

Compliance Audit

of the

Commonwealth of Pennsylvania
Department of Public Welfare
Allegheny County Assistance Office
Three Rivers District

Audit Period

August 18, 2001 to August 5, 2005



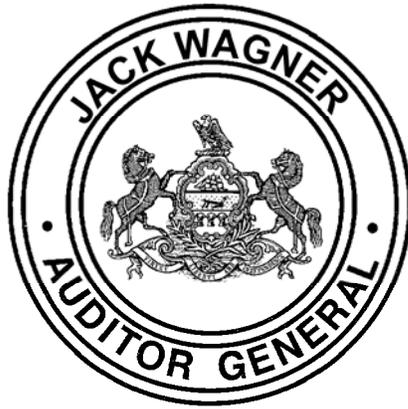
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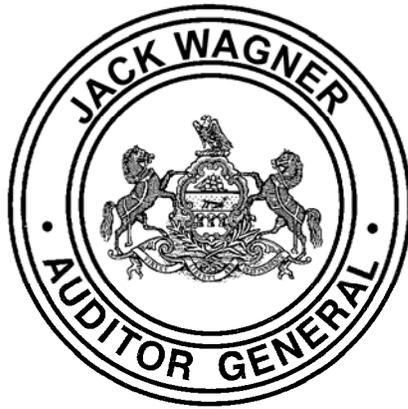
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Report of Independent Auditors on Compliance

The Honorable Edward G. Rendell
Governor
Commonwealth Of Pennsylvania
Harrisburg, Pennsylvania 17120

Dear Governor Rendell:

The Department of Public Welfare, through its County Assistance Offices, determines eligibility for cash assistance, medical assistance, and food stamp benefits according to established policies and procedures. By the authority of Pennsylvania Code, Title 55, Chapter 109, the Department of the Auditor General audits these County Assistance Offices.

This report contains the results of our audit of the Allegheny County Assistance Office, Three Rivers District, covering the period August 18, 2001 to August 5, 2005. Procedures included determining the County Assistance Office's compliance with Department of Public Welfare regulations, governing laws, and administrative rules regarding the disbursement of benefits and the management of the County Assistance Office. We examined, on a test basis, evidence in support of benefits provided, reviewed documentation of County Assistance Office actions and interviewed County Assistance Office personnel and welfare recipients. We also evaluated the closed cases and the Petty Cash Fund.

Our report details findings and recommendations that resulted from our eligibility review and our review of the closed cases. No exceptions were disclosed during our review of the Petty Cash Fund.

It should be noted, that as a result of Internal Revenue Code §6103, the Department of the Auditor General no longer has access to Income Eligibility Verification System Exchanges 4 and 5. Because this poses a scope limitation, exceptions may exist beyond those disclosed during our audit. In addition, overpayment amounts stated in this audit report are limited by the Department of Public Welfare's Automated Restitution Referral and Computation system, which does not calculate overpayments beyond a two-year period.

This report is intended for the benefit of the Allegheny County Assistance Office, Three Rivers District management, Department of Public Welfare officials, and Office of Inspector General officials. It is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

JACK WAGNER
Auditor General

October 20, 2005

**Commonwealth of Pennsylvania
Department of Public Welfare
Allegheny County Assistance Office
Three Rivers District**

BACKGROUND INFORMATION
AND
OBJECTIVES, SCOPE, AND METHODOLOGY

Background Information

Department of Public Welfare

The Department of Public Welfare (DPW) provides money, food stamps, medical assistance and other services to needy recipients in Pennsylvania. DPW administers these services locally through a County Assistance Office (CAO), or in larger counties, through a District Office (DO). We conduct audits in all 67 counties throughout Pennsylvania.

DPW, through its Office of Income Maintenance, is responsible for analyzing, interpreting, developing and maintaining the regulatory policy for all federal and state funded public assistance benefit programs. DPW also provides policy clarifications to guide the application of its regulations.

DPW created the Cash Assistance Handbook (CAH), the Food Stamp Handbook (FSH), and the Medicaid Eligibility Handbook (MEH) to provide guidance to income maintenance caseworkers (caseworkers) at the CAOs and DOs. The handbooks give the caseworker direction on how to use financial and non-financial information to determine an individual's eligibility for cash assistance, food stamp, and medical assistance benefits. The CAH provides guidance on Temporary Assistance to Needy Families (TANF) and General Assistance (GA). TANF is a federally-funded program which provides money for dependent children who are needy because financial support is not available from their parents. The payment is made to parents or relatives who care for the children in family homes. GA is a state-funded program which provides money primarily to individuals or couples with no dependent children who have temporary or permanent disabilities that prevent their employment. The FSH provides guidance for administering the Food Stamp Program which is operated jointly by the U.S. Department of Agriculture, Food and Nutrition Service, and DPW. The MEH provides guidance for administering the Medical Assistance Program to clients who are eligible for cash assistance, Nonmoney Payment, or Medically Needy Only benefits. DPW makes either direct payment to medical practitioners and vendors of services, medications, and medical supplies, or a capitation payment to contracted managed care organizations.

