

Compliance Audit

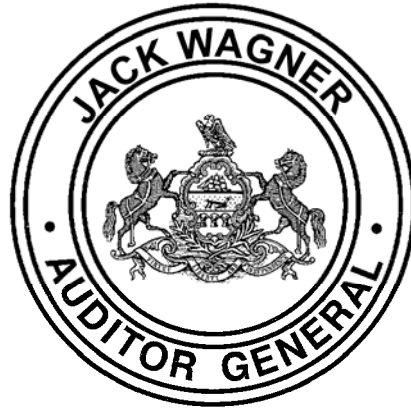
of the

Commonwealth of Pennsylvania  
Department of Public Welfare  
*Philadelphia County Assistance Office*  
*Boulevard District*

Audit Period

February 22, 2003 to November 4, 2005





Compliance Audit

of the

Commonwealth of Pennsylvania  
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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.

This report contains the results of our audit of cash and food stamp eligibility at the Philadelphia County Assistance Office, Boulevard District, covering the period February 22, 2003 to November 4, 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 Drug and Alcohol Treatment Program and the Overpayment Control System.

Our report details findings and recommendations that resulted from our eligibility review, our review of the Drug and Alcohol Treatment Program, 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. 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 Philadelphia CAO, Boulevard District 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

December 19, 2005



**Commonwealth of Pennsylvania  
Department of Public Welfare  
Philadelphia County Assistance Office  
Boulevard District**

**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 clients who are eligible for cash assistance, Nonmoney Payment, or Medically Needy Only benefits. DPW makes either direct payment to 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 (OIG) and certain state legislators.

The audit included eligibility reviews of a sample of public assistance cases for the audit period February 22, 2003 to November 4, 2005. We also reviewed the CAO's implementation of procedures for the Drug and Alcohol Treatment Program (DATP) 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 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, DATP and the Overpayment Control System detected instances of noncompliance; therefore, we submitted findings in these areas.

During the July 10, 2006 exit conference, the Department's staff reviewed these findings and recommendations with the Philadelphia CAO, Boulevard District representatives. We have included CAO personnel comments, where applicable, in this report.



**Commonwealth of Pennsylvania  
Department of Public Welfare  
Philadelphia County Assistance Office  
Boulevard District**

**FINDINGS AND RECOMMENDATIONS**

## ***Findings and Recommendations***

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### **I. Random Eligibility Audit Results**

During the course of our audit, we examined 327 out of 2,939 cases from the Philadelphia CAO, Boulevard District 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 95 exceptions in 58 of the 327 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 lacks procedures for identifying instances where recipients fail to provide proper eligibility information (refer to Finding No. 2); and
- CAO personnel failed to obtain and/or document information required in establishing recipient eligibility (refer to Finding No. 3).

## ***Findings and Recommendations***

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### **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 18 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 \$13,531 in 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**

CAO management provided no written response to this finding.

## ***Findings and Recommendations***

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- **Automated Restitution Referral and Computation System**

The ARRC system is a data base 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. This resulted in two exceptions, totaling \$1,785 in overpayments. 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.

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 timely compute overpayments. All verified overpayments should be processed within 60 days of receipt of verification. The CAO should also implement internal control procedures to ensure the proper completion of the recommended tasks.

### **CAO Management Response**

CAO management provided no written response to this finding.

### **Finding 2 - 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, resources and changes in address. We also disclosed instances where recipients failed to report their whereabouts to the CAO. Failure to provide proper information to the CAO resulted in 35 exceptions and overpayments totaling \$3,081.

Lack of CAO procedures for identifying instances when recipients fail to provide information may continue to result in benefits being improperly disbursed.



## ***Findings and Recommendations***

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### Recommendations

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

CAO management provided no written response to this finding.

### **Finding 3 - CAO personnel failed 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 29 exceptions. Case records and/or CIS information lacked detailed documentation of client and CAO actions. Several forms were missing from the case records, including the Application Form (PA600), Authorization of Information Form (PA4), Medical Assessment Form (PA635), and the Employability Assessment Form (PA1663). Also, records did not contain required Agreement of Mutual Responsibility (AMR) forms. Finally, the social security numbers of recipients were missing or incorrect, or known to the CAO, but not entered into the IEVS.

The CAH, FSH, and IEVS Manual, Chapter 1, establish the procedures to be followed when obtaining and documenting recipient eligibility.

These exceptions occurred because caseworkers failed to review necessary forms at application/reapplication with clients. Also, weak internal controls exist for updating client records and entering social security numbers into IEVS at application and reapplication. Failure to maintain current documentation in case records contributed to poor case management.

### Recommendations

The CAO supervisors should stress to caseworkers 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

## ***Findings and Recommendations***

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cited handbooks. The CAO should also stress the need to clearly narrate recipient and caseworker actions in the case record.

### **CAO Management Response**

CAO management provided no written response to this finding.

### **Status of Prior Audit Finding**

#### **Overpayments and Other Deficiencies Totaling \$6,723 Occurred as a Result of Recipients Withholding Information and Case Record Maintenance Exceptions**

Our current audit covering the period February 22, 2003 to November 4, 2005 disclosed that inadequate/incorrect recipient information and case record management exceptions continue to occur at the Philadelphia County CAO, Boulevard District; therefore, a repeat finding is warranted. Refer to Findings 1, 2 and 3 located on pages 9, 10 and 11 for additional discussion on these issues.

