



Pennsylvania Department of the Auditor General  
Jack Wagner, Auditor General  
Bureau of State and Federal Audits

*“The proper assignment and use of EBT cards is essential in order to be certain that the financial resources are available to meet the needs of the citizens of Pennsylvania who qualify for these vital government programs.”*

Jack Wagner,  
Auditor General

**A SPECIAL REPORT  
OF THE  
DEPARTMENT OF PUBLIC WELFARE**

**ELECTRONIC BENEFITS TRANSFER CARDS AND THE  
DELIVERY OF PUBLIC ASSISTANCE BENEFITS**

September 2011

**BETTER OVERSIGHT AND  
MONITORING ARE NECESSARY  
TO PREVENT THE  
MISUSE OF EBT CARDS**

*“While management may wish to shy away from transparency, it has an obligation to reassure the taxpayers of Pennsylvania that it administers approved benefits responsibly.”*

Jack Wagner,  
Auditor General



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## Failed Leadership, Lax Monitoring, and a Lack of Accountability Involving the Use of Electronic Benefits Transfer (EBT) Cards to Withdraw \$5 Billion in Welfare Benefits

This special report outlines our findings relevant to the Pennsylvania Department of Public Welfare (DPW) and its oversight of Electronic Benefits Transfer (EBT) cards. DPW administers EBT cards to deliver public assistance benefits to eligible residents of the Commonwealth of Pennsylvania. DPW management has been less than responsive to our inquiries, even though our auditors have exhausted every attempt to obtain audit evidence from DPW with regard to the way in which it administers EBT cards to deliver public assistance benefits.

We were forced to disengage from our special performance audit temporarily during the tenure of the previous administration because DPW impeded the audit process by not responding to our repeated verbal and written requests for specific documentation (see Appendix B). The current administration demonstrates the same guarded attitude as the previous administration when dealing with our auditors, ignoring our requests for documentation that would ensure the achievement of our audit objectives and the timely completion of our special performance audit (see Appendix C). On May 24, 2011, the Auditor General met with DPW's Secretary, who indicated that DPW's legal counsel was looking into our April 21, 2011 request for information that had been previously denied by the prior administration. To date, we are still waiting on a response. Nonetheless, our auditors were able to compile enough audit evidence that details significant deficiencies related to DPW's oversight of EBT cards.

The potential misuse of EBT cards has prompted several state governments to examine or curtail individuals' ability to withdraw approved public assistance benefits at certain locations. California has acknowledged that welfare recipients were using EBT cards to access cash benefits at casinos, adult entertainment businesses, and on cruise ships. Consequently, California now prohibits the withdrawal of benefits at the aforementioned venues as well as massage parlors, bail bond establishments, medical marijuana shops, psychics, bingo halls, gun shops, bars, race tracks, smoking shops, and tattoo parlors. Additionally, Missouri recently disclosed that welfare recipients accessed cash benefits using EBT cards outside of the state, including usage in distant locations such as Hawaii, Alaska, California, and Florida.

### Electronic Benefits Transfer (EBT)

The Pennsylvania Department of Public Welfare provides an EBT card, known as an ACCESS card, to individuals approved to receive public assistance benefits. Program monies placed on EBT cards include:

- ✓ Supplemental Nutrition Assistance Program (SNAP), which is the new name for the Food Stamp program
- ✓ Special allowance payments (SPALS)
- ✓ Temporary Assistance for Needy Families (TANF)
- ✓ General Assistance

Each EBT card contains a personal identification number (PIN) that allows recipients to access public assistance benefits at automated teller machines (ATM), in which the recipients withdraw cash, or point-of-sale machines, in which recipients purchase items at a store by swiping the EBT card at a machine.

Because of DPW's lack of cooperation, we could not determine whether non-residents of Pennsylvania are receiving public assistance benefits from Pennsylvania, a situation that could be confirmed and addressed with improved monitoring practices. Therefore, it is imperative that Pennsylvania, like other states, evaluate the way that it administers EBT cards to deliver public assistance benefits. The Commonwealth should begin such an evaluation immediately given the recent reported fraud on May 17, 2011, when DPW discovered that someone stole cash using a Pennsylvania EBT card to withdraw \$147,525 from a state welfare account in installments of \$1,500.

