

Compliance Audit

of the

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

Audit Period

November 13, 2004 to April 13, 2006





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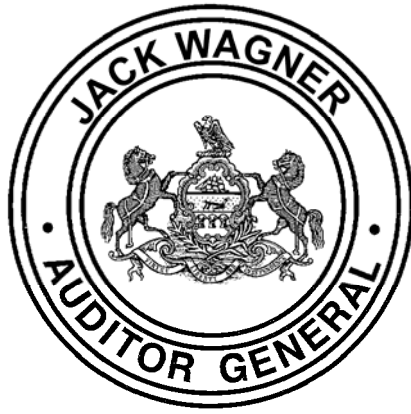
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## **Report of Independent Auditors on Compliance**

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 cash and food stamp eligibility of the Union County Assistance Office covering the period November 13, 2004 to April 13, 2006. 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 Overpayment Control System.

Our report details findings and recommendations that resulted from our eligibility review 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 Union 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

May 18, 2006



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

**BACKGROUND INFORMATION**  
**AND**  
**OBJECTIVES, SCOPE, AND METHODOLOGY**

## ***Background Information***

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### **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 (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***

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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.

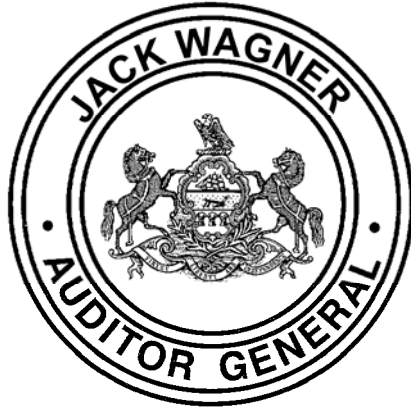
The audit included eligibility reviews of a sample of public assistance cases for the audit period November 13, 2004 to April 13, 2006. We also reviewed the CAO's implementation of procedures for the Overpayment Control System to determine compliance with regulations and policies.

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 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 detected instances of noncompliance; therefore, we submitted findings in these areas.

During the November 1, 2006 exit conference, the Department's staff reviewed these findings and recommendations with the Union CAO representatives. We have included CAO personnel comments, where applicable, in this report.



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

**FINDINGS AND RECOMMENDATIONS**

## ***Findings and Recommendations***

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### **I. Eligibility Audit Results**

During the course of our audit, we examined 75 out of 164 cases from the Union CAO 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.

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 22 exceptions in 16 of the 75 cases examined. The most significant exceptions are discussed in the following findings:

- Failure To Follow Applicable DPW Procedures (refer to Finding 1);
- Failure To Obtain And/Or Document Information Required In Establishing Recipient Eligibility (refer to Finding 2); and
- Failure To Correctly Calculate Recipient Benefits (refer to Finding 3).

## ***Findings and Recommendations***

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### **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 two 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.

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

Failure to verify this information at application and/or reapplication resulted in recipients continuing to receive benefits while not meeting all eligibility requirements. Overpayments of \$562 were written for these cases.

### **Recommendation**

We recommend that the CAO ensure that its personnel follow proper procedure and verify a recipient's compliance with court-ordered payment plans at application and reapplication.

### **Management Response**

In a November 9, 2006 memorandum to the Department, the Union CAO Executive Director provided the following comments:

“Union CAO agrees that two clients were not in compliance with their court ordered payment plans. CAH 104.48 was discussed with caseworkers.”

## ***Findings and Recommendations***

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- **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 one instance where a GA recipient did not apply for SSI benefits. In this case, the recipient was not aware that they were required to do so. This resulted in the recipient continuing to receive benefits without meeting all the conditions of eligibility. Excessive benefits totaling \$658 were paid in this case.

