

Compliance Audit

of the

Commonwealth of Pennsylvania
Department of Public Welfare
Philadelphia County Assistance Office
Ogontz District

Audit Period

December 6, 2003 to March 24, 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, Ogontz District, covering the period December 6, 2003 to March 24, 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 and the Overpayment Control System.

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

It should be noted, that as a result of Internal Revenue Code §6103, the Department of the Auditor General no longer has access to Income Eligibility Verification System Exchanges 4 and 5. Because this poses a scope limitation, exceptions may exist beyond those disclosed during our audit. 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, Ogontz 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

August 9, 2006

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

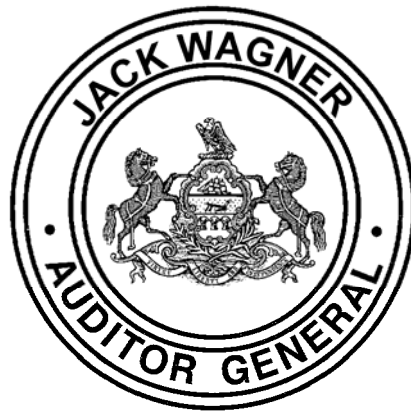
The audit included eligibility reviews of a sample of public assistance cases for the audit period December 6, 2003 to March 24, 2006. We also reviewed the CAO's implementation of procedures for the Drug and Alcohol Treatment Program (DATP) and the Overpayment Control System to determine compliance with 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 January 19, 2007 exit conference, the Department's staff reviewed these findings and recommendations with the Philadelphia CAO, Ogontz District representatives. We have included CAO personnel comments, where applicable, in this report.



**Commonwealth of Pennsylvania
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FINDINGS AND RECOMMENDATIONS

Findings and Recommendations

I. Eligibility Audit Results

During the course of our audit, we examined 149 out of 3,034 cases from the Philadelphia CAO, Ogontz 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 33 exceptions in 22 of the 149 cases examined. One significant area of exceptions occurred, as discussed below:

Finding 1 - Failure to provide case records

The CAO failed to provide 28 case records to the auditors within the required 24-hour period. Of the 28 cases, 12 were never received by the auditors. The remaining 16 cases were received 12 to 69 days after we requested the records.

Section 805.21 of the SH states that the CAO will provide case records to the auditors within 24 hours of the request.

Findings and Recommendations

The CAO did not have adequate clerical staff which caused case records to be lost and improperly maintained.

As a result of the CAO's failure to provide case records, we were unable to properly verify eligibility based on documentation contained in the paper case record.

Recommendation

We recommend that the CAO ensure the clerical staff are properly trained to maintain an adequate filing system and ensure that paper case records can be properly controlled.

Management Response

The CAO management provided no written response to this finding.

Findings and Recommendations

II. Drug and Alcohol Treatment Program

Finding 2 - Overpayments Totaling \$9,366 And One Case Closure of \$205 Were Disclosed During Our Review of the Drug and Alcohol Treatment Program (DATP)

We reviewed 25 cases on the November 5, 2007 Active GA report at the Philadelphia CAO, Ogontz 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.

CAO personnel failed to monitor, verify and document recipient participation in the DATP in 12 cases. 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 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 increased the probability of errors and resulted in overpayments of \$9,366. Furthermore, one case was closed, resulting in the discontinuance of monthly food stamp benefits in the amount of \$205.

Recommendation

We recommend that the CAO establish procedures for monitoring, verifying and documenting recipients' continued participation in DATPs. These procedures should comply with policy found in the CAH, Section 105.45.

Findings and Recommendations

Management Response

The CAO management provided no written response to this finding.

Status of Prior Audit Finding

Overpayments Totaling \$10,843 and Case Closures Totaling \$3,844 Occurred as a Result of Procedural Deficiencies in the Oversight of the General Assistance Cases Undergoing Drug and/or Alcohol Treatment

Our current audit covering the period December 6, 2003 to March 24, 2006 disclosed that DATP exceptions continue to exist at the Philadelphia CAO, Ogontz District; therefore, a repeat finding is warranted. Refer to Finding 2 on page 10 for additional discussion on this issue.

Findings and Recommendations

III. Overpayment Control System

Finding 3 - Untimely Verification and Referral of Overpayments and Over-Issuances Occurred as a Result of Procedural Deficiencies in the Overpayment Control System

We reviewed the Philadelphia CAO, Ogontz District Overpayment Control System to determine if CAO personnel properly investigated suspected overpayments, controlled and documented investigations, and referred verified overpayments timely. From 2,232 entries listed as pending or completed on the ARRC Daily Caseload Detail Report dated December 1, 2005, we selected 52 cases.

In 21 cases, CAO personnel failed to update the ARRC system. Fifteen exceptions occurred because CAO personnel failed to update a pending ARRC disposition code to “N” when no response was received from employers and proper PA78 procedures were followed. In addition, six exceptions occurred because caseworkers failed to enter verified information into the ARRC system, preventing the ARRC system from updating the disposition codes. Also, caseworker supervisors may have failed to use available reports and ARRC file information.

Failure to change the disposition code in the ARRC system and failure to enter verified information into the ARRC system, which prevented the ARRC system from properly coding overpayments, 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.

Recommendation

We recommend that the CAO require personnel to update the disposition codes in the ARRC system to determine whether or not an overpayment exists. We also recommend that the CAO enter verified information into the ARRC system to allow the ARRC system to update the disposition codes. In addition, we recommend that the CAO require their staff to utilize ARRC reports to monitor the status of overpayments.

Findings and Recommendations

Management Response

The CAO management provided no written response to this finding.



**Commonwealth of Pennsylvania
Department of Public Welfare
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STATUS OF PRIOR AUDIT FINDING

Status of Prior Audit Finding

Overpayments and Other Exceptions Totaling \$10,016 Occurred as a Result of Recipients Withholding Information and Case Records Exceptions

The prior audit period covered December 1, 2001 to December 5, 2003 and we reviewed 244 cases. The prior response to this finding indicated DPW and CAO personnel agreed with our recommendations and initiated corrective actions.

No finding or observation was noted in our current audit.

**Commonwealth of Pennsylvania
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**AUDIT SUMMARIES
GLOSSARY
AND
APPENDIX**

Audit Summaries

Eligibility Audit Results

	Cases at CAO	Cases Reviewed	Cases with Errors
<u>Current</u>	3,034	149	22
<u>Prior</u>	2,421	244	29

Other Results

<u>PROGRAM</u>	<u>No. of Cases</u>	<u>Monetary Effect</u>
Drug and Alcohol Treatment Program:		
CAO personnel failed to verify and monitor participation.	12	\$ 9,571
Overpayment Control System:		
CAO personnel failed to update ARRC System.	21	0
TOTALS: - All Programs:	<u>33</u>	<u>\$9,571</u>

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 (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:

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:

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

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
TANF	Temporary Assistance to Needy Families

Audit Report Distribution List

This report was originally distributed to the following:

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The Honorable Estelle B. Richman
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Lynn F. Sheffer
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Office of Income Maintenance
Department of Public Welfare

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