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## ANTI-FRAUD PLAN – FY 2024-25

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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 statewide contract.*

### **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/Procedure**

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, benefit recovery and/or refusing re-entry to early learning programs until required repayment has been satisfied; denying further participation in early learning programs; and reporting of the matter and supporting evidence to Florida Department of Education Division of Early Learning Office of Inspector General's Fraud Prevention Unit.

Human Resources, Finance Director and Executive Director will annually review job descriptions and internal processes to confirm appropriate separation of duties is in place and review internal controls to reduce risk.

### **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 Integrity & Accountability Supervisor, Robyn Atkinson, who may be contacted at [fraud@phelc.org](mailto:fraud@phelc.org). The Integrity & Accountability Supervisor also serves as coalition administrator for Florida Department of Education Division of Early Learning's Fraud Referral System.

## **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 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, misleading information, or withholding information in order to participate or receive payments under the SR or VPK programs.
- Concealing information to obtain SR or VPK 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 Compliance & Fraud Analyst or the Integrity & Accountability Supervisor. The Anti-Fraud plan and information on fraud reporting is posted in Coalition offices and on the Coalition's website, <https://elcph.org/report-fraud/>. The Whistleblower Policy is available at <https://elcph.org/resources/>, under the "forms and policies" section. The Compliance & Fraud Analyst shall be responsible for coordinating further investigations into the reported fraud and reporting findings to the Integrity & Accountability Supervisor. The Board of Directors will be informed on receiving quarterly reports.

Upon becoming aware of any suspected fraud or misrepresentation, the Compliance & Fraud Analyst 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 Integrity & Accountability Supervisor, Executive Director or other designee. The Compliance & Fraud Analyst 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 Integrity & Accountability Supervisor, 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 (DEL) on a quarterly basis.
- The Coalition will verify referrals for childcare services from other organizations.
- The Coalition will conduct random reviews of client files.

### **Reporting Process**

The Coalition is required to enter all cases of suspected fraud into the FLDOE Fraud Referral System (FRS). The Coalition will submit a report monthly to FLDOE 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. Clients/Recipients: Termination of eligibility from SR and/or VPK programs fourteen (14) calendar days from date of referral for suspected fraud to DEL and BPAF. Suspensions or terminations will not be applied against clients with a valid at-risk referral.
- b. If the recipient files a timely appeal, terminations or suspensions shall not be effective until the written decision of the Executive Director or the original date of the intended action, whichever is later.
- c. Deny the client from further participation in early learning programs.
- d. The Executive Director of the Coalition shall not be involved in the pre-appeal resolution of the issue.

## Written Advance Notification

The responsible individual will be provided written notice by the Compliance & Fraud Analyst fourteen (14) days before the intended action (suspension/termination of benefits). This notice will include the allegations, the intended action and the effective date, the option to appeal, the appeal process and failure **to file a timely appeal waives the right to an appeal**. (This communication will be translated into recipient's native language if necessary.)

In addition, the notice will include the following:

- a. Notice of the potential for repayment of improper benefits if the conclusion of fraud is upheld, including any benefits received after receipt of the written advance notice.
- b. The amount of overpayment to be recovered, if applicable.
- c. The length of time benefits are to be suspended/terminated, if applicable.
- d. The procedure for the recipient to obtain a copy of his or her file.

## Pre-Appeal

If the recipient believes that the conclusion of fraud was made in error, the recipient should first seek to resolve the matter by contacting the coalition and providing the necessary documentation to resolve the issue. The executive director of the coalition shall not be involved in the pre-appeal resolution of the issue.

## **Appeal Process**

If a client/recipient disputes any action taken by the Coalition, they must submit an appeal, using the Fraud **Appeal Form**. The appeal shall be postmarked or emailed before the date of the Coalition's intended actions. This form is available at <https://elcph.org/appeal/> or by request. The form must be submitted to the Coalition via certified mail, fax, or hand delivered to the Coalition's Administrative office.

- a. The appeal must be signed by the complainant, and include the following information: the name, address and telephone number of the person filing the appeal, the specific action by the Coalition that the provider or client/recipient disputes, a clear and concise statement of the facts, including pertinent names, dates, locations, witnesses and any other documentation to support the client's/recipient's claim. If the client/recipient files a timely appeal, he/she will not be suspended or terminated from the program until the written decision of the executive director or the original date of the intended action, whichever is later.
- b. **Clients/recipients who fail to file a timely appeal waive the right to an appeal.**

## **Response to an appeal regarding Fraud or Misrepresentation:**

- a. The Executive Director will respond with a decision in writing within thirty (30) days of receipt of the appeal.
- b. If a provider or client/recipient is dissatisfied following the decision by the Executive Director, they must send written notice, via fax, email or hand delivered, to the Coalition within ten (10) business days following the issuance of the decision, of the desire for a Formal Hearing.
- c. The Formal 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 additional appeal.
- d. When the meeting of the Formal Appeals Committee is scheduled, the provider or client/recipient 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.
- e. The provider or client/recipient will be able to defend his/her position in front of the Formal 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.
- f. 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.
- g. 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.
- h. 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 decision making. The required final determination letter will be tolled for the length of time given to provide the additional information.
- i. The provider or client/recipient shall be notified in writing of the committee's determination within ten (10) days of the date of the meeting.
- j. The Committee's decision shall be final with no further appeal rights.

### **Additional Investigations**

If it is determined, at the sole discretion of the Coalition, that further investigation is warranted, the shall immediately contact FLDOE Office of Inspector General Fraud Prevention Unit, BPAF, and notify the appropriate Coalition department heads and the Coalition's legal counsel, if necessary. The Compliance & Fraud Analyst, in coordination with these partners, shall undertake those actions necessary to assist in a full investigation of the alleged fraudulent activity. The Compliance & Fraud Analyst shall provide the Executive Director with a brief summary report of the investigation findings and actions.

### **Related Party Transactions**

Sale/transfer of a childcare 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.

### **Client Records**

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

### **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 BPAF, 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.

## Benefit Recovery Procedure

### Purpose:

To establish procedures regarding collection efforts of any overpaid benefit amount.

### Background:

A client/recipient, 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 (FLDOE) 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, the Coalition must return funds to DEL.

### Collection Efforts:

The Coalition will exercise due diligence in collection efforts as follows:

- **Request for Repayment.** The Coalition will request the debtor, in writing, to repay the funds via money order or cashier's check made payable to: ELC of Pasco & Hernando Counties. The following information will be included in this request:
  - Amount of overpayment,
  - 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 of overpayment;
  - 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.
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- **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 of overpayment;
    - 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.