

# Fiscal Year 2013-2014

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## *Pennsylvania Office of Inspector General*

Integrity | Ethics | Accountability

Tom Corbett – Governor

Michael A. Sprow – Inspector General



## **Mission Statement**

*The Office of Inspector General's mission is to ensure integrity, accountability and public confidence in Pennsylvania Government by preventing, investigating and eliminating fraud, waste, abuse and misconduct within all agencies under the jurisdiction of the Governor.*



**pennsylvania**  
OFFICE OF INSPECTOR GENERAL

## *Message from the Governor*

This Administration has made the conservation and protection of public resources a priority.



The Office of Inspector General is charged with preserving Pennsylvanians' confidence in Commonwealth programs, operations and contracts by fighting fraud, waste and abuse. In the past year, the Office of Inspector General has identified new and better ways to help ensure our tax dollars are used appropriately. Key to the Office of Inspector General's success are community partnerships - from citizens and Commonwealth employees who report suspected welfare fraud and potential misconduct by state employees to local law enforcement, district attorneys, county assistance offices and federal agencies.

The positive results of the Office of Inspector General's important work are evident in the fight against welfare fraud. During the last fiscal year, the Office of Inspector General saved and collected more than \$90.4 million by cracking down on fraud and waste in taxpayer-funded public benefits programs. By ensuring these benefits do not go to those who are not eligible, we preserve our limited resources for Pennsylvanians who truly need and deserve our help.

Pennsylvanians rightly expect that their money will be carefully spent. The Office of Inspector General will continue to work hard to safeguard our precious public resources.

Tom Corbett  
Governor

## *Inspector General's Message*



Throughout the past fiscal year, the Office of Inspector General has worked tirelessly to fulfill its mission of promoting integrity and accountability within the agencies under the Governor's jurisdiction. Integrity is a vital component of government. Citizens expect their public servants to spend tax dollars appropriately; the Office of Inspector General is here to make sure that happens.

The Office of Inspector General must work within the confines of these challenging economic times. We have a devoted staff that is passionate about fiscal responsibility, allowing us to continue to work efficiently with fewer resources. Their hard work in conducting investigations and prosecuting public benefits fraud serves as an example of integrity and efficiency.

We have also continued to cultivate our relationships with other Commonwealth agencies, leading to an increased use of our investigative services, while sustaining our partnerships with county, state and federal agencies. These efforts have made it possible for us to make a significant impact in fighting fraud, waste, abuse, and misconduct. The facts and figures contained within this report supply a window into the success that this office has had in fostering accountability in the programs and operations of our executive branch.

The Office of Inspector General remains committed to the citizens of Pennsylvania. I thank Governor Corbett and his administration for their continued support of our mission. I am pleased to present the Office of Inspector General's Annual Report for Fiscal Year 2013-2014.

Sincerely,

Michael A. Sprow  
Inspector General

### ***Inspector General Michael A. Sprow***

Michael A. Sprow was appointed Inspector General by Governor Corbett on June 3, 2013, after serving in an acting capacity since April 5, 2013. Sprow had been named Chief Counsel for the OIG in November of 2012. Prior to joining the OIG, Sprow served as a Senior Deputy Attorney General in the Criminal Prosecutions Section of the Pennsylvania Office of Attorney General (OAG). During his six years at the OAG, he was responsible for overseeing investigations and conducting prosecutions with a primary focus on child predator and public corruption cases, including several high profile cases involving corruption within the state government. In 2008, Sprow received the Attorney General's Award for Excellence, in recognition of his outstanding service to the citizens of Pennsylvania.

Prior to serving as a Senior Deputy Attorney General, Sprow was a Deputy District Attorney in Dauphin County, where he prosecuted adult criminal cases. There, he conducted dozens of jury trials, including homicide cases, violent crimes, drug cases, and white collar crimes. Before joining the District Attorney's Office, Sprow served as a law clerk for Chief U.S. District Judge George P. Kazen in the Southern District of Texas. Sprow earned his Bachelor of Arts degree from Gettysburg College, where he graduated cum laude, and his Juris Doctor degree from the William and Mary School of Law, where he graduated as a member of the Order of the Coif.

**T**he Pennsylvania Office of Inspector General (OIG) was first established by Executive Order in 1979 within the Pennsylvania Department of Transportation. To further protect the state's interest, Executive Order 1987-7 was issued to create a state wide OIG within the Executive Office of the Governor, possessing authority which encompasses all executive agencies. The Pennsylvania Inspector General is appointed by, and reports to, the Governor.

The OIG is primarily responsible for investigating fraud, waste, abuse, and misconduct in executive agencies. To meet this duty, the OIG maintains staff in the Harrisburg headquarters office, as well as in regional offices in Pittsburgh and Philadelphia. Investigative reports are submitted to agency heads and the Governor's Office of General Counsel, recommending appropriate corrective action, including employee discipline, sanctions or remedial actions for contractors, and improved policies for agencies. When applicable, the OIG recommends cases for referral by the Office of General Counsel to an appropriate agency for criminal prosecution, or to the State Ethics Commission for ethics violations. The OIG also assists federal, state, and local law enforcement agencies that investigate and prosecute fraud against the Commonwealth. Additionally, the OIG conducts investigations regarding independent state agencies upon the request and cooperation of the agency.

