

**PENNSYLVANIA OFFICE OF INSPECTOR GENERAL  
WRITTEN TESTIMONY  
OCTOBER 14, 2015 – JOINT HEARING  
PENNSYLVANIA SENATE STATE GOVERNMENT AND FINANCE COMMITTEES**

The Pennsylvania Constitution and the Administrative Code charge the Governor with the responsibility and authority to oversee the executive branch of Pennsylvania Government and ensure the laws of the Commonwealth are faithfully executed. It is under this responsibility and authority that in 1987 then Governor Robert P. Casey created the Office of State Inspector General through Governor's Executive Order 1987-7. OIG's Mission Statement provides:

*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.*

**INVESTIGATIONS OF WASTE, FRAUD, ABUSE, AND MISCONDUCT IN EXECUTIVE AGENCIES:  
OIG'S BUREAU OF SPECIAL INVESTIGATIONS**

OIG's Bureau of Special Investigation (BSI) conducts investigations into waste, fraud, and abuse in agencies under the Governor's jurisdiction and contractors that do business with the state. In this way, we serve as the mechanism for the Governor to ensure "Government That Works;" and, in turn, we become the "watch dog" for the citizens of Pennsylvania.

BSI also conducts employee misconduct investigations on behalf of executive departments and pre-employment background investigations for positions of a sensitive or managerial nature with the Commonwealth.

For almost 30 years, OIG has served six Governors, Democratic and Republican, to conduct investigations to detect waste, fraud, abuse, and misconduct in executive agency programs, operations, and contracting, and to issue reports of those investigations to the heads of the executive agencies and to the Governor's General Counsel for appropriate action. With this

information, the agency head and the Governor are better able to make decisions that improve the efficiency and quality of the programs and operations under their control.

BSI also plays a role in increasing the effectiveness of Commonwealth agencies by conducting program reviews of an executive agency's work process or program. BSI conducts a complete review of the program in an effort to improve transparency, effectiveness, and delivery of services including employee accountability and management oversight.

As a result of OIG's investigations and program reviews, individuals have been disciplined or prosecuted, and contractors and subcontractors found to have violated contracting provisions have been debarred from future participation in the Commonwealth's contracting programs. OIG's investigations have led to important reforms of Commonwealth operations, resulting in increased accountability and effectiveness, and have prompted positive changes and served as a deterrent to future misconduct.

Recently, with the support of Governor Wolf, we have instituted measures to work with agencies to receive responses to OIG's reports and recommendations. This additional layer of accountability helps ensure that deficiencies discovered by OIG are corrected and the agency implements changes consistent with OIG's recommendations. In September of this year, Governor Wolf and OIG also took a new step to increase the transparency of state government by beginning to publish summaries of its investigations on its publicly accessible website.

**INVESTIGATION AND PROSECUTION OF FRAUD AND OVERPAYMENTS IN THE COMMONWEALTH'S PUBLIC ASSISTANCE BENEFITS PROGRAMS: OIG'S BUREAU OF FRAUD PREVENTION AND PROSECUTION**

Since 1994, in cooperation with what is now known as the Department of Human Services (DHS), OIG has also served as the primary investigator of fraud and overpayments in public assistance benefit programs administered through DHS, including the Supplemental

Nutrition Assistance Program (SNAP), previously referred to as the food stamps program, the Temporary Assistance for Needy Families (TANF) Program, the Subsidized Child Care Program, the Low-Income Home Energy Assistance Program, and the Medical Assistance Program. These investigations are conducted by our Bureau of Fraud Prevention and Prosecution (BFPP), which also works with investigators and prosecutors in federal, state, and local law enforcement and investigative agencies. We all share a responsibility to provide health and human service benefits to those eligible under our laws. Individuals who engage in fraud take away limited resources from the neediest of Pennsylvanians.

BFPP operates three main programs that focus on the prevention and prosecution of public assistance benefits fraud. These programs are the Field Investigation Program, the Fraud Investigation Program, and the SNAP Trafficking Program. BFPP also operates a Collections Program which collects overpayment of benefits even when fraud is not discovered.

The Field Investigation Program prevents fraud before it occurs. When individuals apply or re-apply for public assistance benefits through DHS, they are required to submit truthful, complete, and accurate information. OIG's Welfare Fraud Investigators (WFI) conduct investigations of referrals from DHS and report their findings to the caseworker, who will then determine eligibility based on the WFI's findings. This program assists to ensure the integrity of DHS's public assistance benefit programs by preventing benefits from being paid out incorrectly.

In State Fiscal Year 2014-2015, the Field Investigation Program conducted 27,756 investigations and saved the Commonwealth in excess of \$87 million in public assistance benefits that otherwise would have been incorrectly paid out to an applicant or recipient. On average, each WFI saves the Commonwealth over \$1.2 million annually.

The Fraud Investigation Program investigates overpayments of public assistance benefits. When evidence of an intentional program violation is obtained, OIG seeks to hold those responsible for the violations accountable, either through criminal prosecutions initiated by the district attorney in the county in which the violation occurred or through Administrative Disqualification Hearings (ADHs) held before DHS's Bureau of Hearings and Appeals (BHA).

