

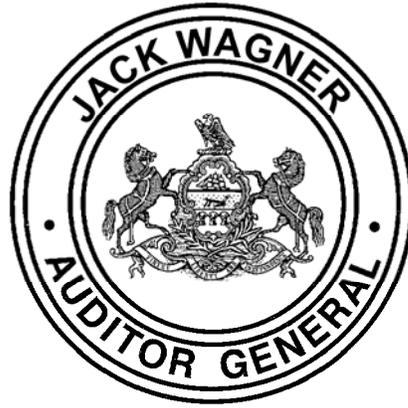
Compliance Audit

of the

Commonwealth of Pennsylvania
Department of Public Welfare
Montgomery County Assistance Office
Norristown District

Audit Period

October 19, 2002 to October 14, 2005



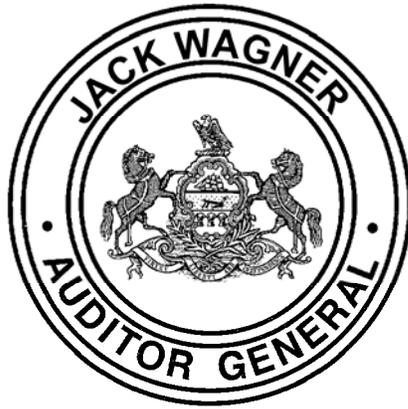
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Report of Independent Auditors on Compliance

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 the cash and food stamp eligibility at the Montgomery County Assistance Office, Norristown District, covering the period October 19, 2002 to October 14, 2005. 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 closed cases and the Overpayment Control System.

Our report details findings and recommendations that resulted from our eligibility review, our review of the closed cases and our review of the Overpayment Control System.

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 Montgomery County Assistance Office, Norristown District 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

December 14, 2005

**Commonwealth of Pennsylvania
Department of Public Welfare
Montgomery County Assistance Office
Norristown District**

BACKGROUND INFORMATION
AND
OBJECTIVES, SCOPE, AND METHODOLOGY

Background Information

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 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

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.

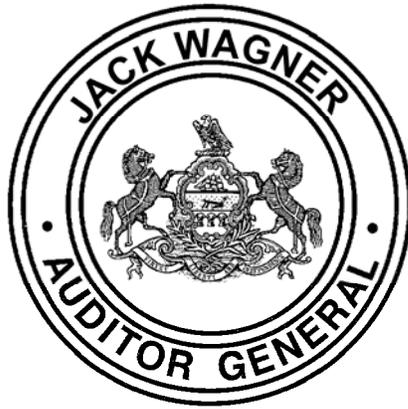
The audit included eligibility reviews of a sample of public assistance cases for the audit period October 19, 2002 to October 14, 2005. We also reviewed the CAO's implementation of procedures for the Overpayment Control System and the Closed Case files to determine compliance with regulations and policies.

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 (IEVS) 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 (IRS) 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, the closed case file and the Overpayment Control System detected instances of noncompliance; therefore, we submitted findings in these areas.

During the November 16, 2006 exit conference, the Department's staff reviewed these findings and recommendations with the Montgomery CAO, Norristown District representatives. We have included CAO personnel comments, where applicable, in this report.



**Commonwealth of Pennsylvania
Department of Public Welfare
Montgomery County Assistance Office
Norristown District**

FINDINGS AND RECOMMENDATIONS

Findings and Recommendations

I. Eligibility Audit Results

During the course of our audit, we examined 279 out of 2,064 cases from the Montgomery CAO, Norristown District 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.

Of the 282 cases in our sample, 5 were confidential cases. Public assistance cases are classified as confidential when the recipient is either a CAO employee or their relative. Due to the confidential nature of these cases, the records are normally kept separate from the rest of the case records. Usually, access to the confidential case records is restricted.

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 209 exceptions in 128 of the 269 cases examined. The most significant exceptions are discussed in the following findings:

- Failure To Follow Applicable DPW Procedures (refer to Finding 1);
- Inadequate Procedures For Identifying Instances Where The Recipient Fails To Provide Proper Eligibility Information (refer to Finding 2);

Findings and Recommendations

- Inadequate Internal Control Procedures For Closing The Case When The Recipient Can Not Be Located (refer to Finding 3); and
- Failure To Obtain And/Or Document Information Required In Establishing Recipient Eligibility (refer to Finding 4).

