

Compliance Audit

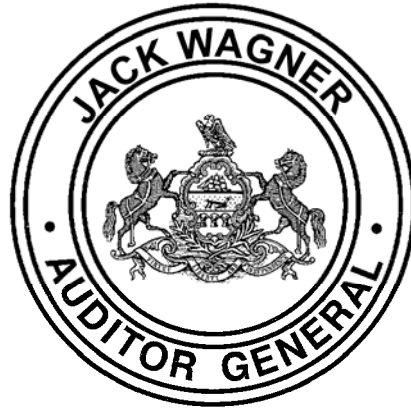
of the

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

Audit Period

April 12, 2003 to December 9, 2005





Compliance Audit

of the

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

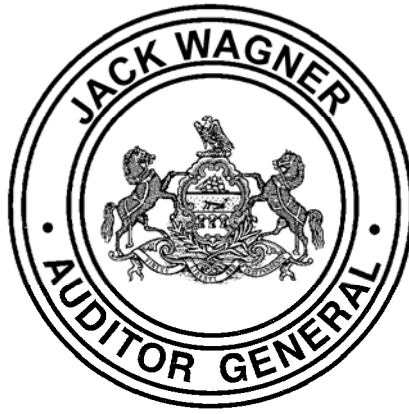
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## **Report of Independent Auditors on Compliance**

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 Philadelphia County Assistance Office, Delancey District, covering the period April 12, 2003 to December 9, 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, the Drug and Alcohol Treatment Program, and 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 Philadelphia County Assistance Office, Delancey 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

March 9, 2006



**Commonwealth of Pennsylvania  
Department of Public Welfare  
Philadelphia County Assistance Office  
Delancey 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 medical practitioners and vendors of services, medications, and medical supplies, or a capitation payment to contracted managed care organizations.

## ***Objectives, Scope, and Methodology***

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The Department of the Auditor General (Department), Bureau of Public Assistance Audits conducts audits of CAOs to determine compliance with DPW regulations that pertain to recipient eligibility and the disbursement of cash and food stamps. Additionally, the Bureau reviews the CAO's management policies and their implementation as they relate to the areas we audited. Audit reports providing factual, relevant and useful information are then sent by the Auditor General to the Governor, DPW, the Office of Inspector General and certain state legislators.

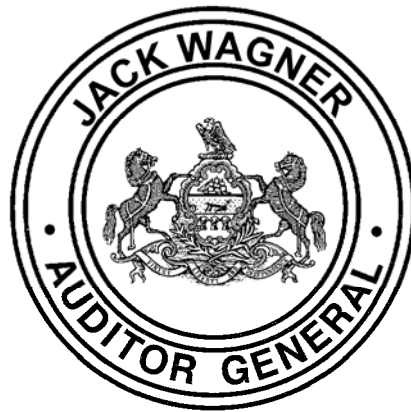
The audit included eligibility reviews of a sample of public assistance cases for the audit period April 12, 2003 to December 9, 2005. We also reviewed the CAO's implementation of procedures for the Drug and Alcohol Treatment Program (DATP) and the Overpayment Control System to determine compliance with 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 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 June 12, 2006 exit conference, the Department's staff reviewed these findings and recommendations with the Philadelphia CAO, Delancey District representatives. We have included CAO personnel comments, where applicable, in this report.



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

**FINDINGS AND RECOMMENDATIONS**

## ***Findings and Recommendations***

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

During the course of our audit, we examined 149 out of 4,063 cases from the Philadelphia CAO, Delancey 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.

Of the 149 cases in our sample, 7 were confidential cases. Public assistance cases are classified as confidential when the recipient is either a CAO employee or their relative. Due to the confidential nature of these cases, the records are normally kept separate from the rest of the case records. Usually, access to the confidential case records is restricted.

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 16 exceptions in 12 of the 149 cases examined. The most significant exceptions are discussed in the following finding:

## ***Findings and Recommendations***

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### **Finding 1 - 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 eligibility information. In six instances, recipients failed to report changes in income information.

Lack of procedures for detecting these errors resulted in the payment of excessive benefits to which the client is not eligible. Overpayments of \$3,227 were written for these cases.

#### **Recommendation**

We recommend that the CAO regularly review 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**

The CAO management provided no written response to this finding.

### **Finding 2 - CAO lacks proper internal controls and procedures for closing recipients' benefits when their whereabouts are unknown**

As part of our review, we require recipients to meet with auditors for scheduled interviews. The purpose of the interview is to substantiate specific case record information. When recipients failed to attend the interview, the CAO notified the recipient of his/her requirements to comply with the audit interview. The notice also indicated that, if the recipient did not respond in a timely manner, benefits would be closed.

A total of 4 recipients did not respond, indicating that they had moved and did not notify the CAO. Lack of internal controls for detecting these errors resulted in the payment of excessive benefits to which the recipient is not eligible. The CAO was obligated to close these cases and discontinue paying monthly benefits totaling \$1,379.

## ***Findings and Recommendations***

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

### **Recommendations**

We recommend that the CAO regularly review 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**

The CAO management provided no written response to this finding.

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

#### **Overpayments and Other Exceptions Totaling \$3,347 Occurred as a Result of Recipients Withholding Information and Case Record Maintenance Exceptions**

Our current audit covering the period April 12, 2003 to December 9, 2005 disclosed that inadequate/incorrect recipient information exceptions continue to occur at the Philadelphia County CAO, Delancey District; therefore, a repeat finding is warranted. Refer to Findings 1 and 2 located on page 9 for additional discussion on this issue.



