



pennsylvania

OFFICE OF STATE INSPECTOR GENERAL

*The **mission** of the of the Office of State Inspector General is to deter, detect, prevent, and eradicate fraud, waste, misconduct, and abuse in programs, operations, and contracting of executive agencies.*

Annual Report

Fiscal Year 2019-2020

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Introduction

On July 20, 2017, Governor Wolf signed Act 29 of 2017, establishing an Office of State Inspector General (OSIG) under statute and giving it law enforcement powers, including the ability to issue subpoenas and search warrants, access criminal justice databases and work more cooperatively with other law enforcement agencies. OSIG (formerly the Office of Inspector General or "OIG") was originally created by Executive Order 1987-7 on April 6, 1987, to "deter, detect, prevent, and eradicate fraud, waste, misconduct, and abuse in the programs, operations, and contracting of executive agencies," a mission it fulfills for the citizens of Pennsylvania to this day.

The Bureau of Special Investigations (BSI) is primarily tasked with investigating allegations of abuse and misconduct in agencies under the Governor's jurisdiction. BSI works to identify and eliminate the mismanagement of state monies, employee misconduct, and contract fraud irregularities. BSI is further tasked with conducting pre-employment background investigations for executive-level appointments and other positions of trust in state government.

Since 1994, OSIG also has investigated and prosecuted public assistance fraud and conducted collection activities for the public benefits programs administered by the Pennsylvania Department of Human Services (DHS). This investigative work is primarily handled by the Bureau of Fraud Prevention and Prosecution (BFPP). To assist in this work, in addition to investigating allegations of fraud concerning receipt of benefits, BFPP has an agent assigned to each of DHS's County and District Assistance Offices throughout the Commonwealth. These agents work to uncover deception before state monies are distributed.

Under Act 29, OSIG is authorized to file criminal complaints related to its work. To facilitate filing those complaints, OSIG has been designated by the Office of Attorney General as a Criminal Justice Agency, and the Pennsylvania State Police (PSP) has provided OSIG with an Originating Agency Identifier (ORI) number, allowing the agency to have access criminal history record information through law enforcement databases.

OSIG is further supported by the Bureau of Administration, Policy, and Training (BAPT), the Bureau of External Affairs (BEA), and the Office of Chief Counsel. The men and women of OSIG work each day to ensure that the values of good government - ethics, integrity, and accountability - come first in Commonwealth government.

Acting State Inspector General

Lucas M. Miller



Lucas M. Miller was appointed Acting State Inspector General by Governor Tom Wolf on January 2, 2020. Previously, he served as the First Deputy State Inspector General, where he oversaw the office's daily operations and its transition to the law enforcement agency it now is.

Miller has been with the Office of State Inspector General (OSIG) for over twenty-three years, beginning his career as an Agent in OSIG's Bureau of Fraud Prevention and Prosecution (BFPP). He has held numerous positions within the Office, including Agent Supervisor; Operations Manager; Bureau Director for the Bureau of Administration, Policy, and Training; Bureau Director for BFPP; and First Deputy State Inspector General. Miller has had the opportunity to interact with all aspects of the agency and with individuals from across the Commonwealth. He has fought to ensure that everyone, no matter their situation, is treated with respect and dignity.

Miller has significantly improved the agency in many ways, particularly focusing on increasing government efficiency through streamlining processes. He has led multiple internal program reviews, consolidated two program bureaus into one, and helped create an electronic case management system. Under Miller's direction, OSIG and DHS developed and implemented an Electronic Referral System which removed wasteful processes, eliminated all paper, allowed for instantaneous referrals of investigations, optimized travel to DHS County Assistance Offices, and greatly limited costly physical file storage. These initiatives allowed OSIG to be fully prepared for a shifting work environment with greater emphasis on mobility and field operations.

Miller's vast experience within the agency has uniquely qualified him for the role of State Inspector General. OSIG's mission is to stop fraud, waste, misconduct and abuse in programs, operations, and contracting of executive agencies. By accomplishing that mission through accountability and program integrity, Miller works every day to increase the trust the citizens of Pennsylvania have in their government.

Miller has spent his career working to make state government function better. OSIG's success in improving government operations and investigative processes have not gone unnoticed nationally, and Miller has presented at conferences across the United States.

Miller is a distinguished graduate of the Virginia Military Institute.