Pennsylvania disbursed approximately \$5 billion in public assistance benefits from various programs using EBT cards during the fiscal years 2008-2009 and 2009-2010. During one of our most recent special performance audits of the Pennsylvania DPW,<sup>1</sup> our auditors found an agency whose accountability to taxpayers was lacking because of failed leadership from a senior management team that exhibited an indifference to certain responsibilities, provided lax oversight, and was less than transparent.

While senior management at DPW did not address these deficiencies, we are also disappointed that the Pennsylvania General Assembly has been less than diligent in its oversight role. Specifically, we found that the Pennsylvania General Assembly has only addressed EBT restrictions regarding the purchase of liquor or alcohol. Specifically, Act 54 of 2009, approved by the Governor on December 17, 2009, prohibits individuals from purchasing liquor or alcohol with an EBT card. It is paramount that lawmakers ensure that state government is accountable to the public.

With more and more families requiring public assistance, the proper assignment and use of EBT cards is essential in order to be certain that the financial resources are available to meet the needs of the citizens of Pennsylvania who qualify for these vital government programs.

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<sup>1</sup> See A Special Performance Audit of the Department of Public Welfare's, Special Allowance Program, August 2009.

## Failed Leadership

Our auditors found that senior DPW management exhibited an attitude of indifference and demonstrated lax oversight in its role as an administrator of substantial taxpayer monies. This failed leadership fostered an environment that encourages potential fraud and abuse relevant to the use of EBT cards for the delivery of public assistance benefits to approved Pennsylvania residents (recipients). Moreover, such passive behavior also created a culture of avoidance rather than one that is pro-active, as demonstrated at the highest levels of leadership. More importantly, this environment creates a widespread perception that discredits the legitimate recipients who are on public assistance and follow the rules; these recipients are trying to make ends meet in today's precarious economy.

Surprisingly, despite the significant sum of monies disseminated through EBT cards, the former DPW Secretary, in written correspondence dated August 19, 2010, informed our auditors, "It is not DPW's responsibility to control how the funds [placed on EBT cards] are spent by the client." In fact, DPW management stated in a September 13, 2010 e-mail, "Our position is the [DPW] has no authority to place restrictions on the use of EBT cards." We disagree. We believe DPW must change its passive management style and recognize that it has an obligation to be pro-active in a manner that inspires confidence in subordinates and reassures the taxpayers of Pennsylvania that DPW administers approved benefits responsibly by being diligent about potential fraud and abuse.

As an agency entrusted with the oversight and allocation of taxpayer monies, it is imperative that senior management and employees at DPW, in the normal course of performing their assigned functions, prevent, detect, and correct deficiencies related to recipients' use of EBT cards. In our previous special performance audit of DPW and special allowance payments, the potential for fraud and abuse with EBT cards were evident and warranted an immediate change in policy by DPW.

Special allowances are one type of benefit placed on EBT cards. In August of 2009, the Department of the Auditor General released its special performance audit of the Special Allowance Program, which revealed significant weaknesses relevant to EBT cards. Specifically, our auditors found inadequate monitoring and resolution of excessive EBT card usage by recipients; some recipients received almost 100 EBT cards each. This discovery necessitated a subsequent audit of DPW and the way that it administers EBT cards to deliver public assistance benefits. However, during the course of this audit, management at DPW abruptly ceased cooperation with our auditors and denied further access to documentation. What follows is based on information we gathered prior to DPW ceasing cooperation.

## Lax Monitoring

Our auditors found that in May 2010, recipients accessed more than \$5 million or 94,947 transactions (see Appendix A) in benefits outside the Commonwealth of Pennsylvania.

These out-of-state transactions necessitate scrutiny from senior management because of the frequency of out-of-state usage; there is the expectation that recipients are residents of the Commonwealth and will continue to reside in Pennsylvania while receiving public assistance benefits. We remain mindful that many eligible recipients have legitimate reasons for using EBT cards out-of-state, including employment and family obligations. Nevertheless, the sheer volume of the out-of-state transactions discovered by our auditors demonstrates the possibility that recipients could potentially be involved with inappropriate activity or may be residing in other states, circumstances that require scrutiny and monitoring by DPW. Therefore, in order to dispel taxpayers' potential misconceptions that the majority of recipients misuse or illegally obtain public assistance benefits, the General Assembly must ensure that DPW heightens its monitoring efforts.

