

Compliance Audit

of the

Commonwealth of Pennsylvania
Department of Public Welfare
Columbia County Assistance Office

Audit Period

August 14, 2004 to February 16, 2006



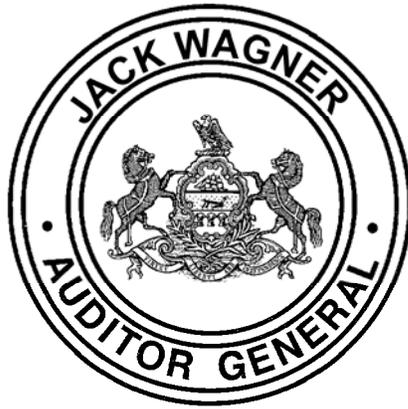
Compliance Audit

of the

Commonwealth of Pennsylvania
Department of Public Welfare
Columbia County Assistance Office

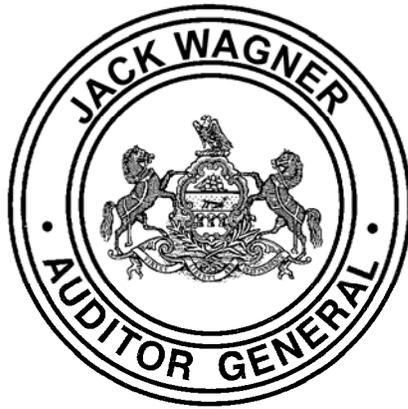
Audit Period

August 14, 2004 to February 16, 2006



CONTENTS

	Page
REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE	1
BACKGROUND INFORMATION	4
OBJECTIVES, SCOPE, AND METHODOLOGY	5
FINDINGS AND RECOMMENDATIONS	
I. Random Eligibility Audit Results	
Finding 1 - CAO personnel incorrectly determined recipient benefits	9
Finding 2 - CAO personnel failed to follow applicable DPW procedures	10
Finding 3 - CAO personnel failed to obtain and/or document information required in establishing recipient eligibility	12
II. Overpayment Control System	
Finding 4 - Untimely Verification and Referral of Over-Issuances Occurred as a Result of Procedural Deficiencies in the Overpayment Control System Affecting Over-Issuances of \$1,257.	14
AUDIT SUMMARIES	18
GLOSSARY	19
APPENDIX.....	20
AUDIT REPORT DISTRIBUTION LIST	21



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 Columbia County Assistance Office, covering the period August 14, 2004 to February 16, 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. We also evaluated the Emergency Fund Advancement Account and the Overpayment Control System.

Our report details findings and recommendations that resulted from our eligibility review and our review of the Overpayment Control System. No exceptions were disclosed during our review of the Emergency Fund Advancement Account.

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 Columbia 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

March 30, 2006

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

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 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 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.

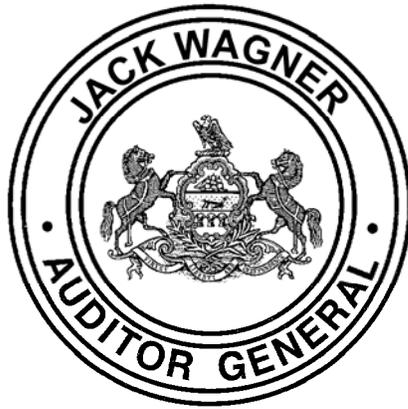
The audit included eligibility reviews of a sample of public assistance cases for the audit period August 14, 2004 to February 16, 2006. We also reviewed the CAO's implementation of procedures for the Emergency Fund Advancement Account (EFAA) and the Overpayment Control System to determine compliance with regulations and policies.

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 (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 Overpayment Control System detected instances of noncompliance; therefore, we submitted findings in these areas. Review of the EFAA determined that CAO personnel complied with required guidelines; therefore, we submitted no finding or observation in this area.

