

Compliance Audit

of the

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

Audit Period

June 28, 2003 to September 2, 2005





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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 stamps 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 result of our audit of the Philadelphia County Assistance Office, Kent District, covering the period June 28, 2003 to September 2, 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 Drug and Alcohol Treatment Program and the Overpayment Control System.

Our report details findings and recommendations that resulted from our eligibility review, the Drug and Alcohol Treatment, and 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, Kent 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

October 20, 2005



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

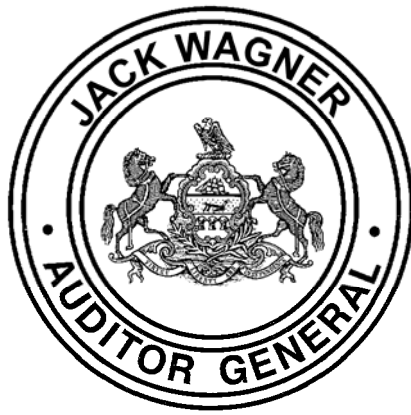
The audit included eligibility reviews of a sample of public assistance cases for the audit period June 28, 2003 to September 2, 2005. We also reviewed the CAO's implementation of procedures for the Drug and Alcohol Treatment Program and the Overpayment Control System to determine compliance with regulations 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 can not 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, Drug and Alcohol Treatment Program, and the Overpayment Control System detected instances of noncompliance; therefore, we submitted findings in these areas.

During the February 7, 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  
Kent District**

**FINDINGS AND RECOMMENDATIONS**

## ***Findings and Recommendations***

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

During the course of our audit, we examined 294 out of 3,535 case records from the Philadelphia CAO, Kent 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 74 exceptions in 35 of the 294 cases examined. The most significant exceptions are discussed in the following findings:

- CAO lacks procedures for identifying instances where recipients fail to provide proper eligibility information (refer to Finding No. 1);
- CAO personnel incorrectly determined recipient benefits (refer to Finding No. 2); and
- CAO personnel failed to obtain and/or document information required in establishing recipient eligibility (refer to Finding No. 3).

## ***Findings and Recommendations***

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### **Finding 1 - CAO lacks procedures for identifying instances where recipients fail to provide proper eligibility information**

During our audit, we disclosed that the CAO lacks procedures for identifying instances where recipients failed to provide proper eligibility information. This situation presents the possibility that welfare recipients may receive benefits to which they are not entitled. Specifically, recipients failed to appear at the CAO for scheduled interviews with auditors. The CAO then contacted these recipients who did not respond. Recipients may have moved from the district and failed to report this to the CAO. Failure to provide proper information to the CAO resulted in 21 exceptions and overpayments and case closures of \$5,249.

Lack of CAO procedures for identifying instances when recipients fail to provide information may continue to result in benefits being improperly disbursed.

#### **Recommendations**

The CAO should consider regularly reviewing a sample of cases to help identify instances where recipients are providing improper information. This would help to eliminate at least some improper disbursement of benefits.

#### **CAO Management Response**

The CAO management provided no written response to this finding.

### **Finding 2 - CAO personnel incorrectly determined recipient benefits**

Our audit disclosed that CAO personnel incorrectly determined eligibility for special allowances.

A special allowance is a cash payment authorized for supportive services necessary to enable an Employment and Training Program participant to prepare for, seek, accept, or maintain education, employment, or training. Special allowances are not covered by the regular public assistance grant. As determined by the caseworker, a participant in this program is eventually required to register for work.

## ***Findings and Recommendations***

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Special allowances for clothing, transportation, and childcare were issued to a recipient to attend training and work-related activities. One exception occurred when a recipient failed to attend these activities. CAO personnel were aware that the recipient had not attended the activities, but took no action to recoup special allowances that were not used for their intended purpose. This exception resulted in an overpayment of \$1,094.

The CAH and FSH provide policies and procedures to follow for determining special allowance requirements.

### **Recommendations**

The CAO personnel should closely monitor cases in which special allowances are issued. When the CAO is notified that recipients have not attended training, completed job searches, or accepted employment, caseworkers should review the related special allowances. CAO caseworkers should also calculate and file any overpayments, where applicable.

### **CAO Management Response**

The CAO management provided no written response to this finding.

### **Finding 3 - CAO personnel failed 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 41 exceptions. Case records and/or CIS information lacked detailed documentation of client and CAO actions. The Agreement of Mutual Responsibility (AMR) form, Application Forms (PA600), and signed releases for Authorization of Information (PA4) were missing from the case record. Also, the social security numbers of recipients were missing or incorrect, or known to the CAO, but not entered into the IEVS.

The CAH, FSH, and IEVS Manual, Chapter 1, establish the procedures to be followed when obtaining and documenting recipient eligibility.



## ***Findings and Recommendations***

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These exceptions occurred because caseworkers failed to review AMRs at application/reapplication with clients. Case records which lacked required information and material may have been the result of cases being transferred numerous times to different caseworkers. Case records did not detail the case narrative with specific dates and events for self-sufficiency goals. Not maintaining current documentation in case records contributed to poor case management.

### **Recommendations**

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. The CAO should also stress the need to clearly narrate recipient and caseworker actions in the case record.

### **CAO Management Response**

The CAO management provided no written response to this finding.

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

#### **Overpayments and Other Exceptions Totaling \$8,288 Occurred as a Result of Case Record Maintenance Exceptions**

Our current audit covering June 28, 2003 to September 2, 2005 disclosed that inadequate/incorrect recipient information and case record management exceptions continue to occur at the Philadelphia County CAO, Kent District; therefore, a repeat finding is warranted. Refer to Findings 1, 2, and 3 located on pages 9 and 10 for additional discussion on these issues.

