

Commonwealth of Pennsylvania  
Department of Public Welfare's  
Cash and SNAP Programs

*Philadelphia County Assistance Office  
Elmwood District*

Audit Report for the Period  
July 15, 2006 to August 21, 2009





Commonwealth of Pennsylvania  
Department of Public Welfare's  
Cash and SNAP Programs

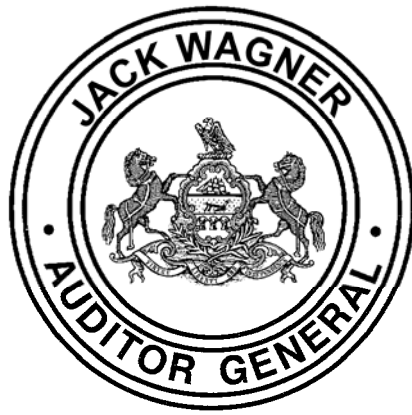
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## **Report of Independent Auditors**

The Honorable Tom Corbett  
Governor  
Commonwealth of Pennsylvania  
Harrisburg, Pennsylvania 17120

Dear Governor Corbett:

We have conducted an audit of the Philadelphia County Assistance Office (CAO), Elmwood District, pursuant to Section 109.1 of Title 55 of the Pennsylvania Code and Sections 402 and 403 of the Fiscal Code. The audit period was July 15, 2006 through August 21, 2009. The objectives of our audit were to determine if cash assistance and Supplemental Nutrition Assistance Program (SNAP) benefits were provided in accordance with Department of Public Welfare (DPW) policies, laws, regulations, and if DPW adequately monitored compliance with Temporary Assistance to Needy Families (TANF) and General Assistance (GA) requirements and Road to Economic Self-Sufficiency through Employment and Training (RESET) participation.

Our audit resulted in the following findings.

Finding No. 1 - CAO Management Failed To Ensure That RESET Requirements Were Met

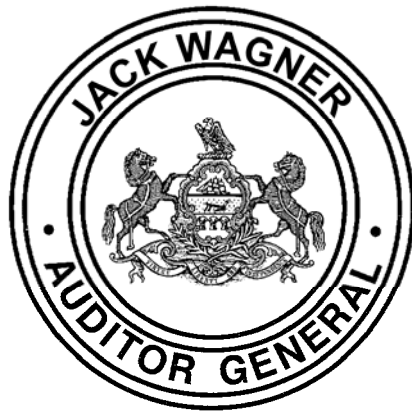
Finding No. 2 - CAO Management Failed To Ensure That GA Requirements Were Met

During the exit conference, we reviewed these findings and recommendations with the Philadelphia CAO, Elmwood District, management. We have included the CAO and DPW management comments, where applicable, in this report.

Sincerely,

JACK WAGNER  
Auditor General

June 14, 2012





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

**BACKGROUND INFORMATION**

## ***Background Information***

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The Department of Public Welfare (DPW) is responsible for the administration of public assistance benefits to needy recipients in Pennsylvania. Benefits include cash assistance and food stamps.

### **Cash Assistance**

Cash assistance is grant money. There are three categories of cash assistance:

1. Temporary Assistance to Needy Families (TANF), a federally-funded program that provides money to families with dependent children in need of financial support that is not available from one or both parents;
2. General Assistance (GA), a state-funded program that provides money primarily to disabled individuals who do not have enough income to meet their basic needs and who do not qualify for TANF; and
3. State Blind Pension (SBP), a state-funded program that provides money to individuals with visual limitations.

In order to qualify for TANF, applicants must fall within established income and resource limits and meet age limitation and family relationship requirements. Adults receiving assistance through TANF are required to work or participate in a work-related training program through the Road to Economic Self-Sufficiency through Employment and Training (RESET) program. This program is designed to help individuals prepare for employment and to attain long-term success by offering job related activities, education, job skills training and support in order to obtain a job earning wages that leads to self sufficiency for themselves and their families. Once it is determined that an individual must participate in the RESET program, the CAO and the individual discuss the individual's skills, prior work experience and employment during an interview process to determine which activity is appropriate for the individual. The weekly hourly work requirement is determined by family/household composition. For instance, the work requirement is 20 hours a week for an adult recipient who has a dependent child less than 6 years of age in the household. If all the dependent children in the household are over the age of 6 years, the work requirement is 30 hours a week. Recipients are enrolled in these activities either directly through the CAO or through a contractor hired by DPW. If a recipient is not able to work, good cause must be established.