During the September 7, 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
Columbia County Assistance Office**

FINDINGS AND RECOMMENDATIONS

Findings and Recommendations

I. Random Eligibility Audit Results

During the course of our audit, we examined 113 out of 437 cases from the Columbia CAO 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 64 exceptions in 49 of the 113 cases examined. The most significant exceptions are discussed in the following findings:

- CAO personnel incorrectly determined recipient benefits (refer to Finding No. 1);
- CAO personnel failed to follow applicable DPW procedures (refer to Finding No. 2); and
- CAO personnel failed to obtain and/or document information required in establishing recipient eligibility (refer to Finding No. 3).

Findings and Recommendations

Finding 1 - CAO personnel incorrectly determined recipient benefits

Our audit disclosed 17 instances where CAO personnel incorrectly computed recipient benefits.

Chapter 910 of the SH, the CAH, the FSH, and the ARRC Manual contain policies and procedures to follow to correctly determine recipient benefits.

The computation and budgeting determination exceptions were caused by the CAO'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 using pay stubs and statements from employers. In addition, personnel failed to verify shelter costs with rent receipts and statements from landlords. Failure to correctly compute recipient benefits resulted in \$2,281 in overpayments, \$1,754 in over-issuances and \$1,547 in under-issuances.

Recommendations

The CAO should ensure that personnel are properly trained to determine cash and food stamp benefits. Personnel should consider all income and allowable deductions when completing the budgeting process.

CAO Management Response

In a memorandum to Department personnel, the Columbia CAO Executive Director provided the following response:

“All audit exceptions found in this audit were corrected by the IMCW who was responsible for the error and who now understands the process or policy error made. As there were no glaring budgeting issues to train office wide, training occurred on a case by case basis to ensure workers received adequate training in order to determine eligibility for cash assistance and food stamps. Of the current staff totaling 34, 15 were hired within the last two years and some continue to receive the ongoing follow up training to IMSTP. Three workers responsible for more than 25% of the total payment errors have left the CCAO.”

Findings and Recommendations

Finding 2 - 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:

- **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 six instances where 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 exceptions resulted in the improper calculation of benefits totaling \$1,906 in overpayments.

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

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 memorandum to Department personnel, the Columbia CAO Executive Director provided the following response:

“Unit meetings held December 2, 2004 and May 4, 2006, instructed workers to review IEVS and timely reconcile income. Supervisors were instructed on May 1, 2006, to review all IEVS dispositions for timeliness

Findings and Recommendations

and accuracy. Daily Status D2211 went to all staff on May 1, 2006, instructing workers to clear IEVS if there was no response within 45 days to the second PA78. The Executive Director reviews IEVS reports bimonthly and directs supervisors to work with caseworkers not completing work timely.”

- **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 one exception where a GA recipient did not apply for SSI benefits and four 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 were written in the amount of \$2,705 where the recipient failed to comply with the SSI requirements.

The one exception occurred because personnel failed to ensure that the recipient applied for SSI. The four additional exceptions occurred because caseworkers did not properly utilize information on IEVS which would have indicated whether the client applied for SSI or appealed an unfavorable decision. Personnel also failed to ensure that recipients, who were denied SSI, appealed their decision.

The CAH and the SH 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 memorandum to Department personnel, the Columbia CAO Executive Director provided the following response:

Findings and Recommendations

“Supervisors were instructed on August 23, 2004, to train their unit on GA eligibility relative to SSI applications, denials, and appeals. Again on May 1, 2006, at a supervisors meeting Policy Clarification PCG12635105 went to all staff and was re emphasized in the unit meeting. The DAP worker more closely monitors these cases with Social Security and reports actions needed to her supervisor to pass on to the appropriate worker and supervisor. The supervisor is responsible for monitoring the actions taken for timeliness and accuracy.”

Finding 3 - 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 examined case records which resulted in 16 exceptions. Case records and/or CIS information lacked detailed documentation of client and CAO actions. Narratives were not entered on the CIS system. Also, the social security numbers of Legally Responsible Relatives were missing or incorrect, or known to the CAO, but not entered into the IEVS. Finally, the CAO failed to safeguard sensitive client information.