Objectives, Scope, and Methodology

The Department of the Auditor General (Department), Bureau of Public Assistance Audits conducts audits of CAOs to determine compliance with DPW regulations that pertain to recipient eligibility and the disbursement of cash and food stamps. Additionally, the Bureau reviews the CAO's management policies and their implementation as they relate to the areas we audited. Audit reports providing factual, relevant and useful information are then sent by the Auditor General to the Governor, DPW, the Office of Inspector General (OIG) and certain state legislators.

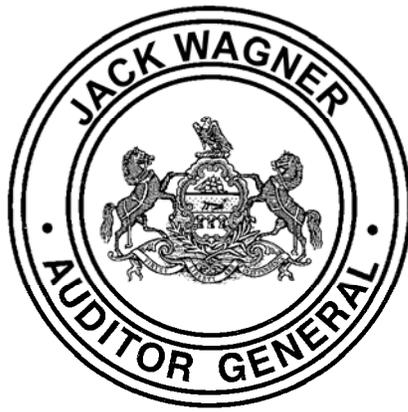
The audit included eligibility reviews of a sample of public assistance cases and the closed case file for the audit period August 18, 2001 to August 5, 2005. We also reviewed the CAO's implementation of procedures for the Petty Cash Fund (PCF) to determine compliance with regulations and policies.

Results from the eligibility reviews of the sample of public assistance cases and the closed case file as well as the procedural reviews apply only to CAO files, records, and systems. However, because DPW establishes the CAO policies and procedures as well as maintains their computer information system, the deficiencies and/or exceptions identified during our audit may need to be corrected by DPW. Therefore, our recommendations are directed to DPW as well as the CAO.

As previously noted, due to Internal Revenue Code §6103, the Department no longer has access to recipient resource information contained on the Income Eligibility Verification System Exchanges 4 and 5. (Exchange 4 contains information from the Social Security Administration (SSA) earnings reference file and Exchange 5 contains information from the Internal Revenue Service unearned income file.) This poses a scope limitation, as the Department cannot ascertain whether the CAO is reviewing information from these two resources as required by Section 1137 of the Social Security Act. Furthermore, without access the Department is unable to verify that the CAO is using all recipient resource information in determining recipient eligibility and calculating benefit amounts.

Reviews of the public assistance cases and the closed cases detected instances of noncompliance; therefore, we submitted findings in these areas. Review of the PCF determined that CAO personnel complied with required guidelines; therefore, we submitted no finding or observation in this area.

During the February 9, 2006 exit conference, the Department's staff reviewed these findings and recommendations with the CAO representatives. We have included CAO personnel comments, where applicable, in this report.



**Commonwealth of Pennsylvania
Department of Public Welfare
Allegheny County Assistance Office
Three Rivers District**

FINDINGS AND RECOMMENDATIONS

Findings and Recommendations

I. Random Eligibility Audit Results

During the course of our audit, we examined 256 out of 3,015 cases from the Allegheny CAO, Three Rivers District to determine if personnel properly maintained case records in accordance with DPW's policies and procedures, and properly disbursed authorized benefits to eligible recipients in accordance with the rules and regulations established by DPW. We also notified CAO personnel when we discovered ineligible persons receiving assistance.

Title 55 of the Pennsylvania Code provides criteria for determining public assistance eligibility. Chapter 109 of Title 55 provides for the Department to audit the decisions of the CAOs against the rules and regulations established by DPW.

Our audit included an examination of the case record material as it relates to the proper interpretation and application of the rules and regulations of DPW pertaining to the recipient's eligibility for public assistance. The criteria for our review included, but was not limited to, DPW's:

- Cash Assistance Handbook (CAH);
- Food Stamp Handbook (FSH);
- Supplemental Handbook (SH);
- Income Eligibility Verification System (IEVS) Manual;
- Automated Restitution Referral and Computation (ARRC) Manual;
- Client Information System (CIS) Manual; and
- Operations Memorandum (OPS) & Policy Clarifications.

