

**OFFICE OF INTERNAL AUDIT & PROGRAM INTEGRITY**

**OFFICE OF MANAGEMENT AND BUDGET**

**DEPARTMENT OF ADMINISTRATION**

**Q 1 F Y 2 0 2 6**

**Q U A R T E R L Y R E P O R T**

**I N T E R N A L A U D I T A C T I V I T I E S**

December 5, 2025

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## Administration

The Office of Internal Audit and Program Integrity (OIAPI) has an authorized headcount of 24 full-time employees. Currently there are four vacancies: one in the Fraud Detection and Prevention unit, one in the Performance Audits unit, one in the Continuous Audits unit, and one in the Data Analytics unit. At the close of the first quarter, a Senior Internal Auditor II position is posted for Performance Audits, and a Senior Internal Auditor I position is expected to be posted early in the second quarter.

OIAPI is structured as follows:

- Leadership (3)
- Performance Audits (7; 1 Vacancy)
- Continuous Audits (4; 1 Vacancy)
- Fraud Investigation (7; 1 Vacancy)
- Data Analytics (3; 1 Vacancy)

As part of the FY 2026 budget as enacted, there were several amendments to OIAPI's statute<sup>1</sup> that strengthen the authority and effectiveness of OIAPI.

- Title Change
  - The Office of Internal Audit will now be referred to as the Office of Internal Audit and Program Integrity.
- Subpoena Powers
  - Grants OIAPI subpoena authority to compel the production of documents during investigations and audits, thereby improving access to critical evidence. This ensures more timely, complete, and credible investigations, strengthening OIAPI's ability to detect fraud and hold parties accountable.
- Civil Recovery
  - Authorizes OIAPI to initiate civil actions to recover improperly obtained state funds identified through audits and investigations. This expansion compliments existing administrative and criminal enforcement mechanisms and enhances OIAPI's ability to directly recover losses, increase accountability, and deter future misuse of state resources.

The changes were effective as of July 1, 2025.

### I. Performance Unit

In Q1 of FY 2026, the Performance Audits unit completed two (2) audits, two (2) management consulting engagements, and is actively working on four (4) audits. This unit will continue to follow the FY 2026 audit plan. Among the ongoing audits this quarter are two (2) audits required per the Quasi-Public Corporations Accountability and Transparency Act (the Act), outlined in Rhode Island General Laws (RIGL) § 42-155-7. The Act requires OIAPI to conduct an audit of each quasi-public corporation at least once every five (5) years. The following is a summary of each of the completed and ongoing audits.

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<sup>1</sup> <https://webserver.rilegislature.gov/BillText25/HouseText25/Article-003-SUB-A-as-amended.pdf>

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## A. Issued Performance Audits

### *Rhode Island Energy*

The Performance Audits unit conducted a limited-scope audit in response to concerns raised by the Rhode Island Office of Energy Resources (OER) regarding inconsistencies in utility billing following the transition from National Grid to Rhode Island Energy (RI Energy). The audit focused on the consistency and accuracy of billing data provided to the State government accounts for electric and gas services between August 2024 and October 2024. Specifically, this unit reviewed the cause of inaccurate billing related to omitted net metering credits in RI Energy's consolidated billing files, assessed the effectiveness of internal controls supporting billing accuracy, and evaluated whether corrective measures were implemented to prevent recurrence. Audit procedures included system walkthroughs, control testing, and document review.

RI Energy, a subsidiary of PPL Corporation, is an electric and gas utility provider in Rhode Island, and delivers energy services to State-owned facilities. RI Energy is responsible for supplying detailed billing data to OER, which manages and allocates utility charges across more than 2,200 state agency accounts. OER relies on both individual billing statements and consolidated billing files to disaggregate and invoice charges by account and service period.

Key findings highlighted reconciliation gaps and billing issues:

- **Inaccurate Billing:** Inaccuracies with RI Energy's online account summary, billing statements, and payment history for State electric accounts, including the Powers Building at One Capitol Hill. A payment of \$21,462.17 appeared in the account summary but was missing from both the billing statement and online payment history, highlighting a lack of real-time synchronization across RI Energy's billing system interfaces.
- **Billing Miscalculations:** Further analysis of the April 2025 billing statement revealed a miscalculation that resulted in overbilling of over \$72,000, which was incorrectly carried forward to future bills. These discrepancies, caused by system limitations and unclear billing methodologies, hinder accurate account reconciliation, obscure the customer's financial position, and may result in cumulative billing errors.
- **Inadequate Reconciliation:** RI Energy lacks a consistent, proactive reconciliation process to ensure alignment between monthly billing statements and consolidated billing files. Instead of scheduled controls, RI Energy relies on automated processes with ad hoc manual checks, which proved insufficient during the transition to a new billing platform.

This unit collaborated with RI Energy throughout the audit to identify and begin addressing the billing issues, though further improvements are needed to enhance data accuracy and consistency.

