RICARDO LARA
CALIFORNIA INSURANCE COMMISSIONER

July 16, 2025

The Honorable Vern R. Pierson
District Attorney
El Dorado County District Attorney's Office
778 Pacific Street
Placerville, CA 95667

RE: Grant Award for Workers' Compensation Insurance Fraud Program Fiscal Year 2025-26

Dear District Attorney Pierson,

I am very pleased to report that, for Fiscal Year 2025-26, a total of $52,850,852 is available in Workers' Compensation Insurance Fraud Program grant funds to be distributed to 32 District Attorney Offices representing 41 counties, of which **El Dorado** County has been awarded a total of **$555,122** for this important program. The available funds are comprised of $48,875,973 in Aggregate Assessment base funds, and an additional amount of $3,974,879 from FY 2023-24 unexpended county funds. Your County's total award is comprised of $531,646 base award and $23,476 additional award. This grant award is to be used for the investigation and prosecution of workers' compensation insurance fraud.

Each application received for grant funding was thoroughly reviewed, with careful consideration given to the applicant's plan to achieve the goals and objectives set by Insurance Commissioner Lara and the Fraud Assessment Commission earlier this year.

It is the California Department of Insurance's (Department) continuing intent that these funds be used effectively to pursue and investigate workers' compensation fraud across California. It is also important to focus these finite resources on combating fraud that continues to increase costs on the workers' compensation system, including medical provider insurance fraud, employer premium fraud, insider fraud, and claimant fraud, among others. Additionally, a coordinated and aggressive outreach program to all communities by your office, including to diverse and underserved communities, with measurable outcomes remains a priority.

In preparation for the Fiscal Year 2026-27 grant cycle, I wanted to inform you that the Department is currently reviewing this program's grant administrative procedures with the purpose of ensuring greater accountability, heightened transparency, and effective stewardship of public funds. Any necessary changes to the grant program process and requirements will be published in the Grant Management System and included in the grant workshops conducted next year, where we will address any questions you may have.

Thank you for submitting your application for grant funding and, moreover, congratulations on your award. I look forward to working together with you in our continuing pursuit against workers' compensation insurance fraud.

Please feel free to contact Victoria Martinez, CDI Deputy Chief, Fraud Division, at (323) 278-5062 should you have any questions regarding your award. The Local Assistance Unit will reach out to you regarding your budget.

Sincerely,

Eric Charlick
Deputy Commissioner
California Department of Insurance
Enforcement Branch

cc: James Clinchard, Assistant District Attorney

CALIFORNIA DEPARTMENT OF INSURANCE
FRAUD DIVISION

WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM

FISCAL YEAR 2025-2026

GRANT REQUIREMENTS

WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM
SUMMARY OF IMPORTANT DEADLINES
FISCAL YEAR 2025-2026

This table summarizes the Reports/Documents required to comply with Insurance Code Section 1872.83 and California Code of Regulations, Title 10, Section 2698.50, et seq.

Due Date	Report/Document	Comments
Within 30 days of change	**Program Contact changes**	County ADMIN-USER should update user information in GMS and notify LAU via email to LAU@insurance.ca.gov.
• **As needed (before end of liquidation period on Monday, September 28, 2026)** • **Equipment requests must be received by June 1, 2026**	**Budget Modification Request(s)**	Submit change(s) to original or last approved budget via email to LAU@insurance.ca.gov using template provided.
With Application or by Jan. 2, 2026	**Board of Supervisors Resolution**	Attach to your application in GMS or submit via email to LAU@insurance.ca.gov.
Monday, Feb. 2, 2026	**Mid-Year Program Report Case Entry and Updates in GCMS** FY 2025-26 Six Month DAR	GCMS generated reports. Further details will be provided with GCMS access.
Friday, Aug. 28, 2026	**Annual Program Report Updates in GCMS** FY 2025-26 Year End DAR	GCMS generated reports. Further details will be provided with GCMS access.
Friday, Oct. 30, 2026	**Annual Expenditure Report** FY 2025-26	Submit via email to LAU@insurance.ca.gov using the template provided.
Friday, Oct. 30, 2026	**Audited Unexpended Funds and Carry Over Utilization Request** FY 2025-26 into FY 2026-27 *A written justification and budget must be submitted if you wish to utilize the requested carry over.*	Submit via email to LAU@insurance.ca.gov.
Friday, Oct. 30, 2026	**Financial Audit Report** FY 2025-26 Financial Audit Guidelines are provided as Attachment D in this document.	Submit via email to LAU@insurance.ca.gov.

WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM
GRANT REQUIREMENTS
FISCAL YEAR 2025-2026

When a county's application is selected for funding, the County will be notified of their selection and the amount of the award.

The grant period is July 1, 2025 through June 30, 2026.

A. ACCOUNTING SYSTEM

The County will maintain an accounting system for grant expenditures that conforms to generally accepted accounting principles and practices and allows CDI to determine whether the county district attorney's office spent its grant funds for the purposes of the applicable insurance fraud program.