## ***Background Information***

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There are several criteria an applicant can meet to qualify for GA benefits. Most GA recipients have either a permanent disability or a temporary disability which would allow him/her to obtain benefits for less than 12 months. A recipient who DPW determines to be permanently disabled is eligible for Interim GA benefits, but, as a condition of eligibility, is required to apply for Social Security Administration (SSA) benefits and to sign a reimbursement agreement. If a recipient's claim for SSA benefits is successful, the recipient will be removed from Interim GA when he or she begins to receive SSA benefits. If the recipient's SSA benefits are retroactive and the recipient receives SSA benefits for an identical time period for which he/she received Interim GA, the reimbursement agreement will enable DPW to be reimbursed any cash assistance paid to the recipient for that time period. This prevents the recipient from receiving overlapping Interim GA and SSA benefits. Without the reimbursement agreement, the recipient would not be required to repay Interim GA and, as a result, the Commonwealth would lose its ability to recover the funds. If a recipient is denied eligibility for SSA, the recipient is required to appeal the decision within 60 days of the denial.

In order to qualify for SBP, applicants must fall within established income and resource limits, must also be at least 21 years of age and have limited visual acuity.

Recipients who receive cash assistance and/or food stamps can also receive Special Allowances (SPALs), which are supplemental payments to cover the cost of clothing, transportation, tools or other items necessary to participate in training or work activities.

### **SNAP**

Benefits are provided under the federal Supplemental Nutrition Assistance Program (SNAP), which is designed to provide assistance to low-income households in order to raise their level of nutrition. It is operated jointly by the U.S. Department of Agriculture and DPW. Eligibility is based on levels of income and, in some counties, on whether a recipient is engaged in an employment and training program.

### **Eligibility Requirements for Cash and SNAP**

Eligibility determinations are based on federal and state regulations specifying which individuals qualify for a program and the amounts for which they qualify. The Code of Federal Regulations (CFR) contains the applicable federal regulations. The Pennsylvania Code contains the applicable state regulations. The policies and procedures in place to ensure compliance with the regulations are contained in DPW's Cash Assistance

## ***Background Information***

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Handbook, Supplemental Nutrition Assistance Program Handbook, Income Eligibility Verification System (IEVS) Handbook, and Supplemental Handbook.

Relevant information about recipients is recorded and maintained in DPW's Client Information System (CIS). This information is used to determine eligibility status and category of aid. The CAO updates information on CIS when new information becomes available.

CAO personnel utilize DPW's Income Eligibility Verification System (IEVS) to compare income and resource information with income and resource information obtained from outside sources. IEVS is updated on a regular basis with information from several sources including wage information from the Department of Labor and Industry, benefit information from the Social Security Administration, and tax and unearned income information from the Internal Revenue Service. CAO caseworkers are required to review this information at the time of application, when the recipient submits his/her semi-annual reporting (SAR) form and at the annual renewal. Caseworkers receive alerts when they are required to review certain information between the application date, the SAR, and at the time of the annual renewal.

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

**OBJECTIVES, SCOPE, AND METHODOLOGY**

## ***Objectives, Scope, And Methodology***

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To achieve our audit objectives regarding eligibility, we obtained a monthly data file from the Department of Public Welfare of all recipients who received cash benefits as of April 2009. We selected a random sample of 142 cases from the 3,544 cases related to the Philadelphia CAO, Elmwood District, represented in the data file. Our audit period was July 15, 2006 to August 21, 2009; however, in cases where we determined an ineligible individual was receiving cash and/or food stamp benefits, we expanded that test work through the last date of his or her ineligibility.

For each case selected in our sample, we tested income, disability, work activity, and non-financial eligibility requirements to determine compliance with DPW regulations and administrative policies.

The criteria we used to test cases in our sample include the Code of Federal Regulations and the Pennsylvania Code, Title 55.

It is DPW's position that current law does not allow DPW to provide all federal and state wage and unearned income information to the Department of the Auditor General. DPW provided us with most, but not all, federal and state wage and unearned income information. DPW did not give us access to IRS-reported wage and income data. This scope limitation prevents us from confirming that all available resources were included in calculating recipients' eligibility for benefits.

