

Compliance Audit

of the

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

Audit Period

January 29, 2005 to July 14, 2006





Compliance Audit

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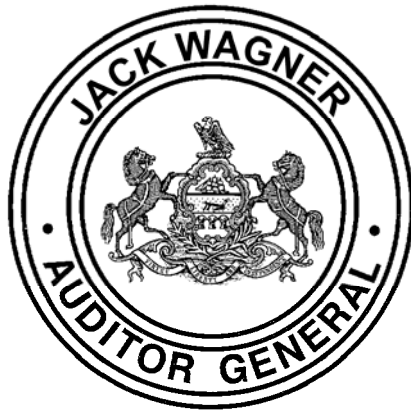
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## **Report of Independent Auditors on Compliance**

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 Carbon County Assistance Office, covering the period January 29, 2005 to July 14, 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 Carbon 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 19, 2006



**Commonwealth of Pennsylvania  
Department of Public Welfare  
Carbon 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 and certain state legislators.

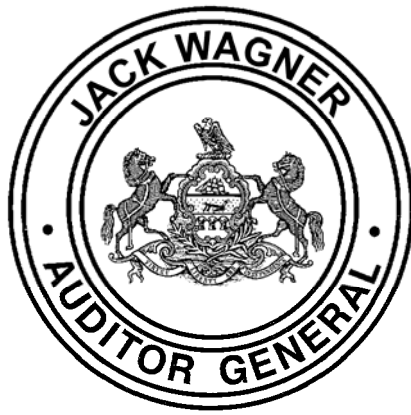
The audit included eligibility reviews of a sample of public assistance cases for the audit period January 29, 2005 to July 14, 2006.

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 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.

Review of the public assistance cases detected instances of noncompliance; therefore, we submitted findings in this area.

During the December 7, 2006 exit conference, the Department's staff reviewed these findings and recommendations with the CAO representatives. We have included CAO personnel comments, where applicable, in this report.



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

**FINDINGS AND RECOMMENDATIONS**

## ***Findings and Recommendations***

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### **Eligibility Audit Results**

During the course of our audit, we examined 101 out of 308 cases from the Carbon 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 35 exceptions in 27 of the 101 cases examined. The most significant exceptions are discussed in the following findings:

- Failure To Obtain And/Or Document Information Required In Establishing Recipient Eligibility (refer to Finding No. 1); and
- Inadequate Internal Control Procedures For Closing The Case When The Recipient Can Not Be Located (refer to Finding No. 2).

## ***Findings and Recommendations***

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### **Finding 1 - 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 18 exceptions. Case records and/or CIS information lacked detailed documentation of recipient and CAO actions. Application forms and Employability Assessment forms were missing or incomplete and case records were not properly narrated. Finally, the social security number (SSN) of a recipient was missing, and Legally Responsible Relatives' SSNs were known to the CAO, but not entered into the IEVS.

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

These exceptions occurred because caseworkers often failed to have required forms completed properly. Case records did not detail the case narrative with specific dates and events for self-sufficiency goals. 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 of the need to clearly narrate recipient and caseworker actions in the case record.

#### **Management Response**

In a memorandum to Department personnel, the Carbon CAO Executive Director provided the following response:

“To reduce the number of cases in error the Carbon CAO has implemented the following corrective action initiatives.

On 9/20/2006, staff training was conducted. Policy was reviewed, a handout was given and also e-mailed to each IMCW, addressing all the areas found to be deficient. Special attention was given to Special

## ***Findings and Recommendations***

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Allowance narratives. Office procedure was also changed to include the necessity for a supervisor to access the special allowance narrative to notate approval. This procedure will insure that the Special Allowance narrative is in CIS.

A TSR is also being conducted for the months of October, November and December 2006 to insure the staff is now following correct policy and procedures in the areas of concern.

Weekly unit and staff meetings to review policy and utilization of our Corrective Action Committee will continue. Supervisory staff will continue to attend regional corrective action meetings in an effort to be able to provide the necessary guidance to the staff of the Carbon CAO.”

### **Finding 2 - Inadequate Internal Control Procedures For Closing The Case When The Recipient Can Not Be Located**

As part of our review, we require recipients to meet with auditors for scheduled interviews. The purpose of the interview is to substantiate specific case record information. When recipients failed to attend the interview, the CAO was required to send notice to the recipient of his/her requirements to comply with the audit interview and that, if the recipient did not respond within 30 days, benefits would automatically be closed.

