

AUG 05 2011

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

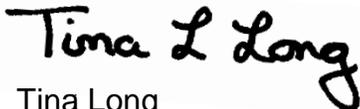
Dear Ms. Chambers:

I am enclosing for your review the final performance audit report of the West District Internal Controls as prepared by the Division of Audit and Review (DAR). Your response dated April 28, 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 Ms. Miller 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 Long

Enclosure

cc: Mr. Phillip Abromats
Mr. Andy Tiazkun
Mr. Blair Pence
Ms. Stephanie Scott
Mr. Peter Crane

bcc: Ms. Karen Deklinski
Mr. Thomas Crofcheck
Mr. Daniel Higgins
Mr. Alexander Matolyak
Ms. Kenya Mann Faulkner
Ms. Shelley L. Lawrence
SEFO Audit File (S1004 K51)

AUG 05 2011

Mr. Phillip Abromats, Acting Deputy Secretary
Office of Income Maintenance
Health & Welfare Building, Room 432
Harrisburg, Pennsylvania 17102

Dear Mr. Abromats:

In response to a request from yourself and your staff, the Bureau of Financial Operations (BFO) conducted an audit of the West District, Philadelphia County Assistance Office (PCAO). The audit's goal was to gain an understanding of the policies and procedures in place at the West District and to examine the application of those policies and procedures.

This report is currently in final form and therefore does contain the PCAO's and West District's views on the reported findings, conclusions and recommendations. Management's response to the draft report is included as an attachment hereto. The report contents and response was discussed as an exit conference held July 20, 2011.

West District
Executive Summary

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

FINDINGS	SUMMARY
<p><i>Finding No. 1 – Case Record Filing Is Disorganized And Backlogged</i></p>	<p>The filing of supporting documentation and client files has been neglected for a significant period of time resulting in disorganization and lost records. There were 474 boxes of files and other documents observed sitting around the office waiting to be filed.</p> <p>Of the 21 case records requested for review, West District could only locate 11.</p>
HIGHLIGHTS OF RECOMMENDATIONS	
<p>OIM should:</p> <ul style="list-style-type: none"> • Request additional WESOD workers to assist with clearing up the filing at West District <p>West District Management should:</p> <ul style="list-style-type: none"> • Consider allocation more personnel resources to the filing for a temporary period of time. 	

- Require the IMCWs to properly file the documents and case records located at their work areas.
- Develop, and review with staff, policies and procedures that clearly define the responsibility of filing and ensure all staff is re-trained in this area.

FINDINGS	SUMMARY
<p><i>Finding No. 2 – Control Documents Do Not Contain The Proper Signatures And Are Not Being Filed Timely Or At All.</i></p>	<p>The PA764 is the control document used to detail benefit amounts and specific actions to be taken on a case. This document requires the signature of the caseworker, the clerical worker and in many cases the supervisor. We observed that all required signatures were not always on the PA764.</p> <p>Additionally, this control document was not being scanned and properly filed in the client record.</p>

HIGHLIGHTS OF RECOMMENDATIONS

West District Management should:

- Develop, and review with all staff, policies and procedures that clearly state the signatures required on the PA764. These policies and procedures should also state who is responsible for the scanning and filing of the PA764.

FINDINGS	SUMMARY
<p><i>Finding No. 3 – Documents Are Not Being Scanned Timely Or At All.</i></p>	<p>Contributing to the backlog of filing are documents that need to be scanned. A substantial amount of documents are stored in piles or boxes waiting to be scanned thus contributing to the office congestion.</p> <p>Documents that can be purged are shredded and discarded as space in the dumpster allows. If no space is available documents are again stored in piles or boxes. Because the dumpster is small, bags of shredded material also sit around the office waiting to be discarded.</p> <p>Additionally, scanned documents go into a file and wait to be attached to the client record. Due to the volume of scanning occurring, this file has the potential to become a virtual “pile” of documents waiting to be “filed”.</p>

HIGHLIGHTS OF RECOMMENDATIONS

OIM should:

- Consider hiring an industrial shredder on limited bases to come, shred and remove all documents that have been purged.

