

PENNSYLVANIA OFFICE OF INSPECTOR GENERAL

Integrity | Ethics | Accountability

ANNUAL REPORT | FISCAL YEAR 2011-2012

25 YEARS
1987 — 2012

Tom Corbett
Governor

Kenya Mann Faulkner
Inspector General

Mission Statement

To ensure integrity, accountability and public confidence in Pennsylvania Government by preventing, investigating and eliminating fraud, waste, abuse and misconduct within all agencies under the jurisdiction of the Governor.

Pennsylvania's Office of Inspector General seeks to accomplish its mission through employee-driven change, by utilizing and promoting teamwork, and by continually enhancing the professionalism of its employees.



COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR



GREETINGS:

Upon taking office, I pledged that my administration would work diligently to create a more efficient and responsible state government. We must ensure that the commonwealth operate with transparency, accountability and fiscal discipline. Our vital resources must be safeguarded and our citizens must be assured that their government is spending tax dollars appropriately.

The Office of Inspector General's mission is to ensure integrity, accountability and public confidence in Pennsylvania government by preventing, investigating and eliminating fraud, waste, abuse and misconduct in agencies under the Governor's jurisdiction. As such, the Office of Inspector General is a vital tool within state government as it assists the effort toward a more efficient, effective, and transparent government.

Pennsylvania taxpayers deserve responsible state government and fiscal accountability. While carrying out its mission, the Office of Inspector General provides a significant role in examining government programs and protecting the government from fraud. This mission supports this Administration's ability to manage public resources and serve the citizens of the Commonwealth.

On behalf of the Commonwealth of Pennsylvania, I commend the Office of Inspector General for its commitment to the commonwealth and for the vital work it does to maintain public confidence in state government.

A handwritten signature in black ink that reads "Tom Corbett".

TOM CORBETT
Governor

Message from Inspector General Faulkner



Kenya Mann Faulkner, Inspector General (*right*)
Raymond Harper, Special Investigator (*center*)
Mary W. Fox, Staff Attorney (*left*)

I proudly present the Office of Inspector General's Annual Report for Fiscal Year 2011–2012. The Office of Inspector General (OIG) is tasked with the mission to ensure integrity, accountability, and public confidence in Pennsylvania government. The OIG has worked diligently to elevate public confidence in government's most important responsibility – spending taxpayer money wisely.

The commonwealth's fiscal year began July 1, 2011 and ended on June 30, 2012.

Throughout this fiscal year, it has been my goal to focus on cultivating strong working relationships with the heads of executive agencies and their staffs. This effort has forged new partnerships with other state agencies that have saved substantial tax dollars. Our investigations are conducted to be effective and results are delivered timely. The OIG is, as it should be, an integral tool of state government.

This year has special significance. On April 6, 2012, the statewide Office of Inspector General completed its 25th year of service to the commonwealth. Looking back at the milestone achievements of my predecessors, I am privileged to lead this agency into the future.

I trust this report sheds light on the Office of Inspector General's role in government and dedication to serving you. Thank you for your loyal support.

Sincerely,

A handwritten signature in cursive script that reads "Kenya Mann Faulkner".

Kenya Mann Faulkner
Inspector General

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Inspector General Faulkner

Kenya Mann Faulkner was appointed as Pennsylvania's seventh statewide Inspector General by Governor Tom Corbett on Jan. 18, 2011.

Inspector General Faulkner completed her undergraduate education at Niagara University, majoring in Criminal Justice and English, and received her Juris Doctorate degree from the State University of New York, University of Buffalo Law School.

After beginning her legal career as a Philadelphia public defender, Inspector General Faulkner accepted a position as Senior Deputy Attorney General in the Pennsylvania Attorney General's Drug Strike Force Section in 1996. In this capacity, Ms. Faulkner prosecuted complex drug cases and physicians for illegally dispensing prescription drugs.

Successful state prosecutions and a close working relationship with federal counterparts led to Inspector General Faulkner's 2002 appointment as an Assistant United States Attorney, Criminal Division, in the Eastern District of Pennsylvania. Devoted initially to federal drug prosecutions, a drug-related corruption investigation opened a door of opportunity for Ms. Faulkner to prosecute complex procurement fraud, high-profile public corruption, and auditing and accounting matters. During her tenure at the U.S. Attorney's Office, she also prosecuted physicians and lawyers for Medicaid and insurance fraud.

Prior to becoming Inspector General, as a partner in the Litigation Department and member of the White Collar Litigation Practice Group at the Philadelphia law firm of Ballard Spahr, LLP, from 2007 to 2011, Ms. Faulkner conducted intricate internal investigations for governmental agencies as well as private and nonprofit business entities.

Philadelphia Mayor Michael Nutter appointed Ms. Faulkner to the Philadelphia Independent Board of Ethics, where she served from February 2008 to June 2010. As a member of the Board of Ethics she investigated potential ethics violations, conflict of interest violations, as well as campaign finance violations.

Inspector General Faulkner has extensive experience in federal and state courts as well as significant jury trial experience, both as a criminal defense attorney and as a federal prosecutor. Ms. Faulkner is the recipient of the Assistant Attorney General's Award for Protecting Children Internationally (2007) and the Department of Justice Director's Award for Superior Performance by a Litigative Team (2010) and was recently selected as one of the Diverse Attorneys of the Year by *The Legal Intelligencer* (2011).

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2012

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Executive Summary

ORGANIZATIONAL OVERVIEW



Anthony J. Fiore,
Deputy
Inspector General

The Pennsylvania Office of Inspector General (OIG) was first established by Executive Order in 1979 within the Pennsylvania Department of Transportation, making it the first state Inspector General's office in the nation. To further protect the state's interest, Executive Order 1987-7

was issued to create a state-wide OIG within the Executive Office of the Governor and possesses authority which encompasses all executive agencies. The Pennsylvania Inspector General is a cabinet-level official who is appointed by, and reports to, the Governor.

The OIG is also responsible for investigating and prosecuting welfare fraud and for conducting collection activities for Department of Public Welfare (DPW)-administered public assistance programs and has done this work since 1994. The OIG employees who perform the welfare fraud detection and prevention initiatives and collection activities have a statewide presence; however, the OIG is headquartered in Harrisburg and operates regional offices in Harrisburg, Pittsburgh, Philadelphia, and Wilkes-Barre. Partnering with DPW, the OIG works to ensure that those who rightfully deserve benefits receive them. When appropriate, the OIG works with local district

attorneys to prosecute those who received benefits fraudulently. These initiatives are designed to maintain the integrity of the public assistance programs.

In Fiscal Year 2011-2012, the OIG operated with a total budget of \$26.5 million. Nearly \$5.3 million was dedicated to the Bureau of Special Investigations. In addition, the Bureau of Fraud Prevention and Prosecution received \$21.2 million to support all of its operations. The OIG will receive the same budget in Fiscal Year 2012-2013. Currently, the OIG has a complement of 243 staff members. A breakdown of the complement appears in Table #1 on page 11.

OIG's investigations offices and support offices work together to fulfill its mission:

- **The Bureau of Special Investigations (BSI)** investigates allegations of fraud, waste, misconduct and abuse in commonwealth agencies under the Governor's jurisdiction, and in non-executive agencies when invited or requested.
- **The Bureau of Fraud Prevention and Prosecution (BFPP)** is responsible for the investigation and prosecution of welfare fraud and for the collection of overpaid benefits from welfare recipients.
- **The Welfare Programs Integrity Office** partners with DPW to ensure the integrity, efficiency and effectiveness of the commonwealth's public assistance programs.

Executive Summary

- **The Office of Chief Counsel** provides legal advice and representation to the Inspector General and to all the bureaus within the agency. Attorneys actively participate in the investigations of alleged waste, fraud, misconduct, and abuse in state government.
- **The Bureau of Information System (BIS)** is responsible for all desktop hardware and software, infrastructure hardware, server hardware and software, and agency web sites.
- **The Bureau of Administrative Services (BAS)** provides financial, procurement, human resources, and administrative support to OIG staff.

THE OIG MAKES A MOVE

In October 2011, the OIG's Harrisburg headquarters and regional office staff moved their operations to the Forum Place building, 555 Walnut Street, Harrisburg. In large part, the Inspector General, legal staff, director-level personnel, and Bureau of Special Investigations staff occupy the 8th floor, while the Bureau of

Fraud Prevention and Prosecution, Bureau of Information Systems, Bureau of Administrative Services, and DPW Programs Integrity Office occupy the 7th floor.

Three years ago the commonwealth entered a 25-year agreement with the Dauphin County General Authority to lease office space in the ten-story facility. The commonwealth reserves the option to purchase the Forum Place building at the end of the lease term. The OIG shares space in the Forum Place Building with a number of other state offices from the Departments of General Services, Labor & Industry, Health, Aging, Public Welfare, Offices of Attorney General, Administration, Budget, Comptroller Operations, Consumer Advocate, as well as the federal Social Security Administration.

Prior to the move, the OIG leased commercial space for 15 years at the Executive House, 2nd and Chestnut Streets, Harrisburg.