This unit supports ongoing oversight by the Rhode Island Public Utilities Commission (PUC) [Docket No. 25-08-GE](#) and will share audit findings to assist the independent consultant's review requested by PUC. Relevant workpapers and personnel will be made available to support the PUC's continued evaluation of RIE's billing practices. In part due to our audit findings, the State has received credits back from RI Energy to amend billing discrepancies.

The final report was issued on September 5, 2025.<sup>2</sup>

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<sup>2</sup> [09.05.25\\_Rhode Island Energy Audit Report.pdf](#)

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Following issuance of the audit report, news outlets including WPRI, Rhode Island Current, and the Brown Daily Herald covered the audit and published related stories.<sup>3</sup>

### *Rhode Island Department of Health*

The Performance Audits unit conducted an audit of the Rhode Island Department of Health's (RIDOH) Center for Professional Boards and Licensing (CPBL) to evaluate the effectiveness and accuracy of its professional license application and issuance processes. The audit focused on individual professional licenses for both new applications and renewals submitted between July 1, 2024, and March 20, 2025. The unit reviewed a sample of 120 applications across multiple license types and statuses to assess internal controls, consistency in decision-making, compliance with eligibility criteria, and adherence to established fee structures. The objective was to identify opportunities to improve processing timeliness, strengthen internal controls, and enhance transparency across the licensing workflow.

CPBL oversees the licensure, certification, and regulation of individual healthcare professionals across a wide range of disciplines, including nurses, physicians, and allied health practitioners. They establish and enforce professional standards with the goal to protect public health and ensure quality of care. Working alongside two other teams (Facilities and Emergency Medical Services), CPBL processes a high volume of applications using a case management system and coordinates with external boards, credentialing bodies, and applicants to review qualifications, verify compliance, and issue licenses. Their role assists in maintaining the integrity and accountability of Rhode Island's healthcare workforce.

The audit highlighted process inefficiencies, statutory, and regulatory compliance issues:

- Noncompliance with Statutory and Regulatory Requirements: The unit identified that certain professional licensure application process practices within CPBL were not fully aligned with statutory and regulatory requirements for three license types, primarily due to internal process changes. Additionally, there were inconsistencies between the statutory requirements and the regulations, as well as the absence of required Board involvement in approval.
- Application Process Operational Inefficiencies: The audit identified heavy reliance on manual workflows, inconsistent use of online applications, limited system automation, and the absence of standardized internal processing timeframes.
- Absence of Standardized Application Review: RIDOH's licensing process currently relies on individual staff members to manage applications from start to finish, leveraging their specialized knowledge but lacking standardization, triage, and oversight. There is no initial screening process or centralized workload distribution. Secondary reviews are not

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<sup>3</sup> WPRI. Rhode Island Energy overcharged state more than \$2M for utilities, audit found, <https://www.wpri.com/target-12/rhode-island-energy-overcharged-state-more-than-2m-for-utilities-audit-found/>, September 10, 2025

Rhode Island Current. Audit: Rhode Island Energy overbilled state agencies by \$2M, <https://rhodeislandcurrent.com/2025/09/11/audit-rhode-island-energy-overbilled-state-agencies-by-2m/>, September 11, 2025

The Brown Daily Herald. Rhode Island Energy overcharged state by \$2 million, audit finds, <https://www.browndailyherald.com/article/2025/09/rhode-island-energy-overcharged-state-by-2-million-audit-finds>, September 21, 2025

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consistently performed, and required supervisory fields in the case management system are left blank.

- Lack of a Formal Complaint Intake and Resolution Process: RIDOH does not have a formal process for receiving, tracking, or responding to complaints related to professional licensing. Complaints are submitted through various informal channels, including phone calls, emails, and referrals from other offices. There are no standardized procedures for the public to submit complaints about the licensing process, and responsibilities for handling them are assigned informally. The website's complaint section is limited to complaints against licensees and does not clearly support concerns about the licensing process itself. There is no centralized log or tracking system, and no defined roles or procedures for managing or monitoring complaints.

The Performance Audits unit provided the following recommendations to address these findings:

- Conduct a comprehensive review of all professional licensing statutes, regulations, and application practices. RIDOH should consult with its legal team to seek guidance on statutory and regulatory requirements.
- Conduct a review of all licensure application forms to ensure alignment with the requirements outlined in statutory and regulatory requirements for licensure. Where statutory or regulatory documentation requirements remain applicable, update the application forms accordingly.
- In collaboration with the Division of Enterprise Technology Strategy and Services (ETSS), evaluate costs and benefits of transitioning all licensing processes to a fully online application system. This will ensure consistent processes, centralized data management, and reduce delays caused by handling and tracking paper documents.
- Establish and implement uniform internal processing timeframes for all licensed professions to promote consistency and accountability.
- Implement a centralized triage process to screen applications at intake, route them appropriately, and assign work equitably among staff. Standardized licensing procedures should be developed and documented across all professions, and licensing staff should be cross-trained to increase flexibility and institutional knowledge. Additionally, formal secondary review procedures should be established, requiring second-level approval before license issuance, with updates to the case management system to enforce mandatory supervisory sign-off fields.
- Develop and implement a formal complaint intake and resolution policy for professional licensing. This should include a centralized email address or online portal for complaint submissions, a standardized complaint form, and clearly defined procedures outlining response timelines, staff responsibilities, and escalation protocols. A centralized complaint tracking system should be established to log, monitor, and document complaint status and outcomes, supporting both accountability and trend analysis. Public-facing materials, including the RIDOH website, should be updated to provide accurate contact information and clear instructions for submitting complaints.