Since 1994, the OIG is also responsible for investigating and prosecuting welfare fraud and for conducting collection activities for public assistance programs administered by the Department of Human Services (DHS). The OIG employees who perform welfare fraud detection and prevention initiatives and collection activities have a statewide presence. The OIG is headquartered in Harrisburg and operates regional offices in Pittsburgh, Philadelphia, and Wilkes-Barre. Partnering with DHS, the OIG works to ensure that those who rightfully deserve benefits receive them. When appropriate, the OIG works with local district attorneys to prosecute those who received benefits fraudulently. These initiatives are designed to maintain the integrity of the public assistance programs.

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***Under the direction of the Inspector General, the OIG's senior staff during FY 2013 – 2014 consisted of:***



*Image courtesy of  
Commonwealth Media Services.*

- **Anthony J. Fiore, Deputy Inspector General**
- **K. Kenneth Brown, II, Chief Counsel**
- **David P. Todd, Director of Special Investigations**
- **Lucas M. Miller, Director of Fraud Prevention and Prosecution**
- **Melissa K. Yerges, Director of Administrative Services**
- **Shelley L. Lawrence, Special Assistant for DHS Affairs**
- **William S. Barrett, Director of Information Systems**
- **James H. Timko, Special Assistant to the Inspector General**



# Organizational Chart

## Office of Inspector General

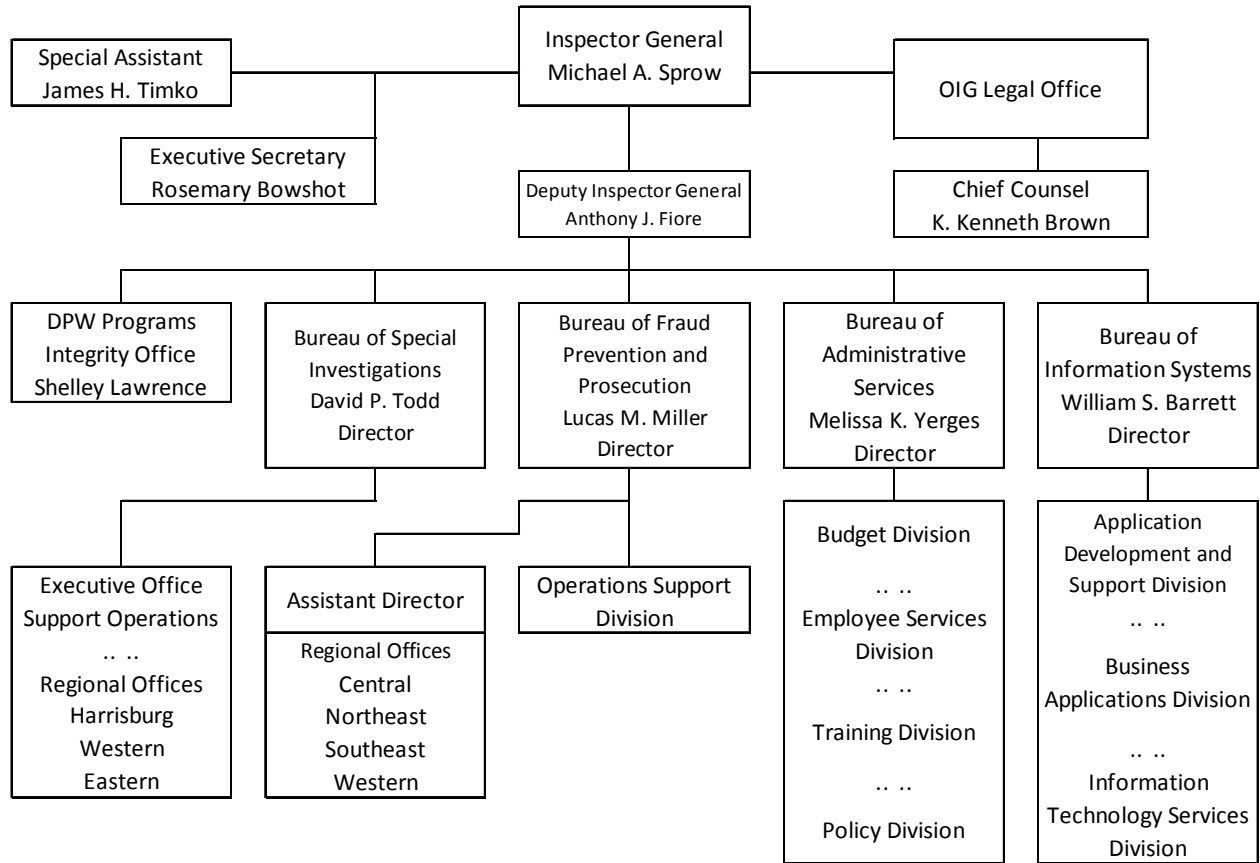
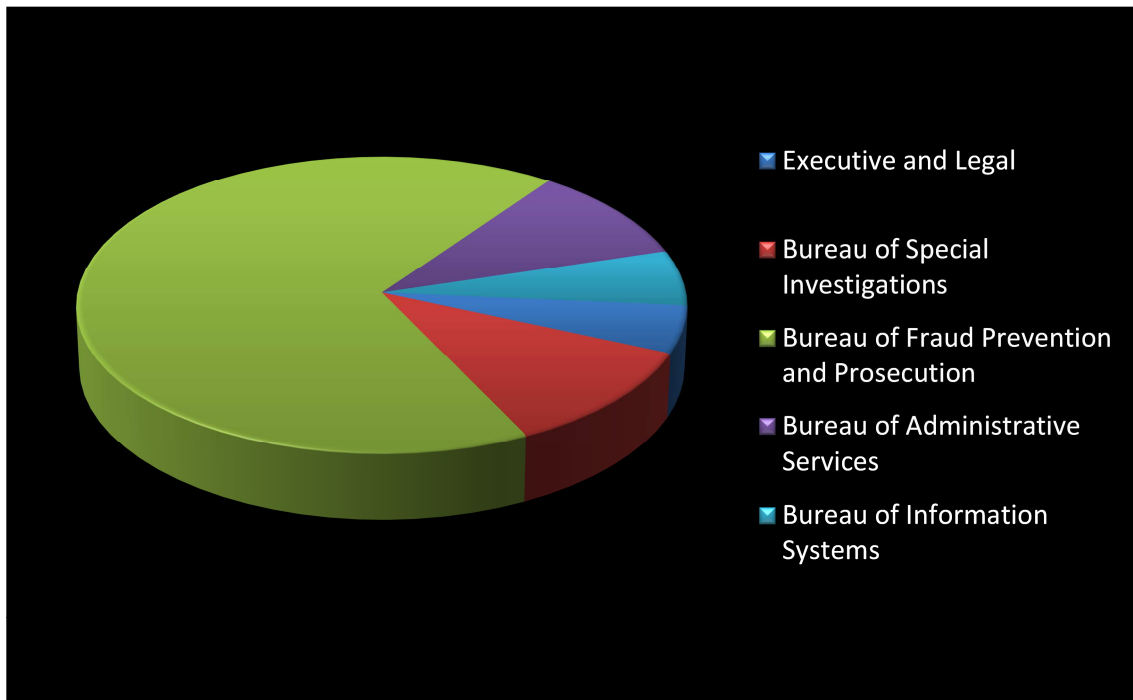


