

WELFARE FRAUD PREVENTION

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December 11, 1995 was a cold and rainy day when I began my adventure into the world of welfare fraud and welfare fraud prevention. My destination was the Alameda County Fraud Division. There I would meet the gentleman who, for the next two weeks, would educate me on "hows and whys" of this county's need to create a fraud division. Robert Evan was a tall slender man, very friendly, and, as I would learn, well-equipped to create a fraud division. He arrived in 1994 when the county was compelled by Grand Jury investigations to answer the question, "How rampant is welfare fraud in this county?"

BACKGROUND

Alameda County is a medium size county with a population of 1.7 million approximately 13% of the population are welfare recipients. It was against this back drop that the Alameda County Grand Jury began an investigation into the County's welfare fraud problem in 1990. In December, 1993 the Grand Jury formalized their concerns about the management and the productivity of the Social Services Agency Special Investigations Unit for welfare fraud. An Interim report dated February 10, 1994 recommended a thorough evaluation of the fraud program and activities for the past two years be conducted. Also, the State Department of Social Services reviewed the Department's Fraud Unit.

Both the Grand Jury Interim Report and the subsequent California State Department of Social Services Fraud Bureau report, dated January 26, 1994, documented inadequacies in management, supervision, staffing, performance standards, training and policies and procedures.

As a result of these reports, the Board of Supervisor instructed the Social Services Agency to review all of the deficiencies cited and with the assistance of the District Attorney's *Office* developed a comprehensive Corrective Action Plan (CAP).

THE BEGINNING

The foundation of any organization is its management team and so with the completion of the CAP, Alameda went in search of a Director to establish the newly mandated Welfare Fraud Division. In searching for a Director, Alameda looked everywhere; applicants of all ages, races and sexes were pursued. Finally the call went forth to Robert Evan, a former FBI agent and Chief Investigator for Health and Human Services. Robert answered this call January 24, 1994. Initially, he was to be with the county for sixty days providing guidance in the establishment of the Fraud Units. Two years later January 8, 1994 Bob Evan retired. In between, he directed the development of what has become one of the best welfare fraud investigation divisions in the State of California.

Bob drafted a plan and it went to the Board of Supervisor for approval, opposition for the plan was provided by the Grand Jury and District Attorney's Office who felt welfare fraud investigation should be done by the DA staff. However with the support of the SSA General

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Manager, Dr. Rodger Lum, the agency was given the opportunity to prove it could establish an effective fraud unit.

THE PLAN

Bob's plan addressed the areas of concern of the Interim report and CAP They were supervision, staffing, space, performance standards policies and procedures and training. In each area the following was accomplished:

- A. Supervision- Two experienced investigators were selected to supervise investigative staff, two supervising eligibility technicians were selected to supervise the IEVS review staff and one law enforcement investigator was selected to supervise the Fraud Early Detection unit.
- B. Staffing- the personnel committed to fraud activities was doubled.
- C. Space was located and leased - The space designed enhanced the unit's professionalism, improved morale and enhanced the relationship between the Social services staff and the District Attorney Staff.
- D. Performance standards- Specific performance criteria to guide staff was developed.
- E. Policy and Procedures- A policy and procedure manual was developed and issued.
- F. Training Agency- Staff was given training to help identify potential fraud and how to make referrals to investigators. Also fraud staff was given training in program regulations.

Finally, Bob knew that pride in the job and the accomplishment was necessary for the unit to be successful, so a Unit slogan was created which described the reinfusion of pride and effort that was being demonstrated by the now division posted.

Using the ancient mythical bird the Phoenix as a symbol. This unit poem was developed.

THE PHOENIX

A symbol of immortality: eternal life and love.

A beautiful love bird whose gorgeous plumage flames about him like fine works of red and gold. When his time is over the Phoenix flies up into the arms of the Sun where he burns to death then from his ashes are reborn more youthful and beautiful than before. As did the Phoenix in the Arabian desert so does the Welfare Fraud Prevention Division in the County of Alameda.