The Performance Audits unit issued the final report on September 30, 2025.<sup>4</sup>

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<sup>4</sup> [09.30.2025 Professional Licensing Audit Report](#)

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## B. Ongoing Audits

### *Department of Behavioral Healthcare, Developmental Disabilities & Hospitals (BHDDH)*

The Performance Audits unit is conducting a performance audit of BHDDH focusing on its capital asset management practices. BHDDH oversees a wide range of assets, including the Eleanor Slater Hospital campuses, community-based residential facilities, administrative buildings, and specialized medical equipment. These assets support the agency's delivery of care to tens of thousands of Rhode Islanders.

This audit aims to evaluate the effectiveness, efficiency, and compliance of BHDDH's asset lifecycle management specifically involving acquisition, tracking, utilization, maintenance, and disposal. The review includes verifying the accuracy of the agency's asset register, assessing maintenance documentation and schedules, and ensuring disposal practices meet environmental and regulatory standards. The Performance Audits unit will also assess internal controls to ensure governance over capital assets aligns with state policies and financial management principles.

### *Division of Motor Vehicles (DMV)*

The Performance Audits unit is currently conducting a performance audit of the DMV, which operates under the Department of Revenue. The DMV administers vehicle and driver services across the state, including issuing licenses, registrations, and titles, and collecting related fees and taxes. To support these transactions, the DMV accepts various payment methods and utilizes a third-party vendor for processing credit card payments.

This audit focuses on evaluating the effectiveness, efficiency, and compliance of the DMV's in-person payment handling procedures and related internal controls. The review will assess how different payment types are processed, the adequacy of security measures, the segregation of duties, reconciliation procedures, and staff training. The Performance Audits unit will also verify adherence to internal policies and state requirements to ensure financial accountability and operational integrity in the DMV's revenue collection processes.

### *Rhode Island Public Transit Authority (RIPTA)*

RIPTA is the state's primary public transportation agency, operating most of the fixed-route bus services, express routes, demand-response options, and paratransit (Ride) programs throughout Rhode Island. RIPTA also offers Flex On Demand services, fare systems including the "Wave" card/app, and various service hubs such as Kennedy Plaza in Providence, Pawtucket/Central Falls, and Newport Gateway Center. Under its recent initiatives, RIPTA is working to modernize its fleet (including electric buses), expand charging infrastructure, improve efficiency, and enhance accessibility and environmental sustainability in its operations.

The Performance Audits unit is assessing the agency's compliance with the Quasi-Public Corporations Accountability and Transparency Act, as well as RIPTA's financial management and disclosure practices. The audit will examine how funds are allocated across operational, capital and infrastructure expenditures, and evaluate whether project planning, budgeting, and execution align with internal policies and state regulations. The review will also include testing a sample of projects to compare estimated and actual costs, assess adherence to matching fund requirements, and

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evaluate the effectiveness of project performance monitoring. The engagement letter was sent to RIPTA on April 16, 2025, and the audit is expected to be completed before the close of Q2 FY 2026.

#### *Rhode Island Airport Corporation (RIAC)*

Created in 1992, RIAC operates and manages the State of Rhode Island's system of six (6) airports. RIAC is responsible for the planning, design, construction, maintenance, and operation of key airport facilities, most prominently Rhode Island T. F. Green International Airport in Warwick, as well as five general aviation airports including Quonset, Block Island, North Central, Newport, and Westerly. It is self-sustaining (not reliant on the State's general fund for operations) and works under oversight by a seven-member board appointed by the Governor.

The Performance Audits unit is evaluating the agency's compliance with the Quasi-Public Corporations Accountability and Transparency Act, as well as RIAC's financial management and oversight of both operational and capital expenditures. This includes assessing project budgeting, procurement practices, and cost controls, as well as reviewing project documentation, vendor selection, and performance monitoring. The audit will also test a sample of projects to compare estimated and actual costs and ensure adherence to matching fund requirements and internal policies. The engagement letter was sent on April 16, 2025, and the audit is expected to be completed before the close of Q2, FY 2026.