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

**FINDINGS AND RECOMMENDATIONS**

## ***Findings and Recommendations***

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The random sample contained 142 of 3,544 cases from the Philadelphia CAO, Elmwood District, April 2009 data file. The 142 cases we tested consisted of 84 TANF cases and 58 GA cases. The following findings discuss areas where deficiencies occurred. It should be noted that deficiencies related to wage and income requirements could exist in the cases that we tested and still remain undetected because we do not have access to all wage and unearned income information as noted in our scope limitation described on page 8 of this report.

### **Finding No. 1 - CAO Management Failed To Ensure That RESET Requirements Were Met**

During our audit, we found that CAO management failed to ensure that RESET requirements were met in 21 of the 84 cases we tested. In these cases, recipients were not enrolled in a training or work activity, did not meet the work hour requirements, or did not provide good cause for not working. The amount of benefits paid in these cases, while the recipients were not meeting the requirements, totals \$12,707, including \$11,166 in cash and \$1,541 in Special Allowances, as shown in Table 1 on page 11 of this report.

The Cash Assistance Handbook provides RESET requirements to assist the CAO in making eligibility determinations. The CAO management is responsible for ensuring that TANF recipients meet the work requirements by placing the recipients in a training or work activity and monitoring the recipients' participation. In addition, when DPW hires a contractor to place recipients in work activities, CAO management must monitor the contractor and verify that recipients are meeting training and/or work requirements.

These improper determinations occurred because:

- CAO management did not adequately monitor to ensure that recipients were enrolled in training or work activities, or were meeting the work hour requirements, or that good cause was established for recipients who were not working.
- CAO management did not have proper controls in place to monitor outside contractors and verify that recipients met training or work activity requirements.
- CAO management did not adequately monitor to ensure that Special Allowances were paid only to recipients who were participating in training or work activities.



## ***Findings and Recommendations***

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**Table 1 - Summary of RESET Deficiencies**

	<b>Audit Sample Number</b>	<b>Cash</b>	<b>Special Allowances</b>
1.	AG-26	\$271.00	
2.	AG-32	376.00	\$225.00
3.	AG-40	198.00	
4.	AG-46	188.00	
5.	AG-47	918.00	131.25
6.	AG-61	188.00	
7.	AG-66	1,665.00	
8.	AG-75	1,120.00	
9.	AG-88		210.00
10.	AG-92	914.00	
11.	AG-94	333.00	507.50
12.	AG-97	555.00	225.00
13.	AG-101	333.00	
14.	AG-110	222.00	84.00
15.	AG-113	594.00	83.00
16.	AG-30	777.00	
17.	AG-83	174.00	
18.	AG-93	521.00	75.00
19.	AG-111	1,375.00	
20.	AG-117	222.00	
21.	AG-137	222.00	
	<b>Totals</b>	<b>\$11,166.00</b>	<b>\$1,540.75</b>

We recommend that:

- CAO management ensure that recipients' training and/or work requirements are met and that good cause is established for recipients who are not participating in training or work activities.
- CAO management ensure that proper controls are in place to monitor recipients' participation in training and work activities, including monitoring of outside contractors.

## ***Findings and Recommendations***

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- CAO management ensure that Special Allowances are paid only to recipients who are participating in training or work activities.

### **DPW's Management Response**

- Recipients of cash assistance are required to participate in work or work related activities; however, noncompliance does not automatically confer total ineligibility for any cash assistance for the family. Regulations regarding work requirements are based on federal TANF regulations as specified in 45 CFR 261.31(a).

Regulations at 55 Pa. Code §165 specify the procedure and penalties for noncompliance with work requirements.

55 Pa. Code §165.51(a) requires a compliance review for work requirements:

(a) Need for compliance review. A compliance review will be conducted when information indicates that a recipient may be out of compliance with RESET participation requirements, as specified in § 165.31 (relating to RESET participation requirements).

55 Pa. Code §165.61(b) and (c) detail imposition of a sanction on individuals not meeting work requirements:

(b) The sanction period shall be:

(1) For the first occurrence, ineligibility for cash assistance for 30 days, or until the recipient is willing to comply, whichever is longer.

