



BUREAU OF FRAUD INVESTIGATION

1099 MATCH PROCEDURE

Discovery of Recipient Income (other than salary and tips)

August 20, 2013

Prepared by:

Management Analysis, Policy, and Data
Division

Investigation, Revenue, and Enforcement
Administration

PROCEDURE NOTE:

This procedure manual (including any modifications) is prepared for informational purposes only. The purpose of this procedure manual is to provide support and guidance to the management and staff of the NYC/HRA Investigations, Revenue, and Enforcement Administration (IREA). Nothing in this manual is intended to create nor does it create any enforceable rights, remedies, entitlements, or obligations. IREA reserves its right to change or suspend any or all parts of this manual at any time.

Audience

IREA/BFI Investigative

Background

Form 1099 MISC (Attachment 1) is an Internal Revenue Service (IRS) form regularly issued by banks, brokerages, investment firms, pension funds, and other financial institutions as a yearly financial statement for their clients to file tax returns on miscellaneous transactions and income (other than wages and tips for which Form W-2 is used).

The Office of Temporary Disability Assistance (OTDA) accesses 1099 forms filed by financial institutions to the New York State Tax Department. OTDA performs a data match to find matches between the names and Social Security numbers on the 1099 forms and in the New York District list of public assistance recipients. OTDA sends a file of matches to the IREA Bureau of Fraud Investigation (BFI) approximately once per month as an electronic file. The match is appropriately called the “1099 Match.”

BFI receives the 1099 matches via an electronic portal. The matches are received by the BFI designated Project Manager for the 1099 matches, who downloads the files into the Investigative Reporting Information System (IRIS). After the matches are loaded, each match is investigated by BFI. If the investigation verifies that the Recipient has had undeclared funds available while receiving public assistance, sanctions commensurate to the gravity of the infraction are imposed. Cases may be referred to Division of Financial Review and Processing (DFRP) or the BFI Prosecution Division, and sanctions may include case closing, recoupment, restitution, Intentional Program Violation (IPV), or other civil and criminal actions.

According to OTDA mandate, IREA has **45 calendar days** from the receipt of the matched file to investigate and take action on the case, which is why 1099 matches are treated as priority cases.

The federal and state governments perform yearly audits to assess the timeliness and efficiency with which IREA performs the processing of the 1099 matches. Failure by IREA to properly investigate and comply with the 45 day mandate may cost HRA federal and state funds.

Purpose

This procedure:

1. Illustrates how to process 1099 matches.
2. Documents the days allowed for the completion of each stage to meet the 45 day OTDA mandate.

TIME CONSTRAINTS IN PROCESSING 1099 MATCHES

OTDA has a 45 calendar-day mandate in which IREA is to investigate and sanction the 1099 cases. By agreement, each department that is involved in the resolution of the 1099 matches has a portion of the 45 day mandated timeframe in which to complete its part of the procedure.

Furthermore, each step that a staff member performs in the procedure is given an expected completion time. See the *IREA 1099 Match Workflow, Attachment 2*.

Days allotted to each department involved in the processing of 1099 matches:

1. BFI has 15 calendar days to complete its portion of the investigation and sanctioning process.

2. DRFP, or the Prosecution Division has 30 calendar days to levy the appropriate sanction.

Because of the time restriction, 1099 matches have been assigned priority status and are worked on continuously, at every stage, until their completion.

BFI INVESTIGATION PROCESS

Verifying Information and Funds

When OTDA makes a 1099 match on a public assistance (PA) Recipient, OTDA sends an *Income/Assets Verification Cover Letter (OTDA-4852B, Attachment 3)* with the *Income/Assets Verification Response Form (OTDA-4852B Return, Attachment 4)* requesting the financial institution who issued the 1099 form for the Recipient to complete the Response Form with documentation verifying the account. The institution returns a financial statement with the Recipient information:

- Name
- Social Security number
- Account number(s)
- Total dollars in the account(s).

