



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
BUREAU OF FINANCIAL OPERATIONS  
3<sup>RD</sup> FLOOR, BERTOLINO BUILDING  
Harrisburg, Pennsylvania 17105-2675

TINA L. LONG  
ACTING DIRECTOR

MAR 29 2011

TELEPHONE NUMBER  
(717) 705-2288  
FAX NUMBER  
(717) 772-2501

Ms. Denise Chambers  
Executive Director PCAO  
801 Market Street  
5<sup>th</sup> Floor  
Philadelphia, Pennsylvania 19107

Dear Ms. Chambers:

I am enclosing the final performance audit report of the Philadelphia Region Area 1 County Assistance Offices, Special Allowances, which was recently completed by this office. Your response has been incorporated into the final report and is labeled as an Appendix.

I would like to extend my appreciation for the courtesy extended to my staff during the course of fieldwork. I understand that your staff was especially helpful to Joseph Piccolo in expediting the audit process.

The final report will be forwarded to the Department's Office of Income Maintenance (OIM) to begin the Department's resolution process concerning the report contents. The staff from the OIM may be in contact with you to follow-up on the actions taken to comply with the report's recommendations.

If you have any questions concerning this matter, please contact Alexander Matolyak, Audit Resolution Section, at (717) 783-7786.

Sincerely,

A handwritten signature in black ink that reads "Tina L. Long".

Tina L. Long

Enclosure

c: Ms. Joanne Glover  
Mr. Andy Tiazkun  
Mr. Blair Pence

Some information has been redacted from this audit report. The redaction is indicated by magic marker highlight. If you want to request an unredacted copy of this audit report, you should submit a written Right to Know Law (RTKL) request to DPW's RTKL Office. The request should identify the audit report and ask for an unredacted copy. The RTKL Office will consider your request and respond in accordance with the RTKL (65 P.S. §§ 67.101 et seq.). The DPW RTKL Office can be contacted by email at: [ra-dpwtkl@pa.gov](mailto:ra-dpwtkl@pa.gov).



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
**BUREAU OF FINANCIAL OPERATIONS**  
3RD FLOOR, BERTOLINO BUILDING  
HARRISBURG, PENNSYLVANIA 17105-2675

TINA L. LONG  
ACTING DIRECTOR

MAR 29 2011

TELEPHONE NUMBER  
(717) 705-2288  
FAX NUMBER  
(717) 772-2501

Ms. Joanne Glover  
Acting Deputy Secretary for Income Maintenance  
Health & Welfare Building Room 432  
Harrisburg, Pennsylvania 17120

Dear Ms. Glover:

In response to a request from the Executive Deputy Secretary, the Bureau of Financial Operations (BFO) initiated a state wide audit of special allowance for supportive services payments (SPAL) processed through the County Assistance Offices (CAOs). The BFO completed an audit of the Philadelphia County Area 1 CAOs (PCAO). The PCAO consists of the following 13 Districts: Boulevard, Cheltenham, Delancey, Elmwood, Federal, Girard, Glendale, Kent, Liberty, Ridge/Tioga, Snyder, Unity and West. The audit examined the propriety of 135 SPALs disbursed between October 1, 2009 and December 31, 2009. The audit's goal was to gain an understanding of the policies and procedures used at a PCAO to process SPALs and to examine the application of those policies and procedures.

This report is currently in final form and therefore does contain the PCAO's views on the reported findings, conclusions and recommendations. PCAO's response to the draft report is included as an attachment hereto. PCAO's management did not request an exit conference.

**PCAO**  
**Executive Summary**

In August 2009, the Office of Income Maintenance (OIM) imposed additional quality control requirements pertaining to verification and processing of SPALs; however, the PCAOs were unable to meet these new standards.

SPALs are payments for supportive services made on behalf of eligible individuals either through the OIM's CAO system or a contractor enrolled within the Welfare to Work program. In order to qualify for a cash benefit or a Supplemental Nutrition Assistance Program (SNAP) benefit, recipients, unless exempt, are required to participate in an employment or training activity. In conjunction with these activities that may lead to gainful employment or for a class of individuals that have attained employment, DPW offers SPALs to offset certain costs incurred by the recipients. SPALs are issued in defined amounts for items that may be barriers to employment such as, transportation including assistance with the purchase of an automobile, books and supplies, clothing and tools.

**Philadelphia County Area 1 CAO  
Special Allowance Audit  
October 1, 2009 – December 31, 2009**

The report findings and recommendations for corrective action are summarized below:

<b>FINDINGS</b>	<b>SUMMARY</b>
<b><i>Finding No. 1 - The Required SPAL Verification Documentation Was Not Available</i></b>	This documentation is required to support the need for a SPAL and to insure that enrollment criteria are met.  The PCAO files did not contain this documentation for 26 clients.

<b>HIGHLIGHTS OF RECOMMENDATIONS</b>
OIM Should:  <ul style="list-style-type: none"> <li>• Ensure that the necessary documentation is completed or obtained by PCAO personnel before a SPAL is issued to the client.</li> </ul>

<b>FINDINGS</b>	<b>SUMMARY</b>
<b><i>Finding No. 2 – The Estimated Cost Of SPALs Were Not Available</i></b>	The client files are required to contain the estimated cost for the items requested by the clients.  Estimated costs were not available for 26 SPAL payments.

<b>HIGHLIGHTS OF RECOMMENDATIONS</b>
OIM Should:  <ul style="list-style-type: none"> <li>• Ensure that an estimate for the cost of the items requested is placed in the client's file.</li> <li>• The BFO also recommends that OIM develop a reasonable policy pertaining to Philadelphia County bus pass estimates.</li> </ul>

<b>FINDINGS</b>	<b>SUMMARY</b>
<b><i>Finding No. 3 - SPAL Verifications Forms Were Not Completed</i></b>	OIM introduced the SPAL Verification Form as a quality control enhancement. However, 48 of the 135 case records sampled did not include the SPAL Verification Form.

<b>HIGHLIGHTS OF RECOMMENDATIONS</b>
OIM should :  <ul style="list-style-type: none"> <li>• Ensure that the PCAOs implement procedures to complete SPAL Verifications Forms in compliance with Operations Memorandum – Employment &amp; Training, OPS090801.</li> </ul>

**Philadelphia County Area 1 CAO  
Special Allowance Audit  
October 1, 2009 – December 31, 2009**

<b>FINDINGS</b>	<b>SUMMARY</b>
<b><i>Finding No. 4 - Original Receipts Were Not Found In The Client Files</i></b>	An original receipt is required within 14 days of issuing the SPAL. Original receipts were not found in 109 client files or 81% of the 135 client files that were examined.

**HIGHLIGHTS OF RECOMMENDATIONS**

OIM should :

- Ensure that the PCAO implements procedures to obtain receipts for the SPAL items purchased per OIM Directive OPS090801.
- Ensure that an overpayment is processed for any SPAL payment for which a receipt is not obtained per OIM Directive OPS090801.
- Direct the PCAOs to explore alternatives to issuing funds directly to clients for bus passes or allow the EARN Centers to implement the ability to issue bus passes to their clients. As an alternative, the OIM could restrict EBT withdraws/payments so that only bus passes can be purchased with the SPAL funding provided for this purpose.