This exception occurred because Disability Advocacy Program (DAP) workers are not working with the client to obtain SSI and the caseworker did not properly utilize information on IEVS which would have indicated whether the client applied for SSI

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

### **Recommendation**

We recommend that the CAO ensure that caseworkers and DAP workers 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 November 9, 2006 memorandum to the Department, the Union CAO Executive Director provided the following comments:

“Union CAO agrees that there was one instance when a GA recipient did not apply for SSI. Caseworkers have been instructed to refer clients to the Disability Advocate when their temporary disability reaches one year.”



## ***Findings and Recommendations***

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### **Finding 2 - 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 10 exceptions. One exception resulted in an overpayment for \$1,025 for a missing Employability Assessment Form which was absent from the case record. In this case, the recipient continued to receive benefits for which they were ineligible. For seven exceptions, records lacked detailed documentation of recipient and CAO actions. A special allowances form, and a reimbursement form were absent from case records. Also, an application form was incomplete. Finally, the social security numbers of recipients and Legally Responsible Relatives (LRRs) were missing or incorrect, or known to the CAO, but not entered into the IEVS.

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 have required forms completed properly. Also, exceptions occurred because weak internal controls exist for interviewing applicants and entering LRR's social security numbers into IEVS at application and reapplication.

Failure to maintain 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 also recommend that the CAO instruct personnel to clearly narrate recipient and caseworker actions in the case record.

#### **Management Response**

In a November 9, 2006 memorandum to the Department, the Union CAO Executive Director provided the following comments:

## ***Findings and Recommendations***

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“Union CAO agrees with this finding. One instance resulted in an overpayment for a missing Employability Assessment Form. Caseworkers have been instructed that, once a client loses at an ALJ hearing, an Employability Assessment is needed.

There were four instances when a special allowance form and a reimbursement form were absent from case records. This was due to the clerical section cleaning records and disposing of these forms. Our clerical section has been instructed not to do this.

Finally, there was one instance when a newborn’s social security number, and two legally responsible relatives’ (LRRs’) social security numbers were not entered into IEVS. Caseworkers reminded of the importance of the social security number issues.”

### **Finding 3 - Failure To Correctly Calculate Recipient Benefits**

Our audit disclosed that in five instances, the CAO incorrectly computed recipient benefits which resulted in underpayments of \$431.

Chapter 910 of the SH, the CAH, the FSH, and the ARRC Manual contain policies and procedures to follow to correctly determine recipient benefits.

The computation and budgeting determination exceptions were caused by the CAO personnel’s failure to properly calculate benefits in accordance with DPW policies and procedures. Specifically, CAO personnel failed to remove SSI and Unemployment Compensation income when computing benefits, thereby resulting in underpayments to clients. In addition, CAO personnel also failed to remove and apply the correct child support payments when computing client benefits.

### **Recommendation**

We recommend that the CAO ensure that personnel are properly trained to determine cash and food stamp benefits. We also recommend that the CAO consider all income and allowable deductions when completing the budgeting process.

## ***Findings and Recommendations***

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### Management Response

In a November 9, 2006 memorandum to the Department, the Union CAO Executive Director provided the following comments:

“Union CAO agrees that there were five instances when caseworkers made mistakes in computing benefits. Refresher training has been conducted to try to eliminate these types of errors.”

### **Status of Prior Audit Finding**

#### **Overpayments and Other Exceptions Totaling \$5,519 Occurred as a Result of Recipients Withholding Information and Case Record Maintenance Exceptions**

Our current audit covering the period November 13, 2004 to April 13, 2006 disclosed that inadequate/incorrect recipient information and case record management exceptions continue to occur at the Union CAO therefore, a repeat finding is warranted. Refer to Findings 1, 2 and 3 located on page 9 through page 12 for additional discussion on these issues.

