

Commonwealth of Pennsylvania  
Department of Public Welfare's  
Cash and SNAP Programs

*Luzerne County Assistance Office  
Hazleton District*

Audit Report for the Period  
September 25, 2004 to February 6, 2009

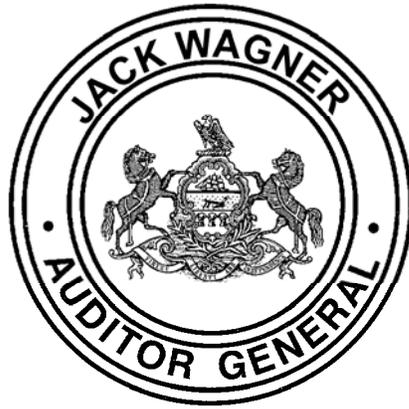




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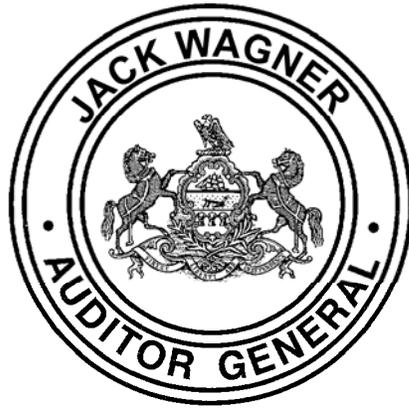
*Luzerne County Assistance Office  
Hazleton District*

Audit Report for the Period  
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# CONTENTS

	Page
REPORT OF INDEPENDENT AUDITORS .....	1
BACKGROUND INFORMATION .....	4
OBJECTIVES, SCOPE, AND METHODOLOGY .....	8
FINDING AND RECOMMENDATIONS	
Finding - CAO Management Failed To Ensure That Recipients' Income Was Within The Established Income Limitations To Receive Benefits.....	10
AUDIT SUMMARY .....	16
AUDIT REPORT DISTRIBUTION LIST .....	17



## **Report of Independent Auditors**

The Honorable Tom Corbett  
Governor  
Commonwealth of Pennsylvania  
Harrisburg, Pennsylvania 17120

Dear Governor Corbett:

We have conducted an audit of the Luzerne County Assistance Office (CAO), Hazleton District, pursuant to Section 109.1 of Title 55 of the Pennsylvania Code and Sections 402 and 403 of the Fiscal Code. The audit period was September 25, 2004 through February 6, 2009. The objectives of our audit were to determine if cash assistance and Supplemental Nutrition Assistance Program (SNAP) benefits were provided in accordance with Department of Public Welfare (DPW) policies, laws, regulations, and if DPW adequately monitored compliance with Temporary Assistance to Needy Families (TANF) and General Assistance (GA) requirements and Road to Economic Self-Sufficiency through Employment and Training (RESET) participation.

Our audit resulted in the following finding.

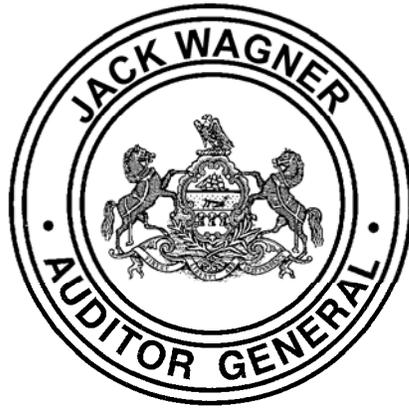
Finding - CAO Management Did Not Monitor To Ensure That Recipients' Income Was Within The Established Income Limitations To Receive Benefits

During the exit conference, we reviewed this finding and recommendations with the Luzerne CAO, Hazleton District, management. We have included the CAO and DPW management comments, where applicable, in this report.

Sincerely,

JACK WAGNER  
Auditor General

January 26, 2012



**Commonwealth of Pennsylvania  
Department of Public Welfare  
Luzerne County Assistance Office  
Hazleton District**

**BACKGROUND INFORMATION**

## ***Background Information***

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The Department of Public Welfare (DPW) is responsible for the administration of public assistance benefits to needy recipients in Pennsylvania. Benefits include cash assistance and food stamps.