#### **D. Upcoming Audits**

Upon completion of the current audits and based on the risk assessment conducted from the results of the 2024 questionnaire for the Financial Integrity and Accountability Act, the Performance Audits Unit will then determine and select the upcoming audits. Each audit will be tailored to the specific risks, operations, and oversight needs of the agency and/or program under review. Additional information will be provided in future reports as the objectives and methodologies for each audit are finalized. As part of the annual review process, the Performance Audits unit will issue the Financial Integrity and Accountability Act questionnaire in the second quarter.

#### *Financial Integrity and Accountability Act*

The Performance Audits unit administers the annual Financial Integrity and Accountability Act (FIAA) questionnaire, collecting and summarizing responses from state agencies and quasi-public agencies from 2025 activities. This questionnaire is considered a management self-assessment of internal controls and is used as a basis for evaluating residual risk as well as assisting the Performance Audits unit in determining the following year's audit schedule. For this year, the unit revised the questionnaire to improve the assessment of capital assets risk and to see if the agencies have awareness of their last OIAPI audit. These additions will better inform the audit plan for the following fiscal year. The updated version introduces consistent response options, moving away from subjective judgments. The Performance Audits unit plans to distribute the survey in Q2, FY 2026.

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## E. Management Consulting Engagements

Management consultations, which usually occur at the invitation of an agency, involve a general overview of a given process, providing an agency with expert, objective insights, and recommendations for improving operational efficiency, effectiveness, and overall performance. Since they do not involve detailed testing or the steps required for a formal audit, management consultations help identify areas for enhancement, streamline workflows, and ensure that policies and procedures align with best practice. This approach enables agencies to make informed decisions that drive continuous improvement and long-term success.

### *Division of Human Resources – Temporary Workers (Council 94)*

The Performance Audits unit conducted a limited-scope review at the request of the Division of Human Resources (HR) to evaluate how Council 94 union dues are identified, calculated, and remitted for temporary workers performing union-covered duties under MPA 569. The review focused on the role of HR, interagency coordination, and overall compliance with Article 47 of the Council 94 Master Agreement. The consultation included a review of current practices at a sample of five (5) agencies and examined relevant contractual provisions and agency processes. The results from this review were shared directly with HR.

### *Office of Energy Resources (OER) Billing Data Management*

In July 2025, OIAPI Performance Audits unit and Data Analytics team provided process improvement support to OER. OIAPI team collaborated with OER and ETSS staff to review and streamline billing data management, with the goal of reducing manual steps and improving operational efficiency.

OER currently uses the monthly consolidated billing files provided by RI Energy, which are input into an Access database. This process has remained unchanged for over 20 years. To demonstrate potential improvements beyond billing data management, the Data Analytics team developed mock-up reporting using Power BI, incorporating billing data, charts, graphs, and other visual features to enhance reporting. As the OER Access application is composed of forms and workflows, it could readily be recreated in Power Apps (using MS Dynamics). The Data Analytics team is supporting OER with translating business requirements into technical requirements and communicating those to ETSS. Moving forward, ETSS and OER will work together to develop and implement a modernized billing data management solution based on OIAPI's recommendations.

## II. Continuous Unit

The Continuous Audits Unit is dedicated to auditing various Rhode Island Department of Transportation (RIDOT) projects, programs, and operations. Their scope includes, but is not limited to, determining compliance with all applicable federal and state laws, rules, and regulations.

### A. Indirect Cost Rates

Indirect costs are expenses that cannot be readily attributed to a specific project or organizational activity but instead support multiple projects or operations within a firm. An Indirect Cost Rate (ICR) is a calculation used by architectural and design engineering firms to allocate a proportionate share of these indirect costs to each project. It represents the ratio of a firm's total indirect costs to a selected direct cost base, most commonly, direct labor.

In accordance with 23 Code of Federal Regulations (CFR) § 172.11, firms providing architectural, engineering and design-related services on state transportation agency projects that receive federal funding must update their ICR annually, based on their fiscal accounting period. The ICR must also comply with the Federal Acquisition Regulation (FAR), specifically 48 CFR, Chapter 1, Subchapter E, Part 31. These requirements are further detailed in RIDOT’s audit policy memorandum titled *To All Consultants* (TAC 0412), which provides instructions for submitting ICR presentations and the required supplemental information.

RIDOT requires all current and prospective architectural or design engineering (A/E) consultants and subconsultants to submit up to date ICR information annually to OIAPI. OIAPI’s Continuous Audits Unit is responsible for reviewing these submissions and conducting risk assessments to determine approval for use on RIDOT contracts. In Q1, FY 2026, the Continuous Audits Unit completed and issued 34 ICR review letters for A/E consultants’ fiscal years ending in 2024. The table below details the types of approvals issued.

