



Department of Legislative Services  
Office of Legislative Audits

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# Department of Human Resources Family Investment Administration

Report dated November 30, 2007

Presentation to Maryland General Assembly  
House Committee on Appropriations  
Health and Human Resources Subcommittee

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### Audit Overview

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- FIA administered a number of assistance programs with FY 2007 payments of \$488 million, including:
  - Temporary Cash Assistance (TCA), which is funded by both state and federal funds (\$105 million), and
  - Food Stamps, which is entirely federally-funded (\$334 million).
  
- FIA is responsible for recording recipient and benefit data in the Clients' Automated Resources and Eligibility System (CARES). As of June 30, 2007, CARES included more than 800,000 recipient records, including:
  - 672,000 for Medicaid,
  - 320,000 for food stamps,
  - 50,000 for TCA, and
  - 12,000 for other assistance programs



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### Key Audit Issues

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- Periodic computer matches to detect ineligible public assistance recipients excluded most recipients and were often not performed timely.
- Social security numbers were missing for 52,000 public assistance recipients in CARES.
- FIA lacked adequate procedures to ensure that all eligible recipients were referred to the Disability Entitlement Advocacy Program whereby all of their benefits would essentially be paid by the federal government.



## Computer Matches

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- Eight of twelve quarterly computer matches to detect ineligible recipients were not performed timely. (Finding 1)
  - Four matches, including a comparison of recipients to certain federal employment records, had not been conducted during the audit period.
  - Four other matches, including a comparison of Maryland recipients to recipients in neighboring states, had not been conducted for periods from 9 to 14 months.



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### Computer Matches (cont.)

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- Computer matches that were performed during FY 2006 were not comprehensive. (Finding 2)
  - Limitations of match software omitted over 90% of the recipient population (match was limited to 65,000 of 800,000 recipients in CARES). DHR advised the same match procedures had been used since June 2003.
  - Three significant matches involving inmate and death records that were rerun in June 2007 with the complete population resulted in 20 times more alerts than the original matches (2,531 versus 129).



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### Public Assistance Eligibility

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- Based on OLA review of CARES, social security numbers (SSN) were missing or invalid for 52,000 of the 887,000 recipients who had received assistance benefits during CY 2006. (Finding 3)
- Although federal and state regulations require disclosure of a SSN by a recipient during the benefit application process, it is permissible to still receive benefits upon presenting evidence that the applicant had applied for a SSN.



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### Public Assistance Eligibility (cont.)

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- A missing SSN impacts the effectiveness of both DHR's computer matches with wage records during the benefit application process and the aforementioned quarterly matches.
- Benefits paid for the recipients with missing SSNs could be significant. For example, the majority of recipients on CARES qualify for Medicaid benefits, which according to DHMH records averaged \$3,600 in general funds per recipient during FY 2006.



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### Disability Entitlement Advocacy Program (DEAP)

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- DEAP assists certain disabled public assistance recipients in applying for 100% federally-funded Supplemental Security Income and Social Security Disability Income, removing them from joint state/federal funded programs.
  - A private contractor administers DEAP and works with the local departments of social services and FIA in identifying current recipients who might be eligible for SSI and SSDI. FIA also pays a fee to the contractor for each individual it assists in applying for SSI/SSDI.
  - Procedures were inadequate to ensure that all potentially SSI/SSDI eligible recipients were referred to DEAP. (Finding 5)
  - FIA did not verify the propriety of contractor billings to ensure that they only contained individuals actually assisted in the SSI/SSDI application process. (Finding 6)
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### Conclusions

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- FIA should ensure that computer matches are performed quarterly and include all public assistance recipients, and that the results are promptly investigated.
- FIA should investigate and resolve all missing and invalid SSNs and establish a requirement that recipients who do not provide valid SSNs within a certain period be considered ineligible for benefits.
- Adequate procedures should be established to ensure that all eligible customers are referred to DEAP and that contractor payments are proper.