

# Leveraging Data Analytics in Audits and Investigations

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Western and Pacific Northwest Intergovernmental Audit Forum Joint Meeting  
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# Agenda

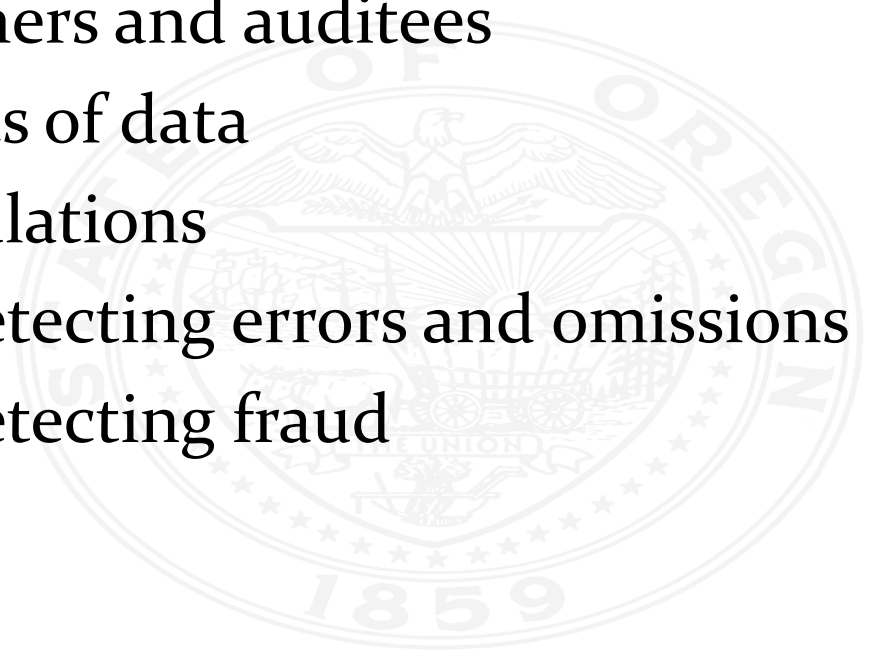
- Overview of Software
- Data Matching in Audits
- Data Matching in Investigations



# ACL (Audit Command Language)

## What does it do?

- Allows auditors to extract and analyze data independent of programmers and auditees
- Summarizes large amounts of data
- 100% testing of large populations
- Increases probability of detecting errors and omissions
- Increases probability of detecting fraud



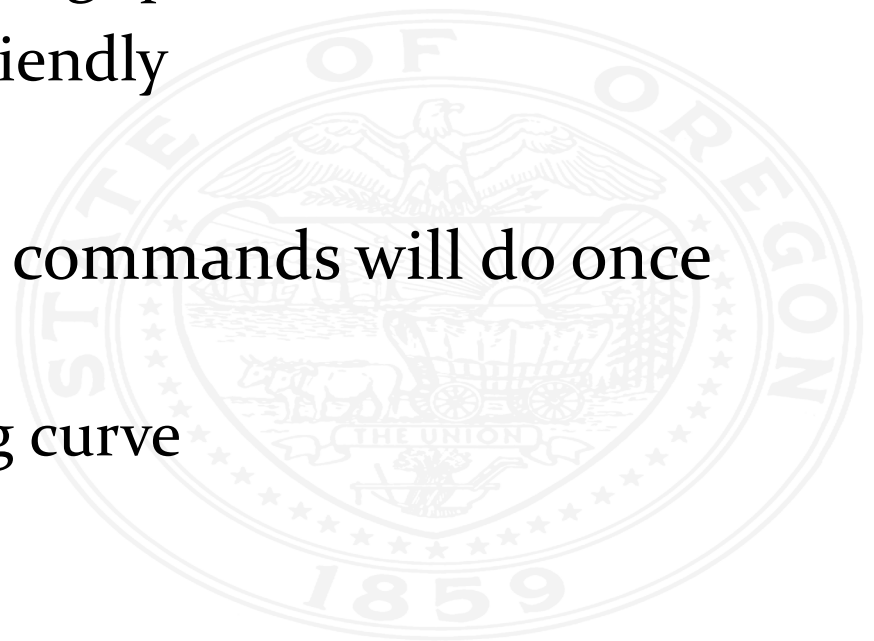
# ACL

Data is locked down as read-only

- No chance of inadvertently changing the data
- Much higher risk when using spreadsheets
- Commands are auditor-friendly

