

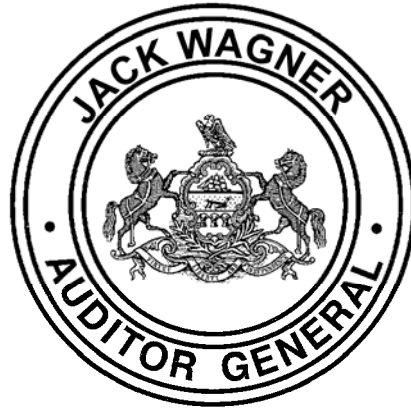
Compliance Audit

of the

Commonwealth of Pennsylvania
Department of Public Welfare
Somerset County Assistance Office

Audit Period

November 8, 2003 to October 21, 2005



Compliance Audit

of the

Commonwealth of Pennsylvania
Department of Public Welfare
Somerset County Assistance Office

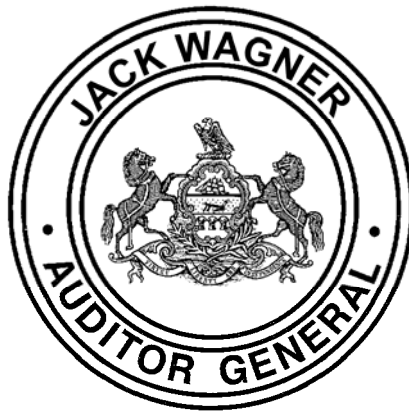
Audit Period

November 8, 2003 to October 21, 2005



CONTENTS

| | Page |
|--|------|
| REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE | 1 |
| BACKGROUND INFORMATION | 4 |
| OBJECTIVES, SCOPE, AND METHODOLOGY | 5 |
| AUDIT SUMMARY | 8 |
| APPENDIX..... | 10 |
| AUDIT REPORT DISTRIBUTION LIST | 11 |



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 stamps 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.

Our audit of the Somerset County Assistance Office, covering the period November 8, 2003 to October 21, 2005, included procedures to determine 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. Procedures included examining, on a test basis, evidence in support of benefits provided, reviewing documentation of County Assistance Office actions and interviewing County Assistance Office personnel and welfare recipients. In addition to the eligibility review, we evaluated the Overpayment Control System.

No significant exceptions were disclosed during our review of recipient eligibility and 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 in excess of those disclosed during our audit.

This report is intended for the benefit of the Somerset County Assistance Office management, Department of Public Welfare officials, and Office of Inspector General officials. It is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

JACK WAGNER
Auditor General

November 22, 2005

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

BACKGROUND INFORMATION
AND
OBJECTIVES, SCOPE, AND METHODOLOGY

Background Information

Department of Public Welfare

The Department of Public Welfare (DPW) provides money, Food Stamps, Medical Assistance 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 at the CAOs and DOs. The handbooks give the caseworker direction on how to use financial and non-financial information to determine an individual's eligibility for cash assistance, food stamp, and medical assistance benefits. The CAH provides guidance on Temporary Assistance to Needy Families (TANF) and General Assistance (GA). TANF is a federally-funded program which provides money for dependent children who are needy because financial support is not available from their parents. The payment is made to parents or relatives who care for the children in family homes. GA is a state-funded program which provides money primarily to single individuals and childless couples who do not have enough income to meet their basic needs. The FSH provides guidance for administering the Food Stamp Program which is operated jointly by the U.S. Department of Agriculture, Food and Nutrition Service, and DPW. The MEH provides guidance for administering the Medical Assistance Program to clients who are eligible for cash assistance, Nonmoney Payment, or Medically Needy Only benefits. DPW makes either direct payment to medical practitioners and vendors of services, medications, and medical supplies, or a capitation payment to contracted managed care organizations.

Objectives, Scope, and Methodology

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 and certain state legislators.

The audit included eligibility reviews of a sample of public assistance cases for the audit period November 8, 2003 to October 21, 2005. We also reviewed the CAO's implementation of procedures for the Overpayment Control System to determine compliance with regulations and policies.

