



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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# Preventing Welfare Fraud

## *Preventing Public Assistance Payments for Incarcerated Juveniles*

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*An Operational Review by the*

**Fraud, Waste, and Abuse  
Prevention Division**



**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**  

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Mr. Wayne Sholes, Director  
Ohio Department of Human Services  
30 East Broad Street  
Columbus, Ohio 43266-0423

Dear Director Sholes:

I am pleased to provide you with our report entitled "Preventing Public Assistance Payments for Incarcerated Juveniles". The objective of our review was to determine if public assistance recipients properly reported when a juvenile member of their assistance group was incarcerated in a detention facility maintained by the Ohio Department of Youth Services. The report discusses the results of investigations conducted by County Departments of Human Services based on the Auditor's match of incarcerated juveniles and public assistance files. It also contains recommendations to the Department to prevent future occurrences of unreported incarcerations.

Copies of our report are being sent to the County Directors of Human Services, the Director of the Department of Youth Services, members of the General Assembly, and other interested parties. If you or your staff have any questions concerning the report or would like to discuss its contents, please call John Butts, Chief of our Fraud, Waste, and Abuse Prevention Division, at (614) 466-3212.

Yours truly,

**JIM PETRO**  
Auditor of State

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## EXECUTIVE SUMMARY

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*In State Fiscal Year 1998, the State of Ohio and the federal government paid about \$1.2 billion to Ohioans in support of the Ohio Works First (OWF) and Food Stamp programs. Given the magnitude of these outlays and the program changes brought about by welfare reform, the Auditor of State is concerned that appropriate controls exist to ensure that program funds are not lost to fraud, waste or abuse.*

*Ohio Administrative Code (OAC) Section 5101:1-2-20 requires that the primary representative of an assistance group (hereafter called the "recipient") report any changes in the group's composition within 10 days of the change. The reporting requirement exists because the amount of benefits received by an assistance group (typically a household) is determined by the composition of the group. In addition, the state provides for the housing and feeding of juveniles during incarceration, thus relieving the assistance group of that responsibility. The report addresses whether public assistance recipients properly reported when a juvenile member of their assistance group was incarcerated in a detention facility maintained by the Ohio Department of Youth Services (DYS).*

*The Auditor of State matched files of currently incarcerated juveniles with public assistance files to determine if incarcerated juveniles were listed as members of assistance groups. Following a pilot test conducted in cooperation with the Montgomery County Prosecutor's Office, a list of 197 incarcerated juveniles was sent to 34 County Departments of Human Services (CDHSs) for follow up investigation. The CDHSs determined that 132 public assistance recipients had not reported the absence of the juvenile from the group, and another 29 recipients had taken longer than 10 days to report the absence. The CDHSs estimated that the recipients had been overpaid \$106,295 in OWF and Food Stamp benefits. These results are in addition to the \$47,745 in overpayments and/or suspected theft identified by Montgomery County during the pilot test.*

*The Auditor of State is making three recommendations to the Ohio Department of Human Services (ODHS).*

- *ODHS should develop the means to match public assistance files with DYS files to identify future occurrences of unreported incarcerations. Ideally, county case workers should be alerted as soon as possible after a member of an assistance group is incarcerated in order to prevent overpayments from occurring or to minimize the amount of an overpayment.*
- *ODHS should review public assistance reporting requirements to determine if changes would result in improved compliance.*
- *ODHS should work with the CDHSs to recover the \$106,295 in overpayments that were identified by the Auditor's match.*

## TABLE OF CONTENTS

EXECUTIVE SUMMARY .....	i
BACKGROUND .....	1
PURPOSE, SCOPE AND METHODOLOGY .....	1
RESULTS .....	2
Montgomery County Pilot Results	
Supported State-wide Match .....	2
Unreported or Untimely Reported Incarcerations	
Caused at Least \$106,295 in Overpayments .....	3
CONCLUSIONS .....	5
RECOMMENDATIONS .....	5
AGENCY COMMENTS .....	5
APPENDIX I	
State-wide Results by County .....	6

### ABBREVIATIONS

AOS	Auditor of State
CDHS	County Department of Human Services
DYS	Ohio Department of Youth Services
OAC	Ohio Administrative Code
ODHS	Ohio Department of Human Services
OWF	Ohio Works First
SSN	Social Security Number

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## **BACKGROUND**

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In State Fiscal Year 1998, the state of Ohio and the federal government paid about \$1.2 billion in public assistance benefits to Ohioans in the support of Ohio Works First (OWF) and Food Stamp programs. Ohio Department of Human Services (ODHS) reported in 1997 that public assistance investigators established 5,500 cases of Food Stamp and cash assistance fraud and recovered just over \$8 million in overpaid Food Stamp benefits; however, no one knows the total amount of public assistance dollars that are obtained fraudulently or issued in error. Given the dollar outlays from public assistance programs, and the risks associated with these outlays, the Auditor of State is concerned that appropriate measures be taken to ensure that program funds are not lost to fraud, waste or abuse.

