

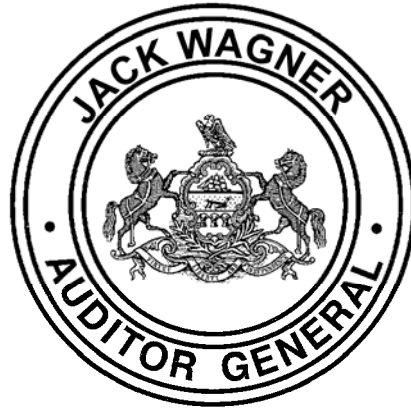
Compliance Audit

of the

Commonwealth of Pennsylvania
Department of Public Welfare
Blair County Assistance Office

Audit Period

January 29, 2005 to July 28, 2006



Compliance Audit

of the

Commonwealth of Pennsylvania
Department of Public Welfare
Blair County Assistance Office

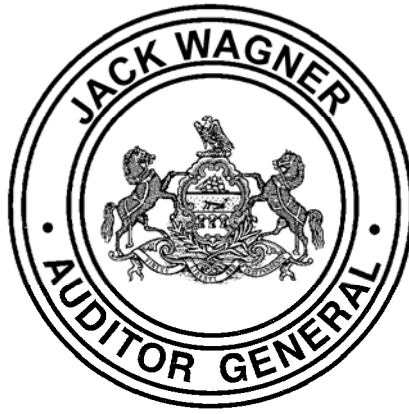
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Report of Independent Auditors on Compliance

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 Blair County Assistance Office, covering the period January 29, 2005 to July 28, 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.

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

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 Blair 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

October 23, 2006

**Commonwealth of Pennsylvania
Department of Public Welfare
Blair 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 (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.

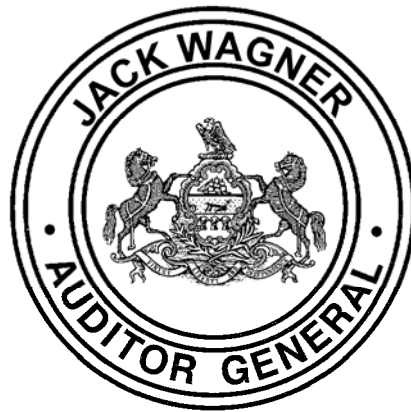
The audit included eligibility reviews of a sample of public assistance cases for the audit period January 29, 2005 to July 28, 2006.

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 detected instances of noncompliance; therefore, we submitted findings in this area.

During the January 4, 2007 exit conference, the Department's staff reviewed these findings and recommendations with the Blair CAO representatives. We have included CAO personnel comments, where applicable, in this report.



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

FINDINGS AND RECOMMENDATIONS

Findings and Recommendations

Eligibility Audit Results

During the course of our audit, we examined 136 out of 1,503 cases from the Blair 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.

Of the 136 cases in our sample, 4 were confidential cases. Public assistance cases are classified as confidential when the recipient is either a CAO employee or their relative. Due to the confidential nature of these cases, the records are normally kept separate from the rest of the case records. Usually, access to the confidential case records is restricted.

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 17 exceptions in 16 of the 136 cases examined. The most significant exceptions are discussed in the following findings:

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

Findings and Recommendations

Finding 1 - Failure To Follow Applicable DPW Procedures

Our audit revealed that exceptions occurred because CAO personnel failed to follow applicable DPW procedures.

General Assistance (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 Social Security Administration (SSA) if an application for benefits is denied.

During our audit, we found four instances where GA recipients did not appeal unfavorable SSA decisions. In these cases, the recipient was aware that they were required to do so. This resulted in recipients continuing to receive benefits without meeting all the conditions of eligibility. Overpayments were written in the amount of \$3,759 in cases where the recipient failed to comply with the SSI requirements. In addition, one case was closed, resulting in the discontinuance of \$205 in monthly benefits.

These exceptions occurred because the caseworker did not properly utilize information on IEVS which would have indicated whether the recipient applied for SSI or appealed an unfavorable decision.