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

These exceptions occurred because caseworkers failed to review application forms with clients. Case records did not detail the case narrative with specific dates and events for self-sufficiency goals. Failure to maintain current documentation in case records contributed to poor case management.

Recommendations

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. The CAO should also stress the need to clearly narrate recipient and caseworker actions in the case record.

Findings and Recommendations

CAO Management Response

In a memorandum to Department personnel, the Columbia CAO Executive Director provided the following response:

“At a general staff meeting held on October 7, 2004, supervisors and workers were told to enter an IEVS request for LRRs. This training was provided at unit meetings held December 2, 2004 and May 04, 2006. Pages detailing the IMCW responsibilities from the IEVS handbook were provided to all staff. Workers were instructed to write narratives to sufficiently explain CAO actions taken and to safeguard sensitive client information by not including IRS information in a narrative.”

Status of Prior Audit Finding

Overpayments and Other Exceptions Totaling \$5,470 Occurred as a Result of Recipients Withholding Information and Case Record Maintenance Exceptions

Our current audit covering the period August 14, 2004 to February 16, 2006 disclosed that case record management exceptions continue to occur at the Columbia CAO; therefore, a repeat finding is warranted. Refer to Findings 1, 2 and 3 located on pages 9 through 12 for additional discussion on these issues.

Findings and Recommendations

II. Overpayment Control System

Finding 4 - Untimely Verification and Referral of Over-Issuances Occurred as a Result of Procedural Deficiencies in the Overpayment Control System Affecting Over-Issuances of \$1,257.

We reviewed the Columbia CAO Overpayment Control System to determine if CAO personnel properly investigated suspected overpayments, controlled and documented investigations, and referred verified overpayments timely. From 41 entries listed as pending or overpayment on the ARRC Daily Caseload Detail Report dated November 8, 2005, we selected 28 cases.

Our review disclosed the following exceptions:

- **In two cases, CAO personnel failed to complete the referral preventing timely notification to OIG.**

The SH, Section 910.51 provides that the CAO will refer all overpayments to the OIG within 60 days from the date the CAO verifies the overpayment occurred.

The section further provides that in order to recover through recoupment, the OIG must notify the client of the cash overpayment claim within six months of the date the CAO first identified the overpayment, or within one year of the date the CAO first identified the overpayment, as long as the delay in obtaining verification was caused by an outside source.

These exceptions occurred because the CAO staff did not have controls in place to refer overpayments within the required timeframes. Failure to complete the Overpayment Referral and forward it to the OIG within the required 60 days delayed and jeopardized the recovery of over-issuances of \$1,257.

Recommendations

The CAO should instruct personnel to compute all verified overpayments within 60 days of receipt of that verification. The CAO should review internal control procedures for tracking wage information, computing verified overpayments, and reviewing computed overpayments.

Findings and Recommendations

- **In 14 cases, CAO personnel failed to update the ARRC system to reflect the status of overpayments.**

The ARRC Manual, Chapter 1, “Introduction,” provides that when sufficient documentation is received to make a determination whether or not an overpayment has occurred, the worker must complete this review and determine the disposition of the referral.

Failure to update the ARRC system impeded determining the number and status of overpayment investigations.

Caseworkers failed to data enter appropriate ARRC screens when overpayments were completed, or it was determined an overpayment did not exist.

Recommendations

The CAO should require personnel to continuously update the ARRC file to indicate the status of overpayment investigations thereby ensuring proper count and status of pending investigations.

- **In 11 cases, CAO personnel failed to ensure a second Request for Employment Information was sent timely.**

Exceptions occurred because CAO personnel failed to ensure a second PA78 was sent timely. Potential overpayments discovered through IEVS result in an automatic generation of a PA78. However, if no response is received after the first PA78 is sent, the CAO is required to manually request income verification after contacting the employer. CAO personnel should verify employer addresses and make any corrections before sending a second request.

Chapter 910 of the Supplemental Handbook and the ARRC manual provide procedures and guidelines for contacting non-responding employers.

