider
- Disallowed payment as a result of an audit
- Disallowed payment as a result of non-compliance
- Reconciliation of a payment for the VPK or SR program.
- Disallowed payment based on misrepresentation or fraud.
- Interest earned on advanced funds
- Unexpended funds that remain at the end of the fiscal year.

3. In all cases, the Coalition has the discretion to refuse any applicant, client or provider, any future participation in the VPK or SR program for fraudulent activity, non-compliance with requirements, lack of cooperation, failure to comply with rules, requirements or responsibilities of the School Readiness and/or VPK programs.

4. In all cases, the EFS system must be documented and kept current with information that reflects the status of any client or provider activity related to this policy.

5. Any action taken by the Coalition or Contractor which adversely affects the interest of the client or provider, must be provided in writing to the subject of the action and include their right of appeal pursuant to Coalition dispute resolution and appeal policies.

B. Incorrect Payments to Providers

1. Recoupment of incorrect payments such as those cited above, must be sought regardless of errors or misrepresentation on the part of the parent, provider, Contractor or Coalition. Once an incorrect expenditure has been identified, the following activities should occur:

- a. The Provider must be notified of the incorrect payment and the reasons that caused the incorrect payment.
- b. The identified provider must be verbally notified within three (3) business days of discovery of incorrect payment.
- c. Written confirmation must be sent to the provider, within 5 business days confirming the amount of incorrect payment and what action is to be taken for recoupment.
- d. The written confirmation will be sent by regular US mail and if warranted, by certified mail, return receipt requested.
- e. A copy of the letter must also be placed in the provider's file.
- f. If the provider is continuing to provide care of children, then recoupment may occur through deducting the amount of the incorrect payment (known as "prior period adjustment") from the funds currently paid to the provider.
- g. If the provider is not continuing to provide care to School Readiness children, then the recoupment must be secured directly from the provider unless the incorrect payment was due to misrepresentation or fraud on the part of the parent (See Policy ELCSWF-EL0029-08 Suspected Fraud).
- h. If the cause of the incorrect payment was based on a client's failure to provide information that directly affected their eligibility for services, and there is no evidence to support the provider knew, but failed to report such information, then the client will be responsible for repayment of funding.
- i. The client must be notified in writing of the amount of repayment to be made and a plan for repayment must be developed.
- j. Providers or Clients, who received payments or benefits not consistent with the rules and regulations, must be offered an opportunity for repayment unless fraud is suspected ((See Policy ELCSWF-EL0029-08 Suspected Fraud).

2. The Coalition or Contractor is responsible for making diligent efforts to secure timely reimbursement for incorrect payments or ineligible services.
3. If the sum of money owed is such that the responsible party cannot immediately repay, then the Coalition or Contractor will develop with the responsible party, a written repayment schedule not to extend beyond six (6) months for completion.
4. The repayment schedule may allow for partial payments, but each responsible party is expected to repay the full amount within the required time frame.
5. Copies of all written correspondence and repayment plans must be provided to the Coalition. The Coalition or Contractor will be responsible for tracking and enforcing the repayment plan.
6. During the time period covered in the repayment plan, the Coalition or Contractor fiscal director must monitor and document the efforts to ensure that the repayment plan is being followed.
7. Errors resulting in incorrect payments are ultimately the financial responsibility of the Coalition and/or Contractor if recoupment proves unsuccessful.
8. In cases where there is evidence to support a belief that the activity of the client or provider was fraudulent, the case must be immediately referred to the Coalition for review.

C. Delinquent Collection of Repayment

1. The status of repayment becomes delinquent when the provider/parent fails to repay in full the amount that the provider/parent owes by the repayment date specified in the Coalition's request for repayment.
2. If however, the Coalition entered into a repayment schedule, the account becomes delinquent when the provider/parent fails to submit partial payment in the amount, and by the date, specified in the repayment schedule, or repay the account in full within 6 month after the repayment date specified in the request for repayment.
3. Once an account becomes delinquent, the Coalition or Contractor will within 10 days, send a demand letter by certified, return receipt requested and regular US mail. The first demand letter will include the following:
 - Full amount that the provider/parent owes;
 - Reason that the provider/parent's account is delinquent;
 - Demand for immediate repayment of the full amount within 30 calendar days;
 - Description of the collection efforts that the COALITION will use if the provider/parent fails to repay;
 - Provider/parent's right to dispute the delinquent account by submitting a written dispute to the COALITION within 30 days after issuance of the demand letter.
4. If the provider/parent fails to make payment within the time period specified in the letter, the Board's attorney is notified and a second demand letter will be sent within 10 days by certified, return receipt requested and regular US mail. The second demand letter must include:

- Full amount that the provider/parent owes;
 - Reason that the provider/parent's account is delinquent;
 - Demand for immediate repayment of the full amount within 10 calendar day;
 - Provider/parent's right to dispute the delinquent account by submitting a written dispute to the COALITION within 30 days after issuance of the previously sent first demand letter;
 - Notice that the provider/parent may not receive further state or federal funds unless full payment is made.
 - Notice that the delinquent report may be referred to Department of Financial Services (DFS).
5. At the end of the 10-day period identified in the 2nd demand letter, the Board's attorney will assist in determining the final action to be taken which may include, but is not limited to, legal proceedings, use of a collection agency or referral to DFS as per AWI Fiscal Guidance Policy 240.03. The Finance Committee will monitor the progress of recoupment efforts.
 6. The Coalition must be promptly notified if the repayment plan is not followed and/or becomes delinquent.
 7. The Coalition or Contractor shall work together with the responsible party to determine further procedures for collection pursuant to Policy # ELCSWF-EL0020-06 Accounting and Financial Policy and Procedures and Fiscal Guidance 240.03 – "Collection of a Delinquent Account."