And so with this new attitude or rebirth the fraud division of Alameda County began to fly.

RESULTS/ACCOMPLISHMENTS

With the Unit established the organization who were initially concerned reviewed the division S to determine what progress had been made. On July 21, 1994 the California Department of Social Services wrote in the report "we conclude that with the improvement in the Social Services Agency Investigations unit and the continued high level of efforts by the District Attorney's Fraud unit, that Alameda County is well on its way to having one of the best fraud programs in California." The same Agency twelve months later wrote in their report "Your welfare fraud program has now operated within the corrective action plan for twelve months. We found the plan and administrative infrastructure impressive at six months as noted in our report issued August 20, 1994. The continuing development and the increases in all statistical categories are significant. Through your efforts and the Board of supervisors' support, we are happy to report that Alameda County is indeed well on its way to having one of the best fraud programs in California. In recognition of the continued high level of effort and progress achieved by Alameda County, the Fraud Bureau is removing the reporting requirement as it is no longer necessary."

Yes indeed Social Services Agency Welfare Fraud Program like the Phoenix has been reborn and is flying high. But what were some of the accomplishments that brought such a sparkling report in this short period. Let's take a look.

1. Staffing increased from fifty-four (54) to one hundred and eight (108).
2. AFDC and Food Stamps computed overpayments/overissuances increased from 476 to 2,025. The value of the increased computation was from \$2,320,354.00 to \$6,602,699 an increase of 185%.
3. Investigation Unit completed 638 investigations referring 500 for criminal prosecutions n increase of 757%.
4. Monthly cash collections have increased to \$21,153.00 an annualized increase of \$253,833.00.
5. Cost Avoidance due to early fraud detection (FRED) was projected to \$809,244.00.
6. Fraudulent overpayments recovered through grant reduction increased from \$3,370.00 to \$18,849.00.
7. District Attorney Prosecutor filed 727 criminal complaints more than 20% or all complaints filed by the DA is for welfare fraud.
8. Developed an integrated fraud communication computer system.

These and many other achievements have made Alameda County Welfare Fraud Division an outstanding unit.

CURRENT STATUS

On January 8, 1996, Bob Evan relinquished control of the fraud Division to a new sheriff Ian Macauley, an experienced manager and investigator. Under his direction, I believe the division will continue to grow ever stronger in their desire to reduce fraud within the County. The areas Mr. Macauley will need to focus on are Welfare reform what and how _ is fraud prevention impacted?

- Fraud Prevention: Can we achieve zero tolerance?
- Employee awareness: What method can the county use to improve employees awareness of fraud prevention?
- Finally, How do I prevent a drop off in efforts already established?

Along with the improvement in the Welfare Fraud division the District Attorney Office has introduced an innovated method for resolving cases in which the defendant is a first time offender. Using the criminal drug diversion program as a model the D.A. implemented a "Fraud Diversion Program". The program is unique because it requires the collaboration of DSS, Public Defender Office, The Court System, the District Attorney and Central Collection. The requirements are strictly enforced.

The defendant can only be charged with Welfare fraud and must agree to follow a set of guidelines established by the court. These guidelines include repayment of the money received within three years (3) and a six month sanction of AFDC benefits. This program provides the client with one major benefit if they successfully complete the program -they will have all criminal charges dropped which mean they have no criminal conviction to prevent them from entering various employment arenas.

CONCLUSION

Alameda County has recognized fraud does occur within its benefit payment programs and that it is essential for them to have adequate investigative effort in order control and reduce the level of fraud. They have spent the time and effort to create a Fraud Division to address the problem. Additionally they have developed relationships with other agencies to ensure the county is protected and the client is afforded the opportunity to address and correct the wrong without being penalized for the remainder of their life. I believe this should be the goal of all welfare fraud units within the State of California.