

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

Northampton County Assistance Office

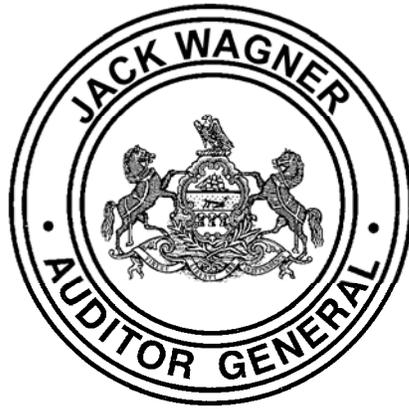
Audit Report for the Period
June 12, 2004 to February 20, 2009



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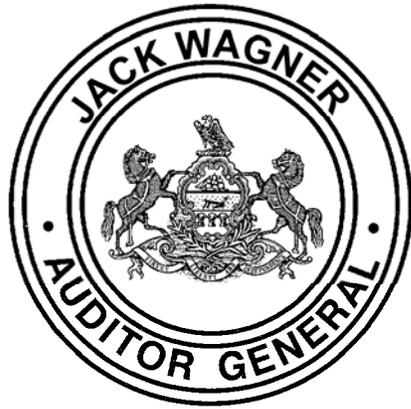
Northampton County Assistance Office

Audit Report for the Period
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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 Northampton 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 June 12, 2004 through February 20, 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.

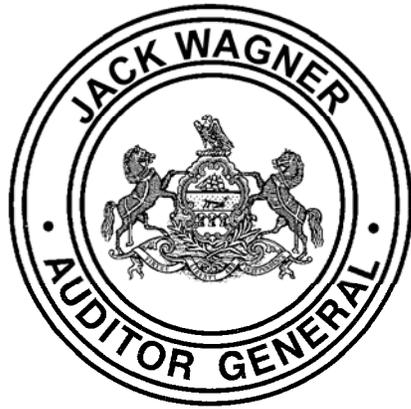
Finding - CAO Management Failed To Ensure That RESET Requirements Were Met

During the exit conference, we reviewed this finding and recommendations with the Northampton CAO 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
Northampton 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 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

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

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
Northampton 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 September 2008. We selected a random sample of 139 cases from the 1,712 cases related to the Northampton CAO represented in the data file. Our audit period was June 12, 2004 to February 20, 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
Northampton County Assistance Office**

FINDING AND RECOMMENDATIONS

Finding and Recommendations

The random sample contained 139 of 1,712 cases from the Northampton CAO September 2008 data file. The 139 cases we tested consisted of 76 TANF cases and 63 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 RESET Requirements Were Met

During our audit, we found that CAO management failed to ensure that RESET requirements were met in 37 of the 76 cases we tested. In these cases, recipients were not enrolled in a training or work activity, did not meet the work hour requirements, or did not provide good cause for not working. The amount of benefits paid in these cases while the recipients were not meeting the requirements totals \$43,450 including \$12,645 in cash, \$30,568 in food stamps and \$237 in Special Allowances, as shown in Table 1, on beginning on page 11 of this report.

The Cash Assistance Handbook provides RESET requirements and the SNAP Handbook provides employment and training requirements to assist the CAO in making eligibility determinations. The CAO management is responsible for ensuring that TANF recipients meet the work requirements by placing the recipients in a training or work activity and monitoring the recipients' participation. In addition, when DPW hires a contractor to place recipients in work activities, CAO management must monitor the contractor and verify that recipients are meeting training and/or work requirements.

These improper determinations occurred because:

- CAO management did not adequately monitor to ensure that recipients were enrolled in training or work activities, or were meeting the work hour requirements, or that good cause was established for recipients who were not working.
- CAO management did not have proper controls in place to monitor outside contractors and verify that recipients met training or work activity requirements.
- CAO management did not adequately monitor to ensure that Special Allowances were paid only to recipients who were participating in training or work activities.

Finding and Recommendations

Table 1 - Summary of RESET Deficiencies

	Audit Sample Number	Cash	Food Stamps	Special Allowances
1.	AG-2		\$4,803.00	
2.	AG-49		2,565.00	
3.	AG-6	\$777.00		
4.	AG-36		968.00	
5.	AG-39	748.00	1,160.00	
6.	AG-59	1,714.50		
7.	AG-1	410.00		
8.	AG-22		3,876.00	
9.	AG-42	376.00		
10.	AG-81	348.00		
11.	AG-92	410.00		
12.	AG-94	194.00		
13.	AG-109		538.00	
14.	AG-120		696.00	
15.	AG-132	222.00	735.00	
16.	AG-136		528.00	
17.	AG-23		2,317.00	
18.	AG-37	94.00	3,340.00	\$45.00
19.	AG-40	550.00	640.00	
20.	AG-54	1,162.00	1,092.00	
21.	AG-67	550.00		
22.	AG-105		384.00	
23.	AG-7		1,291.00	
24.	AG-129		136.00	12.50
25.	AG-57	333.00		
26.	AG-35	376.00		
27.	AG-45	777.60	917.00	
28.	AG-50	888.00	272.00	
29.	AG-61	222.00	65.00	
30.	AG-62	459.00		
31.	AG-78		285.00	
32.	AG-82	462.00	932.00	

Finding and Recommendations

Table 1 - Summary of RESET Deficiencies (continued)

	Audit Sample Number	Cash	Food Stamps	Special Allowances
33.	AG-86	\$333.00		
34.	AG-87	832.50	\$1,812.00	\$180.00
35.	AG-89	222.00		
36.	AG-93	184.00	216.00	
37.	AG-55		1,000.00	
	Totals	\$12,644.60	\$30,568.00	\$237.50

We recommend that:

- CAO management ensure that recipients' training and work requirements are met and that good cause is established for recipients who are not participating in training or work activities.
- CAO management ensure that proper controls are in place to monitor recipients' participation in training and work activities, including monitoring of outside contractors.
- CAO management ensure that Special Allowances are paid only to recipients who are participating in training or work activities.

