



KIM JOHNSON
DIRECTOR

STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY
DEPARTMENT OF SOCIAL SERVICES
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GAVIN NEWSOM
GOVERNOR

October 6, 2020

Ms. Ann Edwards, Director
Sacramento County
Department of Human Assistance
1825 Bell Street, Suite 200
Sacramento, CA 95825-1020

Dear Ms. Edwards:

**SUBJECT: SACRAMENTO COUNTY SPECIAL INVESTIGATIVE UNIT (SIU)
COMPLIANCE REVIEW REPORT, FY 2019/2020**

The purpose of this letter is to inform you of the results of the Sacramento County SIU review of the California Work Opportunities and Responsibilities to Kids (CalWORKs) and CalFresh programs. The SIU review was conducted from December 2019 through February 2020, with the on-site visit and interviews occurring February 27, 2020.

As required by Title 45 of the Code of Federal Regulations (CFR) §205.120(a)(3)(ii) and the California Department of Social Services (CDSS) Manual of Policies and Procedures (MPP) §20-009.1, the CDSS Program Integrity Bureau conducts periodic county SIU reviews to examine program integrity areas including:

- Investigation statistics
- Appropriate structure of the SIU
- Fraud referral and investigation procedures
- Protocols established with the District Attorney's Office for prosecution
- Participation in Administrative Disqualification Hearings (ADH)
- Compliance with documentation requirements of Intentional Program Violations (IPV)
- Overpayment and Overissuance computation and processing
- Staff development and training
- Processing of certain IEVS matches (Deceased Persons Match, Fleeing Felon Match, Nationwide Prisoner Match, Welfare Institutions Match)

A brief exit meeting was conducted on-site on February 27, 2020, to discuss the outcome of the review.

Ms. Edwards
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The county has one finding and one observation for this review.

- Finding Sacramento County provides fraud refresher training every other year, not every year as required (MPP 20-005.24)
- Observation of two (very old) IPVs with erroneous data, which require correction and a check for any aid collected while the disqualified persons should have been barred from aid

Please see the attached report for more detail of the finding and observations.

Because of the finding, CDSS requests the Sacramento County Health & Human Services Agency submit a corrective action plan (CAP) to address the finding by December 4, 2020.

If you have any questions regarding this letter, please contact me or have your staff contact Niall Stahl, Welfare Fraud Prevention Coordinator, at (916) 651-3993 or by email at Niall.Stahl@dss.ca.gov.

Respectfully,



JOE DENEKOCHEA, Manager
SIU Review Unit

c: Lane Ruddick
Chief Investigator
Sacramento County DHA Investigations
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**Program Integrity Bureau
Special Investigative Unit (SIU) Compliance Review**

REPORT OF FINDINGS

SACRAMENTO COUNTY

October 6, 2020

Special Investigative Unit (SIU)

State regulations require that the County Welfare Department (CWD) must investigate all alleged intentional program violations (IPV) for the CalWORKs and CalFresh programs. In addition, other areas examined during the review, but not limited to, were compliance with MPP §20-005 and MPP §20-007, statistical documentation, appropriate structure of SIUs, fraud referral and investigation procedures, use of disqualification consent agreements, protocols established with the District Attorney's Office for prosecution, as well as CWD participation in administrative disqualification hearings (ADH) and compliance with documentation requirements of IPVs.

The County Department of Human Assistance (DHA) maintains an SIU with a chief criminal investigator, assistant chief criminal investigator, five supervision criminal investigators, 18 criminal investigators, and 27 investigative assistants. The investigators operate under the Finance & Administration deputy director. Investigators in the SIU conduct early fraud investigations if requested and investigate allegations of attempted welfare fraud against public social services programs. The investigative assistants process some IEVS matches among their many duties.

DHA contracts with the District Attorney's office for prosecution of CalWORKs (CW) and CalFresh (CF) fraud. The DA's office assigns a dedicated Deputy District Attorney (DDA) to work with DHA on welfare fraud cases.

There are no dollar thresholds for eligibility workers to make a request for investigation of welfare fraud.

Home visits for application data verification are conducted by investigators based on referrals from intake eligibility staff. Home visits include verification of data supplied by applicants when the intake worker cannot verify the data.

DHA provides eight hours of initial fraud awareness for newly-hired eligibility workers. DHA also ensures up to four hours of annual refresher fraud awareness training every other year.

DHA staff process certain income and eligibility matches including the Deceased Persons, CYA/Welfare Institutions, Fleeing Felon, and Nationwide Prisoner matches. Investigators verify data if required, and work some of the matches. DHA received 22 Fleeing Felon and Nationwide Prisoner match reports from October 1, 2018, through March 31, 2019. These reports should have been processed by March 31, 2019, for the reports received the last quarter of 2018; or by June 30, 2019, for the reports received the first quarter of 2019. Federal regulations (45 Code of Federal Regulation (CFR) 233.20 and 7 CFR 273.18) require action on any information which may impact an aid case by the last day of the quarter following the quarter in which the county received the information. All matches checked were processed timely.