Figure 1: Completed Indirect Cost Rate Reviews in Q1 FY 2026

| Consultant’s Fiscal Year End | Approved <sup>5</sup> ICR Letters | Adjusted <sup>6</sup> ICR Letters | Cognizant Concurrence <sup>7</sup> ICR Letters | Totals |
|------------------------------|-----------------------------------|-----------------------------------|--|--------|
| 2024                         | 22                                | 1                                 | 11   | 34     |

## B. Upcoming Audits

The Continuous Audit Unit plans on completing an audit of a RIDOT project in FY 2026. The purpose of this engagement is the same as the FY 2025 RIDOT audit: to review a RIDOT project to determine if it was completed in compliance with applicable federal and state laws, rules and regulations and contract terms. Additionally, the audit will aim to determine if RIDOT is effectively monitoring the project with accurate, complete, and up-to-date records. The Continuous Audits team began planning the audit in Q1 and expects to begin the audit in Q2.

## III. Fraud Detection & Prevention Unit

The Fraud Detection and Prevention Unit (FDP) investigates fraud, waste, and abuse involving the use of State funds and resources. Specifically, the FDP focuses on beneficiary programs overseen by the state’s Department of Human Services (DHS).

### A. Case Resolution

FDP investigates and compiles evidence to support either criminal or administrative actions, based on the severity of the offense and the amount of overpayment.

<sup>5</sup> OIAPI accepted the consultants presented ICR(s) after completing a risk-based analysis in accordance with 23 CFR § 172.11(c)(2).

<sup>6</sup> OIAPI adjusted the consultants presented ICR(s) after determining noncompliance with the federal cost principles during the completion of a risk-based analysis.

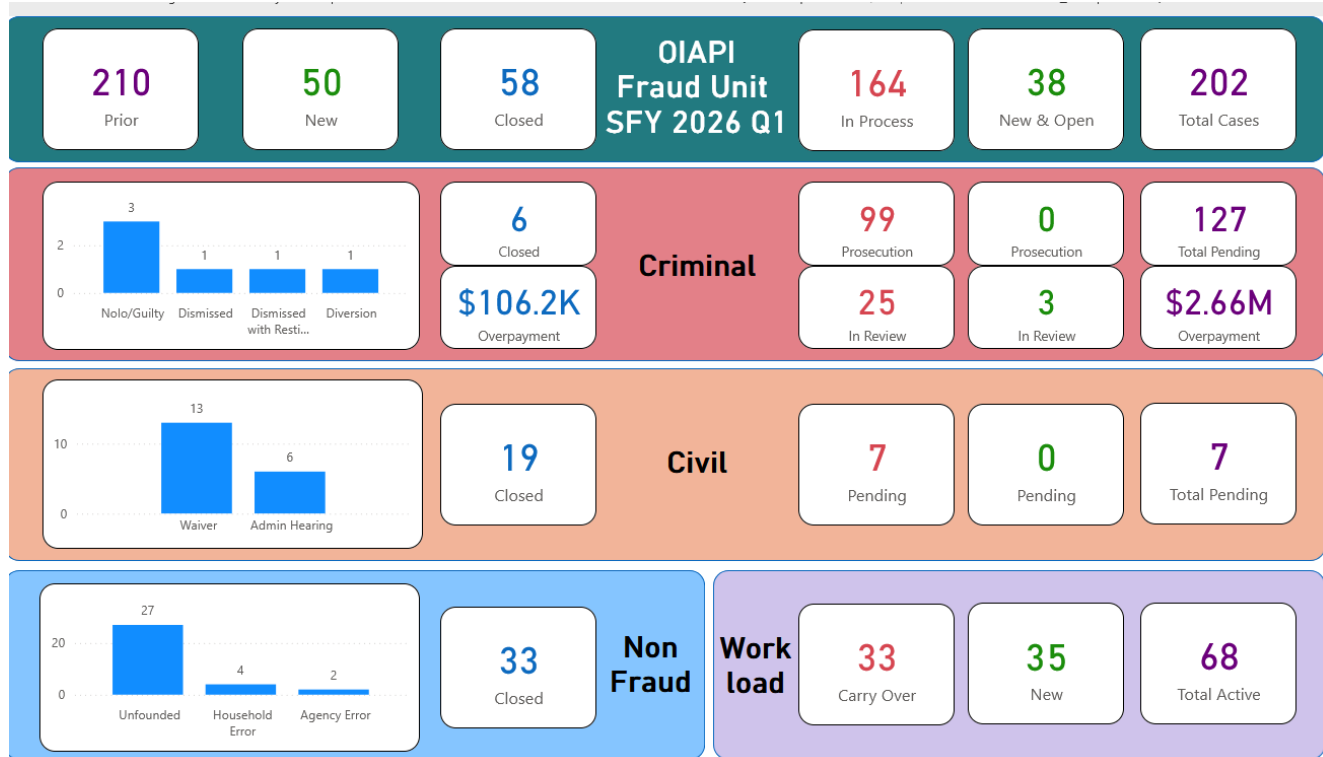
<sup>7</sup> OIAPI accepted the audited ICR(s) as accepted by the cognizant agency in compliance with 23 CFR § 172.11(b)(ii). The cognizant agencies in these instances are the consultants’ home State Transportation Departments, which have conducted audits in accordance with generally accepted government auditing standards to verify compliance with the federal cost principles outlined in 48 CFR Part 31 and has issued audit reports establishing the consultants’ indirect cost rates.

