

Office of Special Investigations (OSI)

[Policy](#)

[Procedures](#)

[Verification](#)

[Legal Authorities](#)



This section includes information on how to report fraud and the actions taken by the Office of Special Investigations (OSI).

Policy

The Arizona State Legislature created the DES Office of Special Investigations (OSI) to investigate public assistance fraud. FAA is responsible for resolving questionable information given during the eligibility process. Participants are required to provide true statements and correct verification to FAA so an accurate eligibility determination can be completed.

FAA refers cases to OSI for investigation when fraud is suspected. Participants are required to comply with the investigation process. Failure to comply may result in a case closure, denial, or a potential overpayment.

The general public, employees, and participants may submit a request to investigate potential fraud. The general public and participants may submit a request through **any** of the following methods:

- Completing an electronic form on the DES website. (See <https://des.az.gov/how-do-i/report-suspected-fraud> to report benefits fraud.)
- Calling the DES Fraud Hotline at **any** of the following numbers:
 - (800) 251-2436 (toll-free inside Arizona)
 - (602) 542-9449 (direct and outside of Arizona)

OSI is responsible for **all** of the following investigations:

- Pre-approval investigations on participants to prevent potential fraud for all NA and CA cases, and Medical Assistance (MA) that include NA or CA throughout the state.

NOTE The AHCCCS Office of Inspector General is responsible for investigating MA only cases.

- Post-approval investigations on participants already receiving benefits to stop potential fraud.

OSI completes a Report of Investigation form and forwards the findings to FAA. The participant or their authorized representative can contact the DES Public Records Request Coordinator to view or obtain a copy of the form.

Procedures

Quick Access Menu:

- [When and How to Send a Referral](#)
- [Acting on an OSI Response](#)
- [Information Needed for OSI Investigation](#)
- [Participant Fails to Respond to the OSI Investigation](#)
- [Office of Special Investigations \(OSI\) - Internal Affairs Office \(IAO\)](#)

When and How to Send a Referral

Before submitting the Office of Special Investigations (OSI) Investigation Referral, determine whether the referral should be sent to OSI. See the [DBME Referral Guide for OIG](#) found in the FAA Policy Support SharePoint Site Document Library to make this determination.

Referrals for investigation must support an allegation of potential fraud. OSI does not conduct verification investigations. The verification process must be used to verify mandatory eligibility factors. (See [Participant Responsibilities - Providing Verification](#) for more information on the verification process.)

Submit a referral for investigation for situations which include, and are not limited to, **any** of the following:

- Frequent changes in the budgetary unit, such as people moving in and out, when questionable.
- A newborn child has an absent parent (AP), and the participant claims to have no information about the AP's whereabouts, when questionable.
- Reported expenses consistently exceed stated income. (See [Expenses Exceed Income \(EEI\)](#) for details about EEI.)

- The accuracy or validity of the participant's residential or mailing address is questionable.
- There are inconsistencies between the current application and the information in the [case file\(g\)](#) that cannot be resolved by FAA staff.
- The participant's verbal or written statements are contradictory.
- When a QC-100 review indicates potential fraud exists.
- When 10% of CA usage has occurred outside of Arizona within the past six months.
- When excessive EBT card replacements occur. (See [EBT QUEST Card](#) for details on EBT excessive replacements.)

Do not submit a referral for an investigation for situations which include, and are not limited to, **any** of the following:

- Medical Only (MAO) cases
- Closed cases
- Single-person homeless cases with a PO Box
- Verification purpose
- A request to establish paternity
- To verify when household members purchase and prepare meals together
- Situations not affecting benefit eligibility

To submit an OSI investigation, complete **all** of the following:

- Access the DES Intranet Home Page.
- Take the link titled "Report Fraud or Misconduct" under "Contact DES" at the bottom of the page to display the OIG Investigation Referral form.
- Check the applicable boxes on the OIG Investigation Referral form and write a summary of the allegations. The summary must clearly identify what is being requested and include an answer to **all** of the following questions:

What is the reason that there may be a potential for fraud on the case?

What actions were taken to resolve any questionable information?

What eligibility factor is affected?

- Upload the referral form into OnBase using the OSI 1017 Investigations Request Document type.
- Click submit on the referral form.

See the [Submit an OSI Referral Desk Aid](#) located in the FAA Policy Support SharePoint Site Doc Library for submittal instructions.

Acting on an OSI Response

OSI responds to the referral for investigation using the OSI-Report of Investigation (OSI-1039A) form.

NOTE When OSI has not returned the completed OSI-1039A form, by the due date for determining eligibility, do not delay determining eligibility.

The Customer Care Center in Tucson receives and processes the OSI-1039A form with violations found for cases when **all** of the following apply:

- The case contains NA or CA.
- The case is closed or active.

