

Compliance Audit

of the

Commonwealth of Pennsylvania
Department of Public Welfare
Berks County Assistance Office

Audit Period

April 26, 2003 to July 29, 2005



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CONTENTS

	Page
REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE	1
BACKGROUND INFORMATION	4
OBJECTIVES, SCOPE, AND METHODOLOGY	5
FINDINGS AND RECOMMENDATIONS	
I. Random Eligibility Audit Results	
Finding 1 - CAO personnel failed to follow applicable DPW procedures	9
Finding 2 – CAO personnel failed to ensure that eligibility update information is adequately maintained	13
Finding 3 - CAO personnel incorrectly determined recipient benefits	14
Finding 4 - CAO personnel failed to close recipients’ case records	15
Finding 5 - CAO personnel failed to obtain and/or document information required in establishing recipient eligibility.....	16
II. Overpayment Control System	
Finding 6 - Untimely Verified and Untimely Referred Over-Issuances Totaling \$12,611 Occurred as a Result of Procedural Deficiencies in the Overpayment Control System	18
III. Petty Cash Fund	
Finding 7 - Procedural Deficiencies Exist in the Oversight of the Petty Cash Fund	21

CONTENTS

AUDIT SUMMARIES	24
GLOSSARY	25
APPENDIX.....	27
AUDIT REPORT DISTRIBUTION LIST	31

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 audits these County Assistance Offices.

Our audit of the Berks County Assistance Office, covering the period April 26, 2003 to July 29, 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. Audit criteria are listed in the Appendix to this report; however, depending on the issues encountered in the audit sample, not all listed criteria may apply to this particular audit. 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, other areas evaluated were the Overpayment Control System and the Petty Cash Fund.

Our eligibility reviews identified non-monetary exceptions as well as \$54,045 in net monetary exceptions. Procedural deficiencies that weakened internal controls were identified during our review of the Petty Cash Fund. Overpayments totaling \$12,611 that were not appropriately referred to the Office of Inspector General for collection were identified during our review of the Overpayment Control System. Our audit disclosed a total of \$66,656 in exceptions.

It should be noted that as a result of Internal Revenue Code §6103, the Department no longer has access to Income Eligibility Verification System exchanges 4 and 5. Because this poses a scope limitation, exceptions and/or deficiencies may exist in excess of those disclosed during our audit.

This report is intended for the benefit of the Berks 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

September 21, 2005

**Commonwealth of Pennsylvania
Department of Public Welfare
Berks 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 (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 at the CAOs. 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 (NMP), or Medically Needy Only (MNO) benefits. DPW makes direct payments to practitioners and vendors for services, medications, and medical supplies.

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.

This audit included eligibility reviews of a sample of public assistance cases for the audit period April 26, 2003 to July 29, 2005. We also reviewed the CAO's implementation of procedures for the Overpayment Control System and the Petty Cash Fund (PCF) to determine compliance with regulations and policies.

Criteria used in conducting this 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 exceptions identified during our audit may need to be corrected by DPW. Therefore, our recommendations are directed to DPW as well as the Berks CAO.

As previously noted, due to Internal Revenue Code §6103, the Department no longer has access to recipient resource information contained on Income Eligibility Verification System 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 can not ascertain whether the Berks 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 Overpayment Control System, and the PCF detected instances of noncompliance; therefore, we submitted findings in these areas.

Objectives, Scope, and Methodology

During the December 28, 2005 exit conference, the Department's staff reviewed these findings and recommendations with the Berks CAO representatives. We have included CAO personnel comments, where applicable, in this report.

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

FINDINGS AND RECOMMENDATIONS

Findings and Recommendations

I. Random Eligibility Audit Results

During the course of our audit, we examined 416 out of 3,868 case records from the Berks 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. Our audit disclosed 318 exceptions in 184 of the 416 cases examined. A comparison of current audit results to prior audit results can be found in a table in the Audit Summaries section of this report.

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 of the Berks CAO 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; and
- Client Information System (CIS) Manual.

