



**Department of Legislative Services
Office of Legislative Audits**

**Department of Human Resources
Family Investment Administration**

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Presentation to the Joint Audit Committee

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Audit Overview

- The Family Investment Administration (FIA) oversees a number of public assistance programs administered by the 24 local departments of social services (LDSSs). The three major assistance programs are:
 - Temporary Cash Assistance (TCA)
 - Home energy assistance programs
 - Supplemental Nutrition Assistance Program (SNAP, formerly the food stamp program)
- TCA and the home energy programs are State and federally funded, while SNAP is entirely federally funded. FY 2010 payments for these three programs totaled \$141 million, \$150 million, and \$837 million, respectively.
- Our report included 8 findings, 2 of which were repeated from our preceding audit report.



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Key Audit Issues

- The results of computer matches and data verification procedures used to identify potentially ineligible benefit recipients were not investigated and resolved in a timely and adequate manner.
- FIA reduced its efforts to monitor LDSSs compliance with established quality assurance program requirements.
- Several verification, documentation, and internal control deficiencies existed within the home energy assistance programs.
- Steps were not always taken to verify the propriety of certain temporary disability assistance program benefits.



Computer Matches

FIA did not ensure that LDSSs promptly investigated and resolved the results of FIA's computer matches of recipient data to independent sources, such as Social Security Administration (SSA) records and State prisoner records. **(Finding 1)**

- OLA's review of 28,700 automated alerts of recipient SSNs not being verified to federal records or missing from the case record, disclosed that 2,600 had been outstanding for over a year without resolution. FIA estimated that FY 2010 DHR benefit payments to the related individuals totaled \$3.4 million. Federal & State regulations require that recipients disclose SSNs during the eligibility determination process or document that one had been applied for.
 - Recoupment of overpayments was not always initiated for cases in which FIA matches disclosed benefit payments made for recipients while incarcerated. OLA's review of 11 such cases disclosed overpayments of \$14,400, of which \$9,300 had been cashed, but not recouped; one recipient was recertified while incarcerated.
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Quality Assurance Programs

FIA did not ensure that LDSSs complied with its quality assurance programs. These programs were established to assess case worker performance and to identify and reduce or eliminate case errors, such as incorrect eligibility determinations. **(Finding 2)**

- FIA discontinued certain longstanding follow-up processes, such as requiring corrective action plans from the LDSSs when there was continued noncompliance with program requirements.
- FIA did not promptly investigate delays in the resolution of case errors by LDSSs. In 37 of 150 SNAP (food stamp) cases with errors identified by FIA, it took the LDSSs between 107 to 256 days to correct them. In 2010, the federal government sanctioned Maryland \$423,563 because its SNAP error rate exceeded national performance measures.

Maryland's SNAP Payment Error Rate and National Performance Measure for Fiscal Years 2008 and 2009		
	2008	2009
Maryland's SNAP Payment Error Rate	6.94%	7.11%
National Performance Measure	5.01%	4.36%



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Energy Assistance Programs

Verification, documentation and internal control deficiencies were found over procedures relating to the Electric Universal Service Program and the Maryland Energy Assistance Program. These programs provided assistance totaling \$150 million in FY 2010 to pay recipients' home energy costs. The assistance payments are disbursed directly to utility companies on behalf of approved applicants.

- FIA did not employ matching procedures, such as those used for other assistance programs, to help ensure recipient eligibility and the validity of benefit amounts. **(Finding 3)**
 - Local Administering Agencies (LAAs) responsible for processing applications for assistance did not always obtain documentation to support required application data. OLA review of 25 cases at one LAA disclosed a lack of documentation, such as utility bills, to support payments of \$20,900 on behalf of 12 recipients. **(Finding 4)**
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Energy Assistance Programs (continued)

- FIA's access controls to the data management system used to process program applications and calculate benefit amounts due were not properly established. For example, 117 individuals at LAAs and DHR headquarters could modify applications and certify the adjusted applications for payment without independent review and approval. Eighty-eight of these individuals could also modify existing case files, including names, addresses and benefit amounts without review and approval. **(Finding 5)**
 - FIA lacked adequate controls over collections, consisting primarily of refunds of benefit overpayments. For example, independent reports of refunds issued were not received from the utility companies for comparison to collections actually received. FY 2010 refunds totaled approximately \$5 million. Also, these collections were first received and recorded by FIA, but during the period of May 2008 to December 2009, there was no verification of the disposition of collections. **(Finding 6)**
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Temporary Disability Assistance Program

FIA lacked assurance that extended Temporary Disability Assistance Program (TDAP) benefits were paid only to qualified recipients. **(Finding 7)**

- TDAP benefits, which are State funded and totaled approximately \$41.6 million in FY 2010, are paid to eligible recipients (low-income disabled adults) on a temporary basis, generally not more than 9 months. Benefits may be extended when the individual is actively applying to the SSA for federal benefits.
 - A review of 20 cases (out of 4,600 recipients who had been receiving benefits for over one year) disclosed 2 in which benefits of \$22,000 were paid even though FIA lacked documentation that federal benefits were being pursued. In one of those cases, benefits should have stopped in June 2003, but continued until we brought this to FIA's attention in August 2010. In a third case, \$4,200 in benefits were issued (but not cashed by the recipient) for 2 years after the recipient was approved for federal benefits and TDAP benefits should have stopped.
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Conclusion

FIA needs to:

- Ensure that the results of computer matches are investigated and resolved in a timely and adequate manner.
- Ensure that LDSSs complete required quality assurance reviews and effectively address errors identified within required timeframes.
- Use available matching procedures to independently verify critical data, such as income and social security numbers, submitted by applicants for energy assistance program benefits, and maintain all critical supporting documentation.
- Take steps to adequately control access to the automated system used to process energy assistance applications and benefits, and improve controls over collections received.
- Verify the continued eligibility of individuals receiving TDAP benefits for extended periods.