

Compliance Audit

of the

Commonwealth of Pennsylvania
Department of Public Welfare
Lehigh County Assistance Office

Audit Period

May 10, 2003 to August 26, 2005



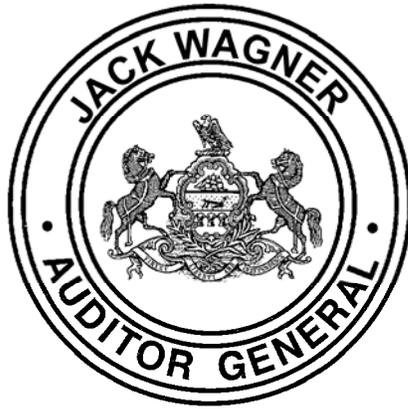
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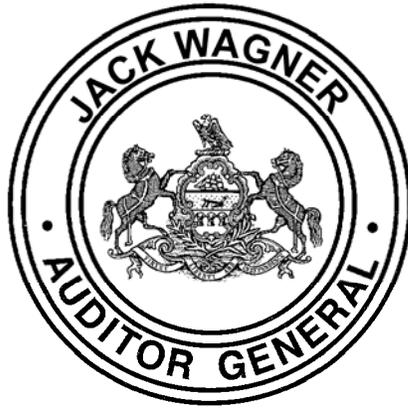
Audit Period

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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 the Lehigh County Assistance Office, covering the period May 10, 2003 to August 26, 2005. Procedures included determining the County Assistance Office's compliance with Department of Public Welfare regulations, governing laws, and administrative rules regarding the disbursement of benefits and the management of the County Assistance Office. We examined, on a test basis, evidence in support of benefits provided, reviewed documentation of County Assistance Office actions and interviewed County Assistance Office personnel and welfare recipients. We also evaluated the Overpayment Control System.

Our report details findings and recommendations that resulted from our eligibility review and our review of the Overpayment Control System.

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 Lehigh 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 20, 2005

**Commonwealth of Pennsylvania
Department of Public Welfare
Lehigh 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) 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 for 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.

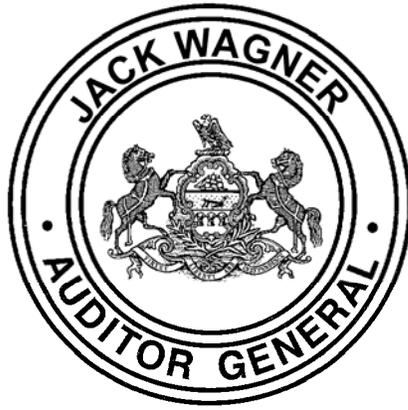
The audit included eligibility reviews of a sample of public assistance cases for the audit period May 10, 2003 to August 26, 2005. We also reviewed the CAO's implementation of procedures for the Overpayment Control System to determine compliance with regulations and policies.

Results from the eligibility reviews of the sample of public assistance cases as well as the procedural reviews apply only to CAO files, records, and systems. However, because DPW establishes the CAO policies and procedures as well as maintains their computer information system, the deficiencies and/or exceptions identified during our audit may need to be corrected by DPW. Therefore, our recommendations are directed to DPW as well as the CAO.

As previously noted, due to Internal Revenue Code §6103, the Department no longer has access to recipient resource information contained on the Income Eligibility Verification System (IEVS) Exchanges 4 and 5. (Exchange 4 contains information from the Social Security Administration (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 and the Overpayment Control System detected instances of noncompliance; therefore, we submitted findings in these areas.

During the June 13, 2006 exit conference, the Department's staff reviewed these findings and recommendations with the Lehigh CAO representatives. We have included CAO personnel comments, where applicable, in this report.



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

FINDINGS AND RECOMMENDATIONS

Findings and Recommendations

I. Random Eligibility Audit Results

During the course of our audit, we examined 148 out of 2,851 case records from the Lehigh 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 72 exceptions in 51 of the 148 cases examined. The most significant exceptions are discussed in the following findings:

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

Findings and Recommendations

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 grouped into the following areas:

- **Income Eligibility Verification System (IEVS)**

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

During our audit, we found eight exceptions where CAO personnel failed to correctly and timely dispose of information on IEVS. IEVS provided wage information from employers and unearned income from Social Security that was not properly reconciled with income used to compute benefits. These exceptions resulted in \$4,731 in subsequent overpayments.