Our audit disclosed 255 exceptions in 134 of the 256 cases examined. The most significant exceptions are discussed in the following findings:

- CAO personnel failed to follow applicable DPW procedures (refer to Finding No. 1);
- CAO personnel incorrectly determined recipient benefits (refer to Finding No. 2);
- CAO lacks procedures for identifying instances where recipients fail to provide proper eligibility information (refer to Finding No. 3); and
- CAO personnel failed to obtain and/or document information required in establishing recipient eligibility (refer to Finding No. 4).

Findings and Recommendations

Finding 1 - CAO personnel failed to follow applicable DPW procedures

Our audit revealed that exceptions occurred because CAO personnel failed to follow applicable DPW procedures. The most notable exceptions are grouped into the following areas:

- **Road to Economic Self-sufficiency through Employment and Training (RESET) Program**

Employment and training services are provided through the RESET program, which is designed to enable welfare recipients to secure jobs that lead to economic independence and self-sufficiency. A mandatory RESET participant is required to spend a certain amount of time participating in employment and training activities. The Agreement of Mutual Responsibility (AMR), which is jointly developed by the recipient and the caseworker, is the tool that is used to direct the client's efforts toward achieving self-sufficiency by identifying reasonable, achievable goals and determining what activities the client will complete to achieve those goals.

Current federal TANF regulations require each state to meet a work participation rate for all families receiving assistance. A state's TANF block grant can be reduced if work participation rate requirements are not met.

The CAH contains the requirements for enrolling recipients in RESET.

During our audit, we found 13 exceptions where recipients were not properly enrolled in training or employment activities. In addition, we found three exceptions where recipients were enrolled in work related activities but did not continue participation in the activity.

These exceptions occurred because caseworkers did not properly utilize the AMR as a tool in documenting and reviewing the recipient's training or work requirements. In addition, staff in the Employment and Training Program (ETP) units may not have properly communicated information to caseworkers relating to clients' participation in employment and training.

The CAO's failure to ensure recipients' participation in employment and training activities could result in clients not moving toward economic independence and self sufficiency. In addition, failure to ensure recipients' participation compromised

Findings and Recommendations

DPW's ability to meet federal TANF requirements. The recipients in these cases were paid \$27,067 in cash benefits for which they did not meet all eligibility requirements.

In addition to the above TANF exceptions, we found instances where clients were also not meeting the eligibility requirements for food stamps. These food stamp recipients failed to meet requirements for participation in employment and training activities found in the FSH. Specifically, we found 11 exceptions where recipients were not properly enrolled in training or employment activities. We also found four exceptions where recipients were enrolled in work related activities but did not continue participation in the activity. The recipients in these cases were paid \$24,027 in food stamp benefits for which they did not meet all eligibility requirements.

Recommendations

The CAO should ensure that personnel are adequately trained to utilize tools such as the AMR to assist in identifying recipients who have employment and training requirements. In addition, the CAO should review the process by which personnel track recipients who are enrolled in employment and training programs and improve communication between ETP units and caseworkers.

CAO Management Response

In a July 5, 2006 letter to Department personnel, the Allegheny CAO Executive Director provided the following response:

“The Allegheny CAO, Three Rivers District, agrees with the need for all personnel to understand the criteria established in both the Cash Assistance Handbook (CAH) and the Food Stamp Handbook (FSH) for recipients who must meet work and training requirements and to explain and document those requirements for recipients on their Agreement of Mutual Responsibility forms. Three Rivers District also agrees with the need for all personnel to ensure that recipients who must meet work or training requirements are referred by Income Maintenance Caseworkers (IMCWs) to the Employment and Training Program (ETP) timely and accurately, and that these recipients are subsequently serviced timely and monitored appropriately by ETP staff.

Findings and Recommendations

Therefore, Three Rivers District has implemented the following corrective actions:

1. Supervisors have been engaged since August 1, 2005, in Targeted Supervisory Reviews (TSRs) for Universal Engagement to ensure that all applicants and recipients are participating in appropriate work or training programs, and have reviewed the criteria outlined in the CAH and FSH for work and training requirements with all workers in area meetings.
2. On November 9, 2005, a mandatory training was conducted for all staff to review policies and procedures related to RESET requirements.
3. On April 3, 2006, the Allegheny CAO began a Call-In process to identify and place in employment and training opportunities those applicants and recipients who were not in compliance with RESET regulations. Both the efficiency and success of the employment and training programs have been improved.”

- **Income Eligibility Verification System (IEVS)**

IEVS is an automated system developed to provide for the exchange of information between the Pennsylvania Department of Labor and Industry, Office of Employment Security, the SSA and the Internal Revenue Service. IEVS provides information to the caseworker to aid in the determination of eligibility and the amount of the benefit the recipient should receive.