In Q1, FY 2026, OIAPI investigated and closed 58 cases, including:

- 6 criminal cases involving approximately \$106.2K in overpayments
- 19 civil cases
- 33 cases with no finding of fraud

The table below provides a detailed breakdown of FDP acting in Q1, FY 2026.

Figure 2: FDP Caseload and Legend for Q1 FY 2026



- **Prior:** Total cases at the end of last quarter
- **New:** Total new cases opened this quarter
- **Closed:** Total cases closed this quarter
  - **Criminal: Closed and Overpayment:** Criminal cases closed this quarter and associated dollar amount of fraud committed
  - **Civil: Closed:** Cases sent for civil adjudication closed this quarter
- **Non-Fraud: Closed:** Cases determined not to involve fraud this quarter
- **In Process:** Ongoing cases from previous quarters
  - **Criminal: Prosecution:** Ongoing cases pending in the judiciary
  - **Criminal: In Review:** Ongoing cases that are awaiting internal approval or calculation
  - **Civil: Pending:** Ongoing cases awaiting a hearing or waiver
- **New & Open:** Subset of the "New" cases. New cases that were opened this quarter and have not been closed
  - **Criminal: Prosecution:** New cases pending in the judiciary
  - **Criminal: In Review:** New cases awaiting internal approval or calculation
  - **Civil: Pending:** New cases awaiting a hearing or waiver
- **Total Cases:** All active cases including criminal, civil and all cases being investigated
  - **Criminal: Total Pending and Overpayment:** Total pending is the ongoing plus new criminal cases sent to prosecution or in review; overpayment is the dollar amount of fraud committed
  - **Civil: Total Pending:** Total ongoing plus new civil cases sent for adjudication and awaiting determination
- **Workload**
  - **Carry Over:** Ongoing active cases being investigated by the Fraud unit from previous quarters
  - **New:** New cases being investigated by the Fraud unit
  - **Total Active:** Total active investigations currently ongoing by the Fraud unit

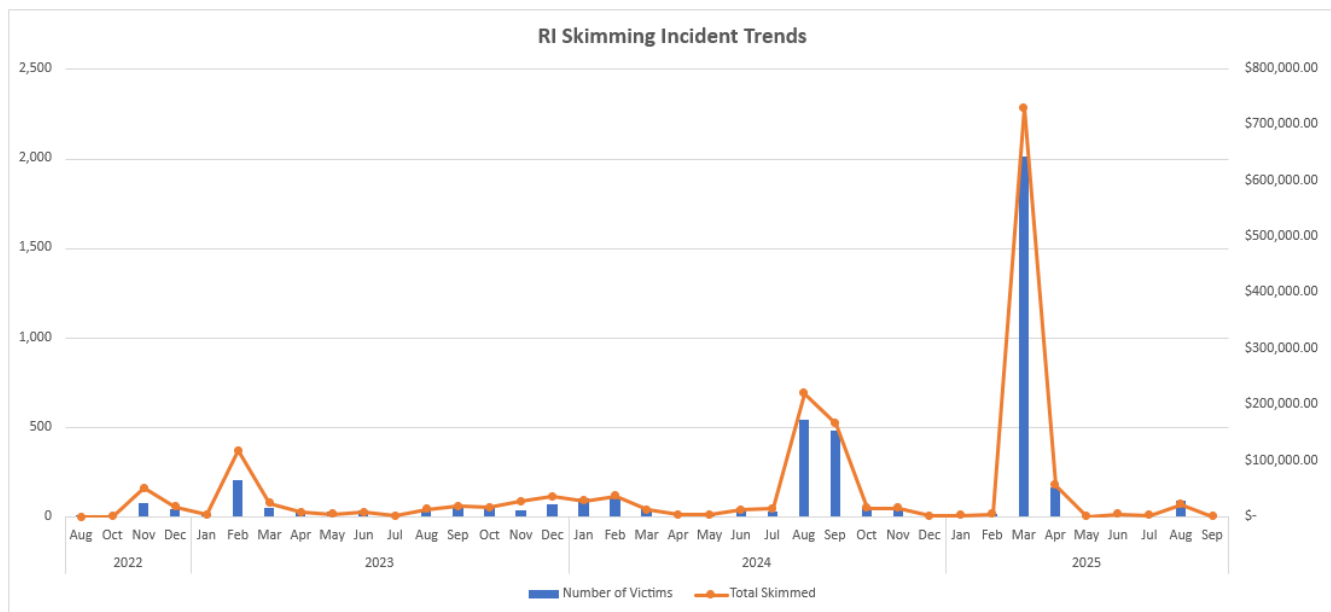
## B. Significant Investigations & Activities

### Skimming

Skimming refers to a type of fraud in which benefits are stolen from recipients' accounts using fraudulently obtained Electronic Benefits Transfer (EBT) cards and personal information. Criminals use this information to make unauthorized online purchases or to create counterfeit cards, ultimately stealing funds from victims' accounts. During Q1, FY 2026, Rhode Island recorded 97 compromised EBT cards with a total loss of \$27,262, a significant decrease from Q1, FY 2025, which saw 1,060 incidents and a loss of \$402,871. As noted in the chart below, Rhode Island observed a spike in skimming during Q3, FY 2025. In response, the State implemented several key security enhancements that contributed to reducing the number of incidents.

