COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

JOHN NAIMO
AUDITOR-CONTROLLER

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TO: Supervisor Michael D. Antonovich, Mayor
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe

FROM: John Naimo
Auditor-Controller

SUBJECT: **DEPARTMENT OF PUBLIC SOCIAL SERVICES – ELECTRONIC BENEFIT TRANSFER CARDS REVIEW**

We have completed a review of the Department of Public Social Services' (DPSS or Department) Electronic Benefit Transfer (EBT) card operations. Our review focused on key areas such as controls over blank EBT card inventory, procedures for issuing cards at DPSS offices, and DPSS' procedures for reviewing various reports to ensure ineligible clients do not receive benefits. Due to issues we noted during our review, we also looked at DPSS' methods for preventing and investigating unauthorized use of deceased clients' EBT cards. Our review included interviewing DPSS personnel, evaluating DPSS' procedures, examining DPSS' records, and reviewing reports from the Los Angeles Eligibility, Automated Determination, Evaluation and Reporting (LEADER) System. Our review covered Fiscal Years 2012-13 and 2013-14.

Summary of Findings

We noted areas where DPSS management can strengthen the Department's controls over EBT card operations. The most significant areas for improvement relate to ensuring all blank EBT cards are accounted for and ensuring the County is fulfilling its responsibility to prevent and/or investigate unauthorized use of deceased clients' EBT cards. The following are examples of areas for improvement:

- **Daily reconciliations of EBT cards -** The Department needs to ensure EBT card custodians document daily reconciliations of blank EBT cards issued,

voided, or returned to stock. Two of the three offices we visited had no documentation of the reconciliations, and the third office had only limited documentation. Lack of documented daily reconciliations could result in missing EBT cards, which could be subject to misuse.

DPSS' attached response indicates that they provided training to staff regarding EBT card reconciliations.

- **Physical security over EBT cards -** The Department should ensure adequate physical security is maintained over EBT cards at all times. At two of the three offices we visited, we noted instances when blank and/or negotiable EBT cards were accessible to any DPSS employee who had access to the cashiering area. This limits accountability over the cards and increases the risk of loss.

  DPSS' response indicates that they will restrict access to EBT cards in the cashiering area and instruct staff to only print EBT cards if the client is present to pick up the card.

- **Confirming client's identification -** If clients who are picking up an EBT card do not have valid identification with them, DPSS' procedures require clerks to contact an Eligibility Worker to verify the client's identity. However, DPSS' procedures do not indicate the type of information clerks are required to obtain from Eligibility Workers before issuing the cards, or acceptable methods for Eligibility Workers to confirm clients' identity.

  DPSS' response indicates that they are developing procedures on the appropriate method for EBT card issuance clerks and Eligibility Workers to verify and document the identity of clients who do not have valid identification with them when they pick up EBT cards.

- **Use of deceased clients' EBT cards -** For nine (53%) of the 17 cases reviewed, unauthorized persons used deceased clients' EBT cards to access a total of $13,300 in benefits up to one year after the clients' death. For two of the nine cases, other family members may have been eligible for at least part of the benefits. However, no one had any claim on the benefits for the remaining seven cases. DPSS staff did not investigate five of the nine cases to determine who used the EBT cards and/or to recover the benefits, and performed only limited investigative work on the other four cases. For example, for one of the four cases, DPSS' investigation records indicate efforts to confirm that the client was actually deceased, but do not indicate efforts to determine who used the deceased client's benefits. Since DPSS did not report these cases to law enforcement or any other agency, it appears that no entity other than DPSS investigated these cases.

DPSS management indicated that staff only investigate cases when there is a known suspect (e.g., another adult listed in LEADER as living in the household), and that they believe they are doing everything that is required. We noted that there appears to be some ambiguity about the extent of DPSS' responsibility to investigate unauthorized use of deceased clients' EBT cards. DPSS management should work with the State to determine the extent of the County's responsibility to investigate and/or report unauthorized use of deceased clients' EBT cards, and ensure that the County is fulfilling its responsibility.

DPSS' response indicates that they confirmed with the State that the Department is fulfilling its responsibility to investigate the unauthorized use of deceased clients' EBT cards. DPSS' response also indicates that there is no requirement to report thefts committed by unknown persons to local law enforcement agencies.

Auditor's response - Our discussions with the State clarified that DPSS has the discretion to decide whether or not to investigate the unauthorized use of deceased clients' EBT cards, based on information the Department has about who is using the card, other priorities, and available resources. At the same time, the State is researching whether recent legislation affects DPSS' jurisdiction to investigate these cases, and whether they should report the unauthorized use to local law enforcement. DPSS should continue to work with the State to resolve these issues.

- **Deceased clients' EBT cards not deactivated -** DPSS did not deactivate EBT cards for 16 (94%) of the 17 deceased clients reviewed who were cardholders, including nine cases where unauthorized persons used EBT cards after the client's death. Two of the nine cases were for multiple-person households, where it is possible other family members used the EBT cards, even though they were not authorized to do so. However, seven of the cases were for single-person households, and no one but the deceased individual had any claim on the benefits. We noted that EBT cards can be used to access clients' existing benefits even if ongoing benefits have been terminated. To prevent unauthorized persons from using existing benefits in deceased clients' accounts, we believe that DPSS should deactivate deceased clients' EBT cards as soon as the Department verifies the client is deceased. However, because the State does not currently have guidelines for deactivating deceased clients' EBT cards, DPSS should work with the State to determine appropriate procedures for deactivating the cards.

  DPSS' response indicates that they received clarification from the State and will develop instructions for deactivating EBT cards for deceased individuals in single-person households.

- **Backlog of reviewing reports of incarcerated clients -** DPSS is responsible for reviewing monthly reports of incarcerated clients to ensure that clients do not receive benefits when they are incarcerated for more than 30 days. However, staff had not reviewed case information for 13 (43%) of the 30 clients in our sample to determine if benefits should be stopped. Ten of the 13 clients appeared on the report for August 2013, which DPSS had received six months prior to our review. DPSS staff indicated they had a large backlog of these reports, and had not reviewed cases for any clients listed on the August 2013 report, as well as many cases from other months.

  DPSS' response indicates that they reminded staff that reports of incarcerated clients are to be reviewed within 90 days of receipt.

Details of these and other findings and recommendations are included in the attached report (Attachment I).

Review of Report

We discussed our report with DPSS management. The Department's attached response (Attachment II) indicates general agreement with our findings and recommendations, as well as actions the Department has taken or plans to take to address our recommendations.

We thank DPSS management and staff for their cooperation and assistance during our review. If you have any questions, please contact me, or your staff may contact Robert Smythe at (213) 253-0100.