During our audit, we found that CAO personnel failed to correctly and timely dispose of information on IEVS. IEVS provided wage information from employers, unearned income from Social Security, and Unemployment Compensation that was not properly reconciled with income used to compute benefits. These 44 exceptions resulted in \$33,365 in subsequent overpayments.

Chapter 1 of the IEVS Manual provides guidelines to follow when using IEVS.

Findings and Recommendations

Recommendations

The CAO should instruct personnel to review IEVS exchanges for reported and unreported income. Personnel should review and properly reconcile unreported income so overpayments are correctly identified and initiated through the IEVS system. Supervisory personnel should review IEVS reports to ensure timely and accurate disposition codes are used.

CAO Management Response

In a July 5, 2006 letter to Department personnel, the Allegheny CAO Executive Director provided the following response:

“The Allegheny CAO, Three Rivers District, agrees with the need for its personnel to review IEVS exchanges for reported and unreported earned and unearned income. Three Rivers District also agrees that supervisory personnel should review IEVS reports to ensure that accurate dispositions are made.

Therefore, Three Rivers District has implemented the following corrective actions:

1. A district manager has assumed responsibility for the monitoring of the IEVS process with district supervisors. The manager’s expectation is that supervisors review the IEVS reports of their area on a weekly basis and plan, via individual conferences, for the timely and accurate disposition of IEVS.”

- **Supplemental Security Income (SSI)**

GA benefits for individuals with medical issues, also known as Interim Assistance, are conditional upon the recipient’s application for federal SSI benefits. In addition, the recipient is required to appeal a decision by the SSA if an application for benefits is denied.

During our audit, we found five exceptions where GA recipients did not apply for SSI benefits and eight exceptions where GA recipients did not appeal unfavorable SSA decisions, resulting in recipients continuing to receive benefits without meeting all the conditions of eligibility. Overpayments in the amount of \$13,542 and case closures

Findings and Recommendations

of \$615 were written in cases where recipients failed to comply with the SSI requirements. In addition, \$519 in benefits was paid in one case where the CAO failed to advise the recipient of these requirements.

These exceptions occurred because the client did not cooperate with SSI in applying for benefits, DAP workers were not working with the client to obtain SSI, and the caseworker did not properly utilize information on IEVS which would have indicated whether the client applied for SSI or appealed an unfavorable decision.

The Cash Assistance Handbook and the Supplemental Handbook cite the CAO's responsibilities in the application process.

Recommendations

The CAO should ensure that caseworkers are properly trained to be able to identify the eligibility requirements for GA. The CAO should also review IEVS procedures and set controls for determining SSI applications, denials and appeals.

CAO Management Response

In a July 5, 2006 letter to Department personnel, the Allegheny CAO Executive Director provided the following response:

“The Allegheny CAO, Three Rivers District, agrees that personnel should be instructed to review DPW policies and procedures for monitoring SSI recipients, and to set controls for determining SSI applications, denials, and appeals.

Therefore, Three Rivers District has implemented the following corrective actions:

1. Supervisors have reviewed the IEVS, Exchange 6, procedures and Supplemental Handbook, Chapter 820, with workers during unit meetings.
2. Specialized caseloads have been created to better control all General Assistance (GA) cases. Workers assigned to these cases will carefully review the information provided on IEVS, Exchange 6, with relation to applications and claim denials.

Findings and Recommendations

3. Disability Advocacy Program (DAP) staff are now under the direct supervision of the district. The GA areas include both staff determining eligibility and DAP staff. Together they are able to more closely monitor SSI applications and follow-up requirements.”

- **Criminal History**

In eight cases, CAO personnel failed to verify that recipients were compliant with court-ordered payment plans.

As a condition of eligibility, recipients who have a criminal history must have either paid all fines and costs associated with the conviction or must be in compliance with a court-ordered payment plan. DPW policy states that the caseworker will verify compliance with these requirements at the time of application and reapplication.

Failure to verify this information at application and/or reapplication resulted in overpayments of \$4,747.

DPW policies and procedures for cases where recipients are not compliant with court-ordered payment plans for fines associated with a criminal conviction are contained in the CAH.

Recommendations

The CAO should direct its personnel to verify a recipient’s compliance with court-ordered payment plans when the recipient indicates a criminal history at application and reapplication.