OIAPI Data Analyst and FDP Unit continue to collaborate closely with DHS, the Office of Inspector General (OIG), and FIS Global, the state's EBT vendor, to proactively address and prevent these fraudulent activities. These efforts include blocking commonly used PINs to reduce the risk of guesswork or brute force attacks, preventing PIN reuse so that previously compromised codes cannot be exploited again, and adding a date of birth verification step when users attempt to change their PIN, thereby introducing an extra layer of identity confirmation.

Figure 3: Skimming Incident Trends from Q1 FY 2023 to Q1 FY 2026



### Beneficiary Fraud

The Fraud Detection and Prevention Unit (FDP) investigates various types of beneficiary fraud. During the first quarter of FY 2026, FDP observed an escalation in cases involving identity fraud tied to benefit programs. The most common schemes included individuals applying under the names of deceased persons, the submission of fraudulent documents such as driver's licenses, Social Security cards, and birth certificates, and impersonators applying for benefits under multiple identities.

FDP has collaborated with the U.S. Department of Agriculture (USDA), Social Security Administration (SSA), and other federal agencies on a major identity fraud case over the past year. In July 2025, this major case came to a conclusion when the suspect was sentenced to six years in prison followed by three years of supervised release. The investigation determined that the suspect fraudulently obtained 40 SNAP EBT cards using 24 stolen or fictitious identities. The fraudulent

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activity began in July 2024 and was carried out through both online SNAP applications containing false statements and in-person applications supported by counterfeit documents. The total confirmed loss was \$33,192.36. Evidence gathered included surveillance footage of EBT transactions at retail locations, data analysis of telephone balance inquiries, and telephone PIN establishment records linked to the fraudulent accounts.<sup>8</sup>

FDP continues to work on several investigations involving state employees suspected of beneficiary fraud. Thirteen state employees were investigated this quarter. Criminal packets were submitted to law enforcement agencies, leading to eight arrests by Rhode Island State Police and one arrest by the USDA Office of Inspector General. These cases remain pending in the judiciary with an associated overpayment amount of \$504,663.08. Additional investigations of state employees are ongoing.

The fraud schemes associated with these state employee cases primarily involve failure to report income, underreporting household income, and misrepresenting household composition. FDP continues to actively investigate these matters and collaborate with law enforcement partners to ensure accountability and recovery of funds.

### *Medicaid Provider Fraud*

In the FY 2026 budget, OIAPI was allocated a new Data Analyst III position. The purpose of this position is to enhance the office's capacity to partner with the Executive Office of Health and Human Services (EOHHS) in investigating fraud committed by Medicaid providers. OIAPI has engaged with EOHHS to participate in their quarterly Program Integrity, Managed Care, and the Medicaid Fraud Control Unit meetings. These groups play an important role in helping EOHHS to coordinate and collaborate on Medicaid provider fraud cases. With the addition of the Data Analyst III position, OIAPI will leverage its existing data sources to identify potential Medicaid provider fraud leads.

### *Training*

In response to the rise in identity fraud, the Senior Internal Audit Manager and the Fraud Manager attended a one-day training in New Hampshire led by the New Hampshire State Police. The session, *Identifying Fraudulent Documents*, focused on techniques for recognizing discrepancies in falsified documents submitted for public benefits. This training strengthened the fraud team's ability to detect document fraud during beneficiary fraud investigations. FDP has also been compiling materials to deliver specialized training for Eligibility Technicians, who are responsible for reviewing and approving benefits at the initial point of entry. DHS has quarterly meetings with staff. FDP and DHS legal are currently working together to secure a date and time to present at the next quarterly meeting.

In addition to participating in external trainings, FDP has provided trainings to partners. Our next training agenda will be to conduct a session for the Rhode Island Municipal Police Training Academy focused on the trafficking of EBT cards, distinguishing this crime from stolen or misused cards. Trafficking includes the buying, selling, or exchanging of SNAP benefits accessed via EBT cards for cash or other ineligible consideration; attempts to trade firearms, ammunition, explosives, or controlled substances for SNAP benefits; the purchase of eligible items with SNAP benefits followed by their resale or exchange for non-eligible items or cash; and the selling or buying of EBT cards or card numbers themselves. We last did a training for the academy in March 2024. Our next training will be in Q2 or Q3.