When match processing or an investigation reveals that an Overpayment and/or Overissuance (OP/OI) has occurred, DHA staff calculate the OP/OI.

Completed investigations which yield enough evidence to establish an IPV and possible criminal charges are referred to the DA's office with a request for prosecution filing. The DA's office assesses if the evidence to determine if the evidence shows intent to commit fraud.

ADH is required under Title 7 of the Code of Federal Regulations (CFR) §273.16 for cases where sufficient evidence of fraud exists, but the case does not warrant criminal prosecution, or the prosecuting authority does not prosecute. Sacramento County has a detailed ADH program which serves as a model for other counties.

After an individual has been determined to have committed an IPV either through the prosecution (or ADH process), the Sacramento County DHA is responsible to comply with regulations and establish the disqualification penalty based on the type and amount of fraud and any prior IPV's; issue a disqualification notice to the respondent; initiate the disqualification penalty (or penalties) and enter the IPV information into the State Online IPV Database within 30 days of disqualification. The county must also document the IPV on the State Fraud Investigation Quarterly Statistical Activity Report (DHA 466) in the quarter the IPV was initiated.

The IPV processing part of the review revealed two late IPV entries. DHA staff received information concerning entries for review, correction in the statewide IPV database, and further action if required.

Observations and Recommendations:

Finding: Sacramento provides four hours of refresher fraud awareness training every other year. Regulation requires refresher training every year, and recommends four hours of training (County Responsibility, MPP 20-005.24, *“Provide periodic refresher and special training in the prevention and detection of fraud to all program staff and first-line supervisors, utilizing curricula approved by the CDSS. It is recommended that new employees receive a minimum of eight hours of such training during the first four months of their employment. Minimum adequate refresher training is considered to be four hours annually.”*).

Recommendation: Consider review of other counties’ initial fraud training material and adopt material which your staff determine can best meet the initial training recommendation, and to avoid repeating the exact same training every year. Your department retains discretion on how to deliver the training (via on-line learning, lectures, contractor/vendor training, agenda topic for staff meetings).

Observation: Two IPV’s were entered into the statewide IPV database late.

Recommendation: Your staff have received information on the late IPV’s. Please have them correct the information (if they have not already done so). If it is determined that individuals were issued benefits when they should have been off aid, then your staff should establish administrative errors and collect overissuance, if possible.

Contact Information:

Questions regarding this report and review process should be directed to:

Niall Stahl
Welfare Fraud Prevention Coordinator
SIU Review Unit
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Human Assistance
Ann Edwards, Director



County of Sacramento

Branches
Customer Service Operations
Finance and Administration
Community and Program Support
County Veterans Services Office

November 20, 2020

Joe Denecochea, Manager
SUI Review Unit
Research, Automation and Data Division
California Department of Social Services
744 P Street, M.S. 8-5-26
Sacramento, CA 95814

SUBJECT: SIU FY 2019-2020 Compliance Review Report Response

Dear Mr. Denecochea:

This letter is in response to the Special Investigative Unit (SIU) Compliance Review Report issued to the Sacramento County Department of Human Assistance (DHA) on October 6, 2020, following the Compliance Review for Fiscal Year 2019-2020 conducted by your office. Our Corrective Action Plan for the one finding, as well as our response to the one observation, is outlined below.

SIU Observations and Recommendations:

Finding:

Sacramento provides four hours of refresher fraud awareness training every other year. Regulation requires training every year and recommends four hours of training (County Responsibility, MPP 20-005.24, *"Provide periodic refresher and special training in the prevention and detection of fraud to all program staff and first-line supervisors, utilizing curricula approved by the CDSS" . . . "Minimum adequate refresher training is considered to be four hours annually."*

Corrective Action Plan:

DHA has updated our Fraud Awareness training presentation to provide four hours of refresher training annually, in compliance with MPP 20-005.24. Training will be delivered through our online learning platform beginning in January 2021.

Observation:

Two Intentional Program Violations (IPVs) were entered into the statewide IPV database late.

Comment:

Although the IPVs were received late (one from state hearings and one from the superior court), they were processed by the department within MPP guidelines upon receipt. Per MPP 20-300.4 for CalFresh and MPP 20-354.2 for CalWORKs, IPVs must be processed *"beginning with the first month following the date the household member receives the notice for ADH or within 45 days of the date the disqualification was ordered for court decisions."* In one instance the decision was made on January 20, 2016, received from state hearings on March 10, 2016, and processed on March 18, 2016. In the other instance the decision was made on November 16, 2016, received from the courts on January 29, 2019, and processed on January 30, 2019. Appropriate action was taken in both cases prior to the SIU Compliance Review, and verification was provided to the reviewers. No overpayments or over-issuances resulted from the late actions taken by the County.

Thank you for your assistance in helping DHA achieve compliance with Division 20 regulations. If you have any questions or need additional information regarding this Corrective Action Plan, please contact Lane Ruddick, Chief Criminal Investigator, at (916) 875-1275 or ruddickl@saccounty.net.

Sincerely,



Ann Edwards
Director

c: Deborah Burch, Deputy Director
Lane Ruddick, Chief Investigator