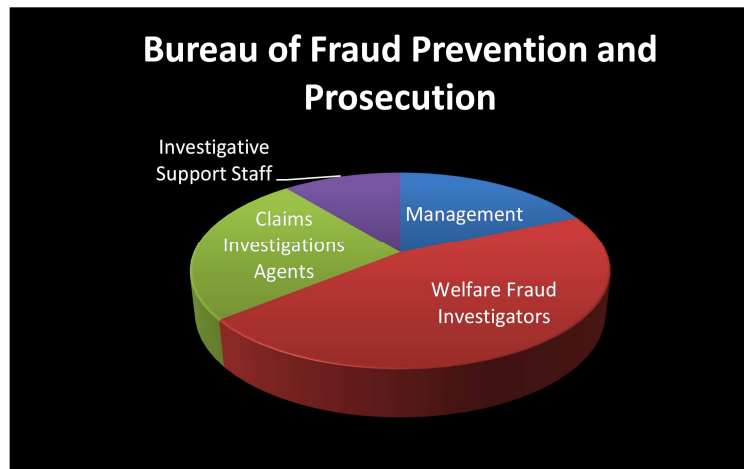
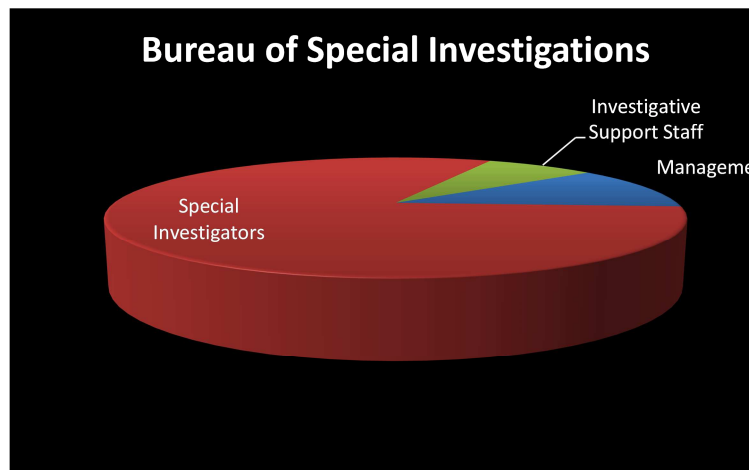
Chart reflects organizational makeup as of the end of FY 2013 -2014.

**Staff Complement for Fiscal Year 2013 - 2014**

Bureau Staffing	
Executive and Legal	12
Bureau of Special Investigations	26
Bureau of Fraud Prevention and Prosecution	156
Bureau of Administrative Services	24
Bureau of Information Systems	14
<b>Total</b>	<b>232</b>

