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October 4, 2013

County Executive Edward A. Diana
Members of the County Legislature
County of Orange
22 Wells Farm Road
Goshen, NY 10924

Report Number: S9-13-11

Dear County Executive Diana and Members of the Legislature:

A top priority of the Office of the State Comptroller is to help officials manage their resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support operations. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations and governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard assets.

In accordance with these goals, we conducted an audit of five counties throughout New York State. The objective of our audit was to determine if counties have ensured that inmates do not receive inappropriate social welfare benefit payments. We included Orange County (County) in this audit. Within the scope of this audit, we examined the procedures of the County and various inmate records for the period January 1, 2011, to March 1, 2013. Following is a report of our audit of Orange County. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the General Municipal Law.

This report of examination letter contains our findings and recommendations specific to the County. We discussed the findings and recommendations with County officials and considered their comments, which appear in Appendix B, in preparing this report. County officials generally agreed with our findings and recommendations. Appendix C includes our comments on issues raised in the County's response. At the completion of our audit of the five counties, we prepared a global report that summarizes the significant issues we identified at all the counties audited.

Summary of Findings

The County Department of Social Services (DSS) provided inappropriate¹ Safety Net Assistance (SNA) and other social welfare benefits to inmates in the Orange County Correctional Facility (Facility) and other facilities. Specifically, we found that 134 inmates received SNA benefits totaling \$70,530, 54 inmates received Supplemental Nutrition Assistance Program (SNAP)² benefits totaling \$14,964, and 121 inmates improperly remained eligible for Medicaid benefits, 46 of which had Medicaid benefits improperly provided on their behalf for a total of \$46,327. The inappropriate benefits occurred because DSS delayed investigations and failed to use Facility reports sent by the Sheriff's Office in those investigations.

Background and Methodology

The County has approximately 372,800 residents, and the 2012 adopted budget totaled approximately \$366 million. The County is governed by an elected 21-member Legislature. The County Executive is the County's chief executive officer and is responsible for the daily operations of the County.

The County Sheriff (Sheriff) is an elected official with responsibilities that include overseeing the operation of the Facility. There are 778 beds in the Facility to house inmates from throughout the judicial system who have been remanded to the Sheriff's custody. The Facility had an average daily inmate population of 587 in 2011. For the scope period, the County had 11,100 bookings (admissions).

The DSS administers all social service programs. The DSS determines the initial eligibility of applicants in the County and is responsible for monitoring the continuing eligibility of all recipients. It also investigates applicants and recipients for potentially erroneous statements and fraud. The County provides social welfare benefits to eligible individuals through programs such as SNA, SNAP, Home Energy Assistance Program, and Medicaid.³ In December 2012, the County reported 3,303 SNA recipients.

While receiving social welfare benefits, an individual's eligibility may change for many reasons, including incarceration. Several programs have laws that restrict program eligibility for inmates. For instance, Social Services Law, Article 5, Title 3, Section 157, "provides for safety net assistance to be provided to various classes of individuals but excludes hospital or institutional care."⁴ SNA benefits are paid bimonthly on the first and the 15th of the month.⁵ A county typically attempts to suspend benefits during the next payment cycle after an individual is incarcerated. While inmates are generally ineligible to receive social welfare benefits while incarcerated, they may reapply upon release.

¹ Inappropriate benefit payments are those payments made or benefits provided for the first controllable payment and generally thereafter for inmates whose eligibility had changed due to incarceration periods greater than 30 days.

² Formally known as the Food Stamp Program

³ See Appendix A for more information about available benefits.

⁴ Per correspondence from the New York State Office of Temporary and Disability Assistance (OTDA), institutional care is defined as correctional facilities and prisons.

⁵ Recurring benefit payments are made according to the schedule provided to counties by OTDA.

