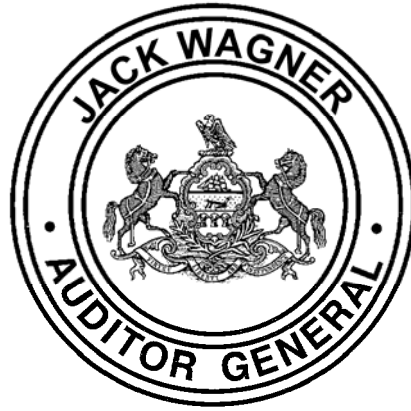


Compliance Audit
of the
Commonwealth of Pennsylvania
Department of Public Welfare
Philadelphia County Assistance Office
Elmwood District

Audit Period
December 4, 2004 to July 14, 2006



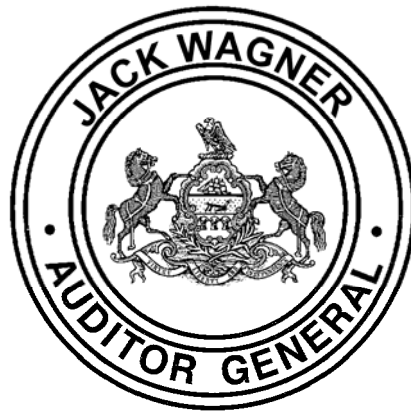
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Report of Independent Auditors on Compliance

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 Philadelphia County Assistance Office, Elmwood District, covering the period December 4, 2004 to July 14, 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 Drug and Alcohol Treatment Program.

Our report details findings and recommendations that resulted from our eligibility review and our review of the Drug and Alcohol Treatment Program.

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, Elmwood 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 13, 2006

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

BACKGROUND INFORMATION
AND
OBJECTIVES, SCOPE, AND METHODOLOGY

Background Information

Department of Public Welfare

The Department of Public Welfare (DPW) provides money, food stamps, medical assistance and other services to needy recipients in Pennsylvania. DPW administers these services locally through a County Assistance Office (CAO), or in larger counties, through a District Office (DO). We conduct audits in all 67 counties throughout Pennsylvania.

DPW, through its Office of Income Maintenance, is responsible for analyzing, interpreting, developing and maintaining the regulatory policy for all federal and state funded public assistance benefit programs. DPW also provides policy clarifications to guide the application of its regulations.

DPW created the Cash Assistance Handbook (CAH), the Food Stamp Handbook (FSH), and the Medicaid Eligibility Handbook (MEH) to provide guidance to income maintenance caseworkers (caseworkers) at the CAOs and DOs. The handbooks give the caseworker direction on how to use financial and non-financial information to determine an individual's eligibility for cash assistance, food stamp, and medical assistance benefits. The CAH provides guidance on Temporary Assistance to Needy Families (TANF) and General Assistance (GA). TANF is a federally-funded program which provides money for dependent children who are needy because financial support is not available from their parents. The payment is made to parents or relatives who care for the children in family homes. GA is a state-funded program which provides money primarily to single individuals and childless couples who do not have enough income to meet their basic needs. The FSH provides guidance for administering the Food Stamp Program which is operated jointly by the U.S. Department of Agriculture, Food and Nutrition Service, and DPW. The MEH provides guidance for administering the Medical Assistance Program to recipients 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 December 4, 2004 to July 14, 2006. We also reviewed the CAO's implementation of procedures for the Drug and Alcohol Treatment Program (DATP) 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 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 DATP detected instances of noncompliance; therefore, we submitted findings in these areas.

During the March 9, 2007 exit conference, the Department's staff reviewed these findings and recommendations with the CAO representatives. We have included CAO personnel comments, where applicable, in this report.



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

FINDINGS AND RECOMMENDATIONS

Findings and Recommendations

I. Eligibility Audit Results

During the course of our audit, we examined 146 out of 4,033 cases from the Philadelphia CAO, Elmwood 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 66 exceptions in 43 of the 146 cases examined. The most significant exceptions are discussed in the following findings:

- Failure To Obtain And/Or Document Information Required In Establishing Recipient Eligibility (refer to Finding No. 1);
- Failure To Follow Applicable DPW Procedures (refer to Finding No. 2);
- Inadequate Procedures For Identifying Instances Where The Recipient Fails To Provide Proper Eligibility Information (refer to Finding No. 3); and
- Inadequate Internal Control Procedures For Closing The Case When The Recipient Can Not Be Located (refer to Finding No. 4).

Findings and Recommendations

Finding 1 - Failure 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 eight exceptions. Agreement of Mutual Responsibility (AMR) and Temporary Disability Reassessment forms were missing from the case records. In addition, two cases were closed when recipients failed to provide Temporary Disability Reassessment forms, resulting in the discontinuance of \$900 in monthly benefits.