Accounting systems include such practices as:

- Ensure adequate separation of duties
- Use fiscal policies and procedures that ensure grant expenditures comply with statute, regulation and guidelines set herein
- Maintain evidence of receipts of grant revenue received from CDI
- Maintain source documentation to support claimed expenditures (invoices, receipts, travel expense claims, detailed time keeping records that demonstrate time spent on eligible program activities, etc.)
- Include account reconciliations
- Maintain all other records necessary to verify account transactions
- Maintain documentation to confirm interest income earned from program funds was used to further local program purposes

The California State Controller's Office (SCO), in its Accounting Standards and Procedures for Counties manual (Government Code Section 30200 and California Code of Regulations, Title 2, Division 2, Chapter 2), also specifies minimal required accounting practices for counties. Counties may download a copy of this manual at the SCO website http://www.sco.ca.gov.

NOTE: **Support of Salaries and Wages, Attachment A,** which sets forth the documentation standards for grant funded employees, is provided at the end of this document.

B. FUNDING CYCLE AND GRANT LIQUIDATION PERIOD

The program period is July 1, 2025 through June 30, 2026. Counties responding to this funding announcement must budget funds for 12 months.

There shall be a grant liquidation period of ninety (90) days following the termination of the program period for costs incurred but not paid. Payment may be made and deducted from the program budget during this period.

C. PROGRAM CONTACT UPDATE(S)

Program Contacts should be updated within 30 days of the change by the County's ADMIN-USER in the Grant Management System. The ADMIN-USER or the Primary Contact must also notify LAU of any contact changes via email (LAU@insurance.ca.gov).

D. BUDGET

A budget modification is required if the grant award amount is different than the amount requested in the application. Additional budget modification requests may be submitted via email to LAU@insurance.ca.gov as needed, prior to the end of the liquidation period. However, budget modification requests with equipment must be received no later than June 1, 2026.

Additional budget modifications to the original or last approved budget are allowable as long as they do not change the grant award amount. Items needing CDI approval include:

- Budget modifications across budget categories (i.e., personnel services, operating expenses, and equipment)
- Indirect Costs/Administrative Overhead/Methodology Change
- Equipment Purchases

CDI must be notified once grant-purchased equipment is acquired. Submit the completed Equipment Acquisition Form (Attachment B), within 30 days of receipt of equipment, via email LAU@insurance.ca.gov.

CDI must be notified of the disposal/salvage of each grant-purchased equipment item in accordance with the Budget Instructions. Submit the completed Equipment Disposal Form (Attachment C), within 30 days of disposal/salvage of equipment, via email to LAU@insurance.ca.gov.

Disposed/salvaged equipment with a per unit fair market value over $5,000 at the time of disposal, must have the residual fair market value, less any selling costs, returned to the grant. The residual value will be treated as program revenue, similar to interest.

E. RESOLUTION

A Resolution from the Board of Supervisors (BOS) authorizing the applicant to enter into a Grant Award Agreement with CDI is required. A Resolution for the new grant period must be submitted in the Grant Management System with your application or emailed to LAU@insurance.ca.gov to receive funding for the 2025-2026 fiscal year. If the Resolution cannot be submitted with the application, it must be submitted via email to LAU@insurance.ca.gov **by January 2, 2026**.

The Resolution must designate the official authorized by title to sign the Grant Award Agreement for the applicant. The Resolution must include a statement accepting liability for the local program. A sample BOS Resolution is included in the Program's Funding Announcement in the Grant Management System under Attachments.

F. GRANT AWARD AGREEMENT

CDI will provide the County with a Grant Award Agreement (GAA) for signature by the authorized official. This document will be completed via DocuSign.

By signing the GAA the county agrees to participate in the CDI Workers' Compensation Insurance Fraud Program and the district attorney assumes the responsibility for the proper utilization, accounting, and safeguarding of the program funds.

NOTE: Grant funds will not be distributed to the county until CDI has received the Resolution and the Grant Award Agreement is fully executed.

G. DISTRICT ATTORNEY MID-YEAR PROGRAM REPORT

The Mid-Year Program Report case entry and updates in GCMS are due **by February 2, 2026**. For the 2025-2026 fiscal year, the Mid-Year Program Reports will be automatically generated in GCMS and copies will be provided to the county.

Insurance Code Section 1872.83 requires CDI to submit a biannual information request to those district attorneys who have applied for and received funding through the annual assessment process. District attorneys shall provide the information required to produce the Mid-Year Program Report, which is the first collection of the biannual statistical information.

The Program Report should include:

- The number of investigations initiated related to workers' compensation insurance fraud, with the number of defendants indicated;
- The number of arrests filed related to workers' compensation insurance fraud, with the number of defendants indicated;
- The number of prosecutions and civil suits filed related to workers' compensation insurance fraud;
- The number of convictions and civil awards related to workers' compensation insurance fraud, with the number of defendants, trials, pleas and/or settlements indicated, and names of all convicted fraud perpetrators;
- The dollar savings realized as a result of workers' compensation insurance fraud case prosecutions, as evidenced by fines and penalty assessments ordered and collected, and restitution ordered and collected, with the number of defendants indicated;
- The number of warrants issued; and

- A summary of activity with respect to pursuing a reduction of workers' compensation fraud in coordination with the following:
  a) Fraud Division
  b) Insurance companies
  c) Employers, as defined in Section 3300 of the Labor Code, who are self-insured for workers' compensation and doing business in the State
  d) Other public agencies such as Department of Industrial Relations, Employment Development Department, etc.

