

COUNTY OF SACRAMENTO

DEPARTMENT OF FINANCE - AUDITOR-CONTROLLER DIVISION - INTERNAL AUDIT UNIT

INTERNAL AUDIT REPORT
GENERAL ASSISTANCE CASH AID PROGRAM
RISK ASSESSMENT AUDIT
DEPARTMENT OF HUMAN ASSISTANCE



Audit Committee Submittal Date 08/06/2020

SUMMARY

Background

The core purpose of the Department of Human Assistance (DHA) is to improve the lives of families and individuals residing in Sacramento County. The primary goal of DHA is to provide tools, training, and temporary support to assist people in their transition from welfare to self-sufficiency. DHA's major programs include Cash Aid, Employment Services, Medical/Nutrition Assistance, Veteran Services, and Community Services/Homeless.

DHA's cash aid program was identified as a high-risk program by the County-wide risk assessment. Accordingly, we performed performance audit procedures on DHA's management of its General Assistance Cash Aid Program.

Audit Objective

To assess and identify key processes and controls of DHA's General Assistance Cash Aid Program, and design tests to verify that key controls are in place and functioning as intended for the period from July 1, 2017 to January 10, 2020.

Summary

We noted several issues related to DHA's management of the County of Sacramento's General Assistance Cash Aid Program.

Department of Finance

Ben Lamera
Director



Auditor-Controller Division

Joyce Renison
Assistant Auditor-Controller

County of Sacramento

June 24, 2020

Ann Edwards, Director
Department of Human Assistance
1825 Bell Street, Suite 200
Sacramento, California 95825

The Sacramento County Countywide risk assessment study assessed the Department of Human Assistance's (DHA) management of the County of Sacramento's General Assistance Cash Aid Program as a high-risk area. Accordingly, we have audited DHA's internal controls related to managing the General Assistance Cash Aid Program for the period from July 1, 2017 to January 10, 2020.

We conducted this performance audit in accordance with *Generally Accepted Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Our audit was conducted to assess and identify key processes and controls of DHA's General Assistance Cash Aid Program, and design tests to verify that key controls are in place and functioning as intended.

Management is responsible for the design, implementation, and maintenance of effective internal controls to ensure compliance with Federal and State regulatory requirements.

The scope of our audit will include DHA's internal control activities and processes for the General Assistance Cash Aid Program from July 1, 2017 to January 10, 2020.

The audit methodology utilized to conduct this performance audit included:

Internal Control Review

- We conducted a preliminary survey of the internal control environment and identified key processes and controls for DHA's General Assistance Cash Aid Program, including processes and controls for eligibility determination and complying with the County of Sacramento, Board of Supervisors' General Assistance Policy.

Ann Edwards, Director
Department of Human Assistance
June 24, 2020

Document Review:

- We reviewed DHA's written policies and procedures related to the General Assistance Cash Aid Program.

Testing:

- We tested, on a sample basis, key internal control processes identified for DHA's General Assistance Cash Aid Program, including processes and controls for eligibility determination, to ensure controls are in place and functioning as intended and in compliance with the County of Sacramento, Board of Supervisor's General Assistance Policy.

In connection with this audit, there are certain disclosures that are necessary pursuant to *Generally Accepted Government Auditing Standards*.

As required by various statutes within the California Government Code, County Auditor-Controllers or Directors of Finance are mandated to perform certain accounting, auditing, and financial reporting functions. These activities, in themselves, necessarily impair *Generally Accepted Government Auditing Standards'* independence standards. Specifically, "auditors should not audit their own work or provide non-audit services in situations where the amounts or services involved are significant/material to the subject matter of the audit."

Although the Director of Finance is statutorily obligated to maintain the accounts of departments, districts or funds that are held in the County Treasury, we believe that the following safeguard and division of responsibility exist. The staff that has the responsibility to perform audits within the Auditor-Controller Division has no other responsibility of the accounts and records being audited including the approval or posting of financial transactions that would therefore enable the reader of this report to rely on the information contained herein.

Based on our audit, there were several exceptions noted related to the DHA's management of the General Assistance Cash Aid Program for the period from July 1, 2017 to January 10, 2020. See Attachment I, *Findings and Recommendations*.

DHA's management responses to the findings identified during our engagement are described in Attachment I, *Findings and Recommendations*. We did not perform procedures to validate DHA's management responses to the findings and, accordingly, we do not express opinions on the responses to the findings.