West District Management should:

- Discontinue scanning documents beyond the retention period and purge as much as possible.
- Focus on getting all loose documents in the proper client file and all the files in the proper order.
- Mark all documents which have been scanned as such to eliminate the need to access CIS to determine if the document is scanned.
- Develop policies and procedures detailing who is responsible for scanning, state a time frame to scan and attach documents and ensure all staff are in compliance.

FINDINGS	SUMMARY
<i>Finding No. 4 – The Front Desk Area Is Congested And Staff Access Is Not Limited</i>	The front desk area houses Customer Service Representatives and clerical workers who process EBT cards and clear applications. Additionally, Intake workers enter this area to pick up applications and other workers come to check on appointments. The volume of activity in this area makes it easy to get distracted and make mistakes.

HIGHLIGHTS OF RECOMMENDATIONS

West District Management should:

- Move the clerical worker processing applications to the Intake area alleviating the need for Intake workers to enter this area to pick up their applications.
- Workers who have scheduled appointments should check with the security guard or greeter to see if they have arrived.
- There should be a supervisor at the Front Desk to review all PA764 EBT card transactions prior to processing.

FINDINGS	SUMMARY
<i>Finding No. 5 – RESET Transactions Were Being Processed Outside The Career Development Unit</i>	Initial transactions related to the RESET program were being processed outside of the Career Development Unit (CDU). The purpose of the CDU is to handle all RESET transactions due to the uniqueness of these transactions.

HIGHLIGHTS OF RECOMMENDATIONS

West District Management should:

- Take the necessary steps to ensure all RESET transactions are processed through the CDU.

FINDINGS	SUMMARY
<i>Finding No. 6 – Staff Were Unsure Of Their Duties And Responsibilities</i>	Due in part to the many management changes that have been occurring, staff are unsure of their duties and responsibilities.
HIGHLIGHTS OF RECOMMENDATIONS	
West District Management should: <ul style="list-style-type: none"> • Ensure all changes to policy and procedures are put in writing and distributed to staff. • Solicit input from staff to ensure the changes made are working properly and effectively. 	

FINDINGS	SUMMARY
<i>Finding No. 7 – Procedures Related To Assigning An Alternate Supervisor Are Applied Inconsistently.</i>	Each supervisor has an alternate. Workers should seek out the alternate for assistance and approvals when the primary supervisor is unavailable. In some cases it appeared that workers were able to seek the approval of supervisors outside of their unit.
HIGHLIGHTS OF RECOMMENDATIONS	
West District Management should: <ul style="list-style-type: none"> • Ensure that the supervisor’s alternate is clearly identified. • Ensure that workers do not go outside of their unit to seek supervision or approval of transactions. 	
FINDINGS	SUMMARY
<i>Finding No. 8 – Required Worker Reviews Are Not Being Completed</i>	Supervisors are required to complete 18 reviews of workers transactions each month; 144 district wide. Based on the four month period reviewed, on average only 61, or 42% of the reviews were done.
HIGHLIGHTS OF RECOMMENDATIONS	
West District Management should: <ul style="list-style-type: none"> • Ensure supervisors are completing the required number of reviews each month. 	

Background

The West District CAO, located at 5070 Parkside Avenue is one of 13 County Assistance Offices (CAO) in Philadelphia County. The West District is one of the larger CAOs in Philadelphia.

As a result of a statewide compliance review focused on Special Allowance Payments (SPAL), conducted by BFO, deficiencies were noted at the West District. As such, OIM management requested BFO to conduct an audit centered on internal controls and policies and procedures in place at West District.

Prior to the start of our audit, PCAO management made significant staffing changes at the district to include a new District Administrator, a new Assistant District Administrator and Office Manager. These changes were implemented two weeks prior to the start of our audit

fieldwork. Based on the observations of this new management team, changes to certain policies and procedures were implemented immediately.