Accomplishments By the Numbers

Fiscal Year 2019-2020

Saved the Commonwealth \$6.86 in cost savings and collections for every \$1.00 spent on investigative activities.

Saved the Commonwealth more than \$62.1 million through its public assistance fraud prevention activities by investigating 20,052 applications for public assistance benefits.

Filed 370 criminal complaints on individuals committing public assistance fraud, totaling \$2.5 million in unlawfully obtained benefits and resulting in additional savings of \$1.1 million through disqualification of future benefits.

Successfully adjudicated 70 administrative disqualification actions on individuals committing intentional program violations, totaling \$137,595 in restitution and resulting in additional savings of \$240,525 through disqualification of future benefits.

Collected for the Commonwealth treasury \$9.0 million in restitution for Long-Term Care (LTC) benefit overpayments.

Collected in total (all benefit programs) \$22.2 million for the Commonwealth.

Received 595 complaints and investigative requests that resulted in 19 investigations into possible fraud, waste, abuse, and misconduct in state agencies.

Conducted 256 pre-employment background investigations for executive-level appointments and other positions of trust in state government.

Answered 5,821 calls reporting suspected public assistance fraud on the Public Assistance Fraud Tipline, processed 6,468 public assistance fraud tips via the OSIG website, and received 166 tips via U.S. mail.

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 team of experienced investigators works closely with OSIG attorneys to conduct effective, independent, and timely investigations to identify and eliminate mismanagement of state monies, misconduct by state employees and fraud and irregularities in state contracts and grants.

Complaints received by BSI come from private citizens, state employees and Commonwealth officials. There are also instances when BSI will initiate its own investigations. Complaints can be submitted through OSIG's website, via the telephone hotline or in writing. Complaints received by BSI are reviewed to determine jurisdiction. Some complaints lead to extensive and complex BSI investigations, while others may be referred to a more appropriate state agency for follow-up. Or, after a preliminary inquiry fails to substantiate the allegations, the complaint may be closed.

Any Commonwealth employee who, in good faith, reports wrongdoing or waste to OSIG is protected under Pennsylvania's Whistleblower Law (43 P.S. § 1423).

BSI is tasked with conducting pre-employment background investigations for executive level appointments and other positions of trust within the Commonwealth. Additionally, BSI conducts judicial candidate investigative methodologies for individuals being considered as nominees by the Governor for appropriate judicial vacancies.

BSI also plays a role in increasing state government's effectiveness by conducting program reviews when problems are suspected in a work process or program. During a program review, BSI thoroughly evaluates the work process or program to improve transparency, efficient delivery of services, employee accountability and management oversight. These program reviews may originate from a related investigation or may be requested by an agency's executive-level management.

Upon completion of an investigation or program review, BSI may issue a report to the Office of General Counsel and specific agency heads, detailing BSI's findings and recommendations for the agency going forward. Investigative findings that rise to the level of criminal activity 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 program reviews have generated positive changes in state programs and processes. Some BSI investigation subjects have been disciplined, removed from Commonwealth employment, or prosecuted. These outcomes serve as a deterrent to future employee misconduct. BSI investigations also have led to important reforms of Commonwealth operations, resulting in increased accountability, transparency, and effectiveness. BSI specifically recommends that all Commonwealth agencies initiate BSI program reviews to further reduce waste, fraud, and abuse.

Bureau of Fraud Prevention and Prosecution

OSIG's Bureau of Fraud Prevention and Prosecution (BFPP) investigates and prosecutes public assistance fraud and conducts collection activities for the Pennsylvania Department of Human Services (DHS). This partnership with DHS helps ensure that public assistance benefits are distributed fairly and equitably, and that the integrity of the Commonwealth's public assistance programs is maintained. BFPP investigates the following DHS programs:

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

BFPP has regional offices in Harrisburg, Philadelphia, Pittsburgh, and Wilkes-Barre. BFPP staff also are stationed in or assigned to work with DHS staff in every Pennsylvania county. Additionally, BFPP staff work with Child Care Information Services (CCIS) agencies across the Commonwealth to investigate potential fraud in the DHS Subsidized Child Care Program.

