

**Office of Inspector General**

**Fiscal Year 2014-2015**

# **Annual Report**

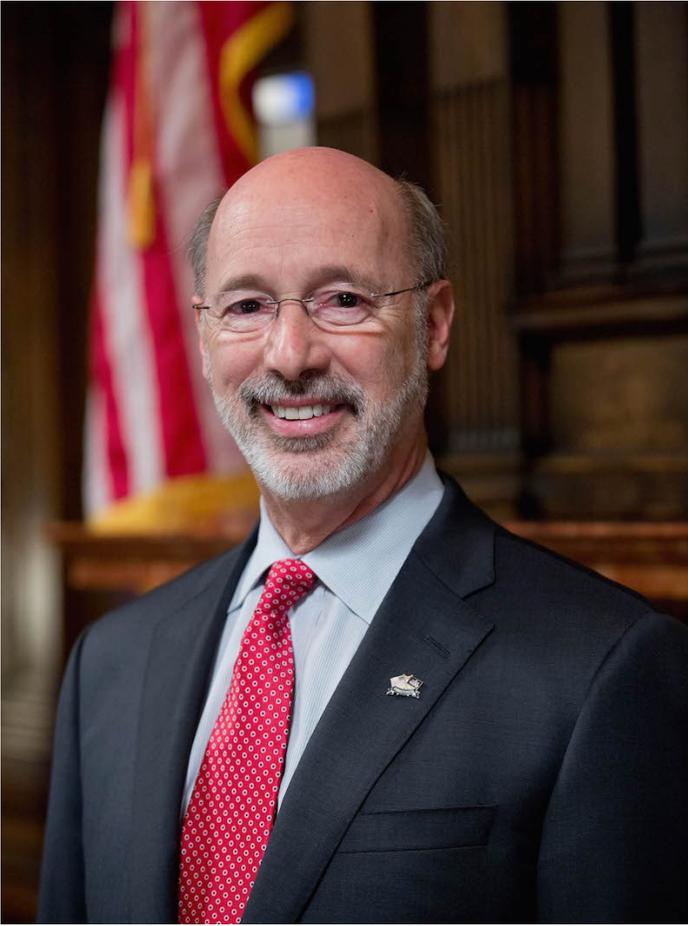
**Integrity | Ethics | Accountability**





*Front cover image of the Pennsylvania Capitol Complex is courtesy of Commonwealth Media Services.*

## A Message from Governor Tom Wolf



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 that assists the effort towards an efficient, accountable and transparent government – a government that works.

The accomplishments of the Office of Inspector General in working to combat fraud, waste, and abuse in government are to be lauded. On behalf of the Commonwealth of Pennsylvania, I commend the Office of Inspector General for its commitment to the commonwealth's goal of accountability and integrity.

Tom Wolf  
Governor

Upon taking office, I pledged that my administration would have three principle goals: jobs that pay, schools that teach, and a government that works. The Office of Inspector General is strongly involved in the third goal of having a government that works. My administration is committed to ensuring that the commonwealth operates with transparency and accountability. The government of the commonwealth exists to serve its people, and the citizens of our commonwealth demand accountability and integrity from their government. This year at my direction the Office of Inspector General published the first public summaries of their investigations.

The mission of the Office of Inspector General is to ensure integrity, accountability,

## Inspector General's Message



issues, provided legal advice, or otherwise worked in the support of our mission – all played an integral role in supporting the success of the OIG.

Upon taking office in January of 2015, one of Governor Wolf's key goals is having "a government that works." The OIG plans to play a big role in helping the governor achieve this goal. We will continue to be persistent in our investigative pursuits and work to ensure that the government and the programs run by the commonwealth meet the highest standards of accountability, integrity and transparency.

Sincerely,

A handwritten signature in black ink that reads "Grayling G. Williams". The signature is written in a cursive, flowing style.

Grayling G. Williams  
Inspector General

I am proud to present the Office of Inspector General's Annual Report for Fiscal Year 2014-2015. The Office of Inspector General (OIG) is tasked with the mission to ensure integrity, accountability, and public confidence in Pennsylvania government.

Throughout the past fiscal year, the OIG has worked tirelessly to ensure integrity and accountability within the Commonwealth of Pennsylvania. Our office is comprised of diligent employees who are dedicated to fighting fraud, waste, and abuse within state government. Those individuals who conducted investigations, accounted for our collections, kept our networks operating, processed our administrative and budget

# Meet the Inspector General

## Biography

Grayling G. Williams was appointed Inspector General by Governor Tom Wolf on January 16, 2015. Prior to joining the Office of Inspector General, Williams was the head of the Pennsylvania Office of Attorney General's newly-formed Office of Professional Responsibility and the head of the Baltimore Police Department's Internal Affairs Division.

Williams has a long record of distinguished service in law enforcement. He started out by spending six years as a police officer with the Yale University Police Department. Following that, he spent 22 years with the Drug Enforcement Administration (DEA). Williams was a Special Agent with DEA, where he worked undercover on many occasions and conducted numerous drug trafficking conspiracy investigations. Williams served as an Instructor at the DEA's Academy in Quantico, VA, teaching Undercover Operations, Informant Management, and Surveillance Techniques. He has also conducted training in Argentina, Poland, the United Kingdom, and the Caribbean.

Williams later served for two years as a Presidential Appointee (appointed by President Obama and confirmed by the U.S. Senate in 2009) to the Department of Homeland Security (DHS) as Counternarcotics Advisor to Secretary Janet Napolitano. In this position he represented the DHS Counterdrug Enterprise working on investigative and interdiction national strategy and on various executive level working groups at the White House, in Mexico, and at the U.S. European Command in Stuttgart, Germany.

Williams is a member of the National Organization of Black Law Enforcement Executives (NOBLE), the International Association of Chiefs of Police (IACP), the Pennsylvania Chiefs of Police Association, the Police Executive Research Forum (PERF), and the International Association of Campus Law Enforcement Administrators (IACLEA). Williams has a Bachelor of Science degree in Criminal Justice from the University of New Haven and a Master of Science degree in Management from Johns Hopkins University.

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## Introduction



*Image courtesy of Commonwealth Media Services.*

### Our Organization

The OIG was created by Executive Order 1987-7 on April 6, 1987. The purpose of the OIG is to deter, detect, prevent, and eradicate fraud, waste, misconduct, and abuse in the operations of state executive agencies and to keep the governor and heads of executive agencies fully informed about the problems and deficiencies relating to the administration of agency programs, operations, and contracting.

Additionally, since 1994, the OIG has been responsible for investigating and prosecuting welfare fraud and conducting collection activities for the public benefits programs administered by the Department of Human Services (DHS).