<b>FINDINGS</b>	<b>SUMMARY</b>
<b><i>Finding No. 5 - SPAL Overpayments Were Not Processed Timely Or Processed At All</i></b>	Overpayments were not processed timely for cases where receipts were not received. At the PCAOs, 103 SPAL payments that did not have receipts were over two hundred days in arrears when the overpayments were processed by the PCAOs. An additional 14 overpayments still have not been processed.

**HIGHLIGHTS OF RECOMMENDATIONS**

OIM should:

- Ensure that the PCAOs review its SPAL procedures and implements steps so that overpayments are processed on or about the prescribed period.
- Furthermore, the 14 overpayments that remain open should be acted upon immediately.

**Philadelphia County Area 1 CAO  
Special Allowance Audit  
October 1, 2009 – December 31, 2009**

<b>FINDINGS</b>	<b>SUMMARY</b>
<b><i>Finding No. 6 – Other SPAL Attributes That Did Not Satisfy The Required Standards</i></b>	<p>Five files did not contain sufficient documentation to allow the reviewer to conclude that the client was attending an approved activity.</p> <p>Eight files did not contain sufficient documentation to allow the reviewer to conclude that the client had demonstrated the need to participate in an approved activity.</p> <p>Eleven files did not contain sufficient documentation to allow the reviewer to conclude that the PCAOs had verified the client's continued eligibility to receive SPAL payments.</p> <p>For the 135 client files reviewed for the appropriateness of SPAL payments, 24 or 18% were issued in error.</p>

**HIGHLIGHTS OF RECOMMENDATIONS**

The OIM should:

- Ensure that the PCAOs fulfill all mandated requirements when processing SPALs. Most importantly are the attributes, when not fulfilled, render the client ineligible to receive a SPAL.
- Ensure overpayments are processed for the 24 SPAL payments made in error.

<b>FINDINGS</b>	<b>SUMMARY</b>
<b><i>Finding No. 7 – SPAL Payments Were Issued Beyond Allowable Limits</i></b>	<p>Fifteen SPAL payments were not issued within the prescribed limits as set forth in the Cash Assistance Handbook and the CAO Guidelines. These 15 SPAL overpayments amounted to \$7,415.</p>

**HIGHLIGHTS OF RECOMMENDATIONS**

OIM should :

- Ensure that the PCAO implements procedures so that SPAL payments are issued within allowable limits.
- Ensure that PCAO employees are instructed in what the allowable limits are for each SPAL category.
- Ensure that overpayments are processed for any SPAL payment issued above the prescribed limits as set forth in the Cash Assistance Handbook and the CAO Guidelines.

**Philadelphia County Area 1 CAO  
Special Allowance Audit  
October 1, 2009 – December 31, 2009**

<b>FINDINGS</b>	<b>SUMMARY</b>
<b><i>Finding No. 8 – SPAL Payment Were Issued Multiple Times To Clients</i></b>	<p>Duplicate SPAL payments for monthly bus passes were issued to six clients in the same month.</p> <p>One client was issued a SPAL payment 10 times in a one month period for education/training in the amount of \$6,822.<sup>1</sup> An additional two SPAL payments for education/training were made in a subsequent month for \$500.</p>
<b>HIGHLIGHTS OF RECOMMENDATIONS</b>	
<p>OIM should:</p> <ul style="list-style-type: none"> <li>• Ensure that the PCAO reviews its SPAL procedures and implements steps so that multiple and duplicate SPAL payments are not processed in error.</li> </ul>	

**Background**

The Office of Income Maintenance administers an array of client benefits, one of which is SPALs. For a class of recipients to continue to receive cash and/or SNAP benefits the individuals are required to participate in an employment or training program. In conjunction with program participation or employment itself, there may be associated expenses. In order to continue to assist the recipients overcome any barriers to employment and obtain or maintain gainful employment, DPW will pay certain related expenses. These payments for qualified items are categorized as SPALs.

SPALs may be used for a variety of items necessary to help individuals prepare for, seek, accept or maintain education, training, or employment. Examples are transportation including assistance with the purchase of an automobile, books and supplies, clothing and tools.

In order to obtain a SPAL a client must be determined eligible to receive cash or SNAP benefits, be enrolled in an approved training or education program or be employed within program parameters. Additionally, a client must demonstrate a need for the SPAL in relationship to the activity engaged in and that no other resource is available. With limited exception, an original receipt is to be presented within 14 days of the SPAL's issuance or the CAO is required to process an overpayment.

Regulations governing employment and training related to special allowances for supportive services are found at 55 PA Code 165.4 and in the Cash Assistance Handbook at Chapter 135.6. In addition, OIM issued Operations Memorandum – Employment & Training, OPS090801 dated August 5, 2009 revised October 21, 2009. These documents are the prescribed regulations and guidelines to be used to administer the approval, issuance and monitoring of SPALs.

<sup>1</sup> Overpayments were processed after the propriety of the SPAL was questioned through the audit process.

**Philadelphia County Area 1 CAO  
Special Allowance Audit  
October 1, 2009 – December 31, 2009**

**Objective/Scope/Methodology**

The audit objective, developed in concurrence with OIM was:

- To determine if PCAO SPAL payments were made in accordance with applicable regulations.

In pursuing the objective, the BFO interviewed OIM and PCAO management. We also reviewed case records, client files and other pertinent data necessary to complete our objective. Eligibility, necessity, verification and timeliness were the testing groups for each client file sampled. Eligibility testing was limited to the PCAO's determination that the client was eligible to receive cash or SNAP benefits. A statically valid sample (SVS) size of 135 was selected within a testing period of October 1, 2009 through December 31, 2009. The testing attributes of the SVS were a 95% confidence level with a 5% error factor.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Government auditing standards require that the auditors obtain an understanding of management controls that are relevant to the audit objectives described above. The applicable controls were examined to the extent necessary to provide reasonable assurance of the effectiveness of these controls. Based on our understanding of the controls no material deficiencies came to our attention except at the PCAO West District. The PCAO West District's internal control deficiencies are delineated and communicated to management responsible for oversight in a separate letter. Areas where we noted an opportunity for improvement are addressed in the findings of this report.

The BFO's fieldwork was conducted intermittently between June 4, 2010 and December 3, 2010, and was performed in accordance with generally accepted government auditing standards. This report, when presented in its final form, is available for public inspection.

**Results of Fieldwork**

As indicated, the audit encompassed the verification of specific attributes of the SPAL process. A summary of the types of SPALs examined is found in Exhibit A. The total results of testing for each attribute are presented in Exhibit B with a detailed break out per district in Exhibits C through O. Pertaining to the attribute category groupings, client eligibility was verified at 99% correct. Timeliness was verified 100% correct in that the SPAL was processed within the required parameters.

Recommendations to process overpayments are made throughout the findings; however, the SPALs in question are not always mutually exclusive.

**Philadelphia County Area 1 CAO**  
**Special Allowance Audit**  
**October 1, 2009 – December 31, 2009**

Twenty six SPAL payments were determined to be processed and paid correctly.

Finding Number 5 details 117 overpayments should have been processed. Of that amount 103 overpayments have been processed by the District PCAOs leaving 14 exposed for an ineligible payment. These 14 SPAL payments have not been processed as overpayments. Pertaining to the 103 overpayments that were processed, all were processed after they were questioned through the audit process.

As a result of the PCAO SPAL audit, BFO discovered that an employee from the PCAO West District made 12 inappropriate SPAL requests in two months. Based on this incident, BFO is evaluating the system of internal controls utilized by the West District in its issuance of SPAL requests and payments.