Forum Place, 5th and Walnut Streets, Harrisburg
Leased by the commonwealth

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Executive Staff

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2012

Integrity | Ethics | Transparency

Kenya Mann Faulkner

Inspector General

Anthony J. Fiore

Deputy Inspector General

David P. Todd, Director

Bureau of Special Investigations

Lucas M. Miller, Director

Bureau of Fraud Prevention and Prosecution

Shelley Lawrence

Special Assistant for DPW Affairs

Wesley J. Rish

Chief Counsel

William S. Barrett, Director

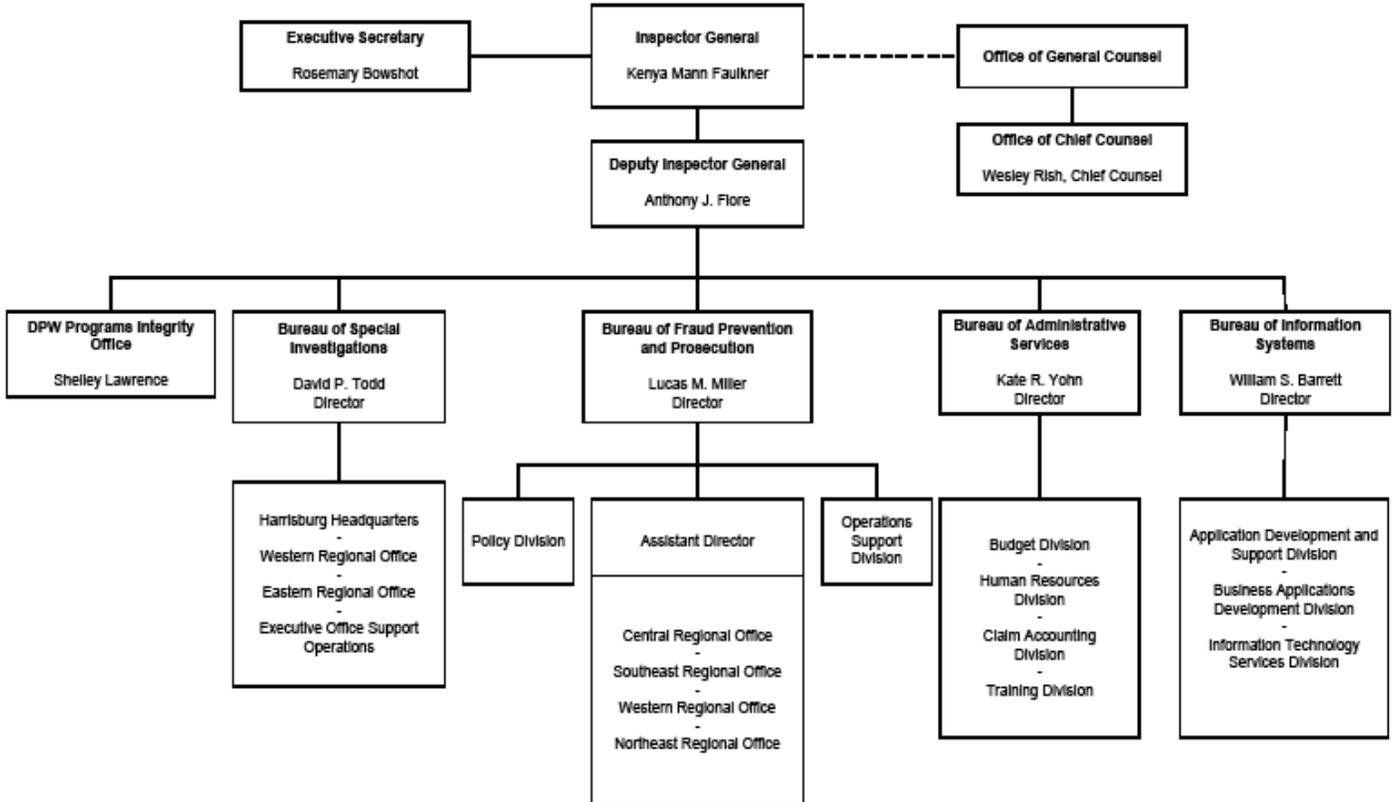
Bureau of Information Systems

Kate R. Yohn, Director

Bureau of Administrative Services

Organizational Chart

OFFICE OF INSPECTOR GENERAL



OIG Staff Complement

Office of Inspector General Staff Complement for Fiscal Year 2011-2012	
Total	
Office of Inspector General	243
Bureau Staffing	
Executive and Legal	13
Bureau of Special Investigations	28
Bureau of Fraud Prevention and Prosecution	164
Bureau of Administrative Services	22
Bureau of Information Systems	16
Investigative Staffing	
Bureau of Special Investigations:	
Management	5
Special Investigators	22
Investigative Support Staff	1
Bureau of Fraud Prevention and Prosecution:	
Management	34
Welfare Fraud Investigators	64
Claims Investigation Agents	43
Investigative Support Staff	23
Regional Staffing	
Bureau of Special Investigations:	
Harrisburg Headquarters	22
Western Regional Office	4
Eastern Regional Office	2
Bureau of Fraud Prevention and Prosecution:	
Southeast Regional Office	43
Western Regional Office	39
Central Regional Office	29
Northeast Regional Office	29

Table #1

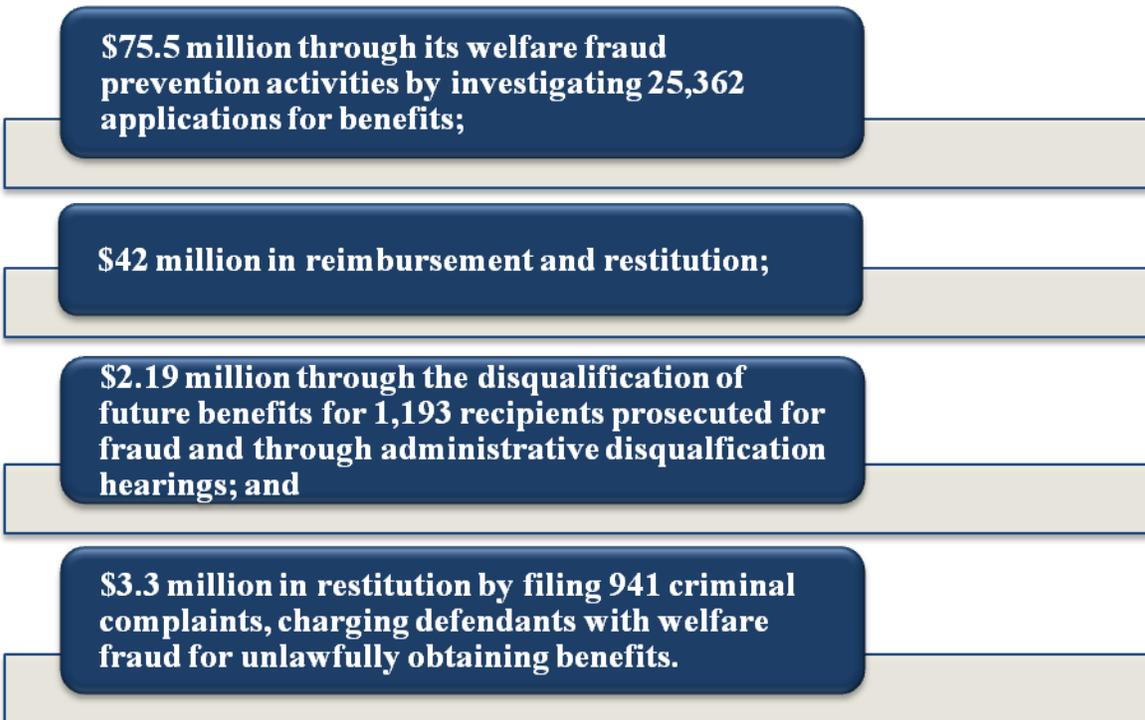
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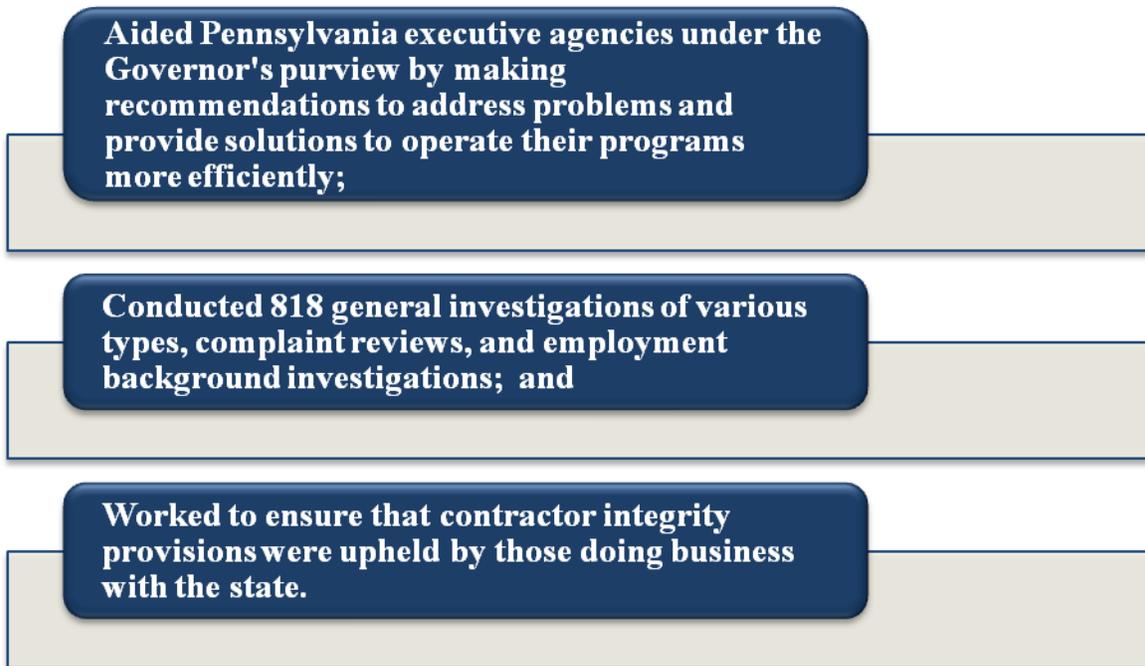
2012

Fiscal Year Accomplishments

During FY 2011-2012, the Office of Inspector General (OIG) saved and collected more than:



In FY 2011-2012, the OIG also:



Bureau Summaries

BUREAU OF SPECIAL INVESTIGATIONS



David P. Todd, Director,
Bureau of Special
Investigations

It is the responsibility of the Bureau of Special Investigations (BSI) to investigate allegations of fraud, waste, abuse, and misconduct in agencies under the Governor's jurisdiction. BSI serves the citizens of Pennsylvania by working to prevent and eradicate those problems and deficiencies

caused by acts such as mismanagement of funds, commonwealth employee misconduct, and contract fraud and irregularities.

It is the goal of BSI to conduct effective, independent, and timely investigations. BSI employs a large team of investigators and attorneys state-wide to initiate, supervise, and coordinate investigations.

BSI is the original OIG. In 1994, the OIG took on the responsibility of investigating welfare fraud from the Department of Public Welfare. That responsibility now lies within the purview of the OIG's Bureau of Fraud Prevention and Prosecution (BFPP).

BSI receives its complaints from several sources, including private citizens, state employees, and commonwealth agency executives. BSI also initiates its own investigations when appropriate. The OIG

employs a telephone hotline and Internet website for citizens to file concerns and complaints. All complaints are reviewed to determine whether they fall within the OIG's jurisdiction and merit action. Some complaints lead to extensive complex investigations. Others are closed quickly after preliminary inquiry fails to substantiate the allegations.

The types of investigations that fall within the purview of BSI vary widely. The OIG is charged with ensuring that those who do business with the commonwealth provide the contracted items and services. BSI investigates contractor procurement practices, quality control issues, and billing practices. Employee misconduct cases include abuse of work hours, misuse of equipment, and theft. BSI also conducts pre-employment background investigations for executive level appointments and other positions of trust within the commonwealth.



State Capitol, Harrisburg. Designed by Joseph M. Huston
and erected 1902–1906

Bureau Summaries

Examples of the types of cases BSI investigated over the past five years appear in Table #2 below.

BSI also plays a role in increasing the effectiveness with which the commonwealth does business by conducting program reviews. Often faults in a work process or program allow for employee misconduct, fraud, or waste to occur. BSI leads the complete review of the work procedure or commonwealth program in an effort to improve efficiency, effectiveness, and timeliness. These program reviews can occur as a result of a related investigation or can be requested by executive level management.

Investigations and program reviews by BSI have produced a variety of positive results. Wrongdoers have been disciplined, prosecuted, and appropriately removed from commonwealth

employment as a result of BSI’s findings. Important reforms of commonwealth operations have been instituted leading to increased accountability and effectiveness following BSI program reviews. BSI also regularly follows-up to assure that necessary corrective action has been taken. BSI’s actions have resulted in positive changes and have served as a deterrent to potential misconduct.

Once a BSI investigation is complete, the OIG issues a report to the Office of General Counsel and specific agency heads detailing BSI’s findings. Some investigations result in what appears to be criminal violations and such matters are then referred to the appropriate law enforcement agency for action. Other investigations may result in referrals to the State Ethics Commission or other administrative bodies for appropriate action.

Examples of Investigations by the Bureau of Special Investigations for the Five-Year Period

Case Type	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Employee Misconduct	31	35	41	49	72
Abuse of Work Hours	25	18	20	15	13
Misuse of Equipment/Supplies/Facilities/Vehicles	25	21	17	9	8
Conflict of Interest/Adverse Interest Violations	3	2	2	2	6
Contract/Grant Administration/Procurement/Performance Irregularities	14	8	12	13	26
State Employment Background Investigations	210	145	158	204	297
Program Fraud/Mismanagement	0	0	1	10	8
Program Reviews	2	3	0	0	4
False Statements/Falsification of Records	5	5	1	5	22
Misappropriation of Funds	7	6	10	8	10

Table #2



Bureau Summaries

BUREAU OF FRAUD PREVENTION AND PROSECUTION



Lucas M. Miller, Director,
Bureau of Fraud Prevention
and Prosecution

Since 1994, the Bureau of Fraud Prevention and Prosecution (BFPP) within the OIG has been responsible for investigating and prosecuting welfare fraud and conducting collection activities for the Department of Public Welfare (DPW). This partnership with DPW helps ensure that only the truly needy receive benefits

and that the integrity of the commonwealth's public assistance programs are maintained.

BFPP staff members have a statewide presence with four BFPP regional offices located in Harrisburg, Philadelphia, Pittsburgh and Wilkes-Barre. In addition to these locations, BFPP staff are stationed in or assigned to work with DPW staff in every county across Pennsylvania.