Ohio Administrative Code (OAC) Section 5101:1-2-20 requires all applicants and recipients of public assistance to make accurate, full and complete disclosure of the facts necessary to determine their eligibility and the correct amount of benefits due them. This disclosure includes reporting any changes in assistance group composition such as individuals temporarily entering or leaving the household. When recipients fail to report these changes, either intentionally or unintentionally, overpayments occur and often go undetected.

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## **PURPOSE, SCOPE AND METHODOLOGY**

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The Auditor of State, in cooperation with Ohio Department of Youth Services (DYS) and ODHS, matched files of incarcerated juveniles against the files of public assistance recipients.

The purpose of our match was to determine if the incarceration had been properly reported to the appropriate County Department of Human Services (CDHS). Ohio law requires that the primary recipient of a public assistance group report any changes in group composition so that benefits can be adjusted if necessary.

To assess the feasibility of a state-wide match, a pilot test was conducted with the Welfare Theft Division of the Montgomery County Prosecutor's Office. In June 1998, a list of 25 public assistance recipients, who, according to DYS files, had an incarcerated juvenile as a member of the recipient's assistance group, was forwarded to the County for investigation. Based on the investigative results (see discussion in Results section below), a decision was made to proceed with a state-wide match.

DYS, through the Data Linkage Project<sup>1</sup>, provided the Auditor's Office with an electronic file of 1,991 juveniles who were incarcerated in a DYS juvenile detention facility as of August 1998. We then matched the social security numbers (SSNs) of the incarcerated juveniles with the SSNs of 1,057,011 public assistance group members who were receiving assistance as of June 30, 1998. The match focused on juveniles whose assistance groups were receiving cash assistance OWF and/or Food Stamps, because incarcerated group members are not eligible to receive these benefits during the time

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<sup>1</sup> The Data Linkage Project was established in 1993 (Amended Substitute House Bill 152) to encourage the exchange of agency data to prevent overpayment and fraud in Ohio's public assistance programs.

of their incarceration. Juveniles who were eligible for Medicaid benefits were not included in the match, because incarcerated juveniles would not have illegally used these benefits since their medical needs were covered by the Department of Youth Services during the period of incarceration.

Our match identified 197 incarcerated juveniles whose assistance groups appeared to be receiving OWF assistance or Food Stamps in 34 counties. Case information on the 197 juveniles was forwarded to the respective CDHS for follow up investigation. Auditor staff requested that each CDHS determine if the incarceration had been properly reported by the assistance group, and adjust the assistance group's benefits if the incarceration had not been properly reported. CDHSs were also asked to complete and return a questionnaire that detailed the results of their investigation of each case and estimated the amount of any overpayment that occurred.

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## ***RESULTS***

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Public assistance recipients are required to disclose all changes that would affect their eligibility or the amount of assistance they receive. These changes must be reported within 10 days pursuant to OAC 5101:1-2-20. ODHS relies on the assistance group's primary recipient to timely and accurately report the change in composition of the assistance group, in order to adjust the group's benefits if necessary.

### **MONTGOMERY COUNTY PILOT RESULTS SUPPORTED STATE-WIDE MATCH**

The Montgomery County Prosecutor's Office investigation of 25 recipients resulted in the following.

- In 14 cases, recipients had falsified documents concerning the juveniles' absence from the home. The Prosecutor's office responded that 12 of the cases had the necessary elements for criminal prosecution.
- In 8 cases, recipients had timely reported the incarceration.
- In 2 cases, only Medicaid benefits were involved and a juvenile's medical needs are provided during their incarceration.
- In one case, an overpayment occurred, but there were no falsified documents submitted during the juvenile's incarceration.

The Montgomery County Prosecutor's Office identified a total of \$47,745 of overpayments and/or suspected theft as a result of its investigations. The total included \$25,119 in OWF and \$22,626 in Food Stamps. Based on their results, we decided to proceed with a state-wide match. It should be noted that these figures are based upon the Prosecutor's Office determination that everything received was considered an overpayment because the benefits were obtained as a result of a falsified document.

### **UNREPORTED OR UNTIMELY REPORTED INCARCERATIONS CAUSED AT LEAST**

## **\$106,295 IN OVERPAYMENTS**

The state wide match of DYS files with public assistance files identified 197 incarcerated juveniles who belonged to an assistance group receiving public assistance in 34 counties. The length of incarceration ranged up to 71 months. Investigations by the CDHSs determined that 132 recipients had failed to report, and another 29 recipients failed to report within 10 days, that a member of their assistance group was incarcerated. CDHSs further estimated that the 147 recipients had been overpaid at least \$106,295 in cash assistance and Food Stamps, an average of \$723 per recipient. The 14 matches in Montgomery County included five that were in the pilot project.

Table 1 summarizes the results of the CDHSs' investigations. Appendix I contains a breakout of the results for each county.