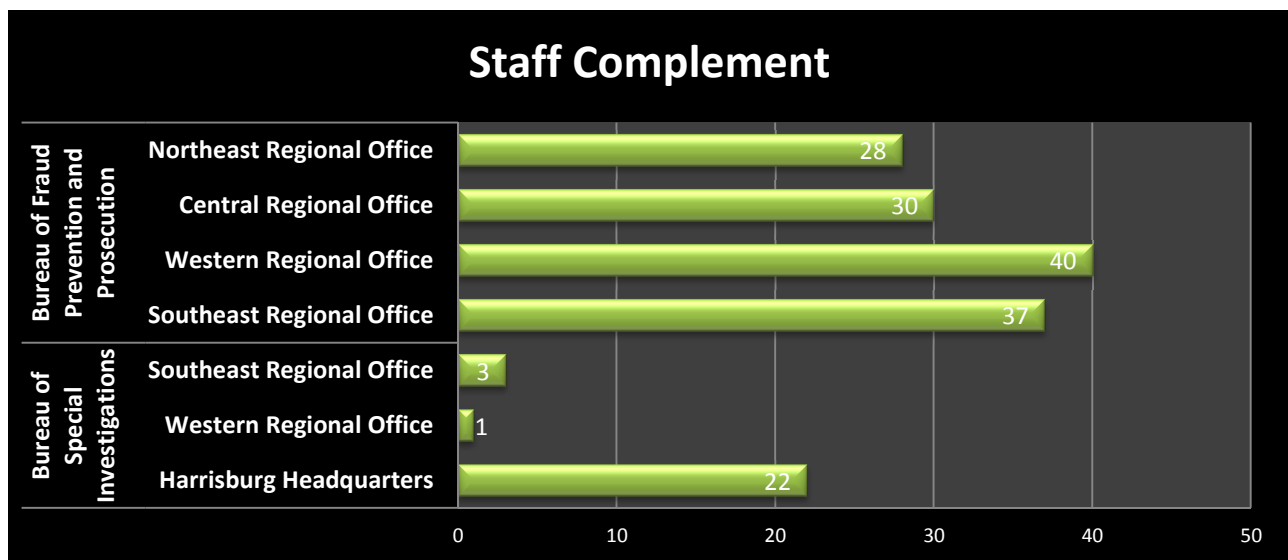


Investigative Staffing	
<b>Bureau of Special Investigations</b>	
Management	3
Special Investigators	21
Investigative Support Staff	2
<b>Bureau of Fraud Prevention and Prosecution</b>	
Management	29
Welfare Fraud Investigators	71
Claims Investigation Agents	39
Investigative Support Staff	17



# Office of Inspector General Staff Complement

Regional Staffing	
<b>Bureau of Special Investigations</b>	
Harrisburg Headquarters	22
Western Regional Office	1
Southeast Regional Office	3
<b>Bureau of Fraud Prevention and Prosecution</b>	
Southeast Regional Office	37
Western Regional Office	40
Central Regional Office	30
Northeast Regional Office	28



### **During FY 2013 – 2014, the OIG saved and collected more than:**

- **\$90.4 million through its welfare fraud prevention activities by investigating 27,283 applications for benefits;**
- **\$22.4 million in reimbursement and collection;**
- **\$5 million through the disqualification of future benefits for recipients criminally prosecuted for welfare fraud and through administrative disqualification hearings; and**
- **\$5 million in restitution by filing 1,055 criminal complaints, charging defendants with welfare fraud for unlawfully obtaining benefits.**

### **In FY 2013-2014, 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 14 background investigations of commercial real estate landlords that applied to lease commercial real estate to the Department of General Services (DGS) for office space for commonwealth agencies;**
- **Conducted a combined total of 1,513 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.**

David P. Todd -- Director



## Overview

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 serve the citizens of Pennsylvania by working to identify and eradicate those problems and deficiencies caused by acts such as mismanagement of funds, employee misconduct, and contract fraud and irregularities. BSI aims to conduct 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 to file complaints with BSI, or submit complaints in writing. BSI reviews all complaints. Some complaints lead to extensive complex investigations, while others are 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.

Once BSI has completed an investigation, the OIG issues a report, when appropriate, to the Office of General Counsel and specific agency heads detailing BSI's findings. Some investigative findings rise to the level of criminal activity and are referred to the appropriate law enforcement agency for action. Other investigations may result in referrals to the State Ethics Commission or other administrative bodies for appropriate action.

As a result of BSI's investigations and program reviews, wrongdoers have been disciplined, prosecuted, and removed from Commonwealth employment. BSI investigations have led to important reforms of Commonwealth operations resulting in increased accountability and effectiveness. BSI's investigations have prompted positive changes and served as a deterrent to future misconduct.

BSI also conducts pre-employment background investigations for executive level appointments and other positions of trust within the Commonwealth. In FY 2012-2013, the OIG began conducting background investigations of commercial real estate landlords that applied to lease office space to the Department of General Services for Commonwealth agencies. The OIG conducted 14 background investigations of commercial real estate landlords and their key employees during FY 2013-2014. In conducting these backgrounds, the OIG has focused on, among other things, ensuring that the parties and proposed leased premises are compliant with their Pennsylvania and local tax obligations and environmental and municipal code regulations.

## **Case Types:**

- 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

## Overview



Lucas M. Miller -- Director

The OIG's Bureau of Fraud Prevention and Prosecution (BFPP) is responsible for investigating and prosecuting welfare fraud and conducting collection activities for the 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:

- **Cash Assistance;**
- **Medical Assistance (MA), including Long Term Care;**
- **Supplemental Nutrition Assistance Program (SNAP);**
- **Subsidized Child Care (SCC);**
- **Medical Assistance Transportation Program (MATP); and**
- **Low Income Home Energy Assistance Program (LIHEAP).**

BFPP staff have a statewide presence with four BFPP 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.

