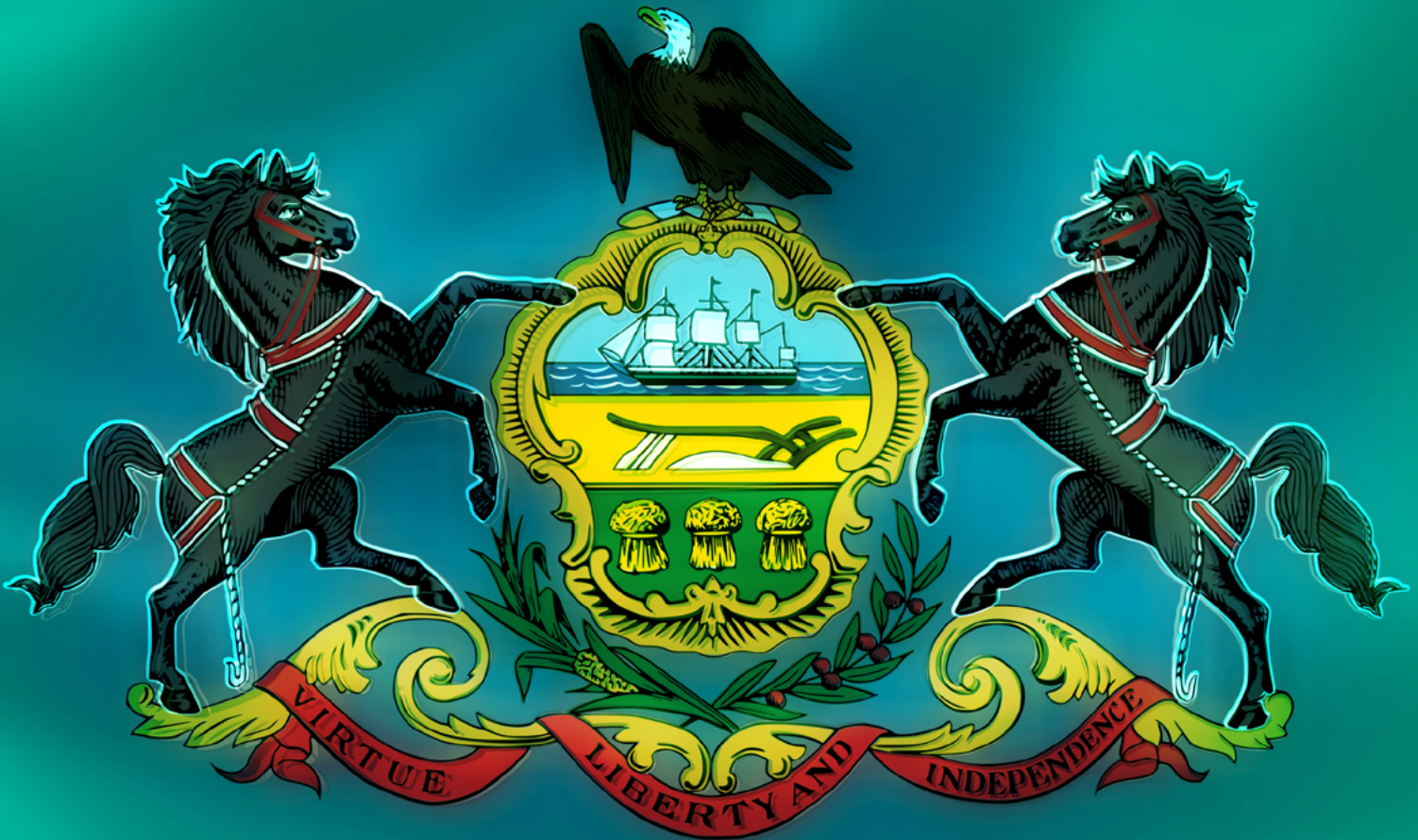


Office of Inspector General

ANNUAL REPORT

Fiscal Year 2015 - 2016



Integrity | Ethics | Accountability

Integrity ★ Ethics ★ Accountability





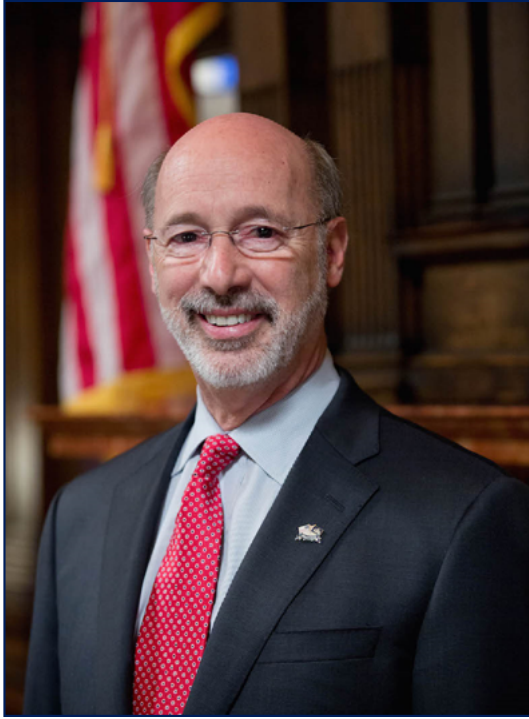
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A Message from Governor Tom Wolf



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. That's why in 2015 I directed the Office of Inspector General to, for the first time, publish public summaries of its investigations.

The mission of the Office of Inspector General 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 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

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

Governor



Inspector General's Message

This Fiscal Year 2015-16 Annual Report for the Pennsylvania Office of Inspector General (OIG) reflects the agency's twin missions.

The OIG was created in 1987 to deter, detect, prevent and eradicate fraud, waste, misconduct and abuse in the operations of all agencies under the Governor's jurisdiction. These efforts protect the integrity and ensure the public accountability of the commonwealth's government.

In addition, 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).



Inspector General
Bruce R. Beemer

The following pages document the thousands of complaints and investigative requests pursued by the OIG in just one 12-month period. The OIG is fortunate to have some of the finest investigators, agents and other staff dedicated to its mission. Their diligence and persistence are responsible for recouping tens of millions of dollars for the commonwealth each year, helping ensure that the state's public assistance resources are disbursed to those Pennsylvanians who truly need and benefit from them and maintaining the integrity and effectiveness of state government.

As Inspector General, I am proud of all that this agency has contributed toward achieving and maintaining Governor Wolf's goal of "a government that works" for all Pennsylvanians. In addition, the OIG is committed to the Governor's directive to maximize service to the commonwealth while recognizing the need to do so with fewer resources.

The OIG will continue to use the latest investigative methods and tools in fulfilling its mission to safeguard integrity, accountability and public confidence in commonwealth government.

Sincerely,

A handwritten signature in blue ink that reads "Bruce R. Beemer".

Bruce R. Beemer



Meet the Inspector General

Biography

Bruce R. Beemer was appointed Inspector General by Governor Tom Wolf on July 25, 2016. On August 30, 2016, he was unanimously confirmed by the state Senate and sworn in as Attorney General after Governor Wolf nominated him to fill a vacancy in that office. Beemer resumed his tenure as Inspector General on January 17, 2017, when newly elected Attorney General Josh Shapiro was sworn in.

Prior to joining the Office of Inspector General, Beemer served as First Deputy in the Pennsylvania Office of the Attorney General, where he oversaw the day-to-day operations of the Criminal, Civil and Public Protections Divisions.