Finding 1 - Failure 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:

- **Criminal History**

In 30 instances, CAO personnel failed to verify that recipients were compliant with court-ordered payment plans.

As a condition of eligibility, recipients who have a criminal history must have either paid all fines and costs associated with the conviction or must be in compliance with a court ordered payment plan. DPW policy states that the caseworker will verify compliance with these requirements at the time of application and reapplication.

The CAO stated that these exceptions occurred because the CAO was not fully staffed and not at full complement.

DPW policies and procedures for verifying criminal histories are contained in the CAH.

Failure to verify this information at application resulted in 30 exceptions and clients continuing to receive benefits while not meeting all eligibility requirements. Overpayments of \$28,036 were written for the cases. In addition, three cases were closed because the CAO contacted the recipient in order to establish compliance with a court ordered payment plan, and the recipient did not respond.

Recommendation

We recommend that CAO officials put controls in place to ensure caseworkers can operate efficiently in the event that the CAO is not fully staffed. Specifically, the CAO should implement cross training of personnel and also ensure that an acceptable long

Findings and Recommendations

range training strategy is in place that would result in a more efficient distribution of casework.

Management Response

In a March 13, 2007 memorandum to this Department, the Montgomery CAO Executive Director agreed with the finding and provided the following comment:

“The CAO has implemented a Criminal History refresher session for all IMCW staff to ensure that the required follow-up is being completed to avoid this finding in the future. The verification of being in a program is a condition of eligibility to which we must adhere. Clerical staff was also given an overview so that they can make Criminal History verification part of the file clearance process. In addition, IMCW Supervisors are to randomly review applications and reapplications to ensure compliance with the Criminal History procedure.”

- **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 32 instances where CAO personnel failed to correctly and or timely request, verify and enter proper dispositions on IEVS. These exceptions resulted in improper calculation of benefits, and overpayments of \$13,499.

The CAO stated that these exceptions occurred because the CAO was not fully staffed and not at full complement.

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

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Recommendation

We recommend that the CAO instruct personnel to review IEVS exchanges for reported and unreported income. In addition, we recommend that the CAO review IEVS reports to ensure timely and accurate disposition codes are used. We also recommend that CAO officials put controls in place to ensure CAO caseworkers can operate efficiently in the event that the CAO is not fully staffed. Specifically, the CAO should implement cross training of personnel and also ensure that an acceptable long range training strategy is in place that would result in a more efficient distribution of casework.

Management Response

In a March 13, 2007 memorandum to this Department, the Montgomery CAO Executive Director agreed with the finding and provided the following comment:

“The CAO has implemented a County Income Verification procedure to facilitate timely and accurate disposition of IEVS information. We have also implemented an IEVS/ARRC refresher session for all IMCW and Clerical staff to ensure that all IEVS hits are handled correctly, timely and with proper disposition; and to ensure that all overpayments are coded properly so that the claim will be established in the ARRC system. All IMCW Supervisors are to randomly review IEVS hits as part of their Supervisory Case Record Reviews.”

- **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 9 instances where GA recipients did not appeal unfavorable SSA decisions. In these cases, the recipient was not aware that they were required to do so. This resulted in recipients continuing to receive benefits without meeting all the conditions of eligibility. Excessive benefits totaling \$1,828 were paid in cases where the CAO failed to advise the recipient of these requirements. In

Findings and Recommendations

addition, 1 case was closed, resulting in the discontinuance of \$323 in monthly benefits.

These exceptions occurred because Disability Advocacy Program workers are not working with the recipient to obtain SSI, and the caseworker did not properly utilize information on IEVS which would have indicated whether the recipient applied for SSI or appealed an unfavorable decision.

The CAH and the SH cite the CAO's responsibilities in the application process.

Recommendation

We recommend that the CAO ensure that caseworkers are properly trained to be able to identify the eligibility requirements for GA. We also recommend that the CAO review IEVS procedures and set controls for determining SSI applications, denials and appeals.

Management Response

In a March 13, 2007 memorandum to this Department, the Montgomery CAO Executive Director agreed with the finding and provided the following comment:

“The CAO has provided training for the DAP staff to correctly identify the eligibility requirements for the General Assistance program. DAP staff is also to inform the client of the mandate to appeal unfavorable SSA decisions. Controls are now in place for monitoring SSI applications, denials and appeals to ensure that the client follows through.”

- **Reimbursement**

Reimbursement is the repayment of cash benefits received by a recipient who obtains SSI/SSA benefits. Recipients who apply for and obtain SSI/SSA benefits are required to reimburse any General Assistance they receive while an SSI/SSA application is pending.