Improved oversight will also allow DPW to detect and curtail any potential misuse – such as selling the cards and PINs – and ensure benefit programs remain viable for individuals truly in need. Transaction records reviewed by our auditors indicated that recipients used Pennsylvania EBT cards in almost every state and several territories (see Appendix A for a complete list), including as far away as Hawaii, Alaska, California, and Florida (see Table 1.1 below for several examples).

**TABLE 1.1: Distant States/Territories, May 2010**

**PA Recipients' Out-of-State Use of PA EBT Cards to Withdraw Benefits in Certain Distant States/Territories**

| State                 | Transactions  | \$ Transaction Amount |
|-----------------------|---------------|-----------------------|
| <b>Florida</b>        | <b>4,797</b>  | <b>\$ 266,672</b>     |
| <b>North Carolina</b> | <b>2,506</b>  | <b>\$ 139,988</b>     |
| <b>Virginia</b>       | <b>2,259</b>  | <b>\$ 119,534</b>     |
| <b>South Carolina</b> | <b>1,497</b>  | <b>\$ 81,124</b>      |
| <b>California</b>     | <b>797</b>    | <b>\$ 33,972</b>      |
| <b>Puerto Rico</b>    | <b>59</b>     | <b>\$ 7,737</b>       |
| <b>Alaska</b>         | <b>27</b>     | <b>\$ 1,361</b>       |
| <b>Hawaii</b>         | <b>21</b>     | <b>\$ 1,078</b>       |
| <b>Total</b>          | <b>11,963</b> | <b>\$ 651,466</b>     |

Source: Pennsylvania Department of Public Welfare<sup>2</sup>

<sup>2</sup> Figures apply to May 2010 only; management at DPW refused to provide documentation for any other month.

Additionally, because of the large number of out-of-state transactions made in the six states adjacent to the Commonwealth, we believe that non-residents are potentially receiving public assistance benefits. We found that the occurrence of out-of-state transactions made in the six states adjacent to the Commonwealth totaled \$4,031,882 (see Table 1.2) for just one month.

Senior management acknowledged to our auditors that it possesses significant documentation from its system that identifies each recipient’s respective SSN, type of benefits, the date on which the recipient accessed benefits, the location where each recipient’s use of an EBT card took place, whether the transaction was valid, the amount accessed, the number of cards issued to the recipient, and whether the recipient withdrew cash at an ATM or made a point-of-sale purchase. If used in a forensic manner, the information would allow senior management to determine if recipients are using EBT cards in a manner that is consistent with the intent of specific benefit programs. However, when the auditors requested this information for a 24-month period as part of the audit, senior management refused to provide it.

**TABLE 1.2: Adjacent States, May 2010**

| <b>PA Recipients’ Out-of-State Use of PA EBT Cards to Withdraw Benefits in Adjacent States</b> |                     |                              |
|--|---------------------|------------------------------|
| <b>State</b>   | <b>Transactions</b> | <b>\$ Transaction Amount</b> |
| <b>New Jersey</b>  | <b>22,345</b>       | <b>\$ 1,289,405</b>          |
| <b>New York</b>  | <b>18,570</b>       | <b>\$ 982,409</b>            |
| <b>Maryland</b>  | <b>9,187</b>        | <b>\$ 544,744</b>            |
| <b>Delaware</b>  | <b>8,155</b>        | <b>\$ 484,348</b>            |
| <b>Ohio</b>  | <b>8,811</b>        | <b>\$ 455,238</b>            |
| <b>West Virginia</b>   | <b>5,111</b>        | <b>\$ 275,738</b>            |
| <b>Total</b>   | <b>72,179</b>       | <b>\$ 4,031,882</b>          |