H. DISTRICT ATTORNEY ANNUAL REPORT

Each district attorney receiving annual funds pursuant to Section 1872.83 of the California Insurance Code shall submit an annual report to the Insurance Commissioner on the local program and its accomplishments. The Annual Report includes two documents--statistical and financial. These documents are referred to as the Program Report and the Expenditure Report and discussed below.

These documents shall be submitted at the close of the regular grant period and within the deadlines specified below. Failure to submit the annual report shall affect subsequent funding decisions.

ANNUAL PROGRAM REPORT

The Annual Program Report updates in the Grant Case Management System (GCMS) are due **by August 28, 2026**. For the 2025-26 fiscal year, the Annual Program Report will be automatically generated GCMS and copies will be provided to the county.

The Annual Program Report is the second collection of the annual statistical information required in Section 1872.83 of the California Insurance Code. California Code of Regulations, Title 10, Section 2698.59, further specifies that Annual Program Reports must be submitted no later than two (2) months after the close of the program period.

The Program Report should include:

- The number of investigations initiated related to workers' compensation insurance fraud, with the number of defendants indicated;
- The number of arrests related to workers' compensation insurance fraud, with the number of defendants indicated;
- The number of prosecutions and civil suits filed related to workers' compensation insurance fraud;
- The number of convictions and civil awards related to workers' compensation insurance fraud, with the number of defendants, trials, pleas and/or settlements indicated, and names of all convicted fraud perpetrators;
- The dollar savings realized as a result of workers' compensation insurance fraud case prosecutions, as evidenced by fines and penalty assessments ordered and collected, and restitution ordered and collected, with the number of defendants indicated;

- The number of warrants issued; and
- A summary of activity with respect to pursuing a reduction of workers' compensation fraud in coordination with the following:
    a. Fraud Division
    b. Insurance companies
    c. Employers, as defined in Section 3300 of the Labor Code, who are self-insured for workers' compensation and doing business in the State.
    d. Other public agencies such as the Department of Industrial Relations, Employment Development Department, etc.

ANNUAL EXPENDITURE REPORT

The Annual Expenditure Report is due **by October 30, 2026**. Submit via email to LAU@insurance.ca.gov using the template provided.

California Code of Regulations, Title 10, Section 2698.59, specifies that the Annual Expenditure Report must be submitted to CDI no later than four (4) months after the close of the program period.

If an organization-wide audit will delay the submission of the Expenditure Report, a county may request an extension of time. The extension request should be submitted to the Program Analyst for approval and clearly explain the need and planned submittal date.

The Expenditure Report is **prepared by the county** and should include:

- Personnel Services expenses: with totals per line item for Salaries and one line item for Benefits;
- Operating expenses: with totals per line item;
- Equipment: with totals per line item.

The report should reflect all actual allowable expenditures, including unbudgeted expenditures as well as expenditures in excess of the budgeted amount. The report should also include an explanation of any significant variances from the district attorney's most recently approved budget plan.

I. AUDITED UNEXPENDED FUNDS AND CARRY OVER UTILIZATION REQUEST

The Audited Unexpended Funds and Carry Over Utilization Request form is due **by October 30, 2026**. Submit via email to LAU@insurance.ca.gov.

Section 2698.53(c) of the California Code of Regulations, Title 10, stipulates that any portion of distributed funds not used at the termination of each program period shall be returned to the Insurance Fraud Account to be reapportioned for use in the subsequent program year.

However, Section 2698.53(d) states that a district attorney who has undertaken investigations and/or prosecutions that will carry over into the following program year may carry over the distributed but unused funds. That district attorney must (1) specify and justify in writing to CDI how the funds will be used at the end of the program period and (2) submit a modified budget showing how the funds will be used in the subsequent application period. **If the carry over exceeds 25%**, the justification must also include an explanation of the extenuating circumstances resulting in the carry over.

J. FINANCIAL AUDIT REPORT

The Financial Audit Report is due **by October 30, 2026**. Submit via email to LAU@insurance.ca.gov.

California Code of Regulations, Title 10, Section 2698.59 requires each district attorney receiving funds to submit a Financial Audit Report. The Financial Audit Report must be submitted to CDI no later than four (4) months after the close of the program period.

If an organization-wide audit will delay the submission of the Financial Audit Report, a county may request an extension of time. The extension request should be submitted to the Program Analyst for approval and clearly explain the need and planned submittal date.

The Financial Audit Report is to be prepared by either an independent auditor who is a qualified state or local government auditor, an independent public accountant licensed by the State of California, or the County Auditor/Controller.

The county may include the cost of the Financial Audit in their budget as a line-item in Operating Expenses.

The audit report shall:

- Certify whether expenditures were made for the purposes of the program. (California Insurance Code Section 1872.83 and CCR, Title 10, Section 2698.50 et seq.)
- Indicate that the auditor used county policies and procedures as the standard for verifying the appropriateness of personnel and support costs. If county policies and procedures are inconsistent with grant criteria, the grant criteria shall be used for verifying the appropriateness of personnel and support costs (grant expenditures).
- Separately show revenues and expenditures for the local program.
- Be prepared in accordance with the audit procedures detailed in Attachment D – Financial Audit Guidelines.