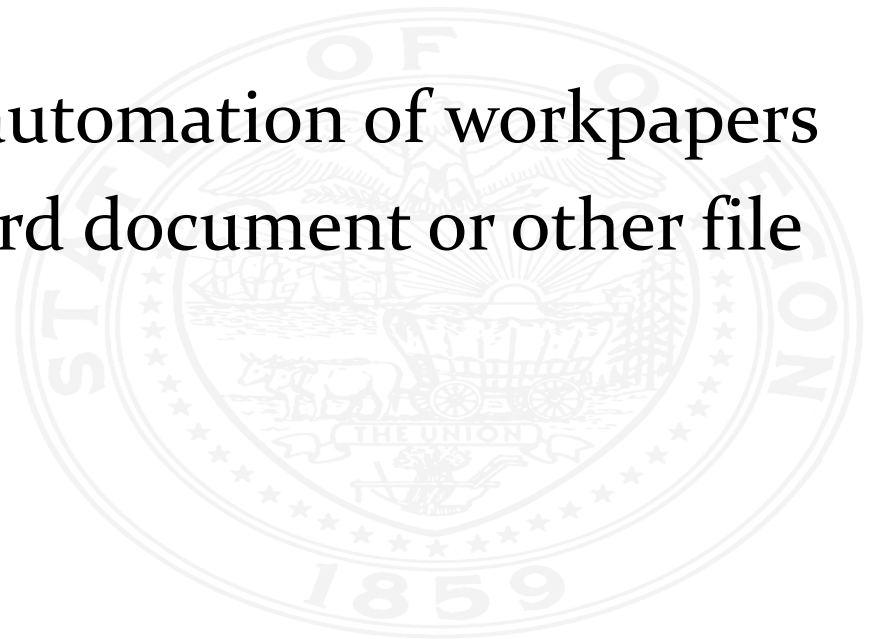
Fairly easy to grasp what the commands will do once explained

- Reasonably short learning curve



# ACL

- Automatically records all of the commands that are run and the results of the procedures in its log
  - LOG feature enables automation of workpapers
  - Export the log to a word document or other file type



# ACL

- Batch feature (Writing Scripts)
- Develop audit procedures to run in ACL
- Auditor puts together the various routines in a batch (similar to a macro)
- Next time the auditor can run one command (push a button), and all of those procedures will run on autopilot with ACL dumping the results into the log
- Become much more efficient over time by running same tests periodically, adding new procedures to the batch

# Using Data in Audits

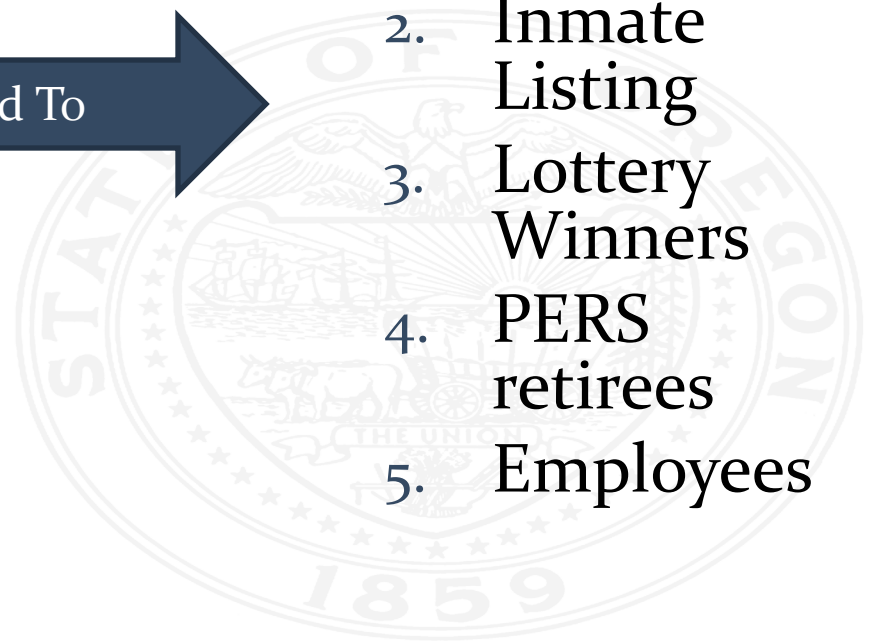
## Public Assistance Audit

1. MMIS
2. SNAP
3. TANF

Matched To



1. SSA Death Master File
2. Inmate Listing
3. Lottery Winners
4. PERS retirees
5. Employees



# Public Assistance Audit

## Audit Results

Inappropriate payments to clients receiving Medicaid, SNAP, and TANF:

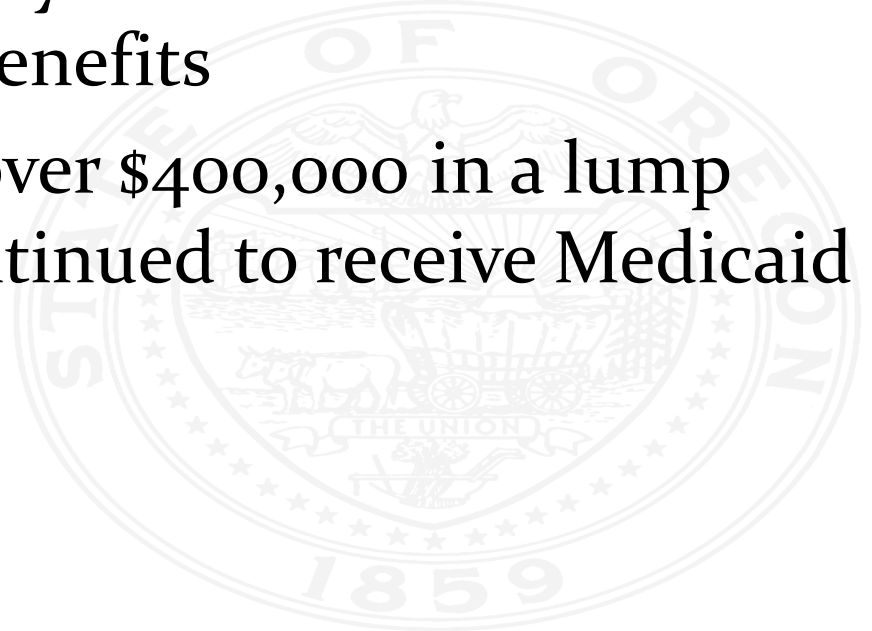
- Over 1,000 individuals identified as deceased receiving benefits
  - \$5.3 million in Medicaid benefits
  - \$1.5 million in SNAP payments
- Lottery winners who won over \$30,000 and continued receiving benefits
- Over \$400,000 in benefits paid out to inmates
- PERS retirees with lump sum payouts received Medicaid and SNAP
- Employees receiving Medicaid benefits while covered by state sponsored insurance



# Public Assistance Audit

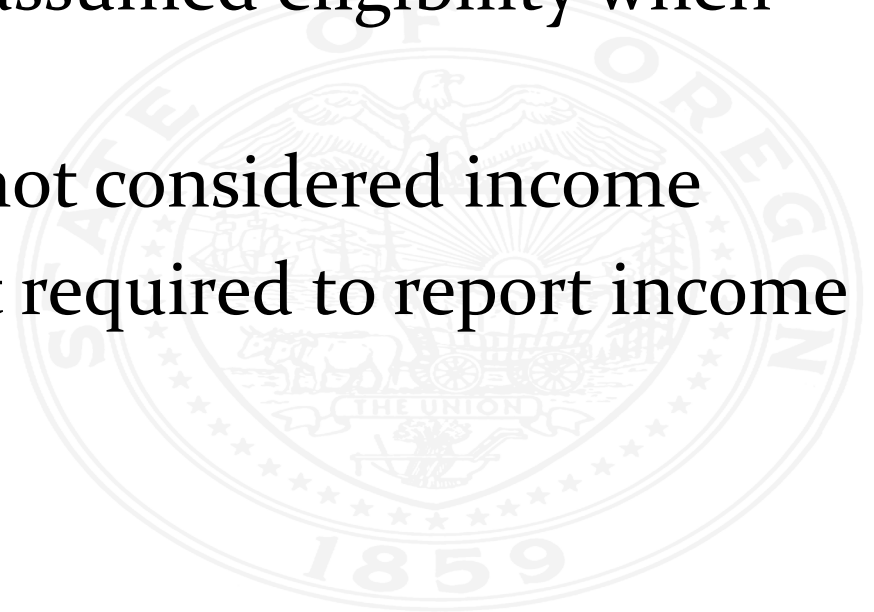
## Audit Results

- ❖ 1 person won over \$900,000 and continued SNAP benefits for 18 months
- ❖ 1 person won the lottery more than once and continued receiving benefits
- ❖ One retiree received over \$400,000 in a lump sum payment and continued to receive Medicaid and SNAP



# Public Assistance Audit Causes

- Large caseloads – inadequate eligibility procedures
- Inadequate SSA verification
- Categorical eligibility – assumed eligibility when receiving other benefits
- Lump sum payments – not considered income
- Waivers – clients are not required to report income changes for 12 months