OTDA forwards a copy of this financial statement to BFI. At the same time, OTDA emails a notification to the BFI 1099 Project Manager (PM) to make him/her aware that the file is in the portal. When OTDA loads the file into the portal the clock starts on the 15 day timeframe that BFI is allotted to complete its part of the investigation.

The match requires verifying:

- That the named public assistance Recipient is the same person matched with the account
- That he/she is the person who owns and has access to the undeclared funds found in the match
- That the funds are large enough to impact the client's eligibility, or budget, that was created by HRA for the Recipient's case.

Steps to Complete a 1099 Investigation

1. Project Manager receives and assigns the case:

- PM receives notification from OTDA and loads the 1099 files into IRIS
- Creates a case folder for each match
- Reviews the case
- Assigns the case folder to an Investigator.

The allotted time is TWO calendar days; LAPSED TIME IS TWO DAYS.

2. Investigator receives the case; reviews and verifies the case, and, if necessary, sends a call-in notice:

Because 1099 matches have priority status, the Investigator immediately works on the case:

- Reviews the case in WMS and HRA OneViewer
- Prepares and mails *SNAP Call-in Letter (BFI-100, Attachment 5)* to the Recipient
- Contacts BFI Bank/Institution Liaison (if necessary).

The allotted time is ONE calendar day; LAPSED TIME IS THREE DAYS.

3. Recipient and Institution response:

Seven calendar days are allotted for the Recipient to answer the call-in letter and for the bank or financial institution to respond with the match verification and financial information in the account. There are usually six scenarios (these are not all-inclusive) that will yield dispositions and effect case action by the Investigator:

	Scenario	Disposition	Investigator:
1	Investigator research reveals information that clears recipient.	Info known to Job Center Unsubstantiates case.	Submits case folder to PM for review and sign-off.
2	Recipient appears and clears self.	Investigator exonerates Recipient.	Submits case folder to PM for review and sign-off.
3	Recipient does not appear but institution information clears Recipient.	Investigator exonerates Recipient.	Submits case folder to PM for review and sign-off.
4	Recipient does not appear, and institution/bank verifies match.	Case is closed, rebudgetted, or, recouped. Also IPV, DA, civil litigation or other restitution are also possible.	Submits case folder to PM for review and sign-off.
5	Recipient appears, but does not clear self; institution/bank verifies match.	Case is closed, rebudgetted, or, recouped. Also IPV, DA, civil litigation or other restitution are also possible.	Submits case folder to PM for review and sign-off.
6	Recipient does not appear in 7 days; Bank does not respond in 7 days.	If case was open, the case is closed. If case was closed, case is unsubstantiated.	Submits case folder to PM for review and sign-off.

The allotted time is SEVEN calendar days; LAPSED TIME IS TEN DAYS.

4. Investigator reviews and prepares the case for sanction:

At the conclusion of the investigation, the investigator:

- Enters the disposition, case notes, and recommendation into the folder. Sanctions depend on the amount of money involved and the length of time that the transgression has occurred;
- Computes the amount of overpayments covering dates of infraction (if necessary);
- Case is rebudgeted (if necessary) to satisfy claim;
- Submits to PM for review and approval.

The allotted time is THREE calendar days; LAPSED TIME IS THIRTEEN DAYS.

5. PM receives the case folder for review and final sign-off:

- PM reviews the case and either:
 - A. Sign off on the case and return the case folder to the Investigator for scanning and indexing.
- OR,**
- B. Returns case to the Investigator for correction and resubmission (to step #4, above),
 - **If B, after the investigator resubmits:**
 - The PM again reviews the folder, for completeness, and if he/she approves, signs-off case in IRIS and returns the case folder to the Investigator for scanning and indexing.
- The PM directs the completed investigation to the *appropriate venue for sanctioning process*.

The allotted time is TWO calendar days; LAPSED TIME IS FIFTEEN DAYS.

APPROPRIATE VENUE FOR SANCTIONING PROCESS

CLEARED CASES:

A case that is not sanctioned is given one of three dispositions in IRIS:

1. Exonerated, cleared.
2. Unsubstantiated, not enough evidence to act.
3. Information known to Job Center

A case that is not sanctioned is a “Closed File,” meaning that the allegation against the case has been cleared and the case is filed for three years under the care of the PM.