Monitoring the location and incarceration status of county inmates is challenging. Inmates may be incarcerated for short periods (less than one year) because they are awaiting trial and/or sentencing, or they may be serving short court-ordered sentences. As a result, their status changes frequently. The county where an inmate resided before incarceration must monitor the inmate's continuing eligibility. Inmates who are incarcerated in a county other than the one monitoring their eligibility may pose the highest risk of receiving inappropriate benefits.

To complete our objective we interviewed DSS staff, Sheriff's Office officials, and other County staff; reviewed monitoring procedures; obtained benefit information from OTDA; and determined whether County inmates received inappropriate social welfare and other benefits. Due to limitations in the way we could search information in the Welfare Management System (WMS) maintained by the County and OTDA, we first checked whether inmates received SNA benefits. If an inmate received SNA benefits, we then also examined his or her eligibility for other social welfare benefits. However, we did not check any benefit payments unless an inmate received SNA. We conducted this performance audit in accordance with generally accepted government auditing standards. More information on such standards and the methodology used in performing this audit is included in Appendix D of this report.

Audit Results

The County should ensure that Facility inmates do not receive inappropriate social welfare benefits by establishing procedures that monitor eligibility in a timely manner. While the County does have some internal control procedures in place to ensure that the DSS does not provide inappropriate social welfare benefits to inmates housed at the Facility, those procedures did not prevent inappropriate benefit payments.

Each week, the Facility provides an automated⁶ report identifying County inmates to the Special Investigation Unit within DSS. The report is made available to DSS staff responsible for SNAP and Medicaid cases as a starting point to investigate the appropriateness of benefits provided. However, the report is not provided to DSS staff overseeing SNA benefit cases. Inmates receiving social welfare benefits might also be incarcerated in a county or State facility located outside of the county providing benefits. For those inmates, OTDA matches State and local prison records⁷ to the WMS – which each DSS updates with case information on individuals receiving benefits – and from this match provides a monthly Prison Match Report (PMR) to each county. Each county is required to review the case files of the individuals on the PMR to determine if benefits are appropriate and report its resolutions for each individual to OTDA. This control measure reduces the risk of long-term inmates receiving inappropriate benefits while incarcerated and facilitates detection of inmates incarcerated in other counties who are receiving potentially inappropriate benefits. However, the PMR includes only sentenced individuals, not those awaiting trial and sentencing.

⁶ County Corrections emails one report that lists all inmates in alphabetical order.

⁷ The local prison records included are for sentenced inmates who are generally incarcerated more than 30 days.

To test these internal controls, we compared all 11,100 Facility bookings against the WMS to identify inmates that received SNA benefits while incarcerated. We found 133 inmates⁸ that the County was responsible for monitoring had received SNA benefits before incarceration and received inappropriate SNA benefits while being incarcerated totaling \$70,244.⁹ For example:

- An individual incarcerated February 21, 2012, through April 24, 2012, received inappropriate benefit payments throughout incarceration. This individual's case was not closed, resulting in inappropriate payments totaling \$3,964.
- A second individual, incarcerated on March 30, 2012, and released on May 4, 2012, also received inappropriate benefit payments throughout incarceration. This individual's case was not closed, resulting in inappropriate payments totaling \$3,153.
- Another individual was incarcerated on June 11, 2012, and released on February 7, 2013. The DSS discontinued benefits on December 31, 2012, over seven months after the individual became incarcerated. The inappropriate payments lasted for 220 days during the individual's incarceration and totaled \$2,645.

In addition, to review inmates receiving SNA from the County but incarcerated in another county's correctional facility, we reviewed the PMR files for January through November 2012. We found one individual, incarcerated on November 24, 2011, and released on February 22, 2012, received inappropriate SNA benefit payments of \$286 and an inappropriate SNAP payment of \$144.

Further, 53 inmates received inappropriate SNAP benefits totaling \$14,820, and 121 inmates improperly remained eligible for Medicaid benefits. Of these 121 inmates, 46 inmates had Medicaid benefits improperly provided on their behalf totaling \$46,327. DSS officials attributed the inappropriate payments to staff not using the weekly inmate report and delaying the investigation of potential cases.