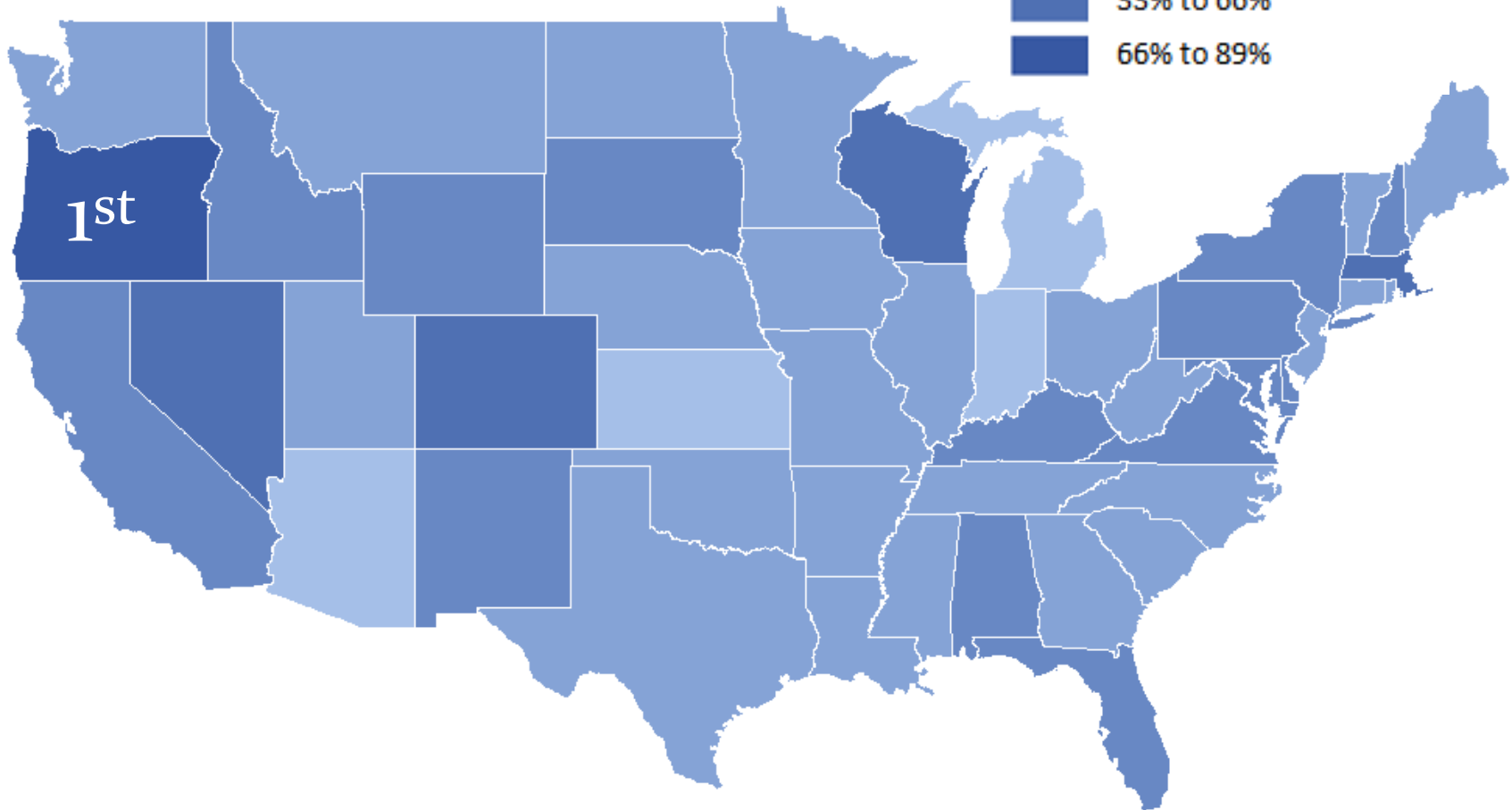
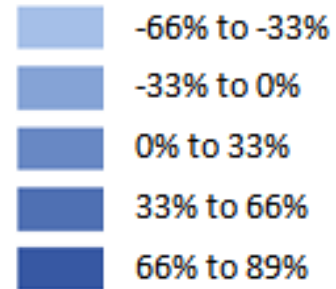