The net monetary value of the 318 exceptions was \$54,045. Of this amount, the most significant exceptions are discussed in the following findings:

- CAO personnel failed to follow applicable DPW procedures (refer to Finding No. 1);
- CAO lacks procedures for identifying instances where recipients fail to provide proper eligibility information (refer to Finding No. 2);
- CAO personnel incorrectly determined and/or calculated recipient benefits (refer to Finding No. 3);
- CAO personnel failed to close recipients' case records (refer to Finding No. 4); and

Findings and Recommendations

- CAO personnel failed to obtain and/or document information required in establishing recipient eligibility (refer to Finding No. 5).

Finding 1 - CAO personnel failed 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 in the following areas:

- **Automated Restitution Referral and Computation System**

The ARRC System is a database system designed to track potential overpayments from the point of discovery through the verification and calculation process to the automated transfer of the established claim to the OIG.

During our audit, we found that CAO personnel failed to compute overpayments, or failed to compute overpayments timely on ARRC. When verification of an overpayment was received by the CAO, overpayments were not computed on ARRC within the required 60 days. Also, CAO personnel incorrectly entered data on ARRC. This resulted in 44 exceptions totaling approximately \$13,000 in subsequent overpayments.

The ARRC Manual contains policies and procedures to follow to correctly compute overpayments.

Recommendations

The Berks CAO should instruct personnel to timely compute overpayments. All verified overpayments should be processed within 60 days of receipt of verification. The CAO should also implement internal control procedures to ensure the proper completion of the recommended tasks.

CAO Management Response

In a January 17, 2006 letter to the Department, the Berks CAO Executive Director referenced various DPW policy changes, shifts in budgeting methods and reporting requirements, and a system database replacement during the audit period which, the Executive Director notes, contributed to the untimely processing of overpayments.

Findings and Recommendations

The Executive Director commented that:

“ . . . during the Audit, the Berks CAO provided the Auditors with a copy of an ongoing corrective action plan titled ‘Berks CAO 189 Overpayment Corrective Action Plan’. In May, 2005, the Berks CAO assigned 5 additional IMW staff to address our backlog of recipient claims. Evaluation as to the effectiveness of this ongoing corrective action reveals that a reduction of 76% in recipient claims outside of the 60 day filing requirement has occurred. The Berks CAO asks that this effort be recognized in the final report.”

Auditor’s Conclusion

The Department acknowledges the contributing factors to the CAO’s untimely processing of overpayments, and the CAO’s implementation of an ongoing corrective action plan that began in May of 2005. However, the contributing factors do not change the content of the finding. Therefore, our finding will remain as written. Our auditors will review the corrective action plan during the conduct of our next audit.

- **Income Eligibility Verification System**

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 county eligibility caseworker to aid in the determination of eligibility and the amount of the benefit the recipient should receive.

During our audit, we found that CAO personnel failed to review, reconcile, and verify information on IEVS, including wage information reported by employers. This resulted in 42 exceptions totaling approximately \$14,200 in subsequent overpayments.

The criteria for reviewing IEVS information can be found in the IEVS Manual, CAH and FSH.

Findings and Recommendations

Recommendations

The Berks CAO should implement procedures to ensure that its personnel review, reconcile and verify information contained on IEVS.

CAO Management Response

In a January 17, 2006 letter to the Department, the Berks CAO Executive Director referenced various DPW policy changes, shifts in budgeting methods and reporting requirements, and a system database replacement during the audit period which, the Executive Director notes, contributed to the untimely processing of overpayments.

The Executive Director also commented that:

“In light of the fact that information contained in the IEVS system is linked to the process of overpayment referrals in the ARRC system, the Berks CAO respectfully requests that the Auditor General acknowledge this system deficiency and that it is outside of the control of the Berks CAO personnel as a contributing factor to IEVS exceptions being identified in your final report.”

Auditor’s Conclusion

The Department acknowledges the contributing factors to the CAO’s untimely processing of overpayments, including the system deficiency as mentioned in the above CAO response. However, the contributing factors do not change the content of the finding, in that CAO personnel should review, reconcile and verify information on the IEVS system. Therefore, our finding will remain as written.

