



POLICY MEMO

DATE: March 17, 2026
TO: CCSD Employees, Contractors
FROM: CCSD Policy Unit
SUBJECT: Fraud Management

CCSD programs are designed to identify, prevent, and detect fraudulent activity to promote compliance, accountability, and effective distribution of program benefits. This Policy Memorandum provides clarifying guidance regarding fraud standards, including when and how action should be taken in cases of suspected fraud.

While there is some variation in CCSD program policy regarding fraud management, generally, the following standards currently apply:

Employees and contractors will take steps to prevent and detect fraud.

Employees and contractors will process and determine eligibility for all complete applications received.

In accordance with established policies and procedures, Employees and contractors will review program applications for fraud.

When fraud is detected, employees and contractors will document the suspected fraud, including relevant facts and circumstances.

Employees and contractors will, in accordance with established policies and procedures, take action when fraud is detected. This includes referral of the matter to the DES Office of Inspector General (OIG) for investigation, when appropriate.

Employees and contractors will not investigate suspected fraud; only DES OIG can investigate suspected fraud.

Applicants who commit fraud are subject to denial and disqualification of benefits.

The following standards shall be observed when interpreting CCSD policy related to fraud management, and implementing fraud management in CCSD programs:

Fraud Management Standards

Action on suspected fraud must be supported by “clear and convincing evidence” indicating that it is “highly probable” that the fraud occurred. If this requirement is not met, no fraud action is to be taken.

- Suspected fraud is not a basis to request additional information.
- Additional information should only be requested in order to make an eligibility determination on an incomplete application.

It is presumed that an administrative error has occurred *unless* there is clear and convincing evidence of fraud and it is highly probable that fraud occurred. An administrative error includes:

- A client unintentionally giving DES or its contractors incomplete or incorrect information, or failing to correct erroneous information; or
- Other errors made through no fault of the client.

Fraud is any knowing misrepresentation or concealment of material facts to obtain benefits to which the client is not lawfully entitled.

- To be classified as fraud, the violation must be with the knowledge of the client. An unknowing, inadvertent, or unintentional violation is not fraud (see Administrative error)
- A client is not lawfully entitled to a benefit when they fraudulently attempt to obtain benefits for which they are ineligible, or benefits beyond what they are otherwise lawfully entitled.

Employees and contractors will follow applicable law, policy, procedures and other guidance in managing and reporting fraud in the program.

Nothing in this Policy Memorandum shall limit an employee or contractor’s ability and duty to assist in the program application or navigation process.

Employees and contractors will always treat clients with dignity and respect, regardless of whether a client has committed or is suspected of fraud, and will exercise discretion in any interaction with clients who are subject to fraud management procedures.

Fraud procedures will be conducted in a timely manner in accordance with the timelines established by this policy memorandum.

Fraud Management Actions

In all cases, action will be taken on fraud in accordance with applicable CCSD program policy and this Policy Memorandum. Permissible fraud actions include denial **or** referral:

Denial

- This is the immediate denial of an application for suspected fraud when the application is under adjudication, **prior** to a benefits determination.
- In cases where applications are denied as a result of suspected fraud, no referral to DES OIG is required.

Referral

- This is the referral of an application to DES OIG for investigation due to suspected fraud, when an application has **already** received a benefits determination and been approved for benefits.
Note: Referral is appropriate when the client has been *notified* of a benefits decision, irrespective of whether benefits have been distributed to the client.
- When an application is referred for suspected fraud, a prior benefits decision will not be revoked or otherwise changed until the matter is returned to the employee or contractor for action by DES OIG.

Examples of Administrative Error or Fraud

Administrative error may include:

- A client mistakenly switching letters or numbers when completing an application;
- A client providing clearly contradictory information in an application due to apparent confusion or misunderstanding;
- A client's apparent misclicking of selection-boxes (e.g., an applicant selects "no" to having income, but provides income documentation);
- Incomplete client applications (e.g., applications which generally require more information to be processed);
- Client errors due to misunderstanding of Program rules or benefits (e.g., requesting assistance for an ineligible expense);
- Other Client application errors which may be resolved through employee navigation assistance, and which do not have clear evidence of fraud.
- DES or its contractors erroneously approving or denying an application that is not eligible for benefits;
- DES or its contractors erroneously approving a higher or lower benefit amount than a Client is entitled to; or
- DES or its contractors experiencing payment processing errors such as a duplicate payment or payment failure.

Fraud may include:

- A Client's knowing act or omission that misrepresents, conceals, or withholds material information related to an application and/or benefits determination;
- A Client's knowing act or omission that could (but does not) result in a Client receiving assistance or services to which the Client is not entitled, or greater than that to which the Client is entitled;
- A Client providing false or inaccurate documentation as part of an application;
- A Client's abuse or misuse of DES or CCSD Program systems; or
- Any other failure of a client to repeatedly or substantially comply with Department rules regarding the Program or eligibility.

References

[2 C.F.R. 200](#), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*