# Data analysis leads to a TANF audit

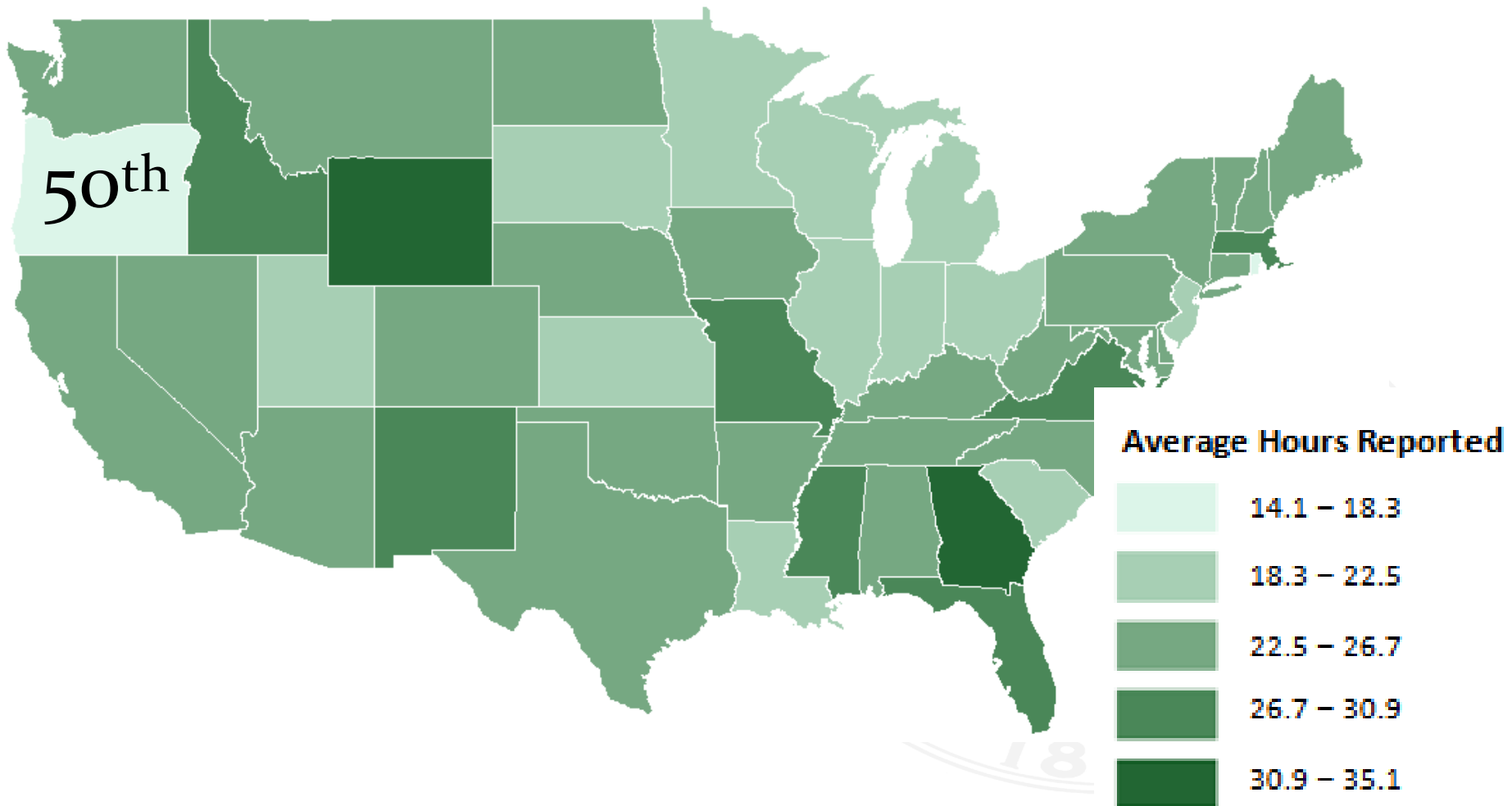
- TANF data obtained during the Public Assistance audit and data on caseload forecasting found further problems leading to another audit:
  - Large caseloads and clients remaining for large lengths of time
  - Oregon ranked 1<sup>st</sup> in nation for case growth
  - Oregon ranked 50<sup>th</sup> in the nation for hours of activity

# Case Growth Cont.

Percent Change in TANF Cases



# Hours of Activity



# Bad Data, Data Overload, Data Silos

- Useful data elements are not always captured or updated
- Reports of limited value
- Data Sharing is Inadequate



# Data Matching

## Merging the Silos

Data Set 1	Data Set 2	Results / Finding
Clients without a Diploma or GED	Clients participating in a GED program	30% of clients have not graduated from high school, yet only 2% were counted in a GED program
Clients identified as having a disability (learning, mental, physical, cognitive, addiction)	Clients with Case Plans and Clients by Activity	20% of clients have some type of disability, yet 60% do not have an active case plan. Of those with an active case plan, 80% have no activity.
Clients by Highest Grade Level Completed	Job Readiness Level (SL <sub>1</sub> , SL <sub>2</sub> , SL <sub>3</sub> )	Clients with less than a 6 <sup>th</sup> grade education were classified as “Job Ready”

# More people in poverty get less help

By Yuxing Zheng  
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An audit released this month on Oregon's dismal track record in shifting people off welfare and into jobs offers a detailed look at the effects of the recession.

The audit from the Oregon secretary of state's office includes maps and charts that illustrate the downturn's toll, including a sharp rise in welfare recipients and a reduction in state services.