CAO Management Response

In a July 5, 2006 letter to Department personnel, the Allegheny CAO Executive Director provided the following response:

“The Allegheny CAO, Three Rivers District, agrees with the recommendation that staff be directed to verify a recipient’s compliance with court-ordered payment plans when the recipient indicates a criminal history at application and renewal.

Findings and Recommendations

Therefore, Three Rivers District has implemented the following corrective actions:

1. The district office procedures have been re-reviewed to ensure that all cash cases are reviewed at the time of application/renewal for criminal history fine compliance. No cash case is authorized without a confirmation from the Clerk of Courts indicating the applicant/recipient is in compliance with the payment of criminal fines.
2. The Allegheny County Clerk of Courts is sent a fax for each individual applicant/recipient to verify compliance regardless of the applicant/recipient's answer on the Client Application Form regarding criminal history.
3. CAH, Chapter 104, and related policy clarifications, have been reviewed with district staff to help review and clarify criminal history compliance requirements."

- **Automated Restitution Referral and Computation (ARRC) System**

The ARRC system is a data base system designed to track potential overpayments from the point of discovery through the verification and calculation process to the automated transfer of the established claim to OIG.

During our audit, we found that CAO personnel failed to compute overpayments or failed to compute overpayments timely on ARRC. This resulted in six exceptions, totaling \$4,289 in overpayments. When verification of an overpayment was received by the CAO, overpayments were not computed on ARRC within the required 60 days. Also, CAO personnel incorrectly entered data on ARRC.

Chapter 910 of the SH and the ARRC Manual both provide guidelines for computing overpayments correctly and timely.

Recommendations

The CAO should instruct personnel to timely compute overpayments. All verified overpayments should be processed within 60 days of receipt of verification. The CAO should also implement internal control procedures to ensure the proper completion of the recommended tasks.

Findings and Recommendations

CAO Management Response

In a July 5, 2006 letter to Department personnel, the Allegheny CAO Executive Director provided the following response:

“The Allegheny CAO, Three Rivers District, agrees with the recommendation that the district should instruct personnel to timely complete overpayments within 60 days from the date of receipt of verification. Three Rivers District also agrees with the need to implement internal controls to ensure proper completion of tasks.

Therefore, Three Rivers District has implemented the following corrective actions:

1. The ARRC system is monitored at least weekly by management and supervisory staff. A supervisor is the liaison for ARRC and is responsible for ensuring that ARRC cases are pulled and processed prior to the 60-day time limit by the IMCW ARRC specialist.
2. ARRC procedures are discussed at supervisory meetings, area meetings, and individual conferences as needed.”

- **Support Pass-Through (SPT) adjustment**

SPT adjustments are increases in recipients’ cash benefits which occur when the Domestic Relations Office forwards child support money for recipients to DPW for the recipient. Because food stamp benefits are based on a recipient's income, this increase in cash benefits may result in a decrease in the recipient's food stamps. The FSH establishes provisions for adjusting the SPT to the food stamp benefits.

Seven exceptions, resulting in \$1,190 in over-issuances, occurred because the automated system failed to timely adjust the SPT to the recipient’s food stamp benefits at application/reapplication, even though the information was directly available to the CAO.

Findings and Recommendations

Recommendations

SPT income should be reviewed at all applications and reapplications. Because the SPT is automatically posted on CIS, the Department of Public Welfare should consider updating its system software so that the SPT is adjusted to the food stamp benefits timely.

CAO Management Response

In a July 5, 2006 letter to Department personnel, the Allegheny CAO Executive Director provided the following response:

“The Allegheny CAO, Three Rivers District, agrees with the need for its personnel to review SPT income at the time of application and renewal. Three Rivers District also agrees with the recommendation that DPW should update its software system so that the SPT is adjusted to food stamp benefits consistently and timely.

Therefore, Three Rivers District has implemented the following corrective actions:

1. Supervisors have reviewed this requirement with all workers at area meetings. Workers and supervisors are also expected to review SPT income when cases are transferred or sent to the closed file.
2. The DPW is currently evaluating the system software. CAOs are to continue the current process of adjusting SPT payments to the food stamp benefits until the Client Information System (CIS) is updated to allow the CAO to average the SPT.”

Finding 2 - CAO personnel incorrectly determined recipient benefits

Our audit disclosed that CAO personnel failed to apply appropriate criteria when calculating cash and/or food stamp benefit amounts resulting in 18 exceptions totaling \$14,687 in overpayments.

The CAH and the FSH contain policies and procedures to follow to correctly determine recipient benefits.