Throughout its more than 25-year history, the OIG has diligently worked to ensure taxpayer funds are spent appropriately and state government is operating efficiently. While the

overall mission of the OIG has not changed, the OIG's methodology, scope, and investigative tools continue to keep pace with technological advances.

The OIG's staff is comprised of professionals with extensive subject matter expertise in the areas of executive agency operations, fiscal management, procurement, information technology systems, grant management, law, and human resource management. This qualified and diverse team is an essential element in combating fraud, waste, and abuse within state government.

### Our Mission

The OIG's mission is 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.

## EXECUTIVE STAFF

Anthony J. Fiore  
DEPUTY INSPECTOR GENERAL

Roberto T. Datorre  
CHIEF COUNSEL

Shelley L. Lawrence  
SPECIAL ASSISTANT FOR PROGRAM INTEGRITY

Steven E. Bear  
DIRECTOR OF SPECIAL INVESTIGATIONS

Lucas M. Miller  
DIRECTOR OF FRAUD PREVENTION AND PROSECUTION

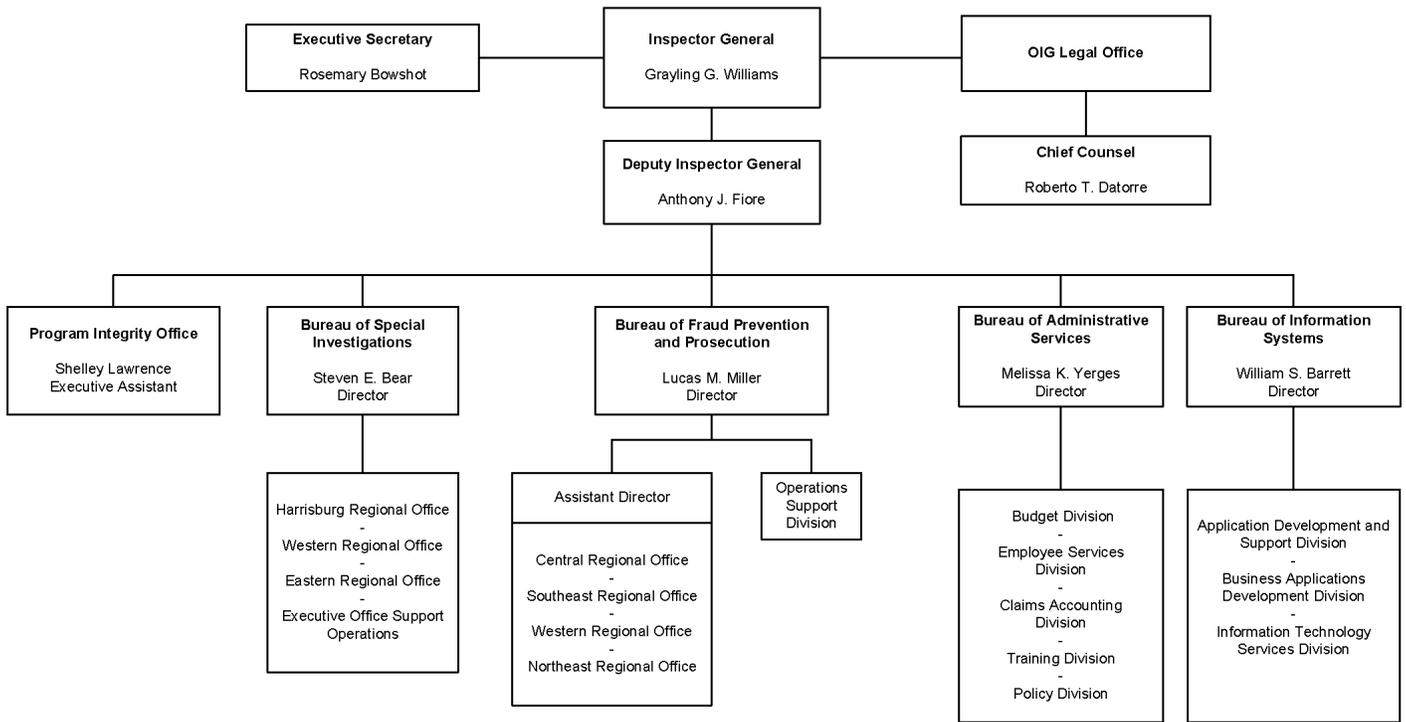
Melissa K. Yerges  
DIRECTOR OF ADMINISTRATIVE SERVICES

William S. Barrett  
DIRECTOR OF INFORMATION SYSTEMS

*Reflects organizational makeup as of June 30, 2015*

# Introduction

## OFFICE OF INSPECTOR GENERAL



*Chart reflects organizational makeup as of June 30, 2015*

## Fiscal Year Accomplishments

### **During FY 2014-2015, the OIG saved and collected more than:**

- \$87.6 million through its welfare fraud prevention activities by investigating 25,756 application for benefits;
- \$22 million in reimbursement and collection;
- \$2.5 million through the disqualification of future benefits for recipients criminally prosecuted for welfare fraud and through administrative disqualification hearings; and
- \$3.7 million in restitution by filing 833 criminal complaints, charging defendants with welfare fraud for unlawfully obtaining benefits.

### **In FY 2014-2015, the OIG also:**

- Aided Pennsylvania executive agencies under the Governor's jurisdiction by making recommendations to address problems and provide solutions to operate government programs more efficiently;
- Completed 12 background investigations of commercial real estate landlords that applied to lease commercial real estate to the Department of General Services for office space for commonwealth agencies;
- Conducted a combined total of 1,194 general investigations, complaint reviews, and employment background investigations; and
- Worked to ensure that contractor integrity provisions were upheld by those doing business with the state.

## Bureau Summaries

### Bureau of Special Investigations

The Bureau of Special Investigations (BSI) investigates allegations of fraud, waste, abuse, and misconduct in agencies under the Governor's jurisdiction. BSI's experienced team of investigators work closely with the OIG attorneys to serve the citizens of Pennsylvania by working to identify and eliminate problems and deficiencies associated with the mismanagement of state monies, employee misconduct, and contract fraud and irregularities. BSI is committed to conducting effective, independent, and timely investigations.

BSI receives its complaints from several sources including private citizens, state employees, and commonwealth officials. BSI also initiates its own investigations when appropriate. Citizens can use the OIG's website and telephone hotline (1-855-FRAUD-PA) to file complaints with BSI, or submit complaints in writing. BSI reviews all complaints. Some complaints lead to extensive complex investigations, while others may be referred to another state agency which is best suited to address the complaint or the complaint may be closed after preliminary inquiry fails to substantiate the allegations. Pennsylvania's Whistleblower Law protects commonwealth employees who, in good faith, report instances of wrongdoing or waste to an appropriate authority, including the OIG. (43 P.S. § 1423)

BSI also plays a role in increasing the effectiveness with which the commonwealth does business by conducting program reviews when it suspects faults in a work process or program. BSI conducts a complete review of the work procedure or commonwealth program in an effort to improve transparency, effectiveness, and delivery of services including employee accountability and management oversight. These program reviews can occur as a result of a related investigation or can be requested by an agency's executive level management.