The graphics also show how states contributed to welfare recipients' low rate of working or looking for work. Oregon welfare recipients spent just 14.1 hours a month on work-related activities in 2010 — the lowest in the nation.

The audit, released April 16, comes as Oregon continues to struggle with high demand for cash assistance, officially called Temporary Assistance for Needy Families. About 91,400 Oregonians in 34,300 families received TANF in February, according to the latest figures from the Oregon Department of Human Services.

Data show bad news on every front for many Oregonians: Unemployment spiked from 2007 to 2009 and remains above the national rate. And most of the jobs lost in 2008-12 were middle-wage, the kind that keep families off welfare.

The jobs coming back, however, tend to be high- or low-wage, a phenomenon state economists call "job polarization."

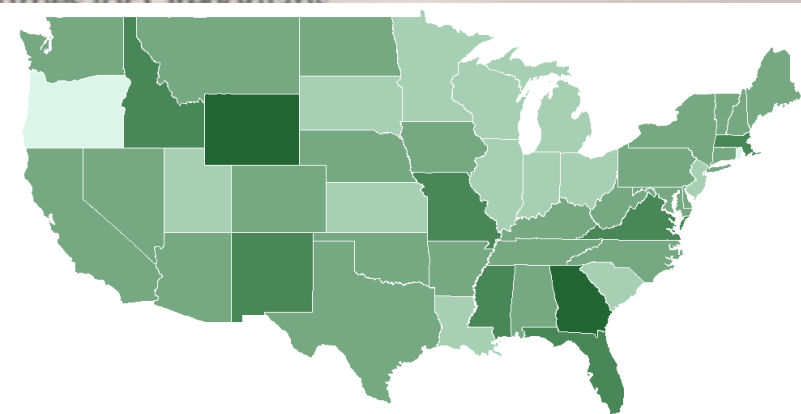
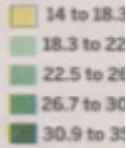
The upshot: Oregonians who managed to hold middle-wage jobs are competing for lower-wage jobs that often don't pay enough to keep their

See **Poverty**, A8

## Tough times for Oregonians

**Average work-related hours per month, 2010**

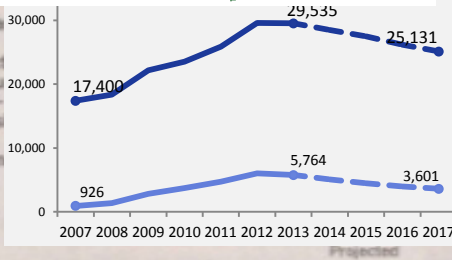
Oregonians on welfare spend less time working or looking for work.



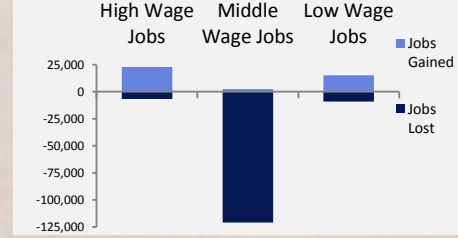
### Higher unemployment



Rolls a not project to return to pre-recession levels anytime soon.



### Job polarization in Oregon, 2008-12



### State spending per welfare family



Sources: Oregon Secretary of State's Office, Dept. of Human Services, Oregon Employment Dept. DAN AGUIRRE/THE OREGONIAN

## Index

Business	A&E1	Editorial	A9	Prep Friday	B9
Class. Index	C1	Living	D1	Sports	B1
Class. Index	C5	Metro	A2	Television	D8
Class. Index	D9	Movies	A&E4		
Class. Index	C7	Obituaries	B11		

**Sun & showers**  
High: 56 • Low: 44  
Complete weather on B12

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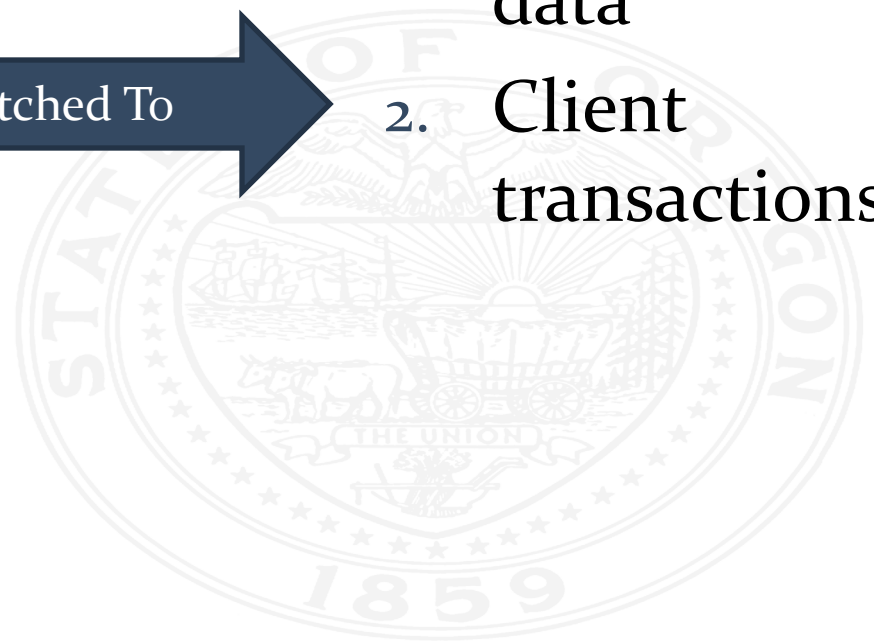


