Compliance Audit

of the

Commonwealth of Pennsylvania
Department of Public Welfare's
Cash and Food Stamp Programs

McKean County Assistance Office

Audit Period
September 10, 2005 to May 14, 2009

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JACK WAGNER

AUDITOR GENERAL

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JACK WAGNER

AUDITOR GENERAL

Report of Independent Auditors on Compliance

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

Dear Governor Rendell:

We have conducted a compliance audit of the McKean County Assistance Office (CAO) 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 10, 2005 through May 14, 2009.

The objectives of our audit were to determine whether the CAO made proper eligibility determinations for recipients of cash and food stamps based on Department of Public Welfare (DPW) policies and procedures, and to determine if the CAO took appropriate action to address the findings and recommendations contained in our prior audit report.

As a result of our audit, we determined that no deficiencies exist that would warrant a finding or observation in this audit report.

During the August 3, 2009 exit conference, we reviewed the audit results with the McKean CAO management. We have included the CAO and DPW comments, where applicable, in this report.

Sincerely,

JACK WAGNER
Auditor General

January 20, 2010

JACK WAGNER

AUDITOR GENERAL

Commonwealth of Pennsylvania
Department of Public Welfare
McKean County Assistance Office

BACKGROUND INFORMATION

Background Information

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 two categories of cash assistance:

1. Temporary Assistance to Needy Families (TANF), a federally-funded program that provides money to families with dependent children who are needy because financial support is not available from one or both parents; and

2. General Assistance (GA), a state-funded program that provides money primarily to single individuals and childless couples who do not have enough income to meet their basic needs and who do not qualify for TANF.

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 for 20 or 30 hours per week, depending on their circumstances. 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.

In order to qualify for GA, a recipient must 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.

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

Food Stamps

Food stamp benefits are provided under the federal Supplemental Nutrition Assistance Program, 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. Recipients of TANF and GA are automatically eligible to receive food stamps.

Eligibility Requirements for Cash and Food Stamps

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 Handbook, Food Stamp 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 CAO personnel perform renewals, which are done annually, to determine continued eligibility.

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 SSA, 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 an alert when they are required to review new wage information received between the application date, the SAR, and at the time of the annual renewal. However, IEVS only sends caseworkers an alert when there is wage information from a new or additional employer. IEVS does not provide caseworkers an

alert when there is an increase in wages from ongoing employment. Consequently, information that could affect a recipient's continued eligibility for benefits is not reviewed until the recipient's SAR or the annual renewal.

Commonwealth of Pennsylvania
Department of Public Welfare
McKean County Assistance Office

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives, Scope, And Methodology

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 February 2009. We selected a random sample of 120 cases from the 587 cases related to the McKean CAO represented in the data file. Our audit period was September 10, 2005 to May 14, 2009.

For each case selected in our sample, we tested certain aspects of eligibility to determine compliance with DPW regulations and administrative policies.

The criteria we used to test cases in our sample included the Cash Assistance Handbook, the Food Stamp Handbook, the Supplemental Handbook, the IEVS Manual, and the Client Information System Manual.

It is DPW's position that the Department of the Auditor General is not authorized to have access to all information that contains wage and unearned income from the IRS. This scope limitation prevents us from confirming that all resources were included in calculating recipients' eligibility for benefits.

Commonwealth of Pennsylvania
Department of Public Welfare
McKean County Assistance Office

AUDIT SUMMARY

Audit Summary

During our field audit, we examined 120 case records to determine whether the CAO made proper eligibility determinations for recipients of cash and food stamps.

As a result of our audit, we determined that no deficiencies exist that would warrant a repeat finding or observation in this audit report.

Audit Report Distribution List

This report was originally distributed to the following:

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