The activities performed by BFPP fall into three main categories:

- Field Investigation Program – this program works in conjunction with DPW caseworkers to help ensure that only individuals who are truly eligible for assistance receive benefits;

- Fraud Investigation Program – this program focuses on individuals who wrongfully obtained benefits through providing false information or failing to report changes in their circumstances; and
- Collections – this program works to recover overpaid public assistance benefits.

Field Investigation Program

When DPW caseworkers suspect that an applicant for benefits or someone currently receiving public assistance benefits has provided inaccurate, inconsistent or incomplete information to DPW, they will make an investigative referral to the OIG. Welfare Fraud Investigators will then conduct an investigation to correctly determine the circumstances of the individual applying for or receiving benefits. Once an investigation is completed, the OIG will provide their results to the caseworker, who then uses the information provided to determine the individual's eligibility for DPW's benefit programs. The caseworker determines whether to authorize the individual for benefits, reduce the amount of benefits the individual is eligible for, or deny benefits to the individual.

During FY 2011-2012, the OIG's Field Investigation Program saved DPW and the taxpayers of Pennsylvania \$75.5 million dollars.

Bureau Summaries

Fraud Investigation Program

The OIG’s Fraud Prosecution Program focuses on individuals who fraudulently received public assistance benefits to which they were not entitled. Welfare fraud occurs when an individual:

- Willfully makes a false statement or misrepresentation about their circumstances or fails to disclose a material fact regarding their eligibility status;
- Secures or attempts to secure public assistance or aids or abets another person receiving public assistance; and
- Has knowledge of the fraudulent act.

When a DPW caseworker discovers that an overpayment has occurred, it is forwarded to the OIG for investigation. BFPP staff will conduct an investigation to determine if the individual in question committed welfare fraud. If it is determined that an individual committed welfare fraud, the OIG will file a private criminal complaint with the local district attorney. Once a case is approved by the district attorney, it is forwarded to the magisterial district judge or municipal court to be heard.

The prosecution of welfare fraud serves the taxpayers and the commonwealth by

ensuring that people who commit these acts are held accountable and that restitution of fraudulently received benefits is obtained. For FY 2011-2012, the OIG filed 941 criminal complaints for a total restitution amount of \$3.3 million dollars.

Additionally, cost savings are realized when defendants are disqualified from receiving future benefits. Defendants can be disqualified from cash assistance, Supplemental Nutrition Assistance Program (SNAP) benefits and the Subsidized Child Care Program. The amount of time they are disqualified depends on the program and the number of the offense.

Administrative Disqualification Hearings

Another option available to the OIG is the Administrative Disqualification Hearing (ADH) Program. This program is used when an individual is found to have committed an Intentional Program Violation (IPV) in the cash assistance program, SNAP or Subsidized Child Care Program but criminal prosecution is not an available option. If found guilty of an IPV, the individual can be ordered to pay restitution and be disqualified from receiving future benefits. The disqualification penalties imposed through the ADH program are the same as those imposed on defendants in criminal proceedings.

DPW Programs Investigated by the OIG	
Cash Assistance	Subsidized Child Care Program (SCC)
Medical Assistance (including Long Term Care)	Medical Assistance Transportation Program (MATP)
Supplemental Nutrition Assistance Program (SNAP)	Low Income Home Energy Assistance Program (LIHEAP)



Bureau Summaries

Supplemental Nutrition Assistance Program Trafficking Unit

BFPP's Operations Support Division provides investigative services to the Food and Nutrition Services (FNS) and to the Office of Inspector General of the U.S. Department of Agriculture (USDA) by conducting SNAP Electronic Benefits Transfer (EBT) card trafficking investigations of stores and SNAP recipients. Fraud occurs when SNAP benefits are improperly exchanged for cash, services, or anything other than food. For example, a store owner may purchase an individual's SNAP benefits at a discount. The store owner will then redeem the benefits at full value from the USDA-FNS. Store owners will be disqualified from participating as a SNAP approved vendor and recipients who are found to have trafficked their SNAP benefits must repay those benefits and are disqualified from receiving SNAP benefits.

Collections

Individuals who are prosecuted for welfare fraud or who are determined to have committed an IPV through the ADH Program will be ordered to make restitution to the OIG. However, not all overpayments referred to the OIG meet the elements of welfare fraud or can be processed through the ADH Program. Regulations state that all incorrectly paid benefits, regardless of whether or not fraud occurred, must be repaid to the commonwealth. All DPW overpayments are collected by the OIG. The OIG uses the following methods to collect all overpaid benefits:

- Recoupment – this occurs when an individual or their household is currently receiving public assistance. The amount of their monthly benefit is reduced to repay the overpayment.

Disqualifications by Program			
Offense	Cash Assistance	Subsidized Child Care	SNAP
1 st Offense	6 months	6 months	12 months
2 nd Offense	12 months	12 months	24 months
3 rd Offense	permanent	permanent	permanent

Bureau Summaries

- Repayment – an individual makes a direct payment to the OIG to repay their overpayment.
- Treasury Offset Program (TOP) – this option is available on SNAP overpayment claims. Individuals who have not made a payment for at least 180 days and have a claim balance of \$25 or more can be entered into TOP. Once in this program, the individual’s federal income tax refund, as well as other forms of federal income, can be intercepted to repay the balance of their claim.

Another collections program run by the OIG is the Reimbursement Program. Individuals who are awaiting the receipt of other benefits, such as unemployment compensation or Supplemental Security Income, may be found eligible to receive cash assistance pending approval of these other benefits. Once the individual receives their benefits, they are required to reimburse the commonwealth for the cash assistance they received from DPW.

Welfare Fraud Tipline

The OIG is strongly committed to identifying and eliminating fraud, waste and abuse in public assistance programs. To assist with that commitment, the OIG operates a toll-free Welfare Fraud Tipline. Concerned citizens can use this tipline to call and report suspected welfare fraud. Tips reported to the OIG include information on individuals receiving benefits and not reporting income, resources, or correct household composition. All of these

circumstances may affect eligibility for public assistance benefits. Each tip received is reviewed and investigated by BFPP staff. When information discovered through an investigation indicates activity in which eligibility may be affected, the information is sent to DPW. The OIG also receives welfare fraud tips via an online reporting system, through the U.S. mail, and facsimile. These tips are also investigated and forwarded to DPW, if appropriate.

During FY 2011-2012, the Welfare Fraud Tipline received 24,919 calls, 5,447 website tips and 776 mailed tips all reporting suspected welfare fraud.

THE WELFARE PROGRAMS INTEGRITY OFFICE



Shelley Lawrence,
Special Assistant for
DPW Affairs

The OIG partners with DPW to ensure the integrity, efficiency and effectiveness of the commonwealth's public assistance programs and offices by combating and deterring fraud, waste and abuse. During the past year, DPW has renewed its focus on increasing the integrity and oversight of the programs and services it provides to the commonwealth.

To aid and support the continued development and success of DPW's initiatives, as well as the OIG's own internal

Bureau Summaries

processes, Inspector General Faulkner created a new Welfare Programs Integrity Office. This new office is overseen by the Special Assistant for DPW Affairs, who acts as the liaison for DPW issues and works collaboratively with DPW's Program Integrity Office. The OIG's Welfare Programs Integrity Office:

- Works with DPW to facilitate joint program integrity initiatives and acts as a liaison office for issues of mutual concern; and
- Offers a unique perspective on measures which DPW can employ to reduce future abuses within programs and operations.

The Special Assistant and other OIG staff have participated in DPW work groups and projects related to several important program integrity initiatives. As a result, DPW has strengthened its partnership with the OIG and the agencies have been working collaboratively to eradicate fraud, waste and abuse within DPW. The agencies have been working together in ways they have never done before: looking at innovative ways to improve recipient program efficiencies; identifying areas where waste and abuse are prevalent; developing higher performance and program standards; and stopping employee fraud.

The OIG and DPW have worked together on many new program integrity initiatives within the past year, which are currently in various stages of implementation:

- **Electronic Benefit Transaction (EBT) and Risk Management** — risk-management reviews and data mining of recipient EBT data potentially shows trends and schemes in benefit transactions which may be an indicator of fraud. The OIG and DPW's Office of Income Maintenance (OIM) staff are reviewing, developing, and sharing current reports on recipient benefit transactions that show risk markers for fraud or trafficking. Risk markers can include requesting multiple replacement EBT cards in a short time period, large even dollar SNAP transactions, and continuous out of state benefit transactions. The OIG will investigate cases which appear to show a pattern for fraud and refer stores with suspicious data to the USDA-FNS for a trafficking review.
- **Program Integrity Intake Units** — the OIG has worked with DPW to establish procedures for centralized Program Integrity Intake Units in the OIM's County Assistance Offices. Prior to determining an applicant's eligibility for benefits, these units review those applications which contain certain types of information that historically have shown a high level of error or fraud. When these types of applications are received, DPW staff will refer the case to the Program Integrity Intake Unit. The Unit attempts to verify all information and take action as necessary prior

Bureau Summaries

to establishing eligibility. When application information cannot be verified by the caseworker or appears fraudulent, a referral is made to the OIG to conduct a field investigation on the applicant. The OIG's findings of fraudulent or inconsistent information could result in benefits being denied or authorized at a reduced level.

- **Overpayments/Recoveries and Program Standards Workgroups** — these

workgroups provide a forum for the presentation, consideration and resolution of joint issues between the OIG and DPW. The OIG participates in both groups. The workgroups focus on achieving consistency within welfare programs and policies, performance measures, collection efforts, and Information Technology related functions:

- The Overpayments and Recoveries workgroup is standardizing the process for referring medical assistance (MA) recipient overpayments to the OIG for investigation, prosecution, and recovery. The initial phase of the project is complete, and a full automation of the process is in development.
- The Overpayments and Recoveries workgroup identified the need for specialized Overpayment Units within OIM's County Assistance Offices to standardize the process for completing and referring overpayments to the OIG. Pilot projects have been

implemented in several counties to establish the Overpayment Units, develop processes and procedures, and track performance measures.

- The Program Standards workgroup has developed process flows for non-compliance, penalties, good cause, and exemptions for each benefit program. The workgroups are reviewing these processes to identify best practices that should be shared across all programs.

- **LexisNexis Data Matching Project** — the OIG has worked with DPW on a recipient data match pilot with LexisNexis. The vendor ran approximately 225,000 recipient files against their data sources and returned flagged cases to DPW for review. DPW caseworkers verified information and took action on many cases where previously unknown information was discovered which affected client eligibility. Cases which needed further review were sent to the OIG for a field investigation. OIG field investigations showed that some flagged cases were fraudulent, and that other eligible clients may be the victim of identity theft or reporting errors. The project showed the importance of data matching and the enhanced utilization of the data exchange information already in use by DPW. Efforts are planned to enhance the use of data exchanges such as this as up-front detection tools, ensuring that efforts to detect fraud prior to granting eligibility for benefits is a top priority.



Bureau Summaries

The improved collaborative partnership between the OIG and DPW has increased the level of cooperation and teamwork between the agencies and improved focus on efficiency and effectiveness in DPW's anti-fraud activities relating to the collection of benefit overpayments, and the prevention, detection, and investigation of fraud.

OFFICE OF CHIEF COUNSEL



Wesley J. Rish,
Chief Counsel

The nine attorneys who comprise the OIG's Office of Chief Counsel provide guidance and legal advice to all the OIG's Bureaus. Attorneys perform legal research and identify significant legal issues throughout all stages of investigations conducted by the OIG's Bureau of Special

Investigations. The Attorneys also represent the Bureau of Fraud Prevention and Prosecution to recover fraudulently-obtained public assistance benefits with an emphasis toward civil litigation in the long-term care programs. The Attorneys' responsibilities include litigating in Common Pleas Courts, the Commonwealth Court of Pennsylvania, as well as administrative tribunals such as the Pennsylvania Human Relations Commission, Unemployment Compensation Board of Review, Bureau of Hearings and Appeals, and the U.S. Equal Employment Opportunity Commission. Equally significant duties include reviewing contracts, responding to

requests for public records under the commonwealth's Right-to-Know Law, conducting internal OIG trainings, and ensuring that all OIG staff are familiar with the scope and limitations of OIG investigations and investigative techniques and comply within those limits.