Chapter 1 of the IEVS Manual provides guidelines to follow when using IEVS.

Recommendations

The CAO should instruct personnel to review IEVS exchanges for reported and unreported income. Personnel should review and properly reconcile unreported income so overpayments are correctly identified and initiated through the IEVS system. Supervisory personnel should review IEVS reports to ensure timely and accurate disposition codes are used.

CAO Management Response

In a June 23, 2006 memorandum to Department personnel, the Lehigh CAO Executive Director provided the following response:

“The Lehigh County Assistance Office (LCAO) agrees with the recommendation the Income Maintenance Caseworkers (IMCWs) should review IEVS exchanges for reported and unreported income. The LCAO

Findings and Recommendations

also agrees that IMCWs should review and properly reconcile unreported income to correctly identify and initiate overpayments through the IEVS system. The LCAO also agrees with the recommendation that supervisory personnel should review IEVS reports to ensure timely and accurate disposition codes.

To reduce the number of cases in error the LCAO has implemented the following corrective action initiatives:

1. Income Maintenance Caseworker (IMC) Supervisors will meet with their units to discuss the importance of reviewing IEVS for reported and unreported income. IMC Supervisors will also stress the importance of identifying and initiating overpayments through the IEVS system.
2. IMC Supervisors will continue to monitor each caseworker's pending IEVS on a weekly basis to minimize overdue IEVS dispositions. IMC Supervisors will provide a weekly Pending IEVS Status Report to the Managers.
3. IMC Supervisors will continue to review five caseworker disposed IEVS hits each month to ensure the correct entry of disposition codes, appropriate case closings or benefit decreases and timely filing of overpayments."

- **Automated Restitution Referral and Computation (ARRC) 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 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 five exceptions, totaling \$3,208 in overpayments.

Findings and Recommendations

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

Recommendations

The CAO should instruct personnel to ensure that all verified wage information is applied so that overpayments can be completed within the required 60 days. The CAO should review internal control procedures with their clerical workers along with their caseworkers for tracking the overpayment process, completing verified overpayments, and review the overpayment process to make sure that the computed overpayment and over-issuances are correct.

CAO Management Response

In a June 23, 2006 memorandum to Department personnel, the Lehigh CAO Executive Director provided the following response:

“The LCAO agrees with recommendation that the IMCWs should apply all verified wage information to complete overpayments within the required 60 days. The LCAO also agrees with the importance of utilizing ARRC reports to monitor the status of overpayments and to review that the computed overpayments are correct.

To reduce the number of cases in error the LCAO has implemented the following corrective action initiatives:

1. IMC Supervisors will review the policy in Supplemental Handbook 910 - Overpayment Recovery and the ARRC Manual during unit meetings. This review will emphasize proper ARRC procedures including the requirement to complete overpayment referrals within 60 days after receiving overpayment verification.
2. IMC Supervisors will continue to regularly review at unit meetings updated ARRC procedures posted to ‘What’s New’ on the OIM Intranet.
3. IMC Supervisors will continue to monitor each caseworker’s pending ARRC overpayments on a weekly basis to ensure that

Findings and Recommendations

overpayment referrals are completed within 60 days after receiving overpayment verifications. IMC Supervisors will provide a weekly Pending ARRC Status Report to the Managers.

4. IMC Supervisors will continue to review all computed ARRC claims to determine whether computations are correct and complete.
5. IMC Supervisors will refer incorrectly computed claims to the CIS Hotline. IMC Supervisors will complete a narrative entry to document these incorrectly computed ARRC CIS Hotline referrals.
6. Managers will continue to issue a monthly ARRC Disposition 'O' Report to resolve cases that have been entered as overpayments on the ARRC System but not computed."

- **CAO personnel failed to request/verify recipient income or resources.**

During our audit, we discovered that CAO personnel failed to request and verify a recipient's income and resources. This resulted in an overpayment of \$2,602.