Beemer previously served as a Deputy District Attorney in the Allegheny County District Attorney's Office. After joining that office as an Assistant District Attorney in 1996, he worked in the Crimes Persons, Narcotics and Homicide Trial Units where he tried more than 100 jury trials and prosecuted more than 75 homicide cases. He was responsible for several gang-related prosecutions within the City of Pittsburgh involving multi-jurisdictional coordination with state and federal agencies.

In 2005, Beemer was made supervisor of the District Attorney's General Trial Unit and Summary Appeals Unit. He managed

more than 30 prosecutors in the office and regularly advised city, county and municipal police departments on legal issues relating to active investigations. He trained police officers and prosecutors on behalf of the Municipal Police Officer Training and Education Center, the Allegheny County Police Academy and the Pennsylvania District Attorneys Association.

From 2005 to 2010 Beemer was an Adjunct Professor at the University of Pittsburgh's School of Law, where he taught trial advocacy to third-year law students. He served as a Board Member for the Center for Victims of Violent Crime from 2010 to 2013.

In 2010, Beemer left the Allegheny County District Attorney's Office to engage in a private practice focused on plaintiff environmental toxic tort cases and white-collar criminal defense. In late 2011, he was appointed Chief of Staff for the Pennsylvania Office of Attorney General and, in 2013, he was appointed Chief of Criminal Prosecutions. In 2014, he was appointed First Deputy.

Beemer graduated summa cum laude in 1992 from the University of Scranton and, in 1995, from the University of Pittsburgh School of Law. He lives just north of Pittsburgh in Bradford Woods. He and his wife, Jodi, have two children.



Introduction



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 in all agencies under the Governor’s jurisdiction.

About the Office of Inspector General



The OIG was 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.”



Since 1994, the OIG also 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).

Executive Staff

David P. Todd

Deputy Inspector General

Althia O. Bennett

Chief Counsel

Shelley L. Lawrence

Executive Assistant, Program Integrity Office

Steven E. Bear

Director of Special Investigations

Lucas M. Miller

Director of Fraud Prevention & Prosecution

Melissa K. Yerges

Director of Administration, Policy & Training

William S. Barrett

Director of Information Systems



Fiscal Year Accomplishments

In FY 2015-2016, the OIG:

Saved the commonwealth more than \$90.6 million through its welfare fraud prevention activities by investigating 26,733 applications for public assistance benefits.

Saved the commonwealth nearly \$12.00 in cost savings and collections for every \$1 spent on investigative activities.

Saved the commonwealth \$1.5 million through the disqualification of future benefits for recipients criminally prosecuted for welfare fraud.

Collected for the commonwealth treasury more than \$1.6 million in restitution and saved the commonwealth \$986,230 by disqualification of individuals found, through the administrative hearing process, to have committed an intentional program violation.

Collected for the commonwealth treasury \$3.1 million in restitution by filing 731 criminal complaints, charging defendants with welfare fraud for unlawfully obtaining benefits.

Collected for the commonwealth \$9.3 million in restitution for Long-Term Care (LTC) benefit overpayments and avoided another \$2.8 million in future LTC benefit costs.

Collected for all benefit programs in excess of \$23 million for the commonwealth.

Received 547 complaints and investigative requests that resulted in 76 investigations into possible fraud, waste, abuse and misconduct in state agencies.

Conducted 283 pre-employment background investigations for executive-level appointments and other positions of trust in state government.



Bureau Summaries

BUREAU OF SPECIAL INVESTIGATIONS



In FY 2015-16, BSI received 547 complaints and investigative requests, resulting in 76 investigations into possible fraud, waste, abuse and misconduct in state agencies.

In FY 2015-16, BSI conducted 283 pre-employment background investigations for executive-level appointments and other positions of trust in state government.



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 works closely with the OIG attorneys to identify and eliminate 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 private citizens, state employees and commonwealth officials. BSI also initiates its own investigations. Complaints can be submitted through the OIG website, via the telephone hotline or in writing. BSI reviews all complaints received. Some complaints lead to extensive and complex investigations, while others may be referred to another state agency better-suited to address the complaint. Or, after a preliminary inquiry fails to substantiate the allegations, the complaint may be closed. 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 state government's effectiveness by conducting

program reviews when problems are suspected in a work process or program. In these cases, BSI conducts a complete review in an effort to improve transparency, effective delivery of services, 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 a report, when appropriate, 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's investigations and program reviews have prompted positive changes and served as a deterrent to future misconduct. Wrongdoers have been disciplined, prosecuted and removed from commonwealth employment. Investigations also have led to important reforms of commonwealth operations, resulting in increased accountability and effectiveness.



Bureau Summaries

BSI also conducts pre-employment background investigations for executive-level appointments and other positions of trust within the commonwealth, including:

- **Abuse of Work Hours**
- **Misuse of State Government 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

Bruce R. Beemer
Inspector General



Bureau Summaries

SIGNIFICANT CASES

Improper Acceptance of a Gift Violation of Gift Ban

An Acting Chief Counsel of a state agency asked the OIG to investigate allegations that a former director of the agency accepted a golf trip from a vendor. The complainant wanted to know if the alleged golf trip occurred and, if so, whether it violated the Governor’s Code of Conduct related to the “Gift Ban.” The OIG investigation determined that the agency director did go on a golf trip organized by a vendor, and the vendor had paid for many of the trip’s expenses. The OIG estimated the golf trip cost at least \$1,340 per person. The agency director was unable to provide evidence of paying for any of the trip.

The OIG issued an Investigative Report to the agency for appropriate action. The agency director retired.

Abuse of Commonwealth Equipment & Resources

No Supplementary Employment Approval

Abuse of Official Work Hours

Conflict of Interest

The Executive Director of a state agency asked the OIG to investigate employees for alleged unreported supplementary employment and for using agency work time, equipment and resources to perform the unreported supplementary employment. These alleged violations occurred approximately 10 years ago.

The OIG investigation determined that a management employee, a supervisor and three additional workers failed to obtain supplementary employment approval. The management employee and supervisor also conducted the supplementary work on commonwealth time, using commonwealth resources and equipment. The investigation further found that the management employee signed official paperwork for the agency, which was an apparent conflict of interest with the employee’s supplementary employment. A follow-up review showed that the management employee and supervisor resigned in lieu of termination.





Bureau Summaries

SIGNIFICANT CASES

The following cases represent a sample of the many types of cases BSI investigated during FY 2015-16:

No Supplementary Employment Approval

The OIG received a complaint from the Acting Chief Counsel of a state agency alleging that an employee had been working at a facility outside the agency for approximately 10 years without obtaining supplementary employment approval. The complainant also alleged that the employee used agency email and information technology resources to perform work for the other facility. The employee admitted, to agency co-workers, submitting reports for the facility to the agency, putting inaccurate information on reports and improperly performing job-related duties at the agency.

The OIG investigation determined that the employee had engaged in supplementary employment with the facility for 10 years without the agency's authorization, and at least a portion of this supplementary employment occurred during agency work hours. The OIG found examples where the employee acted as a representative of the facility, which was regulated by the agency, and submitted required regulatory information to the agency concerning the facility. The employee admitted in a voluntary statement putting false information on documents and reports that the supplementary employer submitted to the agency. The OIG confirmed that the employee used a commonwealth computer and email to submit time sheets to the facility and facility reports to the agency. The OIG discovered that the employee used an assigned commonwealth fleet vehicle to travel to the facility to work there. The OIG also found a pornographic-related document in the employee's agency work space.

The OIG issued an Investigative Report to the agency for appropriate action. A follow-up review showed the employee resigned employment with the commonwealth.