In three cases, recipients did not respond timely to the notice; therefore, monthly benefits for these cases totaling \$1,259 were automatically closed.

The CAH, FSH, and SH provide policies and procedures to follow for properly closing and adjusting recipients' benefits due to a change in residence or living arrangements.

#### **Recommendation**

We recommend that the CAO regularly review a sample of cases to help identify instances where recipients living arrangements have changed, including where they reside. This could help to eliminate at least some improper disbursement of benefits.



## ***Findings and Recommendations***

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### Management Response

In a memorandum to Department personnel, the Carbon CAO Executive Director provided the following response:

“Of the three cases cited, only one case resulted in benefits closing for a total of \$249.50 not \$1,259 as stated in the audit report. As for the other two cases, one client moved to another county and an inter-county transfer was completed and the other client hadn’t moved at all but chose to ignore the AG’s request for an interview. She contacted the CAO after the audit was closed but prior to her benefits being discontinued. She was able to reestablish her eligibility without having her benefits interrupted.

The CAO acknowledges the importance of clients report changes. Each client receives a written ‘Report Changes’ form at every application and reapplication/recertification. Returned mail is acted upon by the caseworker. Clients now enjoy the convenience of reporting certain changes, including change of address, 24/7 on their ‘My Compass Account’. They also have the option of using the toll free Change Center reporting system.”

### Auditor’s Conclusion

In all three cases, we determined that the recipients failed to cooperate with the review process by not participating in a scheduled interview with our audit staff. In addition, information on DPW’s Client Information System indicates that these cases were closed for recipients’ failure to keep scheduled interviews with auditors. Also, the above CAO response does not address our recommendation to regularly review cases to help identify instances where recipients living arrangements have changed including where the recipient resides; therefore, we maintain our position with this finding as presented.

### Status of Prior Audit Findings

#### **Finding 1 - CAO Personnel incorrectly determined and/or calculated recipient benefits**

The prior audit period covered November 2, 2002 to January 28, 2005 and the response to this finding indicated DPW and CAO personnel agreed with our recommendations and initiated corrective actions.

## ***Findings and Recommendations***

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The exception disclosed during our current audit was immaterial; therefore, we submitted no finding.

### **Finding 2 - CAO Personnel failed to follow applicable DPW procedures**

The prior audit period covered November 2, 2002 to January 28, 2005 and the response to this finding indicated DPW and CAO personnel agreed with our recommendations and initiated corrective actions.

Exceptions disclosed during our current audit were immaterial; therefore, we submitted no finding.

### **Finding 3 - Recipients failed to report updated information required to maintain their eligibility**

Our current audit covering the period January 29, 2005 to July 14, 2006 disclosed that inadequate/incorrect recipient information exceptions continue to occur at the Carbon CAO; therefore, a repeat finding is warranted. Refer to Finding 2 located on pages 10 and 11 for additional discussion on these issues.

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

**AUDIT SUMMARY  
GLOSSARY  
AND  
APPENDIX**

***Audit Summary***

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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>308</b>	<b>101</b>	<b>27</b>
<b><u>Prior</u></b>	<b>276</b>	<b>264</b>	<b>31</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:**

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*

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### 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
FSH	Food Stamp Handbook
GA	General Assistance
IEVS	Income Eligibility Verification System
IMCW	Income Maintenance Caseworker
MEH	Medicaid Eligibility Handbook
OPS	Operations Memorandum
SH	Supplemental Handbook
SSI	Supplemental Security Income
SSN	Social Security Number
TANF	Temporary Assistance to Needy Families
TSR	Targeted Supervisory Review

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

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This report was originally distributed to the following:

### Commonwealth of Pennsylvania

The Honorable Edward G. Rendell  
Governor

The Honorable Estelle B. Richman  
Secretary  
Department of Public Welfare

The Honorable Edwin B. Erickson  
Chair  
Public Health and Welfare Committee  
Senate of Pennsylvania

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

The Honorable Vincent Hughes  
Democratic Chair  
Public Health and Welfare Committee  
Senate of Pennsylvania

Richard Polek  
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Bureau of Financial Operations  
Department of Public Welfare

The Honorable Frank Oliver  
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Joanne Glover  
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Office of Income Maintenance  
Department of Public Welfare

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Pennsylvania House of Representatives

Kathy Jellison  
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Patricia Sasserath  
Executive Director  
Carbon County Assistance Office

Randall Smith  
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Carbon 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).