Statewide, CAO's are switching to the Modern Office model of service delivery. This model requires more up front interaction with clients and work stations in the lobby area where Income Maintenance Case Workers (IMCW) meet with clients and work on their cases. However, this model also requires a specific physical layout to the office which the West District presently does not have. Because of the limitations presented by the physical layout, a complete implementation of Modern Office may not be possible at the West District. None-the-less, West District management is working to implement as much of the Modern Office model as possible.

Objective/Scope/Methodology

The audit objective, developed in concurrence with OIM was:

- To review policies, practices and internal control procedures at the West District and identify areas of weakness.

In pursuing the objective, the BFO interviewed OIM, PCAO and West District management as well as numerous staff. We also reviewed case records, client files and other pertinent data necessary to complete our objective.

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 in place material deficiencies came to our attention at the West District. Areas where we noted opportunities for improvement are addressed in the findings of this report.

The BFO's fieldwork was conducted between February 23, 2011 and March 16, 2011, 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

There are eight findings pertaining to two general areas. The first being the control and processing of source documents and the second being compliance with policies and procedures. The first three findings are similar; however, we chose to present them as three separate issues. One should view these findings as interrelated.

Finding No. 1 – Case Record Filing Is Disorganized And Backlogged

The filing of supporting documentation, and client files themselves, has been neglected at the West District for a significant period of time resulting in disorganization and lost records. Throughout the office we observed 474 boxes of records and various other documents that were waiting to be sorted, filed in the client record or purged. These boxes are located in hallways, rooms and storage areas.

As part of our audit, we requested 21 client files for review. West District could only locate 11 of these files and most did not have all of the required documentation either in the physical file or as a scanned image in the Client Information System (CIS) data base. Not being able to locate source documents either physically or electronically promotes inefficiency or may lead to denied or inappropriate benefits.

The new Office Manager was assigned to the West District specifically to address the issues surrounding filing at the District. Currently, West District is utilizing Work Experience State Office Demonstration (WESOD) workers to assist in getting the filing under control and organizing the file cabinets. While the WESOD workers have been helpful, there are only three and they can only work a limited number of hours due to union and program constraints. West District management has requested approximately 10 additional WESOD workers to assist with the filing.

Moving forward efficiency will only be achieved if the filing dilemma is alleviated. At West District all employees must recognize the problem and work towards a solution.

Recommendations

The BFO recommends OIM work to obtain additional WESOD workers to assist with the filing of client records. Additionally, West District management should consider allocating more personnel resources to the filing for temporary assignments of a half day to a day per month.

Additionally, the BFO recommends West District management require all IMCWs to properly file the documentation located in their work areas and make sure the client record is properly filed in the filing cabinet.

Finally, the BFO recommends that West District management develop policies and procedures to clearly define the responsibility of filing supporting documents and case records. These policies should be in writing and distributed to all staff. Additionally, management should re-train all staff in these policies.

Finding No. 2 – Control Documents Do Not Contain The Proper Signatures And Are Not Being Filed Timely Or At All.

The CAOs use form PA764 to authorize client benefits and other actions taken on a case record. This form is the control document used to detail benefit amounts and specific actions to be taken. The PA764 requires the signature of the caseworker and the clerical worker to process any transaction; additionally, when authorizing benefits this form also requires the signature of the supervisor indicating the transaction was reviewed and

approved. In several instances, the PA764 was lacking one or more of the required signatures.

Furthermore, the PA764 is required to be scanned and maintained in the client's file for 30 days. In the cases reviewed as part of this audit, there was no evidence of the PA764 in the clients CIS record or in the physical file. We observed PA764s stacked throughout the office at workers desks and in the area where the forms are logged and completed. Management has indicated that the PA764 should be scanned immediately and discarded after 30 days. Recently all IMCWs at the West district received a scanner for their desk which should help to alleviate the backlog of documents required to be scanned.

Recommendation

The BFO recommends that management develop policies and procedures which detail the required signatures that should be on the PA764. Additionally, these policies and procedures should clearly state who is responsible for scanning documents and set up a time frame for the scanning to be completed and attached to the client record.