The Office of Chief Counsel advises and assists the Bureau of Fraud Prevention and Prosecution in the collection of long-term care medical assistance overpayment claims. For FY 2011-2012, OIG attorneys collected over \$585,000 in long-term care medical assistance overpayments.

Attorneys from time to time receive assignments requiring special collection actions, such as the following diversion project.

Due to the 2009 budget impasse, commonwealth employees were informed that they were not going to receive a paycheck for an unknown period of time. Seventy-five commonwealth employees applied for DPW cash assistance benefits. DPW provided "Diversion" monies in amounts ranging from \$904 to \$1,767 (totaling \$82,651.71) to those households to meet their short term needs. In exchange for the receipt of cash assistance, those households acknowledged that they were obligated to reimburse DPW upon receiving their back pay.

Once the households received their delayed wages, many commonwealth employees

Bureau Summaries

failed to honor the agreement to reimburse DPW. Several individuals argued that “Diversion” monies were not assistance and, therefore, they were not required to reimburse DPW. The OIG Office of Chief Counsel pursued the non-payments through administrative avenues, Magisterial District Courts, and Appellate Courts.

To date the OIG has filed 36 civil actions in magisterial district courts, citing causes of action for breach of contract and unjust enrichment. All 36 civil actions, totaling \$44,115.24, resulted in judgments in favor of the OIG. In FY 2011-2012, the OIG collected payments totaling \$11,538.61.

OIG attorneys also participate in volunteer legal activities and programs. For example, OIG attorneys have regularly served as “jurors” for the Pennsylvania Bar Association/Young Lawyers Division Mock Trial Competition for high school students.

BUREAU OF INFORMATION SYSTEMS



William S. Barrett, Director,
Bureau of Information
Systems

The Bureau of Information Systems (BIS) is responsible for the Information Technology (IT) needs of the OIG. These needs include personal computer hardware and software support, server hardware and software installation, configuration

and support, configuring and supporting required network infrastructure and planning, developing, implementing, and managing automated systems. BIS is organized into three divisions to perform the following functions:

- Information Technology Services — handles all IT hardware and commercial software installation for agency staff, servers, and network infrastructures. In addition, this division handles all helpdesk functions and supports users in over 50 locations.
- Applications Development and Support — plans, creates, and maintains most agency web based applications.
- Business Applications Development Division — plans, creates, and maintains systems with great business impact to the agency and applications that interface with other state or federal entities.

BIS provides agency-wide direction and coordination of IT plans, standards, policy, applications development, infrastructure management, customer support, and information resource management. BIS personnel plan, analyze, design, implement, maintain, and operate complex, integrated information and office systems in support of all OIG programs.

Bureau Summaries

BUREAU OF ADMINISTRATIVE SERVICES



Kate R. Yohn, Director,
Bureau of Administrative
Services

The Bureau of Administrative Services (BAS) operates as a support bureau to OIG employees by providing supplies and equipment, negotiating contracts and services, administering all fiscal budgetary matters, overseeing personnel actions, employee relations,

and providing training to new and existing staff. BAS is comprised of four divisions: Human Resources, Budget, Claim Accounting, and Training.

Human Resources Division

The Human Resources Division is responsible for the coordination of all personnel management activities, which include, but are not limited to, recruitment, hiring, workplace injuries, Human Resource policy development, labor relations, employee discipline, timekeeping and leave management.

The division has coordinated 38 hire transactions during FY 2011-2012.

Budget Division

The Budget Division manages the OIG's budget and procurement and is responsible for

the processing of orders and purchases with contracted vendors, liaison to vendors on payments and purchases, budget preparation, personnel and operating projections, and approving all personnel actions and purchases in accordance with the budget. In addition, the division oversees facilities and vehicle management; provides support in mail and courier services, agency vehicles, building issues and leases, space allocation, equipment, supplies, and access badges.

Recently, BAS facilitated the move of the OIG headquarters and BFPP Central Region office from leased space on 2nd Street to the Forum Place building in Harrisburg. The move puts OIG staff in closer proximity to the Capitol and other state offices. It is expected to save \$78,000 annually on lease costs.

Claim Accounting Division

The Claim Accounting Division provides accounting support for the processing of monies recovered from public assistance recipients who obtained benefits to which they were not entitled. With the elimination of a requirement to make Social Security refund payments within 10 days, the division was able to close an advancement account. In turn, this will free up DPW funds which were dedicated to maintain the account. Additionally, the division posted more than 52,700 payments in FY 2011-2012.

Bureau Summaries

Training Division

The Training Division offers training to all new OIG employees and an extensive program for all new investigators. In addition, existing staff receives ongoing training as a refresher or when a new policy is implemented. The division also trains other state agencies and community partners to identify and refer potential fraud, waste, and abuse to the OIG and promotes the agency to potential future employees. In FY 2011-2012, the Division:

- Conducted a five week Standard Training Program for 20 new Claims Investigation Agents and Welfare Fraud Investigators;
- Provided County Assistance Office and Child Care Information Service agency refresher trainings;
- Attended four college job fairs to speak to students about prospective job openings and opportunities;
- Gave an OIG presentation to a forensic accounting group at Bloomsburg University; and
- Offered OIG employees web-based training courses on subjects required by commonwealth policy.

Special Events

THE OFFICE OF INSPECTOR GENERAL MARKS ITS 25th YEAR OF SERVICE TO THE COMMONWEALTH

When first created in 1979 as an office in the Pennsylvania Department of Transportation, the OIG distinguished itself as the first state OIG in the nation. Many successful investigations later, on April 6, 1987, former Governor Robert P. Casey expanded the OIG's authority and jurisdiction statewide. By direction of the Governor, Executive Order 1987-7 established the Office of State Inspector General to investigate fraud, waste, misconduct and abuse within executive agencies under the Governor's purview.

the OIG's responsibilities to include the investigation of welfare recipient fraud and collection activities relating to public assistance programs administered by DPW.



Inspector General Faulkner Addresses the Governor, Cabinet Members, Former Inspectors General, Attendees



Circa 1990: First Inspector General Peter J. Smith and OIG Staff at a Statewide Training Session

To commemorate the OIG's 25th anniversary, Governor Tom Corbett and Inspector General Faulkner joined other state and federal officials and OIG staff on April 4, 2012, in the Capitol's East Wing to celebrate this milestone in the agency's history.

Past Inspectors General Peter J. Smith, Robert J. DeSousa, and Donald L. Patterson and other cabinet officials participated in the ceremony. Governor Corbett presented certificates to Inspector General Faulkner and the past Inspectors General in appreciation of their service to the commonwealth.

In 1994, the Governor further expanded

1987



2012

Special Events

In his address to those assembled, Governor Corbett emphasized that “Pennsylvania taxpayers deserve to have a state government that operates honestly and with integrity. The Office of Inspector General’s important work ensures state government delivers on that expectation.”



Governor Corbett Presents Certificate of Appreciation to Inspector General Faulkner

Pennsylvania Inspectors General:

Peter J. Smith, 1987 – 1991
William G. Chadwick, Jr., 1991 – 1995
Nicolette Parisi, 1995 – 1999
Robert J. DeSousa, 1999 – 2002
Albert H. Masland, 2002 – 2003
Donald L. Patterson, 2003 – 2011
Kenya Mann Faulkner, 2011 to present



Governor Corbett, Inspector General Faulkner and the OIG Management Team

1987



2012

Special Events



COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR
HARRISBURG

THE GOVERNOR

GREETINGS:

I am honored to join the Office of Inspector General in recognition of 25 years of service to our commonwealth and citizens.

I appreciate the outstanding efforts and commitment everyone at the Office of Inspector General has demonstrated over the past 25 years. This office has repeatedly risen to the challenge of protecting taxpayers and upholding the integrity of our state government. I am confident that your determination and unparalleled professionalism will continue to provide our citizens and government with the same dedication and stalwart protection of the public trust that this office has displayed over the course of the last two and a half decades.

As Governor of the Commonwealth of Pennsylvania and on behalf of all Pennsylvanians, I would like to recognize the many contributions of the Office of Inspector General. Please accept my best wishes for a memorable celebration on reaching this milestone.



A handwritten signature in black ink that reads "Tom Corbett".

TOM CORBETT
Governor
April 2012

1987



2012

Special Events

INSPECTOR GENERAL FAULKNER TESTIFIES BEFORE THE U.S. CONGRESSIONAL COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

On March 8, 2012, Inspector General Faulkner had the opportunity and privilege of representing Pennsylvania by providing testimony before the U.S. House Committee on Oversight and Government Reform, Washington, D.C., at the invitation of Committee Chairman Darrell Issa. The committee convened a full hearing to obtain information from witnesses relating to food stamp fraud and the U.S. Department of Agriculture's (USDA) efforts to police unscrupulous store owners.



Courtesy: U.S. House Committee on Oversight and Government Reform
(left to right)

Kevin Concannon-USDA Under Secretary,
Phyllis K. Fong-USDA Inspector General,
Jennifer Hatcher-VP Food Marketing Institute,
Kenya Mann Faulkner-PA Inspector General

Through its Food, Nutrition and Consumer Services agency, USDA executive staff testified about its responsibility to police the

Supplemental Nutrition Assistance Program (SNAP), commonly coined the “food stamp” program. SNAP was designed to provide one of the most basic forms of assistance to the needy — food. SNAP is the second largest program for low income families behind Medicaid. In 2011, about 45 million people received SNAP benefits at a cost of \$75 billion, a staggering increase over 2008 figures. USDA accounting estimates show that 15% of all convenience and small grocery stores authorized to electronically process SNAP transactions participate in food stamp trafficking. Skyrocketing fraud and a dysfunctional enforcement system handicaps the program's ability to serve those in need — families and children.

In sworn testimony, Inspector General Faulkner informed the committee about Pennsylvania's efforts to combat fraud in the SNAP program. Administering the SNAP program in Pennsylvania is a responsibility shared by DPW and the OIG. Through various fraud control measures with specific regard for SNAP, including a SNAP Trafficking Program, the OIG investigates suspected fraud from the application stage through investigating overpaid benefits to hold individuals who commit fraud responsible either criminally or civilly.

Through the Bureau of Fraud Prevention and Prosecution's (BFPP) SNAP Trafficking Program, the OIG provides investigative services to the USDA and USDA–Office of Inspector

Special Events

General to investigate food stamp trafficking in Pennsylvania. Trafficking occurs when SNAP benefits are fraudulently exchanged for cash, services, credit or anything other than allowable food using a recipient's Electronic Benefits Transfer (EBT) card. EBT transaction reports supplied by USDA help identify potential SNAP trafficking activity.

can be found on the committee's public website (<http://oversight.house.gov>) under, "*Food Stamp Fraud as a Business Model: USDA's Struggle to Police Store Owners.*"

A typical example of fraud by a store owner would involve ringing up items prohibited by the SNAP program, like beer and cigarettes, as vegetables. In other instances, merchants pay cash for a card, sometimes for pennies on the dollar and pocket the profit.

For FY 2011–2012, BFPP accomplished the following where SNAP benefits were involved:

- Conducted 20,296 field investigations;
- Realized \$19,460,010 in total cost avoidance for the program;
- Conducted 3,814 overpayment claim investigations;
- Filed 556 criminal complaints;
- Asserted a total restitution amount of \$1,840,636; and
- Disqualified 823 individuals resulting in \$1,745,053 in cost savings by preventing these individuals from continued participation in the program.

More about the hearing and federal interests to curb abuses in the SNAP program

Special Events

BURNED OUT

Not quite. The original home of the OIG from 1979 until the five-alarm fire at the 30-year-old Pennsylvania Department of Transportation (DOT) Transportation and Safety Building (located at Commonwealth Avenue and Forster Street, Harrisburg) resulted in significant fire, smoke, and water damage to multiple floors, including the OIG's 7th floor offices.



Courtesy: Pennsylvania State Archives
RG-20 DGS, File 1277B, 1994

More than 2,100 state employees were temporarily displaced. Fire investigators deemed the June 16, 1994, fire accidental when an electrical appliance sparked the blaze.



