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**Department of Human Services (DHS)
Family Investment Administration (FIA)**

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Report Overview

- FIA oversees a number of public assistance programs administered by the 24 local departments of social services (LDSS) including Supplemental Nutrition Assistance Program (SNAP), Temporary Cash Assistance (TCA), Temporary Disability Assistance Program (TDAP), and the home energy assistance programs.
- According to DHS' records, payments made for programs under FIA's oversight totaled approximately \$2.3 billion in fiscal year 2021. These expenditures were significantly greater than FIA's expenditures in the past due to an influx of federal funds related to the COVID-19 pandemic.
- The audit report covers FIA activity during the period from May 1, 2017 and ending May 31, 2021. The report contains 10 findings of which 5 findings are repeated from the prior audit report.



Key Findings

- FIA inadvertently disabled a system control resulting in SNAP benefits being awarded to applicants whose income exceeded federally-established thresholds.
- FIA allowed numerous recipients to continue receiving TCA benefits beyond the five years allowed by federal and State regulations.
- FIA did not conduct comprehensive quality assurance reviews.
- FIA did not ensure that LDSSs maintained application documentation to support the propriety of benefit eligibility determinations.
- FIA did not always determine whether TCA applicants received unemployment income.
- FIA did not ensure that system alerts of information from third parties potentially impacting benefits were properly dispositioned.
- FIA did not conduct monitoring reviews of certain local administering agencies who processed energy assistance applications.
- FIA did not adequately administer certain contracts and agreements and did not obtain supporting documentation for grant funds spent.



Supplemental Nutrition Assistance Program (SNAP) (Finding 1)

In April 2020, FIA inadvertently disabled a critical system control which resulted in SNAP benefits being awarded to applicants whose income exceeded federally-established thresholds. The programming change was not readily detected until March 2021.

- Our analysis of SNAP data for April 2021 disclosed that 86,479 of the 465,038 households receiving benefits had income exceeding the federal thresholds. Although recipients legitimately could be exempt from the income thresholds, FIA was unable to determine if any of these households qualified for an exemption.
- FIA advised that it does not intend on implementing any collection actions for payments made in error because it interprets a notice on the United States Department of Agriculture (USDA) website as a permanent waiver of overpayments made during the COVID-19 pandemic. However, the notice does not address the waiver as permanent and FIA could not provide clarifying documentation from the USDA to support its interpretation.



Temporary Cash Assistance (TCA) (Finding 2) Repeat Finding

FIA allowed numerous households to continue receiving TCA benefits beyond the five years allowed by federal and State regulations.

- Federal and State regulations limit TCA benefits to a five-year lifetime period unless a recipient has a documented hardship exemption.
- According to FIA records as of May 2021, there were 3,273 TCA recipients receiving benefits beyond the five-year period with monthly benefits totaling \$2.1 million.
- Our test of 15 recipients disclosed that 9 received benefits from 4 to 12 years beyond the five-year limit without having a documented hardship exemption. For example, one recipient had continuously received benefits totaling \$150,826 for 12 years beyond the five-year limit.



Quality Assurance Reviews (Finding 3)

FIA did not conduct comprehensive quality assurance reviews of TCA cases to ensure that eligibility determinations and related benefits were proper. In addition, FIA did not ensure that errors identified through its TDAP quality assurance reviews were corrected timely.

- Our test of 10 of the 1,494 TCA “reviews” performed between July 2019 and May 2021 by FIA, disclosed that reviewers did not ensure the eligibility determinations were proper and the benefit amount was accurate. Rather, they only documented improper payments that had been previously identified and corrected by the case manager.
- Our test of 10 TDAP quality assurance review cases during January 2020 and January 2021 found that 4 were not corrected timely. Consequently, payments continued for 5 to 9 months after the reviews had concluded that the payments should stop.



SNAP, TCA, and TDAP Eligibility (Finding 4)

FIA did not ensure the LDSSs maintained application documentation to support the propriety of SNAP, TCA, and TDAP eligibility determinations and other requirements.

- We tested SNAP, TCA, and TDAP cases which were approved during fiscal years 2020 and 2021 and requested the supporting documentation from the system and the LDSS. After we could not find the information on the system as required; over the subsequent five-month period, FIA could not provide us with a significant number of the requested documents. For example, we tested 60 TCA cases and FIA did not have documentation for 26 social security number verifications and 22 income verifications.
- State regulations require an applicant to submit an application for benefits and the LDSS to perform certain reviews, such as a social security number and income verifications. FIA policy requires LDSSs to scan these documents into its document management system.