Upon BSI's completion of an investigation or program review, the OIG may issue an investigative report or guidance letter, when appropriate, to the Office of General Counsel and the individual agency head(s) detailing BSI's findings and making recommendations for the agency to move forward. Some investigative findings rise to the level of criminal activity and are referred to the appropriate law enforcement agency for possible prosecution. Other investigations may result in referrals to the State Ethics Commission or other administrative bodies for appropriate action.

BSI's investigations have prompted positive changes and served as a deterrent to future misconduct.

As a result of BSI's investigations and program reviews, wrongdoers have been disciplined, prosecuted, and removed from commonwealth employment. Investigations have also led to important reforms of commonwealth operations resulting in increased accountability and effectiveness.

Along with conducting investigations and program reviews BSI is tasked with conducting pre-employment background investigations for executive level appointments and other positions of trust within the commonwealth; for FY 2014-2015 BSI conducted 504 pre-employment background investigations. BSI also conducts background investigations of commercial real estate landlords that applied to lease office space to the Department of General Services for commonwealth agencies. BSI conducted 12 background investigations of commercial real estate landlords and their key employees during FY 2014-2015. In conducting this type of background, BSI focuses on, among other things, ensuring the parties and proposed leased premises are compliant with their Pennsylvania and local tax obligations and environmental and municipal code regulations.

# Bureau Summaries

## Examples of Investigations

BSI conducts various types of investigations including:

- **Abuse of Work Hours**
- **Misuse of Equipment/ Supplies/Facilities/Vehicles**
- **Conflict of Interest/Adverse Interest Violations**
- **Contract/Grant Administration/Procurement/ Performance Irregularities**
- **State Employment Background Investigations**
- **Program Fraud/ Mismanagement**
- **Program Reviews**
- **False Statements/ Falsification of Records**
- **Misappropriation of Funds**
- **Other Employee Misconduct**



**INTEGRITY**  
PENNSYLVANIA



**pennsylvania**  
OFFICE OF INSPECTOR GENERAL  
BUREAU OF SPECIAL  
INVESTIGATIONS

Tom Wolf  
Governor

Grayling G. Williams  
Inspector General

*BSI Integrity Brochure Cover Page*

## Bureau Summaries

### Chief Counsel's Office

The OIG's Office of Chief Counsel, headed by Chief Counsel Roberto T. Datorre, is staffed by attorneys located in Harrisburg and Philadelphia. The attorneys provide legal advice and representation to the Inspector General and to the entire Office of Inspector General.

Attorneys actively participate in the investigations of alleged fraud, misconduct, and abuse in state government and assist the investigators in drafting investigative reports. In addition, through administrative and civil actions before state and federal courts, OIG attorneys pursue the collection of funds that have been wrongfully paid as a result of fraud against the commonwealth.

OIG attorneys have also represented the OIG before administrative, civil, and appellate tribunals including the U.S. Equal Employment Opportunity Commission, the Pennsylvania Human Relations Commission, the Pennsylvania Office of Open Records, the Unemployment Compensation Board of Review, the Pennsylvania Department of Human Services' Bureau of Hearings and Appeals, the Pennsylvania Civil Service Commission, and the Pennsylvania Commonwealth Court.

### Legal Support to the Bureau of Special Investigations

The OIG's attorneys are an integral part of the investigations conducted by the OIG's Bureau of Special Investigations. The attorneys work with OIG investigators to review pertinent documents; attend interviews; analyze evidence; identify criminal, civil, and/or administrative violations; and draft the OIG's investigative reports.

The attorneys also work in conjunction with OIG investigators to complete pre-employment background investigations.

### Legal Support to the Bureau of Fraud Prevention and Prosecution

The attorneys provide legal assistance to the OIG's Bureau of Fraud Prevention and Prosecution (BFPP) and seek to recover fraudulently-obtained public benefits, particularly in the Long Term Care programs. When legal actions are required, BFPP refers cases to the OIG's Office of Chief Counsel to recover improperly paid public benefits, including medical assistance, cash, and Supplemental Nutrition Assistance Program (SNAP) benefits. Attorneys also provide legal assistance to BFPP in their prosecution and administrative disqualification efforts.

### Other Legal Support

The OIG attorneys work on legal issues pertaining to agency policies, laws, and regulations that affect OIG programs. OIG attorneys also work to assist with the OIG's procurement and contracting responsibilities, handle employee human resources issues, respond to requests for public information, and provide legal assistance on issues involving OIG's information systems where required.

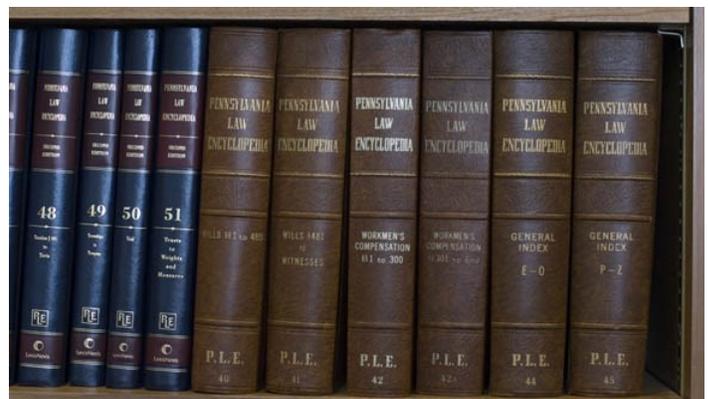


Image courtesy of Commonwealth Media Services.

# Bureau Summaries

## Bureau of Fraud Prevention and Prosecution

The OIG's Bureau of Fraud Prevention and Prosecution (BFPP) is responsible for investigating and prosecuting welfare fraud and conducting collection activities for the Pennsylvania Department of Human Services (DHS – formerly the Department of Public Welfare). This partnership with DHS helps ensure that public benefits are distributed fairly and equitably and that the integrity of the commonwealth's public benefits programs is maintained. BFPP investigates the following DHS programs:

- Temporary Aid to Needy Families (TANF - Cash Assistance);
- Medical Assistance (MA), including Long Term Care;
- Supplemental Nutrition Assistance Program (SNAP);
- Subsidized Child Care (SCC);
- Medical Assistance Transportation Program (MATP);
- Low Income Home Energy Assistance Program (LIHEAP); and
- Special Allowance Programs.