Finding No. 3 – Documents Are Not Being Scanned Timely Or At All.

Contributing to the filing backlog are documents that need to be scanned and either filed or discarded. Based on interviews with staff at West District it appears there is confusion as to who is actually supposed to be scanning and filing documents, as a result, these processes were not being completed in a timely manner or at all, creating additional piles of documents. Currently, there is no way to determine if a document has been scanned other than accessing the electronic case record.

Sorting through old documents and checking to see if they have been scanned is time consuming and an inefficient use of personnel resources. Documents that are beyond the required retention period should be purged, only the documents that are required to be maintained should be scanned and filed.

Purged documents are to be shredded and discarded. Currently, West District has the use of a small dumpster where they dispose of the shredded documents. This dumpster is inadequate for their needs. As a result, once documents are purged and shredded the paper sits until they can get it into the dumpster. Then the shredding stops and boxes and piles of paper sit until it can be shredded. As such, more unnecessary piles of boxes and paper clutter the work and storage areas.

Additionally, documents, once scanned, are held in an electronic file until they can be attached to the case record. Periodically, when this file starts to get too large, clerical staff work to attach the documents to the proper case record; however, due to the high volume of scanning to be done to catch up on the filing, this electronic file has the potential to become a virtual "pile" of documents which are not properly "filed" in the appropriate case record.

Recommendations

The BFO recommends management discontinue scanning documents which are beyond the retention period, and purge as many old documents as possible. The focus should be on getting all the loose documents in the proper client file and get all the client files in

alphabetically order. Once this is complete each time a worker accesses a physical file they can determine if it has been scanned; scan the documents as necessary, purge any documentation that is beyond the retention period and indicate what was done with the physical file.

The BFO also recommends that management develop policy and procedures that clearly state who is responsible for scanning documents and set time frames for the documents to be scanned and attached to the client's record. This policy should be in writing and reviewed with all staff.

Further, the BFO recommends that OIM consider hiring an industrial shredder on a limited bases to come, shred and remove all the documents that have been purged. Once the scanning and filing is cleared up the District should be able to function with the dumpster that they currently lease.

Finally, the BFO recommends that all scanned documents be labeled as scanned so that the supervisor or clerical staff reviewing and processing transactions can readily identify that the document was scanned without having to check in CIS.

Finding No. 4 – The Front Desk Area Is Congested And Staff Access Is Not Limited.

The front desk area houses the Customer Service Representatives (CSR), the Electronic Benefits Transfer (EBT) Card maker, EBT Card pinner, clerical staff who clear applications and assign them to Intake workers, and Intake workers coming in and out picking up their applications. In addition, Ongoing workers and staff from Long Term Independent Services (LTIS) come to check on scheduled appointments. With all this activity, it is very easy to get distracted or to make mistakes. This area should be restricted as to the number of personnel permitted to enter.

In addition to transactions that are generated by the CSR and clients coming to the window, workers are bringing PA764s for EBT cards to the front desk to be processed. These PA764s do not require a supervisor signature prior to the card maker processing the PA764.

Management stated that the new Assistant District Administrator, who transferred to West District on February 24, 2011, is a Front Desk area specialist. Since she began, significant changes to the work flow and customer service have already been made in this area.

Recommendations

The BFO recommends the clerical staff that clears applications and assigns them to Intake workers be moved to the Intake area directly behind the front desk. This would alleviate the need for the Intake worker to come into the front desk area thus reducing the number of people accessing this area.

The BFO also recommends that workers who have appointments scheduled should not come behind the front desk, but should check with the security guard or greeter to see if their appointment has arrived.

Finally, the BFO recommends that a supervisor at the front desk area review all PA764s for EBT cards coming in from the ongoing unit.

Finding No. 5 – RESET Transactions Were Being Processed Outside The Career Development Unit.