CLOSED CASES:

Closed cases are inactivated. Recipients whose cases have been closed must bring documentation to clear themselves within a certain timeframe, or reapply.

SUBSTANTIATED CASES:

When a case is substantiated, there are three factors that determine the venue:

1. Type of assistance;
2. Dollar amount of the infraction.

SNAP cases:

- If the recommendation is for recoupment and re-budgeting, BFI refers the case to the SNAP-CR unit.

- Case may be referred for IPV.
- If the recommendation is to close the case or a line in the case, the Investigator will send a *Closing Memorandum Requiring Statistical Action (BFI-145, Attachment 6)* to the Recipient's FIA Center director making the request.

Dollar amount and case referral

When there is evidence that the participant was not forthcoming in his/her recertification interview, Project 1099 cases may also be referred for prosecution, civil litigation, or IPV. [REDACTED]

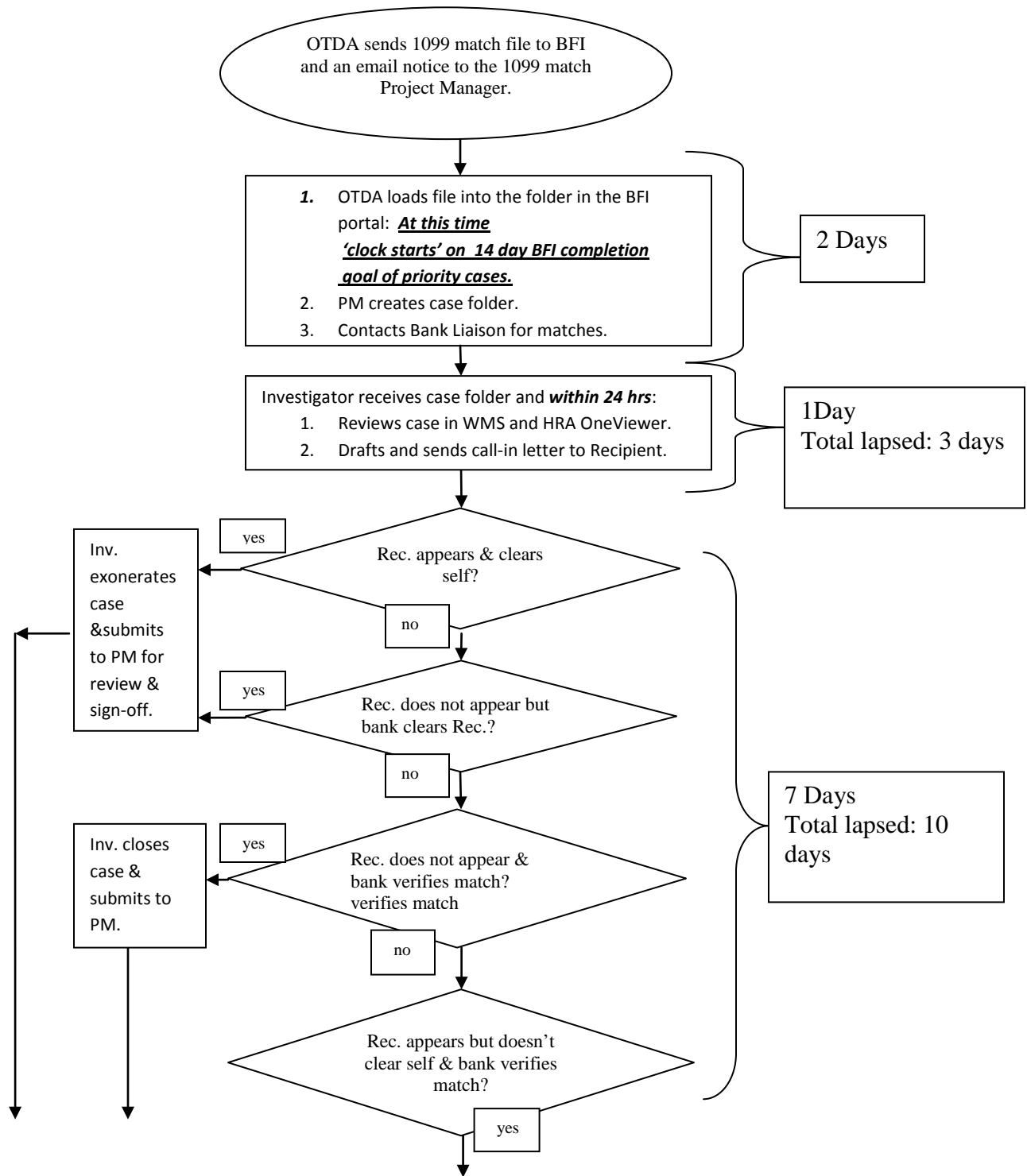
Cash Assistance (CA) cases:

- [REDACTED]
- If the recommendation is to close, recoup, or re-budget the case, it is directed to DFRP with (*Case Action Referral Form (BFI-138, Attachment 7)*).
- If the recommendation is to charge the Recipient with an Intentional Program Violation (IPV), an IPV package that is created by the Investigator is referred to the Prosecution Division.
- [REDACTED]
- If the recommendation is DA referral, IPV, or civil litigation, the case is referred to the Prosecution Division who will take the further action on the case.

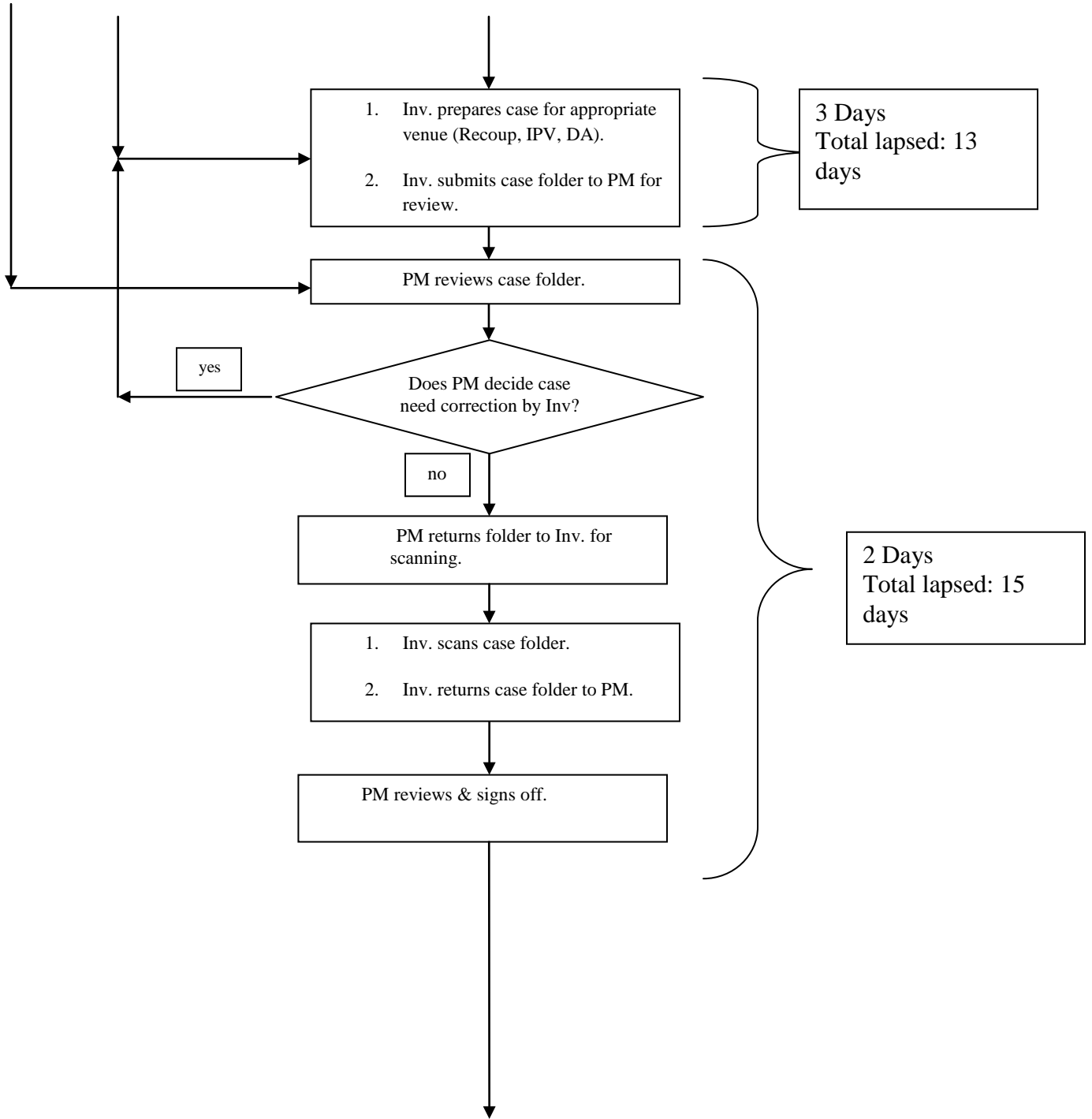
ATTACHMENT 1 FORM 1099 MISCELLANEOUS INCOME