Field Investigation Program

Individuals applying or re-applying for public assistance must submit truthful, complete, and accurate information. When a DHS caseworker or CCIS eligibility specialist suspects an applicant or recipient has provided inaccurate, inconsistent, or incomplete information, they make an investigative referral to OSIG. OSIG Investigators then conduct an investigation to verify the circumstances of the applicant or recipient. OSIG provides the results of the investigation to the DHS caseworker or CCIS eligibility specialist, who then uses the information to determine whether benefits should be authorized, continued, denied, or reduced.

Fraud Investigation Program

BFPP's Fraud Investigation Program focuses on individuals who fraudulently received public assistance benefits to which they were not entitled. Pennsylvania law prohibits the fraudulent receipt of benefits.

Individuals who commit public assistance fraud face criminal charges, payment of court costs and fines, and disqualification from receiving future benefits.

When a DHS caseworker or CCIS eligibility specialist discovers that an overpayment has occurred, they forward the information to OSIG. BFPP staff conduct an investigation to determine whether the case contains the elements of public assistance fraud. If it does, BFPP staff file police criminal complaints with the appropriate Magisterial District Judge. Once public assistance fraud charges are filed, the case moves through the Commonwealth's court system.

Supplemental Nutrition Assistance Program — Trafficking

BFPP's Operations Support Division provides investigative services to the U.S. Department of Agriculture's (USDA) Food and Nutrition Services (FNS), local law enforcement agencies and the USDA 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 cigarettes, drugs, or other non-allowable goods. The store owner will then redeem the benefits or use the EBT card to make purchases for the store owner's benefit.

Public Assistance Fraud Tipline

OSIG is committed to identifying and eliminating fraud, waste, and abuse in public assistance programs. As part of that commitment, OSIG operates a toll-free Public Assistance Fraud Tipline at 1-800-932-0582. Concerned citizens can use the Tipline to report suspected public assistance fraud. OSIG also receives public assistance fraud tips via an online reporting system available at www.OSIG.pa.gov, through the U.S. mail, and via fax. Tips may include information on a benefit recipient's unreported income and resources or incorrectly reported household composition, all of which may affect eligibility for public assistance. Each tip received is carefully reviewed and, if appropriate, investigated by BFPP staff. When an investigation reveals information that impacts a recipient's eligibility, OSIG sends this information to DHS.

Administrative Disqualification Hearings

When an individual has committed an Intentional Program Violation (IPV) in the TANF, SNAP or SCC program but criminal prosecution is not an option, OSIG can pursue the case through an Administrative Disqualification Hearing (ADH).

Individuals facing the ADH process may waive their right to a hearing, which means they accept the disqualification penalties and agree to repay improperly received benefits. Otherwise, they will have a hearing before an Administrative Law Judge who will evaluate the evidence and render a decision. Individuals found guilty of committing an IPV are ordered to pay restitution and are disqualified from receiving future benefits. The disqualification penalties imposed through the ADH process are the same as those imposed in criminal proceedings.

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 Pennsylvanians who are elderly or have disabilities receive the care they need.

When DHS discovers that an individual or their personal representative failed to report income or assets that affect their eligibility for LTC benefits, the possible overpayment is referred to OSIG for investigation and collection. If the investigation determines that the elements of public assistance fraud exist, OSIG will file criminal charges. If there is no fraud, OSIG will recover by civil action the amount of the overpayment. OSIG's legal staff will initiate civil court actions to obtain repayment, if necessary.

Program Integrity

The Program Integrity Office (PIO) works collaboratively with DHS to eradicate abuses within public assistance programs and operations to prevent public assistance fraud and waste. This unit acts as the agency's liaison to DHS and works with DHS's Program Integrity Office and Office of Income Maintenance.

OSIG's participation in DHS work groups and projects related to program integrity initiatives has strengthened the partnership between the two agencies.

The PIO is currently working on a method to fully automate all client manual overpayment notice functions to make the process more accurate and efficient.

Greater cooperation and teamwork between OSIG and DHS are enhancing the efficiency and effectiveness of both agencies' fraud-fighting efforts and OSIG's collection of restitution from offenders.

Collections

Individuals who are found guilty of public assistance fraud, or who have committed an Intentional Program Violation through the ADH process, are ordered to make restitution to OSIG. However, not all collections by OSIG involve public assistance fraud or come through the ADH process. Regulations state that all overpaid benefits, regardless of whether fraud occurred, must be repaid to the Commonwealth. OSIG collects all benefit overpayments for DHS.