(2) For the second occurrence, ineligibility for cash assistance for 60 days, or until the recipient is willing to comply, whichever is longer.

(3) For the third occurrence, permanent ineligibility for cash assistance.

(c) Applicability of the sanction is as follows:

(1) During the first 24 months, the sanction is imposed only on the individual who failed to comply.

(2) After 24 months, the sanction is imposed on the entire budget group.

## *Findings and Recommendations*

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A finding that recipients were ineligible for TANF cash assistance must be based upon following applicable sanction procedures, and not a total ineligibility for TANF based on noncompliance with work requirements.

- The Bureau of Employment and Training conducts monthly contractor performance reviews and a formal on-site program evaluation each year to confirm prior year performance. On-site evaluations are conducted more frequently for contractors whose performance did not meet DPW standards. Additionally, the CAOs meet with contractors in bi-weekly Direct Service Team (DST) meetings to discuss client participation and review Commonwealth Workforce Development System (CWDS) reports. CAOs also participate in Local Management Committees (LMCs) which consist of representatives from the CAO workforce development and educational entities in the local area to review performance and discuss program design and corrective action.
- The Office of Income Maintenance (OIM) has conducted a comprehensive review of the policies and procedures related to the issuance of special allowances in support of individuals participating in employment and training activities. As a result of that review, a directive was issued in August of 2009 to clarify and strengthen these policies and procedures to increase accountability, integrity and controls in the processes around the issuance of the special allowance payments to clients. Additionally, training for CAO staff was conducted from June 15, 2011 through July 8, 2011 to prepare for policy changes surrounding referrals to employment and training programs and the issuance of special allowances. These changes enhanced program integrity requiring verification of the use of the funds for special allowances and authorizing recovery of overpayments for misuse of funds.
- Supervisors are required to review three records per worker every month to ensure that all factors of eligibility are addressed. Management will ensure that reviews occur and areas of concern are addressed.

## ***Findings and Recommendations***

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- Supervisors hold monthly meetings to review findings from previous audits and to review policy with IMCWs to ensure that the audit findings are addressed. Supervisors also hold individual monthly conferences to review each worker's Comprehensive Supervisory Review (CSR) results and to offer additional individual training to ensure that compliance with policy is maintained.
- Desk guides have been prepared and distributed, and includes:
  - Reporting requirements (SAR) for all budgets;
  - Criminal history desk guide;
  - IEVS desk guide
  - ETP codes desk guide.

### **Auditors' Conclusion**

Our finding refers only to adult TANF recipients who are required to participate in the Road to Economic Self-Sufficiency through Employment and Training program (RESET). Our finding does not recommend that benefits be revoked for the children of adults who are not in compliance with RESET requirements. We found that the CAO is not monitoring to ensure that adults are meeting the required weekly work hours to receive TANF benefits.

With respect to contractor performance reviews and on-site evaluations, it is clear that DPW's current procedures have not been effective in verifying whether or not a recipient is meeting the work hour requirements. Without better monitoring procedures in place, these deficiencies will continue to occur. DPW needs to hold its contractors accountable. Therefore, we continue to recommend that DPW put proper controls in place for CAOs to monitor recipients' participation in training and work activities, including monitoring of outside contractors.

We acknowledge DPW's willingness to improve operations regarding Special Allowances and are encouraged by the corrective actions outlined in this response that were developed to strengthen this program and reduce potential fraud and abuse. However, without improved monitoring, Special Allowance payments will continue to be issued to recipients who are not meeting the work hour requirements or are not using Special Allowances for their intended purposes. We continue to recommend that DPW improve monitoring requirements for the CAO to ensure that Special Allowances are paid only to recipients who are participating in training or work activity.

## ***Findings and Recommendations***

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We will examine the implementation of these additional procedures during our next audit to determine whether or not the action taken adequately addresses the deficiencies noted in this report.

### **Finding No. 2 - CAO Management Failed To Ensure That GA Requirements Were Met**

During our audit, we found that CAO management failed to ensure that General Assistance (GA) requirements were met in 7 of the 58 cases we tested. As a result, cash benefits totaling \$11,824 were paid to recipients while they were ineligible, as shown in Table 2 on page 16 of this report. In these cases, recipients did not provide proof of disability, apply for Social Security benefits, or appeal unfavorable decisions from SSA. These amounts represent taxpayer dollars paid during periods when recipients no longer met GA requirements.