Source: Pennsylvania Department of Public Welfare<sup>3</sup>

In the absence of applicable internal policies and procedures related to the monitoring of EBT cards, senior management admitted that it chose to do nothing with the documentation generated from the system. In addition, as previously noted, senior management made no effort to determine how recipients used monies accessed with EBT cards because senior management did not believe that it is the responsibility of DPW to control how recipients spend funds. Furthermore, DPW indicated that it does not have the authority to impose EBT restrictions on vendors and/or agencies or the authority to monitor those vendors/agencies. For example, DPW stated that it has cooperated with requests by the Pennsylvania Liquor Control Board (PLCB) and the Pennsylvania Gaming Control Board for restrictions on EBT cards, but it would not provide the auditors with specific details. We asked the PLCB, which indicated that EBT cards are not accepted in point-of-sale devices located in state stores. We also asked the Pennsylvania Gaming Control Board, which indicated that EBT cards cannot be used to withdraw cash at ATMs located in casinos. However, DPW indicated that it does not monitor these restrictions. We find the mindset demonstrated by senior management to be disconcerting given our auditors’ previous findings involving the use of EBT cards, including the inadequate monitoring and resolution of excessive EBT card usage by recipients. Moreover, the recent disclosures about the potential misuse of EBT cards in other states should also heighten the concerns of senior management.

<sup>3</sup> Figures apply to May 2010 only; management at DPW refused to provide documentation for any other month.

To ensure the financial integrity of worthwhile social service programs, senior management should have viewed with scrutiny unusual out-of-state EBT card transactions to ensure that recipients designated as eligible to receive public assistance benefits executed the transactions.

Senior management must be pro-active and implement adequate policies and procedures relevant to the use of EBT cards for the delivery of public assistance benefits. Policies and procedures would provide a reasonable assurance that various social service programs meet their objectives, while considering cost-effectiveness and efficiency. Again, we remain confident that heightened monitoring practices will allow DPW to detect and curtail any potential misuse and ensure benefit programs remain viable for individuals truly in need. DPW should consider the use of new technology to improve the delivery of public assistance benefits, such as credit card-sized biometric smart cards that contain a microchip that stores the fingerprints, photograph and other personal details of the recipient. Finally, as stated previously, improved monitoring would dispel taxpayers' potential misconceptions that the majority of recipients misuse or illegally obtain public assistance benefits.



## **Lack of Accountability to Taxpayers**

Taxpayers will never truly know the cost-effectiveness of various social service programs without adequate transparency. On July 12, 2010, the Department of the Auditor General informed DPW that it intended to begin a special performance audit of the agency and the way in which it administers the delivery of public assistance benefits using EBT cards. The Commonwealth disbursed approximately \$5 billion in public assistance benefits from various programs using EBT cards during the fiscal years 2008-2009 and 2009-2010.

Our auditors encountered significant restrictions and impairments by senior management at DPW, including senior management's refusal to provide documentation to our auditors after it agreed to our request for said documentation. These impairments hindered our audit and prevented our auditors from achieving certain intended audit objectives, which we communicated to the previous and current administrations (see Appendices B and C).

However, due to the weaknesses identified by our auditors with the information that we were able to gather before DPW ceased cooperation, we issue this special report.

## Recommendations

Senior management should implement certain corrective actions to alleviate the aforementioned deficiencies and ensure that recipients use EBT cards in a manner that is consistent with the intent of the various social service programs that provide public assistance benefits. We recommend that the Department of Public Welfare:

1. Develop an internal review process to **monitor** EBT card usage in order to ensure that taxpayer dollars are spent in accordance with the intended purpose of the various assistance programs and to ensure that eligible individuals receive benefits;
2. Provide **proactive leadership** and appropriate policies and procedures to senior management overseeing EBT usage in order to ensure that they are effectively operating various programs, including employees not misusing cards, and are held accountable for taxpayer dollars;
3. Request that the General Assembly develop policies and procedures to specifically identify what are inappropriate establishments and unusual activities and to provide specific direction in **monitoring**, identifying, and controlling the use of EBT cards to minimize the use of cards in a way that is not consistent with program guidelines;
4. Adequately **monitor** and resolve inappropriate EBT activity, determining periodically if recipients still reside in Pennsylvania;
5. **Remove** EBT card access to ATMs and point-of-sale card readers that are located in establishments deemed inconsistent with the intent of the various social service programs;
6. Explore using new technology to improve the **monitoring** and delivery of public assistance benefits, such as credit card-sized biometric smart cards that contain a microchip that stores the fingerprints, photograph and other personal details of the recipient;
7. Develop reciprocal agreements with surrounding states to better **monitor** programs and make certain “double dipping” of benefits does not exist; and
8. Cooperate fully with the Department of the Auditor General and provide the auditors with all requested information to ensure that adequate **monitoring** and oversight are occurring.