JN:AB:RS:TK

Attachments

c: Sachi A. Hamai, Interim Chief Executive Officer
Sheryl L. Spiller, Director, Department of Public Social Services
Audit Committee
Public Information Office

DEPARTMENT OF PUBLIC SOCIAL SERVICES
ELECTRONIC BENEFIT TRANSFER CARDS REVIEW

Background

The Department of Public Social Services (DPSS or Department) is responsible for administering various public assistance programs, such as CalFresh (formerly known as food stamps), California Work Opportunity and Responsibility to Kids (CalWORKs), and General Relief (GR). DPSS issues public assistance benefits that are accessed by clients through Electronic Benefit Transfer (EBT) cards, which are similar to debit cards. When benefits are available to use, they are transferred to clients' EBT accounts. The EBT card accounts are set up so that clients can only use CalFresh benefits to purchase food. Clients can use cash benefits, such as CalWORKs and GR, to make purchases or to withdraw cash from automated teller machines or locations that have point-of-sale (POS) devices that accept EBT cards. During calendar year 2013, DPSS issued $3.5 billion in public assistance benefits via EBT cards to 1.7 million clients.

Scope

We reviewed DPSS' procedures for issuing EBT cards at DPSS offices, and controls over EBT card inventory. We also reviewed DPSS' procedures for reviewing some of the reports they receive that may indicate that clients are no longer eligible to receive benefits (i.e., reports of clients who are incarcerated or deceased, and clients who used their EBT cards outside of the County or State). Our review included interviews with DPSS management and staff, and tests of DPSS' records.

COMMENTS AND RECOMMENDATIONS

EBT Card Inventory Controls

New or replacement EBT cards are generally mailed to clients directly from the State's EBT card vendor. However, if clients need EBT cards immediately, DPSS offices issue EBT cards on site. DPSS has 40 offices that have the ability to issue EBT cards. These offices have blank EBT cards and printers that are linked to the Los Angeles Eligibility, Automated Determination, Evaluation and Reporting (LEADER) System. DPSS prints the cards and activates a magnetic strip on each card that links it to a client's case in LEADER. Federal regulations require counties to maintain adequate security over blank EBT cards, including ensuring cards are physically secure, limiting access to the cards, and accounting for all cards in inventory control records.

We reviewed DPSS' security controls at three offices and noted areas where DPSS can strengthen their controls over blank EBT card inventory. The control weaknesses increase the risk of someone using blank EBT cards as part of a scheme to commit fraud.

Daily Reconciliations

At the beginning of each day, EBT card custodians distribute blank EBT cards to card issuance clerks, and record the number of cards distributed in a control log. Clerks issue cards to clients throughout the day, and list all cards issued or voided in manual card issuance logs. At the end of the day, clerks return unused and voided EBT cards to card custodians, and give custodians the manual card issuance logs. The clerks also give custodians a LEADER report of EBT cards printed at the office that day. Card custodians should reconcile cards issued/returned per the control log to manual card issuance logs and the LEADER report to ensure all cards are accounted for. In addition, card custodians are supposed to track and retain voided cards until they are sent out for proper destruction and disposal.

We reviewed DPSS' daily reconciliation process at three offices, and noted weaknesses that could result in missing EBT cards.

- **No documentation or insufficient documentation of daily EBT card reconciliations -** Two of the three offices did not document daily EBT card reconciliations. The documentation at the third office did not include some key elements, such as the preparer's signature and a calculation of the total number of cards used at the office that day.

- **Unreconciled variances between EBT card issuance logs and LEADER -** At one office, three cards printed on the two days we reviewed were not listed on card issuance logs, resulting in discrepancies between the issuance logs and LEADER reports. There was no documentation to indicate that the card custodian attempted to reconcile the discrepancies.

- **Discrepancy in number of voided cards -** At one office, the control log showed that there were seven voided cards one day. However, the EBT issuance log listed five voided cards, and the office had six voided cards for that day on hand. DPSS should ensure that card custodians verify the actual number of voided cards as part of daily reconciliations.

We also noted that the LEADER report used to reconcile EBT cards has to be adjusted to calculate the number of cards printed each day. Offices sometimes print EBT cards on another office's EBT card printer for a client to pick up at that office. In this situation, the EBT card does not appear on the report for the office where the card was printed, even though the office's EBT card inventory was used. However, the EBT card does appear on the report for the office that initiated the printing, even though that office's EBT card inventory was not used. Offices rely on manual logs of cards printed to calculate the actual number of cards used at that office. To strengthen the reconciliation process, DPSS should evaluate if it is feasible to update LEADER reports to show all cards printed at each office. At a minimum, DPSS should consider developing a worksheet for card custodians to use to document daily reconciliations to ensure all EBT cards are accounted for.

Recommendations

Department of Public Social Services management:

1. **Ensure Electronic Benefit Transfer card custodians adequately document daily reconciliations of blank card stock and reconcile any variances.**

2. **Ensure card custodians verify and document the number of voided Electronic Benefit Transfer cards each day as part of completing daily reconciliations, and investigate any discrepancies.**

3. **Consider revising Los Angeles Eligibility, Automated Determination, Evaluation and Reporting System reports to show all Electronic Benefit Transfer cards printed at a specific office each day.**

Control Logs

Card custodians maintain control logs to document the number of blank EBT cards distributed to clerks at the beginning of each day and the number of unused blank cards returned to stock at the end of the day. We reviewed EBT card control logs at three offices and noted areas where DPSS can strengthen their controls.

- Staff did not adequately document changes in custody over blank EBT cards. At all three offices, either the card custodian or the clerk initialed the control log when blank EBT cards were issued or returned. However, to properly establish accountability for the cards, both the issuing and the receiving employee should initial control logs to verify the number of cards that changed hands.

- Some control log entries were completed in pencil. To prevent unauthorized changes to the control logs, DPSS should ensure that the logs are completed in ink.

- At one office, the card custodian did not retain custody over the EBT card control log. After the card custodian documented the number of blank EBT cards distributed to the clerk, the card custodian gave the log to the clerk, who kept the control log in the cashiering area and returned it to the card custodian at the end of the day. Access to control logs should be limited to card custodians or their designees who do not have other responsibilities relating to EBT cards.

Recommendations

Department of Public Social Services management:

4. **Ensure both the issuing and receiving employee initial logs to document changes in custody over blank Electronic Benefit Transfer cards, and ensure the logs are completed in ink.**

5. **Ensure access to Electronic Benefit Transfer card control logs is limited to card custodians or their designees who do not have other Electronic Benefit Transfer card responsibilities.**

Periodic Inventory Counts

Periodic inventory counts of blank EBT cards should be conducted by staff with no other EBT card responsibilities. Physical counts should be reconciled to perpetual inventory records and discrepancies should be investigated.

We performed unannounced EBT card inventory counts at three DPSS offices and noted that the total number of EBT cards agreed with each office's inventory records. However, we noted areas where DPSS can strengthen their inventory controls.

- At all three offices, monthly EBT card inventory counts were conducted by staff with other EBT card responsibilities, such as card custodians and/or EBT card issuance clerks.