When evidence of fraud is found, an OIG Claims Investigations Agent works with the local district attorney to file a criminal complaint. The Agent acts as the affiant to the complaint or as a witness in the hearings, reducing the need to rely on police officers and detectives and allowing these law enforcement officers to focus their efforts on other public safety activities. In some cases, OIG may instead seek resolution of the suspicion of an Intentional Program Violation through an ADH before the BHA without the need for criminal prosecution.

In State Fiscal Year 2014-2015, OIG filed 833 criminal complaints for a total restitution amount of over \$3.7 million. Separate from these criminal prosecutions OIG also initiated 316 ADHs, which totaled over \$950,000 in restitution. OIG saved the Commonwealth an additional \$2 million by stopping benefits to recipients who were disqualified from participation in the programs as a result of the Intentional Program Violations they committed. BFPP Agents who conduct Fraud Investigations resulting in criminal prosecution and administrative hearings, on average, save the Commonwealth over \$700,000 annually.

OIG also works with the United States Department of Agriculture (USDA) to investigate and prosecute individuals suspected of trafficking SNAP benefits at retail grocery stores. SNAP trafficking occurs when SNAP benefits are illegally exchanged for cash, services, or anything other than eligible food items. If a SNAP trafficking investigation reveals the store is committing SNAP trafficking transactions, the store owner can be prosecuted or the store can be

disqualified by USDA from participation in SNAP. If it is also determined that a recipient is intentionally participating in the trafficking activity, OIG will seek appropriate action through criminal prosecution or an ADH. In State Fiscal Year 2014-2015, OIG initiated 349 ADH's regarding SNAP trafficking, which totaled over \$677,000 in restitution for the Commonwealth.

Separate from these actions, in State Fiscal Year 2014-2015, OIG successfully collected and cost-avoided in excess of \$9.8 million in Medical Assistance Long Term Care benefits. Each year, Pennsylvania pays out millions of dollars to ensure that elderly and disabled Pennsylvanians receive the care they need. When DHS discovers an individual or their personal representative failed to report income or assets that affected eligibility for long term care benefits, the possible overpayment is referred to OIG for investigation and collection.

OIG also operates a robust Collections Program. Individuals who are prosecuted for fraud or who are determined to have committed an Intentional Program Violation through the ADH process will be ordered to make restitution. Not all overpayments referred to OIG meet the elements of fraud or can be handled through the hearing process. Overpayments that are not selected for further investigation or are investigated and unsubstantiated for fraud are sent through BFPP's Collection Program, which includes possible referral to the Treasury Offset Program (TOP),<sup>1</sup> allotment reduction for active recipients, individual repayment agreements with OIG, or referral to private collection agencies. Collections across BFPP's programs exceeded \$22 million in State Fiscal Year 2014-2015.

In addition to the agents and investigators assigned to BSI and BFPP, the General Counsel appoints a Chief Counsel and Assistants to OIG. Together, attorneys and investigators

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<sup>1</sup> TOP is operated by the United States Treasury Department and intercepts all forms of federal payments, such as Internal Revenue Income Tax Return refunds and Social Security benefits, to repay federal debts. OIG refers all SNAP overpayments which are delinquent to TOP for repayment. In calendar year 2014, the OIG, through TOP, collected nearly \$4.5 million in delinquent SNAP overpayment debts.

work to conduct various investigative activities necessary to obtain the information needed to complete an investigation and report OIG's findings for appropriate action by the agency and the Governor's Office. OIG's attorneys also serve to provide advice and counsel in many other aspects of the Office's operations, including responses to subpoenas and requests for records or information under the Right-to-Know Law or a media or legislative inquiry, employment matters, contracting, and policy development.

**REPORTING EXECUTIVE AGENCY WASTE, FRAUD, ABUSE, AND MISCONDUCT, AND PUBLIC ASSISTANCE BENEFITS FRAUD TO OIG**

Key to the OIG's successes are community partnerships – from citizens and Commonwealth employees who report suspected welfare fraud, government inefficiencies, and potential misconduct by state employees, to local law enforcement, district attorneys, county assistance offices, and other federal, state, and local agencies. OIG receives complaints through dedicated toll-free numbers and web-based reporting forms for its Commonwealth executive agency investigations and public assistance benefits fraud, through e-mail, by regular mail, and in-person at its offices in Harrisburg, Philadelphia, Pittsburgh, and Wilkes-Barre. OIG also receives requests to initiate investigations directly from Commonwealth officials and agency heads and from the Governor's Office.

Reports of fraud, waste, abuse, of misconduct in executive agency programs, operations, or contacting can be made through OIG's toll-free number, 1-800-FRAUDPA (1-855-372-8372). Reports can also be submitted by mail to: Pennsylvania Office of Inspector General, Bureau of Special Investigations, 555 Walnut Street, 8<sup>th</sup> Floor, Harrisburg, Pennsylvania, 17101. Individuals can report public assistance benefits fraud through the Welfare Fraud Tip line, 1-800-932-0582, or by mail at: Pennsylvania Office of Inspector General, Bureau of Fraud Prevention

and Prosecution, 555 Walnut Street, 7<sup>th</sup> Floor, Harrisburg, Pennsylvania, 17101. OIG's also receives reports through the OIG website, [www.oig.pa.gov](http://www.oig.pa.gov).

All calls and correspondence to OIG are confidential and reports can also be made anonymously.