Recommendations

1. DSS officials should develop a process to investigate the appropriateness of the social welfare benefits provided to County inmates in a timely manner.
2. DSS officials should ensure they retain and use the Sheriff's weekly inmate rosters to monitor County inmate eligibility.

The County Legislature has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and forwarded to our office within 90 days, pursuant to Section 35 of the General Municipal Law. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. The County Legislature should make the CAP available for public review in the Clerk's office.

⁸ We excluded inmates incarcerated in the Facility for 30 days or less.

⁹ Seventeen individuals received inappropriate SNA benefits totaling over \$1,000 each.

Our office is available to assist you upon request. If you have any further questions, please contact Ann Singer, Chief of Statewide Projects, at (607) 721-8306.

Sincerely,

Andrew A. SanFilippo
Executive Deputy Comptroller
Office of State and Local Government
Accountability

APPENDIX A

SOCIAL SERVICE PROGRAMS EXAMINED

Temporary Assistance – Temporary Assistance (TA) is temporary help for needy men, women and children. If the individual (client) is unable to work or cannot find a job, or if the job does not pay enough, TA may be able to help pay for expenses.

Family Assistance – Family Assistance (FA) is a category of TA. It provides cash assistance to eligible needy families that include a minor living with a parent(s) or a caretaker relative. There is a 60-month maximum benefit and eligible adults must comply with Federal work requirements to receive FA.

Safety Net Assistance – Safety Net Assistance (SNA) is a category of TA. It is provided to needy single adults; childless couples; children living apart from any adult relative; families of persons abusing drugs or alcohol; families of persons refusing drug/alcohol screening, assessment, or treatment; aliens who are eligible for TA who are not eligible for Federal reimbursement; and needy individuals and families who may have exhausted benefits from FA.

SNA recipients are limited to two years of cash benefits (debit cards) after which, if an individual continues to be eligible, benefits are provided in a non-cash form, such as a two-party check or a voucher. There is no time limit on how long an individual may receive non-cash SNA. The SNA allowance consists of a basic grant, a shelter allowance,¹⁰ a home energy allowance, a supplemental home energy allowance, and a fuel allowance if heat is not included in rent. Each allowance category has a maximum and varies according to family size. Additional allowances may be provided if certain special needs are met. Eligibility is primarily determined using an asset and financial means test. SNA recipients who are able to work must comply with work requirements to continue receiving benefits.

Supplemental Nutrition Assistance Program – The Supplemental Nutrition Assistance Program (SNAP) is the new name for the Food Stamp Program (effective August 29, 2012). SNAP issues monthly benefits that can be used to purchase food at authorized retail food stores. SNAP benefits help low-income working people, senior citizens, the disabled, and others feed their families.

Medicaid – Medicaid is a Federal/State health insurance program for low-income individuals and families who cannot afford to pay for medical care.

Home Energy Assistance Program – The Home Energy Assistance Program (HEAP) is a federally funded program that assists eligible households in meeting their home energy needs. HEAP operates on a seasonal basis from November to April. Households with income within the guidelines can receive assistance with heating fuel. Checks are sent directly to the fuel dealer that the recipient chooses.

¹⁰ The shelter allowance amount can vary by county.

APPENDIX B

RESPONSE FROM COUNTY OFFICIALS

The County officials' response to this audit can be found on the following pages.



Edward A. Diana
County Executive

DEPARTMENT OF SOCIAL SERVICES

David Jolly
Commissioner

Box Z, Quarry Road
Goshen, NY 10924
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March 27, 2013

[REDACTED]
Principal Examiner
New York State Office of the Comptroller
110 State Street
Albany, N.Y. 12236

Dear [REDACTED]

We are writing today in response to the preliminary draft findings issued to the County of Orange for the County Inmates Receiving Inappropriate Benefits While Incarcerated Audit, conducted between September of 2012 and March of 2013.