- At all three offices, staff did not document reconciliations of physical inventory counts to inventory records to ensure all EBT cards were accounted for. Therefore, we were unable to verify that DPSS performed the reconciliations.

- One of the three offices did not maintain perpetual inventory records for EBT cards. The office maintained logs of cards issued to and returned from clerks and had records of additional EBT cards received. However, the records did not indicate the total quantity of EBT cards on hand.

We also noted that eight of the 40 offices that have blank EBT card stock were Greater Avenues for Independence (GAIN) regional offices that typically do not issue EBT cards, and did not issue any EBT cards in Fiscal Year (FY) 2012-13. For example, one office had an inventory of 500 blank EBT cards, but had not issued any EBT cards since they received their original EBT card stock in 2009. DPSS management indicated that GAIN regional offices need to have the ability to issue EBT cards to comply with the Department's policy that clients can be served in the office of their choice. However, we recommend that DPSS management periodically evaluate the need for EBT card inventory at GAIN regional offices and determine if inventory should be reduced.

Recommendations

Department of Public Social Services management:

6. **Ensure that monthly Electronic Benefit Transfer card inventory counts are conducted by staff with no other Electronic Benefit Transfer card responsibilities, and that staff document reconciliations of physical inventory counts to inventory records to ensure all cards are accounted for.**

7. **Ensure offices maintain perpetual inventory records for blank Electronic Benefit Transfer cards.**

8. **Periodically evaluate Greater Avenues for Independence regional offices' Electronic Benefit Transfer card issuance activity, and reduce card stock inventory where appropriate.**

Physical Security

Adequate physical security must be maintained at all times over locations where EBT cards are stored and processed. Access to EBT cards and records should be restricted to as few individuals as necessary.

The three offices we visited appeared to have adequate physical security over areas where blank EBT cards were stored. However, we noted the following areas where two of the three offices can strengthen controls over EBT card inventory during the issuance process.

- At one office, the key to the EBT card printer was kept in an unsecured compartment located on the printer. Therefore, any staff with access to the cashiering area could also access and potentially misappropriate the blank EBT cards in the printer.

- At two offices, clerks printed EBT cards and set them aside in the cashiering area until clients were available to pick up their cards. As a result, anyone authorized to enter the cashiering area has access to the negotiable cards.

Recommendations

Department of Public Social Services management:

9. **Restrict access and limit the number of individuals who have access to keys to Electronic Benefit Transfer card printers.**

10. **Ensure individual accountability is maintained over printed Electronic Benefit Transfer cards.**

EBT Card Issuance at Offices

When a client picks up an EBT card, clerks are supposed to verify the client's identity, document the form of identification used, obtain the client's signature, and initial the card issuance log. If the client is not present at the time the card is printed, clerks document the EBT card information on the log and complete the entry when the client picks up the card. Cards that are not picked up by the end of the day are voided and annotated on the issuance log as a voided card. EBT card issuance logs are the only documentation that a client picked up an EBT card. Therefore, it's critical that the logs are accurate and complete, to document that the client (and not someone else) picked up the card, and to ensure that all cards are accounted for.

We reviewed DPSS' procedures and records for issuing EBT cards on site at three of the 40 offices that have the ability to issue EBT cards and noted the following:

- **Insufficient procedures for verifying clients' identity -** If clients who are picking up an EBT card do not have valid identification with them, the Department's procedures require clerks to contact an Eligibility Worker to verify the client's identity. However, DPSS' procedures do not indicate acceptable methods for Eligibility Workers to confirm clients' identity or what information they should provide to card issuance clerks. At the three offices we visited, 40 (18%) of the 222 clients did not have picture identification with them when they picked up an EBT card. Eligibility Workers initialed card issuance logs or completed an identity verification form to indicate that they verified the clients' identity. However, in all of these instances, Eligibility Workers did not indicate how they verified the client's identity. Therefore, it was unclear if the clerk received sufficient confirmation of clients' identity before issuing EBT cards.

- **Inaccurate/incomplete documentation of form of identification used to verify a client's identity -** At one office, clerks wrote on the card issuance log for two clients that identity verification forms were used. However, staff indicated that the two clients actually provided an unacceptable form of identification. At another office, clerks did not annotate the log for one client to indicate what form of identification was used to verify the client's identity.

- **Inaccurate or incomplete EBT card issuance logs -** As noted above, EBT card issuance logs are the only documentation of who issued and who picked up an EBT card. Therefore, it is critical that these logs are accurate and complete. However, at one of the three offices, clerks did not list three EBT cards on card issuance logs on the two days we reviewed, as noted under the Daily Reconciliations section of this report. One of the three cards had been voided, but there was no documentation that clients had picked up the other two cards. At another office, staff did not obtain one client's signature acknowledging that the client picked up their card.

Recommendations

Department of Public Social Services management:

11. **Develop more detailed procedures on the appropriate method for Electronic Benefit Transfer card issuance clerks and Eligibility Workers to verify and document the identity of clients who do not have valid identification, and ensure clerks accurately document how they verified a client's identity.**

12. **Ensure card issuance clerks complete issuance logs appropriately by documenting all Electronic Benefit Transfer cards printed, sign to confirm each card they issued, and obtain the client's signature.**

Review of Match Lists

DPSS staff are responsible for reviewing various types of "match lists," which are reports of individuals or cases that match certain criteria that could make them ineligible to receive public assistance benefits, or could result in their benefits being reduced. These match lists include reports of clients reported as deceased, clients reported as incarcerated, and clients who used their EBT cards outside of the County or State. We reviewed these three types of match lists to assess the effectiveness of DPSS' reviews.

Deceased Clients Match Lists

DPSS' Welfare Fraud Prevention & Investigation Division (WFP&I) is responsible for reviewing semi-annual Deceased Persons Match (DPM) reports from the State to ensure deceased clients are not being paid public assistance benefits. The DPM report lists clients who matched profiles of individuals who were reported as deceased to the Social Security Administration. WFP&I investigators are responsible for verifying the information on the DPM report and determining if benefits need to be terminated or if no action is needed (e.g., if the deceased client's benefits were already terminated or the client is not deceased). WFP&I is also responsible for investigating cases on these reports where it appears welfare fraud may be occurring, and for initiating efforts to recover overpayments where appropriate.

We reviewed WFP&I's process for reviewing cases for 20 (5%) of the 376 clients on the two DPM reports DPSS received in FY 2012-13 and noted areas where DPSS can improve their review process. We also noted areas where DPSS can improve the Department's procedures for preventing and reporting unauthorized use of deceased persons' benefits.

EBT Cards Used after Client's Date of Death

For nine (53%) of the 17 cases where deceased clients were cardholders, unauthorized persons used the clients' EBT cards for up to one year after the clients' date of death to

access benefits totaling $13,300. Two of the nine cases were for multiple-person households, where it is possible other family members who may have been eligible for at least part of the benefits used the EBT cards, even though they were not the authorized cardholder. However, seven of the cases were for single-person households, and no one but the deceased individual had any claim on the benefits.

