



FRAUD PREVENTION & REPORTING

As part of the internal control procedures, it is important that staff be reminded and trained regarding fraud.

September 20, 2023



FRAUD – DEFINITION

Fraud Misfeasance, Nonfeasance, or Malfeasance: In the operation of any program funded by State or Federal funds administered by the Division of Early Learning, actions which constitute the omission of an act a person ought to do, the improper performance of an act a person might lawfully do, or the performance of an act a person ought not to do. This category includes, but is not limited to, indications of false claims, bribery, forgery, extortion, embezzlement, theft of participant checks, kickbacks from participants, and intentional payments to a contractor without the expectation of receiving services.

Coalition Anti-Fraud Plan



COALITION ANTI-FRAUD PLAN

Available in the Staff Shared Folder: <S:\Staff\Approved Polices-Procedures>

COVERS:

- Procedures for Detecting/Investigating Fraud
- Mandatory Reporting
- Education/Training of Personnel
- Due Process - Right to Appeal
- Repayment Process
- How to Report and File a Complaint - available in the Coalition Anti-Fraud Plan and available on the home page of the ELC website
- Coalition Anti-Fraud Plan is filed and approved by DEL annually

TYPES OF FRAUD

PROVIDER FRAUD

- **License Fraud:** Provider operating over capacity, move children around during audits, provider claims to operate 24/7 but posted hours show otherwise, provider offers bus services but not licensed to provide transportation, improper staff to children-ratio.
- **Ownership/False Documents:** Submitting falsified proof of liability insurance, altering staff credentials, sham sales - ownership is transferred to a fictitious owner - owners are disqualified from owning and/or operating a childcare center, sells to friends or relatives, still operates the business behind scenes.

TYPES OF FRAUD

Recipient Fraud

- **Household composition**: Does not report spouse/ "absent parent" resides in the home, reported spouse is suddenly removed, person applying for SR services does not have physical custody of child.
- **Employment**: Falsifies employment/verification of employment, submits false paystubs, forges paystubs, does not report unemployment benefits, claims to be self-employed.
- **Income**: Misrepresentation of true household income, misrepresentation of true unearned household income (child support, SSI, Alimony, cash assistance).
- **Education Activities**: Insufficient proof of school enrollment, school schedule appears to be false or altered, unable to verify information through school registrar.
- **Residence**: Client does not report true residence.

TYPES OF FRAUD

REIMBURSEMENTS

Providers:

- Sign-in/out sheets: Staff signing children that did not attend, Photocopying sign in/out forms, forging parent's signatures, altering signed forms. Providers advise parents to pre-sign the in/out forms or sign for days the child did not attend. Child signed in and out at the same time each day.

Employees

- Expense reimbursements - Submitting expenses for reimbursement not paid for by the employee. Submitting expenses that are not eligible for reimbursement.
- Employee timesheets - Altering, falsifying or tampering with time records. Recording time on another employee's time record. Punching in/out on timeclock while at a location other than assigned desk or upon arrival to or exit from intended assignment.
- Employee travel - Inaccurate reporting of travel or falsification of reports to reflect costs not incurred.

TYPES OF FRAUD

Vendor Contracts- Conflict of Interest (Finance Policy Manual)