The following are the audit findings and recommendations:

**Finding No. 1 - The Required SPAL Verification Documentation Was Not Available**

As prescribed in the Cash Assistance Handbook, Section 135.62, "Eligibility for SPALs" and the SNAP Handbook, Section 535.3, "CAO Responsibilities", each client's file should contain the following documentation:

- A Temporary Assistance for Needy Families (TANF) client is required to have an Agreement of Mutual Responsibility (AMR), the PA 1661 document. This document is prepared by the client's case manager and a copy is maintained in the client's file. With each change in the client's eligibility a new AMR form is to be completed by the CAO. The AMR is used to support the need for a SPAL payment.

There were 14 TANF clients missing their AMR, PA 1661 forms.

- A SNAP client is required to have the following 3 documents prepared by the client's case manager and kept in the client's file.
  - The Employment Development Plan (EDP), a PA 1531
  - The Job Readiness Assessment Form, a PA 1530
  - The Employment and Training Rights and Responsibilities Form, a PA 772

Once again, with each change in the client's eligibility a new PA 1531, PA 1530 and PA 772 forms are to be completed by the PCAO. These forms are used to ensure Employment and Training Programs (ETP) enrollment criteria are met so the client can be eligible for a SPAL payment.

There were 12 SNAP clients missing their PA 1531, PA 1530 and 772 forms.

For the files reviewed, 26 client case records did not include this documentation. As such, the need for an individual's SPAL could not be demonstrated in 19% of the cases that were reviewed.

**Philadelphia County Area 1 CAO  
Special Allowance Audit  
October 1, 2009 – December 31, 2009**

**Recommendation**

The BFO recommends the OIM ensure that the necessary documentation is completed or obtained by PCAO personnel before a SPAL is issued to the client.

**Finding No. 2 – The Estimated Cost Of SPALs Were Not Available**

The Operations Memorandum – Employment & Training, OPS090801, Attachment 1 “Verification Requirements Related to Special Allowances for Supportive Services” page 2 states that an estimated cost for the items requested by the clients is required. Documentation to support this requirement is to remain within the client’s file.

There were no cost estimates in the client’s files for the following SPAL payments:

- Two SPALs for Equipment and Supplies
- Two SPALs for Books and Supplies

These four SPAL payments require overpayments in the amount of \$ 2,852 to be processed by the PCAOs.

Additionally, there were 22 bus pass SPAL payments made without any cost estimates. Therefore, for the files reviewed, 26 client case records did not include estimate documentation. This represents 19% of the 135 cases that were reviewed. In Philadelphia, the cost of a bus pass is a single weekly or monthly amount. However, at a minimum, a notation should be placed in the client’s file.

**Recommendation**

The BFO recommends the OIM ensure that the estimated cost of the items requested is placed in the client’s file.

The BFO also recommends that OIM develop a reasonable policy pertaining to Philadelphia County bus pass estimates.

**Finding No. 3 - SPAL Verifications Forms Were Not Completed**

The Operations Memorandum – Employment & Training, OPS090801 also established the requirement that a SPAL Verification Form be completed by either the CAO or an enrolled contractor. This form was implemented to strengthen controls within the SPAL process. At the PCAOs 36% or 48 of the case files examined did not include this form.

**Recommendation**

The BFO recommends the OIM ensure that the PCAOs implement procedures to complete SPAL Verifications Forms in compliance with Operations Memorandum – Employment & Training, OPS090801.

**Philadelphia County Area 1 CAO**  
**Special Allowance Audit**  
**October 1, 2009 – December 31, 2009**

**Finding No. 4 - Original Receipts Were Not Found In The Client Files**

To ensure SPAL disbursements are used for their intended purpose, receipts are required to be presented to the CAO and maintained within the client files. For the files reviewed 109 client case records did not include a receipt to support the SPAL. This represents 81% of the cases that required a receipt.

There were no receipts in the client's files for the following SPAL payments:

- 14 SPALs for Books and Supplies
- 17 SPALs for Equipment and Supplies
- 6 SPALs for Professional Fees

Additionally, there were 72 bus pass SPAL payments made and a receipt was not presented.

Analysis of the service data embodied within the audit sample indicated the majority of SPALs, 62%, were processed under the transportation code. SPALs for transportation are usually paid directly to clients as opposed to restricted endorsement checks issued directly to vendors. However, without the presentation of a receipt it cannot be determined if the SPAL payment was used for its intended purpose. The PCAO should explore the possibility of issuing bus passes directly to the individual clients.

The Ridge/Tioga District in its response to BFO maintains that the District does not need receipts for transportation SPALs. This is in violation to OIM Directive OPS090801. This directive states that all SPALs issued by the PCAOs are required to receive receipts from the clients that get SPALs. The other 12 PCAO Districts follow the directive issued by OIM; but were usually unsuccessful in obtaining any receipts from their clients.

**Recommendations**

The BFO recommends the OIM ensure that the PCAOs implement procedures to obtain receipts for the SPAL purchases.

Ensure that an overpayment is processed for any SPAL payment for which a receipt is not obtained per OIM Directive OPS090801.

The BFO also recommends PCAO's should explore alternatives to issuing funds directly to clients. The PCAOs could purchase bus passes in bulk and issue them directly to their clients or allow the EARN Centers to implement the ability to issue bus passes to their clients. As an alternative, the OIM could restrict EBT withdraws/payments so that only bus passes can be purchased with the SPAL funding provided for this purpose.

**Philadelphia County Area 1 CAO**  
**Special Allowance Audit**  
**October 1, 2009 – December 31, 2009**

**Finding No. 5 - SPAL Overpayments Were Not Processed Timely Or Processed At All**

There are various circumstances that when presented require the PCAO to enact an overpayment to recover a SPAL payment. Overpayments are required when either the SPAL was improperly processed or the client did not conform to program requirements.

A total of 135 client files were examined for this audit. From this total, 18 SPAL payments did not require a receipt. Our testing determined that overpayments should be processed for the remaining 117 SPAL payments. Of this amount, 103 have been completed; leaving 14 open SPAL payments that require an overpayment to be processed. All of the overpayments identified were the result of the clients' failure to submit receipts that could support the disbursement. After BFO's review of the PCAO district responses it appears that the overpayments processed for these SPAL occurred only because the PCAOs were made aware by the audit that an overpayment should be processed.

Operations Memorandum – Employment & Training, OPS090801, established the standard that beyond the 14 day period the PCAOs is to process an overpayment. The BFO recognizes that for every SPAL that does not have an associated receipt within the prescribed period, an overpayment cannot be processed immediately.

**Recommendations**

The BFO recommends the OIM ensure that the PCAOs reviews its SPAL procedures and implement steps so that overpayments are processed on or about the prescribed period.

The BFO also recommends that the 14 overpayments that remain open be acted upon immediately.

**Finding No. 6 – Other SPAL Attributes That Did Not Satisfy The Required Standards**

This finding addresses the necessity of the SPAL; that is, did the file demonstrate the SPAL was necessary for the individual to participate in training or employment?

Five files did not contain sufficient documentation to allow the reviewer to conclude that the client was attending an approved activity.

Eight files did not contain sufficient documentation to allow the reviewer to conclude that the client had demonstrated the need to participate in an approved activity.

Eleven files did not contain sufficient documentation to allow the reviewer to conclude that the PCAOs had verified the client's continued eligibility to receive SPAL payments.

