Department of Human Services
Division of Family Development
Intake and Eligibility Processes

July 1, 1998 to August 31, 1999

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State Auditor
The Honorable Christine Todd Whitman  
Governor of New Jersey

The Honorable Donald T. DiFrancesco  
President of the Senate

The Honorable Jack Collins  
Speaker of the General Assembly

Mr. Albert Porroni  
Executive Director  
Office of Legislative Services

Enclosed is our report on the audit of the Department of Human Services, Division of Family Development, Intake and Eligibility Processes for the period July 1, 1998 to August 31, 1999.

If you would like a personal briefing, please call me at (609) 292-3700.

Thomas R. Meseroll  
Quality Assurance Administrator  
December 15, 1999
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Department of Human Services
Division of Family Development
Intake and Eligibility Processes

Scope

We have completed an audit of the Department of Human Services, Division of Family Development, Intake and Eligibility Processes for the period July 1, 1998 through August 31, 1999.

Annual benefit payments for programs administered by the division exceeded $1.1 billion for fiscal year 1999. The prime responsibility of the division is the establishment, maintenance, and supervision of an effective public assistance system. The division functions by overseeing the operations of the county and municipal welfare agencies that actually provide assistance. Our scope was limited to the intake and eligibility determination processes at the county welfare agencies and the division’s oversight of these processes. Specifically addressed were the intake and eligibility determination processes for the Food Stamp Program, Temporary Assistance for Needy Families (TANF) and General Assistance.

Objectives

The objectives of our audit were to determine whether the intake and eligibility determination process provided reasonable assurance that benefit payments were made in accordance with established criteria. We did not test for resolution of significant issues noted in our prior report dated November 17, 1998 as we do not believe the agency has had sufficient time to properly address those issues.

This audit was conducted pursuant to the State Auditor's responsibilities as set forth in Article VII, Section 1, Paragraph 6 of the State Constitution and Title 52 of the New Jersey Statutes.

Methodology

Our audit was conducted in accordance with Government Auditing Standards, issued by the Comptroller General of the United States.

In preparation for our testing, we studied legislation, circular letters promulgated by the State Comptroller, and policies of the agency. Provisions that we consid-
erred significant were documented and compliance with those requirements was verified by interview and observation and through our samples of case files. We also reviewed financial trends, and interviewed agency personnel to obtain an understanding of the programs and internal controls.

A nonstatistical sampling approach was used. Our samples of financial transactions were designed to provide conclusions about the counties’ intake and eligibility determination process. Sample transactions were judgmentally selected. As part of this audit we visited the Essex, Mercer, Middlesex and Ocean county welfare agencies which process over thirty-five percent of the statewide caseload of the above programs.

Conclusions

We found that the intake and eligibility determination process provided reasonable assurance that benefit payments were made in accordance with established criteria.

The United States Department of Agriculture determined for federal fiscal year 1998 that the over/under payment rate for Food Stamps was 11.91 percent which is above the national average of 10.69 percent. A rate in excess of the national rate may result in sanctions being imposed by the federal government.

The Bureau of Quality Control reported an over/under rate of 5.2 percent for TANF.

In making this determination we noted control weaknesses and other matters requiring management’s attention.
Universal Application Process

Pertinent information supplied by applicants for two of the programs we reviewed, Temporary Assistance to Needy Families and Food Stamps, has historically been entered into the Family Assistance Management Information System (FAMIS) by data entry operators at county welfare agencies. The FAMIS system maintains all relevant demographic information and determines program eligibility and benefit amounts. Enhancements to this process in the form of the Universal Application Process (UAP) were made available to the counties in 1997. UAP allows for the direct input of applicant information during the interview phase, interfaces and updates the FAMIS, performs certain edit checks, and with electronic approval, interfaces with the electronic benefit system, EDGE, to release benefits to the client. Our review disclosed that although UAP costs have reached $6 million, only 9 of 21 counties were using UAP as of June 1999, none during the interview phase. Counties we visited complained of a non-user-friendly system with frequent downtime. The Division of Family Development has a users committee to address and correct system weaknesses. At the time of our review there has been no set date to mandate the use of UAP by the counties. In addition, the new General Assistance Automated System, once completed, is designed to interface with UAP to provide General Assistance (GA) applicants’ history in other benefit programs as a tool in determining GA eligibility. This interface will not be useful without UAP use by counties.

Our review of security access for UAP disclosed internal control weaknesses. UAPUPD security allows a worker to input necessary data to create and complete a case file. UAPSUP security is needed to approve the case thereby automatically interfacing with the EDGE system and making the benefits available to the client. A proper control system would require the input of at least two persons, one creating a case and a separate person approving the case. However, the UAPSUP security allows for both the creation and approval of cases. There are currently 400
persons statewide with UAPSUP security, not all of which are in supervisory titles. In addition, at two of the four counties we reviewed, UAPUPD security was provided to those with UAPSUP, allowing both securities to the same workers.

**Recommendation**

We recommend the division continue to address the concerns of the county welfare agencies and create a time frame for full implementation of UAP.

The division should also perform programming changes to the UAP system that would prevent the creation and approval of cases through a single security. In addition, the division should prohibit county welfare agencies from providing UAPUPD and UAPSUP to the same persons.

**Auditee’s Response**

The audit report identified costs associated with UAP as approximately $6.0 million. A further review of costs chargeable to UAP showed that certain costs were deemed not to be UAP but associated with regular maintenance and/or other projects. Therefore, the revised cost of UAP is approximately $3.0 million.