During our audit, we found 9 instances where the CAO failed to initiate recoupment of SSI benefits received. These benefits, in the amount of \$1,744, were paid to recipients while they awaited receipt of SSI benefits. When the SSI benefits were

Findings and Recommendations

eventually received, it was the responsibility of the CAO to recoup these monies. The exceptions occurred because the CAO failed to initiate the recoupment. Overpayments were then initiated for this amount. In addition \$16,160 was reimbursed to the Commonwealth.

Recommendations

We recommend that the CAO implement internal control procedures to ensure that reimbursement forms are processed and forwarded to the Social Security Office. We also recommend that the CAO explain to clients that they must report when they receive SSI or other money subject to reimbursement, and must repay the assistance he/she received. In addition, we recommend that the CAO monitor the IEVS exchange 6 more closely and that the SS Office is notified whenever it is learned that the reimbursement code is incorrect.

Management Response

In a March 13, 2007 memorandum to this Department, the Montgomery CAO Executive Director agreed with the finding and provided the following comment:

“The CAO has a procedure in place for completing the appropriate forms to ensure that the State is reimbursed when a client is found eligible for SSI. The actual recoupment of SSI benefits is the responsibility of the Office of Inspector General. Therefore, this is not a CAO deficiency as the CAO did everything possible to ensure that the State was reimbursed for the monies allotted to the client.”

Finding 2 - Inadequate Procedures For Identifying Instances Where The Recipient Fails To Provide Proper Eligibility Information

During our audit, we determined that the CAO failed to identify instances where recipients did not accurately report eligibility information. In 23 instances, recipients failed to:

- Properly report income, and/or
- Maintain compliance with court-ordered payment plans.

Findings and Recommendations

This resulted in recipients receiving benefits without meeting all eligibility requirements. Overpayments of \$31,475 were written in these cases. Of these 23 instances, four cases were closed, resulting in the discontinuance of \$797 in monthly benefits and in three cases; recipients' monthly benefits were decreased by \$299.

Lack of CAO procedures for identifying instances when recipients fail to provide information may continue to result in benefits being improperly disbursed.

Recommendation

We recommend that the CAO consider regularly reviewing a sample of cases to help identify instances where recipients are providing improper information. This would help to eliminate at least some improper disbursement of benefits.

Management Response

In a March 13, 2007 memorandum to this Department, the Montgomery CAO Executive Director agreed with the finding and provided the following comment:

“The CAO has implemented a procedure that all IMCW Supervisors randomly review SAR cases to ensure that all income, earned or unearned, is data entered timely and accurately. This would help eliminate some improper disbursements. Keep in mind that clients are not required to report income, that does not exceed the FPIG, until they return the SAR form.”

Finding 3 - Inadequate Internal Control Procedures For Closing The Case When The Recipient Can Not Be Located

As part of our review, we require recipients to meet with auditors for scheduled interviews. The purpose of the interview is to substantiate specific case record information. When recipients failed to attend the interview, the CAO notified the recipient of his/her requirements to comply with the audit review. The notice also indicated that, if the recipient did not respond in a timely manner, benefits would be closed.

Findings and Recommendations

In total, 12 recipients did not respond to the CAO notice. Consequently, the CAO was obligated to discontinue paying a total of \$3,255 in monthly benefits.

The CAH, FSH, and SH provide policies and procedures to follow for properly closing and adjusting recipients' benefits due to a change in a recipients residence or living arrangements.

Recommendation

We recommend that the CAO consider regularly reviewing a sample of cases to help identify instances where recipients living arrangements have changed, including where they reside. This could help eliminate at least some improper disbursement of benefits.

Management Response

In a March 13, 2007 memorandum to this Department, the Montgomery CAO Executive Director agreed with the finding and provided the following comment:

“The CAO has an internal control procedure in place based on the rules and regulations of the program. Keep in mind that, based on the SAR procedures, clients are not required to report changes of address until the next SAR review or reapplication. If they fail to report for the SAR review or the reapplication, then the CAO would send a PA/FS 162 A for closing.”

Finding 4 - Failure 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 69 exceptions. Case records and/or CIS information lacked detailed documentation including narratives and CAO actions. Authorization for Information; Agreement of Mutual Responsibility (AMR); Employability Assessment Form; and Temporary Disability Reassessment Form were absent or incomplete. Finally, the social security numbers of recipients and/or Legally Responsible Relatives (LRRs) were missing or incorrect, or known to the CAO, but not entered into the IEVS.