NOTE: **Grant Financial Audit Guidelines**, **Attachment D**, which sets forth the standards for audit preparation, is provided at the end of this document.

K. AUDITS BY CDI

California Insurance Code sections 1872.83, 1872.85, 1872.8, 1874.8, and 10127.17, along with the California Code of Regulations sections 2698.59(f), 2698.67(g)(h), 2698.77(e)(f), and 2698.98.1(g)(h) authorizes or requires CDI to perform audits or reviews of the Insurance Fraud Grant Programs that it administers, and provides the authority for CDI auditors to have access to all reports, working papers, correspondence, or other documents, including CPA audit reports and CPA audit working papers related to the audit report or local program. To maximize the effectiveness and efficiency of these audit efforts, and to minimize the disruption to the county's operation, CDI will usually conduct the audits or reviews of all county grant programs at the same time. These audits will occur at least once every three years.

The primary objective of CDI audits is to verify that expenditures were made for the purpose of the applicable insurance fraud program and expenditures are properly documented. Other audit objectives may be added at the discretion of the CDI audit team after audit planning has been completed.

The CDI Fraud Grant Audit Unit (FGAU) is the unit that will perform the audits. FGAU is part of the CDI Enforcement Branch Headquarters, Audit Program Section under the Deputy Chief - Investigative Support. FGAU audits will be performed in accordance with Generally Accepted Government Auditing Standards (GAGAS), also known as the "Yellow Book".

L. RECORD RETENTION

It is your agency's responsibility to maintain records related to grant applications, grant agreements, scope of work, budgets, expenditures, revenues, and program performance for a period of five (5) fiscal years. These records include, but are not limited to: documentation to support all open and closed investigations; documentation to support all cases in court; documentation to support all arrests; documentation to support all grant outreach conducted including the number of attendees and the event information; documentation of training received by grant funded employees; personnel activity records including timesheets and employee certifications; payroll records and grant fiscal accounting records; travel claims; receipts; documents showing the calculation or methodology for determining whether funds were supplanted; and documents showing the calculation or methodology for determining administrative costs.

M. FINES, PENALTIES, AND RESTITUTION

Section 1872.83(b)(4) of the California Insurance Code specifies that the amount collected, together with the fines collected for violations of the unlawful acts specified in Sections 1871.4, 11760, and 11880, Section 3700.5 of the Labor Code, and Section 549 of the Penal Code, shall be deposited in the Workers' Compensation Fraud Account in the Insurance Fund. The statute further specifies in Subsection (j) that "any funds resulting from assessments, fees, penalties, fines, restitution, or recovery of costs of

investigation and prosecution deposited in the Insurance Fund shall not be deemed "unexpended" funds for any purpose.

Fines, penalties, and restitution should be submitted to CDI for deposit into the Workers' Compensation Fraud Account.

NOTE: **Instructions for Submitting Fines, Penalties, and Restitution Payments to CDI, Attachment E**, is provided at the end of this document.

WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM SUPPORT OF SALARIES AND WAGES FISCAL YEAR 2025-2026

(1) Documented Payrolls: Charges to CDI grant awards for salaries and employee benefits will be based on payrolls documented in accordance with the payroll policies and procedures of the county. All charges to the grant program must be documented on a timesheet that is approved by the grant funded employee and a responsible official(s) of the county (typically the employee's supervisor), after the end of the respective pay period.

(2) Employees 100% Funded by a Single CDI Grant: For employees that are listed in the Grant Application and approved budget as 100% funded by a single CDI grant award, charges for their salaries and wages shall be minimally supported by a non-functional timesheet (as defined in Section 3(a)) and periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually, and will be signed by the employee and supervisory official having first-hand knowledge of the work performed by the employee **(See Exhibit A)**.

Should a 100% funded employee not work 100% of their time in that program in a given month, the certification should be adjusted to reflect that (**See Exhibit B**). For the month they did not spend 100% of their time on the fraud grant program to which they were assigned, they must follow the guidelines outlined below for partially funded employees. Certifications shall be signed after the completion of the certification period. Alternatively, the functional timesheet documentation requirements (as defined in Section 3(a)) for employees that are partially funded by a single CDI Grant **(Section 3)** can be used for employees that are 100% funded by a single CDI Grant. In the event a 100% funded employee's time is documented by a functional timesheet, a semi-annual certification is not required.

(3) Employees Partially Funded by a Single or Multiple CDI Grant(s): Where employees work on multiple CDI grant awards or are partially funded by a CDI grant award, a distribution of their salaries and employee benefits will be supported by a functional timesheet as defined in Section (a) below, which meet the standards below:

(a) A "Functional" timesheet must include a program specific account code used to segregate the total grant hours and the associated salary and employee benefit costs from other programs or general activity. Timesheets that just show total hours worked, without allocating daily time and the associated salary and employee benefit costs to various programs, are not considered functional timesheets and are referred to as non-functional timesheets.

(b) The monthly employee salary/benefit allocation to the grant program(s) will be determined monthly based on a percentage allocation of the employee's total time

worked documented on their functional timesheet. This would include any hours worked beyond an employee's regular work hours.