Ann Edwards, Director
Department of Human Assistance
June 24, 2020

This report is intended solely for the information and use of the Sacramento County Board of Supervisors, those charged with governance, Sacramento County Audit Committee, Sacramento County Executive, and DHA's management, and should not be used for any other purpose. It is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

BEN LAMERA
DIRECTOR OF FINANCE



By: Hong Lun (Andy) Yu, CPA
Audit Manager

Attachment I: *Findings and Recommendations*

County of Sacramento
Department of Human Assistance
Risk Assessment – General Assistance Cash Aid Program
Performance Audit
Findings and Recommendations
For the Period from July 1, 2017 to January 10, 2020

FINDINGS

1. Client Casefiles Lacking Supervisor Review

Finding

During our audit, we noted that the Department of Human Assistance (DHA)'s eligibility supervisors did not perform a supervisor review for all General Assistance Cash Aid client casefiles. Supervisors only review a selected limited number of client casefiles approved by eligibility specialist per month. But, not all approved client casefiles undergo a supervisor review.

During our audit, we selected 300 General Assistance Cash Aid clients' casefiles to verify their eligibility. We noted 77 case out of total 300 tested that had 148 total exceptions. We further noted that 38 (13%) of 300 casefiles tested did not have adequate information for us to verify the clients' eligibility.

Adequate internal controls should include a sufficient supervisor review of client casefiles before final approval of General Assistance Cash Aid is granted.

Without adequate supervisor review of client casefiles, DHA could issue General Assistance Cash Aid payments: to individuals who are not eligible; without required documentation; or grant incorrect cash aid amounts. Reviewing work performed is a necessary internal control process that reduces errors when processing General Assistance Cash Aid casefiles. DHA staff indicated that due to the volume of General Assistance Cash Aid cases filed each month, it is not feasible to review every casefile approved by eligibility specialists.

Recommendation

We recommend DHA update its internal controls to include a process whereby there is adequate supervisor review of client casefiles before final approval of General Assistance Cash Aid is granted.

Management Response

Under the current DHA staffing model, supervisors do not have the capacity to review all approved applications. However, we have recently developed an automated review tool that will enable supervisors to review more cases each month. The Case Automated Analysis is a system which identifies and notifies staff and supervisors of a possible error on an authorized case. When a potential discrepancy is identified, a task is sent to the staff member who authorized benefits or the supervisor as appropriate. The task provides staff guidance on what to review and ensures CalWIN data collection is consistent with customer reported information. This tool will strengthen the supervisor ability to review more cases that need correction.

County of Sacramento
Department of Human Assistance
Risk Assessment – General Assistance Cash Aid Program
Performance Audit
Findings and Recommendations
For the Period from July 1, 2017 to January 10, 2020

Additionally, we will be using this audit data to better train both supervisors and staff in how to avoid particular error types going forward.

2. Ineligible General Assistance Cash Aid Clients

Finding

During our audit, we selected 300 General Assistance Cash Aid clients' casefiles to verify their eligibility. As mentioned in Finding #1, since 38 (13%) of 300 selected casefiles did not contain adequate information for us to verify the clients' eligibility, we were only able to complete testing for 262 casefiles out of 300 casefiles selected. We noted 18 (7%) General Assistance Cash Aid casefiles out of 262 casefiles tested whereby the individuals approved were ineligible based on the Board of Supervisors' General Assistance Policy. Total ineligible payments noted due to improperly approved clients is \$1,959.07. The approved individuals were ineligible because they were either eligible for other welfare aid programs, owned too many possessions of value, or did not submit required cash aid documentation. Only individuals meeting the requirements prescribed in the Board of Supervisors' General Assistance Policy should be approved for General Assistance Cash Aid.

Recommendation

DHA should follow up on the 18 ineligible casefiles either to recover the ineligible payments or obtain the required cash aid documentation.

Management Response

DHA is in agreement with the recommendation and will follow up on the 18 ineligible casefiles. These cases will be assigned to supervisors for review and correction. Additionally, supervisors will review the GA manual, DHA program documents, eligibility requirements and the data entries required in CalWIN with staff. DHA will ensure this is completed as soon as possible to prevent further inconsistent or ineligible payments from being issued.

