

Compliance Audit

of the

Commonwealth of Pennsylvania
Department of Public Welfare
Westmoreland County Assistance Office
Greensburg District

Audit Period
July 17, 2004 to June 2, 2006



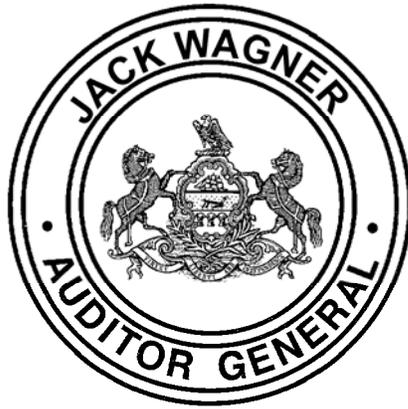
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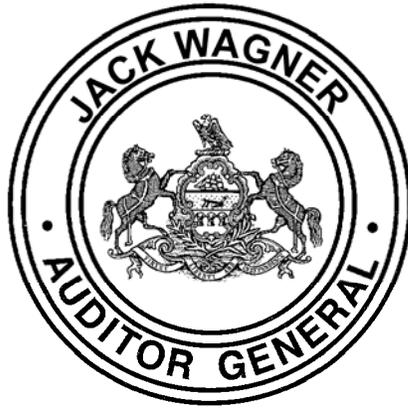
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Report of Independent Auditors on Compliance

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 at the Westmoreland County Assistance Office, Greensburg District, covering the period July 17, 2004 to June 2, 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 Emergency Fund Advancement Account and the Overpayment Control System.

Our report details findings and recommendations that resulted from our eligibility review and our review of the Overpayment Control System. No exceptions were disclosed during our review of the Emergency Fund Advancement Account.

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 Westmoreland County Assistance Office, Greensburg 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

July 7, 2006

**Commonwealth of Pennsylvania
Department of Public Welfare
Westmoreland County Assistance Office
Greensburg District**

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 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 and certain state legislators.

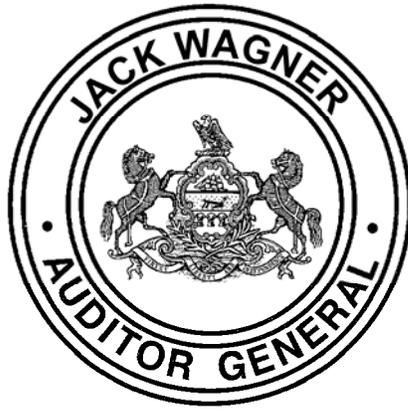
The audit included eligibility reviews of a sample of public assistance cases for the audit period July 17, 2004 to June 2, 2006. We also reviewed the CAO's implementation of procedures for the Emergency Fund Advancement Account (EFAA) and the Overpayment Control System to determine compliance with regulations 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 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. Review of the EFAA determined that CAO personnel complied with required guidelines therefore; we submitted no finding in this area.

During the January 19, 2007 exit conference, the Department's staff reviewed these findings and recommendations with the Westmoreland CAO, Greensburg District representatives. We have included CAO personnel comments, where applicable, in this report.



**Commonwealth of Pennsylvania
Department of Public Welfare
Westmoreland County Assistance Office
Greensburg District**

FINDINGS AND RECOMMENDATIONS

Findings and Recommendations

I. Eligibility Audit Results

During the course of our audit, we examined 139 out of 1,748 cases from the Westmoreland CAO, Greensburg 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.

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 48 exceptions in 35 of the 139 cases examined. The most significant exceptions are discussed in the following findings:

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

Findings and Recommendations

Finding 1 - 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 22 instances, recipients failed to properly report income.

This resulted in recipients receiving benefits without meeting all eligibility requirements. Overpayments of \$3,035 were written in 6 cases.

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 instruct personnel to verify all income and resources reported by recipients and third-parties by following the guidelines provided in the CAH and the FSH.

Management Response

In a January 31, 2007 memo to this Department, the Westmoreland CAO, Greensburg District Executive Director agrees with the finding and provided the following comment:

“Caseworkers have been instructed to distribute Semi-Annual Reporting requirement hand-outs at all application interviews and renewals. A supply of these hand-outs was distributed to staff. Copy posted in each Intake Booth to serve as a reminder to caseworkers and customers.

Income Maintenance Supervisors will:

- ❖ Remind caseworkers of the need for vigilance in emphasizing the importance of reporting complete AND accurate information about changes to their customers.
- ❖ Perform Targeted Supervisory Reviews on a monthly basis in error prone areas as directed by CAO Management.

Findings and Recommendations

- ❖ Stress the importance of caseload management skills to Income Maintenance Caseworkers at their monthly supervisor/worker conferences as well as during manager/supervisor conferences or meetings.
- ❖ Applicants and recipients will be given a PA 239 SP (FS Change Report Form) at every application and reapplication AND caseworkers will review policies/procedures for reporting changes.
- ❖ Provide training to the staff regarding the SAR Policy and its impact on Benefits; stress the importance of reviewing system-cleared IEVS.”

Finding 2 - Failure To Follow Applicable DPW Procedures

SPT adjustments are increases in recipients’ cash benefits which occur when the Domestic Relations Office forwards child support money for recipients to DPW for the recipient. Because food stamp benefits are based on a recipient's income, this increase in cash benefits may result in a decrease in the recipient's food stamps. The FSH establishes provisions for adjusting the SPT to the food stamp benefits.

