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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

CIVIL DIVISION

MAR 11 1971

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Dear Mr. Twiname:

During our review of claims for Federal sharing in the administrative costs of public assistance programs in California and Pennsylvania, we found that overpayments for child care services have been made by these States to certain recipients of public assistance. These overpayments have resulted in incorrect claims by these States for Federal reimbursements from the Department of Health, Education, and Welfare. On the other hand, we found instances where Pennsylvania did not claim reimbursement to which it was entitled.

The purpose of this letter is to advise you of these findings and request that the Social and Rehabilitation Service determine--through its regional representatives--the extent to which similar problems might exist in other locations so that, as necessary, corrective measures can be adopted

Our work in California included a review of fiscal years 1969 and 1970 records and documents of the Department of Public Social Services (DPSS), Los Angeles, relating to claims for costs for child care services. In Pennsylvania, we reviewed selected Work Incentive (WIN) program child care cases in Dauphin and Philadelphia Counties and information at the State Department of Public Welfare related to claims for Federal reimbursement during various periods beginning November 1968 through June 1970. The details of our findings follow.

INCORRECT PAYMENTS FOR CHILD CARE SERVICES

California

Examination of some claims for Federal reimbursement of child care cost during the period February 1969 through March 1970 in Los Angeles County showed that payments for child care services were made to participants in the WIN program even though their children were attending County day care center at no cost to the participant.

Incorrect payments for child care services occurred because the County's public assistance procedures did not provide for the eligibility caseworkers to be notified when children of public assistance recipients were enrolled in the County's free day care centers. We were also told by some of the caseworkers that when they authorized the child care payments for children who were enrolled in these centers they were unaware that County day care services were provided free.

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Los Angeles County provides free child care services to about 330 children in five day care centers and, in the case of public assistance recipients, no cash allowance for child care is permitted when a child attends one of these centers.

From records of these 330 children we identified cases involving 54 children of WIN participants. We reviewed the public assistance cases covering 51 of these children and found that 21 children were attending these centers at the same time that--contrary to County policy--the County was giving these participants cash allowances for day care of their children. Incorrect payments in these cases amounted to about \$4,100 (Federal share about \$3,150) for the 13-month period February 1969 through March 1970.

We were also able to identify from the records of the 330 children the cases of 120 children of working mothers (not WIN participants) who were receiving public assistance payments which included allowances for child care. We reviewed the cases covering 59 of these children and found that for 26 children the mothers' assistance payments included an allowance for child care while these children were attending the County day care center. The child care expense payments in these cases were about \$5,100 (\$2,550 Federal share) for the 20-month period August 1968 to March 1970, inclusive.

The matter of child care expense payments to participants whose children were enrolled in the free County day care center was brought to the attention of County officials in May 1970. Subsequently, they reviewed all assistance cases where child care was then being provided in the centers and stopped incorrect payments in 23 cases. As a result of our review the County issued instructions to all of its offices reemphasizing that no child care payments are allowable for the period when a child attends one of the County day care centers. Also, new procedures were issued by the County on June 26, 1970, requiring the child care unit of DPSS to send a written notification to the eligibility caseworker whenever a child is enrolled in a County day care center and stating that any child care payments should be discontinued. We believe that the new procedures, if properly followed, will help prevent reoccurrence of the payment of child care expenses to recipients whose children are attending free County day care centers.

Pennsylvania

We reviewed selected WIN program child care expenses which Dauphin and Philadelphia Counties claimed for Federal reimbursement during various periods between November 1968 and June 1970, and found that incorrect claims had been made. These claims were caused by (1) the County Assistance Office (which is responsible for eligibility determinations) not promptly informing the State Department of Public Welfare (which is responsible for payment) of changes in a WIN participant's status which affected the amount of his

assistance, and (2) the agencies concerned not following existing procedures. For the limited number of cases reviewed by us in these two counties, the State claimed Federal reimbursement for about \$1,700 to which it was not entitled and did not claim about \$800 of costs to which it was entitled.

WIN expense reporting

Whenever an action affects a WIN participant's expense allowance, the responsible County Assistance Office is to notify the Bureau of Finance of the State Department of Public Welfare. The Bureau then records the information on the client's "case ledger card" which is then used to prepare claims for Federal reimbursement of WIN expenses.