Findings and Recommendations

The computation and budgeting determination exceptions were caused by the district personnel's failure to properly calculate benefits in accordance with DPW policies and procedures. CAO personnel failed to take countable earned income (income that is not exempt or excluded from benefit determination), unearned income, and/or allowable deductions into consideration when completing the budget process. Personnel also failed to verify gross income properly using pay stubs and statements from employers. Also, personnel failed to properly verify shelter costs with rent receipts and statements from landlords.

Recommendations

The CAO should instruct personnel to review DPW policies and procedures for determining cash and food stamp benefits by considering all income and allowable deductions when completing the budgeting process.

CAO Management Response

The CAO management provided no written response to this finding.

- **Special allowances not monitored by CAO personnel**

A special allowance is a cash payment authorized for supportive services necessary to enable an ETP (refer to Finding 1, "Employment and Training") participant to prepare for, seek, accept, or maintain education, employment, or training. Special allowances are not covered by the regular public assistance grant. As determined by the caseworker, a participant in this program is eventually required to register for work.

Special allowances for clothing and transportation were issued to a recipient to attend training and work-related activities. One exception occurred when the recipient failed to attend these activities. CAO personnel were aware that the recipient had not attended the activities, but took no action to recoup special allowances that were not used for their intended purpose. This exception resulted in overpayment of \$2,756.

The CAH and FSH provide policies and procedures to follow for determining special allowance requirements.

Findings and Recommendations

Recommendations

The CAO should closely monitor cases in which special allowances are issued. When the CAO is notified that recipients have not attended training, completed job searches, or accepted employment, caseworkers should review the related special allowances. Caseworkers should also calculate and file any overpayments, where applicable.

CAO Management Response

In a July 5, 2006 letter to Department personnel, the Allegheny CAO Executive Director provided the following response:

“The Allegheny CAO, Three Rivers District, agrees with the recommendation that the district should closely monitor cases in which special allowances are issued. IMCWs should review these allowances when recipients are not attending training, job searches, or accepted employment, and calculate and file overpayments where applicable.

Therefore, Three Rivers District has implemented the following corrective actions:

1. The CAH, Chapters 138.4, 138.5, 138.6, and 138.7, was reviewed in area meetings to ensure clients are meeting the eligibility requirements for special allowances.
2. The monitoring of employment and training activities and documentation of client participation will be stressed at area meetings.”

Finding 3 - CAO lacks procedures for identifying instances where recipients fail to provide proper eligibility information

During our audit, we disclosed that the CAO lacks procedures for identifying instances where recipients failed to properly report income and changes in household composition, did not disclose criminal history and failed to maintain compliance with court ordered payment plans. Failure to provide proper information to the CAO resulted in 11 exceptions and overpayments totaling \$9,411.

Findings and Recommendations

Lack of CAO procedures for identifying instances when recipients fail to provide information may continue to result in benefits being improperly disbursed.

Recommendations

The CAO should consider regularly reviewing a sample of cases to help identify instances where recipients are providing improper information. This would help to eliminate at least some improper disbursement of benefits.

CAO Management Response

In a July 5, 2006 letter to Department personnel, the Allegheny CAO Executive Director provided the following response:

“The Allegheny CAO, Three Rivers District, disagrees with the recommendation that the DPW implement procedures for reviewing a sample of cases where recipients are providing improper information. Three Rivers District has a system in place for regular Comprehensive Supervisory Reviews (CSRs) and TSRs which are utilized to improve benefit delivery.”

Auditor’s Conclusion

These errors were uncovered through the auditors reviewing a sample of cases. The recommendation for the CAO to do likewise would likely produce similar results.

Finding 4 - CAO personnel failed to obtain and/or document information required in establishing recipient eligibility

During our audit, the verification for establishing recipient eligibility was absent from 101 of the case records examined. These case records and/or CIS lacked detailed documentation of client and CAO actions. CIS screens were not updated with accurate Legally Responsible Relatives (LRRs) information. AMRs and Common Application Forms (PA 600) were missing or incomplete. The ARRC system was not updated when information was obtained verifying that no overpayment occurred. Finally, the social security numbers of recipients and/or LRRs were missing or incorrect, or known to the CAO, but not entered into the IEVS.

Findings and Recommendations

The CAH, FSH, and IEVS Manual, Chapter 1, establish the procedures to be followed when obtaining and documenting recipient eligibility.

The above exceptions occurred because caseworkers failed to review AMRs at application/reapplication with clients. Also, the CAO lacks proper controls for timely entering client information into CIS, ARRC and IEVS. Failure to maintain current and accurate information contributed to poor case management.