### The activities performed by BFPP fall into four main categories:

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

**Fraud Investigation Program** — this program focuses on individuals who wrongfully obtain 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 assistance benefits.

### Field Investigation Program

When individuals apply or re-apply for public assistance through DHS, they are required to submit truthful, complete, and accurate information. When DHS caseworkers suspect that an applicant for benefits or someone currently receiving public assistance benefits has provided inaccurate, inconsistent, or incomplete information to DHS, 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 caseworker, who then uses the information to determine whether the individual is eligible for DHS'



benefit programs. The caseworker 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

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**In FY 2013-2014, BFPP's Field Investigation Program conducted 27,283 investigations and saved the Commonwealth in excess of \$90.4 million in welfare benefits that otherwise would have been incorrectly paid out to an applicant or recipient.**

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welfare programs in Pennsylvania. Its efforts yield significant cost savings to DPW and the Commonwealth.

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

When a DHS caseworker discovers that an overpayment has occurred, the caseworker forwards the information to the OIG for investigation. BFPP staff conducts an investigation to determine if the elements of welfare fraud exist in the individual case. If BFPP staff determines that those elements have been met, BFPP staff files a private criminal complaint with the local district attorney. 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

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**In FY 2013-2014, the OIG filed 1,055 criminal complaints for a total restitution amount of over \$5 million.**

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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 future benefits. Defendants can be disqualified from the Cash Assistance (CA) Program, Supplemental Nutrition

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**In FY 2013-2014, the OIG saved the Commonwealth \$1,695,475 from the disqualification of individuals successfully prosecuted for committing welfare fraud.**

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Assistance Program (SNAP) and the Subsidized Child Care (SCC) program. The duration of each disqualification is set by federal regulation and depends on the program and the number of times the individual commits an offense.

### **Supplemental Nutrition Assistance Program — Trafficking**

BFPP's Operations Support Division provides investigative services to the Food and Nutrition Services (FNS) and to the U.S. Department of Agriculture's Office of Inspector General (USDA) 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 the USDA-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 Cash Assistance, SNAP, or SCC programs but criminal prosecution is not an available option.

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**During FY 2013-2014, the OIG initiated 365 ADH actions that totaled over \$623,000 in restitution for Cash, SNAP and Subsidized Child Care benefits and \$319,146 in restitution for ADH actions on SNAP trafficking. Additionally, the OIG saved the Commonwealth \$496,168 by disqualifying individuals who were found to have committed an IPV through the ADH process.**

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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. 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.

### Long Term Care

Pennsylvania's Long Term Care 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.

In some cases, individuals or their personal representatives fail to disclose income or assets to DHS,

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**During FY 2013-2014, the OIG collected and cost avoided in excess of \$9.9 million in long term care benefits.**

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sometimes for the purpose of making the individual appear eligible to receive long term care benefits. When DHS discovers that an individual or their personal representative failed to report income or assets that affected their eligibility for long term care benefits, the possible overpayment is referred to the OIG for investigation and collection. If the BFPP investigation determines that the elements of welfare fraud exist, the OIG files criminal charges. On overpayments where fraud did not occur, the OIG recovers the long term care benefits that were overpaid, and if necessary, OIG's legal staff initiates civil lawsuits to obtain repayment of these benefits.

## 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. The OIG collects all DPW overpayments.

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**During FY 2013-2014, total collections in all programs were in excess of \$22.4 million.**

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## Welfare Fraud Tipline

The OIG is strongly committed to identifying and eliminating fraud, waste and abuse in public assistance programs. To assist with that commitment, the OIG operates a toll-free Welfare Fraud Tipline 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.state.pa.us](http://www.oig.state.pa.us), through the U.S. mail, and via fax.

Tips reported to the OIG include information on individuals receiving benefits and not reporting income, resources, or correct household composition. All of these circumstances may affect eligibility for public assistance benefits. Each tip received is 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.

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**During FY 2013-2014, the Welfare Fraud Tipline received 10,331 calls reporting suspected welfare fraud. BFPP also processed 3,489 welfare fraud tips via the OIG's website and 431 tips via U.S. Mail**

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## Overview



Shelley L. Lawrence -- Special Assistant

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 Welfare Programs Integrity Office. This office is overseen by the Special Assistant for DHS Affairs, who acts as the liaison for DHS issues and works collaboratively with DHS' Program Integrity Office. The OIG's Welfare Programs Integrity Office also offers a unique perspective on measures which DHS can employ to reduce future abuses within assistance programs and operations.

The Special Assistant for DHS Affairs 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 2013-2014, the OIG and DHS have been working together on the following new program integrity initiatives:

**Electronic Benefit Transaction and Risk Management** — risk-management reviews and data mining of recipient EBT data potentially shows trends and schemes in benefit transactions which may be an indicator of fraud. The OIG and 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.

**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 welfare 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 specialized units to efficiently and accurately*

- complete recipient overpayments, with specially trained employees doing the work. This frees the other workers to focus more on eligibility issues; and*
- *The Program Standards workgroup has developed process flows for non-compliance, penalties, good cause, and exemptions for each benefit program. As a result, DPW and the OIG have expanded and clarified client rights and responsibilities on applications and added additional warnings regarding penalties for fraud and misrepresentation.*

The improved 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 DHS' anti-fraud activities relating to the collection of benefit overpayments, and the prevention, detection and investigation of fraud.