Courtesy: Pennsylvania State Archives
RG-20 DGS, File 1277B, 1994

As a result of the fire, OIG, DOT, and other state agency operations were relocated to office space elsewhere. While assessing fire-related damage, the administration identified unexpected levels of the known carcinogen polychlorinated biphenyls (PCBs) throughout the

building. The PCB contamination prompted permanent relocation of all state operations and the eventual demolition of the 12-story structure in 1998.



Courtesy: Pennsylvania State Archives
RG-20 DGS, File 1277B, 1994

In its place, on the same site, the commonwealth completed construction of the new Keystone State Office Building in late 2000.



Investigative Milestone Cases: 1987— present

Since its inception as a statewide agency in 1987, the OIG has conducted a number of high-profile investigations, usually in response to a publicized event or situation. Although at times the Governor’s Office requests the OIG investigate matters, investigations generally originate through citizen complaints, agency referrals, or self-initiation. The following are notable OIG investigations.

SEXUAL HARASSMENT AND SEXUAL MISCONDUCT AT THE PENNSYLVANIA STATE POLICE

In June 2003, after the disclosure of detailed allegations of sexual harassment and sexual misconduct by Pennsylvania State Police members, the OIG initiated an investigation to determine the underlying causes of the sexual harassment.

The OIG looked at the overall State Police policies, procedures, and practices; policies and procedures relating to sexual harassment; organizational culture and attitudes that impacted how sexual harassment and sexual misconduct complaints were handled; and various internal processes, such as complaint procedures, disciplinary procedures, pre-employment background investigations, and new employee probationary status. The OIG also gathered information through interviews with the State Police Commissioner and his predecessor, the State Police officials responsible for administering the processes, and the president of

the State Police Troopers Association.

In September 2003, the OIG issued an Investigative Report to both the Governor and the Pennsylvania State Police which included a series of procedural and general recommendations. Key recommendations included:

- Requiring all members to report personal knowledge of sexual harassment or sexual misconduct committed by other members to the State Police Bureau of Professional Responsibility and disciplining members who fail to report such conduct;
- Issuing a policy prohibiting supervisors from independently investigating allegations of direct subordinate sexual misconduct and disciplining supervisors who violate such policy;
- Following up on every complaint;
- Making sexual harassment training a more significant portion of cadet training as well as part of the annual in-service training; and
- Offering specific sexual harassment training to supervisors at all levels.

As a result of the OIG’s report, the Governor hired an independent consultant to further examine the issues, review policy and training changes, and monitor the State Police’s progress in handling complaints of sexual harassment and sexual misconduct over a period of several years.



Investigative Milestone Cases: 1987— present

MURDERER PAROLED BY PENNSYLVANIA SHOT AND KILLED A NEW JERSEY POLICEMAN

Certain public press release information
Courtesy: Pennsylvania State Archives

On May 6, 1995, within sight of the police station, a Franklin Township, New Jersey police sergeant approached a parked motor vehicle occupied by two members of the notoriously violent Warlocks motorcycle gang. Unbeknownst to the policeman, the two subjects were in the midst of burglarizing a local business. One of the bikers shot the police sergeant twice. Moments later, police pursuing the vehicle apprehended both subjects when their vehicle crashed into a guardrail a quarter-mile from the shooting. According to authorities, the biker responsible for shooting the policeman (the shooter) got out of the passenger side, pointed his gun at an officer, and was shot in the leg by police. The police sergeant died hours later at a local hospital.

Investigations that followed determined that eleven weeks earlier, on Feb. 18, 1995, the Pennsylvania Board of Probation and Parole (Board) officials had released the shooter from Graterford state prison 12½ years into a 10–20 year sentence for killing a 19-year-old woman in Carbon County. At the direction of Pennsylvania’s Governor, the OIG investigated the circumstances surrounding the shooter’s parole release and reported its findings to the Governor.

In 1981, the shooter was convicted of the

1974 murder of the 19-year-old woman after she refused to have group sex with gang members. Her body was found seven years later in a Luzerne County mine pit. A jury convicted the shooter of second-degree murder and the presiding judge sentenced him to 10–20 years, the maximum penalty allowed by law. The shooter had been in state prisons almost continuously since 1972.

The Board decided in November 1994 to release the shooter to his hometown of Williamstown, New Jersey despite three previous rejections in 1992 and 1993, partly over concerns that he refused to sever ties with the Warlocks, repeated misconduct reports in prison, and numerous warning signs that he was prone to violence. The highest of those red flags should have been a May 7, 1992 letter to the Board from the Carbon County judge who sentenced the shooter when the shooter became eligible for parole. The judge predicted, “*This man has no respect for human life and I believe that it would be only a matter of time before he would kill again.*” The judge’s letter strongly warned state officials not to let the shooter out of prison.

Although the judge’s letter was in the Board’s file at the time of the shooter’s parole review, the hearing examiner that initially recommended the shooter’s release claimed he never saw it. A final release decision by the Board relied heavily upon this examiner’s recommendation.



Investigative Milestone Cases: 1987— present

In addition to a prior robbery conviction, the shooter had killed an inmate while serving his 1982 murder sentence. A jury acquitted the shooter of the killing on the grounds of self-defense; therefore, the Board did not factor it into their decision to parole him.

The Board considered a number of factors in granting the shooter's parole. The shooter was a 43-year-old diabetic who worked without incident on a plumbing detail on prison outbuildings outside the walls of Graterford prison. The shooter renounced his membership with the Warlocks, vowed to stay clear of drugs, and according to the Board, had made a "good adjustment" since his last serious unruliness a year earlier. For those reasons, the Board classified the shooter as "low risk" under a parole scale that a Board employee called simple, flawed, and in need of modification.

Among other factors leading to the shooter's release, a 1990 confidential internal Board memoranda presented during a Pennsylvania Senate inquiry called for more lenient handling of parole violators and a loosening of parole standards to reduce prison overcrowding in the wake of the 1989 Camp Hill state prison riots. The Board further claimed that a heavy caseload and a unanimous recommendation for release by state correction officials contributed to the shooter's release.

After parole officials in the two states approved an interstate compact, the Board

released the shooter to his hometown Williamstown, New Jersey – a known center for Warlocks activity. Following the shooter's arrest, a New Jersey Senate committee launched a probe into the actions the state Bureau of Parole took in accepting the shooter. According to the Bureau's chief, staff apparently never checked to see whether there was Warlock activity in the area before approving the shooter's release.

As trial was getting under way in October 1996, the shooter stunned lawyers and the judge by interrupting jury selection to announce his intent to plead guilty to all charges, including capital murder. The next day, the shooter entered a guilty plea and explained that he was doing so to help his co-defendant. A jury sentenced the shooter to death.

After New Jersey dismissed the capital murder charge against the co-defendant, a jury convicted him of felony murder in 1997, resulting in a sentence of life in prison.

During its investigation, the OIG uncovered several disturbing errors and omissions in the handling of the shooter's parole – mistakes found to be all too common in granting parole in Pennsylvania at that time:

- Guidelines used to score inmate eligibility for parole appeared to place too much emphasis on age and immediate past performance in jail and little emphasis on the gravity of the crime or a history of violence and recidivism;

Investigative Milestone Cases: 1987— present

- The Board did not provide the entire case file to all staff charged with review and oversight of a parole case;
- The Board did not provide proper notification to victims; and
- The Board based its decision to parole the shooter on a cursory review of his file, a review that did not recognize pertinent information, including the prophetic letter from the shooter’s sentencing judge predicting that, if released, the shooter would murder again.

In publically releasing OIG investigative findings, the Governor called for fundamental changes in the Board, starting with a shift in its mission from one that focused on client needs to one that holds community safety as its top concern. Additional changes led to: the appointment of a new chairman and two new members to the five-member Board; appointment of the Board’s first Victim Advocate; funding to hire 81 new employees, including 54 new parole agents; and a mandate to scrutinize the parole decision-making guidelines used to score an inmate’s eligibility for parole.

In 1999, the shooter was beaten to death by another death row inmate at Trenton State Prison.

INMATE UNREST SPARKED DISTURBANCES AT STATE CORRECTIONAL INSTITUTION—CAMP HILL

Mounting pressures from understaffing and inmate overcrowding at the State Correctional Institution—Camp Hill (SCI-Camp Hill) that strained an antiquated physical plant served as the catalyst for inmates to gain control of the facility on two successive nights from Oct. 25–27, 1989, resulting in the taking of 18 hostages, millions of dollars in damage, and a near crippling of the prison. At that time, SCI-Camp Hill had a population of more than 2,600 inmates, approaching double its capacity.

Immediately after some 900 responding Pennsylvania State Police and municipal law enforcement officers restored order, Governor Robert P. Casey announced the formation of the Governor’s Commission to Investigate the Disturbances at Camp Hill Correctional Institution (Commission). Executive Order number 1989–9, issued Oct. 30, 1989, authorized the Commission to examine the events surrounding the disturbances to determine immediate causes, whether lapses in security contributed to the incidents, and the effectiveness of the Pennsylvania Department of Corrections (Corrections) and State Police to guard against breaches of the facility’s perimeter, protect hostages, and retake control of the prison.



Investigative Milestone Cases: 1987— present

Governor-appointed members of the Commission included former federal judge, Arlin M. Adams, Chairman; former Pennsylvania Governor George M. Leader; and former Legislative leader K. Leroy Irvis. The Governor's Office directed the OIG to assign investigators to gather evidence and conduct interviews on behalf of the Commission. Five OIG investigators played a crucial role in the Commission's work that culminated in the issuance of the Commission's final report on Dec. 21, 1989.

During the course of its investigation, which included sworn witness testimony, the Commission found that SCI-Camp Hill staff had information indicating growing inmate unrest and that a disturbance was imminent. Failure to react to this information contributed to a condition of surprise for staff and management on Oct. 25 at the start of the disturbances, and their being lulled into an unrealistic sense of security leading up to the subsequent disturbance on Oct. 26. A lapse in security following the confrontation between a corrections officer and an inmate at a critical security gate appeared to initiate the Oct. 25 disturbance. The unarmed show of force by a dozen correctional officers responding to the confrontation was inadequate to prevent the retreat by these officers and escalation of the disturbance into a riot.

Following negotiations on Oct. 25, inmates returned to their cells and released all

hostages. A series of critical decisions and inaction by senior prison management and the Corrections Commissioner in the early hours of Oct. 26 and during that day precipitated the second riot.

The Commission identified several serious contributing factors:

- No cell searches occurred in spite of the knowledge that cell block keys, radios, tools, and weapons were in inmates' hands;
- No one assured that all cell doors were secured in spite of reports that damage to cell blocks was extensive and that some security panels housing the cell locking mechanisms were missing;
- It was agreed that only 25 State Police troopers should remain at SCI-Camp Hill and that they should be located in a building outside of the perimeter a quarter mile from the prison, which prevented inmates from seeing them; and
- The Corrections Commissioner, whose offices overlooked SCI-Camp Hill, followed a hands-off approach in responding to and managing the riots. For example, the Commissioner testified that he was unaware that there had not been a search of cells after the first riot, although he received the Superintendent's memorandum stating inmates were still in possession of cell block keys, radios, tools, and weapons.

Investigative Milestone Cases: 1987— present



State Correctional Institution, Camp Hill—before the riots
Courtesy: Pennsylvania State Archives RG-58 DOC Press Office, 1989

According to the Commission’s findings, if appropriate action had been taken day one, the second riot would in all probability have been prevented.