## ***Findings and Recommendations***

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### **II. Overpayment Control System**

#### **Finding 4 - Untimely Verification And Referral Of Overpayments And Over-Issuances Totaling \$739 Occurred As A Result Of Procedural Deficiencies In The Overpayment Control System**

We reviewed the Union CAO Overpayment Control System to determine if CAO personnel properly investigated suspected overpayments, controlled and documented investigations, and referred verified overpayments timely. From 10 entries listed as pending on the ARRC Daily Caseload Detail Report dated February 10, 2006, we selected 2 cases. From 112 entries listed as “N” coded on the ARRC Daily Caseload Detail Report dated February 14, 2006, we selected 22 cases.

Our review disclosed that in two cases, CAO personnel failed to complete the referral preventing timely notification to the 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.

The section further provides that in order to recover through recoupment, the OIG must notify the client 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 the CAO staff did not follow procedures that are in place to refer overpayments within the required timeframes. 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 \$311 and over-issuances of \$428.

#### **Recommendation**

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

## ***Findings and Recommendations***

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### Management Response

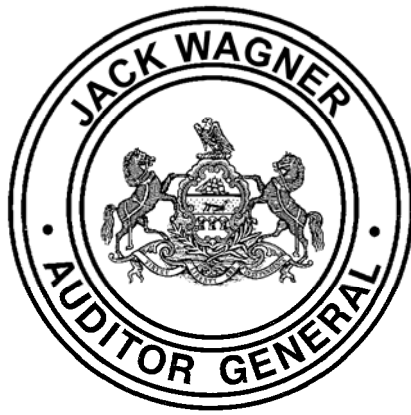
In a November 9, 2006 memorandum to the Department, the Union CAO Executive Director provided the following comments:

“Union CAO agrees that there were two instances when caseworkers completed overpayment referrals, but did not complete them within the 60-day time limit. Caseworkers have been instructed to complete overpayment referrals with 60 days. Supervisors will be monitoring this.”

### **Status of Prior Audit Finding**

#### **Untimely Verification and Referral of Overpayments and Over-Issuances Totaling \$258 and Overstated and Understated Overpayments Totaling \$351 Occurred as a Result of Procedural Deficiencies in the Overpayment Control System**

Our current audit covering the period November 13, 2004 to April 13, 2006 disclosed that procedural deficiencies continue to exist at the Union CAO in the execution of the Overpayment Control System; therefore, a repeat finding is warranted. Refer to Finding 4 on page 14 for additional discussion on this issue.



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

**AUDIT SUMMARIES  
GLOSSARY  
AND  
APPENDIX**

## ***Audit Summaries***

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### **Eligibility Audit Results**

	<b>Cases at CAO</b>	<b>Cases Reviewed</b>	<b>Cases with Errors</b>
<b><u>Current</u></b>	<b>164</b>	<b>80</b>	<b>16</b>
<b><u>Prior</u></b>	<b>162</b>	<b>162</b>	<b>24</b>

### **Other Results**

<b><u>PROGRAM</u></b>	<b><u>No. of Cases</u></b>	<b><u>Monetary Effect</u></b>
<b>Overpayment Control System:</b>		
CAO personnel failed to make referrals timely to OIG.	<u>2</u>	<u>\$739</u>
<b>TOTALS:</b>	<b><u>2</u></b>	<b><u>\$739</u></b>



## ***Glossary***

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### **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:**

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*

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### Abbreviations Used in Report

ALJ	Administrative Law Judge
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
FSH	Food Stamp Handbook
GA	General Assistance
IEVS	Income Eligibility Verification System
LRR	Legally Responsible Relative
MEH	Medicaid Eligibility Handbook
OIG	Office of Inspector General
OPS	Operations Memorandum
SH	Supplemental Handbook
SPT	Support Pass-Through
SSA	Social Security Administration
SSI	Supplemental Security Income
TANF	Temporary Assistance to Needy Families

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

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This report was originally distributed to the following:

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The Honorable Edward G. Rendell  
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### County Assistance Office

Gerald Gemberling  
Executive Director  
Union County Assistance Office

Matthew Silberman  
Chairperson  
Union 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](http://www.auditorgen.state.pa.us).