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

Recommendation

We recommend that the CAO ensure that caseworkers 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 January 22, 2007 memo to this Department, the Blair CAO Executive Director agrees with the finding and provided the following comment:

- "In May 2006, our General Assistance (GA) cases coded D-50 were evenly distributed among three caseworkers assigned to carry these cases."

Findings and Recommendations

- Then, in June 2006, in order to improve communication regarding the client's status with their application for benefits from the Social Security Administration (SSA), these three caseworkers were assigned to the supervision of the supervisor overseeing our Disability Advocacy Program (DAP) advocates.
- At our July 2006 Supervisory Management Meeting the issue of the CAO failing to follow up with clients who fail to follow through with the SSA application/appeal process was discussed. Supervisors were asked to remind their caseworkers to request a status update from the DAP advocate at least at the time of a client's benefit renewal.
- Subsequently, beginning in October 2006, the Income Maintenance Administrator overseeing the DAP advocates undertook the monthly responsibility of pulling a listing of all D-50, PH-00, and PH-95 cases that are due for renewal in the CAO the following month. The list is forwarded to the DAP supervisor for distribution to the advocates. The advocates review the status of the clients' cooperation with their SSA application and convey an update to the caseworker via a paper transmittal so the information is available to the worker in advance of the renewal."

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 seven exceptions. CIS information lacked detailed documentation of recipient and CAO actions. Narratives contained incorrect dates, Agreement of Mutual Responsibility (AMR) forms were not narrated, client information was not listed on CIS, ARRC was not updated, and Road to Economic Self-Sufficiency through Employment and Training (RESET) codes were incorrect.

The CAH, FSH, and IEVS Manual, Chapter 1, establish the procedures for obtaining and documenting recipient eligibility.

These exceptions occurred because caseworkers failed to review dates for accuracy, and review AMRs at application/reapplication. Recipient information was not completely entered into CIS, ARRC was not updated and RESET coding was not verified. Incorrect narrative entries and AMRs that are not narrated make it difficult to track the recipient's progress in a precise manner when setting a time line. Incorrect RESET codes may cause recipients to be ineligible, incorrectly enrolled or not enrolled in required employment or

Findings and Recommendations

training programs. One incorrect RESET code caused a case closure, resulting in the discontinuance of \$403 in monthly benefits.

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 of the need to clearly narrate recipient and caseworker actions in the case record.

Management Response

In a January 22, 2007 memo to this Department, the Blair CAO Executive Director agrees with the finding and provided the following comment:

- “There was no overarching policy-related commonality to the exceptions detailed in this finding. Thus, each IMCW responsible for an exception had the deficiency reviewed with them and was counseled to exercise more care when completing their work.
- The CAO supervisors complete monthly reviews of a sampling of recently completed caseworker actions. These reviews afford the CAO the opportunity to help ensure caseworkers are following established policies and procedures.
- The importance of well written narratives was emphasized to all caseworkers during training held in November 2006 in preparation for our office’s transition into the Statewide Change Center.”

Status of Prior Audit Finding

Eligibility Audit Results

Our current audit covering the period January 29, 2005 to July 28, 2006 disclosed that failure to follow applicable DPW procedures exceptions continue to occur at the Blair CAO; therefore, a repeat finding is warranted. Refer to Findings 1 & 2 located on pages 9 and 10 for additional discussion on these issues.



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

**AUDIT SUMMARY
GLOSSARY
AND
APPENDIX**

Audit Summary

Eligibility Audit Results

	Cases at CAO	Cases Reviewed	Cases with Errors
<u>Current</u>	1,503	136	16
<u>Prior</u>	1,448	255	17

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 (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:

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

Abbreviations Used in Report

AMR	Agreement of Mutual Responsibility
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
MEH	Medicaid Eligibility Handbook
OPS	Operations Memorandum
RESET	Road to Economic Self-Sufficiency through Employment and Training
SH	Supplemental Handbook
SSA	Social Security Administration
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
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