Of the 135 client files reviewed for the appropriateness of SPAL payments, 24 or 18% were issued in error.

**Philadelphia County Area 1 CAO  
Special Allowance Audit  
October 1, 2009 – December 31, 2009**

- Fifteen client files having no documentation to substantiate the SPAL payment.
- Six double payment of bus passes.
- Two files were from clients who were disabled which preclude a client from receiving a SPAL payment.
- One file could not be located due to the EARN Center provider no longer providing services in Pennsylvania.

**Recommendations**

The BFO recommends that the OIM ensures that the PCAO fulfills all mandated requirements when processing SPALs. Most importantly are the attributes, when not fulfilled, render the client ineligible to receive a SPAL.

The BFO further recommends that overpayments be processed for the SPAL payments made in error.

**Finding No. 7 – SPAL Payments Were Issued Beyond Allowable Limits**

Fifteen SPAL payments were not issued within the prescribed limits as set forth in the Cash Assistance Handbook and the CAO Guidelines. The amount overpaid beyond the allowable limits amounted to \$7,415.

**Recommendation**

The BFO recommends that the PCAO implement procedures so that SPAL payments are issued within allowable limits.

The BFO further recommends that the PCAO District personnel are instructed in what the allowable limits are for each SPAL category.

The BFO recommends that overpayments are processed for any SPAL payment issued above the prescribed limits as set forth in the Cash Assistance Handbook and the CAO Guidelines.

**Finding No. 8 – SPAL Payments Were Issued Multiple Times To Clients**

Duplicate SPAL payments for monthly bus passes were issued to six clients in the same month. Additionally, a client that transferred from Philadelphia County to Delaware County received a monthly bus pass from both Counties. These SPAL payments totaled \$576.

A review of the case records disclosed a client was issued a SPAL payment 10 times in a one month period for education/training in the amount of \$6,822. An additional two SPAL payments for education/training were made in a subsequent month for total of \$500.

The BFO is further reviewing the transactions processed by this particular employee to determine if additional improprieties occurred.

**Philadelphia County Area 1 CAO**  
**Special Allowance Audit**  
**October 1, 2009 – December 31, 2009**

**Recommendation**

The BFO recommends that the PCAOs review its SPAL procedures and implement steps so that multiple and duplicate SPAL payments are not processed in error.

**Summary**

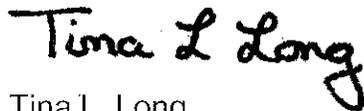
PCAO's response to the draft report was reviewed in preparation of the report's final version. As such revisions were made to include all of the responses from PCAO.

In accordance with our established procedures, an audit response matrix will be provided to your office. Once received, please complete the matrix within 60 days and email the Excel file to the DPW Audit Resolution Section at:

[RA-pwauditresolution@state.pa.us](mailto:RA-pwauditresolution@state.pa.us)

The response to each recommendation should indicate your office's concurrence or non-concurrence, the corrective action to be taken, the staff from your office responsible for the corrective action, the expected date that the corrective action will be completed, and any related comments.

Sincerely,



Tina L. Long

Attachments

c: Ms. Joanne Glover  
Mr. Andy Tiazkun  
Mr. Blair Pence

**Philadelphia County CAO  
County Area Number - 01  
Summary and Total SPALs Examined**

<b>SPAL Code</b>	<b>Description</b>	<b>Total</b>	<b>Percent</b>
250	Trans Cost to apply/accept/attend Employment/Training School	77	57%
257	Equipment/Tools for Employment/Training	24	18%
258	Professional Fees	10	7%
278	Training Course Books/Supplies	16	12%
850	Trans Cost to apply/accept/attend Employment/Training School	7	5%
857	Equipment/Tools for Employment/Training	1	1%
		<u>135</u>	<u>100%</u>

**PHILADELPHIA COUNTY CAO  
COUNTY AREA NUMBER - 01  
SPAL TESTING SUMMARY  
OCTOBER - DECEMBER 2009**

<u>Attributes</u>		<u>Total</u>	<u>Percentage</u>
Eligibility	Yes	134	99%
	No	1	1%
<b><u>Necessity</u></b>			
Required Documents Were Available	Yes	109	81%
	No	26	19%
Proper SPAL Code Used	Yes	130	96%
	No	5	4%
Client Attending Approved Activity	Yes	130	96%
	No	5	4%
Demonstrated SPAL Required For Participation	Yes	127	94%
	No	8	6%
<b><u>Verification</u></b>			
Estimated Cost Of SPAL Calculated	Yes	109	81%
	No	26	19%
SPAL Verification Form Completed	Yes	87	64%
	No	48	36%
Original Receipt in File	Yes	26	19%
	No	109	81%
Overpayment Processed	Yes	103	76%
	No	14	10%
	N/A	18	13%
Continued Eligibility Verified	Yes	124	92%
	No	11	8%
SPAL Payment Within Allowable Limits	Yes	120	89%
	No	15	11%
SPAL Payment In Error	Yes	24	18%
	No	111	82%
<b><u>Timeliness</u></b>			
SPAL Was Paid Within 15 Days	Yes	135	100%
	No	0	0%

**PHILADELPHIA COUNTY CAO  
BOULEVARD DISTRICT - G  
SPAL TESTING SUMMARY  
OCTOBER - DECEMBER 2009**

<u>Attributes</u>		<u>Total</u>	<u>Percentage</u>
Eligibility	Yes	8	100%
	No	0	
<b><u>Necessity</u></b>			
Required Documents Were Available	Yes	8	100%
	No	0	
Proper SPAL Code Used	Yes	7	88%
	No	1	13%
Client Attending Approved Activity	Yes	8	100%
	No	0	
Demonstrated SPAL Required For Participation	Yes	6	75%
	No	2	25%
<b><u>Verification</u></b>			
Estimated Cost Of SPAL Calculated	Yes	8	100%
	No	0	
SPAL Verification Form Completed	Yes	8	100%
	No	0	
Original Receipt in File	Yes	5	63%
	No	3	38%
Overpayment Processed	Yes	3	38%
	No	0	
	N/A	5	63%
Continued Eligibility Verified	Yes	8	100%
	No	0	
SPAL Payment Within Allowable Limits	Yes	7	88%
	No	1	13%
SPAL Payment In Error	Yes	0	
	No	8	100%
<b><u>Timeliness</u></b>			
SPAL Was Paid Within 15 Days	Yes	8	100%
	No	0	

**PHILADELPHIA COUNTY CAO  
CHELTEN DISTRICT - 9  
SPAL TESTING SUMMARY  
OCTOBER - DECEMBER 2009**

<u>Attributes</u>		<u>Total</u>	<u>Percentage</u>
Eligibility	Yes	15	100%
	No	0	
<b><u>Necessity</u></b>			
Required Documents Were Available	Yes	14	93%
	No	1	7%
Proper SPAL Code Used	Yes	15	100%
	No	0	
Client Attending Approved Activity	Yes	14	93%
	No	1	7%
Demonstrated SPAL Required For Participation	Yes	14	93%
	No	1	7%
<b><u>Verification</u></b>			
Estimated Cost Of SPAL Calculated	Yes	12	80%
	No	3	20%
SPAL Verification Form Completed	Yes	9	60%
	No	6	40%
Original Receipt in File	Yes	1	7%
	No	14	93%
Overpayment Processed	Yes	13	87%
	No	2	13%
	N/A	0	
Continued Eligibility Verified	Yes	13	87%
	No	2	13%
SPAL Payment Within Allowable Limits	Yes	10	67%
	No	5	33%
SPAL Payment In Error	Yes	1	7%
	No	14	93%
<b><u>Timeliness</u></b>			
SPAL Was Paid Within 15 Days	Yes	15	100%
	No	0	

