



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

TINA L LONG
ACTING DIRECTOR

FEB 15 2011

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

Ms. Elizabeth Walsh, Executive Director
Bucks County Workforce Investment Board, Inc.
1268 Veterans Highway
Bristol, Pennsylvania 19007

Dear Ms. Walsh:

I am enclosing for your review the final performance audit report of the Bucks County Workforce Investment Board, Inc. - Special Allowances as prepared by the Division of Audit and Review (DAR). Your response dated February 1, 2011, has been incorporated into the final report as an attachment.

I would like to express my appreciation for all the courtesy extended to my staff during the course of the fieldwork. I understand that you were especially helpful to Mr. Rausch in expediting the audit process.

The 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 OIM may be in contact with you to follow-up on the action taken in consideration of the report's findings.

Sincerely,

Tina L Long

Tina L. Long

Enclosure

c: Dr. Bryon Noon
Mr. Andy Tiazkun

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.



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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 Deputy Secretary for Income Maintenance and the Bureau of Employment Training (BETP), the Bureau of Financial Operations (BFO) completed an audit of special allowances for supportive services (SPAL) payments processed through the Bucks County Workforce Investment Board, Inc. (BCWIB). The audit examined the propriety of 81 special allowance payments (SPAL) disbursed between January 1, 2009 and December 31, 2009. The audit's goal was to gain an understanding of the policies and procedures used at the EARN Centers to process SPALs and to examine the application of those policies and procedures.

This report is currently in final form and is available for public inspection. The report contains the BCWIB's views on the reported findings, conclusions and recommendations. BCWIB's response to the draft report is included as an attachment hereto. The BCWIB response included attachments with information that would allow for the identification of the clients and as such are not attached to this report. These attachments are available for BETP review but are not considered public documents. The data used to prepare the report's findings were discussed with BCWIB's management at a closing conference held on December 7, 2010. BCWIB's management did not request an exit conference.

BCWIB
Executive Summary

SPALs are payments for supportive services made on behalf of eligible individuals either through the Office of Income Maintenance's (OIM) County Assistance Office (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

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purchase of an automobile, automobile liability insurance, books, supplies, clothing, eyeglasses and tools.

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

FINDINGS	SUMMARY
<i>Finding No. 1 - SPAL Verifications Forms Were Not Completed For Six Payments</i>	OIM introduced the SPAL Verification Form as a quality control enhancement during August 2009. All but eight of the payments sampled occurred before this date. However, in six of the eight samples examined the files did not include the SPAL Verification Form.

HIGHLIGHTS OF RECOMMENDATIONS

BCWIB should :

- Ensure that the EARN Centers implement procedures to complete SPAL Verifications Forms in compliance with Operations Memorandum – Employment & Training, OPS090801.
- Ensure overpayments are processed for the SPAL payments made in error.

FINDINGS	SUMMARY
<i>Finding No. 2 – Three SPAL Payments Were Not Issued Within 15 Days</i>	SPAL payments are required to be issued within 15 days of the date of request. The sampled payments included three that were issued from 19 to 40 days after the request date.

HIGHLIGHTS OF RECOMMENDATIONS

BCWIB should:

- Ensure that the EARN Centers review their SPAL procedures and implements steps so that payments are processed within the prescribed period.

FINDINGS	SUMMARY
<i>Finding No. 3 – Four SPAL Payments Were Miscoded</i>	Four SPAL payments that were made were assigned incorrect reporting codes.

HIGHLIGHTS OF RECOMMENDATIONS

The BCWIB should:

- Ensure that the EARN Centers assign the correct code categories to the payments depending on the nature of each payment.

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Background

The OIM administers an array of client benefits, one of which is SPALs. In order for the recipients to continue to receive cash and/or SNAP benefits, they are required to participate in an employment or training program. In conjunction with program participation or employment, there may be associated expenses. In order to continue to assist the recipients overcome any barriers to employment and to 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, eyeglasses and tools.

In order to obtain a SPAL, a client must be determined to be eligible to receive cash or SNAP benefits, be enrolled in an approved training or education program or be employed within program parameters. The Program office advises that BCWIB's subcontractors may continue to provide SPALs during the time a client is on work retention. Additionally, a client must demonstrate need for the SPAL in relationship to the activity engaged in and that no other resource is available. With limited exceptions, an original receipt is to be presented within 14 days or BCWIB 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 and the OIM-BETP Master Program Guidelines. 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.