BFPP staff have a statewide presence with four regional offices located in Harrisburg, Philadelphia, Pittsburgh, and Wilkes-Barre. BFPP staff are also stationed in or assigned to work with DHS staff in every Pennsylvania county. Additionally, BFPP staff work with Child Care Information Services (CCIS) agencies, which administer DHS' Subsidized Child Care program, throughout the commonwealth to investigate potential fraud in the SCC program.

The activities performed by BFPP fall into four main categories:

**Field Investigation Program** – this program works in conjunction with DHS caseworkers and CCIS eligibility specialists to help ensure that only individuals who are truly eligible for

assistance receive benefits;

**Fraud Investigation Program** – this program focuses on individuals who wrongfully obtain the above-mentioned program benefits through providing false information or failing to report changes in their circumstances;

**SNAP Trafficking Program** – this program focuses on individuals who illegally sell or exchange their SNAP benefits; and

**Collections** – this program works to recover overpaid public benefits.

## Field Investigation Program

When individuals apply or re-apply for public benefits, they are required to submit truthful, complete, and accurate information. When DHS caseworkers or CCIS eligibility specialists suspect that an applicant for benefits or someone currently receiving public benefits has provided inaccurate, inconsistent, or incomplete information, they will make an investigative referral to the OIG.

Welfare Fraud Investigators then conduct an investigation to correctly determine the circumstances of the individual applying for or receiving benefits. Once the investigation is complete, the OIG provides the results to the DHS and/or CCIS worker, who then uses the information to determine whether the individual is eligible to receive or continue to receive program benefits. The worker decides whether to authorize the individual for benefits, reduce the amount of benefits the individual is eligible for, or deny benefits to the individual.

BFPP's Field Investigation Program is a system of checks and balances that helps ensure the integrity of public benefits programs in Pennsylvania. Its efforts yield significant cost savings to DHS and the commonwealth.

## Bureau Summaries



*Image courtesy of Commonwealth Media Services.*

### ***In FY 2014-2015***

BFPP's Field Investigation Program conducted 25,756 investigations and saved the commonwealth in excess of \$87.6 million in public benefits that otherwise would have been incorrectly paid out to an applicant or recipient.

### **Fraud Investigation Program**

BFPP's Fraud Investigation Program focuses on individuals who fraudulently received public benefits to which they were not entitled. Pennsylvania law prohibits the fraudulent receipt of benefits and individuals who commit welfare fraud face criminal charges, costs and fines, and are disqualified from receiving future benefits.

#### **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 benefits or aids or abets another person receiving public benefits; and
- Has knowledge of the fraudulent act.

When a DHS caseworker or CCIS eligibility specialist discovers that an overpayment has occurred, the worker forwards the information to the OIG for investigation. BFPP staff conduct an investigation to determine if the elements of welfare fraud exist in the individual case. If BFPP staff determine that those elements have been met, BFPP staff file a private criminal complaint with the local district attorney's office. Once welfare fraud charges are filed, the case will move through the commonwealth's court system.

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.

Additionally, cost savings are realized when the OIG successfully prosecutes a defendant for welfare fraud. After a successful prosecution, the defendant is disqualified from receiving

## Bureau Summaries

*The OIG saved the commonwealth \$1.9 million from the disqualification of individuals successfully prosecuted for committing welfare fraud.*

future benefits. Defendants can be disqualified from the TANF, SNAP, and the SCC programs. The duration of each disqualification is set by state and federal regulations and depends on the specific program defrauded and the number of times the individual commits an offense.

### SNAP Trafficking Program

BFPP's Operations Support Division provides investigative services to the U.S. Department of Agriculture's (USDA) Food and Nutrition Services (FNS) and to the USDA's Office of Inspector General by conducting SNAP Electronic Benefits Transfer (EBT) card trafficking investigations of stores and SNAP recipients.

SNAP trafficking occurs when SNAP benefits are illegally exchanged for cash, services, or anything other than eligible food items. For example, a store owner may give a SNAP recipient cash at a percentage of their balance in SNAP benefits, or exchange SNAP benefits for drugs or other non-allowable goods such as cigarettes.

The store owner will then redeem the benefits at full value from FNS. Store owners who are found to have engaged in SNAP trafficking will be disqualified from participating as a SNAP-approved vendor.

Recipients who are alleged to have trafficked their SNAP benefits may face criminal prosecution or administrative hearings and if found to have engaged in trafficking must repay those benefits and are disqualified from receiving SNAP benefits for a prescribed period of time.

### Administrative Disqualification Hearings

Another adjudication option available to the OIG is the Administrative Disqualification Hearing (ADH) program. ADH's are used when an individual is found to have committed an Intentional Program Violation (IPV) in the TANF, SNAP, or SCC programs but criminal prosecution is not an available option.



*Image courtesy of Commonwealth Media Services.*

### ***In FY 2014-2015***

*The OIG filed 833 criminal complaints for a total restitution amount of over \$3.7 million.*

Individuals who go through the ADH process may agree to waive their right to a hearing, which means they accept the disqualification penalties and agree to repay improperly received benefits. Individuals who choose not to waive their hearing will face a hearing before an Administrative Law Judge who, after evaluating the evidence, determines if the individual is guilty of committing an IPV.

## Bureau Summaries

If found guilty, the individual can be ordered to pay restitution and be disqualified from receiving future benefits. The disqualification penalties imposed through the ADH process are the same as those imposed on defendants in criminal proceedings.

*During FY 2014-2015, the OIG initiated 665 ADH actions that totaled over \$950,890 in restitution for Cash, SNAP, and SCC benefits and \$677,353 in restitution for ADH actions on SNAP trafficking. Additionally, the OIG saved the commonwealth \$590,119 by disqualifying individuals who were found to have committed an IPV through the ADH process.*

Cases are investigated when individuals, or their personal representatives, fail to disclose income or assets to DHS, sometimes for the purpose of making the individual appear eligible to receive LTC benefits. When DHS discovers that an individual or their personal representative failed to report income or assets that affected their eligibility for LTC benefits, the possible overpayment is referred to the OIG for investigation and collection. The OIG will file criminal charges if the investigation determines that the elements of welfare fraud exist. On overpayments where fraud did not occur, the OIG recovers the LTC benefits which were overpaid. The OIG's legal staff will also initiate civil court actions to obtain repayment of these benefits, if necessary.

### Saving Taxpayer Dollars

The OIG collected and cost avoided in excess of \$9.8 million in LTC benefits.

### Long Term Care



Pennsylvania's Long Term Care (LTC) Program provides nursing home assistance and medical care for financially and medically eligible individuals. Each year, the program pays out millions of dollars to ensure that elderly and disabled Pennsylvanians receive the care they need.