**PHILADELPHIA COUNTY CAO  
 DELANCEY DISTRICT - 6  
 SPAL TESTING SUMMARY  
 OCTOBER - DECEMBER 2009**

<u>Attributes</u>		<u>Total</u>	<u>Percentage</u>
Eligibility	Yes	16	100%
	No	0	
<b><u>Necessity</u></b>			
Required Documents Were Available	Yes	11	69%
	No	5	31%
Proper SPAL Code Used	Yes	16	100%
	No	0	
Client Attending Approved Activity	Yes	14	88%
	No	2	13%
Demonstrated SPAL Required For Participation	Yes	14	88%
	No	2	13%
<b><u>Verification</u></b>			
Estimated Cost Of SPAL Calculated	Yes	12	75%
	No	4	25%
SPAL Verification Form Completed	Yes	5	31%
	No	11	69%
Original Receipt in File	Yes	0	
	No	16	100%
Overpayment Processed	Yes	16	100%
	No	0	
	N/A	0	
Continued Eligibility Verified	Yes	13	81%
	No	3	19%
SPAL Payment Within Allowable Limits	Yes	15	94%
	No	1	6%
SPAL Payment In Error	Yes	1	6%
	No	15	94%
<b><u>Timeliness</u></b>			
SPAL Was Paid Within 15 Days	Yes	16	100%
	No	0	

**PHILADELPHIA COUNTY CAO  
ELMWOOD DISTRICT - D  
SPAL TESTING SUMMARY  
OCTOBER - DECEMBER 2009**

<u>Attributes</u>		<u>Total</u>	<u>Percentage</u>
Eligibility	Yes	11	100%
	No	0	
<b><u>Necessity</u></b>			
Required Documents Were Available	Yes	9	82%
	No	2	18%
Proper SPAL Code Used	Yes	11	100%
	No	0	
Client Attending Approved Activity	Yes	11	100%
	No	0	
Demonstrated SPAL Required For Participation	Yes	11	100%
	No	0	
<b><u>Verification</u></b>			
Estimated Cost Of SPAL Calculated	Yes	9	82%
	No	2	18%
SPAL Verification Form Completed	Yes	10	91%
	No	1	9%
Original Receipt in File	Yes	1	9%
	No	10	91%
Overpayment Processed	Yes	11	100%
	No	0	
	N/A	0	
Continued Eligibility Verified	Yes	11	100%
	No	0	
SPAL Payment Within Allowable Limits	Yes	9	82%
	No	2	18%
SPAL Payment In Error	Yes	0	0%
	No	11	100%
<b><u>Timeliness</u></b>			
SPAL Was Paid Within 15 Days	Yes	11	100%
	No	0	0%

**PHILADELPHIA COUNTY CAO  
FEDERAL DISTRICT - 2  
SPAL TESTING SUMMARY  
OCTOBER - DECEMBER 2009**

<u>Attributes</u>		<u>Total</u>	<u>Percentage</u>
Eligibility	Yes	10	100%
	No	0	
<b><u>Necessity</u></b>			
Required Documents Were Available	Yes	10	100%
	No	0	
Proper SPAL Code Used	Yes	10	100%
	No	0	
Client Attending Approved Activity	Yes	10	100%
	No	0	
Demonstrated SPAL Required For Participation	Yes	10	100%
	No	0	
<b><u>Verification</u></b>			
Estimated Cost Of SPAL Calculated	Yes	10	100%
	No	0	
SPAL Verification Form Completed	Yes	9	90%
	No	1	10%
Original Receipt in File	Yes	7	70%
	No	3	30%
Overpayment Processed	Yes	3	30%
	No	0	
	N/A	7	70%
Continued Eligibility Verified	Yes	10	100%
	No	0	
SPAL Payment Within Allowable Limits	Yes	10	100%
	No	0	
SPAL Payment In Error	Yes	0	
	No	10	100%
<b><u>Timeliness</u></b>			
SPAL Was Paid Within 15 Days	Yes	10	100%
	No	0	

**PHILADELPHIA COUNTY CAO  
GIRARD DISTRICT - 3  
SPAL TESTING SUMMARY  
OCTOBER - DECEMBER 2009**

<u>Attributes</u>		<u>Total</u>	<u>Percentage</u>
Eligibility	Yes	4	100%
	No	0	
<b><u>Necessity</u></b>			
Required Documents Were Available	Yes	4	100%
	No	0	
Proper SPAL Code Used	Yes	2	50%
	No	2	50%
Client Attending Approved Activity	Yes	4	100%
	No	0	
Demonstrated SPAL Required For Participation	Yes	4	100%
	No	0	
<b><u>Verification</u></b>			
Estimated Cost Of SPAL Calculated	Yes	4	100%
	No	0	
SPAL Verification Form Completed	Yes	3	75%
	No	1	25%
Original Receipt in File	Yes	0	
	No	4	100%
Overpayment Processed	Yes	4	100%
	No	0	
	N/A	0	
Continued Eligibility Verified	Yes	4	100%
	No	0	
SPAL Payment Within Allowable Limits	Yes	2	50%
	No	2	50%
SPAL Payment In Error	Yes	1	25%
	No	3	75%
<b><u>Timeliness</u></b>			
SPAL Was Paid Within 15 Days	Yes	4	100%
	No	0	

**PHILADELPHIA COUNTY CAO  
 GLENDALE DISTRICT - F  
 SPAL TESTING SUMMARY  
 OCTOBER - DECEMBER 2009**

<u>Attributes</u>		<u>Total</u>	<u>Percentage</u>
Eligibility	Yes	12	92%
	No	1	8%
<b><u>Necessity</u></b>			
Required Documents Were Available	Yes	11	85%
	No	2	15%
Proper SPAL Code Used	Yes	12	92%
	No	1	8%
Client Attending Approved Activity	Yes	12	92%
	No	1	8%
Demonstrated SPAL Required For Participation	Yes	12	92%
	No	1	8%
<b><u>Verification</u></b>			
Estimated Cost Of SPAL Calculated	Yes	11	85%
	No	2	15%
SPAL Verification Form Completed	Yes	11	85%
	No	2	15%
Original Receipt in File	Yes	2	15%
	No	11	85%
Overpayment Processed	Yes	12	92%
	No	0	
	N/A	1	8%
Continued Eligibility Verified	Yes	12	92%
	No	1	8%
SPAL Payment Within Allowable Limits	Yes	12	92%
	No	1	8%
SPAL Payment In Error	Yes	12	92%
	No	1	8%
<b><u>Timeliness</u></b>			
SPAL Was Paid Within 15 Days	Yes	13	100%
	No	0	