### **Cash Assistance**

Cash assistance is grant money. There are three categories of cash assistance:

1. Temporary Assistance to Needy Families (TANF), a federally-funded program that provides money to families with dependent children in need of financial support that is not available from one or both parents;
2. General Assistance (GA), a state-funded program that provides money primarily to disabled individuals who do not have enough income to meet their basic needs and who do not qualify for TANF; and
3. State Blind Pension (SBP), a state-funded program that provides money to individuals with visual limitations.

In order to qualify for TANF, applicants must fall within established income and resource limits and meet age limitation and family relationship requirements. Adults receiving assistance through TANF are required to work or participate in a work-related training program through the Road to Economic Self-Sufficiency through Employment and Training (RESET) program. This program is designed to help individuals prepare for employment and to attain long-term success by offering job related activities, education, job skills training and support in order to obtain a job earning wages that leads to self sufficiency for themselves and their families. Once it is determined that an individual must participate in the RESET program, the CAO and the individual discuss the individual's skills, prior work experience and employment during an interview process to determine which activity is appropriate for the individual. The weekly hourly work requirement is determined by family/household composition. For instance, the work requirement is 20 hours a week for an adult recipient who has a dependent child less than 6 years of age in the household. If all the dependent children in the household are over the age of 6 years, the work requirement is 30 hours a week. Recipients are enrolled in these activities either directly through the CAO or through a contractor hired by DPW. If a recipient is not able to work, good cause must be established.

## ***Background Information***

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There are several criteria an applicant can meet to qualify for GA benefits. Most GA recipients have either a permanent disability or a temporary disability which would allow him/her to obtain benefits for less than 12 months. A recipient who DPW determines to be permanently disabled is eligible for Interim GA benefits, but, as a condition of eligibility, is required to apply for Social Security Administration (SSA) benefits and to sign a reimbursement agreement. If a recipient's claim for SSA benefits is successful, the recipient will be removed from Interim GA when he or she begins to receive SSA benefits. If the recipient's SSA benefits are retroactive and the recipient receives SSA benefits for an identical time period for which he/she received Interim GA, the reimbursement agreement will enable DPW to be reimbursed any cash assistance paid to the recipient for that time period. This prevents the recipient from receiving overlapping Interim GA and SSA benefits. Without the reimbursement agreement, the recipient would not be required to repay Interim GA and, as a result, the Commonwealth would lose its ability to recover the funds. If a recipient is denied eligibility for SSA, the recipient is required to appeal the decision within 60 days of the denial.

In order to qualify for SBP, applicants must fall within established income and resource limits, must also be at least 21 years of age and have limited visual acuity.

Recipients who receive cash assistance and/or food stamps can also receive Special Allowances (SPALs), which are supplemental payments to cover the cost of clothing, transportation, tools or other items necessary to participate in training or work activities.

### **SNAP**

Benefits are provided under the federal Supplemental Nutrition Assistance Program (SNAP), which is designed to provide assistance to low-income households in order to raise their level of nutrition. It is operated jointly by the U.S. Department of Agriculture and DPW. Eligibility is based on levels of income and, in some counties, on whether a recipient is engaged in an employment and training program.

### **Eligibility Requirements for Cash and SNAP**

Eligibility determinations are based on federal and state regulations specifying which individuals qualify for a program and the amounts for which they qualify. The Code of Federal Regulations (CFR) contains the applicable federal regulations. The Pennsylvania Code contains the applicable state regulations. The policies and procedures in place to ensure compliance with the regulations are contained in DPW's Cash Assistance

## ***Background Information***

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Handbook, Supplemental Nutrition Assistance Program Handbook, Income Eligibility Verification System (IEVS) Handbook, and Supplemental Handbook.

Relevant information about recipients is recorded and maintained in DPW's Client Information System (CIS). This information is used to determine eligibility status and category of aid. The CAO updates information on CIS when new information becomes available.

CAO personnel utilize DPW's Income Eligibility Verification System (IEVS) to compare income and resource information with income and resource information obtained from outside sources. IEVS is updated on a regular basis with information from several sources including wage information from the Department of Labor and Industry, benefit information from the Social Security Administration, and tax and unearned income information from the Internal Revenue Service. CAO caseworkers are required to review this information at the time of application, when the recipient submits his/her semi-annual reporting (SAR) form and at the annual renewal. Caseworkers receive alerts when they are required to review certain information between the application date, the SAR, and at the time of the annual renewal.

