



# county of Santa Cruz

## HUMAN RESOURCES AGENCY

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March 18, 1999

Agenda: March 23, 1999

BOARD OF SUPERVISORS  
County of Santa Cruz  
701 Ocean Street  
Santa Cruz, CA 95060

### SPECIAL INVESTIGATIONS UNIT PROGRAMS

Dear Members of the Board:

On December 8, 1998 your Board directed the Human Resources Agency to report back on the various methods employed by the Special Investigations Unit (SIU) to detect and prevent fraud in the public assistance benefits programs. The following information is provided in response to the request for additional information.

#### FRAUD PREVENTION

The primary detection method used in California and Santa Cruz County includes the use of automated detection systems, whereby recipients at the application stage and on an ongoing basis, Social Security numbers are matched with a number of State Data Banks, including EDD Employment Data, SSI, IRS, and the lottery department. These matches are compared against the client/recipients reported income and if a discrepancy is uncovered, the information is referred to the county for investigation.

A second method to detect welfare fraud is during the application stage or at the renewal stage. During application and at renewal, an eligibility worker will thoroughly review the case and interview the clients. The eligibility worker will not only gather the needed information to determine eligibility but will also screen every case for potential fraudulent application or ongoing fraud in the case of a renewal process. Eligibility workers receive training on potential indicators of fraud during their initial induction training. If an eligibility worker suspects fraud, the matter is referred to the fraud unit for investigation. The matter is investigated and the

investigator completes a crime report which indicates whether fraud exists and whether the matter should be referred for criminal prosecution or administration action (restitution recovery). In some cases, while the elements of fraud may be present, if no money was received, the matter is referred back to the eligibility unit and the application denied.

A third method of detection is through referrals from the public. These referrals are received through SIU, The State Fraud Hotline, and other crime hotlines such as We Tip. These referrals are screened for not only probable cause but also whether or not investigation is warranted and completion of an investigation would result in a successful prosecution and/or restitution recovery.

A fourth method of detection is a referral from another law enforcement agency including police and sheriff departments, federal law enforcement agencies, including state and federal drug task forces.

#### FRAUD PREVENTION

The most cost effective way to reduce fraud is through prevention. Prevention also benefits recipients by helping them avoid the temptation of fraud and the disruption of prosecution. HRA's program integrity unit (SIU) places great emphasis on its Early Fraud Program. This is a pro-active unit consisting of two full time investigators, one outstationed in Watsonville and one at the Emeline Complex.

The investigators assigned to the Early Fraud Program operate as a team with the intake unit, with a common goal of preventing fraud at the earliest possible stage through awareness, training, and early detection. This type of working relationship promotes awareness, fosters training efforts, and emphasizes the county's commitment to preventing fraud at its earliest stage which is cost effective, has less impact on the clients, and is the cornerstone of an effective integrity plan.

The objective of the Early Fraud Prevention Program is to ensure that public assistance benefits (i.e. CalWorks, Food Stamps, and General Assistance) are granted only to those applicants meeting program requirements. Prior to welfare reform, the Early Fraud Prevention Program was administered mainly on a referral basis from eligibility staff. With welfare reform, counties were given increased flexibility over the administration of Early Fraud Prevention.

Santa Cruz County redesigned the Early Fraud Prevention Program into a more proactive fraud prevention resource by integrating the program more fully into the front-end of the application process for CalWorks applicants:

Step one: Fraud Investigators present the "What is Fraud?" segment of the CalWorks Group Orientation for new applicants and answer any questions regarding the elements of welfare fraud.

Step two: All approved welfare cases are referred to Special Investigations for computer checks for outstanding felony warrants, unreported property (i.e. vehicles and/or real estate), and verification of any felony drug arrests/convictions that occurred after 8/22/96 (Food Stamps) and 12/31/97 (CalWorks). If any of these disqualifying factors are discovered, the information is forwarded to the eligibility worker for action.

Step three: Field investigations (home visits) are conducted to resolve any issues arising from false or conflicting information discovered either by the eligibility staff or the investigator (i.e. client's employment status, household composition, and questions about living expenses).


Due to the proactive nature of the current Early Fraud Prevention Program, greater numbers of potential welfare fraud cases have been detected. This has resulted in a cost avoidance to the state, county, and those individuals that may have found themselves involved with the criminal justice system.

RECOMMENDATION

Working as a team, HRA's Special Investigations Unit and the public assistance benefits staff emphasize and communicate to clients the message that fraud is not acceptable. Every effort is made to both detect and more importantly to prevent fraud, thus assuring program integrity.

IT IS THEREFORE RECOMMENDED that your Board accept and file this report.

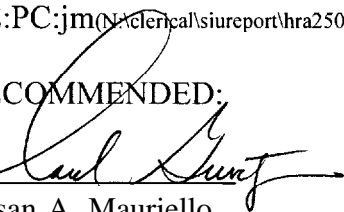
Very truly yours,



Cecilia Espinola  
Administrator

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RECOMMENDED:



for Susan A. Mauriello  
County Administrative Officer