



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

2nd Quarterly Report  
October 1, 2010 - December 31, 2010

January 18, 2011



# The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

STATE HOUSE, BOSTON 02133

A. JOSEPH DE NUCCI  
AUDITOR

TEL (617) 727-2075  
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January 18, 2011

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 October 1, 2010 – December 31, 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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January 18, 2011

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 October 1, 2010 – December 31, 2010.

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

Sincerely,

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A. Joseph DeNucci  
Auditor of the Commonwealth

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# **Bureau of Special Investigations**

FY 2011

## **Quarterly Report**

*October 1, 2010 – December 31, 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 Attorney's 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.

### **Second Quarter Activities and Accomplishments**

#### **Caseload and investigations:**

At the start of the second quarter of FY 2011, BSI's caseload included 3,203 cases in various stages of investigation. During the period of October 1, 2010 through December 31, 2010, BSI received 507 new allegations of public assistance fraud.

During the same period, BSI completed the investigation of 778 cases. In 86 of these investigations, BSI examiners found illegal activities that resulted in \$1,432,312.43 of fraudulently obtained public assistance benefits and services.

The total caseload of open investigations on December 31, 2010 totaled 2,932 cases.

#### **Recoupment Activities:**

##### **Department of Transitional Assistance (DTA)**

Thirty three cases have been sent to DTA for civil recovery of \$85,575.14. In addition, four cases with a value of \$32,235.16 are being prepared for civil recovery. One case with a value of \$12,699.34 has been resolved via civil recovery and one case with a value of \$22,529.31 is under review and awaiting a final recommendation on the appropriate course of action.

##### **MassHealth**

Out of the 45 cases completed with identified fraud, one case with a value of \$232,000 is being evaluated for criminal prosecution by the Attorney General's Office. The court found one defendant guilty of fraudulently procuring public assistance funding totaling \$250,000. Twelve cases with values totaling \$252,247 are being evaluated for criminal prosecution by the Court Prosecution Team, and 19 cases with a value of \$164,665.64 are being prepared for referral to MassHealth for civil recovery. In addition, one case valued at \$175,582 has been resolved via civil recovery and the funds paid to the Commonwealth. The remaining 11 cases totaling \$160,290.79 are under review and awaiting a final recommendation on the appropriate course of action.

##### **Early Education & Care (EEC)**

Out of the two cases completed with identified fraud, one case with a value of \$19,566.10 has been resolved via civil recovery, and the other case has been returned to EEC for civil recovery.

**Summary of BSI Investigative Activities**

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

<b>Caseload Summary</b>	
( 10/1/2010 - 12/31/2010 )	
Number of open investigations as of 10/1/2010	3,203
New Referrals received	507
Completed Investigations with Identified Fraud	86
Completed Investigations with no Identified Fraud	<u>692</u>
Number of open investigations as of 12/31/2010	2,932

<b>Identified Fraud by Program of Assistance</b>	
( 10/1/2010 - 12/31/2010 )	
Transitional Assistance to Families with Dependent Children (TAFDC)	\$ 87,414.93
Emergency Aid to Elderly, Disabled and Children (EAEDC)	\$ 18,735.73
Supplemental Nutrition Assistance Program (SNAP)	\$ 54,445.00
Medical Assistance (MA)	\$ 1,250,016.22
Child Care (CC)	<u>\$ 21,700.55</u>
<b>Total</b>	<b>\$ 1,432,312.43</b>