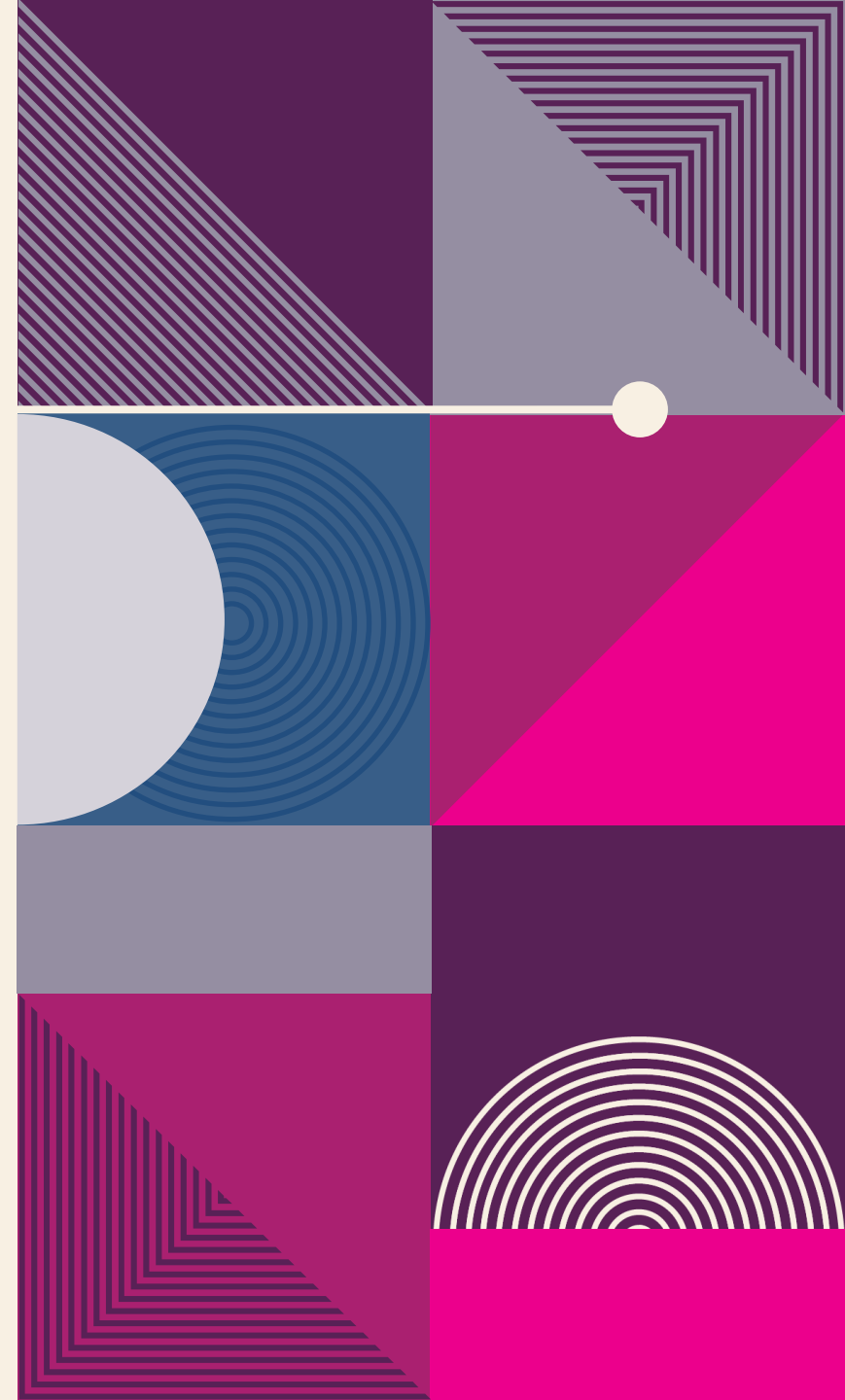
- A conflict of interest arises when a Board Member, Chief Executive Officer or employee involved in deciding is in the position to benefit, directly or indirectly, from his/her dealings with ELCIRMO or person conducting business with ELCIRMO.
- A Board Member, Chief Executive Officer or employee who believes that he/she may be perceived as having a conflict of interest in a discussion or decision must disclose that conflict to the group making the decision. Most concerns about conflicts of interest may be resolved and appropriately addressed through prompt and complete disclosure.
- Failure to comply with the Conflict-of-Interest policy will result in disciplinary action that may include termination, referral for criminal prosecution, and reimbursement to ELCIRMO or to the government, for any loss or damage resulting from the violation. Any employee charged with a violation of this policy will be afforded an opportunity to explain her/his actions before disciplinary action is taken.

HOW TO REPORT FRAUD

The coalition has a “zero tolerance” for fraud. All reports of suspected activity are promptly and thoroughly evaluated.

If you know that an employee, a contractor, a childcare service provider, a parent or other benefit recipient has potentially committed fraud, it is expected that the employee shall...

- Immediately notify the CEO of ELCIRMO
- Contact the Office of Inspector General at 850-717-8605 or inspectorgeneral@del.fldoe.org
- Information on how to report and file a claim can be found on our website at <https://www.elcirmo.org/how-to-file-and-report-a-complaint/>