Abuse of Official Work Hours

The OIG received an anonymous complaint alleging that a high-ranking employee of a state agency was frequently out of the office and did not take leave for these absences. The complainant also alleged that the employee conducted personal business during normal work hours. The OIG investigation determined that the employee failed to take leave, as required by commonwealth employment policies. The OIG also discovered a small number of emails related to matters involving the employee's personal business that were sent from the employee's commonwealth email account to two personal email accounts associated with the employee. The OIG did not find any other evidence that the employee was conducting personal business during work hours.

The OIG issued an Investigative Report to the agency for appropriate action. Agency officials met with the employee, who acknowledged a misinterpretation and misunderstanding on their part regarding the commonwealth's rules and policies pertaining to leave. The agency required the employee to deduct 80.75 hours from the employee's leave balance.

Improper Access to Commonwealth Client Files

The OIG received an anonymous complaint alleging that an employee of a state agency improperly accessed a client's file and used information in the file for a child support action against the client.

During the OIG's investigation, the employee admitted to accessing the client's records to make sure the client was not claiming the employee's son for any benefits or using the son's Social Security number for any reason.

The OIG issued an Investigative Report to the agency for appropriate action. A follow-up review showed the employee resigned employment with the commonwealth.



Bureau Summaries

BUREAU OF FRAUD PREVENTION AND PROSECUTION

The OIG's Bureau of Fraud Prevention and Prosecution (BFPP) investigates and prosecutes welfare 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)

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.

BFPP activities fall into five main categories:

Field Investigation partners with DHS caseworkers and CCIS eligibility specialists to help ensure that only eligible individuals receive public assistance benefits.

Fraud Investigation pursues individuals who wrongfully obtain public assistance benefits by providing false information or failing to report changes in their circumstances.

SNAP Trafficking investigates individuals who illegally sell or exchange their SNAP benefits.

Collections works to recover overpaid public assistance benefits.

Program Integrity aids and supports the continued development and success of DHS' integrity initiatives, as well as the OIG's own internal processes.



Bureau Summaries

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 the OIG. Welfare Fraud Investigators then conduct an investigation to verify the circumstances of the applicant or recipient. The OIG 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 and individuals

In FY 2015-16, BFPP's Field Investigation Program conducted 26,733 investigations which saved the commonwealth over \$90.6 million in welfare benefits that would have been incorrectly paid.

who commit welfare 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 the OIG. BFPP staff investigate to determine whether the case contains the elements of welfare fraud. If it does, BFPP staff file a private criminal complaint with the local district attorney’s office. Once welfare fraud charges are filed, the case moves through the commonwealth’s court system.

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.

In FY 2015-16, the OIG filed 731 criminal complaints for a total restitution amount of \$3.1 million.



Bureau Summaries

Welfare fraud prosecution 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, the commonwealth realizes cost savings when the OIG successfully prosecutes a defendant for welfare fraud, as the

defendant is disqualified from receiving future benefits. Defendants can be disqualified from the TANF, SNAP and SCC programs. State and federal regulations set the duration of benefit disqualification, which depends on the program defrauded and the defendant's number of previous offenses.

In FY 2015-16, the OIG saved the commonwealth \$1.5 million through the disqualification of individuals successfully prosecuted for welfare fraud.

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) and 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 at full value from FNS. Store owners found to have engaged in SNAP trafficking will be disqualified from participating as a SNAP-approved vendor. Recipients alleged to have trafficked their SNAP benefits may face criminal prosecution or

administrative hearings. If found guilty, they must repay those benefits and are disqualified from receiving SNAP benefits for a prescribed period of time.

Welfare Fraud Tipline

The OIG is committed to identifying and eliminating fraud, waste and abuse in public assistance programs. As part of that

commitment, the OIG operates a toll-free Welfare Fraud Tipline at 1-800-932-0582. Concerned citizens use the Tipline to 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 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 which impacts a recipient's eligibility, the OIG sends this information to DHS.

During FY 2015-16, the Welfare Fraud Tipline received 10,209 calls reporting suspected welfare fraud. BFPP also processed 6,945 welfare fraud tips via the OIG website and 391 tips via U.S. Mail.



Bureau Summaries

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, the OIG can pursue the case through an Administrative Disqualification Hearing (ADH).

Individuals facing 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. 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.

In FY 2015-16, the OIG initiated 742 administrative disqualification actions that resulted in \$1.6 million in restitution and saved the commonwealth \$986,230 by disqualifying individuals who committed a program violation.

The disqualification penalties imposed through the ADH process are the same as those imposed in criminal proceedings.

Long Term Care

In FY 2015-16, the OIG collected \$9.3 million in restitution for long-term care (LTC) benefit overpayments and avoided another \$2.8 million in future LTC benefit costs.

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 affects their eligibility for LTC benefits, the possible overpayment is referred to the OIG for investigation and collection. If the investigation determines that the elements of welfare fraud exist, the OIG will file criminal charges. If there is no fraud, the OIG will recover the amount of the overpayment. The OIG's legal staff will initiate civil court actions to obtain repayment, if necessary.

Collections

Individuals who are found guilty of welfare fraud, or who have committed an IPV through the ADH process, are ordered to make restitution to the OIG. However, not all collections by the OIG involve welfare fraud or come through the ADH process. Regulations state that all overpaid benefits, regardless of whether fraud occurred,

In FY 2015-16, total collections in all programs exceeded \$23 million.

must be repaid to the commonwealth. The OIG collects all benefit overpayments for DHS.



Bureau Summaries

SIGNIFICANT CASES

DHS regulations require that applicants for public benefits truthfully disclose all circumstances of their current situation, and regularly report any material changes to it, such as household composition, amount of income received by those in the household, employment status, and ownership of resources and property. The following cases are examples, from each region, of OIG investigations in FY 2015-16 of benefit recipients who did not report true and correct information to DHS:

Southeast Region:

Daycare Owner Gets Jail for Welfare Fraud, Other Offenses

OIG and Pennsylvania State Police investigators found that the owner of three Philadelphia child care centers had illegally received \$9.36 million in child care subsidy payments from the state for fraudulent billings. The defendant falsified applications to operate child care facilities by willfully failing to disclose multiple felony convictions, including an illegal drug distribution-related offense. The defendant pleaded guilty to welfare fraud, forgery, theft by deception and tampering with public records in the fall of 2015 and was sentenced on March 17, 2016, to 11 ½ to 23 months in county jail, plus 20 years of probation, and was ordered to pay \$900,000 in restitution.

Daycare Owner Pleads Guilty to Welfare Fraud

In November 2015, the OIG filed welfare fraud charges against the owner of a southeast Pennsylvania child care center for intentionally underreporting income received from the center to the county assistance office. The defendant pleaded guilty to felony welfare fraud in April 2016 and was ordered to make restitution in the amount of \$73,082. The defendant was disqualified from receiving SNAP benefits for 12 months and was placed on probation for seven years.

Northeast Region:

OIG Recoups Unreported Assets in Long-Term Care Case

An OIG investigation determined that a client in northeast Pennsylvania failed to report two Individual Retirement Accounts worth a total of \$53,706 when applying for Long-Term Care – Medical Assistance benefits. The commonwealth had expended \$179,645 on the client's care. The OIG established a claim and collected the entire amount in the IRAs to reimburse the commonwealth.