- **CAO personnel failed to request/verify recipient income**

During our audit, we found that CAO personnel failed to request/verify recipient income or resources. This resulted in 25 exceptions totaling approximately \$1,600 in subsequent overpayments.

Most exceptions occurred because personnel failed to request or verify when recipients reported job starts to the CAO, or personnel learned of employment through a third-party.

Findings and Recommendations

The CAH and the FSH provide guidelines for requesting and/or verifying job starts and resources listed on client applications.

Recommendations

The Berks CAO should 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.

CAO Management Response

The Berks CAO Executive Director provided no written response to this section of Finding 1.

- **CAO personnel did not close or timely adjust recipients' benefits**

Exceptions occurred because caseworkers did not thoroughly review documentation presented by the applicant/recipient or did not review information already contained in the case record prior to making a determination of eligibility. CAO personnel failed to adjust or close benefits when information regarding income or resources was verified. Caseworkers also failed to suspend and close benefits timely when clients failed to provide verification. Five exceptions occurred in this sub-category causing overpayments of approximately \$3,300.

The CAH and FSH contain policies and procedures to follow to correctly determine recipients' benefits.

Recommendations

The Berks CAO should instruct personnel to review and document all materials presented by recipients. Income and resources should be data entered into CIS upon verification. The CAO should also stress the need to follow up with timely case action, including suspending and closing benefits, when the recipient does not provide required verification requested by the CAO. Additionally, case records should narrate all changes and indicate whether or not clients provided verification.

Findings and Recommendations

CAO Management Response

The Berks CAO Executive Director provided no written response to this section of Finding 1.

Finding 2 - CAO personnel failed to ensure that eligibility update information is adequately maintained

During our audit, required verification needed to determine welfare eligibility was not reported by the recipient in 24 exceptions. We determined that income was improperly reported to the CAO. This situation presents the possibility that welfare recipients may receive benefits to which they are not entitled. Failure to provide proper verification to the CAO resulted in incorrectly disbursed benefits and overpayments of approximately \$10,400.

The CAH and the FSH establish requirements for recipients to report information that affects eligibility. The IEVS manual provides requirements for CAOs to review automated matches with state and federal sources.

Recommendations

The Berks CAO should consider reviewing a sample of cases that would be susceptible to this type of error. The results of such a review could be used to determine if additional procedures should be put into place by the Berks CAO to eliminate such instances from occurring in the future.

CAO Management Response

In a January 17, 2006 letter to the Department, the Berks CAO Executive Director provided the following comment:

“The Berks CAO is requesting that Finding # 2 be removed from this report as the Auditor General language contained in this finding leaves the uninformed reader of this report with the perceived conclusion that the Berks CAO bears the responsibility for recipient error as implied in the AG Recommendation to complete case reviews on records with questionable circumstances. This language fails to take into account the routine Berks CAO practice of completing monthly Comprehensive

Findings and Recommendations

Supervisory Reviews and Targeted Supervisory Reviews on highly error prone cases identified through Quality Control reviews.”

Auditor’s Conclusion

The Department acknowledges the Berks CAO’s practice of completing monthly Comprehensive and Targeted Supervisory Reviews. However, the Executive Director does not indicate whether or not the results of such a review were used to determine if additional procedures should be put in place by the CAO to eliminate these types of instances from occurring in the future.

Finding 3 - CAO personnel incorrectly determined recipient benefits

Our audit disclosed that CAO personnel incorrectly computed recipient benefits, incorrectly computed overpayment amounts and used improper budgeting methods. We also noted that CAO personnel incorrectly determined eligibility/amounts of special allowances. Sixteen exceptions were found resulting in \$5,100 in overpayments to recipients.

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. CAO personnel failed to take countable earned income (income that is not exempt or excluded from benefit determination), unearned income, and/or allowable deductions into consideration when completing the budget process. Personnel also failed to verify gross income properly using pay stubs and statements from employers.

Special allowances for clothing and transportation were issued to recipients to attend training and work-related activities. Exceptions occurred when CAO personnel incorrectly calculated special allowances, or recipients received special allowances for which they were not entitled.

The CAH and the FSH contain policies and procedures to follow to correctly determine recipient benefits.