Eleven exceptions, resulting in \$157 in over-issuances and \$343 in underpayments, occurred because the automated system failed to consistently adjust the SPT to the recipient’s food stamp benefits, even though the information was directly available to the CAO.

Recommendation

We recommend that the CAO review SPT income to ensure that it is consistently adjusted on the system, and make manual adjustments when the system fails. We also recommend that DPW investigate the cause of what appears to be a system failure.

Management Response

In a January 31, 2007 memo to this Department, the Westmoreland CAO, Greensburg District Executive Director agrees with the finding and provided the following comment:

Findings and Recommendations

“Caseworkers were reminded to review Support Pass Thru Payments at application, renewal and SAR – review must include a review of support payments made for the entire recertification period on a month by month basis.

Staff has been advised to contact the designated Income Maintenance Supervisor when a system issue regarding incorrect adjustment of support pass-thru (SPT) income occurs so that a timely report can be made to the CIS Hotline.”

- **Failure to request/verify recipient income or resources.**

Our audit revealed that five exceptions occurred because CAO personnel failed to request/verify recipient resources. During our audit, we determined through re-application narratives that the recipient had earned income in the previous tax year.

Exceptions occurred because personnel failed to follow reapplication procedures and request and verify income tax returns for IRS refunds.

The CAH and the FSH provide guidelines for verifying tax refunds and resources listed on recipient applications.

Recommendation

We recommend that the CAO instruct personnel to verify all income and resources reported by recipients and third-parties by following the guidelines provided in the CAH and the FSH.

Management Response

In a January 31, 2007 memo to this Department, the Westmoreland CAO, Greensburg District Executive Director agrees with the finding and provided the following comment:

“The following corrective action will be taken for Tax Year 2006:

- ❖ Copies of a Tax Season Reminder handout will be placed on the chairs in the CAO reception area during the months of February,

Findings and Recommendations

March and April, 2007 informing all applicants and recipients of their responsibility to verify all income tax refunds.

- ❖ CAO staff will receive updated material regarding the appropriate handling of tax refund information.”

Status of Prior Audit Finding

Overpayments and Other Exceptions Totaling \$7,690 Occurred as a Result of Recipients Withholding Information and Case Record Maintenance Exceptions

Our current audit covering the period July 17, 2004 to June 2, 2006 disclosed that inadequate/incorrect recipient information and case record management exceptions continue to occur at the Westmoreland CAO, Greensburg District; therefore, a repeat finding is warranted. Refer to the bullets in Findings 1 & 2 located on pages 9 and 10 for additional discussion on these issues.

Findings and Recommendations

II. Overpayment Control System

Finding 3 - Untimely Verification And Referral Of Over-Issuances Totaling \$139 Occurred As A Result Of Procedural Deficiencies In The Overpayment Control System

We reviewed the Westmoreland CAO, Greensburg District Overpayment Control System to determine if CAO personnel properly investigated suspected overpayments, controlled and documented investigations, and referred verified overpayments timely. From 240 entries listed as pending, completed, or overpayment (O coded) on the ARRC Daily Caseload Detail Report dated January 6, 2006, we selected 24 cases.

Our review disclosed 11 exceptions where CAO personnel failed to ensure a second Request for Employment Information 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.

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

Failure to ensure that second PA78s were sent timely resulted in one over-issuance of \$139.

Recommendation

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

Management Response

The CAO management provided no written response to this finding.

Findings and Recommendations

Status of Prior Audit Finding

Untimely Verification and Referral of Overpayments and Over-Issuances Totaling \$697 Occurred as a Result of Procedural Deficiencies in the Overpayment Control System

Our current audit covering the period July 17, 2004 to June 2, 2006 disclosed that procedural deficiencies continue to exist at the Westmoreland CAO, Greensburg District in the execution of the Overpayment Control System; therefore, a repeat finding is warranted. Refer to Finding 3 on page 13 for additional discussion on this issue.

**Commonwealth of Pennsylvania
Department of Public Welfare
Westmoreland County Assistance Office
Greensburg District**

**AUDIT SUMMARIES
GLOSSARY
AND
APPENDIX**

Audit Summaries

Eligibility Audit Results

	Cases at CAO	Cases Reviewed	Cases with Errors
<u>Current</u>	1,748	139	35
<u>Prior</u>	923	369	85

Other Results

<u>PROGRAM</u>	<u>No. of Cases</u>	<u>Monetary Effect</u>
Overpayment Control System:		
CAO personnel failed to ensure second request was sent timely.	<u>11</u>	<u>\$139</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:

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:

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

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
EFAA	Emergency Fund Advancement Account
FSH	Food Stamp Handbook
GA	General Assistance
IEVS	Income Eligibility Verification System
MEH	Medicaid Eligibility Handbook
OPS	Operations Memorandum
SAR	Semi-Annual Reporting
SH	Supplemental Handbook
SPT	Support Pass-Through
SSI	Supplemental Security Income
TANF	Temporary Assistance to Needy Families

Audit Report Distribution List

This report was originally distributed to the following:

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The Honorable Estelle B. Richman
Secretary
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