Bureau of Administration, Policy, and Training

The Bureau of Administration, Policy, and Training (BAPT) operates as a support bureau to OSIG 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. BAPT 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.

Budget Division

The Budget Division manages OSIG's budget and procurement process. This includes processing orders and purchases with contracted vendors; serving as 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 and provides support in mail and courier services, agency vehicles, building issues and leases, space allocation, equipment, supplies, and access badges.

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.

Training Division

The Training Division offers training to all new OSIG employees and an extensive program for all new investigators. In addition, the division provides existing staff 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 OSIG and promotes the agency to potential future employees.

Policy Division

The Policy Division provides program support not only to the bureaus within OSIG 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 OSIG staff; responding to policy questions as well as non-policy related questions; preparing; designing and developing statewide promotional materials; and developing processes and procedures for other Commonwealth agencies' use when dealing with operations that affect OSIG.

Bureau of External Affairs

The Bureau of External Affairs (BEA) is a vital division within OSIG, as it handles a wide range of external communications and public relations responsibilities. These responsibilities include legislative affairs, public policy, press relations, and digital communications, all of which play a crucial role in shaping the agency's public image and communicating its message to the public and government stakeholders.

Legislative affairs is one of BEA's most important responsibilities. This involves working with state legislators and staff to shape policy and laws related to OSIG's mission. BEA may work to promote the agency's legislative agenda, attend hearings, and work with other government agencies to advance the agency's goals. This work is crucial in ensuring that the agency has the necessary resources and support to carry out its mission effectively.

Public policy is another important aspect of the bureau's work. BEA is responsible for developing OSIG's legislative and policy agenda, as well as analyzing and commenting on proposed legislation and regulations that may impact the agency's mission. BEA may also work with other government agencies and organizations to develop policy recommendations and best practices. This work helps to ensure that OSIG's policies align with the public interest, and that the agency is held accountable for its actions.

BEA is also responsible for communicating OSIG's message to the media and responding to media inquiries. This includes developing and distributing press releases, preparing and providing background information to reporters, and arranging interviews with agency officials. BEA also plays an important role in crisis communication, ensuring that the agency's message is communicated accurately and effectively in times of crisis.

Digital communications, such as the agency's website and social media accounts, are also under the purview of BEA. BEA is responsible for creating and maintaining the agency's digital presence, including website design, content creation, and social media management. This helps the agency to engage with the public and stakeholders, provide information about the agency's mission and work, and respond to feedback and inquiries.

BEA plays a critical role in shaping the agency's public image and communicating its message to the public and government stakeholders. BEA works in coordination with the Governor's office to ensure that the agency's legislative, public policy, press, and digital communications efforts are aligned, effective, and responsive to the needs of the public and government stakeholders. BEA's work is crucial in ensuring that the agency has the necessary resources and support to carry out its mission effectively and that the agency is held accountable for its actions.

Office of Chief Counsel

The OSIG Office of Chief Counsel (OCC) has attorneys in Harrisburg and Philadelphia. OCC provides legal advice to the Inspector General and OSIG.

OSIG's attorneys actively participate in all aspects of Bureau of Special Investigations (BSI) investigations. They interview witnesses; review and analyze investigative materials to identify potential civil, criminal, and administrative violations; recommend investigative activity; and draft OSIG investigative reports and other investigation-related summarization documents. They represent the interests of OSIG and client agencies in administrative hearings and before state and federal courts.

OSIG attorneys provides legal assistance to BFPP in recovering fraudulently obtained public benefits, particularly in the Long-Term Care programs. They represent OSIG and BFPP personnel in civil lawsuits filed to recover overpayments in such benefit programs as medical assistance, cash assistance and SNAP. They also provide legal assistance to BFPP in its public assistance fraud prosecution and administrative disqualification hearing initiatives.

OCC attorneys draft and review proposed agency policies, legislation, and regulations affecting OSIG programs. They assist with agency contracting, information technology, and human resource issues; respond to informal requests for public information; assist in preparation of OSIG investigation and post-investigation hearings, along with any post-investigation legal matters.

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 public assistance fraud against an individual or business by calling toll-free:

1-800-932-0582

Send written information to the following addresses:

Public Assistance Fraud Tips:

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

Government Fraud Tips:

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

<http://www.osig.pa.gov>

All calls and correspondence are confidential



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Providing investigative services for Pennsylvania's citizens for nearly 30 years