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<sup>8</sup> [Pawtucket Man Sentenced to Federal Prison for Fraud, ID Theft, Altering Government Checks, and Violating Terms of Supervised Release](#)

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FDP staff also participated in national-level professional development. Two Fraud Investigators traveled to Tulsa, Oklahoma, to attend a conference hosted by the United Council of Welfare Fraud. During the event, one investigator successfully completed the certification exam and earned the designation of Certified Welfare Fraud Investigator (CWFI). With this accomplishment, all members of the Fraud Unit now hold the CWFI certification. In addition, three investigators are Certified Fraud Examiners (CFE), and one is a Certified Forensic Interviewer (CFI), further strengthening the unit's professional credentials.

## IV. Data Analytics

### A. Report Automation: Transitioning to a Resilient System

From August through September 2025, the Data Analytics team concentrated on enhancing report automation processes to address challenges created by multiple firewall and security changes. Although a dedicated server had been procured and set up in January 2025 in partnership with the ETSS, the period from August through September was critical in ensuring the system's long-term stability and effectiveness.

During this time, the Data Analytics team implemented several improvements to ensure the accessibility and continuity of scripts and reports in the evolving security landscape. The team configured the platform to generate automated alerts and email notifications from the server, allowing customers to be proactively informed of potential issues. The ETSS-managed server now serves as the core development environment, with all test and production scripts running from this centralized and resilient platform. This strategic move has made reporting faster, more reliable, and less vulnerable to disruptions.

The Data Analytics team also continues to support IMPACT: a custom Power App case management system designed for fraud. This quarter, the team collaborated with ETSS to test, diagram, and implement multiple system enhancements to improve functionality. The team also redesigned fraud referral web forms to better classify referrals from various sources. Plans for the next quarter include automating back-end processes so that referrals entered into the app load directly into OIAPI databases. This will eliminate the need for monthly manual downloads, improve efficiency, provide end users with faster visibility into new referrals, and reduce the potential for human error.

### B. RADAR (Rapid Automated Detection and Resolution)

Data analytics continues to play a critical role in ensuring that only eligible individuals receive human services benefits. As noted in the FY 2025 annual audit report, agency process gaps and documentation errors had allowed ineligible recipients to continue receiving benefits. To address this risk, OIAPI developed and deployed the RADAR algorithm, which flags high-risk cases for review.

Since implementation, RADAR has helped close or transition a significant percentage of over-income Medicaid cases to Qualified Health Plans (QHPs), preventing unnecessary use of both state and federal funds. With an estimated annual cost avoidance of \$10.4 million (high-end estimate)<sup>9</sup>, RADAR has strengthened program oversight while reducing reliance on manual review. Its early-warning capabilities also help prevent future fraud.

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<sup>9</sup> Calculation based on per member per month cap estimate of \$725 based on age (and Aid Category) removing the rolls or transitioning over-income Medicaid recipients to QHPs is calculated as follows: \$725 monthly capitation × 1,200 individuals × 12 months = \$10.4 million.

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In Q1, FY 2026 alone, RADAR closed 203 ineligible Medicaid cases and 101 ineligible SNAP cases. Expansion efforts now focus on improving out-of-state detection, incorporating more timely wage data (including the Work Number<sup>10</sup>), and integrating RADAR functionality directly into the RI Bridges system.

### **C. Share Infrastructure and Interagency Collaboration**

OIAPI has also made progress in strengthening cross-agency collaboration and shared infrastructure to detect and prevent fraud across programs. Two recent cases were referred to the Rhode Island State Police involving fraudulent pension payments. In one instance, a tip revealed that pension funds continued to be deposited into the account of a deceased individual and withdrawn without the death ever being reported. Follow-up data matching identified a broader population of deceased pensioners who continued to collect payments.

In response, OIAPI established a working group with the Employees' Retirement System of Rhode Island (ERSRI) to reconcile discrepancies, improve death reporting processes, and ensure timely notification of deaths. OIAPI is also advising ERSRI on collection processes for overpayments resulting from these cases.

More broadly, the Data Analytics team has expanded infrastructure and strengthened partnerships with DHS, ERSRI, and ETSS to improve access to critical datasets such as wage reporting, incarceration status, and address verification. OIAPI also meets regularly with ETSS and caseworkers to gather feedback on business processes and, in FY 2025, negotiated several new data-sharing agreements with agency heads.

This focus on shared infrastructure and collaboration continues to enhance OIAPI's fraud prevention capabilities, reduce duplicate work, and promote a more unified approach to program integrity across the state.

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<sup>10</sup> Work Number is a service owned by Equifax. It acts as a third-party employment and income verification system. Employers (or payroll processors like ADP, Paychex, etc.) provide employee payroll data to Equifax, and The Work Number then resells that information to lenders, landlords, government agencies, and others who want to verify income or employment.