**PHILADELPHIA COUNTY CAO  
KENT DISTRICT - K  
SPAL TESTING SUMMARY  
OCTOBER - DECEMBER 2009**

<u>Attributes</u>		<u>Total</u>	<u>Percentage</u>
Eligibility	Yes	3	100%
	No	0	
<b><u>Necessity</u></b>			
Required Documents Were Available	Yes	3	100%
	No	0	
Proper SPAL Code Used	Yes	3	100%
	No	0	
Client Attending Approved Activity	Yes	3	100%
	No	0	
Demonstrated SPAL Required For Participation	Yes	3	100%
	No	0	
<b><u>Verification</u></b>			
Estimated Cost Of SPAL Calculated	Yes	3	100%
	No	0	
SPAL Verification Form Completed	Yes	2	67%
	No	1	33%
Original Receipt in File	Yes	0	
	No	3	100%
Overpayment Processed	Yes	3	100%
	No	0	
	N/A	0	
Continued Eligibility Verified	Yes	3	100%
	No	0	
SPAL Payment Within Allowable Limits	Yes	3	100%
	No	0	
SPAL Payment In Error	Yes	0	
	No	3	100%
<b><u>Timeliness</u></b>			
SPAL Was Paid Within 15 Days	Yes	3	100%
	No	0	

**PHILADELPHIA COUNTY CAO  
LIBERTY DISTRICT - 5  
SPAL TESTING SUMMARY  
OCTOBER - DECEMBER 2009**

<u>Attributes</u>		<u>Total</u>	<u>Percentage</u>
Eligibility	Yes	12	100%
	No	0	
 <u>Necessity</u>			
Required Documents Were Available	Yes	11	92%
	No	1	8%
Proper SPAL Code Used	Yes	12	100%
	No	0	
Client Attending Approved Activity	Yes	12	100%
	No	0	
Demonstrated SPAL Required For Participation	Yes	12	100%
	No	0	
 <u>Verification</u>			
Estimated Cost Of SPAL Calculated	Yes	12	100%
	No	0	0%
SPAL Verification Form Completed	Yes	10	83%
	No	2	17%
Original Receipt in File	Yes	1	8%
	No	11	92%
Overpayment Processed	Yes	10	83%
	No	1	8%
	N/A	1	8%
Continued Eligibility Verified	Yes	12	100%
	No	0	
SPAL Payment Within Allowable Limits	Yes	12	100%
	No	0	0%
SPAL Payment In Error	Yes	1	8%
	No	11	92%
 <u>Timeliness</u>			
SPAL Was Paid Within 15 Days	Yes	12	100%
	No	0	

**PHILADELPHIA COUNTY CAO  
RIDGE/TIOGA DISTRICT - 4  
SPAL TESTING SUMMARY  
OCTOBER - DECEMBER 2009**

<u>Attributes</u>		<u>Total</u>	<u>Percentage</u>
Eligibility	Yes	16	100%
	No	0	
 <u>Necessity</u>			
Required Documents Were Available	Yes	14	88%
	No	2	13%
Proper SPAL Code Used	Yes	16	100%
	No	0	
Client Attending Approved Activity	Yes	16	100%
	No	0	
Demonstrated SPAL Required For Participation	Yes	16	100%
	No	0	
 <u>Verification</u>			
Estimated Cost Of SPAL Calculated	Yes	13	81%
	No	3	19%
SPAL Verification Form Completed	Yes	13	81%
	No	3	19%
Original Receipt in File	Yes	4	25%
	No	12	75%
Overpayment Processed	Yes	1	6%
	No	11	69%
	N/A	4	25%
Continued Eligibility Verified	Yes	15	94%
	No	1	6%
SPAL Payment Within Allowable Limits	Yes	13	81%
	No	3	19%
SPAL Payment In Error	Yes	0	
	No	16	100%
 <u>Timeliness</u>			
SPAL Was Paid Within 15 Days	Yes	16	100%
	No	0	

**PHILADELPHIA COUNTY CAO  
SNYDER DISTRICT - J  
SPAL TESTING SUMMARY  
OCTOBER - DECEMBER 2009**

<u>Attributes</u>		<u>Total</u>	<u>Percentage</u>
Eligibility	Yes	1	100%
	No	0	
<b><u>Necessity</u></b>			
Required Documents Were Available	Yes	1	100%
	No	0	
Proper SPAL Code Used	Yes	1	100%
	No	0	
Client Attending Approved Activity	Yes	1	100%
	No	0	
Demonstrated SPAL Required For Participation	Yes	1	100%
	No	0	
<b><u>Verification</u></b>			
Estimated Cost Of SPAL Calculated	Yes	1	100%
	No	0	
SPAL Verification Form Completed	Yes	1	100%
	No	0	
Original Receipt in File	Yes	1	100%
	No	0	
Overpayment Processed	Yes	1	100%
	No	0	
	N/A	0	
Continued Eligibility Verified	Yes	1	100%
	No	0	
SPAL Payment Within Allowable Limits	Yes	1	100%
	No	0	
SPAL Payment In Error	Yes	0	
	No	1	100%
<b><u>Timeliness</u></b>			
SPAL Was Paid Within 15 Days	Yes	1	100%
	No	0	

**PHILADELPHIA COUNTY CAO  
 UNITY DISTRICT - P  
 SPAL TESTING SUMMARY  
 OCTOBER - DECEMBER 2009**

<u>Attributes</u>		<u>Total</u>	<u>Percentage</u>
Eligibility	Yes	8	100%
	No	0	
<b><u>Necessity</u></b>			
Required Documents Were Available	Yes	8	100%
	No	0	
Proper SPAL Code Used	Yes	8	100%
	No	0	
Client Attending Approved Activity	Yes	8	100%
	No	0	
Demonstrated SPAL Required For Participation	Yes	8	100%
	No	0	
<b><u>Verification</u></b>			
Estimated Cost Of SPAL Calculated	Yes	8	100%
	No	0	0%
SPAL Verification Form Completed	Yes	6	75%
	No	2	25%
Original Receipt in File	Yes	4	50%
	No	4	50%
Overpayment Processed	Yes	8	100%
	No	0	
	N/A	0	
Continued Eligibility Verified	Yes	8	100%
	No	0	
SPAL Payment Within Allowable Limits	Yes	8	100%
	No	0	
SPAL Payment In Error	Yes	0	
	No	8	100%
<b><u>Timeliness</u></b>			
SPAL Was Paid Within 15 Days	Yes	8	100%
	No	0	

**PHILADELPHIA COUNTY CAO  
WEST DISTRICT - 7  
SPAL TESTING SUMMARY  
OCTOBER - DECEMBER 2009**

<u>Attributes</u>		<u>Total</u>	<u>Percentage</u>
Eligibility	Yes	18	100%
	No	0	
<b><u>Necessity</u></b>			
Required Documents Were Available	Yes	5	28%
	No	13	72%
Proper SPAL Code Used	Yes	17	94%
	No	1	6%
Client Attending Approved Activity	Yes	15	83%
	No	3	17%
Demonstrated SPAL Required For Participation	Yes	17	94%
	No	1	6%
<b><u>Verification</u></b>			
Estimated Cost Of SPAL Calculated	Yes	5	28%
	No	13	72%
SPAL Verification Form Completed	Yes	0	
	No	18	100%
Original Receipt in File	Yes	0	
	No	18	100%
Overpayment Processed	Yes	18	100%
	No	0	
	N/A	0	
Continued Eligibility Verified	Yes	14	78%
	No	4	22%
SPAL Payment Within Allowable Limits	Yes	18	100%
	No	0	
SPAL Payment In Error	Yes	18	100%
	No	0	
<b><u>Timeliness</u></b>			
SPAL Was Paid Within 15 Days	Yes	18	100%
	No	0	

**PHILADELPHIA COUNTY AREA 1 CAOS  
SPECIAL ALLOWANCE AUDIT  
RESPONSE TO THE DRAFT REPORT**

**APPENDIX**

COMMONWEALTH OF PENNSYLVANIA  
Department of Public Welfare

**SUBJECT:** Allowance (SPAL) Review of the Philadelphia Region Area 1 CAO

**TO:** Mr. Daniel Higgins, Audit Manager  
Division of Audit and Review  
Bureau of Financial Operations

**FROM:** Joanne Glover   
Acting Deputy Secretary for Income Maintenance

This is in response to the review conducted by the Bureau of Financial Operations dated December 16, 2010 for the period October 1, 2009 through December 31, 2009.