Recommendations

The CAO should implement stricter internal controls for timely entering information into CIS, ARRC and the Income Eligibility Verification System. CAO supervisors should stress to caseworkers the importance of following established DPW policies and procedures for maintaining case records and processing information obtained from recipients and collateral sources, as designated in the above cited handbooks. CAO supervisors should also stress to caseworkers the importance of properly completing AMRs at application and reapplication.

CAO Management Response

In a July 5, 2006 letter to Department personnel, the Allegheny CAO Executive Director provided the following response:

“The Allegheny CAO, Three Rivers District, agrees with the need for its personnel to retain forms, update CIS screens, document eligibility appropriately, and clearly narrate recipient and caseworker actions in the case record.

Therefore, Three Rivers District has implemented the following corrective actions:

1. Supervisors have reviewed the importance of narratives in the case records and the guidelines for form retention with all workers in area meetings.
2. With the recent task realignment that involved both IMCW and clerical staff, most IMCWs are now entering their own narratives and this should improve their ability to accurately document their actions

Findings and Recommendations

into the case record, rather than passing off a handwritten narrative for clerical data entry.

3. The importance of obtaining and entering the social security numbers for all Legally Responsible Relatives into IEVS as well as the timely, accurate entry of other information has been stressed with all workers during area meetings and individual conferences.”

Findings and Recommendations

II. Closed Cases

Finding 5 - CAO Personnel Sent Case Records to the Closed Case File Without Proper Review

We reviewed 46 randomly selected case records from the Allegheny CAO, Three Rivers District file of cases closed when recipients' income exceeded the limit for assistance. Our review disclosed the following exceptions:

- **In ten cases, the CAO failed to take appropriate action on cases that were sent to the closed case file.**

Exceptions occurred when the CAO failed to request wage information, failed to process overpayments, or closed cases in error.

The CAH and SH provide CAO responsibilities when a case is closed due to recipients' income exceeding the limit for assistance. The CAO is required to verify income that causes the closing. When income is verified, the CAO will determine if the closing was timely and whether an overpayment occurred.

These exceptions occurred because weak internal controls exist in the CAO for closing cases. CAO personnel failed to review and reconcile reported income that caused the case closures. CAO personnel may have also failed to review IEVS or ARRC at the time of closing.

Failure to verify reported income that caused case closures increases the possibility that benefits may not be closed in a timely manner. Also, overpayment procedures could not be established when case closures were untimely. Consequently, overpayments of \$12,352, underpayments of \$939, and grant increases of \$199 occurred. Also, the Commonwealth received a reimbursement of \$1,052 for one of the exceptions.

Recommendations

The CAO should strengthen internal controls when cases are closed. CAO personnel should be instructed to verify wage information and reconcile this information with the income reported. CAO personnel should also review IEVS and ARRC when cases are closed.

Findings and Recommendations

- **In eight cases, income was not reported timely by the client at the time of case closure.**

These exceptions occurred when clients failed to report some or all of their income in a timely manner. Failure to adhere to DPW reporting requirements may result in overpaid benefits.

The CAH and the FSH establish requirements for recipients to report information that affects eligibility.

Recommendations

The CAO should systematically review a sample of cases that would be susceptible to this type of error. The results of such a review could be used to determine if additional procedures should be put into place by the CAO to eliminate such instances from occurring in the future.

- **In seven cases, narratives were not completed when cases were closed.**

The CIS Manual and CAH, Chapter 178, provide regulations for properly entering case narratives for cases sent to the closed file.

These exceptions occurred because weak internal controls exist in the Three Rivers District for narrating closed cases. CAO personnel failed to narrate why cases were closed and whether or not information was reconciled that caused the case closures.

Failure to enter case narratives when cases are closed increases the probability that case management errors may occur. Errors may also increase when these case files are reopened.

Recommendations

The CAO should instruct its personnel to properly narrate the reasons for case closures. The narrative should indicate whether or not income was reviewed and reconciled at the time of closing.

Findings and Recommendations

CAO Management Response

In a July 5, 2006 letter to Department personnel, the Allegheny CAO Executive Director provided the following response:

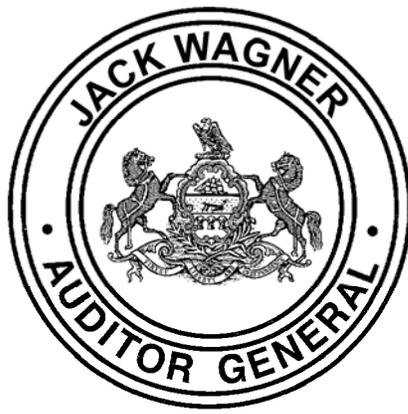
“The Allegheny CAO, Three Rivers District, agrees with the recommendation that CAO staff should verify and reconcile wage information at case closings and that IEVS and ARRC are reviewed prior to the case being sent to the Closed File. Three Rivers District agrees with recommendation that CAO personnel narrate the reasons for case closures.