The audit report also identifies 400 users having UAPSUP as their function security level. This number was obtained from OIT and was not verified by DFD staff. The concern raised in the audit report is that a person creating a case can also approve the case without a third party review. Since security is a county administered function, this Division will raise the issue with the County Security Officers at the next DCU meeting. We also will ask OIT to supply DFD with periodic reports on UAP security levels by county in order for some monitoring to occur.

The last issue in this regard is the CWA utilization of UAP. Since the report has been issued, more CWAs are using UAP for its intended purpose. It is our intention to continue expanding this utilization to all 21 CWAs.
The General Assistance Automated System project has experienced inadequate monitoring, cost overruns and missed target dates creating Y2K concerns.

The General Assistance (GA) program is a state-funded assistance program that provides benefit payments to single adults and couples without dependent children. The GA program is administered by county and municipal welfare agencies. Annual expenditures of the program exceed $100 million. The DFD recognized deficiencies in its current General Assistance automated system and through the Department of the Treasury, Office of Information Technology procured the services of a private vendor for the custom development and implementation of a General Assistance Automated System (GAAS). The GAAS is to support three major functional areas for the GA program; intake/eligibility, case management, and fiscal management. Project acceptance documents signed August 1998 targeted a completion date of February 1999 with estimated total costs of $2 million based on billable hours. The project was not completed on time and a new fixed priced contract was approved August 1999, with a target date of September 30, 1999. As of the end of our field work, the fixed priced contract had not yet been completed. Total vendor project costs will amount to $4.3 million. Once project deliverables are accepted, the division may be required to roll the system out to the counties and municipalities by December 31, 1999 as the current GA checkwriting software have not been proven Y2K compliant. The software program used by the five municipalities with the largest caseloads are not Y2K compliant and the software used by the counties is currently being tested. At the time of our review, the division did not have a written Y2K contingency plan in the event the GAAS is not made available to all users. Subsequent to our review the division completed a contingency plan relative to this issue.

Our review of the original agreement with the software vendor disclosed inadequate monitoring by the division. Treasury Circular Letter 98-14 requires, in part, that the project manager ensure vendor invoices are properly supported and reflect services actually performed. We noted instances where timesheets were
approved three months after the period for which they applied.

**Recommendation**

Although we could not assure ourselves that the system will be operational January 1, 2000, the division has prepared a contingency plan which addresses our concerns and therefore we make no further recommendation at this time. The division should, however, ensure that all vendor invoices are properly supported.

**Auditee’s Response**

This Division has completed a Y2K impact study of the General Assistance Program in the event that the GAAS system is not fully rolled out to all CWAs and applicable municipalities by December 31, 1999. A copy of the contingency was given to the auditors.

Regarding support for billable hours to Oracle Corporation and recovering any overpayments, be assured that measures have been taken to ensure that only billable hours are paid and that these hours are adequately supported by timesheets. Any overpayments have been adjusted.
Modification to the FAMIS could reduce the risk of ineligible clients receiving benefits.

Duplicate and Unverified Social Security Numbers

The FAMIS allows for the issuance of Food Stamp and TANF benefits to a client although the social security numbers (SSN) provided by a client may already be represented on the system as an active case. The division cites program reasons for not creating a system edit to prevent such occurrences and instead performs two steps to deter duplicate benefits. First, county workers are to review the “FIND” screen on the FAMIS during the intake and eligibility determination process to determine if an active case exists under the SSN presented. SSNs are required for each member in the household. The worker would then determine the circumstances surrounding a match and the effect on the application. Our review of four counties found one county that did not routinely perform this function. Second, the division produces a Duplicate Social Security Numbers report monthly which is sent to the respective counties. It is the responsibility of the counties to address and dispose of these duplicates. There is no monitoring by the division to verify duplicates have been addressed. The September 1999 report contained 2,500 duplicate social security numbers. We were unable to prepare an aging of the duplicates as the division does not maintain copies once sent to the counties.

The division similarly matches social security numbers with the Social Security Administration. The match requires first name, last name, date of birth, sex and social security to match. Again, it is the responsibility of the counties to address and dispose of the non-matches. There is no follow up by the division to assure this is done.

Allowing duplicate or unverified social security numbers to be processed for benefits increases the risk of ineligible clients receiving benefits.

Recommendation

We recommend that the division create system edits that automatically cancel benefits if duplicate or unverified social security numbers remain in the
FAMIS for 90 days. This should allow sufficient time for counties to correct or verify questioned social security numbers.

**Auditee’s Response**

Staff has reviewed this issue in order to determine its scope and to devise a strategy for addressing the problem of duplicate Social Security Numbers on the FAMIS database. This audit recommends the Division institute a policy of closing cases where there is duplicated SSN. Actually implementing such a recommendation, however, is complicated by the fact that closing the case effectively presumes client responsibility for the error, while experience has shown that such SSNs can sometimes be traced to agency error. Accordingly, we feel that most suitable response is a case-by-case review of the roughly 1200 occurrences of duplicate SSNs on the FAMIS database. The review will be based on the listings of the duplicate SSNs and the cases containing them. These listings will be made available to the Division’s program field representatives, who will ensure that staff in County Welfare Agencies (CWAs) involved will review the particulars of each instance of duplicate SSN, and take steps to correctly and accurately enumerate each individual on the active caseload. If the problem cannot be resolved from case record materials, the CWA will be required to call the case payee into the office to address the situation, document their findings, and take appropriate action.