Central Region:

Client Fails to Report Spouse Living in Household

In January 2015, the OIG filed welfare fraud charges against a central Pennsylvania resident who failed to report living with a spouse from September 2008 through March 2012. The spouse's annual income of more than \$90,000 caused an overpayment of SNAP, cash, and medical assistance benefits totaling \$76,564. The defendant pleaded guilty to felony welfare fraud and was ordered to make full restitution and serve three years of probation. The defendant also was disqualified from receiving SNAP benefits for 24 months and cash assistance for 12 months.



Bureau Summaries

SIGNIFICANT CASES

Western Region:

OIG Uncovers Subsidized Day Care Fraud

The OIG filed welfare fraud charges in 2014 and 2015 against a defendant who failed to report to a western Pennsylvania county assistance office and subsidized child care agency the defendant's marriage and spouse's income between November 2007 and January 2013. Consequently, the defendant was overpaid \$48,230 in SNAP and subsidized child care benefits. In January 2016, the defendant made full restitution of the overpaid SNAP benefits and was disqualified from receiving SNAP benefits for 12 months. In June 2016, the defendant pleaded guilty to welfare fraud charges for the subsidized child care overpayment and was ordered to pay restitution, serve five years of probation and perform 200 hours of community service. The defendant also was disqualified from receiving subsidized child care benefits for six months.

Headquarters:

SNAP Trafficking Probe Leads to Disqualifications

In June 2016, the OIG filed an administrative charge against a Philadelphia defendant for committing an intentional program violation by trafficking \$7,837 in SNAP benefits between July 2013 and April 2014. After an Administrative Disqualification Hearing found in favor of the commonwealth, the defendant was ordered to pay full restitution and was disqualified from receiving SNAP benefits for 12 months.

The store in Philadelphia that was engaged in trafficking the defendant's SNAP benefits was disqualified from participating in the SNAP program by the United States Department of Agriculture's Food and Nutrition Service.





Bureau Summaries

PROGRAM INTEGRITY OFFICE

The Program Integrity Office (PIO) works collaboratively with DHS to eradicate abuses within public assistance programs and operations to prevent welfare fraud and waste. The OIG's Special Assistant for DHS Affairs, who acts as the agency's liaison to DHS and works with its Program Integrity Office and Office of Income Maintenance, oversees the PIO.

The OIG's participation in DHS work groups and projects related to program integrity initiatives has strengthened the partnership between the two agencies. In FY 2015-2016, PIO and other OIG staff teamed up with DHS staff to review risk-management and mine SNAP recipient EBT data, which potentially can uncover trafficking trends and schemes in benefit transactions. A new collaborative process with local law enforcement is being developed to give OIG investigators more flexibility in selecting stores to investigate and prosecuting offenders.

The OIG and DHS also are working on an electronic referral process to route DHS requests for field investigations of applicants and recipients to the OIG, and then return to DHS the OIG's investigative results. These findings assist in determining eligibility for benefits. This new streamlined process will allow better tracking of referrals and enhanced reporting functions for DHS, and may decrease the turnaround time of investigative results in counties where no full-time OIG investigator is present.

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





Bureau Summaries

CHIEF COUNSEL'S OFFICE

Chief Counsel Althia O. Bennett heads the OIG Office of Chief Counsel (OCC), which has attorneys in Harrisburg, Philadelphia and Pittsburgh. OCC provides legal advice to the Inspector General and the OIG. Attorneys actively participate in all aspects of BSI investigations; interview witnesses; review and analyze investigative materials to identify potential civil, criminal and administrative violations; recommend investigative activity; and draft OIG investigative reports and other investigation-related summarization documents. They represent the interests of the OIG and client agencies in administrative hearings, and before state and federal courts.

OCC attorneys provide legal assistance to BFPP in recovering fraudulently obtained public benefits, particularly in the Long-Term

Care programs. They represent OIG and BFPP personnel in civil lawsuits filed to recover overpayments in such benefit programs as medical assistance, cash assistance and the Supplemental Nutrition Assistance Program. They also provide legal assistance to BFPP in its welfare fraud prosecution and administrative disqualification hearing initiatives.

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

BUREAU OF INFORMATION SYSTEMS

The Bureau of Information Systems (BIS) provides for the Information Technology (IT) needs of the OIG, which include:

- **Desktop and laptop computers, tablets, and telecommunication devices.**
- **Support of personal computer and server hardware, and commercial and custom software.**
- **Network infrastructure configuration, development, support, and management.**

BIS is organized into three divisions that provide the following functions:

- **Information Technology Division** - Provides desktop hardware and commercial software support and telecommunication services for agency staff, and maintains servers and network infrastructure. Also provides helpdesk services to agency users throughout the commonwealth.
- **Applications Development and Support Division** – Develops, enhances, and maintains the full range of agency web-based applications.
- **Business Applications Development Division** – Manages the development of custom applications with business impact that interface with other state and federal entities.



Bureau Summaries

During FY 2015-16, BIS focused on application development and security, working to ensure that web-based applications meet agency needs, and systems are current and secure. Efforts continued to expand the OIG's notice generation project with DGS to increase the ease-of-notice modification and upkeep, and to allow agency staff to easily access notices in existing systems. Additionally, BIS began evaluating hardware and software solutions to enhance agency mobility, which will allow staff to easily work from multiple or new locations in future years.

BUREAU OF ADMINISTRATION, POLICY AND TRAINING

The Bureau of Administration, Policy and Training (BAPT) supports OIG employees by providing supplies and equipment, negotiating contracts and services, administering all fiscal budgetary matters, overseeing personnel actions and employee relations, and training 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 coordinates all personnel management activities, which include but are not limited to recruitment, hiring, workplace injury procedures, human resource policy development, labor relations, employee discipline, time-keeping and leave management. The division coordinated 22 hires and nine internal promotions in FY 2015-16.

Budget Division

The Budget Division manages the OIG's budget and procurement; processes orders and purchases with contracted vendors; serves as liaison to vendors for payments and purchases; prepares the budget, including personnel and operating projections; and approves all personnel actions and purchases in accordance with the budget. In FY 2015-16, the division administered a total budget of \$27.1 million.

The Division also 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.



Bureau Summaries

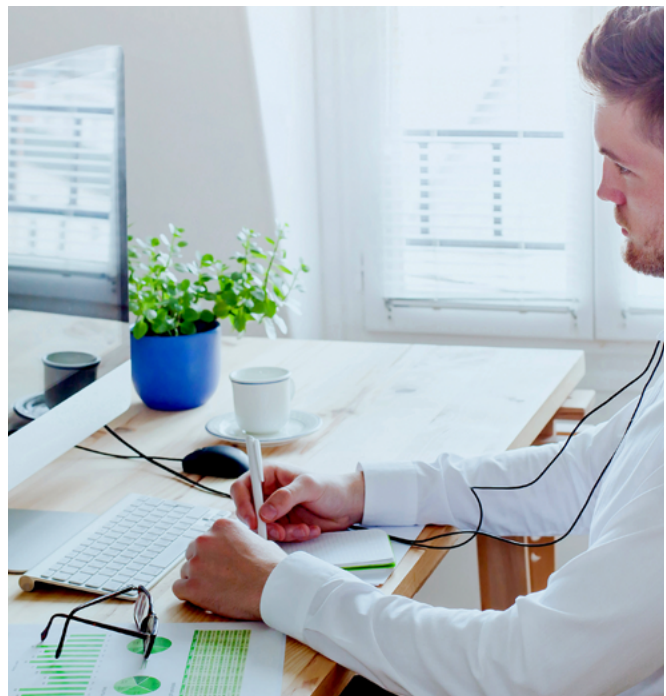
Claim Accounting Division

The Claim Accounting Division provides accounting support for the processing of monies recovered from public assistance recipients who were not entitled to the benefits they received. This includes processing paper checks received from clients who owe money, processing clerk of courts lists showing restitution made to the court, and benefit recoupment by DHS. Payments received are processed and credited to the client's overpayment claim(s) in the OIG Avoidance and Recovery System (OARS). For FY 2015-16, the Division posted 52,782 payments.

