

Compliance Audit

of the

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

Audit Period

November 8, 2003 to December 9, 2005





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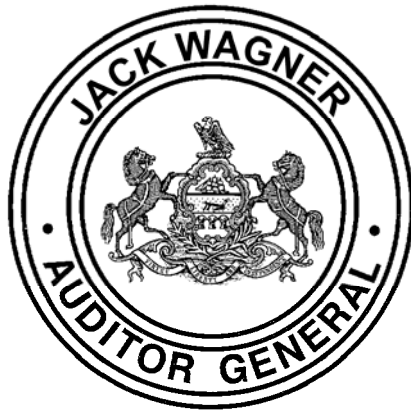
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## **Report of Independent Auditors on Compliance**

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, Lehigh District, covering the period November 8, 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 Overpayment Control System.

Our report details findings and recommendations that resulted from our eligibility review and our review of the Overpayment Control System.

It should be noted, that as a result of Internal Revenue Code §6103, the Department of the Auditor General no longer has access to Income Eligibility Verification System Exchanges 4 and 5. Because this poses a scope limitation, exceptions may exist beyond those disclosed during our audit. In addition, overpayment amounts stated in this audit report are limited by the Department of Public Welfare's Automated Restitution Referral and Computation system, which does not calculate overpayments beyond a two-year period.

This report is intended for the benefit of the Philadelphia County Assistance Office, Lehigh 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

April 19, 2006



**Commonwealth of Pennsylvania  
Department of Public Welfare  
Philadelphia County Assistance Office  
Lehigh 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.

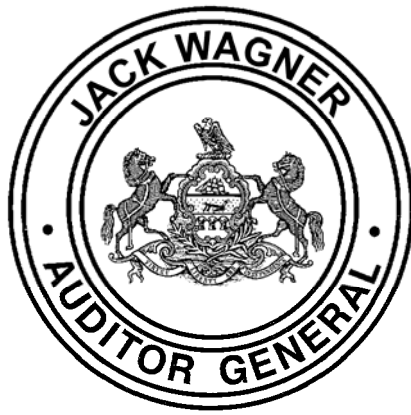
The audit included eligibility reviews of a sample of public assistance cases for the audit period November 8, 2003 to December 9, 2005. We also reviewed the CAO's implementation of procedures for the Overpayment Control System to determine compliance with regulations and policies.

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 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 and the Overpayment Control System detected instances of noncompliance; therefore, we submitted findings in these areas.

During the September 27, 2006 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  
Lehigh District**

**FINDINGS AND RECOMMENDATIONS**

## ***Findings and Recommendations***

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

During the course of our audit, we examined 150 out of 3,469 cases from the Philadelphia CAO, Lehigh 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 48 exceptions in 29 of the 150 cases examined. These exceptions are discussed in the following findings:

- Inadequate Internal Control Procedures For Closing The Case When The Recipient Can Not Be Located (refer to Finding No. 1); and
- Failure To Obtain And/Or Document Information Required In Establishing Recipient Eligibility (refer to Finding No. 2).

## ***Findings and Recommendations***

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### **Finding 1 - 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 was required to send notice to the recipient of his/her requirements to comply with the audit interview that, if the recipient did not respond in a timely manner, benefits would be closed.

In 21 cases, recipients did not respond to the CAO notice; therefore, the CAO was obligated to close the cases and discontinue paying out a total of \$10,032 in monthly benefits.

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

#### **Recommendation**

The CAO should consider regularly reviewing 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.

### **Finding 2 - Failure To Obtain And/Or Document Information Required In Establishing Recipient Eligibility**

During our audit, the verification for establishing recipient eligibility for child care was absent from examined case records. In 14 instances, case records did not contain required child care verification forms.

The CAH, Chapter 183.2, establish the procedures to be followed when obtaining and documenting recipient eligibility for child care.

## ***Findings and Recommendations***

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These exceptions occurred because caseworkers either failed to complete or retain the required child care verification forms. Failure to maintain current documentation in case records contributed to poor case management.

Missing child care forms make it difficult to determine if caseworkers entered child care dates and amounts correctly on CIS. Also, signatures of child care providers could not be verified for proof that child care had actually occurred.

### **Recommendation**

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 cited handbooks.

### **Management Response**

CAO management provided no written response to this finding.

