

HUMAN SERVICES COMMITTEE

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HUMAN SERVICES COMMITTEE

The Human Services Committee had the responsibility of reviewing and investigating the departments within the Human Services Group. The committee also was able to investigate two divisions and programs in the Administrative Support Division of the Human Services Group.

The committee would like to thank each of these departments for their cooperation. All department heads and staff we encountered were professional, dedicated and cooperative.

The following departments and divisions were visited:

Aging and Adult Services
Children's Services
First 5
Foster Care Program
Independent Living Program
Preschool Services
Transitional Aged Youth Program
Transitional Assistance
Veteran's Affairs

The following Administrative Units were reviewed and investigated:

Administrative Service Division
Program Integrity Division

The Human Services Committee submits the following findings and recommendations.

HUMAN SERVICES DEPARTMENT

PROGRAM INTEGRITY DIVISION

BACKGROUND

The Program Integrity Division (PID) is devoted to providing quality service to the Human Services departments it serves, and is committed to ensuring that welfare programs are administered fairly, equally, and without system abuse. It provides supportive services to the three social service departments: Transitional Assistance Department (TAD), Department of Children's Services (DCS), and the Department of Aging and Adult Services (DAAS).

PID is comprised of four different units with unique functions that support Human Services departments. The Case Review Unit (CRU) conducts specialized case reviews at the direction of County Counsel. The Quality Review Unit (QRU) is responsible for the review and reconciliation of reports, cash aid overpayment calculations and collections, CalWORK work participation rate and Food Stamp quality control case reviews. The Appeals Unit represents the County in administrative hearings in which public assistance case decisions are disputed by the clients, and receives and resolves or refers elsewhere for resolution complaints about how cases are handled by workers. Also, the Fraud Investigation Unit (FIU) which is required to prevent, identify, investigate and prepare for prosecution cases involving abuse of the welfare system.

FINDINGS

San Bernardino County is rated second in the state for the number of welfare cases. Currently, San Bernardino County has 30,000 cash assistance cases and 55,000 Food Stamp cases. The interviews conducted by the Grand Jury concentrated on the issue of welfare fraud.

There has been a steady decline in the number of fraud investigators within the Public Integrity Department. When asked by the Grand Jury what the fraud rate was currently, or the amount of money lost to the county by fraudulent claims, the department answered "The definition of "fraud" found in the California Manual of Policy and Procedures is that a person must receive benefits they were not entitled to receive. We do not currently collect data that meets this definition." When asked what percent of referrals are referred to collections the departments answer was "The Special Investigations Unit (SIU) does not track the number of referrals submitted for collections." The PID is supposed to be the main checks and balances between the County and the taxpayer.

When an application for assistance is received, a Quality Review Specialist (QRS) is sent to the home within ten days to verify the information given. There are 12 QRSs who make approximately 900 home visits a month. Some of these visits reveal suspicions of fraud before any benefits are distributed. This information is then referred to the Fraud Investigation Unit. Examples of fraud would be a child or children reported to be in the home but in actuality are not, unreported income, altered or phony pay stubs, living in another county or state and filing here in San Bernardino County, "lost" Electronic Benefit Transaction (EBT) cards (an indication of possible fraud), using more than one social security number, and not reporting a wage earner living in the home. EBT cards are automatically loaded with income for both cash and Food Stamps. Photographs on the cards are not required. When asked why not, it was stated that "retailers are not the police; they wouldn't ask to see the picture anyway; all they want is to make the sale." Subsequently, as it was stated to the Grand Jury, EBT card fraud is very active. **Note:** Photographs would have to be approved by the State and implemented State wide. The state requires assistance applicants to be fingerprinted within one year. The PID tries to fingerprint them within a month, before benefits are given. Applicants used to sign the application form yearly in front of the case worker; now it can be mailed in, therefore not signed before a witness. The D.A.'s office no longer prosecutes clients for perjury. Nor does it prosecute any referral below \$2500.

Within the Public Integrity Department the number of Quality Review Specialists (Home Callers) has been increased, while the numbers of Fraud Investigators have been decreased. Many of the investigative duties have been given to the Home Callers even though they are not allowed to do some of the duties of the fraud investigators because of confidentiality issues. Home Call workers have taken over the job of background investigations but cannot make collateral contacts to detect fraud; for example, talking to neighbors of the applicant, friends, and schools. It is felt within the department that it is cheaper to have the Home Callers do more work than keep fraud investigators on the payroll. A new tier of investigators, below Law Enforcement Investigators but above Home Callers who have limited authority, that are not part of law enforcement, could be implemented to handle these duties and other collateral checks to detect fraud. This new position would give the investigators the latitude to do a thorough review of applicants. When fraud is detected, the case would then be transferred to the Fraud Unit for final review prior to going to the D.A.