Inmates who negotiated with senior SCI-Camp Hill management on Oct. 25 and again on Oct. 26 expressed concern about overcrowding, changes in visitor and sick-line policies, medical procedures in general, inadequate educational programs, limited access to the law library, poor corrections officer attitude, and the need for building renovation. As they left the final

meeting frustrated and believing that negotiations accomplished nothing, inmates were overhead by corrections officers making threats, including remarks about burning the prison. Superiors made aware of this information took no follow-up measures or precautions. Further upset by statements the Superintendent made during the evening newscasts, the inmates released themselves from their cells at 7:00 p.m. on Oct. 26, poured out of cell blocks, and continued unobstructed throughout the prison taking eight hostages. As inmates set fire to the prison Control Center, responding police gunfire

Investigative Milestone Cases: 1987— present

scattered inmates and allowed the rescue of staff trapped inside the building. Within hours, hundreds of State Police troopers arrived. State Police troopers negotiated by radio with an inmate intermittently throughout the night, resulting in the release of two hostages. As negotiations appeared to be at a stand-still, State Police troopers and corrections staff implemented a tactical assault resulting in a confrontation with inmates and defensive police gunfire that left four inmates wounded. By 7:44 a.m. on Oct. 27, inmates began to surrender and release the hostages, bringing to a close the second riot.

A number of buildings were burned and

the prison sustained significant damage. Approximately 145 police, emergency responders and inmates were injured during the riots. There were no deaths or breaches of the perimeter fence.

Upon reviewing the Commission's findings, the Governor dismissed the Corrections Commissioner, SCI-Camp Hill's Superintendent and other senior SCI-Camp Hill staff members. Commission recommendations as a result of the riots paved the way for significant improvements in security, prison enhancements, inmate population management, and communications throughout the commonwealth's correctional system.



State Correctional Institution, Camp Hill— after the riots
 Courtesy: Pennsylvania State Archives RG-58 DOC Press Office, 1989

1987



2012

Investigative Milestone Cases: 1987— present

FUNERAL DIRECTORS SENTENCED IN BODY PARTS SCAM

In October 2008, two Philadelphia funeral directors were sentenced in Philadelphia Common Pleas Court for conspiring to harvest infected and diseased body parts sold to hospitals and tissue banks all over the world. The sentencing was the final piece at the conclusion of a lengthy grand jury investigation, which began in 2006, by the Philadelphia District Attorney's Office (DA) and the OIG.

The judge sentenced both funeral directors, who are brothers, to a term of 8–20 years in state prison. Additionally, a co-defendant and owner of a medical tissue service from New Jersey received a sentence of 30–58 years in prison, which will run concurrently to time being served in New York for a similar crime. The prosecution determined that this co-defendant paid the Philadelphia funeral directors for the bodies.

In December of 2008, another co-defendant received a 4½–10 year prison sentence for his role in these crimes. This co-defendant also received an 11½–23 month prison sentence and was ordered to pay \$3,000 restitution to the commonwealth stemming from welfare fraud charges. The judge ordered that the two sentences be served concurrently.

The investigation of the funeral directors and co-defendants began when the Philadelphia DA's Office received a call from the Brooklyn,

New York DA's Office regarding information that suggested that illegal activity may be taking place in Philadelphia. While the Philadelphia DA's Office combed through files seized by search warrant from the funeral home operated by the funeral directors, they came across paperwork from DPW. This prompted the Philadelphia DA's Office to contact the OIG for assistance to obtain information on burial payments made by DPW, which the OIG provided.

From that point on, OIG staff members were sworn in before the grand jury and became members of the investigative team. OIG staff reviewed case documents, which in part consisted of DPW burial payment requests and payment envelopes bearing the names of decedents. The executed payment requests showed that the commonwealth paid the funeral directors for their services. Other paperwork gleaned from the seized files showed that decedents' families also paid the funeral directors for the same services.

The role of OIG staff during the grand jury investigation, which spanned from November 2006 through 2007, involved interviewing family members of the deceased. In many cases, the OIG found that the next of kin never saw or signed the burial payment requests submitted to DPW. In other instances, family members recalled signing the payment requests but believed that they were still obligated to pay the funeral directors, so they paid them for their services. Legally, funeral directors paid

Investigative Milestone Cases: 1987— present

by the commonwealth for burial and cremation services may not receive duplicative payment from any other entity for the same services.

In addition to the above charges, the funeral directors were convicted of welfare fraud, forgery, and theft by deception. In those cases, the funeral directors billed DPW for funeral services rendered, collecting approximately \$84,000 in public assistance reimbursements for funerals that the families also paid for. As part of the sentence imposed by the judge, the funeral directors were sentenced to six to 12 months in prison for the welfare fraud charges. In many of the forgery charges, the funeral directors forged the signatures of the decedents' next of kin on DPW burial payment requests for reimbursement by the commonwealth for burial and cremation services.

At their sentencing, the funeral directors submitted a check for restitution of \$307,000 of which \$84,000 was paid in restitution to DPW. The remainder of the funds were paid in restitution to the decedents' families and other entities.

FAKED TERMINAL ILLNESS LANDED WELFARE RECIPIENT IN JAIL

In November 2005, the OIG received a tip from a health care provider indicating their auditors uncovered information that led them to believe a Northampton County welfare recipient

receiving medical assistance benefits from DPW was defrauding the system and may not have a terminal illness as claimed. Auditors reviewing the recipient's state-paid prescription medication records questioned why the recipient repeatedly obtained prescription refills for controlled substances not related to the AIDS infection the recipient told DPW she suffered from when applying for benefits. Further, auditors determined that the recipient was taking no medications related to her purported terminal illness. The recipient told DPW and many others at various speaking engagements that she had acquired AIDS after being raped. Auditors monitoring the recipient's prescription drug usage for the next several months found the same consistent pattern, prompting a referral to the OIG for investigation in February 2006.

The OIG's investigation started by gathering medical records from the recipient's physicians and clinics she visited. Most of the physicians interviewed by the OIG initially raised privacy concerns about releasing patient medical records; however, the OIG overcame this obstacle by showing probable cause that the recipient was not terminally ill with AIDS as she claimed.

At the conclusion of the OIG's investigation, evidence showed that the recipient provided false statements to DPW and misrepresented her medical records in order to obtain unnecessary medical treatment and

Investigative Milestone Cases: 1987— present

prescription medication from October 2003 to May 2006, at a cost of \$66,639.52 to Pennsylvania taxpayers. The Northampton County District Attorney's Office charged the recipient with a number of criminal offenses, including felony welfare fraud, theft by deception, forgery, tampering with records, and making false statements. Upon entering a plea of Nolo Contendere (no contest) to three counts, a Common Pleas Court judge sentenced the recipient to 4-12 months confinement on two counts, 10-60 months confinement on the third count, and to make full restitution of the \$66,639.52 in medical assistance benefits she fraudulently received.



Significant Cases in Fiscal Year 2011-2012

BUREAU OF SPECIAL INVESTIGATIONS:

The following OIG Bureau of Special Investigations cases represent a sampling of the varied matters investigated during this fiscal year. As a watchdog agency, the OIG aims to ferret out fraud, waste and abuse to preserve the integrity of government programs.

The OIG conducted a number of investigations that it referred to law enforcement agencies for further review that have not been summarized in this annual report.

A VENDOR'S INFLATED AND UNAUTHORIZED INVOICES TO THE COMMONWEALTH

An OIG investigation found that a vendor with a commonwealth contract to provide transportation systematically padded fares and submitted inflated invoices to the commonwealth for more than \$11,000. The vendor's contract was to provide rides to work for clients enrolled in a commonwealth agency's program. In addition to the overcharges, the OIG also found that 98% of the charges on the vendor's fare receipts were inconsistent with current Public Utility Commission-approved rates.

FRAUDULENT APPLICATIONS SUBMITTED BY A COMMONWEALTH EMPLOYEE ON BEHALF OF HER HUSBAND

A commonwealth employee received a check made payable to her deceased husband for a benefit program administered by the

commonwealth program where she worked. The agency referred the matter to the OIG after the employee attempted to have the check reissued in her name. The investigation included analysis of the program's eligibility requirements and a review of the decedent's previous benefit applications. The OIG investigation revealed the employee's commonwealth salary would have made her deceased husband ineligible for the benefit.

The OIG found that the employee assisted her husband to complete and submit program application forms between 1997 and 2010. The employee admitted that she and her husband omitted material information, such as the employee's commonwealth salary, that would have rendered her husband ineligible to receive benefits.

Following the OIG's investigation, the Pennsylvania Office of Attorney General filed criminal charges against the employee.

PREFERENTIAL TREATMENT BY COUNTY AUTHORITY EMPLOYEES IN AWARDING STATE GRANT FUNDS

The OIG investigated allegations that a county authority, administering federal and state grant funds, afforded preferential treatment to certain clients, including authority employees and their relatives. The OIG determined that the authority arbitrarily processed services to clients, failed to document clients' eligibility for services, and provided services to ineligible

Significant Cases in Fiscal Year 2011-2012

clients. The OIG also determined that some employees processed their own files and files of relatives, all of whom received services before other clients who had applied earlier.

The OIG recommended that the commonwealth agency require the county authority and all similar entities administering the federal and state grant funds to institute special processing measures for applications of program employees, household members and relatives; ensure that program employees do not use commonwealth information technology resources to access information for themselves, their household members and relatives; and immediately report such situations to the commonwealth agency for review prior to accepting applications for services

MISREPRESENTATION OF A VENDOR'S MINORITY BUSINESS PARTNER AND FAILURE BY THE DEPARTMENT TO DETECT THE MISREPRESENTATION

A commonwealth agency awarded a contract to a corporation which listed two minority businesses as subcontractors on its best and final offer. During a meeting for a renewal of the contract, which was held nearly two years after the award of the initial contract, one of the purported minority subcontractors learned for the first time that they were named in the original contract. The subcontractor protested its involvement because it did not want to be associated with the contractor or the contractor's

recent contract performance, which was associated with controversies and problems.

The OIG did not find any documentation showing that the minority subcontractor had agreed to perform, had performed, or had been paid to perform any services under the contract. The OIG determined that the commonwealth agency failed to monitor the minority business aspect of the contract, including the contractor's failure to use the minority contractor that it claimed it would in its bid proposal.

The OIG determined that the commonwealth agency awarded the contract to the winning bidder despite the contractor failing to submit required documents, particularly those documents needed to validate its use of a minority or disadvantaged business. The agency also failed to evaluate and approve partnerships between the contractor and its minority partner prior to the award of the contract. The agency learned that the contractor did not adhere to numerous other requirements after the contract had already been awarded.

The OIG recommended the commonwealth agency identify a permanent bureau to oversee the bid process and establish protocols, policies, internal controls, and safeguards that facilitate integrity and transparency with regard to the agency's competitive bid process.



Significant Cases in Fiscal Year 2011-2012

CHEATING ON STANDARDIZED TESTS

At the request of a commonwealth agency, the OIG investigated allegations that local education agencies (school districts and charter schools) had statistically improbable test results and answer change patterns for their standardized tests.

The OIG conducted onsite investigations of public schools and charter schools from three different school districts and interviewed numerous current and former teachers, administrators, school personnel, and other witnesses. The OIG forwarded its findings to the commonwealth agency.

HIGH-LEVEL PUBLIC EMPLOYEES ACCEPTED GIFTS FROM COMMONWEALTH VENDORS CONTRARY TO THEIR AGENCY'S CODE OF CONDUCT

During an investigation, the OIG reviewed the emails of individuals within a commonwealth agency. The OIG found evidence that an individual had solicited and accepted gifts from vendors of the commonwealth agency, and used his commonwealth email account to conduct political fundraising activities. The OIG found that another individual had accepted gifts and other things of value from vendors of the agency. The OIG also found that the individual used his position with the agency to help an immediate family member obtain employment with a

potential vendor of the commonwealth agency.

The OIG recommended that its findings be referred to the Pennsylvania State Ethics Commission.

HIGH-LEVEL PUBLIC EMPLOYEES ABUSED THEIR WORK HOURS

The OIG investigated the personnel practices relating to time, attendance, and supplementary employment of public employees within the commonwealth agency.

After conducting surveillance, the OIG found that the public employees did not adhere to their official commonwealth work hours, did not submit leave for activities unrelated to their commonwealth employment, and did not submit supplementary employment requests for other employment and board memberships. The OIG found that the employees spend their work hours doing personal errands and recreational activities.

