

Compliance Audit

of the

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

Audit Period

October 23, 2003 to April 14, 2006





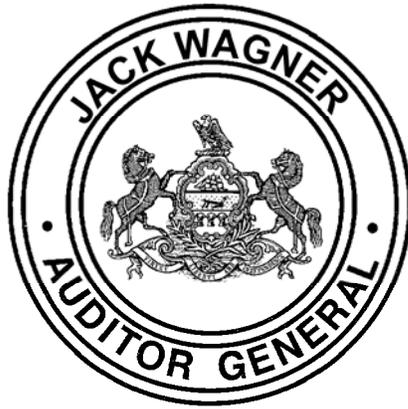
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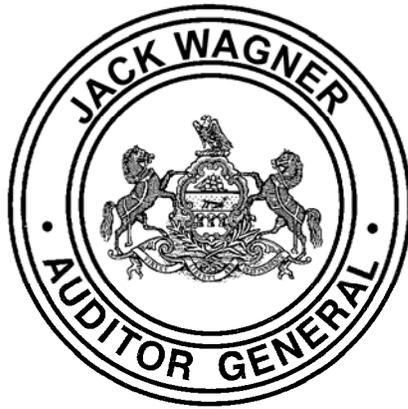
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## **Report of Independent Auditors on Compliance**

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 cash and food stamp eligibility at the Jefferson County Assistance Office, covering the period October 23, 2003 to April 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. We also evaluated the Emergency Fund Advancement Account and the Overpayment Control System.

Our report details a finding and recommendations that resulted from our review of the Overpayment Control System. No findings were disclosed during our eligibility review and 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 Jefferson 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

May 26, 2006

**Commonwealth of Pennsylvania  
Department of Public Welfare  
Jefferson 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 (FS), Medical Assistance (MA) 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***

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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 (OIG) and certain state legislators.

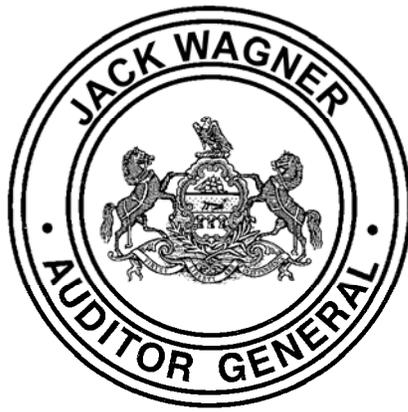
The audit included eligibility reviews of a sample of public assistance cases for the audit period October 23, 2003 to April 14, 2006. We also reviewed the CAO's implementation of procedures for the Emergency Fund Advancement Account (EFAA) and the Overpayment Control System to determine compliance with 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 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 Overpayment Control System detected instances of noncompliance; therefore, we submitted a finding in this area. Reviews of the public assistance cases and the EFAA determined that CAO personnel complied with required guidelines; therefore, we submitted no findings or observations in these areas.

During the September 1, 2006 exit conference, the Department's staff reviewed the finding and recommendations with the CAO representatives. We have included CAO personnel comments, where applicable, in this report.



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

**FINDINGS AND RECOMMENDATIONS**

## ***Findings and Recommendations***

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### **Overpayment Control System**

**Finding - Untimely Verification and Referral of Over-Issuances Totaling \$4,499 Occurred as a Result of Procedural Deficiencies in the Overpayment Control System**

We reviewed the Jefferson CAO Overpayment Control System to determine if CAO personnel properly investigated suspected overpayments, controlled and documented investigations, and referred verified overpayments timely. We reviewed the 10 entries listed as pending or completed on the Automated Restitution Referral and Computation (ARRC) Daily Caseload Detail Report dated January 27, 2006.

Our review disclosed the following exceptions:

- **In two cases, deficiencies occurred when CAO personnel completed the calculation of the overpayment, but failed to complete the referral within 60 days.**

The Supplemental Handbook (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 identifies the overpayment, as long as the delay in obtaining verification was caused by an outside source.

Although CAO personnel completed the calculation of the overpayment, deficiencies occurred because no controls were in place to refer overpayments within the required timeframes.