# Data Analysis leads to an Investigation

1. SNAP clients receiving 5 or more cards

Matched To

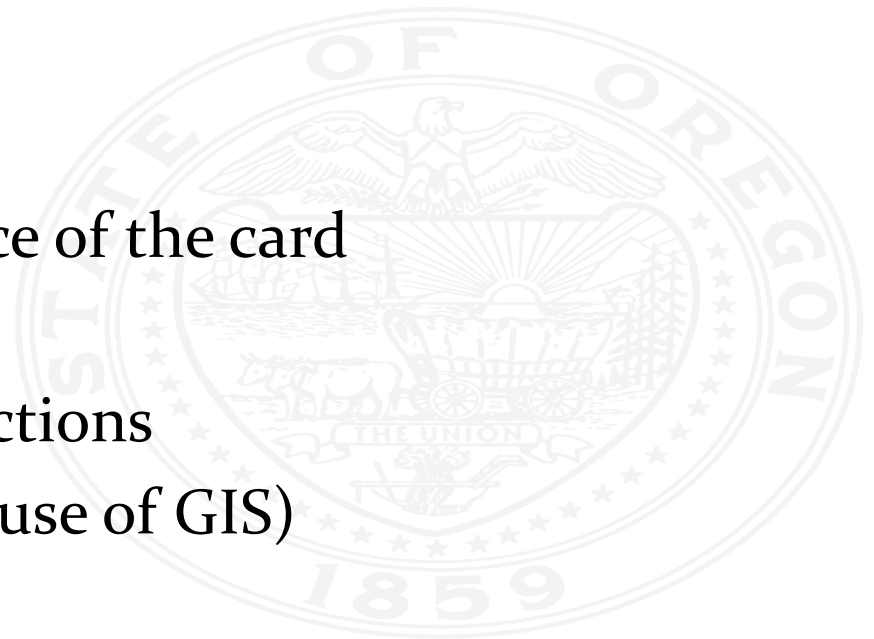
1. Merchant data  
2. Client transactions



# SNAP Merchant Investigation

Reviewed spending patterns for high risk population of cardholders and found similar purchasing patterns:

- Same merchants
- Even dollar transactions
- Clearing the entire balance of the card
- High transaction amount
- Multiple same day transactions
- Large distances traveled (use of GIS)



