

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

456



FROM: District Attorney

SUBMITTAL DATE:
June 12, 2006

SUBJECT: Acceptance of a Workers' Compensation Insurance Fraud Program 5% Reserve Grant

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve acceptance of a Workers' Compensation Insurance Fraud Program 5% Reserve Grant award from the Insurance Commissioner of the State of California Department of Insurance in the amount of \$45,000 for the grant period July 1, 2005 through June 30, 2006.
2. Approve and direct the Auditor Controller to make budget adjustments as shown in Attachment A.

BACKGROUND: On February 26, 2006 (3.14) the Board of Supervisors accepted a Workers' Compensation Insurance Fraud Program grant in the amount of \$669,034 for the grant period July 1, 2005 through June 30, 2006. FY2005-06 is the final year the California Department of Insurance set aside 5% of annual workers' compensation anti-fraud funds for unanticipated prosecutorial costs. County District Attorneys were requested to submit applications for the 5% reserve funds.

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[Signature]
Grover Trask, District Attorney

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 45,000	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	Yes
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2005-2006

SOURCE OF FUNDS: California Department of Insurance Grant	Positions To Be Deleted Per A-30	<input checked="" type="checkbox"/>
	Requires 4/5 Vote	<input checked="" type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

County Executive Office Signature

[Signature]

- Policy
- Consent
- Policy
- Consent
- Dept. Recomm.:
- Per Exec. Ofc.:

Prev. Agn. Ref.: 02/28/06 3.14 | District: ALL | Agenda Number:

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

3.13

FISCAL PROCEDURES APPROVED
 ROBERT E. BYRD, Auditor-Controller
 Deputy
 Approved by Auditor-Controller 6/13/06
 JUN 12 2006
 B.T.M.

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Program 5% Reserve Grant
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The District Attorney's Office requested \$45,000 in 5% reserve funds to hire an outside forensic accountant to examine the payroll records of a high profile workers' compensation fraud case (People v. Richard E. Mowbray, Denise Mowbray, and James Williams, RIF 126145). This case involves a tree removal/tree trimming business that ran three separate payrolls. The nature of the fraud was that workers were paid with company checks, not run through their third party payroll company, with these wages not reported to the State Compensation Insurance Fund. An audit of tens of thousand of checks and their correlation with handwritten payroll ledgers and time sheets and work records was required within a short period of time. This type of audit requires specialized skills in organizing the data, performing the analysis, and clearly presenting the audit results to the court. The restitution we can obtain will be limited to what we can prove to the court. California Department of Insurance approved our application.

The attached grant award has been reviewed and approved as to form by County Counsel.

Attachment "A"

Increase Appropriations:

10000-2200100000-524560	Auditing and Accounting	\$ 45,000
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Increase Estimated Revenue:

10000-2200100000-755360	CA: Workers' Comp Ins Fraud	\$ 45,000
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