Failure to ensure that second PA78s were sent timely jeopardized the processing and recovery of overpayments.

Findings and Recommendations

Recommendations

The caseworkers should send the second PA78 requests for income verification to the employer as required by DPW policies and procedures. Also, CAO personnel should review reports generated for follow-up and address verification within the required timeframes.

CAO Management Response

In a memorandum to Department personnel, the Columbia CAO Executive Director provided the following response:

“* All workers were instructed to complete overpayments within 60 days of verification receipt at the October 7, 2004 staff meeting and unit meetings held December 02, 2004. Workers and supervisors were instructed to set a two day alert to check on the overpayment for completion and accuracy.

* All workers were instructed to continuously update the ARRC file to assure an accurate status of the pending overpayments.

* Supervisor....was instructed to timely check addresses for non responding employers and send a second PA78 to the employer for wage verification. The Executive Director will monitor this for compliance.”

Status of Prior Audit Finding

Untimely Verification and Referral of Over-Issuances Totaling \$863 Occurred as a Result of Procedural Deficiencies in the Overpayment Control System

Our current audit covering the period August 14, 2004 to February 16, 2006 disclosed that procedural deficiencies continue to exist at the Columbia CAO in the execution of the Overpayment Control System; therefore, a repeat finding is warranted. Refer to the bullets in Finding 4 on pages 14 and 15 for additional discussion on these issues.

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

**AUDIT SUMMARIES
GLOSSARY
AND
APPENDIX**

Audit Summaries

Random Eligibility Audit Results

	Cases at CAO	Cases Reviewed	Cases with Errors
<u>Current</u>	437	113	49
<u>Prior</u>	345	220	38

Other Results

<u>PROGRAM</u>	<u>No. of Cases</u>	<u>Monetary Effect</u>
Overpayment Control System:		
CAO personnel failed to complete referral preventing timely notification.	2	\$1,257
CAO personnel failed to update ARRC system.	14	0
CAO personnel failed to request employment information timely.	<u>11</u>	<u>0</u>
Total:	<u>27</u>	<u>\$1,257</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

ARRC	Automated Restitution Referral and Computation System
CAH	Cash Assistance Handbook
CAO	County Assistance Office
CCAO	Columbia County Assistance Office
CIS	Client Information System
DAP	Disability Advocacy Program
DO	District Office
DPW	Department of Public Welfare
EFAA	Emergency Fund Advancement Account
FSH	Food Stamp Handbook
GA	General Assistance
IEVS	Income Eligibility Verification System
IMCW	Income Maintenance Caseworker
IMSTP	Income Maintenance Standard Training Program
IRS	Internal Revenue Service
LRR	Legally Responsible Relative
MEH	Medicaid Eligibility Handbook
OIG	Office of Inspector General
OPS	Operations Memorandum
SH	Supplemental Handbook
SSA	Social Security Administration
SSI	Supplemental Security Income
TANF	Temporary Assistance to Needy Families

Audit Report Distribution List

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 Jake Corman
Majority Chairman
Public Health and Welfare Committee
Senate of Pennsylvania

The Honorable Estelle B. Richman
Secretary
Department of Public Welfare

The Honorable Vincent J. Hughes
Minority Chairman
Public Health and Welfare Committee
Senate of Pennsylvania

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

The Honorable George T. Kenney, Jr.
Majority Chairman
Health and Human Services Committee
Pennsylvania House of Representatives

Richard Polek
Chief of Audit Resolution Section
Bureau of Financial Operations
Department of Public Welfare

The Honorable Frank L. Oliver
Minority Chairman
Health and Human Services Committee
Pennsylvania House of Representatives

Joanne Glover
Director of Operations
Office of Income Maintenance
Department of Public Welfare

The Honorable Linda Bebkö-Jones
Minority Subcommittee Chairperson
Health and Human Services Committee
Pennsylvania House of Representatives

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

County Assistance Office

Diane Belusko
Executive Director
Columbia County Assistance Office

Ralph Palmiero
Chairman
Columbia 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.