### Collections

Individuals who are prosecuted for welfare fraud or who are determined to have committed an IPV through the ADH process 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 handled through the ADH process. Regulations state that all incorrectly paid benefits, regardless of whether or not fraud occurred, must be repaid to the commonwealth.

### *In FY 2014-2015*

*Total collections in all programs were in excess of \$22 million.*

# Bureau of Summaries

The OIG collects all DHS overpayments.

## Welfare Fraud Tipline

The OIG is strongly committed to identifying and eliminating fraud, waste, and abuse in public benefits programs. To assist with that commitment, the OIG operates a toll-free Welfare Fraud Tipline at **1-800-932-0582**. Concerned citizens can use the Tipline to call and report suspected welfare fraud. The OIG also receives welfare fraud tips via an online reporting system available at **www.oig.pa.gov**, through the U.S. mail, and via fax. Tips reported to the OIG include information on

### *In FY 2014-2015*

*The Welfare Fraud Tipline received 10,855 calls reporting suspected welfare fraud. BFPP also processed 6,083 welfare fraud tips via the OIG's website and 423 tips via U.S. Mail.*

individuals receiving benefits and not reporting income, resources, or correct household composition. All of these circumstances may affect eligibility for public benefits. Each tip received is carefully reviewed and, if appropriate, investigated by BFPP staff. When the investigation reveals activity which may affect a recipient's eligibility, the OIG sends this information to DHS.

## Bureau of Information Systems

The Bureau of Information Systems (BIS) is a support bureau whose main responsibility is to provide for the Information Technology (IT) needs of the OIG. These needs include providing and maintaining personal computer hardware including desktop and laptop computers, providing support for server

hardware and software, configuration and support, and developing and managing network infrastructure.

BIS is organized into three main divisions, which provide the following functions:

### Information Technology Division

Provides all IT hardware and commercial software installation for agency staff, system servers, and network infrastructures. IT is also responsible for maintaining and controlling helpdesk functions supporting agency users throughout the commonwealth.

### Applications Development and Support Division

Responsible for developing and maintaining the full range of agency web based applications.

### Business Applications Development Division

Responsible for systems with business impact, along with those applications that interface with other state or federal entities.

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## Saving Taxpayer Dollars

During FY 2014-2015, BIS dedicated resources to focus on automating and streamlining the OIG's notice generation and mailing system to allow for more dynamic updates to notices and to save the commonwealth money by reducing the number of redundant paper copies of notices whenever possible.

## Bureau Summaries

### The Program Integrity Office

To aid and support the continued development and success of DHS integrity initiatives, as well as the OIG's own internal processes, the OIG operates a Program Integrity Office. This office is overseen by the Special Assistant for Program Integrity, who acts as the liaison for DHS issues and works collaboratively with the DHS Program Integrity Office.

The OIG's Program Integrity Office also offers a unique perspective on measures which DHS can employ to reduce future abuses within benefits programs and operations.

The Special Assistant for Program Integrity and other OIG staff have participated in DHS work groups and projects related to several important program integrity initiatives. As a result, the OIG has strengthened its partnership with DHS, with the two agencies collaborating in their efforts to eradicate fraud, waste and abuse within DHS, and its programs by: looking at innovative ways to improve recipient program efficiencies; identifying areas where fraud, waste, and abuse are prevalent; developing higher performance and program standards; and eliminating employee fraud.

In FY 2014-2015, the OIG and DHS have been working together on the following program integrity initiatives:

#### Electronic Benefit Transaction (EBT) and Risk Management

Risk-management reviews and data mining of recipient EBT data shows potential trends and schemes in benefit transactions which may be an indicator of fraud. The OIG and DHS Office of Income Maintenance (OIM) staff are reviewing, developing, and sharing current reports on recipient benefit transactions that reveal clients with risk markers for fraud or trafficking. The OIG has, and will continue to, investigate cases which appear to show a

pattern for fraud. The OIG will also refer stores with suspicious data to the USDA-FNS for a trafficking review.

#### Automated Restitution Referral and Computation System (ARRC)

Needed updates were identified and enhancements have been implemented to make processing of medical assistance claim appeals and computation revisions more efficient. These changes simplified what was once a manual process, fully automating communication of data, and bringing this part of the medical assistance program within ARRC into line with other overpayment programs.

#### Overpayments/Recoveries and Program Standards Workgroups

These workgroups provide a forum for the presentation, consideration, and resolution of joint issues between the OIG and DHS and focus on achieving consistency within the programs and policies, performance measures, collection efforts, and Information Technology related functions as follows:

- The Overpayments and Recoveries workgroup is standardizing the process for referring Medical Assistance 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 also identified the need for specialized Overpayment Units within OIM's County Assistance Offices (CAO) to standardize the process for completing and referring overpayments to the OIG. DHS and the OIG have implemented

## Bureau Summaries

specialized units to efficiently and accurately complete recipient overpayments, with specially trained caseworkers doing the work. This frees the other workers to focus more on eligibility issues; and

- DHS and the OIG has developed, expanded, and clarified client rights and responsibilities on applications and added additional warnings regarding penalties for fraud and misrepresentation.

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

### **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 and employee relations, and providing training to new and existing staff. BAS is comprised of five divisions: Employee Services, Budget, Claim Accounting, Policy, and Training.

#### **Employee Services Division**

The Employee Services 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 coordinated 12 hires and 11 internal promotions during FY 2014-2015.

#### **Budget Division**

The Budget Division manages the OIG's budget and procurement and is responsible for processing orders and purchases with contracted vendors; serves as liaison to vendors on payments and purchases, budget preparation, personnel and operating projections; and approves all personnel actions and purchases in accordance with the budget. In addition, the Division oversees facilities and vehicle management and provides support in mail and courier services, agency vehicles, building issues and leases, space allocation, equipment, supplies, and access badges.

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### **Saving Taxpayer Dollars**

The OIG previously contracted with an outside vendor for folding, stuffing, and mailing services. The OIG was required to pay a rate of \$0.69 per envelope and sends about 76,000 notices a year for an estimated cost of \$52,440. For FY 2014-2015, the OIG coordinated with the Department of General Services to provide this service at a reduced rate and brought portions of the process in-house for an annual savings of about \$49,400.