Recommendations

The Berks CAO should instruct CAO personnel to review DPW policies and procedures for determining cash and food stamp benefits by considering all income and allowable

Findings and Recommendations

deductions when computing benefits. Furthermore, the Berks CAO personnel should closely monitor cases in which special allowances are issued. When the CAO is notified that recipients have not attended training, completed job searches, or accepted employment, caseworkers should review the related special allowances. CAO caseworkers should also calculate and file any overpayments, where applicable.

CAO Management Response

The Berks CAO Executive Director provided no written response to this finding.

Finding 4 - CAO personnel failed to close recipients' case records

During our audit, recipients failed to report to scheduled interviews with auditors. Consequently, auditors could not conclude that case record information was correct or if eligibility was correctly determined by the CAO. Eight exceptions occurred due to recipients failing to cooperate with the audit. This resulted in the CAO closing \$2,546 in cash assistance benefits.

NOTE: Contrary to DPW policy, the Berks CAO did not close the FS grants for five of the eight exceptions submitted. The total amount of FS grant closures should have been \$1,325.

The SH, CAH, and FSH establish requirements for recipients to cooperate with all reviews of eligibility. Failure to cooperate with such reviews can result in ineligibility.

Recommendations

The Berks CAO should send notice to close the FS grants of recipients who fail to cooperate with reviews of eligibility. Additionally, CAO personnel should review policy and procedures relating to the responsibilities of FS household members.

CAO Management Response

In a January 17, 2006 letter to the Department, the Berks CAO Executive Director provided the following comment, in part:

Findings and Recommendations

“In view of the need to interpret Food Stamp policy in order to resolve the five exceptions regarding Food Stamp recipient failure to cooperate, the Berks CAO submitted a formal request for a policy clarification on 10/12/05 (tracking #TR12632). Until the Secretary interprets her regulations as found at Food Stamp Handbook Section 503.42, the Auditor General, operating within the limits of its authority, cannot hold the Berks CAO responsible for failing to take action to close the five Food Stamp cases referred to in Finding #4,”

Auditor’s Conclusion

Until the Secretary rules on this policy clarification, the finding will remain as written.

Finding 5 - CAO personnel failed 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. Case records and/or CIS lacked detailed documentation of client and CAO actions. Forms were missing and case narratives were incomplete. Also, 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 IEVS.

The CAH, FSH, and IEVS Manual, Chapter 1, establish the procedures to be followed when obtaining and documenting recipient eligibility.

Case records lacking required information and material were the result of caseworker oversight and high caseload volumes. Case records did not detail the case narrative regarding special allowance benefits, contributing to poor case management. Exceptions dealing with LRRs not being entered into IEVS were also the result of caseworker oversight and high caseloads, but they may have also occurred due to automated purges from the IEVS system. Not entering LRRs into IEVS hindered CAOs from determining whether or not LRRs had third party medical resources carried through their employers.

Recommendations

The Berks CAO supervisors should stress to caseworkers 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

Findings and Recommendations

cited handbooks. The CAO should also stress the need to clearly narrate recipient and caseworker actions in the case record. DPW may need to update IEVS system software so LRRs are not purged from the database.

CAO Management Response

The Berks CAO Executive Director provided no written response to this finding.

Status of Prior Audit Finding

Overpayments and Other Exceptions Totaling \$28,698 Occurred as a Result of Recipients Withholding Information and Case Record Maintenance Exceptions

The random sample results of the prior audit covering the period June 9, 2001 to April 25, 2003 disclosed potential and actual benefit savings of \$27,403, administrative underpayments of \$1,379, and case closures of \$1,167.

The prior response to this finding indicated DPW and Berks CAO personnel agreed with our recommendations and initiated corrective actions.

Our current audit covering the period April 26, 2003 to July 29, 2005 disclosed that inadequate/incorrect recipient information and case record management exceptions continue to occur at the Berks CAO. For additional discussion on these issues, refer to Findings 1, 3, and 5 on pages 9, 14, and 16 for case record management exceptions and Findings 2 and 4 on pages 13 and 15 for inadequate/incorrect recipient information.

