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September 28, 1999

Mr. Brian J. Wing
Commissioner
Office of Temporary and Disability Assistance
40 North Pearl Street
Albany, NY 12243

Mr. John A. Johnson
Office of Children and Family Services
Capital view Office Park
52 Washington Street
Rensselaer, NY 12144

Re: Report 99-F-24

Dear Messrs. Wing and Johnson:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law, we have reviewed the actions taken by the Office of Temporary and Disability Assistance (OTDA) and the Office of Children and Family Services (OCFS) as of July 31, 1999, to implement the recommendations contained in our prior audit report, *Adjustments To AFDC And Food Stamps Benefits Resulting From Foster Care Placements (Report 96-S-17)*. Our report, which was issued September 23, 1997, examined the former Department of Social Services (Department) controls to timely and accurately adjust Aid to Families with Dependent Children (AFDC) and Food Stamps benefits to reflect a child's placement in Foster Care.

Background

In 1997, the former Department supervised the State's child welfare system, which included the AFDC, Food Stamps and Foster Care programs. The Department oversaw the activities of the State's 58 local social services districts (districts), including New York City's Human Resources Administration (HRA), which administer these programs. At the time of our audit AFDC provided basic grants to families which had insufficient income support and could also provide additional monies to help for shelter and heating fuel costs. Food stamps are income supplements intended to alleviate hunger and improve nutrition for low-income families. Foster Care is intended as a temporary substitute for parental care for children who are placed in the care and custody of a local social services commissioner.

The Social Services Law and Department regulations stipulated that AFDC basic grant and Food Stamp benefits are based on household size, among other factors. Department regulations require that districts reduce the household's monthly AFDC and Food Stamp benefits when a child is placed in Foster Care. Our prior report concentrated on the Department's controls over benefit adjustments and efforts to ensure that districts adjusted AFDC and Food Stamps benefits timely and accurately to reflect a child's placement in Foster Care.

On August 20, 1997, the Governor signed welfare reform legislation that abolished the Department of Social Services and created a new agency in its place: The Department of Family Assistance. The Department of Family Assistance is composed of two independent agencies: the Office of Temporary and Disability Assistance and the Office of Children and Family Services. Further, effective August 22, 1996, AFDC was replaced with a Federal block grant program called Temporary Assistance to Needy Families.

Summary Conclusion

In our prior audit, we found that the Department could better ensure that districts appropriately reduced the household's monthly AFDC and Food Stamp benefits when a child is placed in Foster Care by improving the districts access to all relevant information. During that audit, we determined that HRA did not make timely adjustments to data and as a result, they had overpaid related benefits of about \$13,000. We determined that these overpayments occurred because there was no direct link between the Department's Child Care Review Services System (CCRS) which contains foster care placement data and the Department's Welfare Management System (WMS) which contains benefit authorization payment data. We recommended that the Department improve the integrity and timeliness over the input of CCRS data, incorporate edits to identify improper public assistance payments for children in foster care and recoup the overpayments made by HRA.

In our follow-up review, we found that OTDA and OCFS have not implemented two of the three recommendations contained in our prior audit report. OTDA has not taken appropriate steps to ensure that HRA recovered the approximately \$13,000 we identified in overpayments. We also found that the system edits we recommended be added to CONNECTIONS to identify overpayments have not yet been implemented by OCFS. Further, OTDA has not provided adequate oversight or review to ensure that overpayments are not occurring within the districts. We did find that OCFS has established new procedures to ensure that CCRS data is inputted timely and accurately, and that there has been significant improvement in this area.

Summary of Status of Prior Audit Recommendations

OCFS and OTDA officials have not implemented two of our three prior audit recommendations. The third recommendation has been implemented by OCFS.

Follow-up Observations

Recommendation 1

Ensure that HRA takes appropriate action to recover overpayments we identified in our sampled cases.

Status - Not Implemented

Agency Action - In HRA's 1997 response to our prior audit, officials stated that they had initiated recoupment of 16 of the 21 cases we had identified as overpayments. As of July 21, 1999, HRA has recouped \$2,987 of the potential \$13,000 identified in our prior audit report, from 7 cases. Of the 14 remaining cases, 10 remain open with possible outstanding balances, the remaining four cases have been closed by HRA.

Auditors' Comments - OTDA officials stated that they have not reviewed HRA's efforts to recoup the overpayments or verified any of the recoupments. They do, however, anticipate a future review of HRA operations which will include an examination of the efforts to recoup the overpayments as well as a verification of the amounts that have been recouped.

Recommendation 2

Establish procedures to ensure CCRS data is inputted timely and accurately so that interfaces between CCRS and other systems produce accurate results.

Status - Implemented

Agency Action - OCFS has instituted new procedures that have improved the timely and accurate reporting to these systems. These new procedures allow agencies under contract with OCFS to report child movement directly to CCRS. OCFS stated that this will allow the contract agencies to assume a greater degree of control and responsibility over the data that directly impacts their own contract agency information and billing. Additionally, these agencies will be able to maximize their ability to be accurately reimbursed for Foster Care and Medicaid expenses in a timely fashion. OCFS also stated that they have also focused managers' attention on the need to keep data current so that child location is known, legal authority is current, and plans are timely.

Our follow-up review found that OCFS monitors the new procedures through a reporting mechanism. We examined key reports from this system which showed that significant improvement had been made in both the accuracy and timeliness of inputting CCRS data.

Recommendation 3

Ensure that any future systems development includes edits to identify improper public assistance payments for children in Foster Care. (OCFS) Until this is done, periodically review whether districts make public assistance payments to households with children in Foster Care, and take any necessary corrective actions promptly. (OTDA)

Status Not Implemented

Agency Action - OCFS has planned the inclusion of system edits as part of their CONNECTIONS project and they will be incorporated as phase four of the CONNECTIONS project. However, according to a CONNECTIONS project official, it will be about 7 to 12 months before phase four will be operational. Also, OTDA officials have planned an operational review of HRA's computer match unit. As part of this review they state that they will assess the effectiveness of the computer match unit and review a sample of of cases from all matches to determine if they are processed timely.

Major contributors to this report were Richard Sturm, Ron Skantze and Donald Wilson.

We would appreciate your response to this report within 30 days, indicating any action planned or taken to address any unresolved matters discussed in this report. We also thank the management and staff of OCFS and OTDA for the courtesies and cooperation extended to our staff during this review.

Very truly yours,

William P. Chalice
Audit Director

cc: Charles Conaway
David Dorpfeld
Kevin Robinson