This exception occurred because personnel failed to request verification of income and resources when determining eligibility at application.

The CAH and the FSH provide guidelines for requesting and verifying income and resources listed on client applications.

Recommendations

The CAO should instruct personnel to verify all potential income and resources at application and reapplication, and to follow the guidelines provided in the CAH and the FSH.

CAO Management Response

In a June 23, 2006 memorandum to Department personnel, the Lehigh CAO Executive Director provided the following response:

Findings and Recommendations

“The LCAO agrees with the recommendation that IMCWs should verify all potential income and resources at application and reapplication.

To reduce the number of cases in error the LCAO has implemented the following corrective action initiatives:

1. All LCAO IMC Supervisors and IMCWs participated in Interviewing Training on June 13, 2006 and June 14, 2006. This training reinforced interviewing skills with emphasis on best practices to obtain and verify all income at application and reapplication.
2. IMC Supervisors will continue to review three cases per worker each month with emphasis on correct budgeting of income, recording of resources and adherence to verification requirements.”

- **Supplemental Security Income (SSI)**

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 three exceptions where GA recipients did not appeal unfavorable SSA decisions, resulting in recipients continuing to receive benefits without meeting all the conditions of eligibility. Overpayments were written in the amount \$1,749 when the recipients failed to comply with the SSI requirements.

These exceptions occurred because personnel failed to ensure that recipients, who were denied SSI, appealed the SSA decision. Additionally the caseworker did not properly utilize information on IEVS which would have indicated whether the client applied for SSI or appealed an unfavorable decision.

The Cash Assistance Handbook and the Supplemental Handbook cite the CAO’s responsibilities in the application process.

Findings and Recommendations

Recommendations

The CAO should ensure that caseworkers are properly trained to be able to identify the eligibility requirements for GA. The CAO should also review IEVS procedures and set controls for determining SSI applications, denials and appeals.

CAO Management Response

In a June 23, 2006 memorandum to Department personnel, the Lehigh CAO Executive Director provided the following response:

“The LCAO agrees with the recommendation that IMCWs should be able to identify the eligibility requirements for General Assistance (GA). The CAO also agrees that IMCWs should utilize IEVS and set controls for determining SSI applications, denials and appeals.

To reduce the number of cases in error the LCAO has implemented the following corrective action initiatives:

1. IMC Supervisors will review at unit meetings General Assistance (GA) eligibility requirements to reinforce existing regulations.
2. When IMCWs discover through IEVS or notification from clients or other collateral contacts that an SSI application has been filed, IMCWs will utilize Client Information System (CIS) case alerts to monitor the status of SSI applications.
3. IMCWs will also notify the LCAO Disability Advocacy Program (DAP) Caseworkers of the SSI application.
4. The DAP Caseworkers will review the case and provide necessary follow up with emphasis on initiating appeals if an application for Social Security Administration (SSA) benefits is denied.
5. The DAP Caseworkers will recommend the closure of GA benefits if a client fails to cooperate with the SSA application or appeal process.”

Findings and Recommendations

- **Criminal History**

In two cases, CAO personnel failed to verify that recipients were compliant with court-ordered payment plans.

As a condition of eligibility, recipients who have a criminal history must have either paid all fines and costs associated with the conviction or must be in compliance with a court ordered payment plan. DPW policy states that the caseworker will verify compliance with these requirements at the time of application and reapplication.

DPW policies and procedures for verifying criminal histories are contained in the CAH.

Failure to verify this information at application and/or reapplication resulted in \$1,333 in overpayments.

Recommendations

When criminal history is indicated, the CAO should direct its personnel to follow proper procedure and verify a recipient's compliance with court-ordered payment plans at application and reapplication.

CAO Management Response

In a June 23, 2006 memorandum to Department personnel, the Lehigh CAO Executive Director provided the following response:

“The LCAO agrees with the recommendation that IMCWs should verify compliance with court ordered payment plans at application and reapplication.

To reduce the number of cases in error the LCAO has implemented the following corrective action initiatives:

1. IMC Supervisors will review at unit meetings Criminal History eligibility requirements and emphasize the need to monitor compliance with court ordered payments at application and reapplication.