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

### **Overpayments and Other Exceptions Totaling \$5,584 Occurred as a Result of Recipients Withholding Information and Case Record Maintenance Exceptions**

Our current audit covering the period November 8, 2003 to December 9, 2005 disclosed that inadequate/incorrect recipient information and case record management exceptions continue to occur at the Philadelphia CAO, Lehigh District; therefore, a repeat finding is warranted. Refer to Findings 1 and 2 located on page 9 for additional discussion on these issues.



## ***Findings and Recommendations***

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### **II. Overpayment Control System**

#### **Finding 3 - Untimely Verification and Referral of Overpayments and Over-Issuances Totaling \$399 Occurred as a Result of Procedural Deficiencies in the Overpayment Control System**

We reviewed the Philadelphia CAO, Lehigh District Overpayment Control System to determine if CAO personnel properly investigated suspected overpayments, controlled and documented investigations, and referred verified overpayments timely. From 2,074 entries listed as pending, completed, or overpayment on the ARRC Daily Caseload Detail Report dated September 12, 2005, we selected 52 cases.

Our review disclosed that in 19 cases, CAO personnel failed to contact non-responding employers.

These exceptions occurred when caseworkers failed to contact employers or employers failed to respond to initial requests for wage verification within 45 days of the initial request. Caseworkers failed to timely contact employers within ten days to verify employer addresses.

Failure to contact employers timely may have delayed initiating procedures to recover incorrectly disbursed benefits. Failure to contact employers also delayed initiating procedures to send a second PA78 request. These exceptions resulted in overpayments of \$70 and over-issuances of \$329.

These deficiencies occurred because caseworkers failed to adhere to the overpayment investigation required timeframes. Additionally, CAO supervisors failed to review the “Non-Responding Employer” list. Caseworkers did not contact non-responding employers due to a lack of procedural controls.

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

#### **Recommendation**

The CAO should instruct personnel to contact employers within 10 work days after reviewing the “Non-responding Employer” list. Caseworkers should also verify employer addresses.

## ***Findings and Recommendations***

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### 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 \$9,994 Occurred as a Result of Procedural Deficiencies in the Overpayment Control System**

Our current audit covering the period November 8, 2003 to December 9, 2005 disclosed that procedural deficiencies continue to exist at the Philadelphia CAO, Lehigh District in the execution of the Overpayment Control System; therefore, a repeat finding is warranted. Refer to Finding 3 on page 11 for additional discussion on this issue.

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

**STATUS OF PRIOR AUDIT FINDING**

## *Status of Prior Audit Finding*

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### **Overpayments Totaling \$5,440 and Case Closures Totaling \$1,435 Occurred as a Result of Procedural Deficiencies in the Drug and Alcohol Treatment Program**

The prior audit period covered October 10, 2001 to November 7, 2003 and we reviewed 30 cases. The prior response to this finding indicated DPW and Philadelphia CAO, Lehigh District personnel agreed in part with our recommendations and initiated corrective actions.

We did not review the Drug and Alcohol Treatment Program during our current audit.

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

**AUDIT SUMMARIES  
GLOSSARY  
AND  
APPENDIX**

## ***Audit Summaries***

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### **Eligibility Audit Results**

	<b>Cases at CAO</b>	<b>Cases Reviewed</b>	<b>Cases with Errors</b>
<b><u>Current</u></b>	<b>3,469</b>	<b>150</b>	<b>29</b>
<b><u>Prior</u></b>	<b>2,930</b>	<b>280</b>	<b>24</b>

### **Other Results**

<b><u>PROGRAM</u></b>	<b><u>No. of Cases</u></b>	<b><u>Monetary Effect</u></b>
<b>Overpayment Control System:</b>		
CAO personnel failed to contact non-responding employer timely.	19	\$399

## ***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:**

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*

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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
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
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 Estelle B. Richman  
Secretary  
Department of Public Welfare

The Honorable Edwin B. Erickson  
Majority Chairman  
Public Health and Welfare Committee  
Senate of Pennsylvania

Lynn F. Sheffer  
Comptroller  
Public Health and Human Services  
Department of Public Welfare

Minority Chairman  
Public Health and Welfare Committee  
Senate of Pennsylvania

Richard Polek  
Chief of Audit Resolution Section  
Bureau of Financial Operations  
Department of Public Welfare

Majority Chairman  
Health and Human Services Committee  
Pennsylvania House of Representatives

Joanne Glover  
Director of Operations  
Office of Income Maintenance  
Department of Public Welfare

Minority Chairman  
Health and Human Services Committee  
Pennsylvania House of Representatives

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

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District Administrator  
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Lehigh District

Dr. Allener Rogers, Chairperson  
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).