The Orange County Department of Social Services does not dispute the findings related to the audit but would like to add a few points of understanding to be included in the final report.

Thank you for your time and consideration on this issue.

Respectfully;

David Jolly¹
Commissioner

Enc.

Response:

The Orange County Department of Social Services does not dispute the findings related to the audit and would like to add a few points of understanding to be included in the final report.

The first, and primary, point is the lack of accountability in the audit dedicated to the existing process of prison matches through the Office of Temporary Disability Assistance. The results of the audit clearly identified that the current process, which includes the County receiving lists of inmates from the Office of Temporary Disability Assistance, is insufficient to appropriately safeguard benefits for consumers who enter a correctional facility. While the audit briefly mentions this process, it is important to understand that Orange County, like many Counties across the State, relies heavily upon the lists provided by the State to safeguard benefits. However, it has become clear that the process alone was insufficient to maintain the integrity of the program. It is our belief that the audit report could have highlighted this process, as well as weaknesses associated with that process, which lead to a finding of consumers receiving benefits when incarcerated.

During the exit conference we learned of the distinction the State makes between incarcerated individuals and sentenced individuals; an individual entering jail is considered to be incarcerated, but is not reported to the Department until sentencing. This distinction proved to be significant, as many individuals enter Orange County Jail and remain for an extended period of time until they are reported to the Department. The Department has always been timely and compliant with matching the Prison Match List provided by OTDA, but due to the distinction between sentenced individuals and incarcerated individuals, this list was insufficient in safeguarding eligibility-based programs. While the Comptroller's review mentions the Prison Match List, it fails to mention the inherent weakness in this list, nor does it mention that the Department was compliant with conducting these matches when received.

See
Note 1
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See
Note 2
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In addition, the Department did receive lists from the Orange County Jail of inmates in hard copy prior to the audit. This resulted in a list, at times containing 700 names that had to be manually cross-referenced with an Orange County caseload for Supplemental Nutrition Assistance, Medicaid and Cash Assistance that exceeds 80,000 individuals. This matching process, simply based on the volume of both lists, created a unique situation in which the Department was unable to match individuals on both lists on a weekly basis, since the resources required to conduct such a manual match are not available to the Department. The changing nature of the list also presents a unique situation, as individuals enter jail with great frequency, producing high rates of turnover which can be very difficult to match.

Lastly, in some cases where a benefit was inappropriately paid either to a Medicaid Managed Care company (premium) or to an individual, the benefit is recouped upon learning of the individual's incarceration. In these cases, when the State list is distributed and matched by the Department, Managed Care premiums that had been paid are recouped and funds are returned to the Department. In these cases, the Comptroller's Audit fails to mention the recoupment process and did not account for the return of these funds to the Department.

See
Note 3
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Recommendations and Corrective Action:

The Department agrees with the Comptroller that a timely process to investigate the appropriateness of the social welfare benefits provided to County inmates must be developed. The Department had developed such a process prior to the conclusion of the audit. The Sheriff's Department and the Department of Social Services created an automated matching process by linking the database used to report inmates and the Welfare Management System. This process automatically matches the individual's name, date of birth and other unique identifiers with a report run through the Welfare Management System, generating a list that produces automatic matches. In addition, the newly created process also tracks the date of admission and length of stay, as many inmates remain eligible for benefits while incarcerated if they are discharged from the jail within a 30-day period of time.

The Department's revised process was implemented near the end of February and has provided significantly improved results, as the match process has been automated and automatically sends matches to the required office for appropriate case action. During the initial week of implementation, 40 individuals were identified and case actions were processed within a week to safeguard the eligibility-based program. Not all cases were closed, but each case was reviewed, and based on their length of stay and the unique situation of the individual, the appropriate case action was taken.