Initial SPAL payments for transportation and Agreement of Mutual Responsibility (AMR) were being processed outside the Career Development Unit (CDU). The CDU is a specialize unit developed to deal with the RESET program. The requirements surrounding this program are very specific and changes occur frequently. Most CAOs have a CDU which handles all RESET activity.

Management indicated that as of March 14, 2011, all RESET activity is being handled by the CDU.

Recommendation

The BFO recommends that all clients requesting RESET services must be referred to the CDU. No RESET activity should be handled outside of the CDU.

Finding No. 6 – Staff Were Unsure Of Their Duties And Responsibilities

In speaking with various staff, some indicated that they were unsure of their specific duties and responsibilities. Changes have been happening quickly, staff are confused as to what is expected of them. Employees indicated that changes to policy and procedures are not made in writing and it is difficult to remember what they are supposed to be doing. Management indicated that changes are made in writing and are distributed to staff. Based on the discussion with the various levels of staff, the changes are not being communicated effectively to all staff.

Recommendations

The BFO recommends all changes to policy and procedures be made in writing and distributed to staff. Supervisors should be reviewing the changes in periodic unit meetings, and all changes should have an effective date of implementation.

The BFO further recommends management solicit input from staff to be sure the changes are working properly and effectively. This could be done at a quarterly meeting with representatives from staff, supervisors and managers.

Finding No. 7 – Procedures Related To Assigning An Alternate Supervisor Are Applied Inconsistently.

It appears that the procedures related to assigning an alternate for supervision are unclear and/or inconsistently applied. Each supervisor has an alternate that workers are supposed to go to for assistance or approval if the primary supervisor is unavailable. However, in some cases it appeared that the worker was able to go outside his or her unit to obtain approval for transactions.

Management stated that if a supervisor is on leave or unavailable the alternate is to assume the duties of the supervisor while he or she is unavailable. Additionally, if both the supervisor and the alternate are unavailable, the manager is to assign someone to act as

supervisor and make all workers in the unit aware of who is acting supervisor. This procedure did not appear to be consistently applied, base on our interviews with staff.

Recommendations

The BFO recommends the supervisor clearly identify the alternate responsible for providing supervision when they are unavailable. Additionally, if the supervisor and alternate are both unavailable, the worker should seek approval from the unit manager.

The BFO also recommends that under no circumstances should a worker go outside their unit for approval.

Finding No. 8 – Required Worker Reviews Are Not Being Completed.

Supervisors are required to complete 18 reviews, at least three per worker, each month. Reviews are done through, and tracked by, the Rushmore Review Database. West District has eight supervisors which should equate to 144 reviews each month. As part of our audit, we sampled a four month period from November 2010 through February 2011, the average number of reviews completed in this time period was 61, only 42% of what should have been done.

The purpose of these reviews is to monitor whether workers are completing transactions correctly to ensure consistency and compliance with regulations governing the various benefits granted by the CAO. Additionally, these reviews can be used as a tool to identify areas of weakness which need to be improved.

Recommendation

The BFO recommends management at West District take the necessary steps to ensure supervisors are completing the required number of reviews and that areas of weakness identified in these reviews are addressed.

Exit Conference

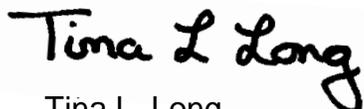
On July 20, 2011 an exit conference was held with PCAO management staff. Based on the PCAO's response, BFO agreed to make minor wording changes to Finding No. 6 and 8. No other changes were deemed necessary by the PCAO or BFO.

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,

A handwritten signature in black ink that reads "Tina L Long". The signature is written in a cursive, slightly slanted style.

Tina L. Long
Acting Director

Attachment

cc: Ms. Denise Chambers
Mr. Andy Tiazkun
Mr. Blair Pence
Ms. Stephanie Scott
Mr. Peter Crane

Bcc: Ms. Karen Deklinski
Mr. Thomas Crofcheck
Mr. Daniel Higgins
Mr. Alexander Matolyak
Ms. Kenya Mann Faulkner
Ms. Shelley L. Lawrence
SEFO Audit File (S1004 K51)