For example, an employee's regular work hours for the month is 160 hours but they work 200 hours. The employee is exempt from overtime. The employee works 115 hours on the auto grant program and 85 hours on the workers' compensation grant program. The allocation of the employee's salary/benefit cost for the month would be 58% to auto (115/200 = 58%) and 42% to workers' compensation (85/200 = 42%).

(4) Documentation Requirements for both 100% Funded and Partially Funded Grant Employees:

(a) Salary and employee benefit costs must reflect an after-the-fact distribution of the actual monthly activity of each employee.

(b) Timesheets must account for the total activity for which the employee is compensated each day during the pay period.

(c) Timesheets must be prepared at least monthly and must coincide with one or more pay periods.

(d) Timesheets must be signed by the employee and the employee's supervisor, after the end of the pay period.

(e) Budget estimates or other distribution percentages determined ***before*** the services are performed do not qualify as support for charges to CDI grant programs.

(f) If budget estimates or other distribution percentages determined ***before*** the services are performed are the only support for the grant funded salary and employee benefit expenditures, ***these expenditures will be disallowed***. Pre-approval of employee timesheets is also considered a budget estimate for purposes of this section.

i. For counties that have internal policies that require them to submit timesheets before the end of the pay period, the following are options to certify the accuracy of pre-approved time worked and comply with grant requirements:
   a. Obtain employee and supervisor signatures on timesheets **after** the end of the pay period;
   b. Use a timesheet certification **(See Exhibit C)**. Timesheet certifications must: certify that the timesheet submitted listed accurate insurance fraud grant hours worked; be signed by the employee and supervisor **after** the end of the pay period; and be prepared at least monthly.

(g) In the event that semi-annual certifications are not completed in a timely manner, or documentation requirements for employees that are partially funded by a single CDI Grant are not followed, the associated salary and employee benefit expenditures (and indirect costs if applicable), ***will be disallowed.***

Acceptable Timesheet Examples

DAs may elect to document additional information in their timekeeping systems should they have internal program management needs for this information. A few examples of acceptable formats are shown below:

Option A

Date	Hours	Grant Program	Description of Work Performed
10/1/19	7	W Comp	Review status of pending cases, Case 2019-WC-034, W Comp outreach fraud presentation at AA Corp.
10/1/19	1	Other	Non-grant
10/2/19	4	W Comp	Prepare Program Report
10/2/19	4	Auto	Prepare Program Report

Option B

Date	Hours	Grant Program	Description of Work Performed
10/1/19	2	W Comp	Review status of pending cases
10/1/19	3	W Comp	Case 2019-WC-034
10/1/19	2	W Comp	W Comp fraud outreach presentation at AA Corp.
10/1/19	1	Other	Non-grant
10/2/19	4	W Comp	Prepare Program Report
10/2/19	4	Auto	Prepare Program Report

Option C

Date	Hours	Grant Program	Activity Type	Description
10/1/19	2	W Comp	Program Mgmt.	Review status of pending cases
10/1/19	3	W Comp	Case	Case 2019-WC-034
10/1/19	2	W Comp	Outreach	W Comp fraud outreach presentation at AA Corp.
10/1/19	1	Other	Non-grant	Non-grant
10/2/19	4	W Comp	Program Admin	Prepare Annual Program Report
10/2/19	4	Auto	Program Admin	Prepare Annual Program Report

Exhibit A - Certification- Employee 100% Funded from One Grant

Semi-Annual Certification for Salaries & Benefits Charged to a Single Grant

County:

Grant Title:

Time Period:

Employee:

Supervisor:

Per the criteria contained in the California Department of Insurance (CDI) Fraud Grant Application, if an employee is expected to work solely on one CDI Grant Award, such work must be supported with a periodic certification that substantiates the employee worked solely on that CDI grant award for the period covered by the certification.

I certify that the employee listed above spent 100% of their time on activities related to the CDI Grant Award listed above, and those activities were in compliance with this grant award during the period listed above. The information on this form is true and correct to the best of my knowledge.

_____ _____

Employee Signature **Date**

_____ _____

Employee's Supervisor Signature* **Date**

***Must be signed by a supervisory official having firsthand knowledge of the work performed by the employee.**

Exhibit B - Certification-
100% Funded Employee Exception Certification

Semi-Annual Certification for
Salaries & Benefits Charged to a Single Grant with Exception

County:

Grant Title:

Time Period:

Employee:

Supervisor:

Per the criteria contained in the California Department of Insurance (CDI) Fraud Grant Request for Application, if an employee is expected to work solely on one CDI Grant Award, such work must be supported with a periodic certification that substantiates the employee worked solely on that CDI grant award for the period covered by the certification.

I certify that for all months stated in the above Time Period, except for the following days/hours: _____, the employee listed above spent 100% of their time on activities related to the CDI Grant Award listed above, and those activities were in compliance with this grant award during the period listed above. The information on this form is true and correct to the best of my knowledge.

_____ _____
Employee Signature **Date**

_____ _____
Employee's Supervisor Signature* **Date**

***Must be signed by a supervisory official having firsthand knowledge of the work performed by the employee.**

Exhibit C – Timesheet Certification Sample

Timesheet Certification

Time/Pay Period:

County:

Employee(s) Certification - By signing below, I certify the timesheet(s) submitted for the above pay period is an accurate reflection of the hours spent on allowable grant program(s) activities.