Training Division

The Training Division trains all new OIG employees and offers an extensive training program for all new investigators. In addition, the Division provides existing staff with 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 2015-16, Division staff:

- **Conducted 3,595 hours of in-house/ outreach training on various** skills and job-related topics, ranging from the Standard Training Program (STP) to Child Abuse Reporting Training;
- **Held an intensive and traditional STP** for 14 new Claims Investigation Agents and Welfare Fraud Investigators;
- **Worked with DHS' Office of Income Maintenance** to conduct informational sessions detailing our referral process to newly hired Income Maintenance Case Workers during their Income Maintenance STP and Statewide Processing Center 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 training on the Client Information System for agents and supervisors assigned to the Medicaid Fraud Section.





Bureau Summaries

Policy Division

The Policy Division supports other OIG bureaus and other Commonwealth offices and local agencies that deliver public benefits or are involved in law enforcement. Division support includes developing and issuing policies; creating forms, notices, handbooks and manuals for OIG staff; responding to policy-related questions; designing and preparing statewide promotional materials; and developing processes and procedures for other Commonwealth agencies' use when they deal with operations that affect the OIG. During FY2015-16, the Division:

- **Updated OIG procedural manuals** and client notices to ensure adherence to changes in federal regulations;
- **Worked with DHS on joint policy issues**, including Limited English Proficiency and Document Translation;
- **Began a review of the OIG's internal policy manual** to ensure continued compliance with state and federal regulations;
- **Continued to work with the OIG's Bureau of Information Systems** to update internal systems.

Saving Taxpayer Dollars

In FY 2015-16, the Division renegotiated the lease terms of the OIG's regional office in Pittsburgh.

A new five-year option was set to begin on February 1, 2016, increasing the OIG's cost per square foot from \$13 to \$15.

Before exercising the new option, the Division renegotiated the terms with the lessor so the base rate per square foot will remain \$13 for the first four years of the five-year option.

This lease renegotiation will generate \$22,564 in savings annually for the state.



Outreach

Overview

As part of its mission to ensure integrity, accountability and public confidence in Pennsylvania government, the OIG conducts outreach to commonwealth employees in agencies under the Governor’s jurisdiction, community and service organizations, and the general public.

OIG staff give educational presentations on how to recognize and report fraud, waste and abuse in state government and public benefits programs run by DHS. The OIG also seeks to provide commonwealth employees with strategies for adhering to ethical standards in their own conduct.

To complement its outreach efforts, the OIG distributes a variety of informational materials that explain the agency’s role and how to file a complaint of wrongdoing.

Training

The OIG now participates in the Office of Administration (OA) Supervisor Academy Training Series. This training series is for all newly promoted supervisors within Executive Offices. Our presentation covers the OIG and its mission and provides these employees with information on how to identify and report fraud, waste and abuse should they encounter it in their new positions.

Partnerships

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.

The regional BFPP offices ran more than a dozen trainings and refresher trainings with county DHS staff in FY 2015-16.





Staff Complement for Fiscal Year 2015-16

Total

Office of Inspector General	221
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Bureau Staffing

Executive and Legal	12
Bureau of Special Investigations	23
Bureau of Fraud Prevention & Prosecution	155
Bureau of Administration, Policy & Training	19
Bureau of Information Systems	12

Investigative Staffing

Bureau of Special Investigations

Management	3
Special Investigators	18
Investigative Support Staff	2

Bureau of Fraud Prevention & Prosecution

Management	29
Welfare Fraud Investigators	72
Claims Investigations Agents	37
Investigative Support Staff	17

Regional Staffing

Bureau of Special Investigations

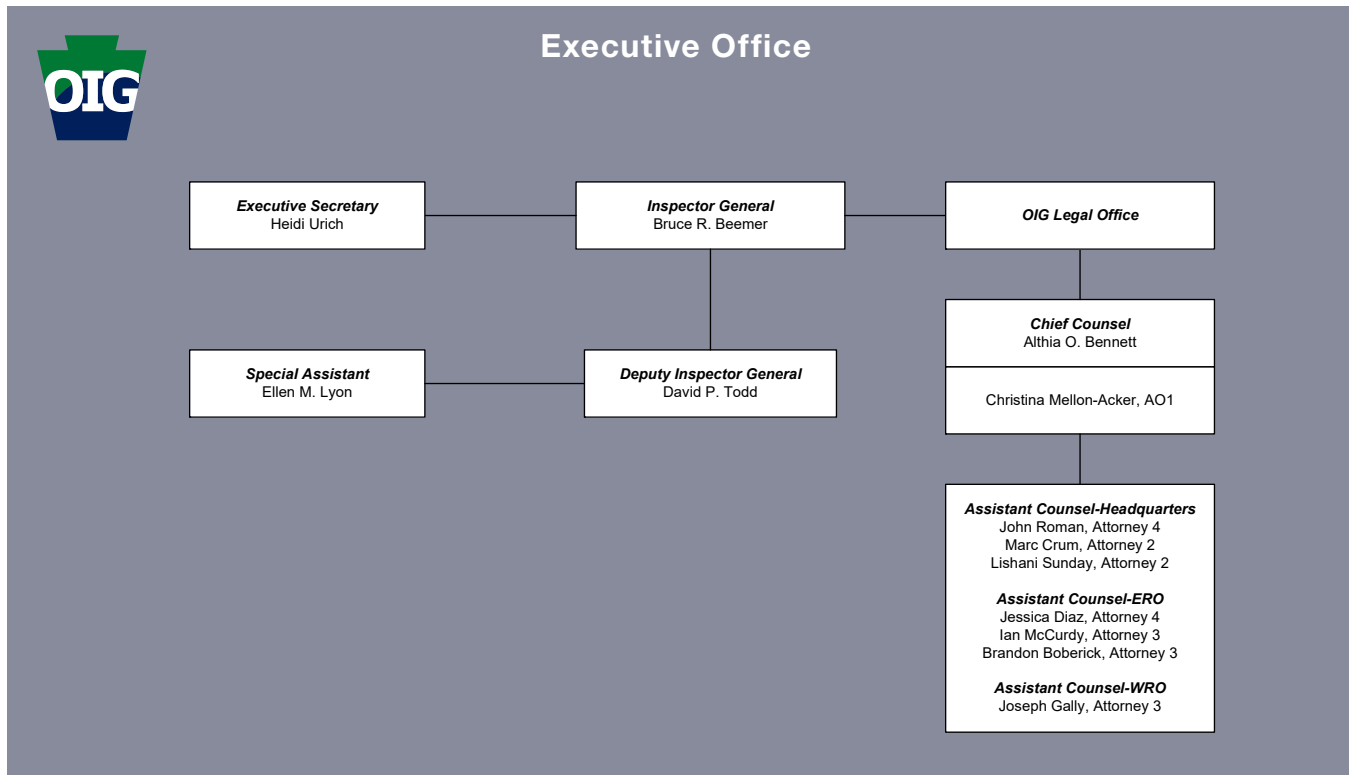
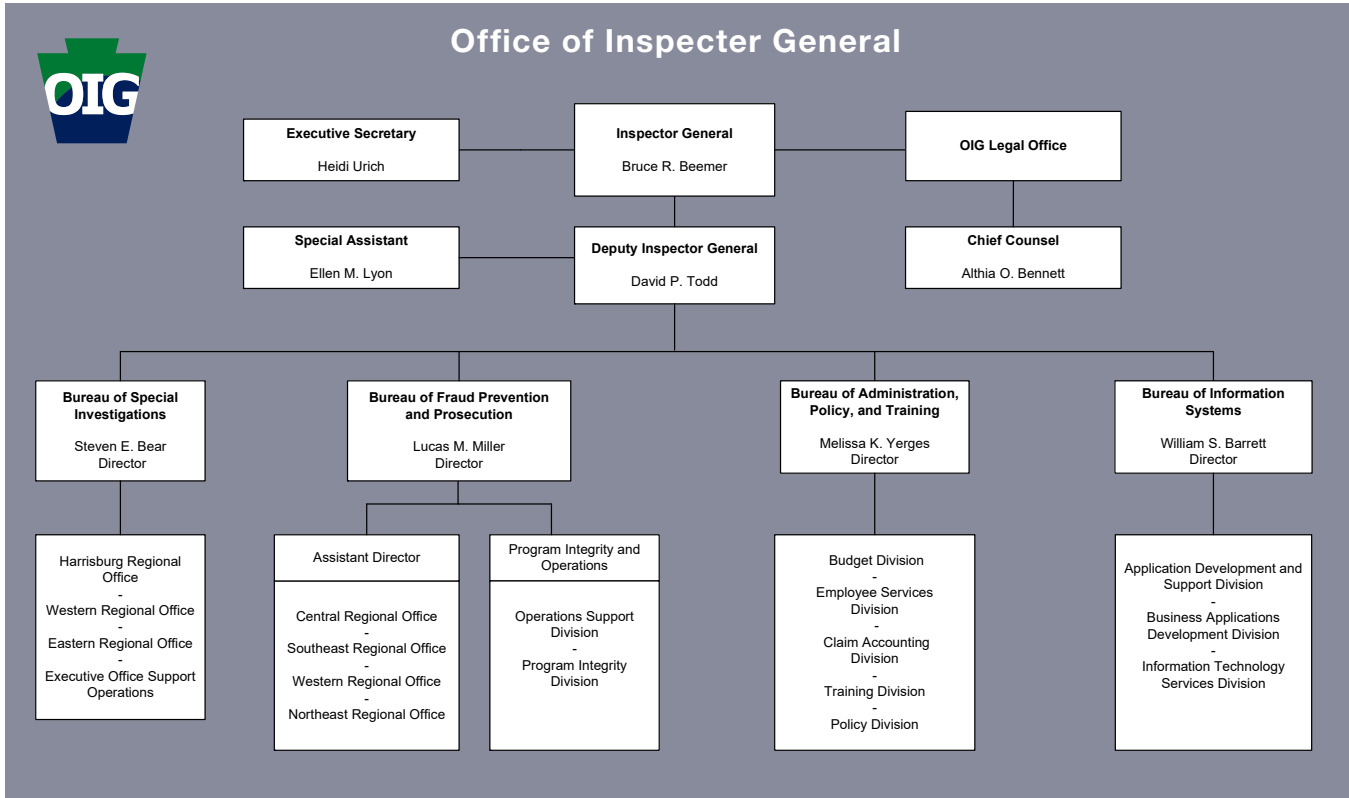
Harrisburg Headquarters	19
Western Regional Office	2
Southeast Regional Office	2