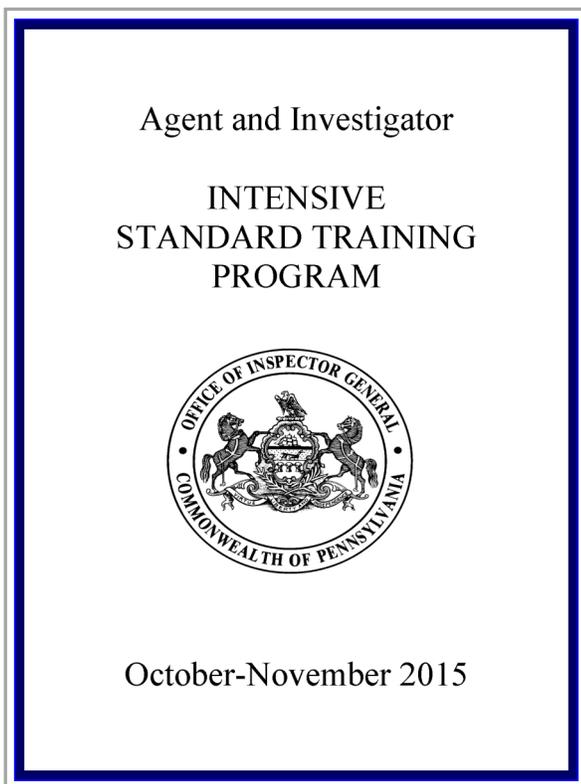
#### **Claim Accounting Division**

The Claim Accounting Division provides accounting support for the processing of monies recovered from public benefits recipients who obtained benefits to which they were not entitled. The Division posted 53,285 payments in FY 2014-2015.

## Bureau Summaries

### Training Division

The Training Division offers training to all new OIG employees, including an extensive program for all new investigators. In addition, the Division provides existing staff ongoing training as needed, or when a new policy is implemented.



*Intensive Standard Training Program Cover Page.*

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 2014-2015, the Division:

- Conducted 4,449 hours of in-house/outreach training on various skills and job related topics, ranging from the Pennsylvania Enterprise to Link Information for Children Across Networks (PELICAN) System to Microsoft Word/Outlook 2010 Basic and Intermediate;

- Attended five college job fairs to speak to students about prospective job openings and opportunities;
- Held an Intensive and Traditional Standard Training Program (STP) for nineteen new Claims Investigation Agents, Welfare Fraud Investigators, and Legal staff;
- Worked with the Department of Human Services' (DHS) Office of Income Maintenance (OIM) by conducting informational sessions statewide detailing our referral process to newly hired Income Maintenance Case Workers (IMCW) during their Income Maintenance Standard Training Program (IMSTP) and Statewide Processing Center (SWPC) presentations;
- Offered OIG employees web-based training courses on subjects required by commonwealth policy; and
- In the spirit of interagency cooperation, assisted the Office of Attorney General by conducting Client Information System (CIS) training for agents and supervisors assigned to the Medicaid Fraud Section.

### Policy Division

The Policy Division provides program support not only to the bureaus within the OIG but also to other commonwealth offices and local agencies that deliver public benefits or are involved in law enforcement.

Program support takes many forms, such as, developing and issuing policies; creating forms, notices, handbooks, and manuals for OIG staff; responding to policy questions as well as non-policy related questions; designing and developing statewide promotional materials; and developing processes and procedures for other commonwealth agencies' use when dealing with operations that affect the OIG.

# Significant Cases

## Bureau of Special Investigations

The following cases represent a sample of the many types of cases BSI investigated during FY 2014-2015:

### Abusing Commonwealth Equipment, Leave, and Official Work Hours

The OIG received a request from a Chief Counsel of a state agency to investigate a supervisor for potential violations of time and attendance. During the OIG investigation it was determined that the subject was arriving to work later than the scheduled established start time, leaving work prior to scheduled end time, and using an assigned commonwealth vehicle for non-work related travel.

The OIG recommended that the subject: submit leave for the times the OIG observed the subject absent from work; reimburse the commonwealth in the amount determined by the agency for the times the subject violated use of the subject's assigned commonwealth vehicle; and the agency take appropriate additional action concerning the subject.

A follow-up review of the Commonwealth's Office of Administration's employee database revealed the subject is no longer employed by the commonwealth.

### Conflict of Interest and Abuse of Commonwealth Resources

The OIG received a complaint alleging that an employee of a state agency was having an inappropriate relationship with an assigned client.

The OIG found that the subject and the client lived together and maintained an intimate relationship for an extended period of time while the subject was actively assigned to the client's case. During this time the subject collected rent from the client, but did not request supplementary employment approval as required by Management Directive 515.18 (Amended). The OIG also found that the subject drove the client to various locations and appointments although the subject did not have a valid driver's license. The subject submitted falsified mileage reimbursements for driving to a location the client no longer lived. Finally, the OIG found that after an argument between the subject and client, the subject took measures that prevented the client from having access to required medication and deprived the client of a place to live.

The OIG recommended that the Department take appropriate disciplinary action, up to and including termination against the subject. The OIG further recommended the Department require employees to review appropriate instructional handbooks, program policies and manuals, and sign acknowledgement forms that they have read the material and agree to abide by the terms and conditions.

A follow-up review showed that the subject self-terminated employment with the commonwealth.

### Abuse of Commonwealth Equipment and Official Work Hours

The OIG received an anonymous letter alleging an employee in a state agency used state owned equipment and commonwealth work hours to run a personal business. The complaint specifically alleged that the subject

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used commonwealth computers, fax machines, phones and printers to create, print, and/or send various documents and forms related to the business, in addition to running the day to day operations of their business.

Based upon its investigation, the OIG found that during the subject's commonwealth work hours, the subject sent emails from commonwealth computers related to their business. The OIG also found the subject utilized their commonwealth telephone during work hours to make phone calls related to their business. The subject also admitted using the commonwealth copier to scan documents related to personal business.

The OIG recommended the agency take whatever disciplinary action it deemed appropriate regarding the subject, the agency revoke the subject's supplementary employment approval as their actions have shown a blatant disregard for Commonwealth Management Directive 515.18, and monitor the subject's commonwealth email and telephone usage for a period of six months to ensure compliance with Commonwealth Management Directive 205.34.

### Improper Access to Commonwealth Client Files

The OIG received a request from a state agency to investigate an employee for a potential violation of the Employee Code of Conduct Related to Client Information and Case Processing.

During the OIG's investigation, the subject admitted to accessing the records of a family friend in an effort to aid in obtaining legitimate benefits to which they were potentially entitled.

The subject also admitted to printing and making copies of accessed records they found and provided them to the family friend to aid in the process of obtaining commonwealth benefits.

The OIG recommended that the agency review the subject's prior disciplinary history and take appropriate further disciplinary action for this violation of the Employee Code of Conduct.

A follow-up letter was received by the OIG from the agency indicating that the agency has also conducted an investigation. They too concluded that the suspect violated the Employee Code of Conduct. Appropriate disciplinary action was taken against the subject.

### Potential Commonwealth Employee Low-Income Home Energy Assistance Program (LIHEAP) Grant Fraud

The OIG received a request from a state agency to investigate a state employee for receiving a potentially fraudulent home energy grant from LIHEAP.

