



# San Bernardino County

## Legislation Text

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**File #: 9866, Agenda Item #: 29**

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**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS  
OF SAN BERNARDINO COUNTY  
AND RECORD OF ACTION**

**April 23, 2024**

**FROM**

**JASON ANDERSON, District Attorney**

**SUBJECT**

Amendment to Grant Award Agreement with the California Insurance Commissioner for the Workers' Compensation Insurance Fraud Prosecution Program

**RECOMMENDATION(S)**

1. Approve Amendment No. 1 to Grant Award Agreement No. 23-1194 with the California Insurance Commissioner, for an additional \$110,026, increasing the grant award from \$2,894,426 to a total award amount of \$3,004,452, to fund the Workers' Compensation Insurance Fraud Program, with no change to the period of July 1, 2023 through June 30, 2024.
2. Adopt Resolution, as required by the California Department of Insurance, approving the Amended Grant Award Agreement No. 23-1194 and authorizing the Chief Deputy District Attorney to electronically sign and submit Amendment No. 1 to Grant Award Agreement No. 23-1194, on behalf of the County, subject to review by County Counsel.
3. Authorize the Auditor-Controller/Treasurer/Tax Collector to post the necessary budget adjustment of \$110,026 as detailed in the Financial Impact section, in the District Attorney's 2023-24 budget (Four votes required).
4. Direct the Chief Deputy District Attorney to transmit Amendment No. 1 Grant Award Agreement No. 23-1194 to the Clerk of the Board of Supervisors within 30 days of execution.  
(Presenter: Michael Fermin, Chief Assistant District Attorney, 382-3662)

**COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES**

**Operate in a Fiscally-Responsible and Business-Like Manner.**

**Provide for the Safety, Health and Social Service Needs of County Residents.**

**FINANCIAL IMPACT**

Approval of this item will not result in the use of additional Discretionary General Funding (Net County Cost). The initial grant award of \$2,894,426 and the amended increase of \$110,026 will fully fund the annual salary and benefits costs estimated at \$2,808,960 for grant staff (three Deputy District Attorneys, six Senior Investigators, 85% Supervising Investigator, and one Secretary I), and fully fund the operating expense costs estimated at \$195,492.

Funds received from the Department of Insurance (DOI) are placed into the Special Revenue Fund 2672 which is then transferred to the District Attorney's (Department) General Fund for reimbursement of expenses paid for the unit. Due to the timing of the receipt of funds from the DOI, all expenses are paid out of the

Department's General Fund to avoid a negative balance in the Special Revenue Fund. The amount of \$2,894,426 was included in the Department's 2023-24 budget. A budget adjustment for the additional \$110,026 is requested as follows:

<b>Fund Center</b>	<b>Commitment Item</b>	<b>Description</b>	<b>Action</b>	<b>Amount</b>
4500002672	40408955	State-Grants	Increase	\$110,026
4500002672	55405012	Services & Supplies Transfers Out	Increase	\$110,026
4500001000	55415013	Services & Supplies Transfers In	Increase	\$110,026
4500001000	52002075	Memberships	Increase	\$5,000
4500001000	52002080	Publications	Increase	\$1,500
4500001000	52002130	Non-Inventoriable Equipment	Increase	\$15,000
4500001000	52002305	General Office Expense	Increase	\$4,150
4500001000	52002345	Subscriptions	Increase	\$1,500
4500001000	52002405	Auditing	Increase	\$3,575
4500001000	52002925	Vehicle Charges (Internal Service Fund Only)	Increase	\$62,832
4500001000	52942941	Conference/Training/Seminar Fees	Increase	\$7,500
4500001000	52942942	Hotel Non-Taxable	Increase	\$5,000
4500001000	52942943	Meals Non-Taxable	Increase	\$1,000
4500001000	52942945	Air Travel	Increase	\$1,500
4500001000	52942946	Other Travel Non-Taxable	Increase	\$1,469

**BACKGROUND INFORMATION**

Workers' compensation insurance fraud occurs in simple to complex schemes that often require difficult and lengthy investigations. Consequently, California Insurance Code Section 1872.83 authorizes the California Insurance Commissioner to annually distribute grant funds to agencies statewide for assistance with investigating and prosecuting workers' compensation insurance fraud cases. The Department has been receiving grant funds for this purpose since 1994. In addition to keeping the public safe, the Department vigorously investigates and prosecutes these cases because fraudulent workers' compensation claims are crimes that can inflate premiums for all consumers.

On November 14, 2023 (Item No. 33), the Board of Supervisors (Board) approved Grant Award Agreement No. 23-1194 (Agreement) with the California Insurance Commissioner accepting \$2,894,426 for investigation and prosecution of workers' compensation insurance fraud cases for the period of July 1, 2023 through June 30, 2024. The grant is used to fund the following existing positions: three Deputy District Attorney IV's, six District Attorney Senior Investigators, 85% of one Supervising District Attorney Investigator, and one Secretary I, and a portion of the operating expenses associated with this program.

The Department received a mid-cycle increase to its grant award last year and is receiving a mid-cycle increase again this year. This mid-cycle increase to the grant award does not happen every year, but it is not unusual. The California DOI reconciles its initial allocation to awarded counties with the balance of remaining

funds. If there are more funds available after the reconciliation, DOI provides additional funds to awarded counties.

This year, DOI has an additional \$1,737,000 of which \$110,026 is being awarded to the County. DOI does not require any program changes or new initiatives to receive the additional funding and has directed that the Department continue the investigation and prosecution of workers' compensation insurance fraud. The additional funding of \$110,026 will reduce General Funding for operating expenses associated with this program.

The State of California, DOI requires a Resolution from the Board approving the amended Agreement and authorizing the Chief Deputy District Attorney to electronically sign the amendment to the Agreement.

**PROCUREMENT**

N/A

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Richard Luczak, Deputy County Counsel, 387-5455) on March 28, 2024; Auditor-Controller/Treasurer/Tax Collector (Charlene Huang, Auditor-Controller Manager, 382-7022) on March 28, 2024; Finance (Carl Lofton, Finance Analyst, 387-5404) on April 3, 2024; and County Finance and Administration (Robert Saldana, Deputy Executive Officer, 387-5423) on April 8, 2024.