3. Unconfirmed Eligibility Supporting Documents

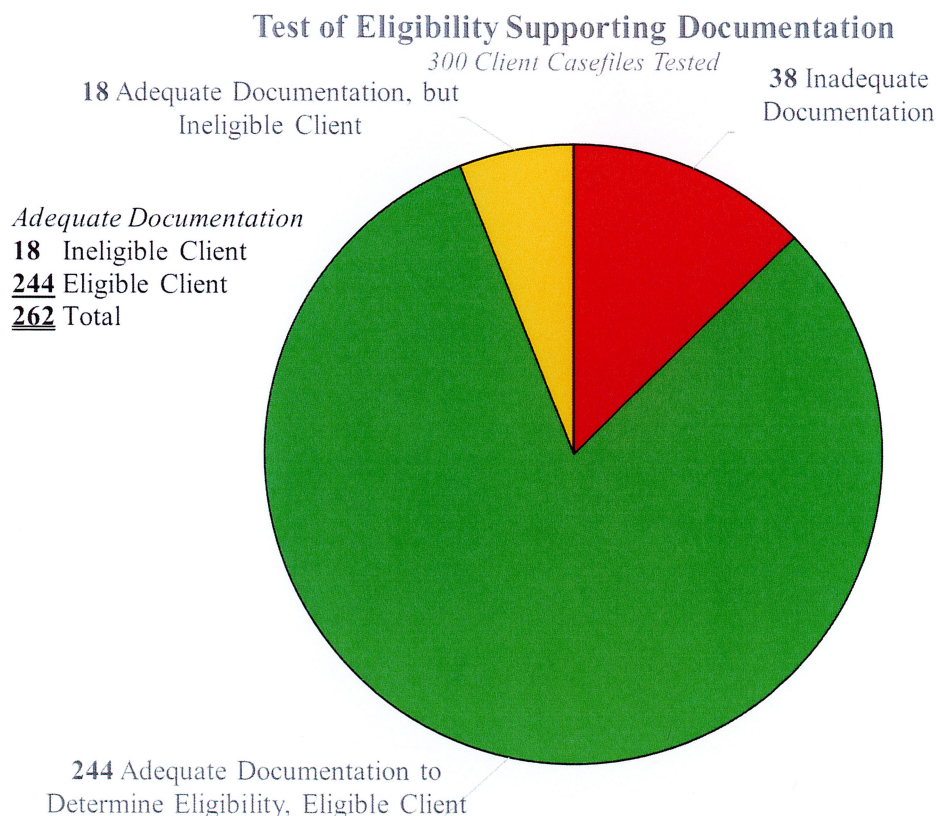
Finding

As described at Finding #2, during our testing of General Assistance Cash Aid client casefiles, we noted 38 (13%) client casefiles out of 300 casefiles selected for testing whereby we were unable to verify eligibility supporting documentation. Some casefiles, as noted on the next page, had multiple testing attributes that we were unable to verify eligibility supporting documentation:

County of Sacramento
Department of Human Assistance
Risk Assessment – General Assistance Cash Aid Program
Performance Audit
Findings and Recommendations
For the Period from July 1, 2017 to January 10, 2020

- 7 casefiles were missing identification and proof of residency supporting documentation
- 29 casefiles were missing employability/unemployable verifications
- 16 casefiles were missing proof of Regional Transit (RT) bus pass documentation
- 13 casefiles were missing client confirmations for hospital, jail, and treatment facility residencies
- 9 casefiles were missing lien and reimbursement supporting documentation

As described in Finding #2, we noted 18 of 262 casefiles tested were ineligible. Results from eligibility testing for General Assistance Cash Aid is summarized in the chart below.



As described in Section 20 (Cooperation) of The Board of Supervisors' General Assistance Policy, recipients are required to cooperate with DHA's administrative guidelines and provide required supporting documentation to determine eligibility for receiving General Assistance Cash Aid. As part of receiving assistance, clients are required to provide supporting documentation and sign required General Assistance Cash Aid forms. Supporting

County of Sacramento
Department of Human Assistance
Risk Assessment – General Assistance Cash Aid Program
Performance Audit
Findings and Recommendations
For the Period from July 1, 2017 to January 10, 2020

documentation and forms verifying a client's eligibility should be obtained and retained. DHA could be approving General Assistance Cash Aid for ineligible individuals when required supporting documentation and forms are not obtained by eligibility specialists. As described at Finding #1, Client Casefiles Lacking Supervisor Review, DHA did not have a supervisor review of all client casefiles. Supervisor reviews could identify client casefiles that are lacking all of the required supporting documentation and signed forms as required by the Board of Supervisors' General Assistance Policy.