All other OSI-1039A forms for cases where violations are found are sent to the office or hospital that requested the investigation for processing. This includes, and is not limited to, the OSI-1039A forms for all cases with pending applications (new or renewal).

Review the OSI-1039A form and complete **all** of the following:

- When the Violations Found box is checked or indicated on the OSI-1039A form, determine whether additional mandatory verification is needed.
- When the Potential Violations Found box is checked or indicated on the OSI-1039A form, send the Investigation Information Request (C022) notice. This box is checked when a potential violation is found and OSI is unable to provide due process.

Include the mandatory verification needed in the C022 based on the investigation findings.

The C022 must inform the participant **all** of the following:

- Allegations.
- Investigation findings.
- Specific information needed to rebut facts discovered in the investigation.

- Additional mandatory verification needed based on the results of the investigation. FAA must state which documentation or collateral verification is needed.
- The opportunity to respond to allegations of potential fraud.
- When the Violations Not Found box is checked or indicated in the Conclusion section of the OSI-1039A form, determine whether mandatory verification is needed. (See [Providing Verification](#) for information on how to request verification.)

NOTE When information is not needed, complete the eligibility determination or continue benefits.

- When the OSI-1039A form is returned on a pending case and additional information is not needed, complete the eligibility determination. Review all information and verification provided by the participant or investigators and determine its impact on the determination.
- When the OSI-1039A form is returned on an active case and additional information is not needed, take appropriate action to complete any necessary changes. (See [Effecting Changes](#) for instructions on processing changes.)
- When the Inconclusive box is checked on the OSI-1039A form, complete the eligibility determination or continue benefits.
- Send the Notice of Investigation (C023) with any adverse action.
- Document the [case file\(g\)](#) with a summary of the actions taken on the case.

NOTE All inconsistencies must be documented and addressed at the next application or renewal.

Information Needed for OSI Investigation

When the OSI-1039A form indicates the outcome of the investigation and additional mandatory verification is needed, send **all** of the following:

- Investigation Information Request (C022) notice to request verification.
- Notice of Investigation (C023) to inform the participant that a copy of the OSI-1039A form is available upon request.

When the requested information or verification is received on a pending case, complete the eligibility determination. Review all information and verification provided by the participant and the investigators and determine its impact on the eligibility determination.

When the requested information is received on an active case, take appropriate action to complete any necessary changes. (See [When to Effect Changes](#) for instructions on processing changes.)

Ensure that all verification is documented before completing the eligibility determination.

Participant Fails to Respond to the OSI Investigation

When the participant fails to provide the requested mandatory verification and does not request assistance by the information due date, deny the case using the appropriate Denial Closure Reason Code. (See the [AZTECS Monthly Production Schedule \(AMPS\)](#) for correct Denial Closure dates.)

Document the [case file\(g\)](#) with a summary of the actions taken on the case.

Office of Special Investigations (OSI) - Internal Affairs Office (IAO)

The Internal Affairs Office (IAO) is part of the Internal Security Administration (ISA). This office is under the DES Director's Office and is responsible for the overall integrity and security of DES. IAO is a subsection of OSI.

IAO is authorized to conduct **all** of the following investigations:

- Administrative investigations
- Criminal investigations regarding **all** of the following:
 - Employee fraud or misconduct
 - Employee violation of policy or procedures
 - Employee violation of contract provisions
- Contract provider fraud or misconduct
- Employee background investigations

The IAO has an employee fraud hotline and is authorized to provide guidance and training in office security issues. The IAO employs a certified polygraph examiner.

IAO is authorized to access **all** of the following during the course of an investigation:

- Program case files
- Employee personnel records
- Administrative documents

IAO receives referrals for investigation from **all** of the following sources:

- Governor's Office
- Attorney General's Office
- DES Director's Office
- DES Assistant Director's Office (various divisions)
- Law enforcement agencies
- Employee Fraud Hotline
- Citizen complaints

IAO investigates and submits Reports of Investigation to **all** of the following:

- Assistant Director of the appropriate division
- Attorney General's Office

NOTE A Prosecution Summary Report (PSR) is also submitted to the Attorney General's Office.

- DES Personnel

Verification

System interface and the [case file\(g\)](#) must be reviewed before verification is requested. No additional verification is needed when AZTECS interface or HEAplus hubs have verified the information.

The participant has the primary responsibility for providing verification. (See [Participant Responsibilities – Providing Verification](#) for additional policy.)

The Investigation Information Request (C022) notice informs the participant of all the information that is needed to complete the investigation. The notice also provides information on how the participant can receive a copy of the investigation report.

Legal Authorities

7 CFR 273.16(a)(1)

AAC R6-12-908

ARS 46-215

ARCHIVED
Valid until 06/29/2026