A BUS COMPANY OVERBILLED FOR SCHOOL PUPIL TRANSPORTATION SERVICES

Two local school districts alleged that the bus company used by the districts overbilled for pupil transportation services, resulting in excessive transportation reimbursements from the commonwealth.

Significant Cases in Fiscal Year 2011-2012

The OIG found that the bus company did not submit accurate receipts to the school districts. The OIG recommended that the commonwealth agency administering the reimbursement program recoup excessive transportation reimbursements. The OIG also recommended that the agency implement policies to prevent future overbilling and excessive reimbursement.

BUREAU OF FRAUD PREVENTION AND PROSECUTION:

DPW regulations require individuals who apply for public assistance benefits truthfully disclose all circumstances of their current situation. In addition, individuals who receive public assistance benefits must report all material changes in their situation. This includes changes in household composition, the amount of income being received by those in the household, employment status and ownership of resources or property. The following OIG investigations are a sample of cases where individuals did not report true and correct information to DPW.

DAUPHIN COUNTY RESIDENT FAILED TO DISCLOSE INCOME AND HOUSEHOLD COMPOSITION

An investigation by the OIG determined that a woman in Dauphin County willfully

misrepresented and failed to disclose her true household composition and the employment status of those residing in her household. The defendant failed to inform both the Dauphin County Assistance Office and the Dauphin County Subsidized Child Care Office that she had a paramour living with her and that he was gainfully employed. In addition, the defendant failed to report changes in her own employment status. As a result of her failure to report these changes, the defendant received \$2,112 in Supplemental Nutrition Assistance Program (SNAP) benefits and \$17,103.84 in Subsidized Child Care Program benefits to which she and her household were not entitled during the period of April 2008 through April 2010. The OIG's investigation led to the filing of criminal charges against the defendant on March 4, 2011, for welfare fraud. In December 2011, the defendant pleaded guilty to the welfare fraud charges. The court ordered her to pay full restitution of the SNAP and Subsidized Child Care Program benefits she wrongfully received. In addition, she was sentenced to 48 months probation and to pay costs and fines to the court. Upon pleading guilty, the defendant was also disqualified from receiving SNAP benefits for a period of 12 months and from receiving Subsidized Child Care Program benefits for a period of six months.



Significant Cases in Fiscal Year 2011-2012

ALLEGHENY COUNTY RESIDENT FALSIFIED EMPLOYMENT INFORMATION

An investigation by the OIG determined that a woman in Allegheny County willfully misrepresented her employment status to the Allegheny County Subsidized Child Care Office. The defendant falsified documents regarding her employment status and submitted them to the Allegheny County Subsidized Child Care Office. The defendant provided information stating that she worked for an employer that in reality did not exist. This documentation was then used to establish eligibility for child care benefits. As a result of her submitting false employment information, the defendant received \$47,706.05 in Subsidized Child Care Program benefits to which she was not entitled during the period of November 2006 through March 2009. The OIG's investigation led to the filing of criminal charges against the defendant on Jan. 15, 2010, for welfare fraud. In September 2011, the defendant pleaded guilty to the welfare fraud charges. The court ordered her to pay full restitution of the Subsidized Child Care Program benefits she wrongfully received. In addition, she was sentenced to 84 months probation and to pay costs and fines to the court.

UNION COUNTY RESIDENT FAILED TO DISCLOSE HOUSEHOLD INCOME

An investigation by the OIG determined that a man in Union County willfully misrepresented the correct amount of income he

was receiving. The defendant failed to inform the Union County Assistance Office that he was receiving unemployment compensation benefits. As a result of failing to report this income, the defendant received \$5,283 in SNAP benefits and \$2,010 in cash assistance to which he was not entitled during the period of January 2010 through March 2011. The OIG's investigation led to the filing of criminal charges against the defendant on June 9, 2011, for welfare fraud. The defendant pleaded guilty to the welfare fraud charges and was sentenced in September 2011. The court ordered him to pay full restitution of the SNAP benefits and cash assistance he wrongfully received. In addition, he was sentenced to five years probation. Upon pleading guilty, the defendant was also disqualified from receiving SNAP benefits for a period of 12 months and from receiving cash assistance for a period of six months.

CAMBRIA COUNTY RESIDENT FAILED TO REPORT HOUSEHOLD INCOME



An investigation by the OIG determined that a man in Cambria County willfully misrepresented the correct amount of income being received by his household. The defendant failed to inform the Cambria County Assistance Office that his wife was

Significant Cases in Fiscal Year 2011-2012

gainfully employed. As a result of failing to report her employment, the defendant and his household received \$4,646 in SNAP benefits and \$2,322.94 in medical assistance to which they were not entitled during the period of July 2009 through April 2010. The OIG's investigation led to the filing of criminal charges against the defendant on Jan. 27, 2012, for welfare fraud. The defendant pleaded guilty to the welfare fraud charges and was sentenced in May 2012. The court ordered him to pay full restitution of the SNAP benefits and medical assistance he wrongfully received. In addition, he was sentenced to 36 months probation. Upon pleading guilty, the defendant was also disqualified from receiving SNAP benefits for a period of 12 months.

FORMER PHILADELPHIA RESIDENT FAILED TO REPORT CHANGE TO OUT-OF-STATE RESIDENCY

The OIG received a tip from a concerned citizen in Philadelphia County alleging that an individual who was receiving cash assistance, SNAP benefits, and medical assistance benefits failed to report that she was no longer a resident of the commonwealth. The OIG's investigation determined that the recipient did not provide true and correct information to the Philadelphia County Assistance Office. The recipient failed to report that she resided in New Jersey and that her daughter and cousin, who also received public assistance benefits from the commonwealth resided with her. In order to receive public assistance benefits, an individual

must be a resident of the state in which they applied and must disclose all material changes in their household, which includes a change in address. As a result of the OIG's investigation, the recipient's cash assistance, SNAP, and medical assistance benefits were closed, which realized a monthly cost savings of \$5,018. Additionally, the information provided by the OIG's investigation was used by the Philadelphia County Assistance Office to close the daughter's SNAP and medical assistance benefits, resulting in a monthly cost savings of \$1,499, and to close the cousin's cash assistance, SNAP, and medical assistance benefits, resulting in a monthly cost savings of \$4,212.

BLAIR COUNTY RESIDENT FAILED TO REPORT PROPERTY OWNERSHIP

An investigation by the OIG determined that a man in Blair County willfully misrepresented the amount of resources he had available. The defendant failed to inform the Blair County Assistance Office of his ownership of property in Philadelphia County. Ownership of this property caused the defendant to exceed the resource limit set forth by DPW. As a result of this failure to report his property ownership, the defendant received \$4,446.50 in cash assistance and \$22,581.49 in medical assistance to which he was not entitled during the period of January 2009 through December 2010. The OIG's investigation led to the filing of criminal charges against the defendant on Sept. 16, 2011, for welfare fraud. The defendant pleaded guilty to the welfare fraud charges and

Significant Cases in Fiscal Year 2011-2012

was sentenced in March 2012. The court ordered him to pay full restitution of the cash assistance and medical assistance he wrongfully received. In addition, he was sentenced to five years probation. Upon pleading guilty, the defendant was also disqualified from receiving cash assistance for a period of six months.



DPW Electronic Benefits Card
Cash, SNAP and Medical
Assistance Programs

BERKS COUNTY RESIDENT FAILED TO DISCLOSE TRUE HOUSEHOLD COMPOSITION

The OIG received a tip from a concerned citizen in Berks County alleging that an individual who was receiving SNAP benefits and medical assistance benefits failed to report the true composition of her household as well as the amount of income received by those in the household. The OIG's investigation determined that the recipient did not provide true and correct information to the Berks County Assistance Office. The recipient failed to report that her husband was living with her and that he was gainfully employed. In order to receive public assistance benefits, individuals must fully disclose all material changes in their household

composition and employment status. As a result of the OIG's investigation, the recipient's SNAP and medical assistance benefits were closed which realized a monthly cost savings of \$1,726. Additionally, the information provided by the OIG's investigation was used to establish an overpayment in SNAP benefits worth \$5,390. The overpayment was criminally prosecuted and is currently pending with the Court of Common Pleas.

FAYETTE COUNTY RESIDENT FAILED TO DISCLOSE EMPLOYMENT

An investigation by the OIG determined that a man in Fayette County willfully misrepresented his employment status to the Fayette County Assistance Office. As a result of failing to report his employment, the defendant received \$3,206 in SNAP benefits and \$4,045 in cash assistance to which he was not entitled during the period of October 2006 through April 2008. The OIG's investigation led to the filing of criminal charges against the defendant on Feb. 3, 2009, for welfare fraud. The defendant pleaded guilty to the welfare fraud charges in June 2012. The court ordered him to pay full restitution of the SNAP benefits and cash assistance he wrongfully received. In addition, he was sentenced to one to two years incarceration. Upon pleading guilty, the defendant was also disqualified from receiving SNAP benefits for a period of 12 months and from receiving cash assistance for a period of six months.

Significant Cases in Fiscal Year 2011-2012

PIKE COUNTY RESIDENT FALSIFIED EMPLOYMENT INFORMATION

An investigation by the OIG determined that a woman in Pike County willfully misrepresented her employment status to the Pike County Subsidized Child Care Office. The defendant falsified documents regarding her employment status and submitted them to the Pike County Subsidized Child Care Office. This documentation was then used to establish eligibility for Subsidized Child Care Program benefits. As a result of her submitting false employment information, the defendant received \$15,444.60 in Subsidized Child Care Program



Pike County Courthouse, Milford

benefits to which she was not entitled during the period of October 2009 through August 2010. The OIG's investigation led to the filing of criminal charges against the defendant on Dec. 8, 2010, for welfare fraud. In July 2011, the defendant pleaded guilty to the welfare fraud charges. The court ordered her to pay full

restitution of the Subsidized Child Care Program benefits she wrongfully received. In addition, she was sentenced to 15-23 months in jail and to pay fines to the court. Upon pleading guilty, the defendant was also disqualified from receiving Subsidized Child Care Program benefits for a period of six months.

McKEAN COUNTY RESIDENT FAILED TO REPORT INCOME RECEIVED BY HOUSEHOLD

An investigation by the OIG determined that a woman in McKean County willfully misrepresented the correct amount of income being received by her household to the McKean County Assistance Office. The defendant failed to report that her husband was receiving unemployment compensation benefits. As a result of failing to report this income, the defendant received \$5,416 in SNAP benefits and \$2,679.36 in cash assistance to which she was not entitled during the period of November 2009 through August 2010. The OIG's investigation led to the filing of criminal charges against the defendant on Dec. 29, 2011, for welfare fraud. The defendant pleaded guilty to the welfare fraud charges in May 2012. The court ordered her to pay full restitution of the SNAP benefits and cash assistance she wrongfully received. In addition, she was sentenced to 12 months probation and community service. Upon pleading guilty, the defendant was also disqualified from receiving SNAP benefits for a period of 12 months and from receiving cash assistance for a period of six months.

Significant Cases in Fiscal Year 2011-2012

LANCASTER COUNTY RESIDENT FAILED TO DISCLOSE HOUSEHOLD COMPOSITION AND UNEARNED INCOME

An investigation by the OIG determined that a woman from Lancaster County willfully misrepresented and failed to disclose her true household composition and the correct amount of unearned income being received by those in her household. The defendant failed to inform both the Lancaster County Assistance Office and the Child Care Information Services of Lancaster County that the father of her children was living with her and that he was receiving unearned income. As a result of her failure to report these changes, the defendant received \$4,120 in SNAP benefits and \$13,020.28 in Subsidized Child Care Program benefits to which she and her household were not entitled during the period of February 2007 through February 2009. The OIG's investigation led to the filing of criminal charges against the defendant on May 12, 2009, for welfare fraud. In January 2012, the defendant was found guilty of the welfare fraud charges. She was sentenced 6-23 months incarceration, seven years probation and ordered to pay full restitution of the SNAP and Subsidized Child Care Program benefits she wrongfully received. Upon being found guilty, the defendant was also disqualified from receiving Subsidized Child Care Program benefits for a period of six months and from receiving SNAP benefits for 12 months.

