



A. JOSEPH DE NUCCI
AUDITOR

The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

BUREAU OF SPECIAL INVESTIGATIONS

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Office of the State Auditor Bureau of Special Investigations

FY2011

1st Quarterly Report
July 1, 2010 - September 30, 2010

November 18, 2010



The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

STATE HOUSE, BOSTON 02133

A. JOSEPH DE NUCCI
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November 18, 2010

The Honorable Charles A. Murphy
Chairman
House Committee on Ways and Means
State House, Room 243
Boston, MA 02133

Dear Chairman Murphy:

In compliance with the provisions of Chapter 131 of the Acts of 2010, line item 0710-0200, I hereby submit a quarterly report of the activities and accomplishments of the Bureau of Special Investigations of the Office of the State Auditor. The report covers the period of July 1, 2010 – September 30, 2010.

Please feel free to contact me if you require any additional information.

Sincerely,

A handwritten signature in black ink, reading "A. Joseph DeNucci". The signature is written in a cursive style with a large initial "A".

A. Joseph DeNucci
Auditor of the Commonwealth

AJD/law



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November 18, 2010

The Honorable Steven C. Panagiotakos
Chairman
Senate Committee on Ways and Means
State House, Room 212
Boston, MA 02133

Dear Chairman Panagiotakos:

In compliance with the provisions of Chapter 131 of the Acts of 2010, line item 0710-0200, I hereby submit a quarterly report of the activities and accomplishments of the Bureau of Special Investigations of the Office of the State Auditor. The report covers the period of July 1, 2010 – September 30, 2010.

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Bureau of Special Investigations

FY 2011

Quarterly Report

July 1, 2010 – September 30, 2010

Introduction

The Office of the State Auditor's Bureau of Special Investigations (BSI) is charged with investigating fraudulent claims for or wrongful receipt of payments or services under public assistance programs. BSI receives referrals from various state and federal agencies, the general public and the State Police. The majority of these allegations involve suspected fraud in the Department of Transitional Assistance (DTA) cash assistance and Food Stamp Programs and the Division of Medical Assistance (DMA) MassHealth program.

When an investigation results in identified public assistance fraud, the case is referred to the appropriate legal authority for criminal prosecution or the appropriate agency for civil recoupment of illegally obtained benefits or services. BSI examiners work closely with District Attorneys offices and/or appropriate agency personnel to assure the recovery of lost funds. These entities establish settlement restitution payment amounts and are responsible for the actual collection of these payments.

First Quarter Activities and Accomplishments

Caseload and investigations:

At the start of the first quarter of FY 2011, BSI's caseload included 3,292 cases in various stages of investigation. During the period of July 1, 2010 through September 30, 2010, BSI received 386 new allegations of public assistance fraud.

During the same period BSI completed the investigation of 483 cases. In 83 of these investigations, BSI examiners found illegal activities that resulted in \$643,338.10 of fraudulently obtained public assistance benefits and services.

The total caseload of open investigations on September 30, 2010 totaled 3,194 cases.

Recoupment Activities:

Department of Transitional Assistance (DTA)

Fifty six cases have been sent to DTA for civil recovery of \$205,556.99. In addition, seven cases with a value of \$70,697.15 are being prepared for civil recovery and two cases totaling \$46,752 are being evaluated for court prosecution. Additionally, of the 121 cases completed with identified fraud in FY2010 in which DTA has established collection accounts, \$19,075.31 has been repaid to the Commonwealth.

MassHealth

Out of the 17 cases completed with identified fraud, two cases with values totaling \$104,017.36 are being evaluated for criminal prosecution by the Court Prosecution Team, and seven cases with a value of \$61,409.55 are being prepared for referral to MassHealth for civil recovery. In addition, four cases with values totaling \$119,103.10 are being prepared for civil recovery. The remaining four cases totaling \$33,679.59 are under review and awaiting a final recommendation on the appropriate course of action

Summary of BSI Investigative Activities

The charts below provide a summary of caseload activities and the amounts of identified fraud by program of assistance.

Caseload Summary	
(7/1/2010 - 9/30/2010)	
Number of open investigations as of 7/1/2010	3,294
New Referrals received	392
Completed Investigations with Identified Fraud	83
Completed Investigations with no Identified Fraud	<u>400</u>
Number of open investigations as of 9/30/2010	3,202

Identified Fraud by Program of Assistance	
(7/1/2010 - 9/30/2010)	
Transitional Assistance to Families with Dependent Children (TAFDC)	\$ 157,787.18
Emergency Aid to Elderly, Disabled and Children (EAEDC)	\$ 34,812.34
Food Stamps (FS)	\$ 132,528.98
Medical Assistance (MA)	<u>\$ 318,209.60</u>
Total	\$ 643,338.10