

Compliance Audit

of the

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

Audit Period

October 16, 2004 to August 21, 2006





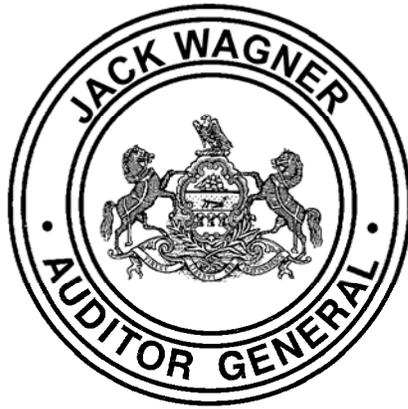
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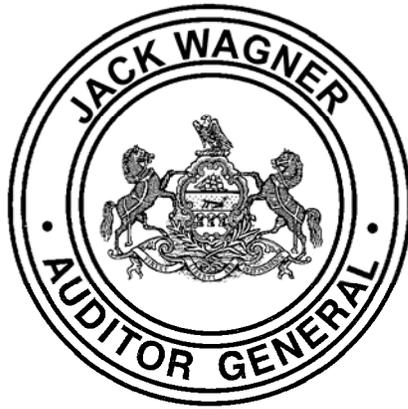
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## **Report of Independent Auditors on Compliance**

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, Snyder District, covering the period October 16, 2004 to August 21, 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.

Our report details the finding and recommendation that resulted from our eligibility review.

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, Snyder 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

November 16, 2006

**Commonwealth of Pennsylvania  
Department of Public Welfare  
Philadelphia County Assistance Office  
Snyder 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 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***

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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 (OIG) and certain state legislators.

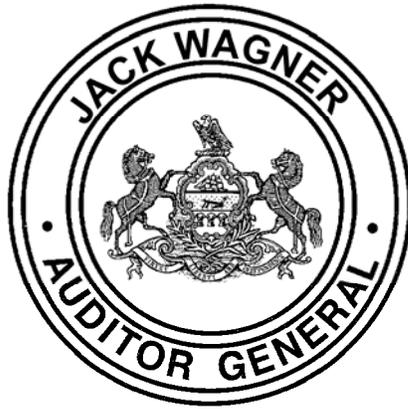
The audit included eligibility reviews of a sample of public assistance cases for the audit period October 16, 2004 to August 21, 2006.

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.

Review of the public assistance cases detected instances of noncompliance; therefore, we submitted a finding in this area.

During the January 24, 2007 exit conference, the Department's staff reviewed this finding and recommendation with the Philadelphia CAO, Snyder District representatives. We have included CAO personnel comments, where applicable, in this report.



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

**FINDING AND RECOMMENDATION**

## ***Finding and Recommendation***

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### **Eligibility Audit Results**

During the course of our audit, we examined 135 out of 3,328 cases from the Philadelphia CAO, Snyder 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 18 of the 135 cases examined. The most significant exceptions are discussed in the following finding.

## ***Finding and Recommendation***

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### **Finding - 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 17 exceptions. Case records and/or CIS information lacked detailed documentation of recipient and CAO actions, including Authorization of Information forms (PA4), Application forms (PA600), Agreement of Mutual Responsibility forms (AMRs), and Employability Assessment forms (PA1663).

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

These 17 exceptions occurred because caseworkers failed to review application forms with clients. 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. We also recommend that the CAO instruct personnel of the need to clearly narrate recipient and caseworker actions in the case record.

### **Management Response**

The CAO management provided no written response to this finding.

## ***Finding and Recommendation***

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

#### **Overpayments and Other Exceptions Totaling \$519 Occurred as a Result of Recipients Withholding Information and Case Record Maintenance Exceptions**

Our current audit covering the period October 16, 2004 to August 21, 2006 disclosed that inadequate/incorrect recipient information and case record management exceptions continue to occur at the Philadelphia CAO, Snyder District; therefore, a repeat finding is warranted. Refer to the Finding located on page 9 for additional discussion on these issues.

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

**AUDIT SUMMARY  
GLOSSARY  
AND  
APPENDIX**

***Audit Summary***

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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>3,328</b>	<b>135</b>	<b>18</b>
<b><u>Prior</u></b>	<b>3,129</b>	<b>253</b>	<b>25</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:**

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

AMR	Agreement of Mutual Responsibility
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  
Chair  
Public Health and Welfare Committee  
Senate of Pennsylvania

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

The Honorable Vincent Hughes  
Democratic Chair  
Public Health and Welfare Committee  
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Richard Polek  
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Bureau of Financial Operations  
Department of Public Welfare

The Honorable Frank Oliver  
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Pennsylvania House of Representatives

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### County Assistance Office

Denise Chambers  
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Philadelphia County Assistance Office

Hubert Purnell  
District Administrator  
Philadelphia County Assistance Office  
Snyder 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).