Recommendation

We recommend DHA obtain all required documents from General Assistance Cash Aid clients and retain that supporting document within the client's casefile. DHA should also review the noted 38 casefiles that did not have adequate supporting documentation. We further recommend additional training be provided on General Assistance Cash Aid documentation record retention requirements.

Management Response

DHA is in agreement with the recommendation and will follow up on the 38 cases that did not have adequate supporting documentation. These cases will be assigned to supervisors for review and correction. Supervisors will review the GA manual and DHA program documents with staff. Additionally staff will attend refresher training on the eligibility requirements and data entries required in CalWIN for all GA cases including General Assistance Cash Aid documentation record retention requirements. We will ensure this is completed as soon as possible to prevent further inconsistent or ineligible payments from being issued.

4. Incorrect General Assistance Cash Aid Award Amount

Finding

During our audit, we selected 300 General Assistance Cash Aid clients' casefiles to verify their cash aid award amounts. We noted that 38 (13%) of 300 selected casefiles did not contain adequate information for us to test cash aid amounts. However, of the 74 casefiles with inadequate information, some casefiles contained enough information for our testing purpose. Therefore, we were able to complete testing for 262 casefiles' cash aid award amounts.

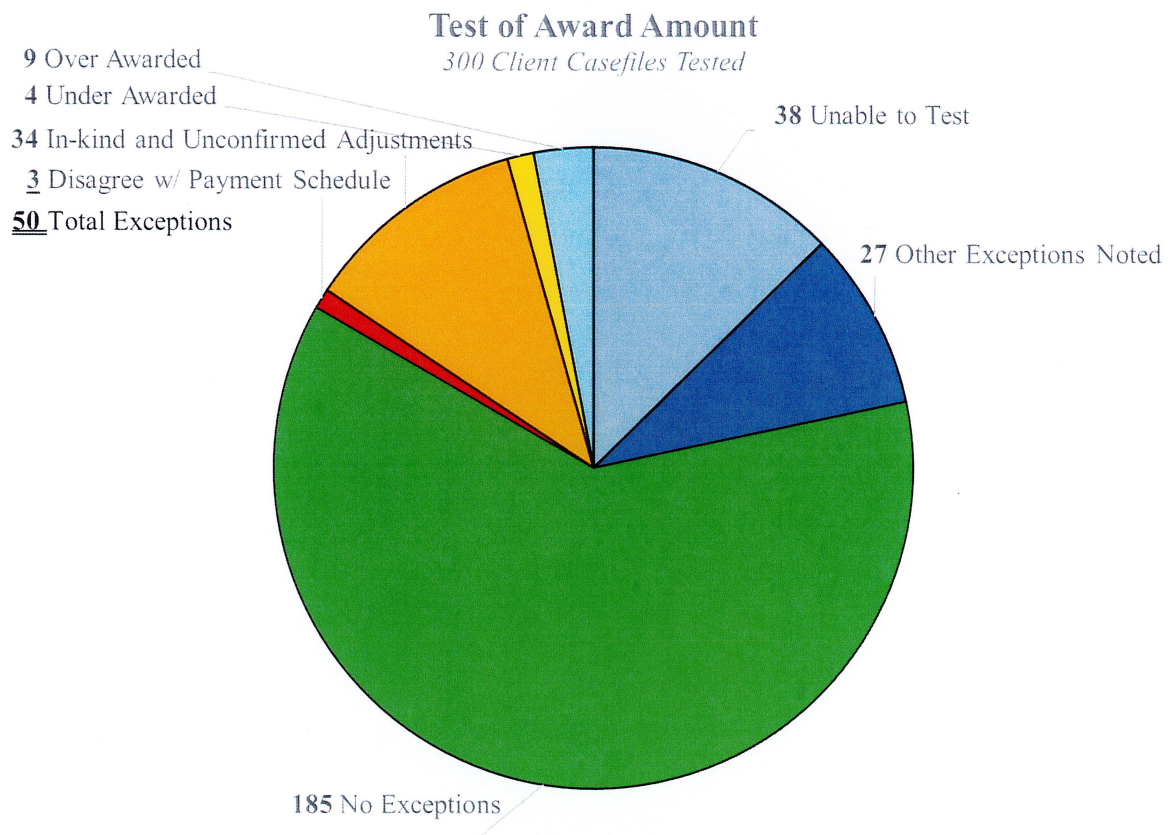
We noted 50 (19 %) client casefiles out of 262 casefiles tested have exceptions as follow:

- 9 cases were awarded more cash aid than what they were authorized to receive. The overpayment amounts that could be confirmed through our testing is \$256.98.
- 4 cases received less cash aid than what they were authorized to receive. The total underpayment amounts that could be confirmed through our testing are \$71.25.