Bureau of Fraud Prevention & Prosecution

Southeast Regional Office	33
Western Regional Office	39
Central Regional Office	34
Northeast Regional Office	29



Organizational Charts



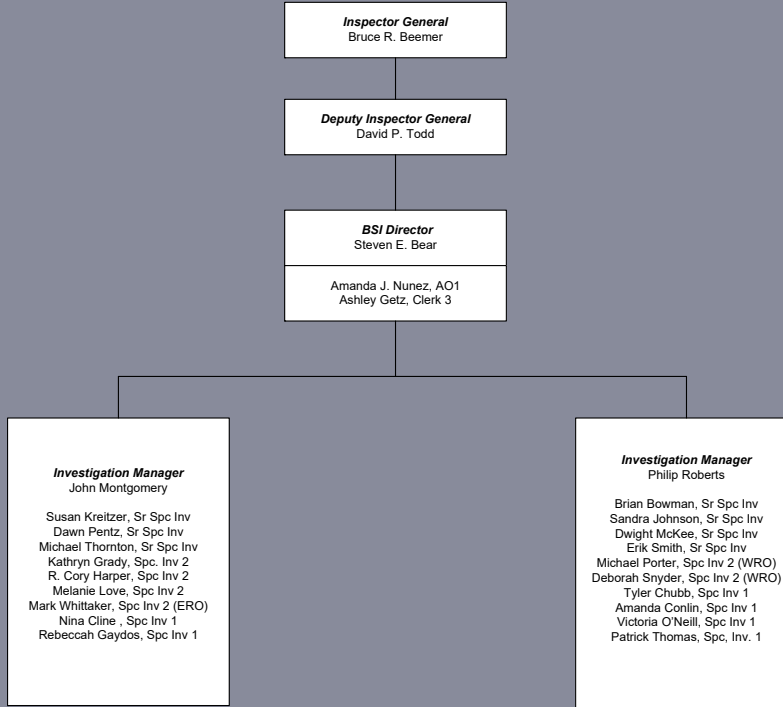
Charts reflect organizational makeup as of May 1, 2017.