<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED				
PAYER'S name, street address, city or town, province or state, country, ZIP or foreign postal code, and telephone no.		1 Rents \$	OMB No. 1545-0115 2013 Form 1099-MISC	Miscellaneous Income
		2 Royalties \$		
		3 Other income \$	4 Federal income tax withheld \$	
PAYER'S federal identification number	RECIPIENT'S identification number	5 Fishing boat proceeds \$	6 Medical and health care payments \$	Copy 1 For State Tax Department
RECIPIENT'S name Street address (including apt. no.) City or town, province or state, country, and ZIP or foreign postal code		7 Nonemployee compensation \$	8 Substitute payments in lieu of dividends or interest \$	
Account number (see instructions)		9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/> \$	10 Crop insurance proceeds \$	
11 Foreign tax paid \$	12 Foreign country or U.S. possession	13 Excess golden parachute payments \$	14 Gross proceeds paid to an attorney \$	
15a Section 409A deferrals \$	15b Section 409A income \$	16 State tax withheld \$	17 State/Payer's state no.	18 State income \$
Form 1099-MISC		www.irs.gov/form1099misc	Department of the Treasury - Internal Revenue Service	

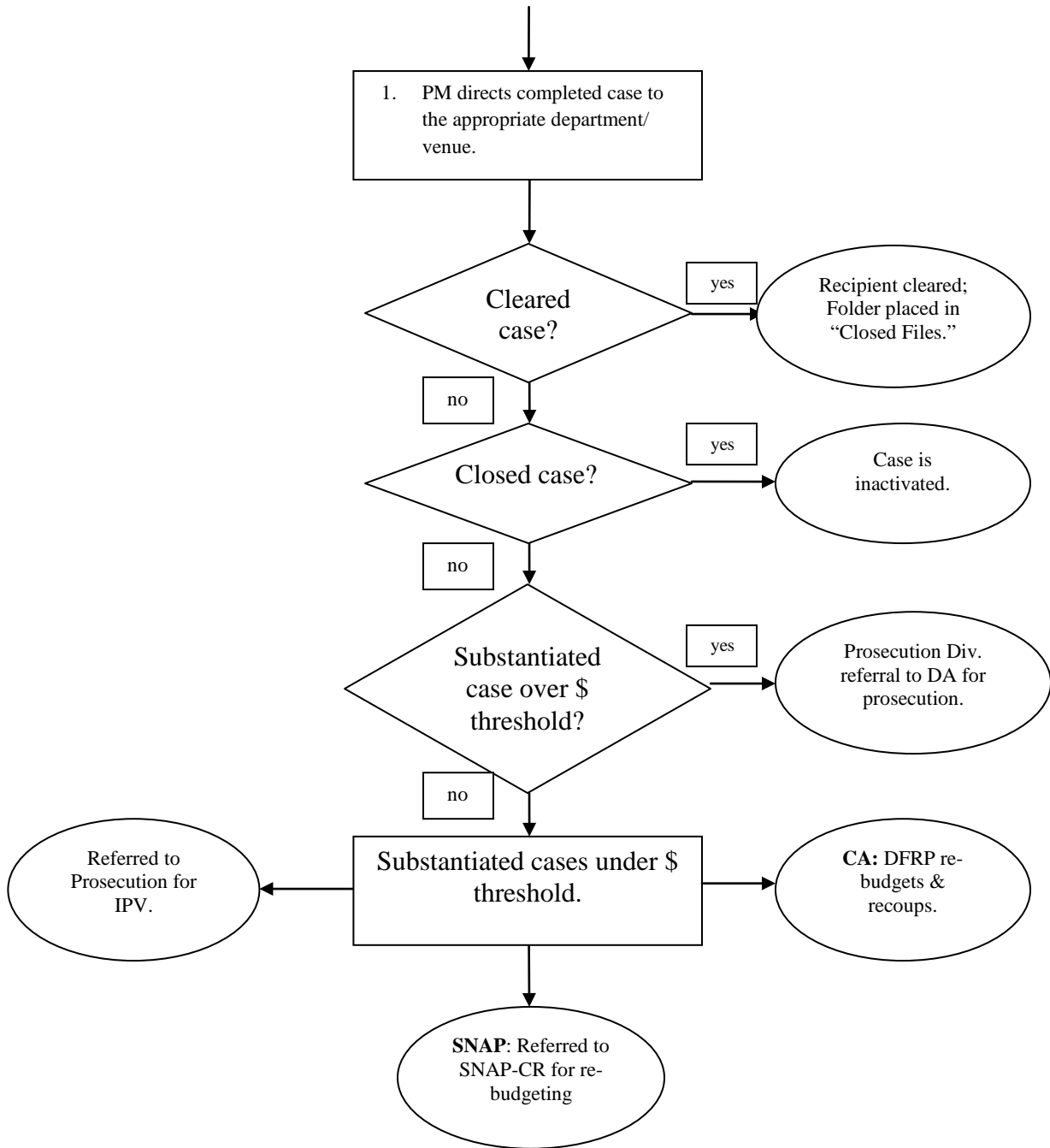
ATTACHMENT 2 IREA 1099 MATCH WORKFLOW



ATTACHMENT 2 IREA 1099 MATCH WORKFLOW



ATTACHMENT 2 IREA 1099 MATCH WORKFLOW



Attachment 3
OTDA Income Assets Verification Inquiry Cover Letter (rev. 3/06)

OTDA-4852B (Rev. 3/06)

NEW YORK STATE OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE

INCOME/ASSETS VERIFICATION INQUIRY COVER LETTER

Date:

Financial Institution Name and Address

Dear Sir/ Madam:

This Office is conducting a review of public assistance benefits being received by the individual listed below in order to reassess eligibility.

Your cooperation is needed in providing the information requested.

Please report all information you have concerning the income, assets and services of the individual listed. You can do this by completing the enclosed OTDA-4852B: "Income/Assets Verification Response Form" and enclosing it in the stamped, pre-addressed return envelope. After you complete the enclosed "Income/Assets Verification Response Form", please destroy (shred) this cover letter as it contains confidential information.

The information contained in this letter and obtained on the attached form is confidential under state and federal regulations, including Section 136 of the Social Service Law (New York State) and 26 U.S.C. 6103 of the Internal Revenue Code. This information will not be released except as permitted or required by law or with the written consent of the participant.