Therefore, Three Rivers District has implemented the following corrective actions:

1. Responsibilities related to supervisory review of case records prior to being sent to the Closed File were discussed in supervisory meetings. A memo outlining mandated areas of review was issued to all staff.
2. Supervisors discussed case record review and reconciliation responsibilities prior to submission of a closed case to the Closed File with eligibility staff.
3. The failure of recipients to report changes has historically contributed to the issuance of incorrect benefits. Workers are required to explain recipient responsibilities at application and renewal. Three Rivers District disagrees with the recommendation that a systematic review of cases that are susceptible to this type of error should occur. The district office has a system in place for regular CSRs, TSRs, and Supervisory Closed File Reviews which are utilized to improve eligibility determinations in the CAO.”

Auditor’s Conclusion

These errors were uncovered through the auditors reviewing a sample of cases. The recommendation for the CAO to do likewise would likely produce similar results.



**Commonwealth of Pennsylvania
Department of Public Welfare
Allegheny County Assistance Office
Three Rivers District**

**AUDIT SUMMARIES
GLOSSARY
AND
APPENDIX**

Audit Summaries

Random Eligibility Audit Results

	Cases at CAO	Cases Reviewed	Cases with Errors
<u>Current</u>	3,015	256	134

Other Results

<u>PROGRAM</u>	<u>No. of Cases</u>	<u>Monetary Effect</u>
Closed Cases:		
CAO personnel failed to verify wages.	10	\$14,542
Client failed to report income timely.	8	0
CAO personnel failed to document actions taken.	<u>7</u>	<u>0</u>
Total:	<u>25</u>	<u>\$14,542</u>

Glossary

Administrative Underpayment:

Cash and/or food stamp benefits to which recipients were entitled but did not receive because of County Assistance Office error.

Case Closure:

Equal to one month of cash and/or food stamp benefits that were not paid/issued to recipients as a result of the Department's audit establishing recipient ineligibility.

Client Information System:

The on-line data base which contains the information necessary to authorize cash, Medicaid, and food stamps.

Closed Case:

A case that is no longer being issued welfare benefits.

Countable Income:

Income that is not exempt or excluded from benefit determination.

Legally Responsible Relative:

A spouse or the biological or adoptive parent of a TANF dependent child, a TANF minor parent, or a GA unemancipated minor child under age 19 or a GA minor parent. This term does not include putative fathers.

Reimbursement:

Money owed by recipients for cash benefits they received while waiting for a lump sum payment from sources such as a lawsuit, insurance, Supplemental Security Income, etc.

Supplemental Security Income:

A federal program funded by general tax revenues and administered by the Social Security Administration. Provides cash to aged, blind, and disabled persons who have little or no income to meet basic needs for food, clothing, and shelter. Received in lieu of cash grants from Public Welfare; however, SSI recipients can qualify for food stamps and medicare. Both children and adults can qualify for SSI.

Support Pass-Through:

An increase in the recipient's cash benefits which occurs when the Domestic Relations Office forwards child support money for recipients to the Department of Public Welfare. Because food stamp benefits are based on a recipient's income, this increase in cash benefits may result in a concurrent, but not equal, decrease in the recipient's food stamps.

Appendix

Abbreviations Used in Report

AMR	Agreement of Mutual Responsibility
ARRC	Automated Restitution Referral and Computation System
CAH	Cash Assistance Handbook
CAO	County Assistance Office
CIS	Client Information System
CSR	Comprehensive Supervisory Reviews
DAP	Disability Advocacy Program
DO	District Office
DPW	Department of Public Welfare
ETP	Employment and Training Program
FSH	Food Stamp Handbook
GA	General Assistance
IEVS	Income Eligibility Verification System
IMCW	Income Maintenance Caseworkers
LRR	Legally Responsible Relative
MEH	Medicaid Eligibility Handbook
OIG	Office of Inspector General
OPS	Operations Memorandum
PCF	Petty Cash Fund
RESET	Road to Economic Self-Sufficiency through Employment and Training
SH	Supplemental Handbook
SPT	Support Pass-Through
SSA	Social Security Administration
SSI	Supplemental Security Income
TANF	Temporary Assistance to Needy Families
TSR	Targeted Supervisory Reviews

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Three Rivers District

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