Appendix A

| <b>Out-of-State EBT Transactions for the Month of May 2010</b> |                               |                           |
|--|-------------------------------|---------------------------|
| <b>State/Territory</b>   | <b>Number of Transactions</b> | <b>Transaction Amount</b> |
| Alabama  | 331                           | \$21,223                  |
| Alaska   | 27                            | \$1,361                   |
| Arizona  | 69                            | \$3,533                   |
| Arkansas   | 543                           | \$25,360                  |
| California   | 797                           | \$33,972                  |
| Colorado   | 285                           | \$15,682                  |
| Connecticut  | 541                           | \$28,667                  |
| Delaware   | 8,155                         | \$484,348                 |
| District of Columbia   | 237                           | \$8,961                   |
| Florida  | 4,797                         | \$266,672                 |
| Georgia  | 2,146                         | \$115,020                 |
| Hawaii   | 21                            | \$1,078                   |
| Idaho  | 52                            | \$3,032                   |
| Illinois   | 422                           | \$21,311                  |
| Indiana  | 460                           | \$22,128                  |
| Iowa   | 94                            | \$4,579                   |
| Kansas   | 111                           | \$5,057                   |
| Kentucky   | 524                           | \$23,657                  |
| Louisiana  | 244                           | \$12,056                  |
| Maine  | 631                           | \$33,377                  |
| Maryland   | 9,187                         | \$544,744                 |
| Massachusetts  | 68                            | \$4,810                   |
| Michigan   | 588                           | \$29,577                  |
| Minnesota  | 94                            | \$4,762                   |
| Mississippi  | 204                           | \$9,988                   |
| Missouri   | 174                           | \$10,225                  |
| Montana  | 22                            | \$499                     |
| Nebraska   | 78                            | \$4,448                   |
| Nevada   | 191                           | \$8,567                   |
| New Hampshire  | 89                            | \$3,819                   |
| New Jersey   | 22,345                        | \$1,289,405               |
| New Mexico   | 136                           | \$5,534                   |
| New York   | 18,570                        | \$982,409                 |
| North Carolina   | 2,506                         | \$139,988                 |

Appendix A

| <b>Out-of-State EBT Transactions for the Month of May 2010 (continued)</b> |        |             |
|--|--------|-------------|
| North Dakota   | 27     | \$1,544     |
| Ohio   | 8,811  | \$455,238   |
| Oklahoma   | 193    | \$9,836     |
| Oregon   | 136    | \$4,922     |
| Puerto Rico  | 59     | \$7,737     |
| Rhode Island   | 168    | \$7,595     |
| South Carolina   | 1,497  | \$81,124    |
| South Dakota   | 22     | \$1,154     |
| Tennessee  | 542    | \$23,304    |
| Texas  | 869    | \$48,639    |
| Utah   | 94     | \$4,749     |
| Vermont  | 56     | \$2,197     |
| Virgin Islands   | 4      | \$416       |
| Virginia   | 2,259  | \$119,534   |
| Washington   | 197    | \$8,124     |
| West Virginia  | 5,111  | \$275,738   |
| Wisconsin  | 130    | \$6,944     |
| Wyoming  | 33     | \$2,273     |
| Totals:  | 94,947 | \$5,230,917 |

Source: Pennsylvania Department of Public Welfare

## Appendix B



COMMONWEALTH OF PENNSYLVANIA  
OFFICE OF THE AUDITOR GENERAL  
229 FINANCE BUILDING  
HARRISBURG, PA 17120-0018

JACK WAGNER  
AUDITOR GENERAL

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January 6, 2011

The Honorable Edward G. Rendell  
Governor  
Commonwealth of Pennsylvania  
225 Main Capitol Building  
Harrisburg, PA 17120

Dear Governor Rendell:

The purpose of this letter is to update you on the status of our current special performance audit of the Pennsylvania Department of Public Welfare (DPW) and the way in which it administers the delivery of benefits using Electronic Benefits Transfer (EBT) cards. Regrettably, our auditors have encountered significant external impairments to independence put in place by management at DPW. Specifically, the aforementioned impairments include the imposed restrictions on access to systems data, records, and personnel within DPW. Such restrictions resulted in a scope limitation that has deterred our auditors from acting objectively, exercising professional skepticism, and prevented them from achieving the intended audit objectives.