DPSS staff did not investigate five of the nine cases to determine who used the EBT cards and/or to recover the benefits, and performed only limited investigative work on the other four cases. For example, for one of the four cases, DPSS' investigation records indicate efforts to confirm that the client was actually deceased, but do not indicate efforts to determine who used the deceased client's benefits. Since WFP&I did not report the cases to law enforcement or any other agency such as the District Attorney (DA), and did not report the unauthorized use to DPSS management, it appears that no entity other than DPSS investigated these cases.

WFP&I management indicated that staff only investigate cases and/or refer cases to the DA for possible further investigation when there is a known suspect (e.g., another adult listed in LEADER as living in the household), and that they believe WFP&I staff took appropriate action based on State and County policy. We noted that there is some ambiguity about the extent of WFP&I's responsibility to investigate unauthorized use of deceased clients' EBT cards. DPSS management should work with the State to determine the extent of the County's responsibility to investigate unauthorized use of deceased clients' EBT cards, and ensure that the County is fulfilling its responsibility. In the meantime, we believe that WFP&I could do more to investigate these cases (e.g., tracking unauthorized card usage to try to identify suspects, etc.). We also noted the following areas where DPSS can improve their procedures to prevent unauthorized use of deceased clients' EBT cards and/or identify who is using the cards:

- **Deactivate deceased clients' EBT cards -** DPSS did not deactivate EBT cards for 16 (94%) of the 17 deceased clients reviewed who were cardholders, including the nine cases where unauthorized persons used EBT cards after the client's death. Although the State does not currently have guidelines for County departments to deactivate deceased clients' EBT cards, we noted that amounts accumulated on the cards are vulnerable to possible misuse even if ongoing benefits have been terminated. As a result, for the nine cases, all or most of the benefits had been used at the time of our review. Although the EBT system expunges benefits from EBT card accounts after one year of inactivity, the accounts had remained active due to the ongoing unauthorized use. We also noted that, for two cases, the deceased client's EBT card was used after WFP&I had reviewed the case and concluded no action was needed because the client's current benefits had already been terminated. To prevent unauthorized access to accumulated benefits, DPSS should deactivate deceased clients' EBT cards as soon as the Department verifies the client is deceased, and should work with the State to determine appropriate procedures for deactivating the cards.

- **Report unauthorized use to law enforcement -** DPSS does not report unauthorized use of deceased clients' EBT cards to law enforcement. If DPSS determines the unauthorized use constitutes theft of welfare benefits, DPSS should report the theft to law enforcement.

- **Internally track, report, and analyze unauthorized use -** DPSS' procedures do not require WFP&I to track unauthorized use of deceased persons' welfare benefits if there is no known suspect, or to report the unauthorized use to DPSS management. WFP&I should track and analyze available information for patterns and trends that may help to identify suspects. In addition, WFP&I should report the unauthorized use to DPSS management. This could assist management to determine the level of resources that should be dedicated to investigating the unauthorized use, and/or if they need additional assistance from other County departments.

We also noted that, for three of the nine cases where EBT cards were used after the client was deceased, there was a delay in benefits being terminated after the cases had been matched to the County Registrar-Recorder/County Clerk's (RR/CC) death records. RR/CC death records interface with LEADER monthly. LEADER should automatically update case records to terminate deceased clients' benefits. However, for the three cases, the benefits did not terminate until two or three months after the interface took place. DPSS should investigate and resolve the cause of the delay.

Subsequent to our review, DPSS management indicated that they identified and corrected a programming error that caused the delay.

Recommendations

Department of Public Social Services management:

13. **Work with the State to determine the extent of the County's responsibility to investigate unauthorized use of deceased clients' Electronic Benefit Transfer cards, and ensure the County is fulfilling its responsibility.**

14. **Work with the State to determine appropriate procedures for deactivating deceased clients' Electronic Benefit Transfer cards.**

15. **Report unauthorized use of deceased clients' Electronic Benefit Transfer cards to the appropriate law enforcement agency.**

16. **Require Welfare Fraud Prevention & Investigation staff to track and analyze available data for patterns and trends that may help to identify unauthorized individual(s) using deceased clients' Electronic Benefit Transfer cards, and to report the unauthorized use to Department management.**

17. **Resolve delays in terminating benefits for deceased clients matched to Registrar-Recorder/County Clerk's death records.**

Reviewing and Reporting

WFP&I procedures require staff to review DPM cases within 90 days of receiving the DPM report, and require supervisors to review staff's work. In addition, the State requires DPSS to report the results of their review of each DPM case.

- **Cases not reviewed timely -** WFP&I staff reviewed 14 (70%) of the 20 cases an average of 179 days after receiving the DPM report, and were still working on an additional case at the time of our review. Untimely reviews could result in benefits continuing to be issued to deceased clients. For example, benefits for two cases were not terminated until an average of five months after WFP&I received the DPM report.

- **Missing reports -** WFP&I was unable to locate reports to the State for five (25%) of the 20 cases. Therefore, we were unable to verify that DPSS submitted the required reports.

- **No supervisory review -** We noted that there was no documentation of supervisory review for 17 (85%) of the 20 cases. WFP&I management indicated that the supervisor reviewed staff's work but did not document the review. DPSS should require supervisors to document their review of DPM cases to ensure staff adequately investigate cases and reach appropriate conclusions.

Recommendations

Department of Public Social Services management:

18. **Ensure Welfare Fraud Prevention & Investigation staff review all cases on Deceased Persons Match lists within 90 days of receiving the report.**

19. **Ensure Welfare Fraud Prevention & Investigation staff submit and retain copies of reports to the State for each client on Deceased Persons Match reports.**

20. **Require supervisors to document their review of staff's work on Deceased Persons Match cases.**

Incarcerated Clients Match Lists

DPSS is responsible for ensuring that clients who are incarcerated for more than 30 days do not continue to receive benefits. Each month, WFP&I receives a Nationwide Prisoner Match (NPM) report from the State. The NPM report lists clients who were

matched to the Social Security Administration's prisoner information system. WFP&I verifies the clients' incarceration dates to determine if each client's benefits should be terminated or reduced, or if no action is needed. For example, if a client was incarcerated for less than 30 days or if benefits were terminated prior to the date of incarceration, DPSS would not need to take any action. On the other hand, if a client in a single-person household was incarcerated for more than 30 days, DPSS staff should terminate the client's benefits so they do not continue to accumulate in the client's EBT account. For a multiple-person household, DPSS should record the incarcerated client as being out of the household, and total household benefits would be reduced accordingly.

We reviewed WFP&I's process for reviewing case information for 30 (2%) of the 1,706 clients listed on the NPM reports for July and August 2013 and noted areas where DPSS can improve their review process and strengthen their procedures.