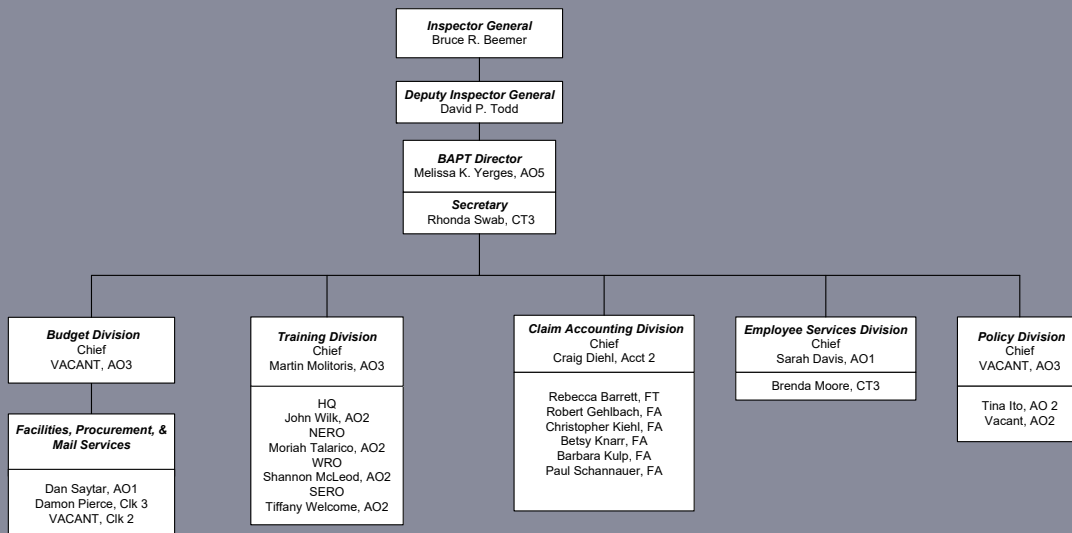
Organizational Charts



Bureau of Special Investigations



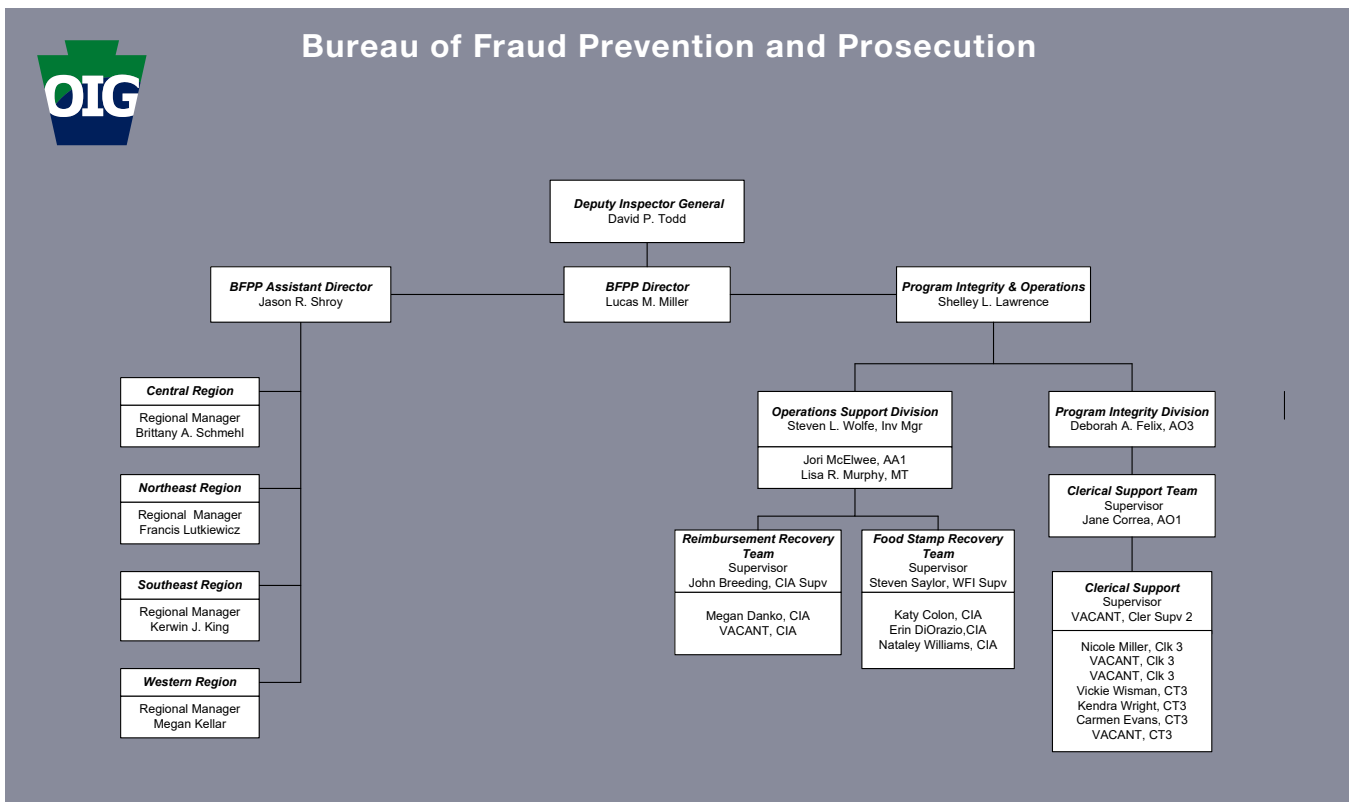
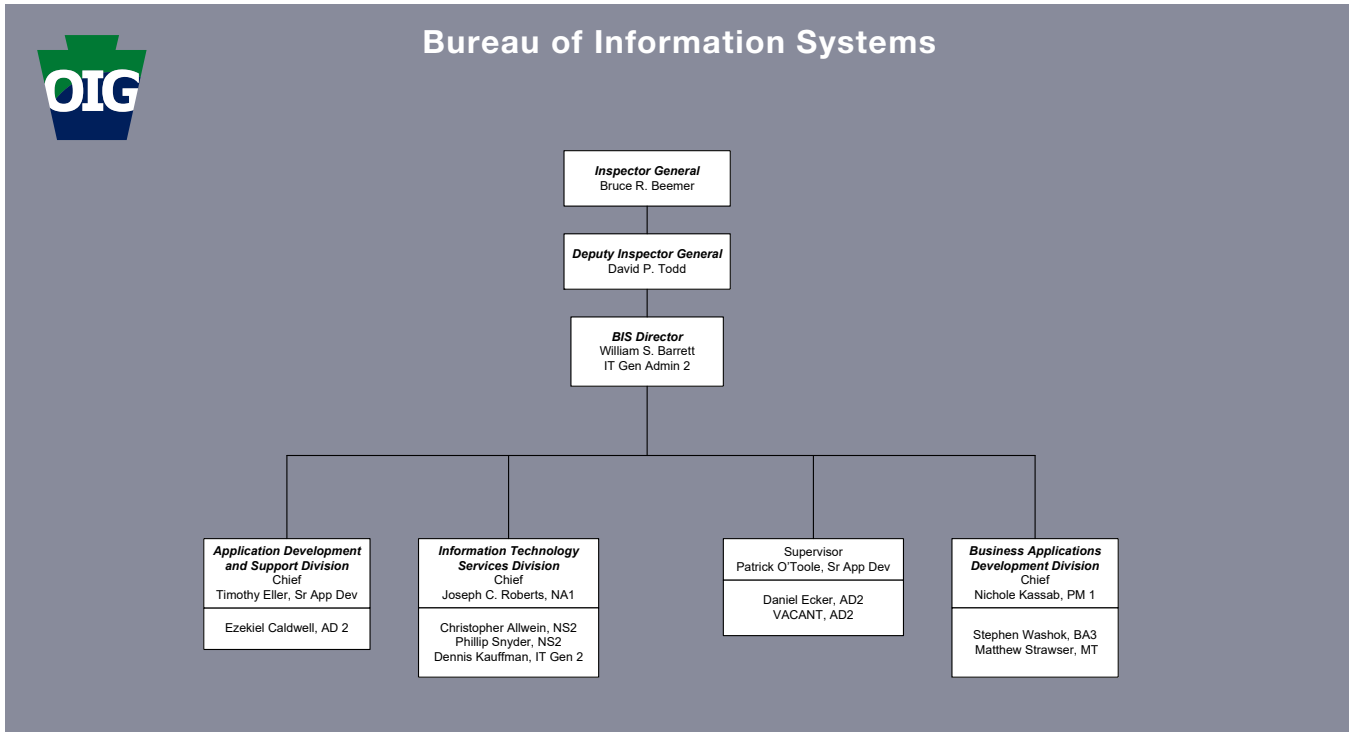
Bureau of Administration, Policy & Training



Charts reflect organizational makeup as of May 1, 2017.