BCWIB contracts with two entities who each operate an EARN Center in Bucks County, PA. One of BCWIB's responsibilities is to oversee the administration of the EARN Centers, including the distribution of SPAL payments.

Objective/Scope/Methodology

The audit objective, developed in concurrence with BETP was:

- To determine if BCWIB's SPAL payments were made in accordance with applicable regulations.

In pursuing the objective, the BFO interviewed OIM and BETP personnel and BCWIB's 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 BCWIB's determination that the client was eligible to receive cash or SNAP benefits. A statically valid sample (SVS) size of 81 was

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selected within a testing period of January 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.

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. Areas where we noted an opportunity for improvement are addressed in the findings of this report.

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. Pertaining to the four category groupings, client eligibility was verified to be 100% correct; necessity was verified to be 100% correct, verification of appropriateness was verified as 99% correct and timeliness was verified to be 96% correct in that the SPAL was processed within the required parameters.

The following are the audit findings and recommendations:

Finding No. 1 - SPAL Verifications Forms Were Not Completed For Six Payments

The Operations Memorandum – Employment & Training, OPS090801 established the requirement that a SPAL Verification Form be completed by either the CAO or an enrolled contractor for all payments after August 5, 2009. This form was implemented to strengthen controls within the SPAL process. Most of the payments occurred before August 5, 2009; however, six of the eight payments after August 5, 2009 did not have SPAL Verification Forms in the clients' files.

Recommendation

The BFO recommends the BCWIB and OIM ensure that the new procedures are in place and implemented to complete SPAL Verifications Forms in compliance with Operations Memorandum – Employment & Training, OPS090801 and ensure that overpayments are processed for the SPAL payments made in error.

Finding No. 2 – Three SPAL Payments Were Not Issued Within 15 Days

The guidelines provide that a SPAL check be issued within 15 days of the date of its approval. Our audit found that three of the 81 payments sampled were not paid within the 15 day allowable time.

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The late payments were made 19, 35 and 40 days after they were approved. The BFO did not inquire as to the reasons for the late payments.

Recommendation

The BFO recommends that BCWIB ensure that the contractors' SPAL payments are processed within the prescribed period.

Finding No. 3 – Four SPAL Payments Were Miscoded

On eCIS, each payment is coded according to its nature. BFO's review of the codes assigned found that four of the sampled payments were miscoded.

Recommendation

The BFO recommends that BCWIB assign the correct code categories to the payments depending on the nature of each payment.

BCWIB Response

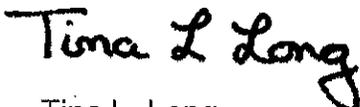
BCWIB's response to the draft report was reviewed in preparation of the report's final version. As such, revisions were made to include enhanced eligibility criterion based on a clarification from BETP.

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

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

Attachment

c: Dr. Bryon Noon
Mr. Andy Tiazkun

**BUCKS COUNTY WORKFORCE INVESTMENT BOARD
SUMMARY OF TOTAL SPALs EXAMINED**

SPAL Code	Description	
261	Automobile Purchase/Down Payment/Insurance	66
262	Automobile Repairs	4
280	Driving Lessons	5
298	Eyeglasses	6
	Total SPALs Examined	81

EXHIBIT A

**BUCKS COUNTY WORKFORCE INVESTMENT BOARD
SPAL TESTING SUMMARY
JANUARY - DECEMBER 2009**

<u>Attributes</u>		<u>Total</u>	Percentage
Eligibility	Yes	81	100%
	No		
<u>Necessity</u>			
Required Documents Were Available	Yes	81	100%
	No	0	0%
Proper SPAL Code Used	Yes	77	95%
	No	4	5%
Client Attending Approved Activity	Yes	81	100%
	No	0	0%
Demonstrated SPAL Required For Participatio	Yes	81	100%
	No	0	0%
<u>Verification</u>			
Estimated Cost Of SPAL Calculated	Yes	81	100%
	No	0	0%
SPAL Verification Form Completed	Yes	2	3%
	No	6	7%
	Not Applicable	73	90%
Original Receipt & Copy of Check in File	Yes	81	100%
	No	0	0%
Continued Eligibility Verified	Yes	81	100%
	No	0	0%
SPAL Payment Within Allowable Limits	Yes	81	100%
	No	0	0%
SPAL Payment In Error	Yes	0	0%
	No	81	100%
<u>Timeliness</u>			
SPAL Was Paid Within 15 Days	Yes	78	96%
	No	3	4%

**BUCKS COUNTY WORKFORCE INVESTMENT BOARD, INC.
RESPONSE TO THE DRAFT REPORT**

ATTACHMENT



WORKFORCE INVESTMENT BOARD, INC.
Strategic Planning for the Bucks County Workforce.

