

Compliance Audit

of the

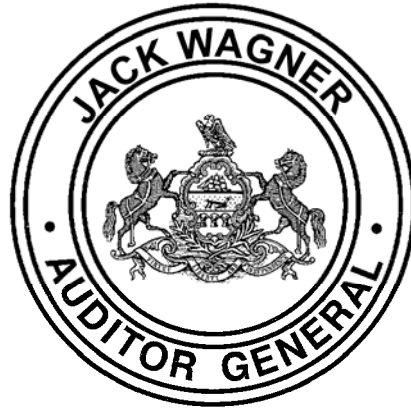
Commonwealth of Pennsylvania

Department of Public Welfare

Mifflin County Assistance Office

Audit Period

September 17, 2004 to January 27, 2006



Compliance Audit

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Commonwealth of Pennsylvania
Department of Public Welfare
Mifflin County Assistance Office

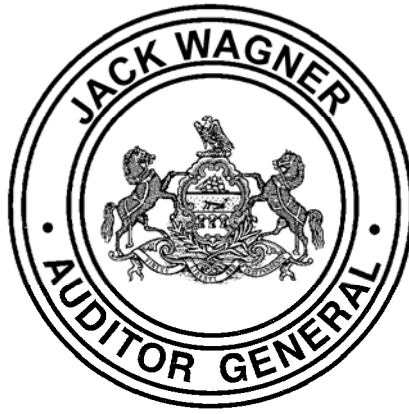
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Report of Independent Auditors on Compliance

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 Mifflin County Assistance Office covering the period September 17, 2004 to January 27, 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. We also evaluated the Emergency Fund Advancement Account and the Overpayment Control System.

Our report details a finding and recommendations that resulted from our eligibility review. No exceptions were disclosed during our review of the Emergency Fund Advancement Account 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 Mifflin 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

March 9, 2006

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

The audit included eligibility reviews of a sample of public assistance cases for the audit period September 17, 2004 to January 27, 2006. We also reviewed the CAO's implementation of procedures for the Emergency Fund Advancement Account (EFAA), and 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 (IRS) 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 a finding in this area. Reviews of the EFAA and the Overpayment Control System determined that CAO personnel complied with required guidelines; therefore, we submitted no findings or observations in these areas.

Objectives, Scope, and Methodology

During the August 31, 2006 exit conference, the Department's staff reviewed this finding and recommendations with the Mifflin CAO representatives. We have included CAO personnel comments, where applicable, in this report.

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

FINDING AND RECOMMENDATIONS

Finding and Recommendations

Random Eligibility Audit Results

During the course of our audit, we examined 114 out of 420 cases from the Mifflin 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 12 exceptions in 11 of the 114 cases examined. One significant area of exceptions occurred, as discussed below:

Finding - 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:

Finding and Recommendations

- **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 two exceptions where personnel failed to ensure that GA recipients appealed unfavorable SSA decisions. This resulted in recipients continuing to receive benefits without meeting all the conditions of eligibility. Overpayments were written in the amount of \$1,852 in these cases. In addition, two cases were closed, resulting in the discontinuance of \$390 in monthly benefits.

These exceptions occurred because the caseworker failed to utilize information on IEVS 6, which indicates whether or not a recipient applied for SSI or appealed an unfavorable SSA decision.

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

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.

Management Response

In a October 5, 2006 memo to the Department, the Mifflin CAO Executive Director provided the following comment:

“The Supervisors are conducting group training sessions with their staff regarding the appeal process and failure to appeal the SSI decisions and also IEV 6.”

Finding and Recommendations

- **Support Pass-Through (SPT) adjustment**

SPT adjustments are increases in recipients' cash benefits which occur when the Domestic Relations Office forwards child support money for recipients to DPW for the recipient. Because food stamp benefits are based on a recipient's income, this increase in cash benefits may result in a decrease in the recipient's food stamps. The FSH establishes provisions for adjusting the SPT to the food stamp benefits.

Four exceptions, resulting in \$403 in over-issuances, occurred because the automated system failed to timely adjust the SPT to the recipient's food stamp benefits at application/reapplication, even though the information was directly available to the CAO.

Recommendations

SPT income should be reviewed at all applications and reapplications. Because the SPT is automatically posted on CIS, the Department of Public Welfare should consider updating its system software so that the SPT is adjusted to the food stamp benefits timely.

Management Response

In a October 5, 2006 memo to the Department, the Mifflin CAO Executive Director provided the following comment:

“The Supervisors are reviewing with staff Support Pass Through procedures and reviewing random applications and reapplications to ensure compliance in this area.”

Status of Prior Audit Finding

Overpayments and Other Deficiencies Totaling \$11,326 Occurred as a Result of Recipients Withholding Information and Case Record Maintenance Exceptions

Our current audit covering the period September 17, 2004 to January 27, 2006 disclosed that inadequate/incorrect recipient information and case record management exceptions continue to occur at the Mifflin County CAO; therefore, a repeat finding is warranted. Refer to the bullets of the finding located on pages 8 through 10 for additional discussion on these issues.

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

**AUDIT SUMMARY
GLOSSARY
AND
APPENDIX**

Audit Summary

Random Eligibility Audit Results

	Cases at CAO	Cases Reviewed	Cases with Errors
<u>Current</u>	420	114	11
<u>Prior</u>	383	243	30

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

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
EFAA	Emergency Fund Advancement Account
FS	Food Stamps
FSH	Food Stamp Handbook
GA	General Assistance
IEVS	Income Eligibility Verification System
LRR	Legally Responsible Relative
MEH	Medicaid Eligibility Handbook
OPS	Operations Memorandum
SH	Supplemental Handbook
SPT	Support Pass-Through
SSA	Social Security Administration
SSI	Supplemental Security Income
TANF	Temporary Assistance to Needy Families

Audit Report Distribution List

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