Criteria used in conducting the audit are contained in the publications listed in the Appendix of this report.

Results from the eligibility reviews of the sample of public assistance cases as well as the procedural reviews apply only to CAO files, records, and systems. However, because DPW establishes the CAO policies and procedures as well as maintains their computer information system, the deficiencies and/or exceptions identified during our audit may need to be corrected by DPW. Therefore, our recommendations are directed to DPW as well as the CAO.

As previously noted, due to Internal Revenue Code §6103, the Department no longer has access to recipient resource information contained on the Income Eligibility Verification System Exchanges 4 and 5. (Exchange 4 contains information from the Social Security Administration earnings reference file and Exchange 5 contains information from the Internal Revenue Service unearned income file.) This poses a scope limitation, as the Department cannot ascertain whether the CAO is reviewing information from these two resources as required by Section 1137 of the Social Security Act. Furthermore, without access the Department is unable to verify that the CAO is using all recipient resource information in determining recipient eligibility and calculating benefit amounts.

Reviews of the public assistance cases and the Overpayment Control System determined that CAO personnel complied with required guidelines; therefore, we submitted no findings or observations in these areas.

Objectives, Scope, and Methodology

During the March 6, 2006 exit conference, the Department's staff reviewed the audit results with the Somerset CAO representatives.

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

AUDIT SUMMARY

Audit Summary

Audit Summary

During the course of our audit, we examined 102 out of 449 case records from the Somerset CAO to determine if personnel properly maintained case records in accordance with the DPW policies and procedures, and properly disbursed authorized benefits to eligible recipients in accordance with the rules and regulations established by DPW. Our audit included an examination of the case record material as it relates to the proper interpretation and application of the rules and regulations of DPW pertaining to the recipient's eligibility for public assistance.

Our audit disclosed that no significant exceptions were discovered that would warrant a finding in this audit report.

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

APPENDIX

Appendix

Abbreviations Used in Report

| | |
|------|---|
| ARRC | Automated Restitution Referral and Computation System |
| CAH | Cash Assistance Handbook |
| CAO | County Assistance Office |
| CIS | Client Information System |
| DO | District Office |
| DPW | Department of Public Welfare |
| FSH | Food Stamp Handbook |
| GA | General Assistance |
| IEVS | Income Eligibility Verification System |
| MEH | Medicaid Eligibility Handbook |
| PAEM | Public Assistance Eligibility Manual |
| TANF | Temporary Assistance to Needy Families |

Audit Report Distribution List

This report was originally distributed to the following:

Commonwealth of Pennsylvania

The Honorable Edward G. Rendell
Governor

The Honorable Jake Corman
Majority Chairman
Public Health and Welfare Committee
Senate of Pennsylvania

The Honorable Vincent J. Hughes
Minority Chairman
Public Health and Welfare Committee
Senate of Pennsylvania

The Honorable George T. Kenney, Jr.
Majority Chairman
Health and Human Services Committee
Pennsylvania House of Representatives

The Honorable Frank L. Oliver
Minority Chairman
Health and Human Services Committee
Pennsylvania House of Representatives

The Honorable Linda Bebeko-Jones
Minority Subcommittee Chairperson
Health and Human Services Committee
Pennsylvania House of Representatives

The Honorable Donald L. Patterson
Inspector General
Office of Inspector General

The Honorable Estelle B. Richman
Secretary
Department of Public Welfare

Lynn F. Sheffer
Comptroller
Public Health and Human Services
Department of Public Welfare

Richard Polek
Chief of Audit Resolution Section
Bureau of Financial Operations
Department of Public Welfare

Joanne Glover
Director of Operations
Office of Income Maintenance
Department of Public Welfare

Kathy Jellison
President
PA Social Services Union
Local 668 S.E.I.U. AFL-CIO

County Assistance Office

Betsy Smith
Executive Director
Somerset County Assistance Office

Harold M. Shaulis, Jr.
Chairman
Somerset County Board of Assistance

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, PA 17120. If you have any questions regarding this report or any other matter, you may contact the Department by accessing our website at www.auditorgen.state.pa.us.