Findings and Recommendations

2. IMC Supervisors will continue to review three cases per worker each month with emphasis on verifying compliance with court ordered payment plans at application and reapplication.
3. IMC Supervisors will have individual conferences with IMCWs who fail to monitor compliance with court ordered payment plans at application and reapplication.”

Finding 2 - CAO personnel incorrectly determined recipient benefits

Our audit disclosed that CAO personnel incorrectly computed recipient benefits, resulting in eight exceptions totaling \$11,755 in overpayments.

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

These determination exceptions were caused by 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.

Recommendations

The CAO should ensure that personnel are properly trained in computing cash and food stamp benefits by considering all income and allowable deductions when completing the budgeting process.

CAO Management Response

In a June 23, 2006 memorandum to Department personnel, the Lehigh CAO Executive Director provided the following response:

“The LCAO agrees with the recommendation that IMCWs should utilize all income and allowable deductions when completing the budget process.

To reduce the number of cases in error the LCAO has implemented the following corrective action initiatives:

Findings and Recommendations

1. Staff Assistant . . . conducted Food Stamp Refresher Training for all LCAO IMC Supervisors and IMCWs on April 26, 2005 and April 27, 2005 reinforcing earned income, unearned income and allowable deductions.
2. IMC Supervisors will continue to review three cases per worker each month with emphasis on budgeting of income and allowable deductions. Corrective action conferences will be held for all cases found to be in error.”

Finding 3 - CAO lacks procedures for identifying instances where recipients fail to provide proper eligibility information

During our audit, we disclosed that the CAO lacks procedures for identifying instances where recipients failed to properly report income. Also recipients did not disclose criminal history and failed to maintain compliance with court-ordered payment plans. Failure to provide proper information to the CAO in these instances resulted in four exceptions and incorrectly disbursed benefits and overpayments totaling \$3,657.

Lack of procedures to follow up on information provided by recipients could continue to result in benefits being improperly disbursed.

Recommendation

The CAO should consider regularly reviewing a sample of cases to help identify instances where recipients are providing improper information. This would help to eliminate at least some improper disbursement of benefits.

CAO Management Response

In a June 23, 2006 memorandum to Department personnel, the Lehigh CAO Executive Director provided the following response:

“The LCAO agrees with the need to decrease incidences of improper disbursements of benefits where recipients fail to provide proper eligibility information. The CAO also agrees with the recommendation to review a

Findings and Recommendations

sample of cases to help identify where recipients are providing improper information.

To reduce the number of cases in error the LCAO has implemented the following corrective action initiatives:

1. All LCAO IMC Supervisors and IMCWs participated in Interviewing Training on June 13, 2006 and June 14, 2006. This interviewing reinforced interviewing skills with emphasis on best practices to obtain and verify all conditions of eligibility including income and criminal history.
2. IMC Supervisors will discuss at unit meetings the importance of emphasizing clients' rights and responsibilities.
3. IMCWs will continue to remind applicants and recipients at each interview to accurately report information including changes in income and circumstances.
4. IMC Supervisors will continue to review three cases per worker each month to help identify instances where recipients are providing improper information."

Status of Prior Audit Finding

Overpayments and Other Exceptions Totaling \$50,666 Occurred as a Result of Recipients Withholding Information and Case Record Maintenance Exceptions

Our current audit covering the period May 10, 2003 to August 26, 2005 disclosed that inadequate/incorrect recipient information and case record management exceptions continue to occur at the Lehigh CAO; therefore a repeat finding is warranted. Refer to Findings 1, 2 and 3 located on pages 9 through 17 for additional discussions on these issues.

Findings and Recommendations

II. Overpayment Control System

Finding 4 - Untimely Verification and Referral of Overpayments and Over-Issuances Totaling \$11,498 Occurred as a Result of Procedural Deficiencies in the Overpayment Control System

We reviewed the Lehigh CAO Overpayment Control System to determine if CAO personnel properly investigated suspected overpayments, controlled and documented investigations, and referred verified overpayments timely. From 364 entries listed as pending and completed on the ARRC Daily Caseload Report, dated July 14, 2005, we selected 59 cases. Additionally, we reviewed 47 cases listed as overpayments on the ARRC Daily Caseload Report, dated June 3, 2005 for overpayments, we selected a total of 106 cases.