**K. Kenneth Brown, II -- Chief Counsel**

## Overview

The OIG's Office of Chief Counsel, headed by Chief Counsel K. Kenneth Brown, II, is staffed by attorneys located in Harrisburg and Philadelphia. The attorneys provide legal advice and representation to the Inspector General and to the entire agency. 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 actions and civil complaints filed with local district justices and in common pleas courts around the state, OIG attorneys pursue the collection of funds that have been wrongfully paid as a result of fraud against the Commonwealth. During the past fiscal year, the OIG's current staff of eight attorneys has litigated cases in the federal district courts and Pennsylvania's magisterial district judge courts, courts of common pleas, and the Commonwealth court. The OIG's attorneys have also represented the OIG before administrative tribunals including the federal 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, and the Pennsylvania Civil Service Commission.

### *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 final 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 assistance 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 assistance, including medical assistance, cash, and food stamp benefits. The attorneys represent the Commonwealth at administrative disqualification hearings to disqualify individuals from food stamps when they illegally sell their food stamp benefits for cash. Attorneys also provide legal assistance to the BFPP in their prosecution efforts.

**In Fiscal Year 2013-2014, OIG attorneys collected over \$7.3 million by litigating long term care medical assistance overpayments**

### *Other Legal Support*

The OIG attorneys work closely with the OIG's Bureau of Policy and Training on legal issues pertaining to agency policies, laws, and regulations that affect OIG programs. OIG attorneys work with the Bureau of Administrative Services and the Bureau of Information Systems 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.





William S. Barrett -- Director

## Overview

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** — 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** — responsible for the full range of agency web based applications; and

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**During FY 2013-2014, BIS has dedicated resources to modernize and upgrade the Office of Inspector General Avoidance and Recovery System (OARS). This modernization effort is necessary for the system to be prepared for the addition of Medical Assistance Claims under the Affordable Care Act, and to ensure future viability by adding storage, upgrading the hardware and software platforms, and completing user requested enhancements.**

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**Business Applications Development Division** — responsible for systems with business impact, along with those applications that interface with other state or federal entities.



**Melissa K. Yerges -- Director**

## Overview

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 13-14.

### Budget Division

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

In FY 13-14, the Division coordinated an effort to reduce the cost of desktop printer cartridges. Staff located in regional offices had access to multifunctional devices (MFD) which permit unlimited or a high number of prints for a flat rate. Most of the staff with a desktop printer and access to an MFD were allowed to use their remaining supply of printer cartridges, but then had to switch exclusively to the MFDs. That translated into a savings of more than \$10,000 annually.

### 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. The Division posted 51,255 payments in FY 2013-2014.

## Training Division

The Training Division offers training to all new OIG 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 the OIG and promotes the agency to potential future employees. In FY 2013-2014, the Division:

- *Held two Intensive Standard Training Programs for six new Claims Investigation Agents and Welfare Fraud Investigators;*
- *Conducted 3,735 hours of in-house/outreach training on various skills and job related topics, ranging from Social Media to Administrative Disqualification Hearings;*
- *Attended nine college job fairs to speak to students about prospective job openings and opportunities;*
- *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;*
- *Worked with DHS' Office of Child Development and Early Learning (OCDEL) to develop resources regarding the Pennsylvania Enterprise to Link Information for Children Across Networks (PELICAN) System for OIG investigative staff; and*
- *Offered OIG employees web-based training courses on subjects required by Commonwealth policy.*

## 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; preparing employee recognition certificates; designing and developing statewide promotional materials; and developing processes and procedures for other Commonwealth agencies' use when dealing with operations that affect the OIG.

## ***The Governor's Innovation Office***

**O**n March 22, 2012, Governor Tom Corbett signed Executive Order 2012-04, establishing the Governor's Innovation Office. The Governor's Innovation Office is dedicated to improving efficiency and productivity in state government operations. The office reviews, approves, and tracks initiatives by state agencies to save money, increase efficiency, and improve customer service.

Initiatives undertaken by the office are largely accomplished using project teams comprised of existing employees from across state agencies. These agency Innovation Teams (I-Teams) also recommend new initiatives for consideration by the office.

During FY 2013-2014, the OIG, under the guidance of the agency's I-Team, completed four major innovation cost savings measures including ensuring all OIG vehicles have been equipped with a single and cost-efficient safety kit; identifying and using existing OIG databases to obtain numerous records needed for confidential OIG investigations; reducing the number of forms used by OIG investigators during the course of their investigations; and relocating the OIG's Northeast Regional Office to a modern, appropriately sized, and less expensive facility.