- **Cases not reviewed -** WFP&I had not reviewed case information for 13 (43%) of the 30 clients in our sample. Ten of the 13 clients appeared on the NPM report for August 2013, which WFP&I had received six months prior to our review. WFP&I staff indicated they had a large backlog of NPM reports, and had not reviewed cases for any clients listed on the August 2013 report, as well as many cases from other months. WFP&I management indicated that they do not have enough staff to review cases for the large volume of clients listed on NPM reports each month.

- **Procedures not followed -** For the one instance in our sample where WFP&I noted that a client may have been issued benefits while incarcerated, WFP&I staff indicated in LEADER case comments that the client may be incarcerated. However, WFP&I staff did not follow DPSS' procedures, which require staff to confirm if the client was still incarcerated, send a required form notifying the Eligibility Worker that the client was incarcerated, and follow up to ensure the Eligibility Worker took appropriate action. While the client's benefits were discontinued approximately two months after WFP&I's review, it appears this was because the client's family reported that the client was incarcerated, not in response to WFP&I's review and case comment. WFP&I management needs to ensure staff follow procedures to notify Eligibility Workers and follow up to ensure Eligibility Workers take appropriate action.

- **Incorrect Conclusion -** For one client, WFP&I staff noted that the client had been transferred to another incarcerating agency less than 30 days after the client was arrested, but concluded that the incarceration had no impact on the client's benefits without following up to determine if the total incarceration period exceeded 30 days.

- **Cases not adequately reviewed -** For six (35%) of the 17 cases WFP&I had reviewed, staff concluded that no action was needed because the client was no longer receiving benefits at the time staff reviewed the case. WFP&I

management indicated that their practice is to focus on stopping incarcerated clients' benefits. However, because there could be several months from the time a client is first incarcerated to the time WFP&I reviews the client's case, clients may be incarcerated for an extended period before their benefits are stopped. Staff should confirm clients' incarceration period and evaluate if there are any overpayments that should be recovered.

- **Missing documentation -** WFP&I was unable to locate detailed report pages for four (13%) of the 30 clients. The detailed report pages have pertinent information that is needed to evaluate cases, such as clients' confinement dates and LEADER case numbers. Based on LEADER case comments, it appears that WFP&I staff had reviewed two of the four cases. However, we were unable to evaluate WFP&I's review of these two cases due to the missing documentation.

- **No supervisory review -** For 16 (94%) of the 17 cases WFP&I staff completed, we noted that there was no supervisory review. WFP&I management indicated that no supervisory review is required for cases that do not impact clients' eligibility. However, to ensure staff adequately investigate cases and reach appropriate conclusions, we recommend that supervisors review at least a sample of no-impact cases.

We also noted that DPSS' procedures for reviewing NPM reports could be enhanced to provide more guidance to staff reviewing the reports. For example, if a client is not currently receiving benefits, the procedures state that staff should check to see if the benefits were terminated before or after the incarceration date. The procedures indicate the steps staff should take if the benefits were terminated before the incarceration date, but not steps to take if the benefits were terminated after. In addition, the procedures specify the steps staff should take if the client is currently receiving benefits and is currently incarcerated, but do not specify steps to take if the client has already been released at the time staff reviews the report. DPSS should revise the procedures to provide additional guidance to staff.

Recommendations

Department of Public Social Services management:

21. Ensure Welfare Fraud Prevention & Investigation staff research all outstanding Nationwide Prisoner Match cases and ensure that future Nationwide Prisoner Match cases are reviewed timely.

22. Ensure Welfare Fraud Prevention & Investigation staff properly notify Eligibility Workers of incarcerated clients and follow up to ensure Eligibility Workers take appropriate action.

23. **Ensure Welfare Fraud Prevention & Investigation staff adequately review cases on Nationwide Prisoner Match lists to determine if clients were incarcerated more than 30 days while receiving benefits.**

24. **Ensure Nationwide Prisoner Match reports are retained and can be readily located.**

25. **Require supervisors to review at least a sample of completed Nationwide Prisoner Match case reviews, including cases where staff concluded there was no impact on clients' benefits.**

26. **Revise procedures for reviewing Nationwide Prisoner Match reports to provide additional guidance to staff responsible for reviewing the reports.**

Out-of-State and Out-of-County Usage Reports

Clients must reside in California (State) to be eligible for benefits such as CalWORKs and CalFresh, and must reside in Los Angeles County (County) to be eligible for GR benefits. Consistently using benefits out of the State or County is an indicator that clients may no longer reside in the State/County. To help identify these cases, the State sends DPSS monthly reports of cases for which all EBT transactions occurred out of State during the previous month (Out-of-State Report). Similarly, DPSS generates monthly reports of cases for which all EBT transactions occurred out of the County during the previous month (Out-of-County Report). DPSS Eligibility Workers should meet with each client listed on the reports to determine if there is a valid reason for the out-of-area transactions, and terminate benefits if the client is nonresponsive or does not provide a valid reason.

We reviewed DPSS' procedures at four offices for researching a total of 30 (2%) of the 1,201 cases on the August 2013 Out-of-State and Out-of-County reports. We noted that, in June 2011, DPSS automated part of the review process so that LEADER automatically schedules appointments for clients on the reports to meet with DPSS staff to verify their current residence, and automatically terminates benefits for clients who do not show up or reschedule their appointment. We confirmed that LEADER did perform these functions for the clients we reviewed. Therefore, this control appears to be working as intended. However, we noted some areas where DPSS can strengthen staff reviews of these reports.

- **Unable to locate documentation supporting clients' residency -** DPSS' procedures require clients who appear on either the Out-of-State or Out-of-County report to submit a signed Statement of Absence, explaining the reasons for leaving the State/County and his/her intent to return, and documentation supporting residency (e.g., current rent or utility receipt, school attendance records, etc.). For clients who do not have documentation supporting residency (e.g., because they are homeless, etc.), DPSS requires the client to sign an

affidavit certifying that they are County residents. However, for eight (67%) of the 12 cases where clients were found eligible to continue to receive benefits, DPSS was unable to provide us with the Statement of Absence and/or other documentation supporting the client's residency. As a result, we were unable to evaluate if DPSS adequately verified that the clients were County residents. The Department indicated that some of the requested documents may have been stored offsite for electronic imaging into LEADER. However, DPSS should ensure that documents supporting clients' residency are easily accessible for review.

- **Eligibility Worker not adequately notified of need to take case action -** For one (3%) of the 30 cases reviewed, DPSS determined that there was an overpayment of GR benefits totaling $442 due to Out-of-County residency. However, staff did not initiate recovery of the overpaid benefits until we inquired about the case. DPSS staff indicated that the client's Eligibility Worker, who should have initiated overpayment recovery in LEADER, overlooked a LEADER case comment advising them of the overpayment. Because Eligibility Workers do not receive any notification when LEADER case comments are updated, they may overlook a comment requiring them to take action. DPSS management needs to enhance existing procedures to include appropriate methods for ensuring Eligibility Workers are notified when they need to take action on a case. For example, DPSS management may want to consider requiring Eligibility Workers to acknowledge that they received the notification.