CRAWFORD COUNTY RESIDENT FAILED TO REPORT HOUSEHOLD INCOME

An investigation by the OIG determined that a man in Crawford County willfully misrepresented the amount of income being received by his household. The defendant failed to inform the Crawford County Assistance Office that his wife was gainfully employed. As a result of failing to report her employment, the defendant and his household received \$3,148 in SNAP benefits to which they were not entitled during the period of October 2010 through July 2011. The OIG's investigation led to the filing of criminal charges against the defendant on Oct. 26, 2011, for welfare fraud. The defendant pleaded guilty to the welfare fraud charges in May 2012. The court ordered him to pay restitution of the SNAP benefits he wrongfully received. In addition, he was sentenced to 36 months probation. Upon pleading guilty, the defendant was also disqualified from receiving SNAP benefits for a period of 12 months.

Significant Cases in Fiscal Year 2011-2012

FRAUDULENT DAYCARE CENTERS

A joint investigation between the OIG, the Pennsylvania State Police and the Pennsylvania Office of Attorney General uncovered a welfare fraud scheme involving two daycare centers in Mercer County. Eleven defendants submitted false information to the Mercer County Assistance Office and Mercer County Child Care Information Services that involved activities and employment at these daycare centers. The daycare centers submitted information claiming to provide care for children on days or times when the children were not in attendance. In addition, some defendants falsely claimed to be “employees” at the daycare centers, though they were rarely seen at those facilities. Additionally, a number of these “employees” were observed at home, playing with their children, during times that they were supposed to be working at the daycare center.

Additionally, the fictitious “employees” at these daycare centers received other public assistance benefits. In order to receive public assistance, these individuals were required to be employed or actively seeking employment and information about their fraudulent “work” at the daycare centers was used to support their receipt of public assistance benefits. Overall, this scheme resulted in more than \$668,000 in fraudulent child care, SNAP benefits and cash assistance benefits being paid to these defendants.

Charges of welfare fraud and conspiracy to commit welfare fraud, among other charges, were filed against the 11 defendants in August 2009. The defendants pleaded guilty to the charges and were sentenced in January 2012. Ten of the defendants were sentenced to probation and one was sentenced to 16-48 months in prison. Additionally, all defendants were ordered to pay restitution and court costs.



Mercer County Courthouse, Mercer

Significant Cases in Fiscal Year 2011-2012

CAMBRIA COUNTY RESIDENT FALSIFIED MILEAGE FOR TRAVEL REIMBURSEMENT

An investigation by the OIG determined that a woman from Cambria County willfully misrepresented information to the Community Action Partnership of Cambria County, which handles the Medical Assistance Transportation Program (MATP) for that county. The defendant claimed to be traveling to a facility in Butler County to receive medical treatment seven days a week and requested mileage reimbursement from the MATP program for those appointments. MATP regulations allow individuals who are receiving medical treatments to request mileage reimbursement for travel to and from their medical appointments. It was discovered that the defendant was not attending all of her treatment appointments at the facility

as she had claimed but still submitted mileage receipts for reimbursement for the missed appointments. In order to receive reimbursement for all seven days, the defendant was forging the signature of an employee at the Butler County facility. As a result of her submitting false travel receipts the defendant received \$47,646.55 in medical assistance mileage reimbursement for the period of December 2006 through January 2009 to which she was not entitled. The OIG's investigation led to the filing of criminal charges against the defendant on May 19, 2011. In May 2012, the defendant pleaded guilty to the welfare fraud charges. The court ordered her to pay full restitution of the medical assistance mileage reimbursement she wrongfully received. In addition, she was sentenced to 24-84 months in prison and to pay costs to the court.



Medical Assistance Card

OIG Partnerships and Outreach

The OIG makes every effort to cultivate partnerships and strengthen working relationships with state agencies, prosecutors, and law enforcement. Often these contacts originate when the OIG investigates matters of mutual interest or makes case referrals requesting administrative action or prosecution.

OIG OUTREACH PRESENTATIONS

Several organizations invited the OIG to provide an overview of the OIG’s mission and responsibilities, which focused on conveying *Who We Are, What We Do, and How We Can Help*. Presentations to the following organizations paralleled Inspector General Faulkner’s earlier outreach to commonwealth agency executives:

- Montgomery County District Attorney’s Office, Economic Crimes Unit training seminar for county law enforcement officers held in October 2011;
- DPW, Bureau of Financial Operations training session for department audit staff held in April 2012; and
- Association of Certified Fraud Examiners, Pennsylvania Chapter membership meeting and training session held in April 2012.

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP) INTEGRITY CONFERENCE

Staff from the OIG’s SNAP Trafficking Unit were invited to speak at the SNAP Integrity Conference held by the USDA Food and Nutrition Services (FNS) last fall in Sacramento, California. The conference took place on Aug. 31 and Sept. 1, 2011.

In 2011, FNS recognized Pennsylvania as a “best of practice” example in the SNAP Trafficking Program. This recognition was based on the OIG’s success rate in conducting SNAP trafficking Administrative Disqualification Hearings (ADHs) and the fact that Pennsylvania is one of the few states pursuing recoupment against those who commit SNAP trafficking.



With permission: Smucker’s Produce,
West Shore Farmer’s Market, Lemoyne.

OIG Partnerships and Outreach

Based on this recognition, the OIG was invited by representatives in the Western Region of FNS to speak at the SNAP Integrity Conference. States in the western part of the United States are beginning to partner with FNS to investigate SNAP trafficking. The information provided by the OIG in the presentation outlined the processes and procedures in the SNAP Trafficking Program, including the ADH Program and the OIG's close working relationship with FNS. The information provided in the presentation was used to help other states start or improve their own SNAP trafficking programs.

FNS SNAP NORTHEAST REGION AND MID-ATLANTIC REGION PROGRAM INTEGRITY CONFERENCE

Staff from the OIG and DPW were invited to attend the SNAP Northeast Region and Mid-Atlantic Region Program Integrity Conference held by FNS. The conference took place in Rhode Island from April 24 through April 26, 2012.

The Program Integrity Conference brought together representatives from states in these two regions to collaborate and discuss the ways they could collectively strengthen the integrity of SNAP. Kevin Concannon, the Under Secretary of the Food, Nutrition and Consumer Service section of the USDA opened the conference with a discussion of the importance of program integrity.

Presentations given during the conference included the following topics: client and retailer integrity in the SNAP program; fraud detection in SNAP; administering Disaster SNAP benefits while ensuring program integrity; monitoring the use of EBT cards; and reporting and tracking individuals disqualified from SNAP. OIG staff participated in the conference by giving a presentation on the processes and procedures used in our SNAP Trafficking Program.

ASSOCIATION OF INSPECTORS GENERAL



As a member of the Association of Inspectors General (AIG), Inspector General Faulkner carries on the tradition of representing Pennsylvania's OIG and its mission to promote public accountability and integrity in government. When the AIG was officially established in 1996 at a formal charter-signing ceremony held in Historic Carpenters' Hall, Philadelphia, the OIG joined this nationally-recognized organization as one of its founding participants.

Headquartered at the John Jay College of Criminal Justice, New York, AIG membership is comprised of about 500 inspectors general, professional staff and educators from across the country. The AIG encourages professional development and networking, policy research



OIG Partnerships and Outreach

and analysis, standardized practices, joint educational ventures, identification of trends, and the open exchange of information and ideas.

INSPECTOR GENERAL FAULKNER INTERVIEWED BY HARRISBURG TELEVISION STATIONS

In May 2012, Inspector General Faulkner was invited to appear on the Pennsylvania Cable Network (PCN) and Harrisburg's local CBS affiliate station. Both of these interviews provided Inspector General Faulkner with the opportunity to introduce herself and the OIG to viewers. The interviews covered various topics involving the OIG, including the OIG's mission, its role in state government, and its efforts to eradicate fraud, waste and abuse in state government operations as well as in public

assistance benefits programs. Specifically, the interviews delved into OIG initiatives which targeted benefits misuse in DPW's assistance programs and state government waste. The interviews were used as a platform to educate the public on the OIG and to provide a basic understanding as to what services the OIG provides to the Commonwealth of Pennsylvania.

LOOKING AHEAD TO THE NEXT FISCAL YEAR

Inspector General Faulkner has been invited to address the Pennsylvania District Attorneys Association at the Association's 2012 Annual Summer Meeting to be held at the Seven Springs Mountain Resort, Seven Springs, Pennsylvania in early July 2012.

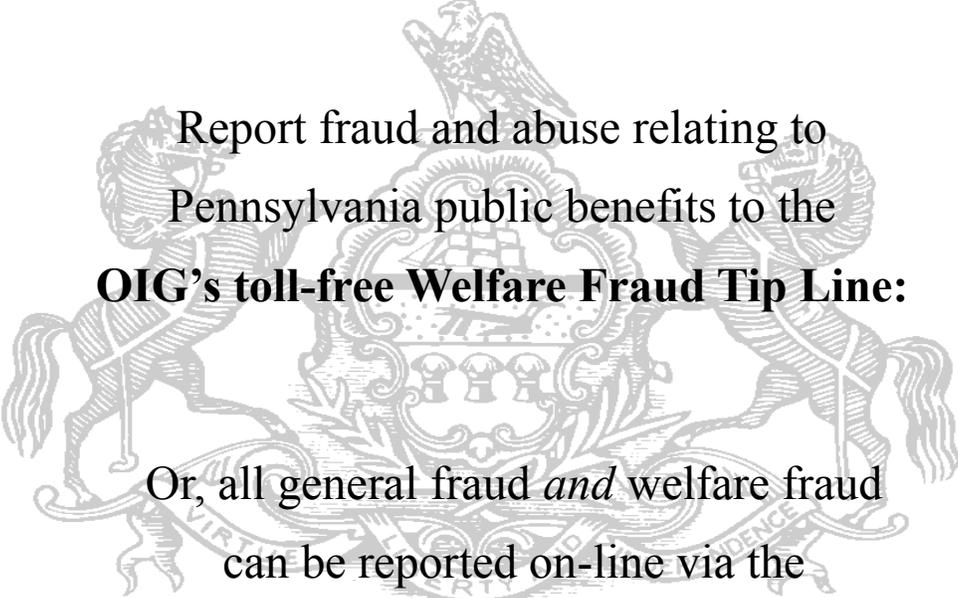


Inspector General Faulkner and Rob Hanrahan, host of "Face the State"
Courtesy: CBS 21 Television Harrisburg

Contact the OIG

Report fraud, waste, and misconduct relating
to Pennsylvania executive agencies to the
OIG's toll-free General Fraud Tip Line:

**1-855-FRAUDPA
(1-855-372-8372)**



Report fraud and abuse relating to
Pennsylvania public benefits to the
OIG's toll-free Welfare Fraud Tip Line:

Or, all general fraud *and* welfare fraud
can be reported on-line via the

OIG's public website:

www.oig.state.pa.us

click, "*Report Fraud*" tab

Or, written complaints should be addressed to:

**Office of Inspector General
555 Walnut Street, 8th Floor
Harrisburg, PA 17101**



Help End Fraud, Waste and Abuse

YOU CAN REPORT

- **Misconduct of Government Employees**
(e.g., accepting bribes and gratuities for performing government services; criminal activity)
- **Misuse of Government Equipment**
(e.g., unauthorized use of state vehicles and state-owned property)
- **Abuse of Government Contracts**
(e.g., use of substandard materials; false billing; procurement irregularities)
- **Waste of Taxpayers' Money**
(e.g., theft of government property or services; program fraud or mismanagement)
- **Fraud or Abuse of Public Assistance Benefits**
(e.g., failure to report employment or assets; allowing others to use their EBT card; SNAP "Food Stamp" trafficking)

*Pennsylvania's Whistleblower Law protects employees of the Commonwealth and bodies funded by government who, in good faith, report wrongdoing or waste to the OIG.
(43 P.S. 142 et. Seq.)*

All Calls and Correspondence are Confidential