Findings and Recommendations

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 AMRs at application/reapplication with clients. With a centralized filing system, caseworkers failed to pull case records at application/reapplication. Forms were not placed in the case record, due to clerical staffing problems and a backlog of filing. Case records did not detail the case narrative with specific dates and events for self-sufficiency goals. Not maintaining current documentation in case records contributed to poor case management.

Recommendation

We recommend that the CAO ensure that caseworkers are aware of 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. We recommend that the CAO instruct personnel of the need to clearly narrate recipient and caseworker actions in the case record. In addition, we recommend that social security numbers of LRRs be documented on IEVS.

Management Response

In a March 13, 2007 memorandum to this Department, the Montgomery CAO Executive Director agreed with the finding and provided the following comment:

“The CAO has implemented a corrective action plan to ensure that all filing is completed timely to ease the finding of materials needed to document eligibility. All Supervisors, IMCW and Clerical, are expected to monitor the filing process to prevent a build up of loose materials. We have also implemented two reapplication units, and all records are pulled for each reapplication to ensure that all eligibility documents are placed in the case record at the time of the interview. All caseworkers have had a refresher session to ensure that they understand and are aware of the importance of following established DPW policies and procedures regarding narratives and case record maintenance.”

Findings and Recommendations

Status of Prior Audit Finding

Overpayments and Other Deficiencies Totaling \$25,740 Occurred as a Result of Recipients Withholding Information and Case Record Maintenance Errors

Our current audit covering the period October 19, 2002 to October 14, 2005 disclosed that inadequate/incorrect recipient information and case record management exceptions continue to occur at the Montgomery County CAO, Norristown District; therefore, a repeat finding is warranted. Refer to Findings 1, 2, 3 and 4 located on pages 9 through 15 for additional discussion on these issues.

Findings and Recommendations

II. Overpayment Control System

Finding 5 - Untimely Verification and Referral of Overpayments and Over-Issuances Totaling \$49,718 Occurred as a Result of Procedural Deficiencies in the Overpayment Control System

We reviewed the Montgomery CAO, Norristown District Overpayment Control System to determine if CAO personnel properly investigated suspected overpayments, controlled and documented investigations, and referred verified overpayments timely. From 2,690 entries listed as pending, completed, or overpayment (O coded) on the ARRC Daily Caseload Detail Report dated April 22, 2005, we selected 118 cases.

Our review disclosed the following exceptions:

- **In 67 cases, CAO personnel failed to change the disposition code in the ARRC system after verification was determined.**

Exceptions occurred because CAO personnel failed to update a pending ARRC disposition code to “N” when the CAO received case verification indicating that an overpayment did not occur. Exceptions also occurred when caseworkers failed to update a pending ARRC disposition code to “C” when the CAO received case verification indicating that an overpayment did occur. Also, caseworker supervisors may have failed to use available reports and ARRC file information.

Failure to change the disposition code in the ARRC system after verification was determined resulted in inaccurate reports and impeded determining the number and status of overpayment investigations.

The ARRC Manual provides guidelines for updating disposition codes in the ARRC system after verification.

Recommendation

We recommend that the CAO require personnel to update the disposition codes in the ARRC system when verification is received to determine whether or not an overpayment exists. Additionally, we recommend that the CAO management should require staff to utilize ARRC reports to monitor the status of overpayments.

Findings and Recommendations

Management Response

In a March 13, 2007 memorandum to this Department, the Montgomery CAO Executive Director agreed with the finding and provided the following comment:

“The CAO has implemented an IEVS/ARRC refresher session for all IMCW and Clerical staff to ensure that all IEVS hits are handled correctly, timely and with proper disposition; and to ensure that all overpayments are coded properly so that the claim will be established in the ARRC system. All IMCW Supervisors utilize ARRC reports to monitor the status of overpayments.”

- **In 57 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.

Failure to ensure that second PA78s were sent timely resulted in overpayments of \$6,092 and over-issuances of \$4,478. Additionally, procedures to recover incorrectly disbursed benefits may have been adversely affected and delayed.

Chapter 910 of the SH and the ARRC manual provide procedures and guidelines for requesting employment information.

Recommendation

We recommend that CAO send second PA78 requests for income verification to the employer as required by DPW policies and procedures. We also recommend that the CAO personnel review reports generated for follow-up and address verification within the required timeframes.