**Commonwealth of Pennsylvania  
Department of Public Welfare  
Luzerne County Assistance Office  
Hazleton District**

**OBJECTIVES, SCOPE, AND METHODOLOGY**

## ***Objectives, Scope, And Methodology***

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To achieve our audit objectives regarding eligibility, we obtained a monthly data file from the Department of Public Welfare of all recipients who received cash benefits as of November 2008. We selected a random sample of 115 cases from the 510 cases related to the Luzerne CAO, Hazleton District, represented in the data file. Our audit period was September 25, 2004 to February 6, 2009; however, in cases where we determined an ineligible individual was receiving cash and/or food stamp benefits, we expanded that test work through the last date of his or her ineligibility.

For each case selected in our sample, we tested income, disability, work activity, and non-financial eligibility requirements to determine compliance with DPW regulations and administrative policies.

The criteria we used to test cases in our sample include the Code of Federal Regulations and the Pennsylvania Code, Title 55.

It is DPW's position that current law does not allow DPW to provide all federal and state wage and unearned income information to the Department of the Auditor General. DPW provided us with most, but not all, federal and state wage and unearned income information. DPW did not give us access to IRS-reported wage and income data. This scope limitation prevents us from confirming that all available resources were included in calculating recipients' eligibility for benefits.

**Commonwealth of Pennsylvania  
Department of Public Welfare  
Luzerne County Assistance Office  
Hazleton District**

**FINDING AND RECOMMENDATIONS**

## ***Finding and Recommendations***

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The random sample contained 115 of 510 cases from the Luzerne CAO, Hazleton District, November 2008 data file. The 115 cases we tested consisted of 65 TANF cases and 50 GA cases. The following finding discusses areas where deficiencies occurred. It should be noted that deficiencies related to wage and income requirements could exist in the cases that we tested and still remain undetected because we do not have access to all wage and unearned income information as noted in our scope limitation described on page 8 of this report.

### **Finding - CAO Management Failed To Ensure That Recipients' Income Was Within The Established Income Limitations To Receive Benefits**

During our audit, we found that CAO management failed to ensure that income requirements were met in 15 of the 115 cases we tested. As a result, benefits totaling \$8,231 were paid to recipients while they were ineligible. This includes \$6,677 in cash and \$1,554 in food stamps, as shown in Table 1, on page 11 of this report. In these cases, recipients' income was above the established eligibility income limit; therefore, making them no longer qualified to receive benefits. These amounts represent taxpayer dollars paid during periods where recipients no longer met income requirements.

The Cash Assistance Handbook, SNAP Handbook, and IEVS Handbook provide eligibility requirements to assist the CAO in making eligibility determinations. The CAO management is responsible to ensure that recipients' income is within the established eligibility limits.

These improper determinations occurred because:

- CAO management did not adequately monitor to ensure that income from IEVS alerts was properly reconciled with reported income.
- CAO management did not adequately monitor to ensure that income from IEVS history was properly reconciled with reported income at application and renewals.
- At the time of our audit, DPW's policy did not require a review of income from ongoing employment when the information became available on IEVS. Instead, DPW's policy required that information regarding ongoing employment be reviewed only during a recipient's annual renewal.

## ***Finding and Recommendations***

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**Table 1 - Summary of Income Deficiencies**

	<b>Audit Sample Number</b>	<b>Cash</b>	<b>Food Stamps</b>
1.	AG-17	\$474.00	
2.	AG-34	1,201.08	
3.	AG-44	302.00	
4.	AG-49		\$770.00
5.	AG-52	307.50	
6.	AG-64	403.00	
7.	AG-57	328.08	
8.	AG-53	198.00	
9.	AG-54	410.00	
10.	AG-8	205.00	
11.	AG-88	443.08	
12.	AG-84		486.00
13.	AG-78		298.00
14.	AG-70	713.75	
15.	AG-47	1,691.40	
	<b>Totals</b>	<b>\$6,676.89</b>	<b>\$1,554.00</b>

We recommend that:

- CAO management ensure that caseworkers properly reconcile reported income with IEVS alerts.
- CAO management ensure that caseworkers properly reconcile reported income with IEVS history at application and renewals.