Findings and Recommendations

II. Overpayment Control System

Finding 6 - Untimely Verified and Untimely Referred Over-Issuances Totaling \$12,611 Occurred as a Result of Procedural Deficiencies in the Overpayment Control System

We reviewed the Berks CAO Overpayment Control System to determine if CAO personnel properly investigated suspected overpayments, controlled and documented investigations, and referred verified overpayments timely. From the ARRC Daily Caseload Detail Report, dated March 15, 2005, we selected 100% of the overpayment cases, as well as a sample of 52 cases from the entries listed as pending.

Our review disclosed the following exceptions:

- **In 67 cases, CAO personnel failed to compute verified overpayments**

Exceptions occurred when verification of an overpayment was received by the CAO, but the overpayment was not computed on the ARRC system. CAO personnel stated that exceptions occurred due to high volumes of overpayments on the ARRC system. Caseload responsibilities, staffing turnover, policy changes, and ARRC system deficiencies were other factors that attributed to these exceptions. Since no supervisory follow-up was performed to ensure that these overpayments were computed timely, OIG was not notified within the required 60 days. Lack of internal controls to track and compute overpayments and wage verification resulted in incorrect or untimely overpayments totaling \$9,869.

Chapter 910 of the SH and the ARRC Manual both provide guidelines for computing overpayments correctly and timely.

Recommendations

We recommend that the Berks CAO instruct personnel to compute all verified overpayments within 60 days of receipt of that verification. We further recommend the CAO review internal control procedures for tracking wage information, computing verified overpayments, and reviewing computed overpayments. The Berks CAO should review its staff complement and take appropriate action to ensure that personnel can adequately perform ARRC responsibilities.

Findings and Recommendations

- **In 33 cases, CAO personnel failed to contact non-responding employers**

These exceptions occurred when employers failed to respond to requests for wage verification within 45 days of the initial request. Caseworkers failed to timely contact employers within 10 days to verify employer addresses.

Failure to contact employers timely may have delayed procedures to recover incorrectly disbursed benefits. Also, failure to contact employers hindered procedures to send a second PA78 request. Ultimately, auditors obtained wage verification that could have been verified by the CAO, causing overpayments.

This deficiency occurred because of high volumes of overpayments on the ARRC system. Caseload responsibilities, staffing turnover, policy changes, and ARRC system deficiencies were other factors that attributed to these exceptions. Additionally, CAO supervisors failed to review the “Non-responding Employer” list. Failure to contact non-responding employers resulted in overpayments and over-issuances of \$2,742.

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

Recommendations

The Berks CAO should instruct personnel to contact employers within 10 work days after reviewing the “Non-responding Employer” list. Caseworkers should also verify employer addresses. The Berks CAO should also review its staff complement and take appropriate action to ensure that personnel can adequately perform ARRC responsibilities.

CAO Management Response

In a January 17, 2006 letter to the Department, the Berks CAO Executive Director referenced a system database replacement problem that occurred during the audit period which, the Executive Director notes, contributed to the untimely processing of overpayments.

The Executive Director commented that:

Findings and Recommendations

“During the Audit, the Berks CAO provided the Auditors with a copy of an ongoing corrective action plan titled ‘Berks CAO 189 Overpayment Corrective Action Plan’. In May, 2005, the Berks CAO assigned 5 additional IMW staff to address our backlog of recipient claims. Evaluation as to the effectiveness of this ongoing corrective action reveals that a reduction of 76% in recipient claims outside of the 60 day filing requirement has occurred. The Berks CAO asks that this effort be recognized in the final report.”

Auditor’s Conclusion

The Department acknowledges the contributing factors to the CAO’s untimely processing of overpayments, and the CAO’s implementation of an ongoing corrective action plan that began in May of 2005. However, the contributing factors do not change the content of the finding. Therefore, our finding will remain as written. Our auditors will review the corrective action plan during the conduct of our next audit.