Findings and Recommendations

Management Response

In a March 13, 2007 memorandum to this Department, the Montgomery CAO Executive Director agreed with the finding and provided the following comment:

“The CAO has implemented a procedure whereas the Clerical staff will monitor and control the non-responding employer list to ensure that all second PA 78 requests go out in a timely manner. All Clerical Supervisors are expected to monitor this mapper report on a daily basis.”

- **In 24 cases, deficiencies occurred when CAO personnel completed the calculation of the overpayment, but failed to complete the referral within the 60 days.**

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 recipient 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 overpayments of \$9,295 and over-issuances of \$7,782.

- **In 18 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.

Findings and Recommendations

The section further provides that in order to recover through recoupment, the OIG must notify the recipient 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 caseworkers failed to enter information on the ARRC system's ARCIFA screen necessary to complete Overpayments Referrals. Failure to complete the Overpayment Referral and forward it to the OIG within the required 60 days delayed and jeopardized the recovery of overpayments of \$8,044 and over-issuances totaling of \$7,297. It should be noted that the CAO did not compute overpayments totaling \$6,527 due to the ARRC system's inability to compute claims beyond a 2 year period.

Recommendation

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

Management Response

In a March 13, 2007 memorandum to this Department, the Montgomery CAO Executive Director agreed with the finding and provided the following comment:

“The CAO has implemented an IEVS/ARRC refresher session for all IMCW and Clerical staff to ensure that all IEVS hits are handled correctly, timely and with proper disposition. All IMCW Supervisors are to monitor the ARRC reports to ensure timeliness of actions.”

- **In 10 cases, CAO personnel failed to contact non-responding employers.**

These exceptions occurred when caseworkers failed to contact employers or employers failed to respond to initial requests for wage verification within 45 days of the initial request. Caseworkers failed to timely contact employers within ten days to verify employer addresses.

Findings and Recommendations

Failure to contact employers timely may have delayed procedures to recover incorrectly disbursed benefits and resulted in overpayments of \$1,882 and over-issuances of \$2,078. Also, failure to contact employers hindered procedures to send a second PA78 request.

These deficiencies occurred because caseworkers failed to adhere to the overpayment investigation required timeframes. Additionally, CAO supervisors failed to review the Non-Responding Employer report, and caseworkers did not contact non-responding employers due to a lack of procedural controls.

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

Recommendation

We recommend that the CAO instruct personnel to contact employers within 10 work days after reviewing the Non-Responding Employer report. We also recommend that the CAO verify employer addresses.

Management Response

In a March 13, 2007 memorandum to this Department, the Montgomery CAO Executive Director agreed with the finding and provided the following comment:

“The CAO has implemented a procedure whereas the Clerical staff will monitor and control the non-responding employer list to adhere to the overpayment investigation required time frames. All Clerical Supervisors are expected to monitor this mapper report on a daily basis.”

- **In 4 cases, CAO personnel failed to review calculation screens for computed overpayments.**

These exceptions occurred due to a lack of procedures for reviewing completed overpayments done on the ARRC system.

Failure to review the recalculation of overpayments and over-issuances resulted in overpayments that were understated in the amount of \$1,268 and over-issuances that

Findings and Recommendations

were understated in the amount of \$1,502. Furthermore, because these understatements were not identified timely recovery of the monies involved was jeopardized.

The ARRC Manual provides procedures and guidelines for reviewing the calculations of completed overpayments. Specifically, the day following the ARRC batch process, the caseworker is to review the calculation of overpayments.

Recommendation

We recommend that the CAO require personnel to review Overpayment Referrals for completeness and accuracy within 24 hours after entering data into ARRC.

Management Response

In a March 13, 2007 memorandum to this Department, the Montgomery CAO Executive Director agreed with the finding and provided the following comment:

“The CAO has implemented a corrective action plan to ensure that all overpayments are reviewed by both the worker and the supervisor within 24 hours of entry into ARRC. This will ensure that the referrals are both accurate and complete.”

Status of Prior Audit Finding

Untimely Verification and Referral of Overpayments and Over-Issuances Totaling \$22,490, Case Closures Totaling \$580, and Underpayments Totaling \$142 Occurred as a Result of Procedural Deficiencies in the Overpayment Control System

Our current audit covering the period October 19, 2002 to October 14, 2005 disclosed that procedural deficiencies continue to exist at the Montgomery CAO, Norristown District in the execution of the Overpayment Control System; therefore, a repeat finding is warranted. Refer to the bullets in Finding 5 on pages 18 through 22 for additional discussion on these issues.