With regard to the recommendation that the Department should ensure that the Sheriff's weekly roster is monitored, the new process already in place effectively ensures that the report sent by the Sheriff is responded to within the week. At present this automated match is conducted on a weekly basis, but we would expect the report to grow smaller over time. This would allow the Department to conduct the match near the end of each month prior to the Managed Care pulldown date established by the NYS DOH, which would ensure a benefit, is not released from the Department.

The Department is confident that the required corrective action is currently in place to maintain the integrity of eligibility-based programs. The Department has provided comments on the weakness inherent in the process used prior to the audit, as stated previously. The findings are not in dispute and the Department appreciates the time and resources dedicated through the Comptroller's Office in identifying a weakness within our system and assisting the Department in understanding the weakness of the Prison Match Process. We are confident that our current system is producing a timely, effective matching process which will ensure the integrity of eligibility-based programs in the future.

APPENDIX C

OSC COMMENTS ON THE COUNTY'S RESPONSE

Note 1

The PMR does not contain unsentenced inmates. However, it is the only mechanism available to monitor the eligibility of inmates receiving benefits from the County but incarcerated in other counties. We did not audit the accuracy of the PMR. Our testing included reviewing the inmates on the PMR, for the months January 2012 through November 2012, to determine if the County investigated the SNA cases provided by OTDA for inmates incarcerated outside the County, but receiving benefits through the County.

Note 2

This report details our review of the PMR process in the County and our finding that one individual received inappropriate benefits. The report discusses the limitations of the PMR, including that the PMR includes only sentenced inmates.

Note 3

When calculating the inappropriate Medicaid benefits, we took into account the recoupment identified by the County and did not include those amounts in the total reported.

APPENDIX D

AUDIT METHODOLOGY AND STANDARDS

We interviewed County personnel in the Sheriff's Office and DSS to determine if a process for matching benefit recipients to current social welfare records exists and if information regarding inmates is exchanged between the Facility and DSS.

To review the appropriateness of SNA benefits provided by the County for inmates incarcerated at the Facility, we submitted a list of inmates for the scope period to OTDA, after eliminating all inmates with five or fewer days of incarceration from our sample. OTDA provided a report of the social welfare benefits history for all inmates submitted. Social security numbers, names, and dates of birth, if available, were used for the comparison. We eliminated any inmates incarcerated less than 30 days. We compared all Facility inmates on the WMS report who received SNA for the scope period and reviewed each case against DSS records. We then reviewed each case file to determine whether any inmate had received individual case SNA benefits while incarcerated. If so, we compared the SNA payment issue date to the incarceration period, eliminating timing issues. We also determined whether the inmates received other benefits during incarceration. We reviewed each case with DSS officials to determine the appropriateness of the benefits provided. We did not check any benefit payments unless an inmate received SNA.

The testing was limited to the inmates incarcerated in the Facility, with matching of records to the WMS based on social security numbers, names, and dates of birth, if available. Other county DSS throughout the State may have provided benefits to inmates incarcerated in the Facility; however, these were not included in our testing.

To review the appropriateness of SNA benefits provided by the County to inmates incarcerated in other county correctional facilities, we received a file from OTDA of prison matches for January through November 2012. We identified inmates located in other county correctional facilities and whether SNA benefit case files were matched. If so, a review was completed with the DSS to determine the appropriateness of the SNA benefits and any other benefits provided. This scope did not include specifically auditing the appropriateness of SNA benefits provided by other county DSS for inmates incarcerated in the County Facility.

For the purposes of this audit, we defined inappropriate benefit payments as those payments made or benefits provided for the first controllable payment and generally thereafter for inmates whose eligibility had changed due to incarceration periods of more than 30 days. For rent payments, we did not include the month of incarceration or any recoupment identified by the County when calculating inappropriate payments. We chose this standard because county DSS receive monthly prison information reports from OTDA, which precludes them, in many instances, from making quicker eligibility determinations locally.

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 audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.