



A. JOSEPH De NUCCI
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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

3rd Quarterly Report
January 1, 2005 - March 31, 2005

March 3, 2005



The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

STATE HOUSE, BOSTON 02133

A. JOSEPH DE NUCCI
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March 3, 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 January 1, 2005 – March, 31 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 "J".

A. Joseph DeNucci
Auditor of the Commonwealth

AJD/law



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March 3, 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 January 1, 2005 – March, 31 2005.

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

Sincerely

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Auditor of the Commonwealth

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Bureau of Special Investigations

Quarterly Report

January 1, 2005 – March 31, 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.

Third Quarter Activities and Accomplishments

At the start of the third quarter of FY 2005, BSI's caseload included 2492 cases in various stages of investigation. During the period of January 1, 2005 through March 31, 2005, BSI received 288 new allegations of public assistance fraud.

During the same period BSI completed the investigation of 160 cases. In 49 of these investigations, BSI examiners found illegal activities that resulted in \$419,925.27 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 and Medicaid eligibility fraud, and child care assistance fraud.

The total caseload of open investigations on March 31, 2005 totaled 2620 cases. The total amount of fraud identified to date in FY 2005 is over \$1,499,513.37.

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>(1/01/2005 – 3/31/2005)</i>	
Number of Open Investigations as of 1/01/05	2492
New Referrals received	288
Completed Investigations with Identified Fraud	49
Completed Investigations with no Fraud Identified	111
Number of Open Investigations as of 3/31/2005	2620

<i>Identified Fraud by Program of Assistance</i> <i>(1/01/2005 – 3/31/2005)</i>	
Transitional Assistance to Families with Dependent Children (TAFDC)	\$ 136,219.59
Emergency Aid to Elderly, Disabled and Children (EAEDC)	\$ 15,510.84
Food Stamps (FS)	\$ 41,328.00
Medical Assistance (MA)	<u>\$ 225,866.84</u>
<i>Total</i>	\$ 418,925.27