The agency reported to the OIG that an energy company contacted them with possible LIHEAP grant fraud involving a commonwealth employee within their agency. The employee's name and address was disclosed to the OIG as appearing on an energy account paid for by LIHEAP grant funds. The energy company noted the name on the commonwealth employee's account did not match the authorized LIHEAP grant recipient.

During the OIG's investigation, it was found that the commonwealth employee in question did in fact have direct access to LIHEAP records. The OIG also found that the employee had been previously disciplined for viewing and uploading

## Significant Cases

documents on their own personal case. The OIG researched the agency's records and found the employee inappropriately accessed the account of the previous tenant. The OIG discovered that the name utilized to apply for and eventually receive the LIHEAP grant funds used to pay the account in question was under the name of the previous tenant.

Further investigation revealed the employee misrepresented their address to the agency in an effort to allow the LIHEAP application to be approved.

The OIG recommended the agency discipline the employee up to and including termination, as they have shown a blatant disregard for the Agency's Code of Conduct, the Pennsylvania Governor's Code of Conduct, and the Pennsylvania Public Official and Employee Ethics Act. The OIG also recommended a retroactive eligibility determination to further investigate any LIHEAP grant funds possibly distributed to the employee which were not entitled. The OIG recommended the agency consider making a referral to the OIG's Bureau of Fraud Prevention and Prosecution.

### **Questionable Accounting Practices by a Contractor**

The OIG received a request by a state agency to investigate a contractor they believed was engaging in questionable accounting practices, specifically overbilling for administrative expenditures and incorrectly charging vehicle mileage.

The OIG found the contractor claimed disallowed reimbursements from November 2009 through July 2014 totaling approximately

\$5 million. The OIG also found the contractor inappropriately destroyed records, failed to document certain charged expenses, and refused to provide certain documents when requested. It appears the contractor may have violated various sections of the United States Code, including but not limited to Theft of Public Money, Property or Records; Theft or Bribery Concerning Programs Receiving Federal Funds. The contractor may have also violated various sections of the Pennsylvania Crimes Code, including but not limited to Theft of Services; Theft by Failure to Make Required Disposition of Funds Received; Deceptive or Fraudulent Business Practices.

The OIG recommended the Office of General Counsel refer this matter to State and Federal criminal investigatory agencies for further follow-up and possible prosecution.

### **Bureau of Fraud Prevention and Prosecution**

DHS regulations require that individuals who apply for public benefits truthfully disclose all circumstances of their current situation, as well as any material changes to 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 DHS:

### **Day Care Owners Sentenced for Fraud**

An investigation in Delaware County determined that owners of a day care center authorized to participate in the SCC program falsely billed the

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program for services that were never rendered. The owners told the Delaware County CCIS office that they were providing care for a recipient's children, when in fact, care was never provided. The day care owners falsely billed the SCC program for \$39,904 during the period October 2008 through July 2010. Welfare fraud charges were filed against the day care owners in January 2014; the owners pled no contest to the charges in February 2015 and were sentenced to probation, and ordered to pay full restitution.

### Lebanon County Resident Pleads Guilty to Misrepresenting Household Status

An investigation in Lebanon County determined that a recipient willfully misrepresented the status of the individuals living in the household as well as their income to the Lebanon CAO. This misrepresentation resulted in the recipient's household fraudulently receiving \$149,112 in SNAP and Medical Assistance benefits during the period of June 2006 through December 2013. Welfare fraud charges were filed against the recipient in August 2014; the recipient pled guilty to these charges in April 2015, was sentenced to five years in the Intermediate Punishment Program and ordered to pay full restitution. The recipient was also disqualified from receiving SNAP benefits for a period of 12 months.

### Investigation Uncovers Fraudulently Received Subsidized Child Care Benefits

An investigation in Bucks County determined that a recipient willfully misrepresented the household composition and the amount of

income being received by the household to the Bucks County CCIS office. This misrepresentation resulted in their household fraudulently receiving \$80,004 in SCC benefits during the period of November 2006 through June 2012. Welfare fraud charges were filed against the recipient in December 2014; the recipient pled no contest to the charges in May of 2015 and was sentenced to a minimum of two years probation, and ordered to pay full restitution. The recipient and their household were also disqualified from receiving SCC benefits for a period of six months.

### Charges Filed For Misrepresented Household Composition and Income

An investigation in Lebanon County determined that a recipient willfully misrepresented the household composition and the amount of income being received by the household to the Lebanon CAO. This misrepresentation resulted in the recipient's household fraudulently receiving \$17,031 in SNAP benefits during the period of August 2011 through July 2013. Welfare fraud charges were filed against the recipient in October 2013; the recipient pled guilty and was sentenced in August 2014 to one to twenty-three months incarceration and ordered to pay full restitution. The recipient was also disqualified from receiving SNAP benefits for a period of 12 months.

### Clearfield County Resident Sentenced for Failing to Report Wages

An investigation in Clearfield County determined that a recipient willfully failed to report their receipt of wages to the Clearfield CAO. This willful omission resulted in the fraudulent receipt of \$1,794 in SNAP benefits. Welfare fraud

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charges were filed against the recipient in December 2013; the recipient pled guilty to these charges in August 2014, was sentenced to 15 days to one year in jail, community service and ordered to pay full restitution. The recipient was also disqualified from receiving SNAP benefits for a period of 12 months.

### **Luzerne County Resident Pleads Guilty to Misrepresenting Household Composition and Income**

An investigation in Luzerne County determined that a recipient willfully misrepresented their household composition and the amount of income being received by their household to the Luzerne County CCIS office. This misrepresentation resulted in their household receiving \$42,836 in SCC benefits during the period of July 2008 through February 2013. Welfare fraud charges were filed against the recipient in November 2013; the recipient pled guilty to the charges in March 2015 and was sentenced to two years probation, and ordered to pay full restitution. The recipient and their household were also disqualified from receiving SCC benefits for a period of six months.

### **Lycoming County Resident Pleads Guilty to Welfare Fraud Charges**

An investigation in Lycoming County determined that a recipient willfully misrepresented their household composition and the amount of income being received by their household to the Lycoming CAO. This misrepresentation resulted in the recipient's household fraudulently receiving \$24,005 in SNAP and Medical Assistance benefits during the period of February 2012 through March 2014. Welfare fraud charges were filed against the recipient in

March 2015; the recipient pled guilty to these charges in May 2015, was sentenced to three years probation, and ordered to pay full restitution. The recipient was also disqualified from receiving SNAP benefits for a period of 12 months.