**Table 1: Results of CDHS Investigations of Incarcerated Juveniles**

	Number or Amount	Percent of “Good” Matches (185)
<b>Total Matches Referred to CDHS’s</b>	197	---
<b>“Good” Matches Investigated by CDHSs<sup>1</sup></b>	185	94 % (of total matches)
<b>Number of Unreported Incarcerations</b>	132	71 %
<b>Number of Incarcerations Not Reported Timely</b>	29	16 %
<b>Number of Incarcerations Reported Timely<sup>2</sup></b>	24	13 %
<b>Number of Cases Involving Overpayments</b>	147	79 %
<b>Estimated Amount of Overpayments<sup>3</sup></b> OWF \$52,788 Food Stamps \$53,507	\$106,295	---
<b>Number of Recipients Who Gave False Statements Regarding the Incarceration<sup>4</sup></b>	49	26 %
<b>Number of Recipients Expected to be Referred for Fraud Prosecution<sup>5</sup></b>	14	8 %

<sup>1</sup> After further investigation, CDHSs’ determined that 12 of the juveniles referred to them did not match a member of an existing assistance group, or they could not determine if they matched.

<sup>2</sup> The number of timely reported incarcerations includes six cases where CDHSs did not state if or when an incarceration had been reported.

<sup>3</sup> Does not include the \$47,745 identified during the Montgomery County Pilot Test

<sup>4</sup> Recipients are required to periodically verify the composition of their assistance group when they recertify their eligibility for benefits. These recipients presumably made false statements regarding the composition of their assistance group at the time of recertification.

<sup>5</sup> CDHSs tended to only refer recipients for fraud prosecution if an overpayment was involved.

Source: CDHS responses to the Auditor’s questionnaire

**CONCLUSIONS**

Fraud, waste, and abuse are problems faced by public assistance



agencies. As the administrator of Ohio public assistance expenditures, ODHS needs to ensure benefits are issued only to eligible recipients.

Our match of DYS and public assistance files and the subsequent CDHS investigations determined that public assistance recipients are not likely to report when a juvenile member of their assistance group is incarcerated. About 71 percent of the recipients failed to report an incarceration, and another 16 percent failed to report an incarceration within the required 10 days. These results point to a need for ODHS to be able to determine if juvenile incarcerations are being properly reported.

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## ***RECOMMENDATIONS***

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The Auditor of State recommends that ODHS:

- Enter into a data exchange agreement with DYS that leads to the identification of incarcerated juveniles who are members of public assistance groups. Ideally, the data exchange should function as a preventive action, i.e., county case workers should be notified as soon as possible after a member of an assistance group is incarcerated
- Review public assistance reporting requirements to determine if changes would result in improved compliance.
- Work with the appropriate CDHSs to recover the overpayments identified as a result of the Auditor's match. Case details on the overpayments are being supplied to ODHS under separate cover.

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## ***AGENCY COMMENTS***

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To provide an opportunity for comment, a draft of this report was sent to the Director of ODHS on January 6, 1998. The Chief of the Bureau of Internal Audit responded on January 26, 1998 that ODHS Bureau of

Program Integrity had reviewed the report and generally concurred with the conclusions and recommendations. No written comments were provided.

Appendix I

Appendix I

RESULTS OF STATE-WIDE MATCH BY COUNTY

COUNTY	NUMBER OF "GOOD" MATCHES SENT TO THE COUNTY	NUMBER OF UNREPORTED INCARCERATIONS	NUMBER OF UNTIMELY REPORTED INCARCERATIONS	AMOUNT OF OVERPAYMENTS (Estimated)
Allen	7	4	2	\$2,031
Ashtabula	4	3	1	\$4,634
Athens	1	1	0	\$780
Belmont	2	1	1	\$322
Butler	5	3	2	\$3,611
Clark	1	0	0	\$0
Clermont	1	1	0	\$1,926
Coshocton	1	1	0	\$144
Cuyahoga	52	38	6	\$31,114
Delaware	0	0	0	\$0
Franklin	15	12	2	\$15,598
Greene	2	1	0	\$148
Guernsey	1	0	1	\$80
Hamilton	24	19	4	\$9,016
Harrison	1	0	0	\$0
Lawrence	2	1	0	\$0
Logan	1	1	0	\$80
Lorain	7	6	0	\$1,919
Lucas	7	6	1	\$5,009
Mahoning	2	1	0	\$1,211
Meigs	1	0	1	\$0
Miami	1	0	1	\$0
Montgomery	14	10	3	\$14,113
Muskingum	2	0	1	\$0
Pickaway	1	1	0	\$201
Pike	1	1	0	\$747
Portage	1	1	0	\$0
Putnam	1	1	0	\$988
Scioto	4	3	0	\$4,473
Stark	6	4	1	\$3,846
Summit	15	12	2	\$4,304
Trumbull	1	0	0	\$0
Washington	0	0	0	\$0
Wayne	1	0	0	\$0

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<b>TOTALS</b>	<b>185</b>	<b>132</b>	<b>29</b>	<b>\$106,295</b>
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**Preventing Public Assistance Payments  
for Incarcerated Juveniles**

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

By: *Susan Babbitt*  
Clerk of the Bureau

Date: **FEB 11 1999**