

Compliance Audit

of the

Commonwealth of Pennsylvania
Department of Public Welfare
Forest County Assistance Office

Audit Period

October 12, 2002 to October 21, 2005



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Department of Public Welfare
Forest County Assistance Office

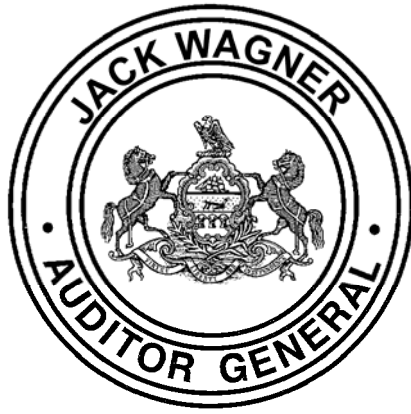
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Report of Independent Auditors on Compliance

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 stamps 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.

Our audit of the Forest County Assistance Office, covering the period October 12, 2002 to October 21, 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. 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, we evaluated the Overpayment Control System.

Overpayments totaling \$1,021 that were not appropriately referred to the Office of Inspector General for collection were identified during our review of the Overpayment Control System. It should be emphasized that overpayment amounts reported 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. Consequently, additional overpayment amounts may exist beyond what is stated in this audit report. The responsibility for computing overpayments beyond two years rests with the Office of Inspector General.

No significant exceptions were disclosed during our review of the recipient eligibility.

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 of those disclosed during our audit.

This report is intended for the benefit of the Forest 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

November 14, 2005

**Commonwealth of Pennsylvania
Department of Public Welfare
Forest 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 clients 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 (OIG) and certain state legislators.

The audit included eligibility reviews of a sample of public assistance cases for the audit period October 12, 2002 to October 21, 2005. We also reviewed the CAO's implementation of procedures for the Overpayment Control System to determine compliance with regulations and policies.

Criteria used in conducting the 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 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 can not 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 Overpayment Control System detected instances of noncompliance; therefore, we submitted a finding in this area. Review of the public assistance cases determined that CAO personnel complied with required guidelines; therefore, we submitted no finding in this area.

Objectives, Scope, and Methodology

During the February 24, 2006 exit conference, the Department's staff reviewed the finding and recommendations with the CAO. We have included CAO personnel comments, where applicable, in this report.

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

FINDING AND RECOMMENDATIONS

Finding and Recommendations

Overpayment Control System

Untimely Referral of Overpayments and Over-Issuances Totaling \$1,021 Occurred as a Result of Procedural Deficiencies in the Overpayment Control System

We reviewed the Forest CAO Overpayment Control System to determine if CAO personnel properly investigated suspected overpayments, controlled and documented investigations, and referred verified overpayments timely. From 15 entries listed as pending or overpayment on the ARRC Daily Caseload Detail Report dated September 12, 2005, we selected 8 cases.

Our review disclosed that in 7 cases, CAO personnel failed to complete the referral data preventing timely notification to OIG.

The SH, Section 910.51 provides that the CAO will refer all overpayments to the OIG within 60 days from the date the CAO verifies the overpayment occurred.

The section further provides that in order to recover through recoupment, the OIG must notify the client of the cash overpayment claim within six months of the date the CAO first identified the overpayment, or within one year of the date the CAO first identifies the overpayment, as long as the delay in obtaining verification was caused by an outside source.

These exceptions occurred because the CAO did not have controls in place to refer overpayments within the required timeframes. Failure to complete the Overpayment Referral Data Input form and forward it to the OIG within the required 60 days delayed and jeopardized the recovery of incorrectly disbursed overpayments and over-issuances of \$1,021.

Recommendations

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

Finding and Recommendations

CAO Management Response

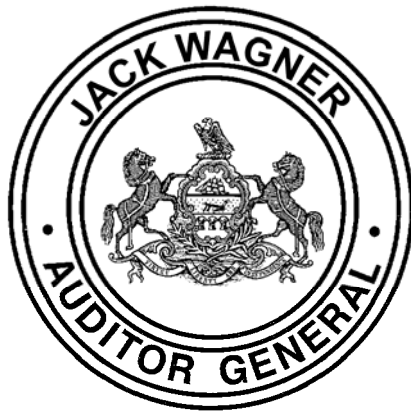
In a March 17, 2005 response received by the Department of the Auditor General personnel, the CAO Executive Director stated:

“The Forest CAO agrees that personnel should be instructed to complete overpayment referrals within the required 60 days of receipt of verification.

The Forest CAO also agrees that a review of internal control procedures for tracking wage information, computing verified overpayments, and reviewing computed overpayments is needed.

The Forest CAO has taken the following corrective actions:

1. A refresher training session has been held with IMCW staff to review the Cash Assistance Handbook, Chapter 178, Verification; the SH, Chapter 910, Overpayment Recovery and the ARRC procedures. Staff was directed to enter overpayment information into the ARRC system within ten workdays after identifying a potential or suspected overpayment, and to complete overpayment referrals to the Office of Inspector General within 60 days after receiving overpayment verifications.
2. The Executive Director developed new internal procedures for tracking ARRC reports weekly to monitor the status of overpayments to ensure that newly received income verifications and processed overpayments are reconciled.”



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

**AUDIT SUMMARY
APPENDIX**

Audit Summary

<u>PROGRAM</u>	<u>No. of Cases</u>	<u>Monetary Effect</u>
Overpayment Control System:		
CAO personnel failed to complete Overpayment Referral Data Input form timely.	<u>7</u>	<u>\$1,021</u>

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
FSH	Food Stamp Handbook
GA	General Assistance
IEVS	Income Eligibility Verification System
MEH	Medicaid Eligibility Handbook
OIG	Office of Inspector General
TANF	Temporary Assistance to Needy Families



Audit Report Distribution List

This report was originally distributed to the following:

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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.