Our auditors have extended every professional courtesy to DPW and made every effort to obtain applicable audit information and documentation so that they may form independent and objective opinions, findings, and conclusions relevant to the more than \$5 billion in benefits disbursed through EBT cards by the Commonwealth during fiscal years 2008-2009 and 2009-2010. Moreover, we routinely emphasized our continued commitment to securing all sensitive or confidential recipient data that DPW provides. Conversely, DPW has repeatedly hindered our ability to obtain the requisite systems data and records related to all EBT transactions processed during the audit period. However, after a thorough vetting, DPW approved our request for audit evidence on November 17, 2010 and indicated that it would be forthcoming. Nevertheless, the agency's pattern of unpredictability continued when two days later DPW again contacted our auditors to inform them that it was now rescinding its previous approval to turn over the requisite systems data and records to our auditors.

## Appendix B

Additionally, we find the current mind-set demonstrated by management at DPW to be disconcerting, especially in the wake of the recent revelations about the severe misuse of EBT cards in other states. Management has explicitly stated to our auditors that it is not the responsibility of DPW to control how benefit recipients spend taxpayer funds. Ironically, management also mentioned that it actually monitors for potential fraud. While management may wish to shy away from transparency, it has an obligation to reassure the taxpayers of Pennsylvania that it administers approved benefits responsibly.

Misuse of EBT cards has prompted other state governments to curtail recipients' ability to access approved cash benefits at certain locations deemed inconsistent with the intent of the goals of specific benefit programs. California has announced that it will remove certain ATM and point-of-sale card readers from the network that accepts the state's EBT cards. Consequently, benefit recipients in California will no longer be able to use EBT cards to access cash benefits from places such as casinos, medical marijuana shops, psychics, massage parlors, bail bond establishments, adult entertainment businesses, bingo halls, gun shops, bars, race tracks, smoking shops, tattoo parlors, and on cruise ships. Recipients also accessed significant sums of cash benefits outside of the state, including at casinos and on cruise ships.

We remain confident that an audit of DPW and the way in which it administers certain public assistance benefits is in the best interest of the taxpayers. While we regret that DPW has impeded the efforts of our auditors, we will document the results of our work to date and document the impairments that have hindered the timely completion of our audit. Subsequently, with the advice of counsel, we will examine the appropriate legal recourse and take applicable legal measures to conclude this important special performance audit.

Sincerely,



**JACK WAGNER**  
Auditor General

RM/tmm

## Appendix C



Commonwealth of Pennsylvania  
Department of the Auditor General  
Harrisburg, Pennsylvania 17120-0018

JACK WAGNER  
AUDITOR GENERAL

April 21, 2011

The Honorable Gary D. Alexander  
Acting Secretary  
Department of Public Welfare  
333 Health and Welfare Building  
Harrisburg, PA 17120

Dear Acting Secretary Alexander:

The purpose of this letter is to inform you that it is our intent to continue our special performance audit of the Pennsylvania Department of Public Welfare (DPW) and the way that it administers the delivery of public assistance benefits using Electronic Benefits Transfer (EBT) cards. Our auditors encountered significant restrictions and impairments put in place by prior management at DPW, which we communicated to then-Governor Ed Rendell (see attached letter). Such restrictions resulted in a scope limitation that deterred our auditors from acting objectively, exercising professional skepticism, and prevented them from achieving the intended audit objectives.

With the onset of a new administration, we look forward to the return of a mutually collaborative relationship with DPW; one that yields appropriate resolutions to the satisfaction of all parties involved. Accordingly, we ask that DPW reconsider its earlier resistance to our special performance audit and permit our auditors to proceed with the original defined audit objectives.

We request that you provide our auditors with the documentation and data files contained on the attached list. This material will be integral to the timely completion of our audit. Moreover, we believe that two weeks is sufficient time to assemble such documentation and forward it to our auditors; therefore, please provide all requested documentation by Thursday, May 5, 2011.

A small, circular logo or signature mark located at the bottom center of the page.