## ***Findings and Recommendations***

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### **II. Drug and Alcohol Treatment Program**

#### **Finding 4 - Overpayments Totaling \$6,361 and Case Closures of \$2,374 Were Disclosed During Our Review of the Drug and Alcohol Treatment Program**

We reviewed 27 cases on the March 7, 2005 Active GA report at the Philadelphia CAO, Kent District to determine if these recipients were eligible to receive GA benefits and to verify 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.

In 13 cases, CAO personnel failed to monitor, verify and document recipient participation in the Drug and Alcohol Treatment Program. 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 client's progress and document continued participation in treatment. The treatment center is not required to apprise the CAO of the client'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 client 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 potential overpayments of \$6,361 and case closures of \$2,374.

#### **Recommendations**

The CAO should establish procedures for monitoring, verifying, and documenting recipients' continued participation in Drug and Alcohol Treatment Programs. These procedures should comply with policy found in CAH, Section 105.45.

## ***Findings and Recommendations***

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### CAO Management Response

The CAO management provided no written response to this finding.

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

#### **Overpayments Totaling \$308, and Case Closures of \$344 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 June 28, 2003 to September 2, 2005 disclosed that Drug and Alcohol Treatment Program exceptions continue to exist at the Philadelphia CAO, Kent District; therefore, a repeat finding is warranted. Refer to Finding 4 on page 12 for additional discussion on this issue.

## ***Findings and Recommendations***

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### **III. Overpayment Control System**

#### **Finding 5 - Untimely Verification and Referral of Overpayments and Over-Issuances Totaling \$3,186 Occurred as a Result of Procedural Deficiencies in the Overpayment Control System**

We reviewed the Philadelphia CAO, Kent District Overpayment Control System to determine if CAO personnel properly investigated suspected overpayments, controlled and documented investigations, and referred verified overpayments timely. From 1,209 entries listed as pending or overpayment on the ARRC Daily Caseload Detail Report dated March 23, 2005, we selected 51 cases.

Our review disclosed the following exceptions:

- **In 3 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 procedures to recover incorrectly disbursed benefits. Also, failure to contact employers hindered procedures to send a second PA78 request.

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. Failure to contact non-responding employers resulted in overpayments of \$3,186.

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

## ***Findings and Recommendations***

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### Recommendations

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.

### CAO Management Response

The CAO management provided no written response to this finding.

- **In 11 cases, CAO personnel failed to update the ARRC system to reflect the status of overpayments.**

ARRC Manual, Chapter 1, “Introduction,” provides,

“When sufficient documentation is received to make a determination whether or not an overpayment has occurred, the worker must complete this review and determine the disposition of the referral.”

Failure to update the ARRC system impeded determining the number and status of overpayment investigations.

Caseworkers failed to data enter appropriate ARRC screens when overpayments were completed, or it was determined an overpayment did not exist.

### Recommendations

The CAO should require personnel to continuously update the ARRC file to indicate the status of overpayment investigations; thereby ensuring proper count and status of pending investigations.

### CAO Management Response

The CAO management provided no written response to this finding.

## ***Findings and Recommendations***

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

#### **Untimely Verification and Referral of Overpayments and Over-Issuances Totaling \$3,936 Occurred as a Result of Procedural Exceptions in the Overpayment Control System**

Our current audit covering the period June 28, 2003 to September 2, 2005 disclosed that procedural deficiencies continue to exist at the Philadelphia CAO, Kent District in the execution of the Overpayment Control System; therefore, a repeat finding is warranted. Refer to the bullets in Finding 5 on pages 14 and 15 for additional discussion on this issue.

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

**AUDIT SUMMARIES  
GLOSSARY  
AND  
APPENDIX**

## ***Audit Summaries***

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### **Random Eligibility Audit Results**

	Cases at CAO	Cases Reviewed	Cases with Errors
<b><u>Current</u></b>	3,535	294	35
<b><u>Prior</u></b>	3,222	257	23

### **Other Results**

<b><u>PROGRAM</u></b>	<b><u>No. of Cases</u></b>	<b><u>Monetary Effect</u></b>
<b>Drug and Alcohol Treatment Program:</b>		
CAO personnel failed to verify and monitor participation.	<u>13</u>	<u>\$ 8,735</u>
<b>Overpayment Control System:</b>		
CAO personnel failed to contact non-responding employer timely.	3	\$ 3,186
CAO personnel failed to update ARRC System.	<u>21</u>	<u>0</u>
<b>Subtotal:</b>	<b><u>24</u></b>	<b><u>\$ 3,186</u></b>
<b>TOTALS: - All Programs:</b>	<b><u>37</u></b>	<b><u>\$11,921</u></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 (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 (LRR):**

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 (SPT):**

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
LRR	Legally Responsible Relative
MEH	Medicaid Eligibility Handbook
OPS	Operations Memorandum
PAEM	Public Assistance Eligibility Manual
SH	Supplemental Handbook
SPT	Support Pass-Through
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 Donald L. Patterson  
Inspector General  
Office of Inspector General

The Honorable Jake Corman  
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Public Health and Welfare Committee  
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Department of Public Welfare

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Local 668 S.E.I.U. AFL-CIO

### County Assistance Office

Georgine Beyer  
Acting Executive Director  
Philadelphia County Assistance Office

Mary Beth Snyder  
District Administrator  
Philadelphia County Assistance Office  
Kent District

Earl Ross, Chairman  
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).