OIM remains committed to administering SPALs with the highest possible degree of accuracy. Many of the issues addressed by the review were previously identified and have already been addressed with system updates and training.

**FINDING**

**THE REQUIRED SPAL VERIFICATION DOCUMENTATION WAS NOT AVAILABLE:**

We are in agreement that documents were missing for 26 of the 135 cases reviewed.

Recommendation to ensure that the necessary documentation is completed by PCAO personnel before a SPAL is issued to the client:

The CAO previously identified the issue of missing documentation and has taken steps to resolve the issue as follows:

The Agreement of Mutual Responsibility (PA1661) for TANF RESET Participation and Employment Development Forms (PA1531, PA1530, and PA772) for Employment and Training has been used in the Philadelphia CAO since the late 1990's. Due to the volume of participants in Philadelphia County and the complex nature of RESET and SNAP E&T, each of the 12 districts have specialized RESET units to meet with individuals who wish to participate in employment and training opportunities. The requirement to image these documents began after the release of Operations - Memorandum Employment & Training, OPS 090801. Imaging was a new concept to many workers and they were adjusting to the new technology and procedures during the period of the audit. During this period many documents were being imaged and lumped together in groups so that something labeled PA600 may contain a PA600, PA4, identification, and AMR.

In order to address this problem multiple trainings were performed in each district office during this period and ongoing training was mandated in April 2010 to

address ongoing issues with taxonomy and imaging procedures. Ongoing reviews of cases through the implementation of the SPAL Review Database were developed as a way of monitoring special allowances and the imaging of such forms.

## FINDING 2

### THE ESTIMATED COST OF SPALs WERE NOT AVAILABLE

Regarding the 34 cases of the 135 cases reviewed that did not include cost estimates we note the following:

We are in agreement that the documents were missing for 26 of the 135 cases reviewed.

We disagree that 8 of the 135 cases did not include an estimate:

Case Count 26 - A SPAL verification form and supporting documents were available in imaging dated 11-19-09. The amount issued for the special allowance was calculated in a narrative which included the amount date and code used.

Case Count 7, 15, 28, 67, 89, 92 and 95 - Narratives are available calculating the reason, timeframe, and amount of ongoing carfare issued.

Recommendation to ensure that an estimate for the cost of the items requested is placed in the client's file:

To help ensure that estimates for cost are placed in the file the CAO conducted a RESET Manager/Supervisors meeting on 7-6-10. The meeting specifically dealt with the clients need to provide verification that the SPAL is needed and also what the specific costs were. Prior to this meeting it was established that all SPAL verification forms were to be scanned and attached to the record.

Recommendation that OIM develop a reasonable policy pertaining to Philadelphia bus pass estimates:

The policy for carfare issuance is based largely on SEPTA's rules and costs for transportation. The cost of bus passes is widely known to SEPTA consumers in Philadelphia. These costs are published by SEPTA. When changes in costs occur a follow up email is sent to all districts reminding them of the change.

Initial carfare for all TANF customers is issued as a weekly Transpass in the district office as established on 9-11-09. For ongoing transportation, customers are issued weekly or monthly bus passes. Monthly passes are issued if the carfare is issued prior to the 10th of the month. Weekly passes are issued at a higher cost if carfare

is issued after the 10th on the month. SEPTA in Philadelphia stops issuing monthly passes after the 10th of the month.

Example: The customer begins participation at the EARN on 1-4-11. A weekly bus pass is issued effective 1-2-11. If the customer fails to participate on the first day then no more carfare is used and an OP is processed for the bus pass. If the customer attends on 1-4-11, the CAO issues carfare for the remaining 3 weeks via EBT. Since the most cost effective and practical means of transportation would be SEPTA, 3 weekly bus passes are issued (\$20.75 x 3 weeks). The EARN on the Friday of the 3rd week sends their current enrollments to the districts. These cases are reviewed and issued monthly passes for the following month.

#### **FINDING 2**

##### **SPAL VERIFICATION FORMS WERE NOT COMPLETED:**

We are in agreement that the PCAOs failed to maintain or obtain verification forms in 48 out of 135 cases reviewed.

Recommendation to ensure that the PACOs implement procedures to complete SPAL Verification Forms in compliance with Operations Memorandum – Employment & Training, OPS090801:

Many of the errors occurred due to the changes in the imaging requirement. Most of the forms that were available were found in imaging. This issue was addressed in ongoing trainings, which were held on 10-6-09 and 11-3-09, with RESET managers and supervisors. The training outlined the requirement of the SPAL Verification Form. On 8-3-10 a C.D.U. Manager/Supervisor training was held which reviewed the changes in Operations Memorandum – Employment & Training, OPS090801. The changes clarified the need and requirement of the SPAL Verification Form.

#### **FINDING 3**

##### **ORIGINAL RECEIPTS WERE NOT FOUND IN THE CLIENT FILES:**

We are in agreement that 109 of the 135 cases reviewed did not include a receipt in the client file to support the SPAL.

Recommendation to ensure that the PCAO implements procedures to obtain receipts for SPAL items purchased per OIM Directive OPS090801:

On 6-18-10 correspondence was sent to all districts clarifying the need for receipts for all SPALs including restricted endorsement and the need to complete overpayment within 14 days if no receipt is received. Also on 7-6-2010 during the RESET Managers/Supervisors meeting it was clarified that a receipt was needed for all special allowances including restricted endorsement issuances.

Recommendation to ensure that an overpayment is processed for any SPAL payment for which a receipt is not obtained per Operations Memorandum – Employment & Training OPS 090801:

All overpayments have been processed by the Districts for the 109 cases cited above.

Recommendation to direct the PCAOs to explore alternatives to issuing funds directly to clients for bus passes or allow the EARN Centers to implement the ability to issue bus passes to their clients. As an alternative, the OIM could restrict EBT withdrawal/payments so that only bus passes can be purchased with the SPAL funding provided for this purpose:

SEPTA is the only transportation provider in the southeast region of Pennsylvania. SEPTA has a few service centers in Philadelphia and hundreds of independent vendors throughout Philadelphia that can distribute bus passes. These service centers and independent vendors would have to be equipped with EBT card machines in order to allow for the purchase of bus passes with EBT cards.

#### **FINDINGS**

#### **SPAL OVERPAYMENTS WERE NOT PROCESSED TIMELY OR PROCESSED AT ALL:**

We are in agreement that overpayments should have been processed for 117 of the 135 cases reviewed due to the lack of a receipt to confirm the SPAL was valid.