Subsequent to the period under review, effective December 14, 2009, DPW management implemented Data Exchange Targeting Logic Enhancements to require a review of income from ongoing employment when the information becomes available on IEVS.

During our next audit, we will examine the implementation of these additional procedures to determine whether or not it adequately addresses the deficiencies noted in this report.

## ***Finding and Recommendations***

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### **DPW's Management Response<sup>1</sup>**

- During September of 2008, with the implementation of Workload Dashboard, training was provided to IMCWs that included an extensive review of the IEVS processing procedures.
- Reconciliation of IEVS is reviewed by the supervisor when individual cases are transferred, sent to the closed file, or selected for targeted supervisory review.
- New IEVS targeting logic was implemented on December 14, 2009 and now generates an alert to the IMCW when a change in wages exceeds \$100 for current employment. Please note that the DPW stands by the current \$100 income change threshold. If the policy was changed to include any change in income, an administrative burden would be created since the IMCSs would be forced to follow up on many immaterial income changes. Such immaterial income changes are addressed during the semi-annual review process.
- The overpayment recovery process is set forth in 55 Pa. Code § 255.
- Supervisors are required to review three records per worker every month to ensure that all factors of eligibility are addressed. Management will ensure that reviews occur and areas of concern are addressed.
- Food Stamp ETP refresher training was held on June 24-26, 2008. This training covered factors that must be considered when determining the employment status of all food stamp recipients, including but not limited to age, disability, and family composition.
- Supervisors hold monthly meetings to review findings from previous audits and to review policy with IMCWs to ensure that the audit findings are addressed. Supervisors also hold individual monthly conferences to review each worker's CSR results and to offer

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<sup>1</sup> In addition to the overall management response, DPW provided a separate chart addressing individual cases in the audit finding. Some of this information is either beyond the scope of our audit, or pertained to periods outside of the audit period.

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## ***Finding and Recommendations***

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additional individual training to ensure that compliance with policy is maintained.

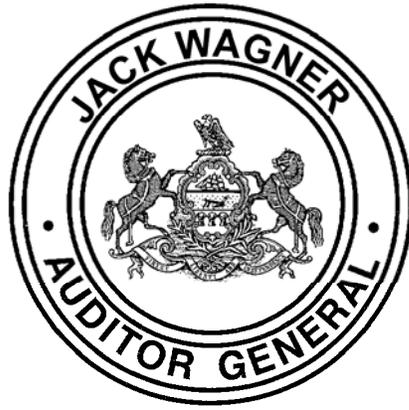
- Desk guides have been prepared and distributed, and includes:
  - Reporting requirements (SAR) for all budgets;
  - Criminal history desk guide;
  - IEVS desk guide; and
  - ETP codes desk guide.

### **Auditors' Conclusion**

We acknowledge DPW's efforts to review and revise current IEVS processes and procedures to ensure that income from IEVS is properly reconciled with reported income, including implementation of the Workload Dashboard and new IEVS targeting logic. It should be noted that during our fieldwork, we determine that a deficiency exists only when income from IEVS is at least \$100 more than what was reported by the recipient. It is clear that the policy and procedures in place at the time of our audit were not effective to ensure that IEVS information was properly monitored and reconciled.

We determined that \$8,231 was paid to recipients while they were ineligible. DPW classifies \$1,983 as overpayments subject to potential reimbursement. As a result, the information that the CAO enters into its overpayment system and forwards to the OIG is not a complete picture of the amount of taxpayer dollars spent for benefits paid to ineligible recipients. We believe that every dollar that was paid while a recipient is ineligible should be subject to reimbursement.

We will examine the implementation of the Workload Dashboard and IEVS targeting logic changes during our next audit and determine whether or not the action taken adequately addressed the deficiencies in this report.



**Commonwealth of Pennsylvania  
Department of Public Welfare  
Luzerne County Assistance Office  
Hazleton District**

**AUDIT SUMMARY**

## *Audit Summary*

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For the audited period, our audit of the Luzerne CAO, Hazleton District, resulted in one finding: CAO management failed to ensure that recipients income was within the established income limitations to receive benefits.

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

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This report was originally distributed to the following:

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