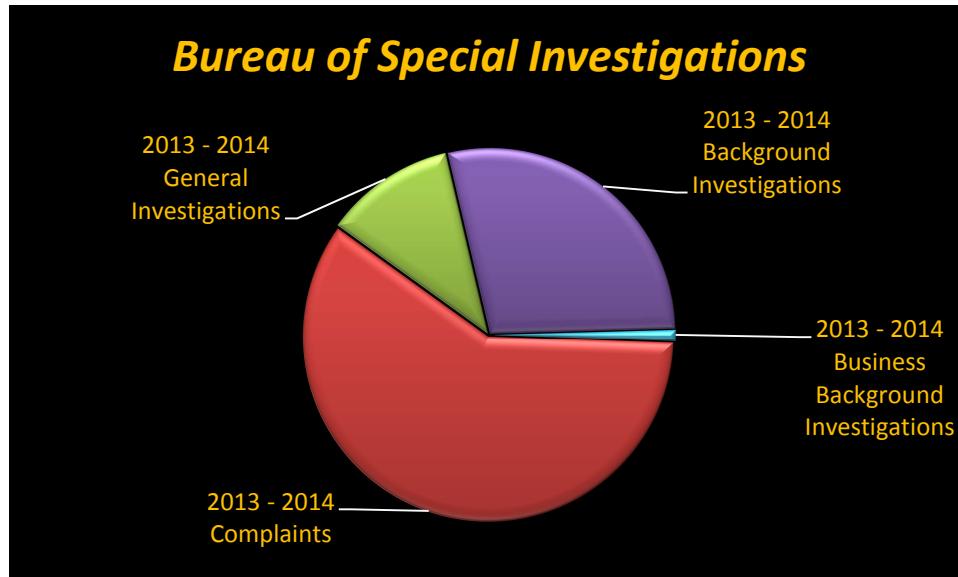
The OIG looks to continue its efforts in seeking cost savings and increasing efficiency in future fiscal years.

## ***Certified Fraud Examiner Credential for Office of Inspector General Investigators***

In FY 2013-2014, OIG investigators within the Bureau of Special Investigations received or obtained their Certified Fraud Examiner (CFE) credential through the Association of Certified Fraud Examiners (ACFE). The CFE credential is the professional standard which demonstrates competency and commitment in the anti-fraud field.

The ACFE is the world's largest anti-fraud organization and premier provider of anti-fraud training and education. The CFE credential is a globally-recognized certification in the antifraud community. Individuals possessing their CFE credential specialize in the prevention and deterrence of fraud. CFEs represent the highest standards held by the ACFE and possess expertise in all aspects of the anti-fraud profession.

## Bureau of Special Investigations



The following cases represent a sample of the many types of cases BSI investigated during FY 2013 – 2014:

### Criminal Theft of Property

The OIG received an anonymous complaint alleging employee misconduct and misuse of Commonwealth property by a group of individuals employed at a Commonwealth agency.

After conducting a preliminary investigation, it was determined that the matter would constitute criminal activity. The OIG referred the matter to local authorities for investigation and possible prosecution.

### Abuse of Authority

The OIG received a request from the Office of General Counsel to investigate numerous complaints against a Commonwealth agency senior level manager.

The complaints concerned Equal Employment Opportunity (EEO)/Sexual Harassment issues, fraternization, interfering with supervision, JNet abuse, wasteful spending, civil service violations, and agency dysfunction.

The OIG substantiated some of the above allegations and issued a report of its findings to the appropriate Commonwealth agency for further review and action.

### Misuse of Commonwealth Resources

The OIG received an anonymous complaint requesting that the OIG investigate a Commonwealth agency manager for inappropriately utilizing his position for personal gain.

The complainant made several allegations including, but not limited to, a claim that the manager traded Commonwealth agency resources to another business.

The OIG investigated the allegations and found that the Commonwealth resources were traded to private companies. In the past, the manager's agency and his private company entered into a written agreement in which resources were exchanged. Last year; however, the manager's agency provided resources to the manager's private company; in exchange the Commonwealth agency received resources from another private company which was negotiated by the agency manager. No written contract was found for this agreement. The agency's legal department and Bureau of Office Services had no record of either contract and both agreements failed to follow the procurement process. The OIG provided a written response to the Commonwealth agency outlining these findings

### Contractor Forgery and Fraud

The OIG received an allegation that a business partner with a Commonwealth agency forged employee documents and certification to work on a project and falsely submitted documents.

The OIG also investigated allegations that the owner failed to provide all necessary and required financial information to the Commonwealth.

The OIG found that two contracted employees forged a document and were directed to complete work at another project site (a federal, state, and local funded project) knowing that the employees did not have the proper certification to undertake such work.

The OIG recommended the Office of General Counsel refer the matter for criminal investigation and prosecution for violating the following: Criminal conspiracy, Forgery, Tampering with public records or information or any other applicable provisions of the Crimes Code.

The OIG also recommended the Commonwealth discontinue using the business as a contractor or sub-contractor on its projects, remove it as a business partner and bar it from doing business with the Commonwealth in the future.

### Allegation of Commonwealth employees abusing Commonwealth leave and official work hours

The OIG received an anonymous complaint that two senior level Commonwealth employees were habitually arriving late and leaving early from work, and regularly failing to work the entire five-day work week.

Specifically, the complainant alleged that there had been weeks when one employee was in the office only two of the five work days and was routinely out of the office on Fridays.

With regard to the second Commonwealth employee, the complainant alleged that he was rarely in the office on Fridays and joked about his absence in front of the entire staff. The complainant stated that he had not worked an entire five-day work week in two years.

The OIG found that both Commonwealth employees consistently arrived late to work and left work early, failed to report to work on Fridays and other work days, and did not enter leave for observed work absences.

The OIG recommended the Department take appropriate disciplinary action against both Commonwealth employees. It was also recommended they submit leave for their absences or reimburse the Commonwealth for compensation while not at work.