Employee Name:	Signature:	Date:
Employee Name:	Signature:	Date:
Employee Name:	Signature:	Date:
Employee Name:	Signature:	Date:
Employee Name:	Signature:	Date:
Employee Name:	Signature:	Date:
Employee Name:	Signature:	Date:
Employee Name:	Signature:	Date:
Employee Name:	Signature:	Date:
Employee Name:	Signature:	Date:
Employee Name:	Signature:	Date:
Employee Name:	Signature:	Date:

Supervisor Certification- I certify the timesheet(s) for the above employee(s) accurately reflects the hours spent by the employee(s) on allowable grant program(s) activities for the above pay period.

*Must be signed by a supervisory official having firsthand knowledge of the work performed by the employee.

Supervisor Name:	Signature:	Date:

ATTACHMENT B: EQUIPMENT ACQUISITION FORM

CALIFORNIA DEPARTMENT OF INSURANCE
INSURANCE FRAUD GRANT PROGRAMS
GRANT PURCHASED EQUIPMENT ACQUISITION FORM

County: _____

Fraud Grant Program(s): _____

If pro-rated across programs, please indicate % billed to each program.

Equipment Description: _____

Serial or Other Identification Number(s) (*for vehicles, this is the VIN and license plate numbers)*: _____

County Property Tag/Identification Number: _____

Acquisition Date: _____

Actual Purchase Cost (should match Expenditure Report): _$_____

Name: _____ **Title:** _____

Signature: _____ **Date:** _____

Must be signed by the Program Director/Manager or GMS Admin-User.

ATTACHMENT C: EQUIPMENT DISPOSAL FORM

CALIFORNIA DEPARTMENT OF INSURANCE
INSURANCE FRAUD GRANT PROGRAMS
GRANT PURCHASED EQUIPMENT DISPOSAL FORM

County: _____

Fraud Grant Program(s): _____

If pro-rated across programs, please indicate % billed to each program.

Equipment Description: _____

Serial or Other Identification Number(s) (*for vehicles, this is the VIN and license plate numbers)*: _____

Acquisition Date: _____

Disposal/Salvage Date: _____

Disposition Type *(e.g. county fleet, salvaged, sold, etc.)*: _____

Fair Market Value at Disposal/Salvage Date: $_____

Methodology for Determining Fair Market Value *(documentation must be retained by County):* _____

Mileage at Time of Disposition *(for vehicles only):* _____

Name: _____ **Title:** _____

Signature: _____ **Date:** _____

Must be signed by the Program Director/Manager or GMS Admin-User.

ATTACHMENT D: FINANCIAL AUDIT GUIDELINES

WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM FINANCIAL AUDIT GUIDELINES FISCAL YEAR 2025-2026

The financial audit of the district attorney's office participation in CDI's Workers' Compensation Insurance Fraud Program must be conducted using generally accepted auditing standards and the most recent Government Auditing Standards (GAS) and related guidance published by the Comptroller General of the United States. The audit must include an examination of the internal control structures of the district attorney's office as it applies to this program. The audit report must certify whether local expenditures were made for the purposes of the program as specified in the Insurance Code. Additionally, the report must include a schedule of operating expenses and equipment.

The following are specific, minimum areas of examination that are applicable for conducting an audit of the Workers' Compensation Insurance Fraud Program. These guidelines are not intended to be all-inclusive but, rather, specific areas to be examined during the performance of the audit of this program.

Grant Revenue:

1. Determine that grant revenues for the fiscal year are included in the grantee's year-end financial report, even if they were deposited by the county after the end of the grant period (modified accrual basis).
2. Verify that grant warrants were deposited timely and were deposited into the correct grant revenue fiscal account.
3. Ensure that the Audit Report reflects the correct amount of grant revenues received for the grant period and, if applicable, the correct amount of prior year carry over. Note any differences between the calculated carry over found as a result of the audit and the amount approved by CDI.

Budget vs. Actual Expenditures:

1. Determine the approved total budget for the grant period within each budget category (Personnel Services, Operating Expenditures and Equipment). Compare the approved budget to the year-end Expenditure Report. For all instances where a budget category has been exceeded, verify that a Budget Modification Request was approved by CDI..

Grant Expenditures:

1. Reconcile the Grant Expenditure Report totals to the grant's dedicated fiscal account within the county accounting system, and verify that these totals are an accurate reflection of information contained in the County Auditor/Controller's

records for this program. Note any differences between the two. Grant requirements require all expenditures to be reported, even if they exceed grant revenues and the approved grant budget.

2. Personnel Services - Verify the appropriateness of salary expenditures by testing the accuracy of employee salary allocations to the grant, and that the total compensation for the grant funded employees are supported by county payroll and personnel records. County policies and procedures and grant agreement requirements shall be used as the standard for verification. Note any conflicts with program requirements and potential disallowed expenses.

3. Personnel Services - Verify that personnel time charged to the grant program was expended only for the purpose of enhanced investigations and prosecutions of workers' compensation insurance fraud and that the employee timesheets meet the supporting documentation requirements specified in the grant agreements (e.g., no pre-approval of timesheets and budget estimates are not used).