Recommendation to ensure that the PCAOs review SPAL procedures and implements steps so that overpayments are processed on or about the prescribed period:

On 7-6-10 and 8-3-10 trainings were held outlining the requirement in Operations Memorandum – Employment & Training OPS 090801 to process overpayments on cases that did not provide receipts. The training also reviewed the policy for recovering overpayments as detailed in the OIM Supplemental Handbook, Chapter 910 – Overpayment Recovery.

Districts also receive several reports of referrals in the ARRC system. These referrals show the total number of cases and cases pending at 10, 30, 45, and 60 days. The districts are required to act upon all referrals in the system.

Recommendation that the 14 overpayments that remain open should be acted upon immediately:

The 14 remaining overpayments were completed as part of the 117 overpayments noted above.

**FINDING 6****OTHER SPAL ATTRIBUTES THAT DID NOT SATISFY THE REQUIRED STANDARDS:**

Regarding the 29 of the 135 cases reviewed that were issued in error we note the following:

We are in agreement that 24 of 135 cases reviewed were issued in error.

We disagree that 5 of the 135 cases were issued in error (refer to Attachment 1 for the case detail).

Recommendation to ensure that the PCAO's fulfill all mandated requirements when processing SPALs. Most importantly are the attributes, when not fulfilled, render the client ineligible to receive a SPAL:

Under Chapter 135.5 (PA Code 165.21), individuals who are not mandatory to participate in RESET may volunteer to participate. Individuals may enroll in activities that will develop skills leading to employment but at a pace that is consistent with their abilities. Individuals who are exempt are not required to have a doctor's statement verifying that they can volunteer. Clients who are coded ETP 53, 52, and 54 are allowed to voluntarily participate in training. EPP629135 clarifies the issue of ETP coding for these clients.

Some special allowances cited as errors for carfare were issued during the last week of the month. Carfare is issued based upon the client's participation in an activity. The hours that are in CIS are exported from CWDS on the 15th of each month. The hours being updated are for the prior month per the Master Guidelines. The CAO does not have the ability to review current hours for the current month. An example would be the EARN on the 11-15-10 which updates hours for October 2010. On the last week of November the CAO reviews the cases for hours of participation. If the client has participated at the EARN in October, carfare is issued for December. The EARN is supposed to terminate a client after 5 days of absence. If the EARN terminates the activity late we will not see that change until after the carfare issued.

Recommendation to ensure overpayments are processed for the 29 SPAL payments made in error:

As noted above we are in agreement that 24 of the cases were issued in error and require an overpayment to be processed. Overpayments were completed as part of the 109 overpayments noted in Finding 4 and 117 overpayments noted in Finding 5.

We disagree that 5 of the 135 cases reviewed were issued in error as noted above.

**FINDING 7**

**SPAL PAYMENTS WERE ISSUED BEYOND ALLOWABLE LIMITS:**

We are in agreement that 15 cases of the 135 cases reviewed were issued beyond allowable limits.

Recommendation to ensure that the PCAO implements procedures so that SPAL payments are issued within allowable limits:

District supervisors and managers are required to review special allowance requests. Some of the items that are included in this checklist are the presence of the SPAL verification form, Self Reliance Checklist, coding amounts and verification prior to SPAL issuance. This information is kept in a centralized database and reviewed by the Quality Assurance Unit. The information reviewed is documented and scanned into imaging.

Recommendation to ensure that PCAO employees are instructed in what the allowable limits are for each SPAL category:

Trainings were provided on 7-6-10 and 8-3-10 on the limits and coding for SPALs as well as training on current policy in the Cash Assistance Handbook Chapter's 135 and 138.

Beginning in April 2010 independent reviews of the training providers (e.g. Philadelphia Workforce Development Corporation and independent schools that conduct education programs) by the CAO and BETP uncovered widespread misuse of SPALs by many providers. This began a total review of all providers in Philadelphia. Overpayments were processed on the providers.

Recommendation to ensure that overpayments are processed for any SPAL payment issued above the prescribed limits as set forth in the Cash Assistance Handbook and the CAO Guidelines:

As noted above we are in agreement that 15 of the cases were issued in error and require an overpayment to be processed. Overpayments were completed as part of the overpayments noted in Finding 4 and 5.

**FINDING 8**

**SPAL PAYMENTS WERE ISSUED MULTIPLE TIMES TO CLIENTS:** We are in agreement that duplicate SPAL payments were made to clients (duplicate payments for

monthly bus passes were issued to 6 clients in the same month, a client that transferred from Philadelphia County to Delaware County received a monthly bus pass for both Counties and 10 duplicate payments were made for education/training).

The OIM Human Resources Department conducted a separate investigation of transactions processed by the employee who processed all the duplicate payments above and has referred the case to the OIG for action. The duplicate payments for the bus passes were included in Finding 5 as overpayments. The duplicate education/training payments were discovered as part of the OIM investigation and therefore they are not included in any Findings.

Recommendation to ensure the PCAO reviews its SPAL procedures and implements steps so that multiple and duplicate SPAL payments are not processed in error:

Supervisors and managers randomly review SPAL requests for select workers. Every SPAL request is to be reviewed by the CDU supervisor for accuracy and completeness. SPAL requests are also reviewed during the county SPAL database review. District supervisors and managers are required to review special allowance requests for workers via this system. SPAL procedures are reinforced at all RESET Managers/Supervisors trainings.

#### SUMMARY

We are in agreement with the Bureau of Financial Operations findings with the exception of 8 cases noted in Findings 2, and 5 cases noted in Finding 6. We wish to note that overpayments were processed for the cases because of other deficiencies found by the Auditor General.

All necessary overpayments have been processed by DPW.

We have taken corrective action to address the findings included in the report.

Thank you for the opportunity to respond to this audit. If you have any further question, please contact Mr. Blair Pence, Audit Coordinator, at 787-7975.

**Attachment 1**

**Finding 6**

**[REDACTED]** (Case Count 9)

A Special Allowance is required to be issued prior to participation in Employment and Training Activities:

55 Pa. Code 165.42 Special allowances for all supportive services will be paid by the CAO in advance of the date that payment is required by the provider, consistent with the requirements and time frames in Cash Assistance Handbook Section 135.65.

The Special Allowance was issued on 11-10-09. There are no hours for November because the customer just enrolled and was referred to the EARN center. The total cost for books was \$320. The client, per the SPAL verification form, requested \$112.50. Verification was scanned into the record 11/6/09

**[REDACTED]** (Case Count 18)

The Client had the required 20 hours to be eligible for car fare, per the CSIETP screen, detailed as follows:

November –	
Activity 38, Job Skills Training-	11 hours weekly,
Activity 20, Community Service Activity,	17 hours weekly
October –	
Activity 38, Job Skills Training,	2 hours weekly.
Activity 20, Community Service Activity,	6 hours weekly
Activity 35 ESL (English as a Second Language Training)	12 hours weekly.

**[REDACTED]** (Case Count 26)

The actual amount (\$975.00) for equipment was issued in two separate OTIs (one for \$775.00 and a second for \$200.00). The verification of costs was scanned on 11-25-09.

The attendance is documented in CSIETP detailed as follows:

October –	
Activity 24, Skills Vocational Training,	9 hours weekly

November -  
Activity 24, Skills Vocational Training, 5 hours weekly

**[REDACTED] (Case Count 83)-**

The attendance is documented in CSIETP detailed as follows:

October - 35 hours  
November - 37 hours

**[REDACTED] (Case Count 95)**

The attendance is documented in CSIETP detailed as follows:

October - 31 hours  
November - 31 hours