SNAP, TCA, and TDAP Eligibility (Finding 5)

FIA did not always determine whether TCA applicants received unemployment income. Federal regulations require verification of unemployment income at the time of application and for each of the first three months benefits are received.

- Our test of 30 TCA applications disclosed that FIA could not document that it performed a verification of unemployment income for 15 applications; and for the other 15 applications FIA could only document it verified unemployment benefits for the initial application, but not the subsequent three months.
- We obtained unemployment income records from the Maryland Department of Labor's Division of Unemployment Insurance for these 30 applicants and noted two received \$9,613 in unemployment income during the first three months TCA benefits were issued, which may have resulted in an overpayment of TCA benefits.



Follow-up on Computer Matches (Findings 6 & 7)

- **Finding 6** - FIA did not ensure that all social security number (SSN) alerts were properly recorded in FIA's system for follow-up purposes. Our review of the May 2021 match of SSNs in FIA's system to the SSNs in the federal Social Security Administration system disclosed that 188 of 681 match results were not recorded as alerts in FIA's system as of December 2021. **(Repeat Finding)**

- **Finding 7** - FIA did not ensure that the LDSSs conducted timely and appropriate follow-up on data from other state or federal government agencies received via the Public Assistance Reporting Information System alerts. Our test of 46 alerts found that timely and/or appropriate action had not been taken for 43 alerts. For example, for 29 alerts related to households receiving concurrent benefits in another state, the LDSSs did not perform appropriate follow-up. **(Repeat Finding)**



Energy Assistance Programs (Finding 8)

FIA did not conduct monitoring reviews of certain local administering agencies (LAAs) in accordance with its *Operations Manual* and did not always execute agreements with energy suppliers. The LAAs are responsible for determining applicant eligibility and FIA's policies require a review of each of the 30 LAAs every three years.

- During the three-year period ending June 2021, FIA did not review 3 of the 20 LAAs which accounted for \$40.9 million of \$130.4 million in benefits issued in fiscal year 2021. For 11 other LAAs, FIA did not review case files or issue a final report, as required by its *Operations Manual*.
- As of September 2021, FIA did not have a current energy agreement with 4 of 15 energy suppliers that received payments totaling \$12.9 million in fiscal year 2021. At the time of our testing, 3 of the 4 agreements had been expired between a month (August 2021) and 28 months (April 2019), and FIA was unable to provide any prior agreement for 1 energy supplier.



Contract Monitoring (Finding 9) **Repeat Finding**

FIA did not adequately administer certain contracts and agreements related to its public assistance programs. FIA was responsible for monitoring contracts and agreements procured centrally by DHS (for FIA's use) and by the LDSSs.

Centralized Contracts

FIA did not obtain documentation to support that deliverables were received and amounts invoiced were proper for nine invoices totaling \$5.6 million, as required by its policy. FIA also made significant modifications to the terms of a contract to assist TCA and TDAP recipients in obtaining federal benefits without formally determining the practicality or appropriateness of conducting a new procurement. For one invoice reviewed, this change resulted in a payment of \$189,695, which would have been \$1,698 under the original payment terms.

LDSS Contracts

FIA did not have an established process to oversee and approve LDSS contracts and agreements. FIA did not have a record of contracts and agreements for two LDSSs, which accounted for 40 percent of benefits issued. We found that the specific contracts and agreements we tested were not monitored by FIA.



Grants Management (Finding 10) Repeat Finding

FIA did not always obtain documentation to support that grant funds were spent as intended. FIA made grant payments to 578 grantees totaling \$52.4 million during fiscal years 2020 and 2021.

- Our test of eight payments totaling \$12.1 million to four grantees disclosed that FIA did not verify that grant funds were spent as intended for five of the payments made to three grantees, which totaled \$2.1 million. While FIA did obtain certain quarterly and annual reports from grantees, it did not obtain documentation such as timesheets or receipts to support grantee expenditures.
- A similar condition was commented upon in four prior audit reports dating back to January 2011.



Conclusions

FIA should:

- establish sufficient procedures to ensure critical programming changes are subject to independent review and approval;
- terminate TCA benefits to all recipients after five years in accordance with regulations, unless there is a documented hardship;
- develop comprehensive quality assurance policies and ensure that errors identified are corrected timely;
- ensure LDSSs scan all documentation to support eligibility determinations;
- verify unemployment compensation as required by federal regulations;
- conduct timely and appropriate follow-up of computer matches;
- conduct energy assistance monitoring reviews in accordance with its policy;
- obtain adequate documentation to verify billings and ensure contract modifications are adequately supported and justified; and
- obtain and review documentation to support the propriety of grant payments.