4. Personnel Services - Verify that employee time off allocated to the program (sick leave, vacation, holidays, etc.) is proportionate to the time the employee worked in the program. Lump sum payouts and long-term leave should not be charged to the program.

5. Personnel Services - Verify the accuracy of the employee benefits amounts and percentages charged to the grant.

6. Operating Expenditures - Verify the expenditure was in the approved budget, that it was a program cost, that it was recorded in the correct fiscal year and was properly supported. Also, determine that direct charges to the program are not also included in indirect costs (i.e., space charges) charged to the program.

7. Equipment - Determine that equipment purchases made with grant funds are only for items specifically approved by CDI in the applicant's budget.

8. Equipment - Determine that no vehicle purchases have been charged against this program without specific written approval by CDI.

9. Equipment - Verify that equipment purchased by the grant is in the custody and use of the personnel funded by the grant.

10. Indirect Cost - If claimed, verify that it does not exceed either the 5% or 10% methodology as specified in the grant application and grant regulations.

11. All Expenditures - Compare the results of the audited expenditures to the end-of-the-year Expenditure Report and note any exceptions, particularly variances between audited expenditure, claimed and budgeted line items within each category.

12. All Expenditures - Identify non-compliance with applicable statute, regulation, county policy or grant application requirements, and any questionable or disallowed grant amounts received for the grant period.

Grant Internal Controls

1. Verify that the District Attorney's Office has policies and procedures for the proper administration of the grant program.
2. Verify that employee timesheets are signed and dated by the employee and the supervisor.
3. Determine how the District Attorney handles instances where 100% funded employees may be pulled from the grant to assist with non-grant operations or other tasks. Ensure the grant is not charged for non-grant activities.

ATTACHMENT E: SUBMITTING FINES, PENALTIES, AND RESTITUTION

INSTRUCTIONS AND ADDRESS FOR COUNTY TO SUBMIT FINES, PENALTIES, AND RESTITUTION COLLECTED PURSUANT TO CIC § 1872.83(B)(4) FISCAL YEAR 2025-2026

County Should Mail Fines, Penalties, and Restitution Payments to:

California Department of Insurance
Accounting - Cashiering Unit
300 Capitol Mall, 14th Floor
Sacramento, CA 95814

Payable to: **California Department of Insurance**

Acceptable forms of payment:

- Money Order
- Cashier Check
- County Check

Cover letter or stub should include:

- Defendant's Name
- County Name
- County Case Number
- Program: Workers' Comp
- Type of payment (such as 3700.5 fines, restitution, etc.)

If you have any questions, please contact the CDI Local Assistance Unit at LAU@insurance.ca.gov.

NOTE: The county is responsible for tracking collections.

ATTACHMENT F: DEFINITIONS AND CASE COMPLEXITY TERMS

DEFINITIONS

Application = For purposes of the grant application process and Grant Award Agreement (GAA), the term "application" refers to the grant application and its Funding Announcement Attachments including, but not limited to, the Budget Instructions, Grant Requirements, and Fact Sheets.

Applicant Fraud = Any person who knowingly makes a false statement or representation, deliberately fails to disclose material facts, or knowingly withholds information in order to obtain benefits.

Arrest = For purposes of the grant application and reporting, arrests include surrenders, citations, and court appearance (if the arrest warrant was issued prior to appearance). The issuance of an arrest warrant alone does not count as an arrest.

Billing Fraud = Medical provider knowingly submits false medical bills by billing for services not rendered, billing for wrong procedure codes or billing for procedures of a medical necessity when procedures may have been elective or cosmetic in nature and not covered by health insurance.

Capping = Also known as "runners" and "steerers" means a person who for pecuniary benefit, procures or attempts to procure a client, patient or customer at the direction or request of, or in cooperation with, a provider that intends to obtain benefits under a contract of insurance, or file a claim against an insured or an insurer for providing services to the client, patient or customer.

Cases in Court = Filed cases, up to and including sentencing hearing, excluding appeals.

Chargeable Fraud = The total amount of fraud that would result from all the insurance fraud counts actually charged or that would be charged for the insurance fraud grant program. If a case crosses more than one insurance fraud program, chargeable fraud shall be reported in the program reporting the case in court, and only the chargeable fraud for that program may be included in the statistics. If a case had both insurance and non-insurance fraud components, only the insurance fraud component shall be reported in the statistics.

Claimant Fraud = Any person who knowingly makes a false statement or representation, deliberately fails to disclose material facts, or knowingly withholds information in order to obtain benefits.

Disability Fraud = Disability claim submitted against a disability insurance policy while claimant on permanent or temporary disability and receiving continual benefits and/or

vocational benefits and/or claimant reported working or performing activities exceeding alleged physical limitations.

Documented Case Referral (DCR) = A documented fraud case referral entails much more information than provided on the SFC/FD-1. Most often, a DCR requires little to no additional investigation to prepare to file the case.

Economic Car Theft (ECT) = Automobile theft perpetrated for financial gain, including, but not limited to the following: theft of a motor vehicle for financial gain; reporting that a motor vehicle has been stolen for the purpose of filing a false insurance claim; switching of vehicle identification numbers to obtain title to a stolen motor vehicle; engaging in any act prohibited by Chapter 3.5 (commencing with Section 10801) of Division 4 of the Vehicle Code (Chop Shops).