County of Sacramento
Department of Human Assistance
Risk Assessment – General Assistance Cash Aid Program
Performance Audit
Findings and Recommendations
For the Period from July 1, 2017 to January 10, 2020

- 34 cases were in-kind adjustments that could not be confirmed. Therefore, the total amount of over or under payments are not determined.
- A total of 10 Cash Aid case amounts did not agree to the Sacramento County Board of Supervisors' approved General Assistance Cash Aid payment schedule. 7 of 10 cases had exceptions previously identified above. The 3 remaining cases identified had payment errors of \$.02 to \$18.07.

Results from General Assistance Cash Aid award amount testing is summarized in the chart below.



General Assistance Cash Aid is adjusted pending the client's living situation. General Assistance Cash Aid awarded is based on the recipients' living situation per California State Code, the Board of Supervisors' General Assistance Policy, and the approved General Assistance Cash Aid schedule. Accordingly, General Assistance Cash Aid recipients' cash aid amounts depend on how many numbers of individuals they co-habitat with. Single adult

County of Sacramento
Department of Human Assistance
Risk Assessment – General Assistance Cash Aid Program
Performance Audit
Findings and Recommendations
For the Period from July 1, 2017 to January 10, 2020

recipients receive the full General Assistance Cash Aid amount. Recipients sharing housing with one (1) other individual receive a reduced amount of fifteen (15%) percent, living with two (2) individuals is twenty (20%) percent, and living with three (3) individuals or more is twenty-five (25%) percent. The recipients identified as a result of our testing procedures received the incorrect General Assistance Cash Aid amount based on their noted living situation in their respective casefiles. As described at Finding #1, Client Casefiles Lacking Supervisor Review, DHA did not have a supervisor review all approved client casefiles, which could help identify clients incorrectly classified.

The cases that could not be confirmed through our testing procedures were in-kind adjustments. As outlined in Section 39 (Consideration of Income) of the Board of Supervisors' General Assistance Policy, recipients receiving in-kind income (rent, utilities, food, etc.) will receive an adjusted cash aid amount pending the amount of in-kind income received. As described at Finding #6 (In-kind Adjustments Not Consistently Applied), in-kind adjustments can vary pending how DHA applies adjustment attributes even to the same cash aid client case.

Per Section 4 (a) (Policy and Administration) of the Board Approved General Assistance Policy, *“The Board of Supervisors has the authority to establish policies under which the General Assistance Program is administered, and any changes or exceptions, except as otherwise provided herein, may be made only upon its authorization.”*

Recommendation

DHA should follow up with the casefiles which were not paid correctly. In addition, we recommend DHA classify recipients accurately based on their living situation and corresponding award General Assistance Cash Aid for the correct amount.

Management Response

DHA is in agreement with the recommendation and will follow up on the casefiles that were not correctly paid. These cases will be assigned to supervisors for review and correction.

DHA will provide additional training by Supervisors and review the GA manual, DHA program documents, eligibility requirements, and the data entries required in CalWIN concerning In-Kind and Shares With adjustments for General Assistance with staff. DHA will ensure this is completed as soon as possible to prevent further inconsistency when applying the In-Kind and Shares with adjustment requirement rules.

In addition, the published proration chart contains an error in calculating the correct grant amount. The Excel spreadsheet used the formula calculation to the thousandth (0.000) decimal point, and CalWIN is programmed to use the formula calculation to the ten thousandth (0.0000)

County of Sacramento
Department of Human Assistance
Risk Assessment – General Assistance Cash Aid Program
Performance Audit
Findings and Recommendations
For the Period from July 1, 2017 to January 10, 2020

decimal point. The proration chart will be updated. This information will be posted and an informational email will be sent to all GA staff.