Failure to complete the Overpayment Referral Data Input form and forward it to the OIG within the required 60 days delayed and jeopardized the recovery of over-issuances of \$2,277.

## ***Findings and Recommendations***

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### Recommendations

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

### CAO Management Response

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

“The CAO response to the finding under the Overpayment Control System (OPX) of the two cases where deficiencies occurred when CAO personnel completed the calculation of the overpayment but failed to complete the referral within 60 days is the following corrective action. The CAO staff person who caused the errors in process on both of the affected cases was provided with individualized instruction primarily directed at this specific area of the OPX process, Supplemental Handbook (SH) section 910.51, and a general overview of the entire overpayment policy and procedure. Additionally, this person’s work will be monitored to insure proper response to overpayment situations.”

- **In two cases, CAO personnel failed to complete an Overpayment Referral Data Input form within 10 days after suspecting overpayments.**

SH, Section 910.41, “Overpayment Data – ARRC System Input” provides that when the CAO discovers a possible Temporary Assistance to Needy Families (TANF), GA, FS, or MA overpayment, the CAO will complete an Overpayment Referral Data Input Form and enter the data into the ARRC system within 10 work days from the date the overpayment was identified.

Failure to complete overpayment referral data input forms timely impeded tracking investigation of suspected overpayments and resulted in over-issuances totaling \$2,222 that were not investigated.

Deficiencies occurred because caseworkers failed to refer verified overpayments timely in accordance with DPW procedures.

## ***Findings and Recommendations***

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### Recommendations

The CAO should require personnel to enter overpayment information which is not automatically entered into the ARRC system within ten work days after identifying a potential overpayment.

### CAO Management Response

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

“CAO staff persons failed to complete an Overpayment Referral Data Input form within 10 days after suspecting an overpayment. Individualized instruction reference Supplemental Handbook Section 910.41, ‘Overpayment Data – ARRC System Input’ was conducted by the unit supervisors and the affected individuals’ work will be monitored pursuant to this area.”

### **Status of Prior Audit Finding**

#### **Untimely Verification and Referral of Over-Issuances Totaling \$4,996 Occurred as a Result of Procedural Deficiencies in the Overpayment Control System**

Our current audit covering the period October 23, 2003 to April 14, 2006 disclosed that procedural deficiencies continue to exist at the Jefferson CAO in the execution of the Overpayment Control System; therefore, a repeat finding is warranted. Refer to the bullets in the finding on pages 8 and 9 for additional discussion on these issues.

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

**STATUS OF PRIOR AUDIT FINDING**

## ***Status of Prior Audit Finding***

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### **Overpayments and Other Exceptions Totaling \$16,927 Occurred as a Result of Recipients Withholding Information and Case Record Maintenance Exceptions**

The prior audit period covered April 28, 2001 to October 22, 2003 and we reviewed 250 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.

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

**AUDIT SUMMARIES  
GLOSSARY  
AND  
APPENDIX**

## ***Audit Summaries***

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### **Audit Results**

<b><u>PROGRAM</u></b>	<b><u>No. of Cases</u></b>	<b><u>Monetary Effect</u></b>
<b>Overpayment Control System:</b>		
CAO personnel failed to complete referrals timely.	2	\$2,277
CAO personnel failed to complete Overpayment Referral Data Input form timely.	<u>2</u>	<u>2,222</u>
<b>Total:</b>	<b>4</b>	<b>\$4,499</b>

### **Eligibility Review**

During the course of our audit, we examined 93 out of 276 case records from the Jefferson 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.

## ***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

ARRC	Automated Restitution Referral and Computation System
CAH	Cash Assistance Handbook
CAO	County Assistance Office
DO	District Office
DPW	Department of Public Welfare
EFAA	Emergency Fund Advancement Account
FS	Food Stamps
FSH	Food Stamp Handbook
GA	General Assistance
MA	Medical Assistance
MEH	Medicaid Eligibility Handbook
OIG	Office of Inspector General
OPX	Overpayment Control System
SH	Supplemental 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 Jake Corman  
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The Honorable Estelle B. Richman  
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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

Richard Fetterman  
Executive Director  
Jefferson County Assistance Office

Floyd Work  
Chairman  
Jefferson 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).