## ***Findings and Recommendations***

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### **II. Drug and Alcohol Treatment Program**

#### **Finding 4 - Overpayments Totaling \$3,829 Were Disclosed During Our Review of the Drug and Alcohol Treatment Program (DATP)**

We reviewed 35 cases on the May 10, 2005 Active GA report at the Philadelphia CAO, Boulevard District to determine if these recipients were eligible to receive GA benefits and to verify that the documentation supporting authorization of benefits was complete and accurate. These recipients receive public assistance while undergoing drug and alcohol treatment at a Pennsylvania Department of Health approved facility.

- **In 8 cases, CAO personnel failed to monitor, verify and document recipient participation in the DATP.**

CAO personnel verified the existence of a drug and alcohol problem and verified the recipient's registration into the program. However, attendance, progress, and continued participation in treatment was neither monitored nor verified.

CAH, Section 105.45 provides that the CAO will monitor the client's progress and document continued participation in treatment. The treatment center is not required to apprise the CAO of the client's status; consequently, it is the CAO's responsibility to ensure that the monitoring process continues. Notes on telephone contacts must be entered in the case record and forms received must be kept in the record. The client is ineligible if he fails to participate in or comply with the treatment program without good cause.

Failure to monitor, verify, and document recipients' attendance, progress, and continued participation in treatment increased the probability of errors and resulted in overpayments totaling \$3,699. Furthermore, one case was closed, resulting in the discontinuance of monthly benefits in the amount of \$130.

#### **Recommendations**

The CAO should establish procedures for monitoring, verifying, and documenting recipients' continued participation in Drug and Alcohol Treatment Programs. These procedures should comply with policy found in CAH, Section 105.45.

## ***Findings and Recommendations***

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### CAO Management Response

CAO management provided no written response to this finding.

## ***Findings and Recommendations***

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### **III. Overpayment Control System**

#### **Finding 5 - Untimely Verification and Referral of Overpayments and Over-Issuances Totaling \$3,393 Occurred as a Result of Procedural Deficiencies in the Overpayment Control System**

We reviewed the Philadelphia CAO, Boulevard District Overpayment Control System to determine if CAO personnel properly investigated suspected overpayments, controlled and documented investigations, and referred verified overpayments timely. From 234 entries listed as pending, completed, or overpayment (O coded) on the ARRC Daily Caseload Detail Report dated May 27, 2005, we selected 74 cases.

Our review disclosed that in 13 cases, CAO personnel failed to complete the referral 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 identified 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 and forward it to the OIG within the required 60 days delayed and jeopardized the recovery of over-issuances of \$3,393.

#### **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.

## ***Findings and Recommendations***

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### **CAO Management Response**

CAO management provided no written response to this finding.

### **Status of Prior Audit Finding**

#### **Untimely Verification and Referral of Overpayments and Over-Issuances Totaling \$369 Occurred as a Result of Procedural Deficiencies in the Overpayment Investigation Control System**

Our current audit covering the period February 22, 2003 to November 4, 2005 disclosed that procedural deficiencies continue to exist at the Philadelphia CAO, Boulevard District in the execution of the Overpayment Control System; therefore, a repeat finding is warranted. Refer to Finding 5 on page 16 for additional discussion on this issue.

**Commonwealth of Pennsylvania  
Department of Public Welfare  
Philadelphia County Assistance Office  
Boulevard District**

**AUDIT SUMMARIES  
GLOSSARY  
AND  
APPENDIX**

## ***Audit Summaries***

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### **Random Eligibility Audit Results**

	Cases at CAO	Cases Reviewed	Cases with Errors
<b><u>Current</u></b>	2,939	327	58
<b><u>Prior</u></b>	2,025	306	7

### **Other Results**

<b><u>PROGRAM</u></b>	<b><u>No. of Cases</u></b>	<b><u>Monetary Effect</u></b>
<b>Drug and Alcohol Treatment Program:</b>		
CAO personnel failed to verify and monitor participation.	<u>8</u>	<u>\$ 3,829</u>
<b>Overpayment Control System:</b>		
CAO personnel failed to make referrals timely.	<u>13</u>	<u>3,393</u>
<b>TOTALS: - All Programs:</b>	<b><u>21</u></b>	<b><u>\$7,222</u></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 (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***

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### 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
DATP	Drug and Alcohol Treatment Program
DO	District Office
DPW	Department of Public Welfare
FSH	Food Stamp Handbook
GA	General Assistance
IEVS	Income Eligibility Verification System
LRR	Legally Responsible Relative
MEH	Medicaid Eligibility Handbook
OIG	Office of Inspector General
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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This report was originally distributed to the following:

### Commonwealth of Pennsylvania

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Governor

The Honorable Donald L. Patterson  
Inspector General  
Office of Inspector General

The Honorable Jake Corman  
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### County Assistance Office

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Philadelphia County Assistance Office

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Boulevard District

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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](http://www.auditorgen.state.pa.us).