

Compliance Audit

of the

Commonwealth of Pennsylvania  
Department of Public Welfare  
*Clearfield County Assistance Office*

Audit Period

June 12, 2004 to July 14, 2006





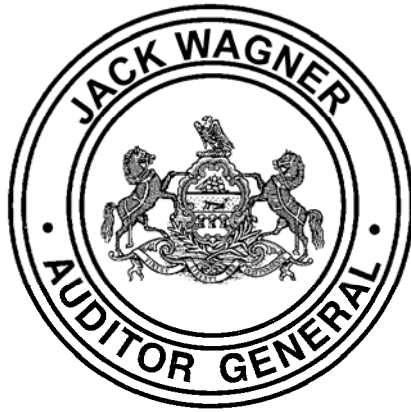
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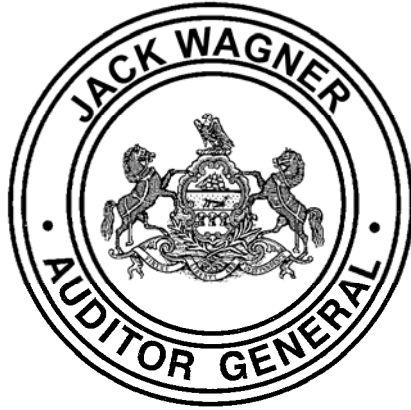
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# CONTENTS

	Page
REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE .....	1
BACKGROUND INFORMATION .....	4
OBJECTIVES, SCOPE, AND METHODOLOGY .....	5
AUDIT SUMMARY .....	8
GLOSSARY .....	9
APPENDIX.....	10
AUDIT REPORT DISTRIBUTION LIST .....	11



## **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 cash and food stamp eligibility at the Clearfield County Assistance Office, covering the period June 12, 2004 to July 14, 2006. 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.

No significant exceptions were disclosed during our review of recipient eligibility.

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 Clearfield County Assistance Office 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

September 8, 2006



**Commonwealth of Pennsylvania  
Department of Public Welfare  
Clearfield County Assistance Office**

**BACKGROUND INFORMATION**  
**AND**  
**OBJECTIVES, SCOPE, AND METHODOLOGY**

## ***Background Information***

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### **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 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 single individuals and childless couples who do not have enough income to meet their basic needs. 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 recipients 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***

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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 and certain state legislators.

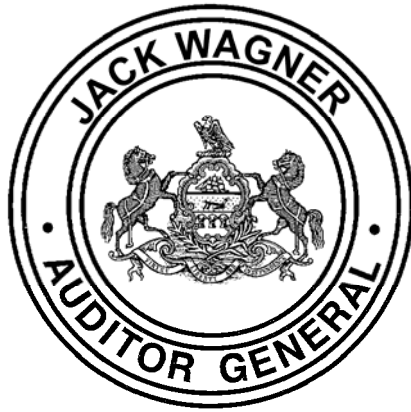
The audit included eligibility reviews of a sample of public assistance cases for the audit period June 12, 2004 to July 14, 2006.

Results from the eligibility reviews of the sample of public assistance cases 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 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.

Review of the public assistance cases determined that noncompliance was immaterial; therefore, we submitted no findings or observations in this area.

During the December 5, 2006 exit conference, the Department's staff reviewed the audit results with the Clearfield CAO representatives.



**Commonwealth of Pennsylvania  
Department of Public Welfare  
Clearfield County Assistance Office**

**AUDIT SUMMARY  
GLOSSARY  
AND  
APPENDIX**

## ***Audit Summary***

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### **Eligibility Audit Results**

	<b>Cases at CAO</b>	<b>Cases Reviewed</b>	<b>Cases with Errors</b>
<b><u>Current</u></b>	<b>735</b>	<b>121</b>	<b>6</b>
<b><u>Prior</u></b>	<b>631</b>	<b>256</b>	<b>107</b>

During the course of our audit, we examined 121 out of 735 case records from the Clearfield CAO to determine if personnel properly maintained case records in accordance with the DPW policies and procedures, and properly disbursed authorized benefits to eligible recipients in accordance with 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.

Our audit disclosed that no significant exceptions were discovered that would warrant a finding in this audit report.

### **STATUS OF PRIOR AUDIT FINDING**

#### **Overpayments and Other Deficiencies Totaling \$56,031 Occurred as a Result of Recipients Withholding Information and Case Record Maintenance Errors**

The prior audit period covered October 13, 2001 to June 11, 2004 and we reviewed 256 cases. The prior response to this finding indicated DPW and CAO personnel agreed with our recommendations and initiated corrective actions.

No finding or observation was noted in our current audit.

## ***Glossary***

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### **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 (SSI):**

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*

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### Abbreviations Used in Report

CAH	Cash Assistance Handbook
CAO	County Assistance Office
DO	District Office
DPW	Department of Public Welfare
FSH	Food Stamp Handbook
GA	General Assistance
MEH	Medicaid Eligibility Handbook
SSI	Supplemental Security Income
TANF	Temporary Assistance to Needy Families



## ***Audit Report Distribution List***

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This report was originally distributed to the following:

### Commonwealth of Pennsylvania

The Honorable Edward G. Rendell  
Governor

The Honorable Donald L. Patterson  
Inspector General  
Office of Inspector General

The Honorable Edwin B. Erickson  
Majority Chairman  
Public Health and Welfare Committee  
Senate of Pennsylvania

The Honorable Estelle B. Richman  
Secretary  
Department of Public Welfare

Minority Chairman  
Public Health and Welfare Committee  
Senate of Pennsylvania

Lynn F. Sheffer  
Comptroller  
Public Health and Human Services  
Department of Public Welfare

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Health and Human Services Committee  
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Bureau of Financial Operations  
Department of Public Welfare

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Joanne Glover  
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Office of Income Maintenance  
Department of Public Welfare

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Kathy Jellison  
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PA Social Services Union  
Local 668 S.E.I.U. AFL-CIO

### County Assistance Office

Gregory Lezanic  
Executive Director  
Clearfield County Assistance Office

Hugh Daley  
Chairman  
Clearfield County Board of Assistance

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, PA 17120. If you have any questions regarding this report or any other matter, you may contact the Department by accessing our website at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us).