DO NOT RETURN THIS COVER LETTER TO US. RETURN ONLY THE ENCLOSURE TO US. All information given will be considered confidential. THE INDIVIDUAL NOTED ABOVE HAS GIVEN FULL CONSENT WHEN APPLYING FOR BENEFITS PER THE PRIVACY ACT. This request is made pursuant to Sections 21, 132, 134-a and 366-a of the Social Services Law and Section 1137 of the Federal Social Security Act.

If you have any questions, please phone contact the New York State IEVS Review Office at (518) 408-3001 or (518) 408-3099.

Thank you.

Name :
Account # :
SSN:
Address:

IMPORTANT FEDERAL TAX INFORMATION CONTAINED ON THIS PAGE

Attachment 4 OTDA Income/Assets Verification Response Form (OTDA-4852B (rev. 3/06))

OTDA-4852B (Rev. 3/06) RETURN

NEW YORK STATE OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE

INCOME/ASSETS VERIFICATION RESPONSE FORM

COMPLETE AND RETURN THIS FORM

RETURN THIS COMPLETED FORM TO:

New York State
Office of Temporary and Disability Assistance
IEVS Review – 10A
40 N. Pearl Street
Albany, NY 12243

Name:
SSN:
Address:

Ref:

TO BE COMPLETED BY FINANCIAL INSTITUTION/INCOME OR ASSET SOURCE

PLEASE PROVIDE INFORMATION ON THE FOLLOWING <i>INCOME</i> or <i>ASSETS</i> (FOR INCOME, LIST DATE OF LAST RECEIPT AND AMOUNT / FOR ASSETS, LIST THE ASSET AND CURRENT VALUE IF KNOWN)			
<i>ACCOUNT NUMBER 1 (If appropriate)</i>		<i>ACCOUNT NUMBER 2 (If appropriate)</i>	
TYPE OF ACCOUNT (Checking, Savings, Keogh, Money Market etc.):		TYPE OF ACCOUNT (Checking, Savings, Keogh, Money Market etc.):	
ADDRESS:		ADDRESS:	
DATE ACCOUNT OPENED:	DATE ACCOUNT CLOSED:	DATE ACCOUNT OPENED:	DATE ACCOUNT CLOSED:
CURRENT ACCOUNT BALANCE:		CURRENT ACCOUNT BALANCE:	
OTHER ACCOUNTS/ FUNDS/SECURITIES/PROPERTY ON DEPOSIT/SAFETY DEPOSIT BOXES (Please List With Current Balance, If Any):		OTHER ACCOUNTS/ FUNDS/SECURITIES/PROPERTY ON DEPOSIT/SAFETY DEPOSIT BOXES (Please List With Current Balance, If Any):	
ADDITIONAL COMMENTS:		ADDITIONAL COMMENTS:	
SIGNATURE OF PERSON COMPLETING THIS FORM: X		TITLE OF PERSON COMPLETING THIS FORM:	
DATE:	TELEPHONE NUMBER:	INSTITUTION NAME AND ADDRESS:	

THANK YOU FOR YOUR COOPERATION

Attachment 5 SNAP Call-in Letter (BFI-100, 8/13)



INVESTIGATION, REVENUE AND ENFORCEMENT ADMINISTRATION
BUREAU OF FRAUD INVESTIGATION
250 CHURCH STREET, 3rd FLOOR
NEW YORK, NY 10013

BFI-100 (I) 08/06/2013

_____, _____

_____, _____

Date: _____

Case No. _____

Dear _____ :

This office is conducting an investigation concerning your eligibility for Supplemental Nutrition Assistance Program (SNAP) benefits. An interview has been scheduled for you to discuss this matter on:

Date: _____
Time: _____
Address: 250 Church Street, 3rd Floor, New York, NY 10013

If for any reason you cannot appear at the time and place shown above, please call Investigator _____ at telephone # (_____) _____

Please bring your Photo ID card, this letter, and the following document (s) :

Insert item

Yours truly,

BUREAU OF FRAUD INVESTIGATION

Investigator _____

Signature

IMPORTANT NOTICE

You may bring an attorney and/or other representatives with you. If you cannot afford an attorney, you may seek free legal representation at a legal services or legal aid office. You may answer questions or choose not to answer. If you do not answer questions, your Supplemental Nutrition Assistance Program (SNAP) benefits cannot be stopped or reduced solely because you do not answer.