Embezzlement = Embezzlement of funds.

Fines = Fines imposed by the court. Penalty assessments may be included. Do not include booking fees, probation or supervision fees, or restitution.

Fraud Ring = Also known as Organized Rings, these involve collisions orchestrated by organized criminal activity involving attorneys, doctors, other medical professionals, office administrators and/or cappers.

Identity Theft = Using another's identity to secure health care benefits.

Insider Fraud = Fraud committed by employees or agents of an insurance company, self-insured employer, or third-party administrator.

Investigations = Investigation opened means cases in which an Investigator or Attorney has been assigned. It does not include screening activities such as the initial review of SFCs or phone call referrals, probation violations, or due diligence searches.

Legal Office Fraud = Legal provider inflates billing or materially misrepresents the facts.

Medical Provider Fraud = Medical provider inflates billing, knowingly submits bills with improper medical codes and/or misrepresents facts.

Multiple Defendant Cases = A multiple defendant case is to be counted as a single case, not a separate case for each defendant. If each defendant has been issued a separate Court Case Number / Docket Number (excluding clarifiers such a "A" or "-1" which is counted as a single case), then it will be counted as a separate case. In GCMS, the related cases should be noted on the Basic Case Information Screen.

Non-Applicant = Cases that don't fall under the "Applicant" category.

Outreach = Any activity undertaken by a grant awardee to inform and educate the public on the nature and consequences of insurance fraud and the training and sharing of best practices with industry stakeholders and allied law enforcement agencies. The

results will be crime prevention, the generation of quality referrals from the public, business community, insurance industry, and law enforcement, and improved strategies for the investigation and prosecution of insurance fraud.

Pharmacy Fraud = Pharmacist or pharmacy inflates bills or falsifies billing; person illegally obtains medical prescriptions and submits prescriptions for habitual need.

Premium Fraud = Acts of fraud, including but not limited to under-reporting payroll, misclassification of employees' duties, or experience modification evasion committed by or at the direction of an employer, for the purpose and with the effect of reducing premium liability.

Provider Fraud = A provider is defined as an individual or entity claiming to supply medical, legal, or other services in connection with an insurance claim. Include in this category items such as capping, billing services, transportation and translation services.

Staged Accident = An automobile accident purposefully orchestrated to involve unknowing insured motorist(s) for the purpose of collecting insurance payments made as a result of claims filed against the insured motorist's insurer. Staged accidents may be committed by multiple suspects or fraud rings.

Surgery Center = Any alleged fraudulent activity (billing fraud, etc.) pertaining to outpatient surgery centers.

Suspected Fraudulent Claim (SFC) = A method established for insurers to report suspected insurance fraud.

Uninsured Employer = Employers that willfully fails to obtain workers' compensation insurance, which is a 3700.5 violation.

Unlawful Solicitation/Referral = Denotes cases where patients are recruited and given incentives to undergo medical procedures, whether those procedures were actually performed or not.

Vertical Prosecution = A prosecution model where the assigned investigator regularly communicates with the assigned prosecutor from inception through the final adjudication of an insurance fraud investigation. Regular communication assists in ensuring the insurance fraud case is viable and suitable for prosecution. Unless the District Attorney Investigative Bureau has an active investigative role in the investigation of the insurance fraud case, vertical prosecution alone, does not qualify a case to be considered a "joint investigation" for grant reporting purposes.

CASE COMPLEXITY TERMS (Workers' Compensation and Automobile Only)

Standard Case:
- One defendant
- Loss under $10,000 **Loss = Amount of chargeable fraud**
- One employer victim

Medium Case:
- Loss from $10,000 up to $49,999

Complex Case:
- Loss from $50,000 up to $250,000

Very Complex Case:
- Loss greater than $250,000

The above-stated loss amounts are only guidelines for each category. Notwithstanding the guidelines, a case shall be elevated from one category to any other higher category if the necessary number of aggravating factors, as stated below, exist:

Standard Case + at least 2 Aggravating factors = Medium Case
Medium Case + at least 2 Aggravating factors = Complex Case
Complex Case + at least 2 Aggravating factors = Very Complex Case

For example, a Standard case with at least six aggravating factors becomes a Very Complex case.

AGGRAVATING FACTORS:

1. Multiple defendants or suspects
2. Multiple claims by a single defendant or suspect
3. More than 2,000 pages of reviewable material
4. More than 20 witnesses (excluding non-suspect medical providers)
5. More than 6 non-suspect medical providers or other experts
6. A case involving a suspect legal provider(s) or a suspect medical provider(s)
7. More than 2 insurance carriers/self-insurers involved
8. Search warrant(s) involving 2 or more search locations
9. Special Master Warrant involved
10. A search warrant that requires assistance of an expert in its execution (e.g., computer expert, auditor, etc.). This does not refer to the typical expertise of the searching police officer(s).
11. More than 2 public agencies (excluding D.A.) involved
12. Undercover operation by law enforcement
13. Grand Jury Proceedings
14. One or more Motions (other than a P.C. 995 motion) requiring a filed response
15. More than 2 contested Court hearings, not including arraignment and preliminary hearing