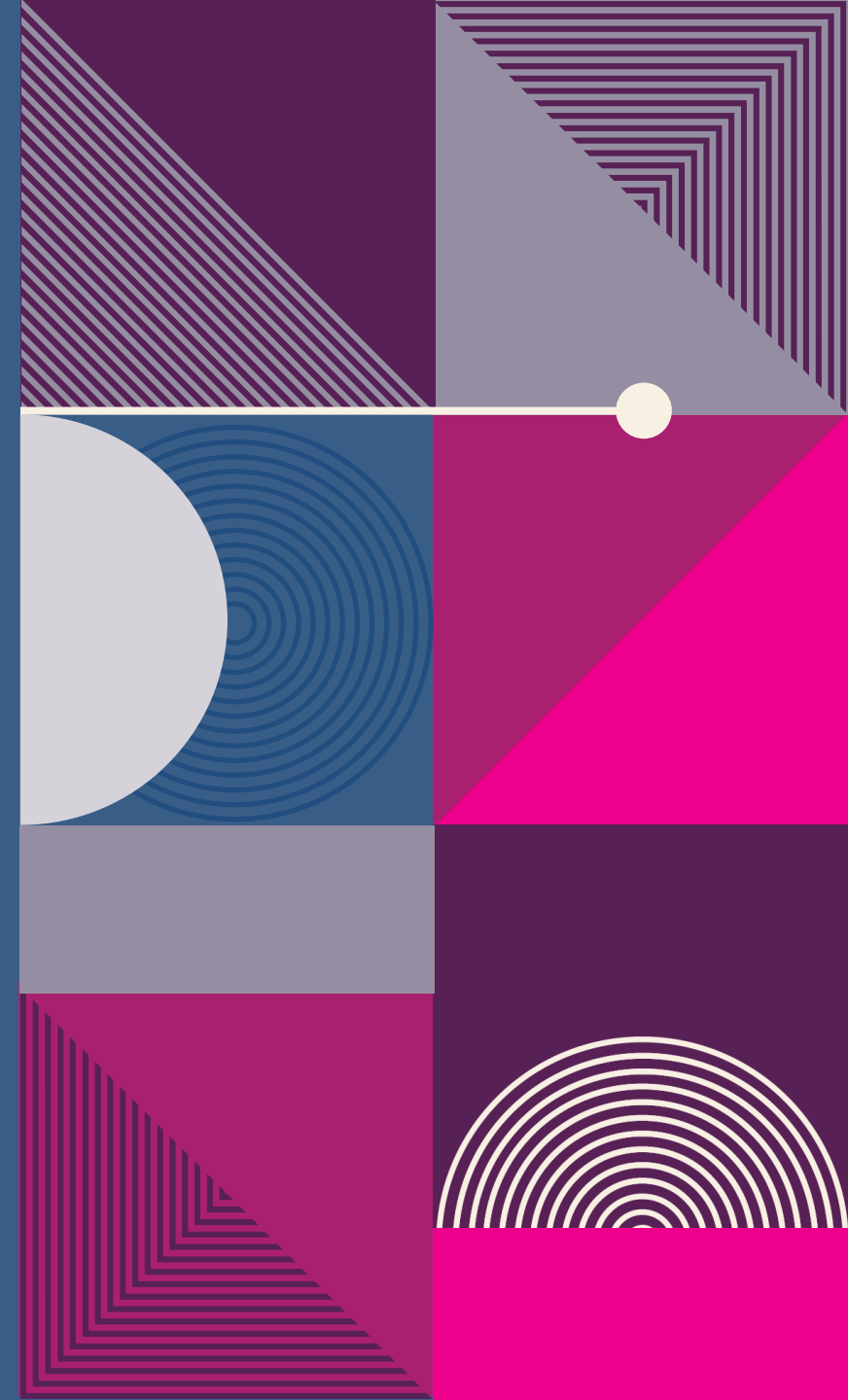


WHISTLEBLOWER POLICY

- Anonymous / Confidential - No retaliation
- Allows for communication and receipt of information, errors in financial reporting & misrepresentation or false statements
- Directors, officers & employees have a responsibility to report violations or suspected violations
- Posted in the Staff Shared Folder; included in the Employee Personnel Handbook; posted in each office. <X:\Staff\Approved Polices-Procedures\Whistleblower Policy.pdf>

CONSEQUENCES OF FRAUD

- Costs related to fraud = financial, adverse publicity, job loss, decreased morale & productivity
- Restitution
- Prosecution
- Disciplinary Action
- Termination



RESOURCES



- **COALITION ANTI-FRAUD PLAN** X:\Staff\Approved Polices-Procedures\COOP_23-24 Bd apprvd 3.23.23.pdf
- **FINANCE POLICY MANUAL** X:\Staff\Approved Polices-Procedures\Finance Policy Manual Board Approved_12.15.16.pdf
- **EMPLOYEE PERSONNEL HANDBOOK** <X:\Staff\Approved Polices-Procedures\Employee Personnel Handbook Brd Approved 5.25.23.pdf>
- **WHISTLEBLOWER POLICY** <X:\Staff\Approved Polices-Procedures\Whistleblower Policy.pdf>
- **INSPECTOR GENERAL** inspectorgeneral@del.fldoe.org



THANK YOU