



FRAUD TRAINING FOR PROVIDERS

It is important that Providers be reminded and trained regarding fraud.

October, 2024



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

COVERS:

- Procedures for Detecting/Investigating Fraud
- Mandatory Reporting
- Education/Training of Providers
- Due Process - Right to Appeal
- Repayment Process
- How to Report and File a Complaint - 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

PROVIDERS - REIMBURSEMENTS

- 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.

▪ CONSEQUENCES OF FRAUD

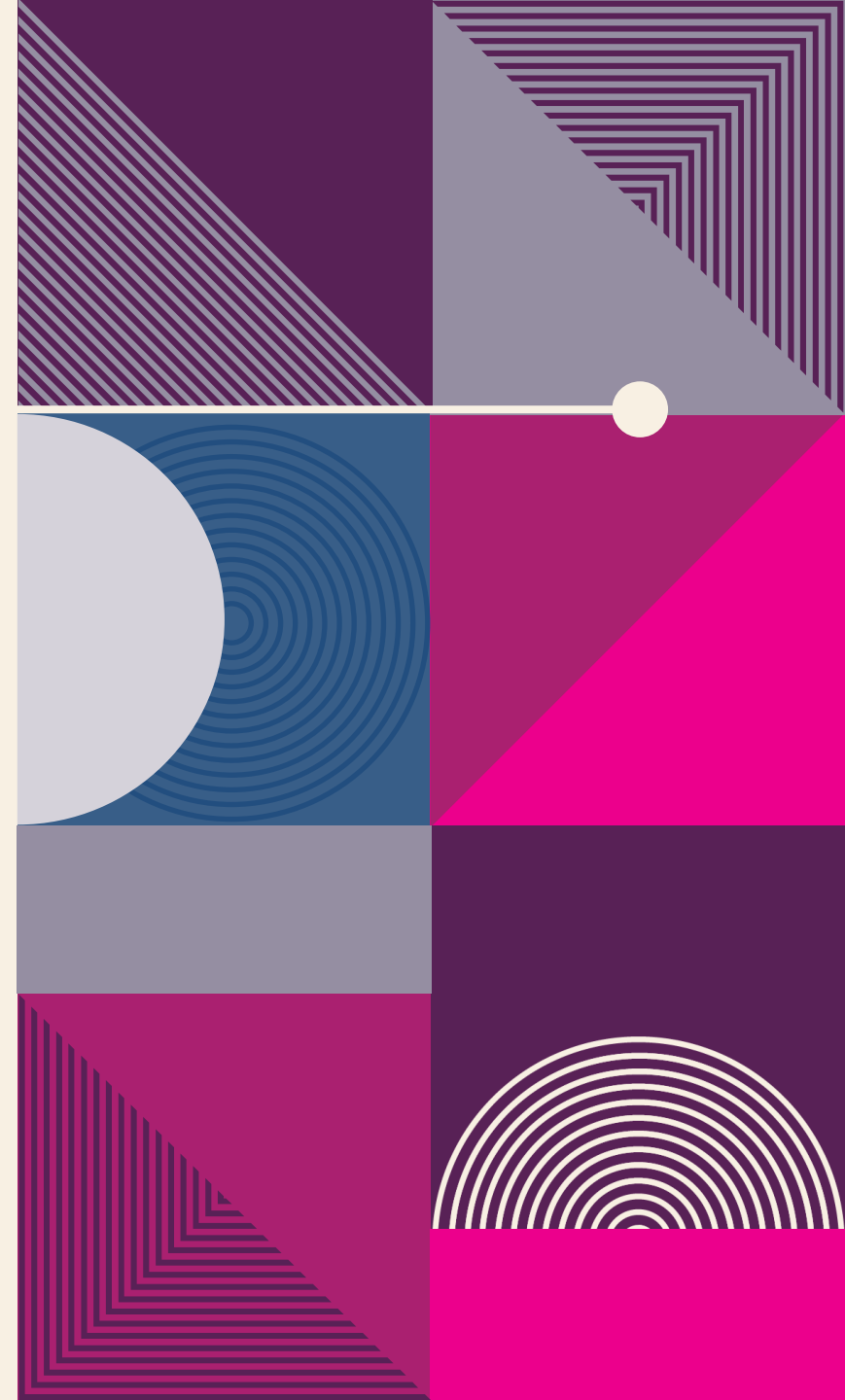
- Costs related to fraud: financial, adverse publicity, job loss, decreased morale & productivity, corrective action including termination of SR / VPK contracts
- Restitution
- Prosecution

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 Providers 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

THANK YOU