## ***Findings and Recommendations***

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

#### **Finding 3 - Overpayments Totaling \$3,895 Were Disclosed During Our Review of the Drug and Alcohol Treatment Program**

We reviewed 23 cases on the October 3, 2005 Active GA report at the Philadelphia CAO, Delancey 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 eight 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 potential overpayments of \$3,895.

#### **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 the CAH, Section 105.45.

## ***Findings and Recommendations***

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### **CAO Management Response**

The CAO management provided no written response to this finding.

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

#### **Overpayments Totaling \$12,084 and a Case Closure of \$615 Occurred as a Result of Procedural Deficiencies in the Oversight of the General Assistance Cases Coded D07, Undergoing Drug and/or Alcohol Treatment**

Our current audit covering the period April 12, 2003 to December 9, 2005 disclosed that DATP exceptions continue to exist at the Philadelphia CAO, Delancey District; therefore, a repeat finding is warranted. Refer to Finding 2 on page 11 for additional discussion on this issue.

## ***Findings and Recommendations***

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

#### **Finding 4 - Untimely Verification and Referral of Overpayments and Over-Issuances Totaling \$3,905 Occurred as a Result of Procedural Deficiencies in the Overpayment Control System**

We reviewed the Philadelphia CAO, Delancey District Overpayment Control System to determine if CAO personnel properly investigated suspected overpayments, controlled and documented investigations, and referred verified overpayments timely. From 2,834 entries listed as pending, completed, or overpayment (O coded) on the ARRC Daily Caseload Detail Report dated August 29, 2005, we selected 51 cases.

Our review disclosed the following exceptions:

- **In two cases, CAO personnel failed to ensure a Request for Employment Information was sent timely.**

Exceptions occurred because CAO personnel failed to ensure an initial and/or a second PA78 was sent timely. Potential overpayments discovered through IEVS result in an automatic generation of a PA78. However, if no response is received after the first PA78 is sent, the CAO is required to manually request income verification after contacting the employer. CAO personnel should verify employer addresses and make any corrections before sending a second request.

Chapter 910 of the Supplemental Handbook and the ARRC manual provide procedures and guidelines for contacting non-responding employers.

Failure to ensure that second PA78s were sent timely resulted in overpayments of \$497 and over-issuances of \$3,408.

#### **Recommendations**

The caseworkers should send the initial and second PA78 requests for income verification to the employer as required by DPW policies and procedures. Also, CAO personnel should review reports generated for follow-up and address verification within the required timeframes.

## ***Findings and Recommendations***

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### CAO Management Response

The CAO management provided no written response to this finding.

- **In eight cases, CAO personnel failed to change the disposition code in the ARRC system after verification was determined.**

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 when caseworkers failed to update a pending ARRC disposition code to “C” when the CAO received case verification indicating that an overpayment did occur. Also, caseworker supervisors may have failed to use available reports and ARRC file information.

Failure to change the disposition code in the ARRC system after verification was determined 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. Additionally, CAO management should require their staff to utilize ARRC reports to monitor the status of overpayments.

### CAO Management Response

The CAO management provided no written response to this finding.

## ***Findings and Recommendations***

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

#### **Untimely Verification and Referral of Overpayments and Over-Issuances Totaling \$3,831 Occurred as a Result of Procedural Deficiencies in the Overpayment Control System**

Our current audit covering the period April 12, 2003 to December 9, 2005 disclosed that procedural deficiencies continue to exist at the Philadelphia CAO, Delancey District in the execution of the Overpayment Control System; therefore, a repeat finding is warranted. Refer to the bullets in Finding 3 on pages 13 and 14 for additional discussion on these issues.



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

**AUDIT SUMMARIES  
GLOSSARY  
AND  
APPENDIX**

## ***Audit Summaries***

### **Random Eligibility Audit Results**

	<b>Cases at CAO</b>	<b>Cases Reviewed</b>	<b>Cases with Errors</b>
<b><u>Current</u></b>	<b>4,063</b>	<b>149</b>	<b>16</b>
<b><u>Prior</u></b>	<b>2,967</b>	<b>241</b>	<b>32</b>

### **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>\$3,895</u>
<b>Subtotal:</b>	<b><u>8</u></b>	<b><u>\$3,895</u></b>
<b>Overpayment Control System:</b>		
CAO personnel failed to request employment information timely.	2	\$3,905
CAO personnel failed to update ARRC System.	<u>8</u>	<u>0</u>
<b>Subtotal:</b>	<b><u>10</u></b>	<b><u>\$3,905</u></b>
<b>TOTALS: - All Programs:</b>	<b><u>18</u></b>	<b><u>\$7,800</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

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
MEH	Medicaid Eligibility Handbook
OPS	Operations Memorandum
PAEM	Public Assistance Eligibility Manual
SH	Supplemental Handbook
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

The Honorable Edward G. Rendell  
Governor

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

The Honorable Jake Corman  
Majority Chairman  
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Senate of Pennsylvania

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Kathy Jellison  
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PA Social Services Union  
Local 668 S.E.I.U. AFL-CIO

### County Assistance Office

Denise Chambers  
Executive Director  
Philadelphia County Assistance Office

Rodger Vicks  
District Administrator  
Philadelphia County Assistance Office  
Delancey District

Dr. Allener Rogers, Chairman  
Philadelphia County Board of Assistance

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, PA 17120. If you have any questions regarding this report or any other matter, you may contact the Department by accessing our website at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us).