Our review of these 106 cases disclosed the following exceptions:

- **In 26 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 staff 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 cash payments totaling \$1,073 and food stamp issuances totaling \$6,787.

Findings and Recommendations

- **In 10 cases, deficiencies occurred when CAO personnel completed the calculation of the overpayment, but failed to complete the referral within the required 60 days.**

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.

Although CAO personnel completed the calculation of the overpayment, deficiencies occurred because no controls were 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 overpayments totaling \$2,111 and over-issuances totaling \$1,527.

Recommendations

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

CAO Management Response

In a June 23, 2006 memorandum to Department personnel, the Lehigh CAO Executive Director provided the following response:

“The LCAO agrees with the recommendation that IMCWs should compute overpayments within 60 days of receipt of verification. The LCAO also agrees with the importance of tracking wage information, computing verified overpayments and reviewing computed overpayments.

Findings and Recommendations

To reduce the number of cases in error the LCAO has implemented the following corrective action initiatives:

1. IMC Supervisors will review the policy in Supplemental Handbook 910 - Overpayment Recovery and the ARRC Manual during unit meetings. This review will emphasize proper ARRC procedures including the requirement to complete overpayment referrals within 60 days after receiving overpayment verification.
 2. IMC Supervisors will continue to regularly review at unit meetings updated ARRC procedures posted to 'What's New' on the OIM Intranet.
 3. IMC Supervisors will continue to monitor each caseworker's pending ARRC overpayments on a weekly basis to ensure that overpayment referrals are completed within 60 days after receiving overpayment verifications. IMC Supervisors will provide a weekly Pending ARRC Status Report to the Managers.
 4. IMC Supervisors will continue to review all computed ARRC claims to determine whether computations are correct and complete.
 5. IMC Supervisors will refer incorrectly computed claims to the CIS Hotline. IMC Supervisors will complete a narrative entry to document these incorrectly computed ARRC CIS Hotline referrals.
 6. Managers will continue to issue a monthly ARRC Disposition 'O' Report to resolve cases that have been entered as overpayments on the ARRC System but not computed."
- **In 44 cases, CAO personnel failed to update the ARRC system.**

Exceptions occurred because CAO personnel failed to update a pending ARRC disposition code to "N" when the CAO received case verification indicating that an overpayment did not occur. Exceptions also occurred because caseworkers failed to timely enter verified information into the ARRC system, preventing the ARRC system from updating the correct disposition codes to "C" and completing the

Findings and Recommendations

overpayments. Also, caseworker supervisors may have failed to use available reports and ARRC file information.

Failure change the disposition code in the ARRC system after verification was received and failure to enter verified information into the ARRC system, which prevented the ARRC system from properly coding overpayments, resulted in inaccurate reports and impeded determining the number and status of overpayment investigations.

The ARRC Manual provides guidelines for updating disposition codes in the ARRC system after verification.

Recommendations

The CAO should require personnel to update the disposition codes in the ARRC system when verification is received to determine whether or not an overpayment exists. Also, the CAO should enter verified information into the ARRC system, to allow the ARRC system to update the disposition codes. Additionally, CAO management should require their staff to utilize ARRC reports to monitor the status of overpayments.

CAO Management Response

In a June 23, 2006 memorandum to Department personnel, the Lehigh CAO Executive Director provided the following response:

“The LCAO agrees with the recommendation the IMCWs should update the disposition codes in the ARRC system when verification is received to determine whether or not an overpayment exists. The LCAO also agrees that ARRC reports should be utilized to monitor the status of overpayments.

To reduce the number of cases in error the LCAO has implemented the following corrective action initiatives:

1. IMC Supervisors will continue to review all computed ARRC claims to determine whether computations are correct and complete.