Findings and Recommendations

III. Closed Cases

Finding 6 - Deficiencies Occurred as a Result of County Assistance Office Personnel Sending Case Records to the Closed Case File Without Proper Review

We reviewed 49 randomly selected case records from the Montgomery CAO, Norristown District file of cases closed when recipients' income exceeded the limit for assistance. Our review disclosed the following deficiencies:

- **In 16 cases, narratives were not completed when cases were closed.**

The CIS Manual and CAH, Chapter 178, provide regulations for properly entering case narratives for cases sent to the closed file.

These deficiencies occurred because weak internal controls exist in the Norristown District for narrating closed cases. CAO personnel failed to narrate why cases were closed and whether or not information was reconciled that caused the case closures.

Failure to enter case narratives when cases are closed increases the probability that case management errors may occur. Errors may also increase when these case files are reopened.

Recommendation

We recommend that the CAO instruct its personnel to properly narrate the reasons for case closures. The narrative should indicate whether or not income was reviewed and reconciled at the time of closing.

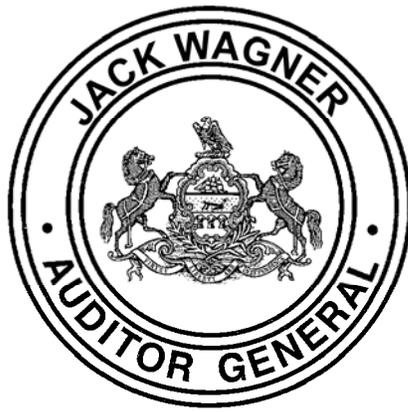
Management Response

In a March 13, 2007 memorandum to this Department, the Montgomery CAO Executive Director agreed with the finding and provided the following comment:

“The CAO currently has a procedure in place to ensure that narratives properly narrate the reasons for case closures and other case actions. All caseworkers have had a refresher session to ensure that they understand

Findings and Recommendations

and are aware of the importance of following established DPW policies and procedures regarding narratives.”



**Commonwealth of Pennsylvania
Department of Public Welfare
Montgomery County Assistance Office
Norristown District**

AUDIT SUMMARIES

GLOSSARY

AND

APPENDIX

Audit Summaries

Eligibility Audit Results

	Cases at CAO	Cases Reviewed	Cases with Errors
<u>Current</u>	2,064	279	128
<u>Prior</u>	1,587	252	63

Other Results

<u>PROGRAM</u>	<u>No. of Cases</u>	<u>Monetary Effect</u>
Overpayment Control System:		
CAO personnel failed to update ARRC System.	67	\$ 0
CAO personnel failed to request employment information timely.	57	10,570
CAO personnel failed to complete Overpayment Referral Data Input form within 60 days.	24	17,077
CAO personnel failed to complete the referral preventing timely notification to OIG.	18	15,341
CAO personnel failed to contact non-responding employer timely.	10	3,960
CAO personnel failed to review calculation screens for overpayments.	4	2,770
Subtotal:	<u>180</u>	<u>\$49,718</u>
Closed Cases:		
CAO personnel failed to complete narratives when cases were closed.	<u>16</u>	<u>0</u>
TOTALS: All Programs	<u>196</u>	<u>\$49,718</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 (CIS):

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 (LRR):

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 (SPT):

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

AMR	Agreement of Mutual Responsibility
ARRC	Automated Restitution Referral and Computation System
CAH	Cash Assistance Handbook
CAO	County Assistance Office
CIS	Client Information System
DAP	Disability Advocacy Program
DO	District Office
DPW	Department of Public Welfare
FPIG	Federal Poverty Income Guidelines
FS	Food Stamps
FSH	Food Stamp Handbook
GA	General Assistance
IEVS	Income Eligibility Verification System
IMCW	Income Maintenance Case Worker
IRS	Internal Revenue Service
LRR	Legally Responsible Relative
MA	Medical Assistance
MEH	Medicaid Eligibility Handbook
OIG	Office of Inspector General
OPS	Operations Memorandum
SAR	Semi-Annual Reporting
SH	Supplemental Handbook
SPT	Support Pass-Through
SSA	Social Security Administration
SSI	Supplemental Security Income
TANF	Temporary Assistance to Needy Families

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