
**ENERGY PROGRAMS
OVERPAYMENTS AND FRAUD**

**EP – 140 OVERPAYMENTS AND FRAUD
CHANGE #3-2018
August 1, 2018**

140.01 OVERPAYMENTS

A. Requirement

Unless an error is determined to be a county responsible error, federal regulations require the State and counties to take all reasonable steps to recover any overpayments promptly. Adjustments for overpayments must begin at the time the error first occurred. Action is required on suspected fraud cases.

B. Definitions

An overpayment is defined as receiving more assistance than eligible to receive.

C. Overpayments

1. An overpayment occurs when:
 - a. The recipient receives assistance for which he is not eligible due to an error in processing or in applying program regulations; or
 - b. The recipient provides false or incorrect information which if it had been reported would have resulted in a denial or reduction of assistance; or
 - c. The recipient receives assistance greater than the authorized amount.
2. Collection of Overpayments
 - a. Collect all overpayments unless the county board or its designee determines that an overpayment results from suspected fraud, if so, follow the recommendation of the county board or his designee.
 - b. Take prompt action to initiate recovery of all overpayments. Prompt action is defined as within the second quarter following the quarter in which the overpayment is first identified.
 - c. Attempt to collect all overpayments from the household unless the overpayment occurs because of a State or county error in processing the case or in applying program regulations.
 - d. Collect the overpayment from all income and assets of the household. Collect up to a maximum of 10% of the household's gross monthly income and resources.
 - e. Collect the recipient responsible overpayment from the recipient. Obtain an agreement, dated and signed by the recipient, showing the amount of the repayment, when the repayment will be made, and the reason for the repayment. Give the recipient a copy and maintain a copy in the record.
 - f. If the recipient refuses to repay the overpayment voluntarily, consider initiating civil court action against the income or resources of the household.
 - g. When the original overpayment is less than \$35, do not collect.
 - h. If an overpayment occurs because of a State Office error in interpreting federal and State rules and regulations, the overpayment is charged to the State.

**ENERGY PROGRAMS
OVERPAYMENTS AND FRAUD**

D. County Responsible Overpayments – Prior Year (Payments made prior to September 30, 2011)

LIEAP and CIP - If a household receives energy funds for which it was not eligible due to an error by the agency, do not collect the overpayment from the household. Complete a DSS-8201, County Responsible Overpayment Form. Submit the completed form to the following address:

DHHS Controller's Office
Subsystems Unit
2019 Mail Service Center
Raleigh, NC 27699-2019

For additional questions regarding the DSS 8201, call 919-527-6130

The amount of the prior year overpayment will be drafted from the county's account via Electronic Funds Transfer (EFT).

E. Client Responsible Overpayments – Prior Year (Payments made prior to September 30, 2011)

1. Complete the DSS-1656, Refund Receipt when a refund of an overpayment is made either by cash or personal check. Refer to EIS-3250, Processing Cash Overpayment Collections.
2. Deposit overpayment refund into the DSS account.
3. Prepare a county DSS check in the amount of the refund and submit a DSS-1656, Refund Receipt with the check to Program Benefits Payment Section at the address below for cancellation and financial adjustment for the county DSS.

Subsystems Unit
2019 Mail Service Center
Raleigh, NC 27699-2019

F. County Responsible Overpayments – (Payments made after October 1, 2011)

LIEAP - report the amount of the County Responsible Overpayment as a negative amount against application code 360 LIEAP PY Audit/Adj. The amount of the overpayment will be deducted from the county's reimbursement.

CIP - report the amount of the County Responsible Overpayment as a negative amount against application code 379 CIP Audit PY Refund. The amount of the overpayment will be deducted from the county's reimbursement.

G. Client Responsible Overpayments – (Payments made after October 1, 2011)

Current State Fiscal Year: Report the amount collected for a client responsible error as a negative amount against the **current** month energy program reported expenditures on the DSS-1571.

Prior State Fiscal Year: Report the amount collected for a prior year client responsible error or vendor refund for a **prior** year as a negative amount against the current month energy program reported expenditures on the DSS-1571 using the appropriate code. Refer to the DHHS Controller's Office letter dated December 12, 2011, regarding the appropriate coding. This letter is located on the Controller's Office website at: <https://www.ncdhhs.gov/about/administrative-divisions-offices/office-of-controller>

**ENERGY PROGRAMS
OVERPAYMENTS AND FRAUD**

These funds will be deducted from the county's reimbursement and returned to the Federal government.

140.02 SUSPECTED FRAUD BY A CLIENT, EMPLOYEE, OR VENDOR

Fraud is, by law, a crime against society which can only be determined in a criminal court. It is the willful and intentional act that creates the crime, rather than the resulting overpayment.

An applicant/recipient (A/R) is suspected of fraud when they willfully and knowingly with the intent to deceive:

1. Make a false statement or misrepresentation; or
2. Fails to disclose a material fact and as a result obtains or attempts to obtain assistance; or
3. Has been proven to have sold LIEAP and/or CIP benefits such as kerosene, wood, etc.

An employee is suspected of fraud when they willfully and knowingly with the intent to deceive:

1. Fails to administer the program correctly resulting in mismanagement of funds.
2. Provides funds to ineligible households regardless of reason.
3. Disregards pertinent information presented by client to make the ineligible household eligible.

A vendor is suspected of fraud when their company willfully and knowingly with the intent to deceive:

1. Receives funds for clients that do not have a crisis or need by altering documentation.
2. Exchanging the voucher for payment of the energy bill for cash.
3. Intentionally defrauding the State, the County Department by any other means not noted.

NOTE: The local agencies will need to act regarding these incidences as they deem appropriate per their local county government.

If there is any suspicion or findings of waste, fraud, and abuse please report this information to NC State Auditors hotline at 1-800-730-8477. If you have further questions concerning any issues regarding waste, fraud, and abuse contact, dss.policy.questions@dhhs.nc.gov.