Recommendations

Department of Public Social Services management:

27. **Ensure staff obtain documentation supporting clients' residency, and ensure the documentation is easily accessible for review.**

28. **Enhance existing procedures to include methods for ensuring Eligibility Workers are notified when they need to take action on a case.**

LEADER Case Comments

DPSS staff are supposed to document the results of match list reviews in the comments section of LEADER. However, for all four match lists we reviewed, we noted that LEADER case comments were not always sufficient to explain the action taken or the reason no action was required. For example:

- For 16 (94%) of the 17 NPM cases, DPSS staff did not adequately document the reason benefits were not impacted (e.g., because the client was incarcerated for less than 30 days, benefits had already been terminated, etc.).

- For five (17%) of the 30 cases reviewed on Out-of-State/County usage reports, staff did not indicate in case comments when/if clients came into the office as required, and why benefits were or were not terminated. We also noted that staff did not properly update other LEADER screens for three cases to indicate whether the client came in for the scheduled appointment and/or provided required documentation. Therefore, it was unclear what transpired.

- For three (15%) of the 20 DPM cases reviewed, staff indicated the DPM report had no impact on the case, but did not indicate the reason there was no impact (e.g., because the benefits had already been terminated, etc.).

DPSS should remind staff to include adequate case comments in LEADER to support actions taken or not taken as it relates to reviews of match lists.

Recommendation

29. Department of Public Social Services management ensure staff adequately document results of match list reviews in the Los Angeles Eligibility, Automated Determination, Evaluation and Reporting System case comments.

County of Los Angeles
DEPARTMENT OF PUBLIC SOCIAL SERVICES
12860 CROSSROADS PARKWAY SOUTH · CITY OF INDUSTRY, CALIFORNIA 91746
Tel (562) 908-8400 · Fax (562) 695-4801

SHERYL L. SPILLER
Director

PHIL ANSELL
Chief Deputy

Board of Supervisors
HILDA L. SOLIS
First District
MARK RIDLEY-THOMAS
Second District
SHEILA KUEHL
Third District
DON KNABE
Fourth District
MICHAEL D. ANTONOVICH
Fifth District

March 24, 2015

TO: John Naimo
Auditor-Controller

FROM: Sheryl L. Spiller, Director

SUBJECT: **DEPARTMENT OF PUBLIC SOCIAL SERVICES RESPONSE TO THE AUDITOR-CONTROLLER'S ELECTRONIC BENEFIT TRANSFER CARDS REVIEW DRAFT REPORT**

Attached is the Los Angeles County Department of Public Social Services' (DPSS) response to the Auditor-Controller's draft report on the DPSS Electronic Benefit Transfer Cards Review. The draft report was received on February 5, 2015, and listed a total of 29 recommendations.

As described in the attachment, DPSS has completed 16 recommendations. Recommendation 1, 2, 4, 5, 6, 7, 9, 10, 11, and 12 are targeted for implementation by April 30, 2015; Recommendation 14 is targeted for implementation by May 31, 2015; Recommendation 26 is targeted for implementation by June 30, 2015; and Recommendation 3 is targeted for implementation by July 31, 2016.

Please let me know if you have any questions, or your staff may contact Sheila Early, Human Services Administrator III, Management Information and Evaluation Section, at (626) 927-5300 or via e-mail at SheilaEarly@dpss.lacounty.gov.

SLS:rc

Attachments

ATTACHMENT

DEPARTMENT OF PUBLIC SOCIAL SERVICES (DPSS)
ELECTRONIC BENEFIT TRANSFER CARDS REVIEW RESPONSE

Daily Reconciliations

Recommendation 1: Ensure Electronic Benefit Transfer (EBT) card custodians adequately document daily reconciliations of blank card stock and reconcile any variances.

DPSS Response to Recommendation 1: Agree and corrective action plan is in progress.

The Department conducted training for Chief Clerks on October 22, 2014. The training emphasized the importance of adequately documenting daily reconciliations of blank card stock and reconciliation of variances. Additionally, the Department is in the process of revising the EBT Blank Card Stock - Control Log (EBT 22) to capture additional information that would assist in the identification and reconciliation of variances. Full implementation is targeted by April 30, 2015.

Recommendation 2: Ensure card custodians verify and document the number of voided Electronic Benefit Transfer cards each day as part of completing daily reconciliations, and investigate any discrepancies.

DPSS Response to Recommendation 2: Agree and corrective action plan is in progress.

To ensure card custodians verify and document the number of voided EBT cards each day as part of daily reconciliations, and investigate any discrepancies, the Department is in the process of revising the EBT 8 and 8.1 forms to include a mandatory reconciliation section where card custodians will document inconsistencies for resolution and investigation. Full implementation is targeted by April 30, 2015.

Recommendation 3: Consider revising Los Angeles Eligibility, Automated Determination, Evaluation and Reporting (LEADER) System reports to show all Electronic Benefit Transfer cards printed at a specific office each day.

DPSS Response to Recommendation 3: Agree and corrective action plan is in progress.

Modifications to this report have been designed and are currently being built and tested for the LEADER Replacement System (LRS). The modified reports will be available in two pilot offices as of August 2015. The last offices to fully implement LRS will be completed by August 26, 2016.

Control Logs

Recommendation 4: Ensure both the issuing and receiving employee initial logs to document changes in custody over blank Electronic Benefit Transfer cards, and ensure the logs are completed in ink.

DPSS Response to Recommendation 4: Agree and corrective action plan is in progress.

To document changes in the custody over blank EBT cards, the Department is in the process of revising the EBT 22 to capture, in ink, the initials of issuing and receiving staff. Full implementation is targeted by April 30, 2015.

Recommendation 5: Ensure access to Electronic Benefit Transfer card control logs is limited to card custodians or their designees who do not have other Electronic Benefit Transfer card responsibilities.

DPSS Response to Recommendation 5: Agree and corrective action plan is in progress.

The Department conducted training for Chief Clerks on October 22, 2014. The training highlighted the importance of limiting the access to EBT card control logs to card custodians or their designees who do not have other EBT card responsibilities. Additionally, the Department is revising the EBT 22 to remind staff that use of the form is limited to certain personnel. Full implementation is targeted by April 30, 2015.

Periodic Inventory Counts

Recommendation 6: Ensure that monthly Electronic Benefit Transfer card inventory counts are conducted by staff with no other Electronic Benefit Transfer card responsibilities, and that staff document reconciliations of physical inventory counts to inventory records to ensure all cards are accounted for.