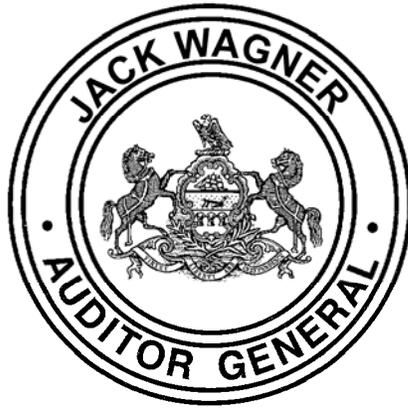
Findings and Recommendations

2. IMC Supervisors will refer incorrectly computed claims to the CIS Hotline. IMC Supervisors will complete a narrative entry to document these incorrectly computed ARRC CIS Hotline referrals.
3. Managers will continue to issue a monthly ARRC Disposition 'O' Report to resolve cases that have been entered as overpayments on the ARRC System but not computed."

Status of Prior Audit Finding

Untimely Verification and Referral of Overpayments and Over-Issuances Totaling \$4,680 Occurred as a Result of Procedural Deficiencies in the Overpayment Control System

Our current audit covering the period May 10, 2003 to August 26, 2005 disclosed that procedural deficiencies continue to exist at the Lehigh CAO in the execution of the Overpayment Control System; therefore, a repeat finding is warranted. Refer to the bullets in Finding 4 on pages 19 through 21 for additional discussion on these issues.



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

**AUDIT SUMMARIES
GLOSSARY
AND
APPENDIX**

Audit Summaries

Random Eligibility Audit Results

	Cases at CAO	Cases Reviewed	Cases with Errors
<u>Current</u>	2,851	148	51
<u>Prior</u>	2,199	483	141

Other Results

<u>PROGRAM</u>	<u>No. of Cases</u>	<u>Monetary Effect</u>
Overpayment Control System:		
CAO personnel failed to complete the overpayment referral timely.	26	\$ 7,860
CAO personnel completed the calculation of the overpayment, but failed to complete the referral timely.	10	3,638
CAO personnel failed to update the ARRC system.	44	0
TOTALS:	<u>80</u>	<u>\$11,498</u>

Glossary

Administrative Underpayment:

Cash and/or food stamp benefits to which recipients were entitled but did not receive because of County Assistance Office error.

Case Closure:

Equal to one month of cash and/or food stamp benefits that were not paid/issued to recipients as a result of the Department's audit establishing recipient ineligibility.

Client Information System (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 (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.

Reimbursement:

Money owed by recipients for cash benefits they received while waiting for a lump sum payment from sources such as a lawsuit, insurance, Supplemental Security Income, etc.

Supplemental Security Income (SSI):

A federal program funded by general tax revenues and administered by the Social Security Administration. Provides cash to aged, blind, and disabled persons who have little or no income to meet basic needs for food, clothing, and shelter. Received in lieu of cash grants from Public Welfare; however, SSI recipients can qualify for food stamps and medicare. Both children and adults can qualify for SSI.

Support Pass-Through (SPT):

An increase in the recipient's cash benefits which occurs when the Domestic Relations Office forwards child support money for recipients to the Department of Public Welfare. Because food stamp benefits are based on a recipient's income, this increase in cash benefits may result in a concurrent, but not equal, decrease in the recipient's food stamps.

Appendix

Abbreviations Used in Report

AG	Auditor General
ARRC	Automated Restitution Referral and Computation System
CAH	Cash Assistance Handbook
CAO	County Assistance Office
CIS	Client Information System
CSR	Comprehensive Supervisory Review
DAP	Disability Advocacy Program
DPW	Department of Public Welfare
GA	General Assistance
FS	Food Stamps
FSH	Food Stamp Handbook
GA	General Assistance
IEVS	Income Eligibility Verification System
IMC/IMCW	Income Maintenance Caseworker
LCAO	Lehigh County Assistance Office
LRR	Legally Responsible Relative
MA	Medical Assistance
MAPPER	Maintaining Preparing Producing Executive Reports
MEH	Medical Eligibility Handbook
OIG	Office of Inspector General
OIM	Office of Income Maintenance
OPS	Operation Memorandum
SH	Supplemental Handbook
SSA	Social Security Administration
SSI	Supplemental Security Income
TANF	Temporary Assistance for Needy Families

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