## Appendix C

The Honorable Gary D. Alexander  
April 21, 2011  
Page -2-

If you or a member of your staff has any questions, please feel free to contact Janet B. Ciccocioppo, CPA, Assistant Director, at (717) 787-3214.

Sincerely,



Randall R. Marchi, CPA, CFE, CGFM  
Director  
Bureau of Departmental Audits  
225-D Finance Building  
Harrisburg, PA

Enclosure

cc: Mr. Edward Zogby, Acting Deputy Secretary, Office of Income Maintenance,  
Department of Public Welfare  
Mr. Alexander Matolyak, Acting Director, Division of Financial Policy and Operations  
John J. Kaschak, CPA, Director, Bureau of Audits



## Appendix C

### Documentation and Data Files Request of the Department of the Auditor General

Our request for the information listed below is not all-inclusive because our auditors had to disengage from our special performance audit of the Pennsylvania Department of Public Welfare and the way that it administers the delivery of public assistance benefits using Electronic Benefits Transfer (EBT) cards. Therefore, we reserve the right to request additional information and documentation based on our auditors' meetings with personnel from DPW.

A. Request for e-copy of the following reports that DPW receives from JP Morgan for the periods July 1, 2009 to June 30, 2010 and July 1, 2010 to current date.

- |  |                         |
|--|-------------------------|
| 1) ATM Out-of-State Usage Report                   | CSSROATM                |
| 2) EBT Card Pinners Report                         | (report number unknown) |
| 3) EBT Card Issue Totals (OTC)                     | CBT01MR02               |
| 4) EBT Card Issue Totals (Central)                 | CBT01MR04               |
| 5) Lost, Damaged, Stolen Card Report               | pamrlds                 |
| 6) Manual Transactions Usage                       | pamrman                 |
| 7) Transactions Attempted on Invalid Cards Summary | pamrp07                 |
| 8) Exceeded PIN Attempts                           | pare6pa                 |
| 9) Even Dollar Transactions Report                 | pareven                 |
| 10) ATM Usage Transaction Report                   | parmatm                 |
| 11) Excessive Card Issue Report                    | paexrpl                 |

B. J. P. Morgan system data related to all EBT transactions processed for the periods July 1, 2007 through present to include the following information:

- 1) Last Name of Recipient
- 2) First Name of Recipient
- 3) Middle Initial of Recipient
- 4) DOB
- 5) Address
- 6) Case Number
- 7) Card Number
- 8) Card Status
- 9) SSN of Recipient
- 10) Pri/Alt Ind
- 11) Account #
- 12) Account Type (Cash, FS)
- 13) Date/Time of Transaction
- 14) Requested Tran Amt.
- 15) Completed Tran Amt.
- 16) Requested Fee
- 17) Completed Fee
- 18) Requested Surcharge
- 19) Completed Surcharge
- 20) Type

## Appendix C

### Documentation and Data Files Request of the Department of the Auditor General (Cont.)

- 21) Svc Site
- 22) Loc/Reason
- 23) Appr
- 24) Merchant Name
- 25) Merchant Address
- 26) FNS #
- 27) Network
- 28) Creator

Please provide all data files as comma delimited text files. Please include a record count and a record layout with each file.

- C. In addition to the data file requested above, we anticipate submitting a separate request for a data file from the Client Information System (CIS) related to EBT transactions. During our previously discontinued audit, we attempted to schedule a meeting with the applicable DPW point of contacts but were denied by management at DPW.

## ***Distribution List***

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

Mr. John J. Kaschak, Director  
Bureau of Audits  
Office of the Budget  
8<sup>th</sup> Floor, Forum Place  
Harrisburg, PA 17101

The Honorable Gary D. Alexander (3)  
Secretary  
Department of Public Welfare  
333 Health and Welfare Building  
Harrisburg, PA 17120

The Honorable Robert M. McCord (2)  
State Treasurer  
129 Finance Building  
Harrisburg, PA 17120

Mr. Phillip R. Durgin, Executive Director  
Legislative Budget and Finance Committee  
400 Finance Building  
Harrisburg, PA 17120

The Honorable Kenya Mann Faulkner  
Inspector General  
Executive House  
101 South Second Street, 3<sup>rd</sup> Floor  
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Ms. Sharon Anderson (4)  
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