#### **Allegation of abuse of State facilities and Commonwealth resources**

The OIG investigated allegations that a senior management employee misused Commonwealth resources and allowed a relative to sell products at a state facility.

The OIG's investigation determined that shortly after the employee began his Commonwealth employment, he allowed two non-profit organizations to hold regular meetings at the facility, both during and after normal work hours. Information gathered by the OIG showed that the employee was affiliated with and served on the Board of Directors of both organizations for many years. As a gesture of perceived hospitality, the employee used his authority to have Commonwealth staff provide coffee, water, and pastries served at each of 12 meetings that occurred between 2011 and the commencement of the OIG's investigation in 2013 – all at the cost of the taxpayers.

The OIG further determined that the employee directed staff to use the state facility's postage meter for known non-Commonwealth mailings on behalf of one of the non-profit organizations.

The OIG further determined that the employee allowed a relative to sell products to Commonwealth employees at the State facility.

In its investigative report, the OIG recommended that the Commonwealth agency take the appropriate disciplinary action against the employee, up to and including termination.

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

**DPW regulations require that individuals who apply for public assistance 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 DPW:**

*A Berks and Dauphin County investigation uncovered that a recipient misrepresented their income in order to obtain cash assistance and SNAP benefits, resulting in the overpayment of more than \$27,250. The recipient pleaded guilty, was sentenced to two years of probation, and was ordered to pay restitution and court costs. The recipient was also disqualified from receiving cash and SNAP benefits.*

*A Lancaster County investigation determined that a recipient misrepresented their income in order to obtain SNAP benefits, resulting in the overpayment of more than \$10,100. The recipient pleaded guilty, was sentenced to four years of probation, and was ordered to pay restitution and court costs. The recipient was also disqualified from receiving SNAP benefits.*

*A Philadelphia County investigation determined that a recipient misrepresented their income in order to obtain cash assistance, SNAP, and medical assistance benefits, resulting in the overpayment of more than \$13,000. The recipient pleaded guilty, was sentenced to five years of probation, and was ordered to pay restitution and court costs. The recipient was also disqualified from receiving cash and SNAP benefits.*

*A Beaver County investigation uncovered that a recipient misrepresented their income in order to obtain SNAP benefits, resulting in the overpayment of more than \$24,000. The recipient pleaded guilty, was sentenced to five years of probation, and was ordered to pay restitution and court costs. The recipient was also disqualified from receiving SNAP benefits.*

*A Clearfield County investigation uncovered that a couple misrepresented their income to obtain cash assistance, SNAP, medical assistance, and LIHEAP benefits of more than \$41,000. The couple pleaded guilty and the husband was sentenced to incarceration for a period from 90 days to one year. In addition, the couple was sentenced to probation, and was ordered to pay restitution and court costs. They were disqualified from receiving cash and SNAP benefits.*

*A Crawford County investigation determined that a recipient misrepresented their income to obtain SNAP benefits of more than \$23,750. The recipient pleaded guilty, and was sentenced to*



*incarceration, home confinement, five years of probation, and was ordered to pay restitution and court costs. The recipient was disqualified from receiving SNAP benefits.*

*An Allegheny County investigation uncovered that a recipient misrepresented their income and household composition to obtain SDC benefits of more than \$44,500. The recipient pleaded guilty, was sentenced to seven years of probation, and was ordered to pay restitution and court costs.*

*A Crawford County investigation determined that a recipient misrepresented their income and family composition to obtain SNAP benefits of more than \$23,500. The recipient pleaded guilty, was sentenced to incarceration, five years of probation, and was ordered to pay restitution and court costs. The recipient was disqualified from receiving SNAP benefits.*

*An Allegheny County investigation uncovered that a recipient misrepresented their income to obtain SDC benefits of more than \$40,750. The recipient pleaded guilty, was sentenced to five years of probation, and was ordered to pay restitution. The recipient was disqualified from receiving SDC benefits.*

*A Philadelphia County investigation determined that a recipient misrepresented their identity and residence information to obtain \$70,526.78 in cash assistance; \$55,407.18 in SNAP benefits; and \$233,328.08 in medical assistance benefits. The recipient pleaded guilty and was sentenced to incarceration, followed by five years of probation. The recipient was ordered to pay restitution, court costs, fees, and fines. The individual was disqualified from receiving cash assistance and SNAP benefits.*

*A Philadelphia County Investigation uncovered that a recipient misrepresented their income to obtain cash assistance and SNAP benefits of more than \$17,750. The recipient pleaded guilty, was sentenced to two years of probation and was ordered to pay restitution and court costs. The recipient was disqualified from receiving cash assistance and SNAP benefits.*

*A Philadelphia County Investigation determined that a recipient misrepresented their identity and income to obtain cash assistance, medical assistance and SNAP benefits of more than \$43,300. The recipient pleaded guilty, was sentenced to house arrest, five years of probation, and was ordered to pay restitution and court costs. The recipient was disqualified from receiving cash assistance and SNAP benefits.*



**James H. Timko -- Special Assistant**

## Overview

**A**s 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 within the OIG'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 how to recognize and report fraud, waste, and abuse in state government. 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.

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

1-855-FRAUDPA  
(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 address:

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

Internet: <http://www.oig.state.pa.us>

All calls and correspondence are confidential





# **Office of Inspector General Fiscal Year 2013 – 2014 Annual Report**