5. Inconsistent Application of the \$10 Bank Account Balance Requirement

Finding

We noted one (1) client casefile out of 300 casefiles selected for testing that the client had a balance of \$10 or more within their bank account at the time of testing. Filing applicants are ineligible for general assistance cash aid if they have a bank account with \$10 or more. Per Section 37 (a) (1) (Real Property) of the Board Approved General Assistance Policy, “*An applicant or recipient shall be ineligible for general assistance if such applicant or recipient possesses an interest in personal property as described herein: cash, bank accounts, stocks, bonds, negotiable securities in excess of a cash or market value of \$10 per adult person.*” Eligibility specialists are given discretion at the time of client intake interviews when applying the rule per DHA’s Administrative Policy. As outline in Section .51 (a) (Personal Property Maximums) of DHA’s Administrative Policy, eligibility specialists are permitted to allow clients to make a one-time transfer/application of funds to apply towards the clients’ general assistance award and meet the Board Approved General Assistance Policy bank account requirement. Hence, there is inconsistency when applying the bank account requirement. Some intake eligibility specialists deny clients with \$10 or more in their bank accounts. Other intake eligibility specialists allow a one-time transfer/liquidation of bank account funds to qualify per the requirement. We were unable to determine if DHA’s Administrative Policy concerning the bank account policy was approved by the Board of Supervisors.

Recommendation

We recommend DHA adhere to the Board Approved General Assistance Policy pertaining to the \$10 bank account rule. Additionally, any policy changes related to the approval of General Assistance Cash Aid should be approved by the Board of Supervisors before being implemented. In addition, DHA should establish policy and provide training to ensure all eligibility specialists follow same procedures consistently.

Management Response

DHA is in agreement with the recommendation to adhere to the Board Approved General Assistance policy concerning property limits. DHA will provide additional training to staff on the GA manual, DHA program documents, the eligibility requirements and the data entries required in CalWIN concerning bank accounts and the transfer of property for General Assistance. We will ensure this is completed as soon as possible to prevent further inconsistency when applying the liquid asset bank account or transfer of property requirement rules.

County of Sacramento
Department of Human Assistance
Risk Assessment – General Assistance Cash Aid Program
Performance Audit
Findings and Recommendations
For the Period from July 1, 2017 to January 10, 2020

6. In-kind Adjustments Not Consistently Applied

Finding

A recipient's General Assistance Cash Aid award amount can be adjusted depending on how much in-kind support they receive from family and friends. Aid in-kind assistance can be in the form of: rental support, utilities, phone assistance, food, etc. Per Section 39 (a) (Consideration of Income) of the Board Approved General Assistance Policy, "*All income, including in-kind (with the exception of income pursuant to Section 40 of General Assistance Program Policy) received by an applicant/recipient assistance unit shall be considered as income in the month; provided that if the income is received and/or reported too late in the month to count it in calculating the current month's grant, said income shall be considered, for purposes of determining the grant, as income received in the following month.*" When a recipient discloses aid in-kind assistance, eligibility intake specialists adjust the General Assistance Cash Aid award amount based on how much aid in-kind is received. The awarded General Assistance Cash Aid amount can be different depending on how eligibility specialists apply the aid in-kind adjustment calculation. Aid in-kind general assistance cash aid adjustments should be consistently applied from recipient-to-recipient. Additionally, DHA should develop a policy whereby eligibility intake specialists have a consistent reference on how to apply aid in-kind adjustments.

Recommendation

We recommend DHA develop a consistent in-kind General Assistance Cash Aid calculation process whereby aid in-kind adjustments are consistently applied to each client.

Management Response

DHA is in agreement with the recommendation and will utilize the Automated Case Analysis System to ensure in-kind adjustments are consistently applied to each client. Additionally, a checklist will be developed by the Program Specialist for staff to utilize when determining eligibility. Training will be provided by supervisors for staff on this checklist as well as the GA manual, DHA program documents, and the data entries required in CalWIN concerning In-Kind and Shares With adjustments for General Assistance.

County of Sacramento
Department of Human Assistance
Risk Assessment – General Assistance Cash Aid Program
Performance Audit
Findings and Recommendations
For the Period from July 1, 2017 to January 10, 2020

7. Staff Overtime For Processing General Assistance Cash Aid Customers

Finding

DHA staff located at the Pat Wright Bureau (1725 28th Street), Susie Gaines-Mitchell Bureau (2450 Florin Road), and Fulton Bureau (2700 Fulton Avenue) have been working overtime twice a week and on Saturdays for an extended period of time. DHA management, supervisors, and staff contributed the use of overtime to more individuals residing within Sacramento County applying for welfare assistance. In order to accommodate the increase in demand, DHA is choosing to utilize overtime to process welfare applications instead of employing additional individuals.

Recommendation

We recommend DHA perform a detail study of its current overtime needs and determine if utilizing overtime is more cost effective and practical than hiring additional staff to meet demand. DHA may consider needs, costs, productivity, and employees' well-being for this study.

Management Response

A detailed study including all of the noted considerations from this audit could prove useful and is being considered.