The CAH, FSH, and IEVS Manual, Chapter 1, establish the procedures for obtaining and documenting recipient eligibility.

These exceptions occurred because caseworkers failed to review AMRs and all required forms at application/reapplication with recipients. Failure to maintain current documentation in case records contributed to poor case management.

Recommendation

We recommend that the CAO ensure that caseworkers are aware of 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 cited handbooks.

Management Response

CAO management provided no written response to this finding.

Finding 2 - Failure To Follow Applicable DPW Procedures

Our audit revealed that exceptions occurred because CAO personnel failed to follow applicable DPW procedures. These exceptions occurred when CAO personnel failed to reconcile wage information reported by employers on IEVS with income known to the CAO, and failed to review IEVS information at reapplication.

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

Findings and Recommendations

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

During our audit, we found seven instances where CAO personnel failed to correctly and/or timely request, verify and enter proper dispositions on IEVS. Failure to do so resulted in recipients being ineligible for public assistance and/or receiving more benefits than they are entitled. These exceptions resulted in the improper calculation of benefits totaling \$4,376.

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

Recommendation

We recommend that the CAO instruct personnel to review IEVS exchanges for reported and unreported income. We also recommend that CAO personnel review and properly reconcile unreported income so overpayments are correctly identified and initiated through the IEVS system. We further recommend that supervisory personnel review IEVS reports to ensure timely and accurate disposition codes are used.

Management Response

CAO management provided no written response to this finding.

Finding 3 - Inadequate Procedures For Identifying Instances Where The Recipient Fails To Provide Proper Eligibility Information

During our audit, we determined that the CAO failed to identify instances where recipients did not accurately report eligibility information. In 21 instances, recipients failed to:

- Properly report income;
- Properly report resources; and
- Report change in address.

Inadequate procedures for detecting these errors resulted in the payment of excessive benefits to which recipients were not entitled. Overpayments of \$6,564 were written in these cases.

Findings and Recommendations

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.

Management Response

CAO management provided no written response to this finding.

Finding 4 - Inadequate Internal Control Procedures For Closing The Case When The Recipient Can Not Be Located

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, their cases would be closed and benefits would discontinue.

A total of 14 recipients did not respond, indicating that they had moved and did not notify the CAO. The CAO was obligated to close these cases and discontinue paying monthly benefits totaling \$7,848. In addition, overpayments of \$5,498 were written.

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

Recommendation

We recommend that the CAO regularly review a sample of cases to help identify instances where recipients' living arrangements have changed, including where they reside. This could help to eliminate at least some improper disbursement of benefits.

Management Response

CAO management provided no written response to this finding.

Findings and Recommendations

Status of Prior Audit Finding

County Assistance Office Personnel Failed to Provide Case Records and Failed to Timely Provide Case Records

The prior audit period covered November 9, 2002 to December 3, 2004 and the response to this finding indicated DPW and CAO personnel agreed with our recommendations and initiated corrective actions.

Our current audit disclosed no instances where CAO personnel failed to provide case records or failed to timely provide case records.

Findings and Recommendations

II. Drug and Alcohol Treatment Program

Finding 5 - Overpayments Totaling \$5,831 Were Disclosed During Our Review Of The Drug and Alcohol Treatment Program (DATP)

We reviewed 17 cases on the March 6, 2006 Active GA report at the Philadelphia CAO, Elmwood 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.

Our audit disclosed that in six 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 were neither monitored nor verified.

The CAH, Section 105.45 provides that the CAO will monitor the recipient's progress and document continued participation in treatment. The treatment center is not required to apprise the CAO of the recipient'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 recipient 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 resulted in overpayments totaling \$5,831. In addition, two cases were closed, resulting in the discontinuance of \$410 in monthly benefits.

Recommendation

We recommend that the CAO 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

Management Response

CAO management provided no written response to this finding.

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

**AUDIT SUMMARIES
GLOSSARY
AND
APPENDIX**

Audit Summaries

Eligibility Audit Results

	Cases at CAO	Cases Reviewed	Cases with Errors
<u>Current</u>	4,033	146	43
<u>Prior</u>	3,198	171	0

Other Results

<u>PROGRAM</u>	<u>No. of Cases</u>	<u>Monetary Effect</u>
Drug and Alcohol Treatment Program:		
CAO personnel failed to monitor, verify and document recipient participation.	6	\$5,831

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:

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:

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:

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

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
MEH	Medicaid Eligibility Handbook
OPS	Operations Memorandum
SH	Supplemental Handbook
SSA	Social Security Administration
SSI	Supplemental Security Income
TANF	Temporary Assistance to Needy Families

Audit Report Distribution List

This report was originally distributed to the following:

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Elmwood District

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.