DPSS Response to Recommendation 6: Agree and corrective action plan is in progress.

The Department conducted training for Chief Clerks on October 22, 2014. The training stressed the importance of limiting the monthly EBT card inventory counts to staff with no other EBT card responsibilities to ensure all cards are accounted for. Additionally, the Department is revising the existing monthly report to capture the signatures of individuals conducting the monthly counts. Full implementation is targeted by April 30, 2015.

Recommendation 7: Ensure offices maintain perpetual inventory records for blank Electronic Benefit Transfer cards.

DPSS Response to Recommendation 7: Agree and corrective action plan is in progress.

To ensure offices maintain perpetual inventory records for blank EBT cards, the Department is revising the EBT 22 to keep track on a daily basis of the number of EBT cards on hand. Full implementation is targeted by April 30, 2015.

Recommendation 8: Periodically evaluate Greater Avenues for Independence regional offices' Electronic Benefit Transfer card issuance activity, and reduce card stock inventory where appropriate.

DPSS Response to Recommendation 8: Agree and implemented September 2014.

All DPSS GAIN Regions reduced their EBT blank card stock inventory from 500 to 20 cards per office due to non-use. The excess cards were returned to the Auditor-Controller (A-C). MAXIMUS/GAIN Region contractors also returned all of their EBT blank card stock to the A-C due to non-use.

Physical Security

Recommendation 9: Restrict access and limit the number of individuals who have access to keys to Electronic Benefit Transfer card printers.

DPSS Response to Recommendation 9: Agree and corrective action plan is in progress.

The Department will be releasing a memo to restrict access to the EBT card printers as well as limit the number of individuals who have access to the keys for that equipment. The memo is targeted to be released by April 30, 2015.

Recommendation 10: Ensure individual accountability is maintained over printed Electronic Benefit Transfer cards.

DPSS Response to Recommendation 10: Agree and corrective action plan is in progress.

To ensure individual accountability is maintained over printed EBT cards, the Department is in the process of revising the EBT 22 to capture the initials of issuing and receiving staff. Additionally, the Department will be releasing further instructions to only print EBT cards on demand, not in advance. The updates will be released by April 30, 2015.

EBT Card Issuance At Offices

Recommendation 11: Develop more detailed procedures on the appropriate method for Electronic Benefit Transfer card issuance clerks and Eligibility Workers to verify and document the identity of clients who do not have valid identification, and ensure clerks accurately document how they verified a client's identity.

DPSS Response to Recommendation 11: Agree and corrective action plan is in progress.

The Department is developing detailed procedures on the appropriate method for EBT card issuance clerks and case workers to verify and document the identity of clients who do not hold valid identification at the time they pick up new EBT cards. The new instructions will guide staff in capturing signatures and other identifying data in order to properly document the manner in which clients' identities are verified. The EBT 8 is being revised to include a section where cashiers will indicate the verification types used to identify participants. Additionally, the new release will reinforce existing policy on types of identification currently deemed acceptable in confirming identity by the Department. The Department targets release of the revised form and new procedures by April 30, 2015.

Recommendation 12: Ensure card issuance clerks complete issuance logs appropriately by documenting all Electronic Benefit Transfer cards printed, sign to confirm each card they issued, and obtain the client's signature.

DPSS Response to Recommendation 12: Agree and corrective action plan is in progress.

To ensure card issuance clerks complete issuance logs appropriately by documenting all EBT cards printed, the Department is revising the EBT 8 and 8.1 to capture the signature of issuing staff to confirm each card that is issued, and obtain the signatures of all receiving clients. Full implementation is targeted by April 30, 2015.

EBT Cards Used after Client's Date of Death

Recommendation 13: Work with the State to determine the extent of the County's responsibility to investigate unauthorized use of deceased clients' Electronic Benefit Transfer cards, and ensure the County is fulfilling its responsibility.

DPSS Response to Recommendation 13: Agree and implemented September 2014.

The Department convened a telephone conference with the California Department of Social Services' (CDSS) Program Integrity Section in September 2014 to determine the extent of Los Angeles County's responsibility in investigating the unauthorized use of deceased clients' EBT cards resulting in the theft of their benefits. CDSS confirmed that DPSS is taking appropriate actions as supported by State and County policy. As per MPP Division/Section 16-801 EBT FRAUD AND SUSPECTED VIOLATIONS, which indicates that suspected violations are investigated in accordance with Manual of Policies and Procedures (MPP) Division 20, the Department investigates the Deceased Persons Match (DPM) abstracts within that scope of authority. There is no requirement to report thefts committed by unknown assailants to local law enforcement agencies.

As such, it was agreed that Los Angeles County is fulfilling its responsibility to thoroughly investigate to the extent possible. In addition, MPP 20-008 LAW ENFORCEMENT OFFICIALS indicates that when the County refers a completed investigation to prosecution, the District Attorney (DA) determines if a criminal complaint is to be filed.

Recommendation 14: Work with the State to determine appropriate procedures for deactivating deceased clients' Electronic Benefit Transfer cards.

DPSS Response to Recommendation 14: Agree and corrective action plan is in progress.

The Department has received clarification on the matter from the State. EBT cards are not automatically "statused" (deactivated) when cases are discontinued. The "EBT Admin Users Guide" does not include instructions for deactivating EBT cards belonging to deceased individuals. To prevent access to unused benefits on an active EBT card, the Department will develop instructions to deactivate EBT cards due to death for one-person CalFresh households. The Department will issue an Administrative Release (AR) outlining this policy by May 31, 2015.

Recommendation 15: Report unauthorized use of deceased clients' Electronic Benefit Transfer cards to the appropriate law enforcement agency.

DPSS Response to Recommendation 15: Agree and implemented September 2014.

The Department convened a telephone conference with CDSS' Program Integrity Section in September 2014 to determine the extent of Los Angeles County's responsibility in investigating the unauthorized use of deceased clients' EBT cards resulting in the theft of their benefits. CDSS confirmed that DPSS is taking appropriate actions as supported by State and County policy. As per MPP Division/Section 16-801 EBT FRAUD AND SUSPECTED VIOLATIONS, which indicates that suspected violations are investigated in accordance with MPP Division 20, the Department investigates the DPM abstracts within that scope of authority. There is no requirement to report thefts committed by unknown assailants to local law enforcement agencies. As such, it was agreed that Los Angeles County is fulfilling its responsibility to thoroughly investigate to the extent possible. In addition, MPP 20-008 LAW ENFORCEMENT OFFICIALS indicates that when the County refers a completed investigation to prosecution, the DA determines if a criminal complaint is to be filed.

Recommendation 16: Require Welfare Fraud Prevention & Investigation (WFP&I) staff to track and analyze available data for patterns and trends that may help to identify unauthorized individual(s) using deceased clients' Electronic Benefit Transfer cards, and to report the unauthorized use to Department management.

