



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

FY 2005

4th Quarterly Report
April 1, 2005 - June 30, 2005

July 27, 2005



The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

STATE HOUSE, BOSTON 02133

A. JOSEPH DE NUCCI
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July 27, 2005

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

Dear Chairman DeLeo:

In compliance with the provisions of Chapter 149 of the Acts of 2004, 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 April 1, 2005 – June 30, 2005.

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

Sincerely,

A handwritten signature in black ink, reading "A. Joseph DeNucci".

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AJD/law



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July 27, 2005

The Honorable Therese Murray
Chairwoman
Senate Committee on Ways and Means
State House
Room 212
Boston, MA 02133

Dear Chairwoman Murray:

In compliance with the provisions of Chapter 149 of the Acts of 2004, 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 April 1, 2005 – June 30, 2005.

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" and "D".

A. Joseph DeNucci
Auditor of the Commonwealth

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Bureau of Special Investigations

Quarterly Report

April 1, 2005 – June 30, 2005

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 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.

Fourth Quarter Activities and Accomplishments

At the start of the fourth quarter of FY 2005, BSI's caseload included 2674 cases in various stages of investigation. During the period of April 1, 2005 through June 30, 2005, BSI received 405 new allegations of public assistance fraud.

During the same period BSI completed the investigation of 44 cases. In 28 of these investigations, BSI examiners found illegal activities that resulted in \$622,902.68 of fraudulently obtained public assistance benefits and services. Each of these cases has been referred to the appropriate agency for either criminal prosecution or civil recoupment of lost funds.

BSI has a number of cases of identified fraud pending in various stages within the court system. During the past three months BSI has worked with District Attorneys in various jurisdictions throughout the Commonwealth to criminally prosecute these cases. BSI staff have testified and supported criminal prosecution of cases involving drug diversion, border fraud, Transitional Assistance, Food Stamp and Medicaid eligibility fraud as well as child care assistance fraud.

The total caseload of open investigations on June 30, 2005 totaled 3035 cases. The total amount of fraud identified during FY 2005 was \$2,136,514.11.

Summary of BSI Investigative Activities

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

<i>Caseload Summary</i> <i>(4/01/2005 – 6/30/2005)</i>	
Number of Open Investigations as of 4/01/05	2674
New Referrals received	405
Completed Investigations with Identified Fraud	28
Completed Investigations with no Fraud Identified	16
Number of Open Investigations as of 6/30/2005	3035

<i>Identified Fraud by Program of Assistance</i> <i>(4/01/2005 – 6/30/2005)</i>	
Transitional Assistance to Families with Dependent Children (TAFDC)	\$ 115874.89
Emergency Aid to Elderly, Disabled and Children (EAEDC)	\$ 3,842.96
Food Stamps (FS)	\$ 49,651.91
Medical Assistance (MA)	\$ 311,435.91
Housing	\$ 100,000.00
Child Care	<u>\$ 42,097.37</u>
<i>Total</i>	\$ 622,902.68