We selected 59 of approximately 720 WIN program cases available for review in Dauphin and Philadelphia Counties during various periods in fiscal years 1969 and 1970. We found 26 cases in which either the County Assistance Office did not adjust or discontinue program allowances in a timely manner when a participant's eligibility changed or the State Bureau of Finance was not notified by the County Assistance Office to establish a case ledger card for a new WIN participant.

For instance, the Dauphin County Assistance Office terminated a WIN participant's public assistance payment when the participant's earned income exceeded public assistance eligibility standards by more than the amount of the child care allowance. However, the County Assistance Office did not notify the State Bureau of Finance of this change and the Bureau continued to claim a Federal reimbursement for WIN child care allowance for this participant for 10 months, resulting in a claim of \$645 to which it was not entitled. After we brought this case to the attention of the County and the State officials, they recorded the participant's correct status and made an adjustment for the excess amount claimed for Federal reimbursement. These officials advised us that they would correct and make adjustments for all other errors disclosed by our limited sample.

The following case of a Philadelphia County participant illustrates an instance where WIN allowances--including an allowance for child care--were not reported and claimed by the State for Federal reimbursement. The recipient was enrolled in the WIN program from December 9, 1968, to April 7, 1970, and was paid WIN program allowances totaling \$1,445. The County Assistance Office did not notify the State Bureau of Finance when the participant enrolled in the program; and, therefore, the Bureau did not establish a case ledger card. Had the State properly reported and claimed these payments as WIN program allowances, the State would have received Federal reimbursement of \$1,168 (85 percent for 7 months and 75 percent for 5 months). However, the State claimed these costs as non-WIN expenses and were reimbursed only \$795, or \$373 less than the amount to which it was entitled.

Untimely allowance termination

We also reviewed 33 of these same 59 WIN program cases to determine whether payment of allowances--including child care--were stopped when the

participant's eligibility was ended. We found errors in 11 of these cases. In some cases, payment to recipients continued beyond the date when eligibility should have been terminated because the Bureau of Employment Security, Department of Labor and Industry, did not advise the County Assistance Office in a timely manner that the participant was no longer in a work or a training program and was not otherwise employed. In other cases, although the County Assistance Office was notified of such changes, the WIN program allowance was not terminated in a timely manner. Delays in terminating the amounts of WIN program allowance varied from 15 to 105 days.

An example of an untimely termination of WIN program allowances is the case of a participant from Philadelphia County who was enrolled in the WIN program from November 6, 1969, to May 9, 1970. The participant became ineligible for WIN program allowances on January 20, 1970, because after completing "orientation" (preliminary interviewing, screening, and counseling) the participant was placed in a "holding" status (awaiting assignment to a work or a training project) and in such status was not eligible for the WIN program allowance. However, WIN program allowances continued until May 9, 1970--about 3 1/2 months later--because the State Bureau of Employment Security did not promptly notify the County Assistance Office of the change of status of the recipient. During the "holding" period, the participant received WIN program allowance payments totaling \$220 to which the participant was not entitled and the State received Federal reimbursement of \$165 for these incorrect payments. Officials of the Department of Public Welfare informed us that they normally do not try to collect erroneous payments from the participant when the error was the fault of the agency. We were also informed by the State that no adjustment was made by the State in its reporting of WIN program expenses to HEW.

CONCLUSION AND RECOMMENDATION

The necessity to provide child care services to participants in job training programs has resulted in substantial expenditures of State and Federal funds. HEW has estimated that about \$77 million of Federal funds alone is needed in fiscal year 1971 to provide adequate child care services to the families of WIN participants. Because of the large amount of expenditures for child care services, we believe it is important that HEW assure itself that State claims for such expenditures are based upon accurate and pertinent data.

Accordingly, we recommend that the Administrator, Social and Rehabilitation Service--through SRS regional representatives--look into the possibility that inadequate procedures leading to incorrect payments by HEW might exist in other States. To the extent such weaknesses are noted, appropriate measures should be taken to strengthen these procedures and effect adjustment of funds in those instances where significant overpayments are identifiable.

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Your comments as to actions taken on the matters discussed in this report will be appreciated. Copies of the report are being sent to the Assistant Secretary, Comptroller, HEN, and the Regional Directors, Region III (Philadelphia) and Region IX (San Francisco). We appreciate the cooperation extended to us by your staff and would be glad to discuss these matters further with you or members of your staff should you so desire.

Sincerely yours,

John D. Heller

John D. Heller
Assistant Director

Mr. John D. Twinn
Administrator, Social and
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