DPW's Management Response

- Recipients of cash assistance are required to participate in work or work related activities; however, noncompliance does not automatically confer total ineligibility for any cash assistance for the family. Regulations regarding work requirements are based on federal TANF regulations as specified in 45 CFR 261.31(a).

Regulations at 55 Pa. Code §165 specify the procedure and penalties for noncompliance with work requirements.

Finding and Recommendations

55 Pa. Code §165.51(a) requires a compliance review for work requirements:

(a) Need for compliance review. A compliance review will be conducted when information indicates that a recipient may be out of compliance with RESET participation requirements, as specified in § 165.31 (relating to RESET participation requirements).

55 Pa. Code §165.61(b) and (c) detail imposition of a sanction on individuals not meeting work requirements:

(b) The sanction period shall be:

(1) For the first occurrence, ineligibility for cash assistance for 30 days, or until the recipient is willing to comply, whichever is longer.

(2) For the second occurrence, ineligibility for cash assistance for 60 days, or until the recipient is willing to comply, whichever is longer.

(3) For the third occurrence, permanent ineligibility for cash assistance.

(c) Applicability of the sanction is as follows:

(1) During the first 24 months, the sanction is imposed only on the individual who failed to comply.

(2) After 24 months, the sanction is imposed on the entire budget group.

A finding that recipients were ineligible for TANF cash assistance must be based upon following applicable sanction procedures, and not a total ineligibility for TANF based on noncompliance with work requirements.

- The Bureau of Employment and Training conducts monthly contractor performance reviews and a formal on-site program evaluation each year to confirm prior year performance. On-site evaluations are conducted more frequently for contractors whose performance did not meet DPW standards. Additionally, the CAOs meet with contractors in bi-weekly Direct Service Team (DST) meetings to discuss client participation and review Commonwealth Workforce Development System (CWDS) reports. CAOs also participate in Local Management Committees (LMCs) which consist of representatives from the CAO

Finding and Recommendations

workforce development and educational entities in the local area to review performance and discuss program design and corrective action.

- The Office of Income Maintenance (OIM) has conducted a comprehensive review of the policies and procedures related to the issuance of special allowances in support of individuals participating in employment and training activities. As a result of that review, a directive was issued in August of 2009 to clarify and strengthen these policies and procedures to increase accountability, integrity and controls in the processes around the issuance of the special allowance payments to clients. Additionally, training for CAO staff was conducted from June 15, 2011 through July 8, 2011 to prepare for policy changes surrounding referrals to employment and training programs and the issuance of special allowances. These changes enhanced program integrity requiring verification of the use of the funds for special allowances and authorizing recovery of overpayments for misuse of funds.
- 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.
- SNAP Employment and Training Program (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. Statewide training for SNAP corrective action procedures was conducted starting in September 2010. Beginning in April 2011, DPW required mandatory training via eLearning for the Notice of Missed Interview (NOMI) procedures. In addition, several updates were made to the SNAP eLearning modules in 2010 and 2011, including the Income module, Reporting Requirements Module, and the Shelter and Standard Utility Allowance Module.
- 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

Finding and Recommendations

conferences to review each worker's Comprehensive Supervisory Review (CSR) results and to offer 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
 - ETP codes desk guide.

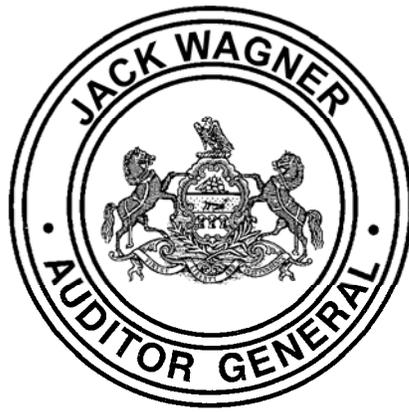
Auditors' Conclusion

Our finding refers to recipients who are required to participate in the Road to Economic Self-Sufficiency through Employment and Training program (RESET). All of the recipients are adults over the age of 18. When we state that recipients are not meeting RESET requirements we are pointing out the need for the CAO to do a compliance review. We encourage DPW to follow through on the sanctioning process when recipients are out of compliance. During our next audit we will determine whether DPW did appropriately follow the sanctioning process when warranted.

With respect to contractor performance reviews and on-site evaluations, it is clear that DPW's current procedures have not been effective in verifying whether or not a recipient is meeting the work hour requirements. Without better monitoring procedures in place, these deficiencies will continue to occur. DPW needs to hold its contractors accountable. Therefore, we continue to recommend that DPW put proper controls in place for CAOs to monitor recipients' participation in training and work activities, including monitoring of outside contractors.

We acknowledge DPW's willingness to improve operations regarding Special Allowances and are encouraged by the corrective actions outlined in this response that were developed to strengthen this program and reduce potential fraud and abuse. However, without improved monitoring, Special Allowance payments will continue to be issued to recipients who are not meeting the work hour requirements or are not using Special Allowances for their intended purposes. We continue to recommend that DPW improve monitoring requirements for the CAO to ensure that Special Allowances are paid only to recipients who are participating in training or work activity.

We will examine the implementation of these additional procedures during our next audit to determine whether or not the action taken adequately addresses the deficiencies noted in this report.



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

AUDIT SUMMARY

Audit Summary

For the audited period, our audit of the Northampton CAO resulted in one finding: CAO management failed to ensure that RESET requirements were met.

Audit Report Distribution List

This report was originally distributed to the following:

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