Organizational Charts



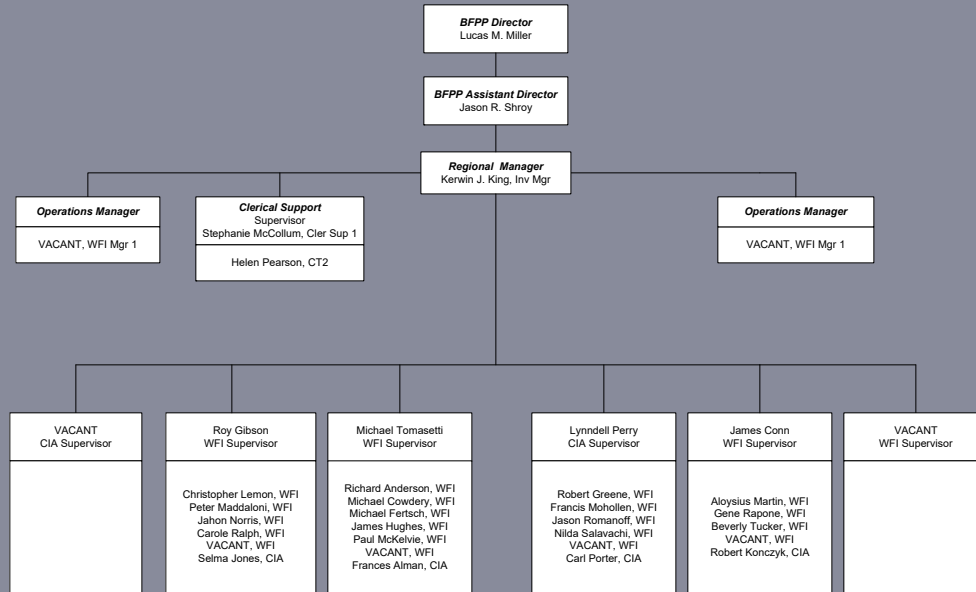
Charts reflect organizational makeup as of May 1, 2017.



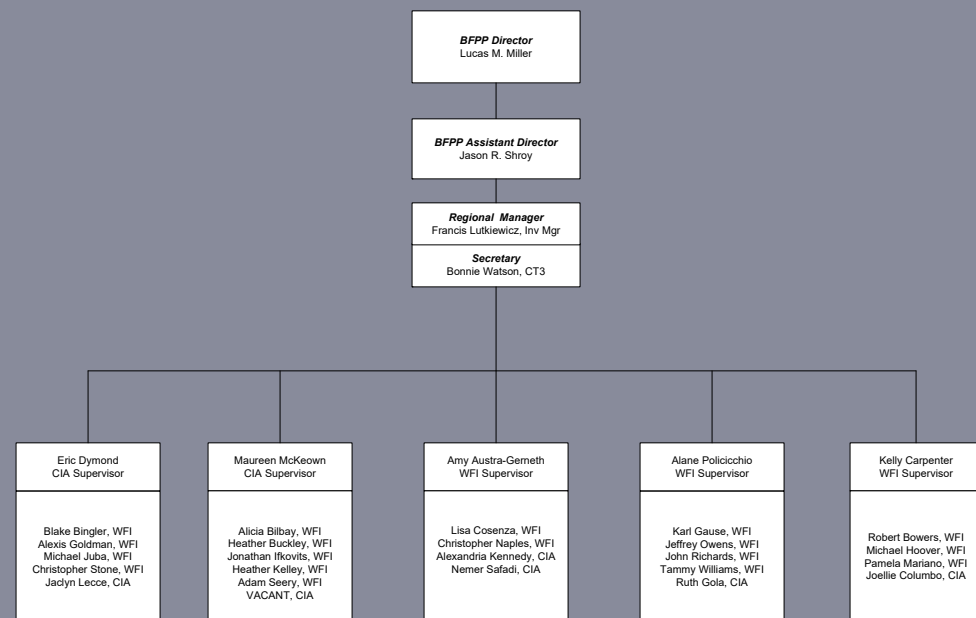
Organizational Charts



Bureau of Fraud Prevention and Prosecution Southeast Region



Bureau of Fraud Prevention and Prosecution Northeast Region



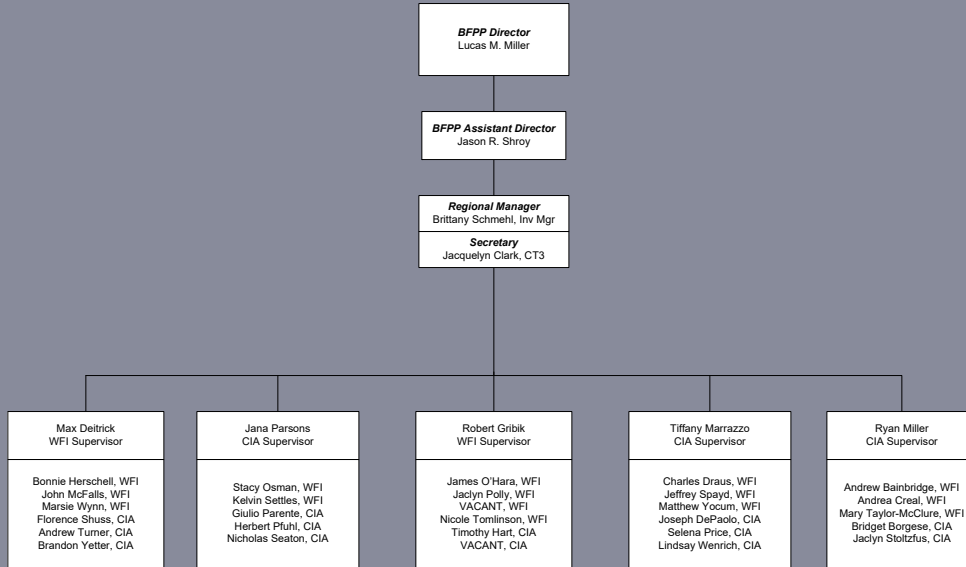
Charts reflect organizational makeup as of May 1, 2017.



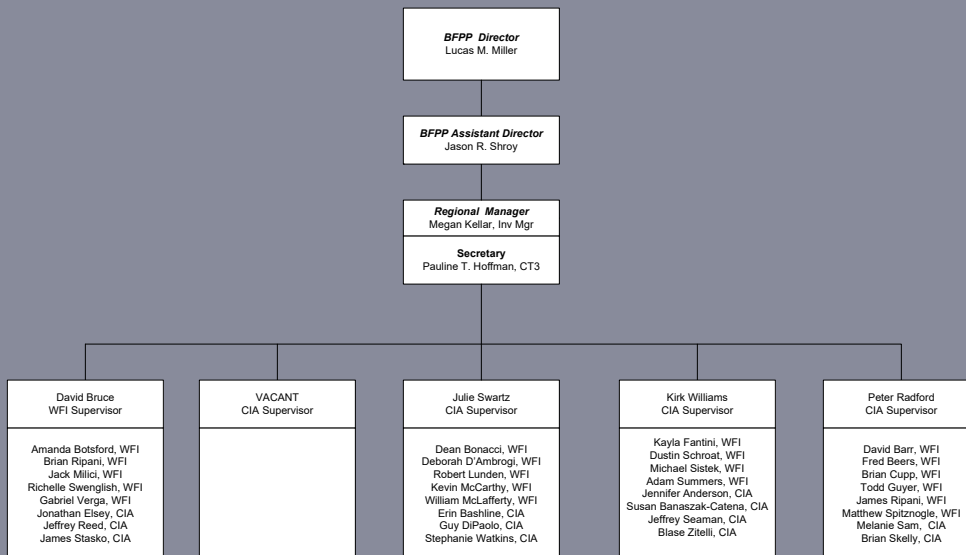
Organizational Charts



Bureau of Fraud Prevention and Prosecution Central Region



Bureau of Fraud Prevention and Prosecution Western Region



Charts reflect organizational makeup as of May 1, 2017.



Contacts

**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

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

*All calls and correspondence
are confidential*



pennsylvania
OFFICE OF INSPECTOR GENERAL



Integrity ★ Ethics ★ Accountability

OFFICE OF INSPECTOR GENERAL

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