Status of Prior Audit Finding

Untimely Verification and Referral of Overpayments and Over-Issuances Totaling \$12,074 Occurred as a Result of Procedural Deficiencies in the Overpayment Control System

Our current audit covering the period April 26, 2003 to July 29, 2005 disclosed that procedural deficiencies continue to exist at the Berks CAO in the execution of the Overpayment Control System; therefore, a repeat finding was warranted. Refer to the bullets in Finding 6 on page 18 for additional discussion on these issues.

Findings and Recommendations

III. Petty Cash Fund

Finding 7 - Procedural Deficiencies Exist in the Oversight of the Petty Cash Fund

We audited the Berks CAO Petty Cash Fund to determine cash count, fund use, and payment documentation from April 26, 2003 through July 29, 2005. During this period, the Berks CAO was responsible for a cash assistance caseload of 3,868 and included recipients who were eligible for disbursements to pay transportation costs. The CAO is authorized to maintain \$200 in their PCF.

- **CAO personnel issued a PCF disbursement to two ineligible persons**

Our review of 13 Petty Cash Vouchers (PA 122-PC) disclosed two recipients received reimbursement for parking and transportation. The recipients were not active cash benefit recipients or active in the Employment and Training Program (ETP) at the time of issuance.

Chapters 135 and 138 of the CAH provide procedures and guidelines for issuing PCF disbursements.

These errors occurred because caseworkers failed to review case records and CIS information prior to issuing the PCF. Consequently, two recipients received PCF disbursements for which they were not eligible.

- **CAO personnel failed to properly complete four Petty Cash Vouchers**

Personnel failed to include reasons that petty cash was issued on four PCF vouchers (PA 122-PCs). Caseworkers only indicated the actual expense that was paid. Vouchers did not include reasons such as redeterminations or RESET interviews, but rather only the type of transportation that was paid, i.e., bus or car fare.

Errors occurred because personnel either disregarded or were unfamiliar with DPW procedures outlined in CAH, Chapter 138 to establish eligibility of Petty Cash reimbursement.

Failure to properly complete the vouchers resulted in incomplete documentation of PCF disbursements. Consequently, auditors could not determine whether or not

Findings and Recommendations

recipients were actually eligible for PCF disbursements. Therefore, recipients may have been ineligible to receive PCF payments.

Recommendations

The Berks CAO should consider instructing caseworkers to review case records and CIS information prior to issuing PCF disbursements. Caseworkers should also review PCF policies and procedures for proper completion of PCF vouchers (PA 122-PCs).

CAO Management Response

The Berks CAO Executive Director provided no written response to this finding.

**Commonwealth of Pennsylvania
Department of Public Welfare
Berks County Assistance Office**
AUDIT SUMMARIES
GLOSSARY
AND
APPENDIX

Audit Summaries

Random Eligibility Audit Results

	Net Value of Exceptions	Cases Reviewed	Monetary Exceptions	Non-Monetary Exceptions
<u>Current</u>	\$54,045	416	112	206
<u>Prior</u>	\$28,698	466	122	42

Monetary Exceptions - When recipients withhold information or provide incomplete and/or inaccurate information, or when CAO personnel fail to maintain case records properly, assistance payments may be incorrect and/or ineligible individuals may receive benefits they are not entitled to receive (overpayments) or may not receive benefits that they are entitled to receive (underpayments).

Non-monetary Exceptions - These exceptions usually result from missing or incomplete information and/or forms. Although these recipients were eligible for the benefits they received and no monies were inappropriately disbursed, non-monetary exceptions indicate system weaknesses and therefore should be of concern to the CAO.

<u>PROGRAM</u>	<u>No. of Cases</u>	<u>Monetary Effect</u>
Overpayment Control System:		
CAO personnel failed to computer verified overpayments.	67	\$ 9,869
CAO personnel failed to contact non-responding employers as per DPW's established guidelines.	33	2,742
TOTAL:	100	\$12,611

Glossary

Actual Savings:

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. Actual Savings include both Case Closures and Grant Decreases.

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.

Grant Decreases:

Decrease in recipients' monthly benefit(s), which occurred when the Department's audit disclosed that recipients were receiving more than the amount allowable by Department of Public Welfare regulations.