TRAVEL INSTRUCTIONS

Train : 1 to Franklin Street; A, C, E, to Canal Street; A, E, 2 & 3 to Chambers Street.

Office is located between Leonard and Franklin Streets.

Attachment 6 Closing Memorandum Requiring Statistical Action (BFI-145)

Print & Review

BFI -145 01/18/2013



INVESTIGATION REVENUE AND
ENFORCEMENT ADMINISTRATION
BUREAU OF FRAUD INVESTIGATION
250 CHURCH STREET, 4th FLOOR
NEW YORK, N.Y. 10013

MEMORANDUM

DATE:

TO: Director # F- _____

FROM: _____, _____ Director

SUBJECT: REQUIRED STATISTICAL ACTION

CASE NAME: _____

CASE #: _____

.....

The above named client is currently under review by this Office. Our investigation has revealed the following case action is required:

CASE CLOSING: This case is to be closed, code #: _____

Reason for Closing: _____

CLOSE LINE #: _____

Please notify the investigator listed below as to your activity on this case no later than: _____

Bureau of Fraud Investigation
250 Church Street, 3rd Floor
New York, NY 10013

Attachment 7 Case Action Referral Form (BFI-138)

Form No. BFI-138 Rev. 04/08	Human Resources Administration Bureau of Fraud Investigation		
CASE ACTION REFERRAL			
Assignment Date: To: CA IREA/Division of Financial Review & Processing, 151 West Broadway 8 FL New York. NCA Fiscal Operations, 98 Flatbush Avenue B'klyn, 2nd Floor From: IREA/Bureau of Fraud Investigation, 250 Church St. 3rd Floor New York, NY 10013 Match Project # <input type="checkbox"/> Bank <input type="checkbox"/> FISA <input type="checkbox"/> DMV <input type="checkbox"/> Marriage <input type="checkbox"/> Other: <input type="checkbox"/> WARRANT <input type="checkbox"/> BEV/WRS <input type="checkbox"/> BEV/UIB <input type="checkbox"/> NON MATCH			
BFI LOCATION: QUEENS			
Case Name	Surname 0	First Name 0	Case No. 3444444
Based on our findings in an investigation of the case above, we are referring this matter to your office for reason(s) indicated (X) below. If a FAIR HEARING is requested as a result of this recommendation, please notify BFI.			
Case Action Required			
<input type="checkbox"/> 1. Close Case: Client ineligible <input type="checkbox"/> a. Employment <input type="checkbox"/> b. Other <input type="checkbox"/> 2. Close Case: Client failed to respond to call in Date of BFI Appt. <input type="checkbox"/> 3. Rebudget case to reflect current income of \$0.00 Daily from: <input type="checkbox"/> a. Employment <input type="checkbox"/> b. Other <input type="checkbox"/> 4. CA Recoup action required: \$0.00 Period from: 01/00/00 to: 01/00/00 <input type="checkbox"/> 5. IPV Claim: \$0.00 Period from: 01/00/00 to: 01/00/00			
BFI Claim is: Recoupment ID Number: <input type="checkbox"/> Delete <input type="checkbox"/> New Claim <input type="checkbox"/> Increase <input type="checkbox"/> Decrease of the claim on WMS <input type="checkbox"/> Suspend			
6. NCA Recoupment required: <input type="checkbox"/> Yes <input type="checkbox"/> No NCA Action Code: a. Reason: <input type="checkbox"/> a. Employment <input type="checkbox"/> b. Other b. Non Cash Assistance: Inadvertent Household Error (IHE): \$0.00 Period from: 01/00/00 to: 01/00/00 Inadvertent Agency Error (IAE): \$0.00 Period from: 01/00/00 to: 01/00/00 c. IPV Claim \$0.00 Period from: 01/00/00 to: 01/00/00			
Unit / Investigator No.			
Investigator 111111		Date 	
BFI Supervisor 		Date 	