A client report used to be generated on a monthly basis, whereby each voucher for assistance was looked at for changes in circumstances. The state has now made that a quarterly report. The client is no longer required to notify the office of any financial changes, or changes in family dynamics, until the new quarter starts. If the client's income changes on January 2 that increase does not have to be reported until April 1. What ordinarily would be an overpayment of benefits to the client in a monthly report is no longer considered an "overpayment" in the quarterly report. The Grand Jury asked about the effects of the quarterly reporting system. Would this not lead to more fraud that would go undetected? This is taxpayer money. It was agreed that it might, but its intent was to ease the workload. It is the system that the state mandates. It was expressed to the grand jury that it is the desire of the PID to change the quarterly reporting system

to a semi-annual system. It would be “easier and more beneficial”. However, for the taxpayer it means any overpayment, because of unreported changes, would not be discovered until 6 months have gone by. This “overpayment” would not be considered fraud, or a loss to the county.

One of the goals of PID for this fiscal year is to expand the Case Review Unit database and reporting capabilities and enhance reporting to customers by providing quarterly and annual reports. The goal for the Fraud Investigation Unit is to develop proactive internal and external detection systems to curb fraud in public assistance programs and increase by 33% the number of referrals to the D.A. for prosecution. But the number of attorneys assigned to prosecute fraud cases has decreased. PID was asked about the number of fraud investigators employed in the last five years:

June of 2002 - 49 investigators

June of 2003 - 45 investigators

June of 2004 - 33.5 investigators

June of 2005 - 30.5 investigators

June of 2006 - 28.4 investigators

June of 2007 - 26 investigators

As of the date of this interview there were 23 investigators, with the unit to lose three more in January 2008. In 2007, there were a total of 68,789 applications for assistance. From that, there were 20,179 fraud referrals to the FIU. But there were only 160 convictions by the D.A.’s office. In 2005 there were a total of 63,990 applications for assistance with 12,206 fraud referrals. At that time they had 30.5 investigators. There has been a steady decline in fraud investigators. The state standards are one investigator for every 1,000 cases. By this standard there should be 34 fraud investigators.

Forty percent of the referrals made by eligibility workers contain fraud of some kind. It was stated that the greatest amount of fraud is in childcare cases. State eligibility standards are too lax. This program is easily defrauded and takes longer to work. Most investigators do not have the time or experience, and the cost to the county of a thorough investigation is significant. If the department cracks down on ongoing fraud, and payments to applicants decrease, the state budget process cuts the monies. If all the money in the budget is not used, less money will be budgeted in the future. This initiative to minimize leads to a fraud problem. It was suggested that the FIU do random, cold call, childcare inspections.

According to the FIU, even though the development of proactive programs is a goal for the current year, the proactive enforcement programs that were being done have been stopped. There are no fraud “sweeps”, no “dinner with daddy” an after-hours home inspection for an unlisted wage earner in the home; there is no longer any collaboration with local law enforcement. Nothing is in place to allow the Fraud Unit to seize assets.

The Fraud Unit used to be well respected in the law enforcement community; now their poor reputation has led to a morale problem, which seems to equal less productivity, leading to more fraud. There is a need for more of a law enforcement oriented type approach to dealing with welfare fraud.

There appears to be a tug of war going on between the benefits side of the PID and the fraud investigation side. These are very different, competing interests under one umbrella. The benefits side wants the applicants to receive what they need. The fraud side is looking to make sure that no benefits are received that are not warranted. This dysfunction was obvious to the grand jury through our many interviews. The cause of this dissention may be related to work relations, low pay, staffing, and/or the work environment. The Sheriff's Association, the Performance, Education, & Resource Center (PERC), and Human Resources have been asked to come into the Division and do an assessment as to what is creating the low morale problem. They will speak with both supervisory and staff personnel and when the facts are gathered all will believe they got due process. Human Services management will be proactive and there is the belief that it will lead to a positive change in the management style; if not a change in management personnel. If the PID is motivated and correctly led, welfare fraud will decrease.

RECOMMENDATIONS

- 08-22 Transfer the Fraud Investigation Unit out of Human Services and place it under the D.A.'s office.

- 08-23 Create a new tier of investigators that are not part of law enforcement. They would work under the Human Services Department.

- 08-24 Create and maintain a report regarding welfare fraud rate and the cost to the county.

- 08-25 Have County Counsel look into "asset forfeiture" regarding properties purchased with illegally obtained welfare money.