### **Investigation Uncovers Fraudulently Received SNAP Benefits**

An investigation in Philadelphia County determined that a recipient willfully failed to report their receipt of wages to the Philadelphia CAO. This willful omission resulted in the fraudulent receipt of \$6,500 in SNAP benefits. Welfare fraud charges were filed against the recipient in July 2014; the recipient pled guilty to these charges in December 2014, was sentenced to one year probation, and ordered to pay full restitution. The recipient was also disqualified from receiving SNAP benefits for a period of 12 months.

### **Crawford County Resident Pleads Guilty to Welfare Fraud Charges**

An investigation in Crawford County determined that a recipient willfully misrepresented their household composition and the amount of income being received by the household to the Crawford County CCIS office. This misrepresentation resulted in the recipient's household fraudulently receiving \$53,058 in SCC benefits during the period of March 2011 through September 2014. Welfare fraud charges were filed against the recipient and another member of the household in November 2014; the recipient pled guilty to these charges in February 2015, was sentenced to two years probation, and ordered to pay full restitution. The recipient and the household were also

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disqualified from receiving SCC benefits for a period of six months.

### Allegheny County Resident Sentenced to Five Years Probation

An investigation in Allegheny County determined that a recipient willfully falsified information regarding her employment status to the Allegheny CAO. This falsification resulted in the fraudulent receipt of \$14,950 in SNAP benefits and \$1,394 in LIHEAP benefits during the period of October 2010 through March 2014. Welfare fraud charges were filed against the recipient in March 2014; the recipient pled guilty to these charges in September 2014, was sentenced to five years probation, and ordered to pay full restitution. The recipient was also disqualified from receiving SNAP benefits for a period of 12 months.

### Investigation Uncovers Falsified Employment Information

An investigation in Beaver County determined that a recipient willfully falsified information regarding their employment status to the Beaver County CCIS office. This falsification resulted in their household receiving \$17,113 in SCC benefits during the period of April 2010 through August 2012. Welfare fraud charges were filed against the recipient in February 2014; the recipient pled guilty to the charges in September 2014, was sentenced to three years probation and ordered to pay full restitution. The recipient and their household were also disqualified from receiving SCC benefits for a period of six months.

### Allegheny County Resident Pleads Guilty to Welfare Charges

An investigation in Allegheny County determined that a recipient willfully falsified information regarding their employment status to the Allegheny County CCIS office. This falsification resulted in their household receiving \$24,012 in SCC benefits during the period of June 2007 through June 2013. Welfare fraud charges were filed against the recipient in November 2013; the recipient pled guilty to the charges in September 2014, was sentenced to 60 days in jail, five years probation, and ordered to pay full restitution. The recipient and their household were also disqualified from receiving SCC benefits for a period of six months.



*DHS Electronic Benefits Card*

# Outreach

## Overview

As part of its mission to insure integrity, accountability, and public confidence in Pennsylvania government, the OIG conducts an ongoing and multi-faceted Outreach Program.

The program consists of two primary components: educational presentations to commonwealth employees in agencies under the Governor's jurisdiction, and presentations to community and service organizations and the general public.

These educational presentations are designed to inform commonwealth employees and the general public on how to recognize and report fraud, waste, and abuse in state government and public benefits programs run by DHS. In addition, the OIG seeks to provide commonwealth employees with strategies for adhering to ethical standards in their own conduct.

In support of these presentations, and as a means of reaching a wider audience of state employees and members of the public, the OIG distributes a variety of informational materials that explain the OIG's role and how to file a complaint of wrongdoing.

## Training

The OIG is currently working with the Office of Administration (OA) to create new training for employees regarding fraud, waste, and abuse. The first is an online training that will be completed by all new employees hired under the Governor's jurisdiction. This training will make new employees aware of the OIG and its mission and provide them with information on

how to identify and report fraud, waste, and abuse should they encounter it during their employment. The second training will be a refresher on fraud, waste, and abuse for all newly promoted supervisors under the Governor's jurisdiction.

The OIG continued to work with DHS staff during this fiscal year by providing training on our processes to newly hired Income Maintenance Caseworkers. This training ensures that new caseworkers understand welfare fraud and how they can make referrals to BFPP when they suspect welfare fraud is occurring.

## Partnerships

During the past fiscal year, the OIG participated in workgroups involved in reviewing and developing best practices for the investigation of welfare fraud. The OIG worked with FNS and Accenture on the investigation of SNAP overpayments and SNAP trafficking. Accenture was contracted by FNS to work with states to analyze data and collect information regarding SNAP investigations, including trafficking. Based on the investigative data provided, the OIG is working with Accenture to develop and implement investigative best practices for welfare fraud investigations.

The OIG is also a participant in the Change Agent Network. This network is a group of six states that meet to discuss welfare fraud and program integrity. This network is an excellent way for states to share data and best practices to assist in the investigation of welfare fraud. Discussions have included, among other things, welfare fraud data analytics and SNAP trafficking.

# Statistics

## Staff Complement for Fiscal Year 2014-2015

|  |     |
|--|-----|
| <b>Total</b>                               |     |
| Office of Inspector General                | 219 |
| <b>Bureau Staffing</b>                     |     |
| Executive and Legal                        | 10  |
| Bureau of Special Investigations           | 23  |
| Bureau of Fraud Prevention and Prosecution | 152 |
| Bureau of Administrative Services          | 20  |
| Bureau of Information Systems              | 12  |
| Program Integrity Office                   | 2   |
| <b>Investigative Staffing</b>              |     |
| Bureau of Special Investigations           |     |
| Management                                 | 4   |
| Special Investigators                      | 17  |
| Investigative Support Staff                | 2   |
| Bureau of Fraud Prevention and Prosecution |     |
| Management                                 | 27  |
| Welfare Fraud Investigators                | 71  |
| Claims Investigations Agents               | 38  |
| Investigative Support Staff                | 16  |
| <b>Regional Staffing</b>                   |     |
| Bureau of Special Investigations           |     |
| Harrisburg Headquarters                    | 19  |
| Western Regional Office                    | 3   |
| Southeast Regional Office                  | 1   |
| Bureau of Fraud Prevention and Prosecution |     |
| Southeast Regional Office                  | 35  |
| Western Regional Office                    | 40  |
| Central Regional Office                    | 30  |
| Northeast Regional Office                  | 29  |

Report fraud, waste, misconduct, or abuse in commonwealth programs, operations, or contracts by calling toll-free:

1-855-FRAUD-PA  
(1-855-372-8372)

Report welfare fraud against an individual or business by calling toll-free:

1-800-932-0582

Send written information to the following addresses:

Welfare Fraud Tips

Office of Inspector General  
555 Walnut Street, 7th Floor  
Harrisburg, PA 17101

Government Fraud Tips

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

Internet: <http://www.oig.pa.gov>

All calls and correspondence are confidential



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