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October 4, 2013

Chairwoman Judith Dagostino
Schenectady County Legislature
Legislative Offices
620 State Street, 6th Floor
Schenectady, NY 12305

Report Number: S9-13-13

Dear Chairwoman Dagostino 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 Schenectady 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 February 13, 2013. Following is a report of our audit of the 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 the recommendations and indicated they planned to take corrective action. At the completion of our audit of the five counties, we prepared a global report that summarized 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 Schenectady County Correctional Facility (Facility). Specifically, we found that 19 inmates received SNA benefits totaling \$9,076, five inmates received Supplemental Nutrition Assistance Program (SNAP)² benefits totaling \$1,218, and 13 inmates improperly remained eligible for Medicaid benefits, six of which had Medicaid benefits improperly provided on their behalf totaling \$4,994. The inappropriate benefits were attributed to DSS employees having to prioritize available resources, maintaining vendor relations, and delaying investigations.

Background and Methodology

The County has approximately 155,000 residents, and the 2012 adopted budget totaled approximately \$248 million. The County is governed by an elected 15-member Legislature. The Chair of the Legislature 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 378 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 317 in 2011. For the scope period, the County had 4,960 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 1,631 SNA recipients.⁴

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."⁵ SNA benefits are paid bimonthly on the first and the 15th of the month.⁶ 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 Formerly known as the Food Stamp Program

³ See Appendix A for more information about available benefits.

⁴ New York State Office of Temporary and Disability Assistance (OTDA) Statistics, December 2012, Table 7, found at www.otda.ny.gov/resources/caseload

⁵ Per correspondence from OTDA, institutional care is defined as correctional facilities and prisons.

⁶ 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 C 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. Although the County has internal control procedures in place to ensure that the DSS does not provide inappropriate benefits to inmates housed at the Facility, those procedures did not prevent inappropriate benefit payments.

The Facility provides an automated⁷ report that identifies County inmates to DSS on a daily basis. DSS staff use the report as the starting point to investigate the appropriateness of social welfare benefits provided. Inmates receiving social welfare benefits might also be incarcerated in a county or State facility located outside of the county providing the benefits. For those inmates, OTDA matches State and local prison records⁸ 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 resolution 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.

To test these internal controls, we compared all 4,960 Facility bookings against the WMS to identify inmates that received SNA benefits while incarcerated. We identified 100 inmates⁹ who received SNA benefits before incarceration that the County was responsible for monitoring. We found 19 of these inmates received inappropriate SNA benefits totaling \$9,076 while incarcerated. For example:

⁷ The Facility emails one report, the Inmate Master List, which includes all inmates incarcerated at the Facility.

⁸ The local prison records included are for sentenced inmates who are generally incarcerated more than 30 days.

⁹ We excluded inmates incarcerated 30 days or less in the Facility.

- An individual incarcerated on April 16, 2012 and released on July 23, 2012 received inappropriate benefit payments during the 98-day incarceration. The inappropriate payments totaled approximately \$1,310.
- Another individual was incarcerated on February 9, 2012 and released on June 7, 2012. The DSS discontinued the benefits on April 18, 2012; over two months after the individual became incarcerated. This individual received \$640 in inappropriate benefits.

In addition, to review inmates receiving SNA from the County but incarcerated in another county correctional facility, we reviewed the PMR files for January through November 2012. We did not identify any inmates receiving SNA from the County that were incarcerated in another county correctional facility.

Further, five of the 19 inmates who received inappropriate SNA benefits received inappropriate SNAP benefits totaling \$1,218, and 13 inmates' cases were not suspended for Medicaid eligibility. Six of these 13 inmates had improper benefits provided on their behalf totaling \$4,994. DSS officials attributed the inappropriate payments to having to prioritize available resources, maintaining vendor relations, and delaying the investigation of potential cases by DSS staff.

Recommendations

1. DSS officials should investigate the appropriateness of the social welfare benefits provided to County inmates in a timely manner.
2. DSS officials should ensure they use the Sheriff's Office daily 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.

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.

COUNTY OF SCHENECTADY



KATHLEEN ROONEY
COUNTY MANAGER

OFFICE OF THE COUNTY MANAGER
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April 22, 2013

Ms. Ann Singer
New York State Office of the State Comptroller
State Office Building
44 Hawley Street
Binghamton, New York 13901-4417

Dear Ms. Singer:

This letter is in response to the New York State Comptroller's audit related to the County inmates and Safety Net benefits. We would first like to extend our appreciation to the audit staff for the professionalism afforded us during the audit process.

The Schenectady County Department of Social Services administers New York State's Safety Net program. Schenectady County always strives to manage program costs through a variety of strategies. For the Safety Net Program, four of our top strategies are to:

- Prevent, detect and address fraud, waste and abuse
- Assist applicants and recipients to secure employment;
- Maximize alternative systems of support; and
- Maintain eligible recipients in the least restrictive and most cost effective service model

As identified during the audit process, Schenectady County had in place a process to avoid Safety Net payments to incarcerated individuals as part of the fraud, waste and abuse prevention strategy. Inmate rosters were provided by the Schenectady County Sheriff to the Department of Social Services. Social Services staff reviewed the rosters and dis-enrolled ineligible clients. As the audit found, the process resulted in avoided costs exponentially greater than the errors found in the audit. 97% of the cases were closed and significant costs were avoided.

The Safety Net findings in the audit totaled \$9,076 for a 22 month period. On an annualized basis, this averages to \$4,930 per year in a program that totals more than \$6,000,000 per year (less than 1/10th of 1% of the total cost). Of the \$9,076 in Safety Net findings, approximately \$1,700 has been or is currently being recouped. The remaining Safety Net findings for the 22 month period included \$4,620 in payments made to landlords or service providers and \$2,756 in payments to clients after the date of incarceration.

Schenectady County strives for ongoing improvement. Based on audit review, Schenectady County has already enhanced its systems to further prevent inappropriate payments. The Department of Social Services has instituted an electronic match between the correctional facility roster and the NYS Welfare

Management System data. This will assure a more accurate and efficient matching of inmates to DSS rosters.

As part of the audit process, the Schenectady County team conducted a process review to identify the optimal systems improvements. Based on this process, Schenectady County respectfully requests consideration by the New York State Office of Temporary Assistance and Disability to work with the Commission of Corrections to develop and generate the matching reports and automatically distribute the reports to local department of social services. This would be the most efficient mechanism to identify inappropriate cases.

In summary, we believe the Schenectady County Department of Social Services had an effective system in place; however, the Office of the State Comptroller audit process generated new thinking resulting in further system enhancements which we anticipate will result in cost savings for the taxpayers of Schenectady County.

Sincerely,

Kathleen Rooney
County Manager

CC: Honorable Judith Dagostino, Chair, Schenectady County Legislature
Honorable Members of the Schenectady County Legislature
Dennis Packard, Commissioner of Social Services
Dominic Dagostino, County Sheriff
Julie McDonnell, County Auditor

APPENDIX C

AUDIT METHODOLOGY AND STANDARDS

We interviewed County personnel in the Sheriff's Office and the 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 30 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 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 inmates 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 testing.

To review the appropriateness of SNA benefits provided by the County for 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 DSS to determine the appropriateness of the SNA benefits and any other benefits provided. The audit scope did not include specifically auditing the appropriateness of SNA benefits provided by other county DSS for inmates incarcerated in the 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.