The Cash Assistance Handbook and Supplemental Handbook provide eligibility requirements to assist the CAO in making eligibility determinations. The CAO management is responsible to ensure that applicants provide proof of disability and comply with SSA requirements.

These improper determinations occurred because:

- CAO management did not adequately monitor to ensure that recipients applied for Social Security benefits or appealed unfavorable SSA decisions.
- CAO management did not adequately monitor to ensure that proof of disability was obtained and verified.

## ***Findings and Recommendations***

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**Table 2 - Summary of GA Deficiencies**

	<b>Audit Sample Number</b>	<b>Cash</b>
1.	AG-20	\$4,713.60
2.	AG-7	615.00
3.	AG-34	717.50
4.	AG-39	1,892.20
5.	AG-49	702.50
6.	AG-120	512.50
7.	AG-128	2,670.30
	<b>Totals</b>	<b>\$11,823.60</b>

We recommend that:

- CAO management ensure that recipients apply for Social Security benefits or appeal unfavorable SSA decisions.
- CAO management ensure that proof of disability is obtained and verified.

### **DPW's Management Response**

- When a recipient is determined to be disabled, a referral is made to DPW's Disability Advocacy Program (DAP) and SSA. DAP helps the recipient to navigate the SSA application and appeal process. CAO management assures that the DAP process is followed, which ensures that recipients appeal unfavorable SSA decisions. It is DPW's policy to ensure that all reimbursement forms are completed and handled appropriately.
- DPW utilizes a Medical Assessment Form which enables the CAO Income Maintenance Case Worker (IMCW) to determine whether or not a recipient is disabled. The Cash Assistance Hand Book (CAH), Chapter 105.431 Documentation of Disability states that the form must be completed and signed by one of the following medical providers: a

## ***Findings and Recommendations***

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physician, physician's assistant, certified registered nurse practitioner or psychologist. It is permissible to accept documentation of a physical or mental disability from other sources including, but not limited to, the SSA, the Department of Veterans Affairs (DVA), or from DPW's Medical Review Team (MRT).

- Supervisors are required to review three records per worker every month to ensure that all factors of eligibility are addressed. Management will ensure that reviews occur and areas of concern are addressed.
- The procedures for providing assistance to recipients when applying for and obtaining SSA benefits as described in DPW's response to this finding will be reviewed with IMCWs to assure that DPW policy is followed.
- Supervisors hold monthly meetings to review findings from previous audits and to review policy with IMCWs to ensure that the audit findings are addressed. Supervisors also hold individual monthly conferences to review each worker's Comprehensive Supervisory Review (CSR) results and to offer additional individual training to ensure that compliance with policy is maintained.
- Desk guides have been prepared and distributed, and includes:
  - Reporting requirements (SAR) for all budgets;
  - Criminal history desk guide;
  - IEVS desk guide
  - ETP codes desk guide.

### **Auditors' Conclusion**

We acknowledge DPW's efforts to review current procedures with the CAOs to ensure that the recipient is disabled and that DPW policy is followed. It is clear, however, that the current procedures have not been effective in monitoring the SSA application and appeals process. Without better monitoring procedures in place, these deficiencies will continue to occur. DPW should ensure that CAO personnel are adequately trained to understand the eligibility requirements and that procedures are being performed on a

## ***Findings and Recommendations***

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consistent basis. Therefore, we continue to recommend that DPW ensure that personnel are adequately trained to aid recipients in applying for Social Security benefits and appealing unfavorable SSA decisions, and to follow the required reimbursement procedures when applying for Supplemental Security Income.

With regard to the Medical Assessment Form or other acceptable disability verification forms, the deficiencies cited in this finding were not a result of an inadequate policy, but were a result of the CAO not following the procedures provided by DPW in the Cash Assistance Handbook, Chapter 105.431. In several instances, the documents required by the policy that DPW cites in its response were not included in the case record. Therefore, no evidence of disability existed in the case record. This indicates that DPW's monitoring of compliance with existing DPW policy needs to be improved – not the policy itself.

We will examine the implementation of these additional procedures during our next audit to determine whether or not the action taken adequately addresses the deficiencies noted in this report.



## ***Audit Report Distribution List***

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