Grant Increases:

Increase in recipients' monthly benefit(s), which occurred when the Department's audit disclosed that recipients were receiving less than the amount allowable by Department of Public Welfare regulations.

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.

Glossary

Non Fraud Overpayments:

Non fraud is defined in PA Code 55 § 255.2 (Public Assistance Manual) as:

“An overpayment resulting from the client’s misunderstanding of eligibility requirements or of his responsibility for providing the county office with information, from the innocent concealment of facts, or from county office omission or administrative error in securing or action on information.”

Potential Savings:

Equal to the cash and/or food stamp benefits that were paid/issued to recipients erroneously (i.e. overpayments and over-issuances).

Recoupment:

A recovery method in which a client’s benefits are reduced to repay an overpayment claim.

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.

Rescinded Overpayments:

Cash and/or food stamp benefit amounts that have been removed from the County Assistance Office overpayment ledger due to duplication.

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

The Department of Public Welfare Cash Assistance Handbook

Chapter	Title
103	General Information
104	Application
105	Category
107	The Agreement of Mutual Responsibility
110	Budget Groups
113	Strikers
114	Students
120	Identity
121	Age
122	Citizenship
123	Residence
127	Specified Relative
129	Deprivation
131	Support Pass Through
135	Employment and Training Requirements
136	Interim Assistance
138	Allowances and Benefits
140	Resources
150	Income
152	Self Employment Income
160	Income Deductions
167	Prospective/Retrospective Budgeting
168	Determining Eligibility and Payment Amount
170	Reporting Changes
171	TANF Monthly Reporting
175	Disbursement Procedures
176	Redeterminations
178	Verification
180	Issuing Benefits
181	Delayed and Corrective Payments

Appendix

The Department of Public Welfare Food Stamp Handbook

<u>Chapter</u>	<u>Title</u>
503	General Information
504	Application
506	Expedited Service
510	Households
511	Living Arrangements
512	Categorical Eligibility
513	Strikers
514	Students
522	Citizen/Non-Citizen
523	Residence
535	Employment/Training Requirements
540	Resources
550	Income
560	Income Deductions
567	Prospective/Retrospective Budgeting
568	Computing Eligibility and Allotment
576	Recertification
578	Verification Requirements

The Department of Public Welfare Supplemental Handbook

<u>Chapter</u>	<u>Title</u>
805	Audits
910	Overpayment Recovery
915	Reimbursement
930	Safeguarding Information

Appendix

Other Department of Public Welfare Policies

<u>Policy Number</u>	<u>Title</u>
Operations Memorandum 95-5-5	Support Pass-Through
Operations Memorandum 96-9-1	ARRC
Operations Memorandum 98-10-3	Non-Responding Employers in the PA78A Process
Daily Status-ARRC D727	Non-Responding Employers in the PA78A Process
ARRC Release (June 3, 1996)	Using ARRC

Department of Public Welfare Manuals

<u>Manual</u>
Income Eligibility Verification System (IEVS) manual
Public Assistance Eligibility Manual (PAEM)
Client Information System (CIS) manual
Automated Restitution Referral and Computation (ARRC) manual

Federal and State Legislation

<u>Name</u>	<u>Title</u>
Laws of Pennsylvania (1996)	Act No. 1996-35

Appendix

Abbreviations Used in Report

AG	Department of the Auditor General
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
ETP	Employment and Training Program
FS	Food Stamps
FSH	Food Stamp Handbook
GA	General Assistance
IEVS	Income Eligibility Verification System
IMW	Income Maintenance Worker
LRR	Legally Responsible Relative
MA	Medical Assistance
MEH	Medicaid Eligibility Handbook
MNO	Medically Needy Only
NMP	Nonmoney Payment
OIG	Office of Inspector General
OIM	Office of Income Maintenance
OPS	Operations Memorandum
PAEM	Public Assistance Eligibility Manual
PCF	Petty Cash Fund
RESET	Road to Economic Self-Sufficiency through Employment and Training
SH	Supplemental Handbook
SSA	Social Security Administration
SSI	Supplemental Security Income
SPT	Support Pass-Through
TANF	Temporary Assistance to Needy Families

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