DPSS Response to Recommendation 16: Agree and implemented February 2015.

As part of the investigative process, the Department currently tracks and analyzes DPM data to identify any trends and/or patterns that may assist the Department in identifying unauthorized individuals who may access deceased clients' EBT cards.

Recommendation 17: Resolve delays in terminating benefits for deceased clients matched to Registrar-Recorder/County Clerk death records.

DPSS Response to Recommendation 17: Agree and implemented June 2014.

In each of the three cases listed where EBT cards were used after the clients were deceased, a Death Match had been received and processed by the LEADER Death Match program. Due to a technical error, these cases failed to terminate. The problem was identified and in April 2014, a LEADER code change to fix the Death Match program was made and put into production on June 13, 2014. As of June 13, 2014, all Death Match cases are being terminated correctly.

Deceased Clients Match Lists

Recommendation 18: Ensure Welfare Fraud Prevention & Investigation staff review all cases on Deceased Persons Match lists within 90 days of receiving the report.

DPSS Response to Recommendation 18: Agree and implemented February 2015.

The WFP&I Section distributed a memo to investigative staff reiterating that DPM abstracts are to be processed within 90 days of the abstract receipt date. The subject of the memo, dated February 2, 2015, was Deceased Person Match and it referenced Administrative Directive (AD) 2002-01 Deceased Person Match, dated April 18, 2002 and All-County Letter (ACL) Deceased Person Match, dated June 13, 2001.

Recommendation 19: Ensure Welfare Fraud Prevention & Investigation staff submit and retain copies of reports to the State for each client on Deceased Persons Match reports.

DPSS Response to Recommendation 19: Agree and implemented February 2015.

The WFP&I Section distributed a memo on February 2, 2015 to investigative staff giving them notice that DPM abstracts are to be organized and retained securely for two years; this includes retention of the State IEVS/Deceased Persons Match County Response Document (DPS 528) Report.

Recommendation 20: Require supervisors to document their review of staff's work on Deceased Persons Match cases.

DPSS Response to Recommendation 20: Agree and implemented February 2015.

The WFP&I Section distributed a memo on February 2, 2015, to investigative staff giving them notice that processed DPM abstracts are to be reviewed by Supervising Welfare Fraud Investigators. The release of the memo was to ensure that supervisory reviews are performed on work done by staff on those abstracts. WFP&I Section management will conduct a monthly random sampling review of processed DPMs to ensure supervisory reviews are adequately documented.

Incarcerated Clients Match Lists

Recommendation 21: Ensure Welfare Fraud Prevention & Investigation staff research all outstanding Nationwide Prisoner Match cases and ensure that future Nationwide Prisoner Match cases are reviewed timely.

DPSS Response to Recommendation 21: Agree and implemented February 2015.

The WFP&I Section distributed a memo on February 12, 2015, to investigative staff reiterating that NPM abstracts are to be processed within 90-days of the abstract receipt date. The subject of the memo was National Prison Match (NPM) and it referenced AD 4484 Nationwide Prisoner, dated November 2, 2004, and ACL No.: 00-10 Nationwide Prisoner Match.

Recommendation 22: Ensure Welfare Fraud Prevention & Investigation staff properly notify Eligibility Workers of incarcerated clients and follow up to ensure Eligibility Workers take appropriate action.

DPSS Response to Recommendation 22: Agree and implemented February 2015.

The WFP&I Section distributed a memo on February 12, 2015, to investigative staff reiterating the requirement to provide timely notification to District staff to ensure appropriate and timely action is taken on cases where the participants are incarcerated. The memo includes instructions for WFP&I investigative staff to actively follow-up with BWS District eligibility staff to ensure appropriate and timely action is taken on all cases involving incarcerated participants.

Recommendation 23: Ensure Welfare Fraud Prevention & Investigation staff adequately review cases on Nationwide Prisoner Match lists to determine if clients were incarcerated more than 30 days while receiving benefits.

DPSS Response to Recommendation 23: Agree and implemented February 2015.

The WFP&I Section distributed a memo on February 12, 2015, to investigative staff reiterating the need to review all cases appearing on NPM lists, and take appropriate action on cases whose clients have been incarcerated for more than 30 days while still receiving benefits.

Recommendation 24: Ensure Nationwide Prisoner Match reports are retained and can be readily located.

DPSS Response to Recommendation 24: Agree and implemented February 2015.

The WFP&I Section distributed a memo on February 12, 2015, to investigative staff reiterating the need to adequately retain the NPM abstracts. The release of the memo was to ensure investigative staff take appropriate action in regards to the maintenance and retention of all NPM abstracts.

Recommendation 25: Require supervisors to review at least a sample of completed Nationwide Prisoner Match case reviews, including cases where staff concluded there was no impact on clients' benefits.

DPSS Response to Recommendation 25: Agree and implemented February 2015.

The WFP&I Section distributed a memo on February 12, 2015, to investigative staff reiterating the need to perform a supervisory review of a sampling of the processed NPM abstracts. WFP&I Section management will conduct a monthly random sampling review of NPMs processed to ensure supervisory reviews are adequately documented.

Recommendation 26: Revise procedures for reviewing Nationwide Prisoner Match reports to provide additional guidance to staff responsible for reviewing the reports.

DPSS Response to Recommendation 26: Agree and corrective action plan is in progress.

The Department is revising existing procedures for staff responsible for reviewing and processing the NPM abstracts. The revised procedures are targeted for release by June 30, 2015.

Out-of-State and Out-of-County Usage Reports

Recommendation 27: Ensure staff obtain documentation supporting clients' residency, and ensure the documentation is easily accessible for review.

DPSS Response to Recommendation 27: Agree and implemented December 2014.

The Department released AD 5260, dated December 31, 2014, "General Relief and Cash Assistance Programs for Immigrants Out-of-State or Out-of-County Electronic Benefits Transfer" to reinforce procedures in handling Out-of-State/Out-of-County EBT cases, which include obtaining clients' residency and ensuring documentation is easily accessible for review.

Recommendation 28: Enhance existing procedures to include methods for ensuring Eligibility Workers are notified when they need to take action on a case.

DPSS Response to Recommendation 28: Agree and implemented June 2014.

The Department released AD 5166 dated June 4, 2014, "Validating Overpayment and Overissuance Claims" to reiterate existing policy for validating overpayment and overissuance claims by utilizing the Claim Reviewed check box field on LEADER. The Claim Reviewed check box field helps ensure that claims have been validated and that appropriate documentation is in the case record.

LEADER Case Comments

Recommendation 29: Department of Public Social Services management ensure staff adequately document results of match list reviews in the LEADER case comments.

DPSS Response to Recommendation 29: Agree and corrective action plan is in progress.

The Department will release an AR to reinforce current policy regarding the importance of thoroughly documenting on LEADER case comments for every action taken or not taken, and the reason for that action. The Department targets release of the AR by May 31, 2015.