# SNAP Merchant Investigation Top 30 List



Top30Redacted.pdf



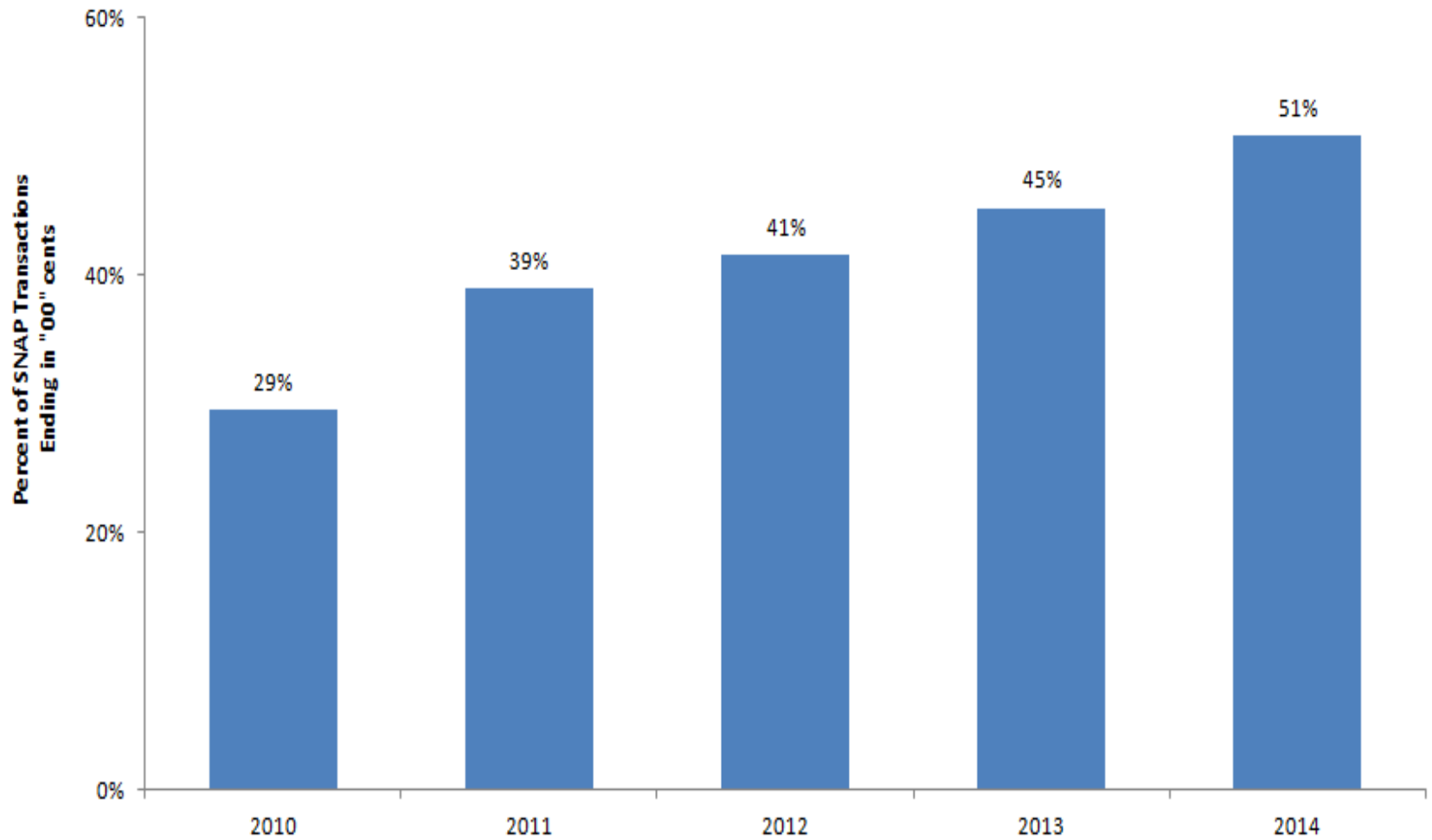
# Carniceria Mi Pueblo

#1 Merchant on Our List: Meat Market in Klamath Falls, OR



1859

## Carniceria Mi Pueblo: Percent of Even Dollar Transactions



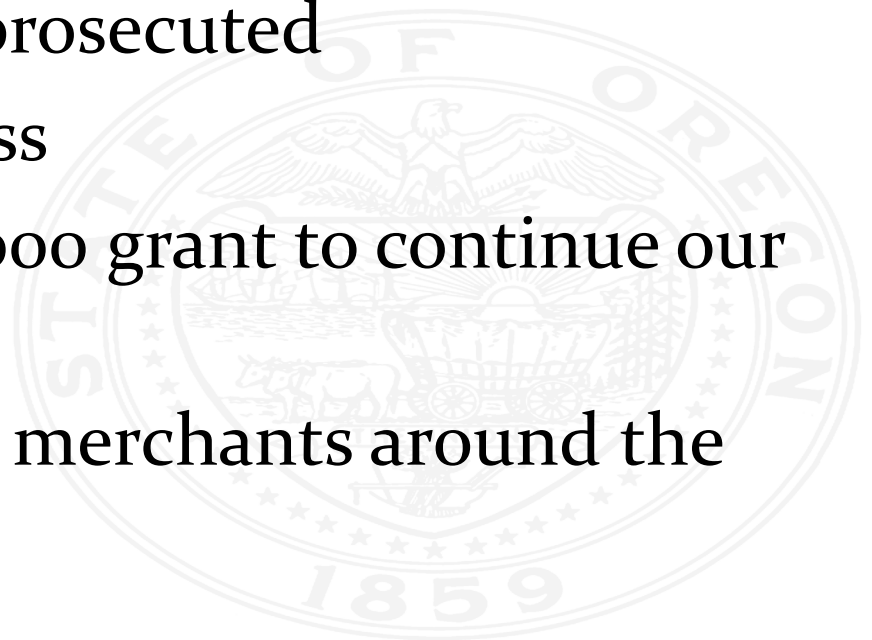
## Carniceria Mi Pueblo: Average Transaction Amount



# SNAP Merchant Investigation

## Results to date

- 3 Merchants on the top 30 list have been investigated
- Over 100 individuals prosecuted
- Several more in process
- DHS received a \$300,000 grant to continue our work
- Decreased fraud from merchants around the state



# Questions & Contact Info

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