1 February 2011

Mr. Daniel Higgins, Audit Manager
Division of Audit and Review
Bureau of Financial Operations
Department of Public Welfare
801 Market Street, Suite 5040
Philadelphia, PA 19107

Dear Mr. Higgins:

RE: PY 2009 Monitoring for Special Allowance pertaining to the EARN Program

The Bucks County Local Management Committee offers the following as a Corrective Action Plan to the PY 2009 Monitoring for Special Allowance pertaining to the EARN Program:

1. SPAL Verification Forms Were Not Completed for Six Payments.

Corrective Action suggested: Under the direction of the BC-WIB Contracts Manager, EARN Program Coordinators will conduct training with all case management staff on proper completion of the SPAL Verification Forms. Said training will be completed by 25 February 2011. Attendance sheets for all trainings held will be submitted to the Contracts Manager as verification.

2. Three SPAL Payments Were Not Issued Within 15 days.

Corrective Action suggested: Program Coordinators will review the portion of the EARN Handbook with all staff that details the regulations for the SPAL time periods by 25 February 2011. Attendance sheets for all trainings held will be submitted to the Contracts Manager to ensure that all required staff has attended the training.

Noted discrepancy: One of the SPAL listed in the report was processed within the required time period. [REDACTED] report states that the payment was made within 20 days. Attached is the supportive service documentation verifying that the request was made on 4/27/09, approved on 4/29/09, and check was processed on 5/5/09. This is within the 15 day time period. (Attachment A)

3. One SPAL Payment Was Issued In Error Because the Client was Ineligible at the Time of Issuance

(Reference: [REDACTED] participant.) Participant was originally referred as a Work Support participant. Participant was on the CWDS system, indicating the CAO referred her to us for the program and therefore she was determined eligible by the CAO. Participant's cash assistance was closed by the CAO on 10/27/08 due to income from her job. At this time she should have been entered on the system as a CDC retention only participant. The CAO was not able to do this since her cash was closed prior to the referral being sent to us via CWDS.

The participant was still eligible to remain in the EARN program and reach the six months of continuous employment benchmark. Since the proper referral was never made on CWDS, previous instructions provided by BETP of manual tracking were employed.

During the retention phase EARN participants are eligible for supportive services. This participant was therefore eligible for car insurance supportive service payment. The supportive service was issued while she was in the job retention phase of the program.

Attached please find a copy of the print-out from CWDS showing participant was active in the EARN job retention portion of the program. Attached also is a print-out from CIS showing participant's cash was closed due to her income from her job. Case notes during active program enrollment attached. (Attachment B)

No corrective action suggested.

4. Five SPAL Payments were Miscoded:

Corrective action suggested: Regular reviews of the Supportive Services codes that are entered into CWDS will be conducted by the Program Coordinators; bi-annual review will be conducted by the Contracts Manager.

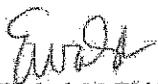
Noted discrepancy: Commonwealth Workforce Development System (CWDS) was reviewed for each of the five SPAL payments to determine the coding that was utilized. Only two of the five files had the incorrect coding in CWDS. The other three files had the correct coding. Print outs are attached from the Participant Service Records to show the coding that was correctly entered into CWDS.

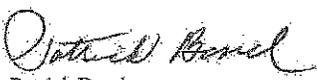
- * [REDACTED] Motor Vehicle Insurance for 4/29/09 is coded 261 (Attachment C)
- * [REDACTED] Motor Vehicle Purchase for 3/9/09 is coded 260 (Attachment D)
- * [REDACTED] Motor Vehicle Insurance for 1/27/09 is coded for 261 and Motor Vehicle Purchase is coded for 260 (Attachment E)

It is pertinent to note, prior to monitoring review, one staff member responsible for items under Concerns Number Two and Four was terminated based on internal audit reviews relative to such issues. It is anticipated that positive resolution of concerns was occurring prior to review.

If additional information is required, please contact Cara Hires, Contracts Manager, at 215-874-2800 x108 or chires@bc-wib.org.

Sincerely,


Elizabeth M. Walsh
Executive Director


Patrick Bond
Chair, Local Management Committee