



Lawrence F. Alwin, CPA
State Auditor

July 20, 2004

A Special Investigations Unit Report Regarding The State Kids Insurance Program

Members of the Legislative Audit Committee:

The Public Integrity Unit of the Travis County District Attorney's Office obtained an indictment on June 16, 2004, after the State Auditor's Office Special Investigations Unit investigated allegations that Tosan M. Eruwayo, an employee of the Texas Commission on Environmental Quality (Commission) submitted false information on applications for the State Kids Insurance Program (SKIP). The Commission requested the investigation of these allegations. Mr. Eruwayo's family was approved for SKIP benefits based on the allegedly false information, and the State paid \$2,858.88 in insurance premiums on behalf of Mr. Eruwayo based on this information.

The State Kids Insurance Program is offered to low-income state employees as a means to provide insurance for their children. This program offers supplements to pay health insurance premiums for approved, eligible children covered by insurance. Applicants must reapply each year.

Mr. Eruwayo allegedly submitted three applications for SKIP benefits that did not include all of his household's income. The SKIP application requires that applicants report all household income. Mr. Eruwayo's SKIP applications listed only his income from the Commission; Mr. Eruwayo did not include his wife's income or income from his non-state employment on the applications. The applications understated Mr. Eruwayo's household income by \$30,576.40 for fiscal year 2001, \$42,886.90 for fiscal year 2002, and \$36,806.67 for fiscal year 2003.

Mr. Eruwayo was indicted on one count of theft and two counts of tampering with governmental record. The one count of theft is a third-degree felony, which carries a maximum penalty of 10 years in prison and a \$10,000 fine. The theft count includes a public service enhancement [Penal Code, Section 31.03(f)(1)] because Mr. Eruwayo was alleged to have appropriated the funds during the course of his employment as an accountant for the Commission. The two counts of tampering with governmental record are state-jail felonies and each carry a maximum penalty of two years in a state jail and a \$10,000 penalty.

The Special Investigations Unit investigates reports of illegal activity involving state agencies and universities.

Texas Government Code, Section 321.022, requires state agencies and universities to report suspected fraud or unlawful conduct to the State Auditor's Office if there are facts that point to fraud or unlawful conduct.

To report suspected illegal activity, call 1-800-TX-AUDIT (1-800-892-8348), send a fax to (512) 936-9400, visit www.sao.state.tx.us, or mail information to the State Auditor's Office, Attn: SIU, P.O. Box 12067, Austin, Texas 78711.

If you have any questions, please contact Matthew Samuelson or John Weber, Special Investigations Unit, at (512) 936-9500.

Sincerely,

Lawrence F. Alwin, CPA
State Auditor

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cc: Ms. Susan Roberts, Assistant District Attorney, Travis County District Attorney's Office
Mr. Glenn Shankle, Acting Executive Director, Texas Commission on Environmental Quality

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