



**Department of Legislative Services
Office of Legislative Audits**

**Department of Human Services (DHS) -
Family Investment Administration (FIA)**

Report Dated March 21, 2019



Report Overview

- The audit report covers FIA activity during the period from November 25, 2013 and ending April 30, 2017. The audit report contained 8 findings, including 4 repeat findings from the prior audit report.
- FIA oversees a number of public assistance programs administered by the 24 local department of social services (LDSSs) including the Temporary Cash Assistance (TCA) Program, Home Energy Assistance Program, and the Supplemental Nutrition Assistance Program (SNAP).
- According to DHS' records, payments made for programs under FIA's oversight totaled approximately \$1.3 billion during fiscal year 2017.



Key Findings

- FIA allowed certain recipients to continue to receive TCA benefits beyond the allowable 5-year federal and State lifetime limit at an estimated annual cost of at least \$6.6 million.
- FIA did not ensure that the LDSSs conducted timely and appropriate follow-up on certain computer match alerts designed to help ensure recipient eligibility and to detect potential fraud.
- FIA did not ensure that all social security number alerts of numbers that could not be verified to federal records were recorded in its computer system, and did not adequately follow-up when LDSSs did not conduct quality assurance reviews designed to help ensure compliance with legal and regulatory requirements.
- FIA did not adequately monitor costs and deliverables for contracts and agreements.



Temporary Cash Assistance (Finding 1)

FIA routinely extend TCA benefits to recipients beyond the time allowed by federal and State regulations. These regulations limit the benefits to a recipient to five years, unless a hardship exemption was granted.

- FIA's computer system automatically extended the benefits beyond the five years. Management at two LDSSs informed us that no procedures were in place to limit benefits to recipients with documented hardships.
 - According to FIA records, during fiscal year 2016, there was an average of 1,900 recipients each month receiving benefits beyond the five-year period. Our test of 10 recipients who received benefits for 5.5 to 14 years beyond the five years disclosed that none had exemptions on file.
 - Based on the lowest valued TCA benefit, the cost of benefits to the aforementioned 1,900 recipients totaled at least \$6.6 million annually.
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Computer Matches (Findings 2 & 3)

FIA did not ensure appropriate follow-up was taken for computer alerts of possible ineligible recipients.

- Our test of 31 alerts disclosed that the LDSSs did not take appropriate action for 29 alerts (Finding 2).
 - LDSS did not sufficiently pursue 22 alerts of 10 recipients receiving concurrent benefits in Maryland and another state.
 - LDSSs did not record in its computer system the federal income identified in 7 alerts to determine whether the income would have affected the related benefits.
 - Our review of the results of social security number matches for the period from July 2015 to December 2016, disclosed that only 1,762 of the 76,526 match results were recorded in FIA's computer system for subsequent review. FIA had no documentation showing the disposition of the remaining match results (Finding 3).
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Quality Assurance Programs (Finding 4)

- FIA did not take adequate follow-up action when LDSSs failed to conduct the required number of quality assurance reviews related to FIA programs (**Repeat Finding**). For example, during fiscal year 2016, 12 of the 24 LDSSs failed to conduct the required number of reviews. While FIA initiated follow-up with the LDSSs regarding the missing reviews, it did not ensure that the reviews were subsequently completed.
- FIA did not ensure that errors identified during its own quality assurance reviews were corrected. For example, our test of 15 Temporary Disability Assistance Program cases for which FIA conducted quality assurance reviews disclosed that for 13 cases, FIA did not take timely corrective action or follow-up with the LDSSs.
- These quality assurance programs, when properly conducted, are an aid in identifying and reducing payments to ineligible recipients.



Contract Monitoring (Finding 6)

FIA did not adequately monitor costs and deliverables for certain contracts and agreements related to its public assistance programs (**Repeat Finding**). During our audit period, FIA was responsible for procuring and administering 198 centralized contracts and agreements valued at \$199.6 million and the LDSSs had 62 contracts and agreements totaling \$45.7 million (directly related to FIA's public assistance programs).

- For centralized contracts and agreements, FIA did not obtain documentation that deliverables were received and amounts invoiced were proper for 12 of the 15 invoices tested totaling \$14.6 million.
 - FIA did not have a process to oversee and approve LDSS contracts and agreements. All five LDSS contracts and agreements tested valued at \$29.9 million were not monitored or approved by FIA, nor were the LDSSs effectively administering the agreements, certain of which were used to circumvent the State budgetary process.
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Other Findings

Finding 5 - Temporary Disability Assistance Program

FIA did not always obtain required documentation from Temporary Disability Assistance Program recipients and did not close certain cases timely, allowing improper payments to be used (**Repeat Finding**).

Finding 7 – Grants Management

FIA did not verify that grant funds were spent as intended (**Repeat Finding**). FIA provides grants to a network of community and faith-based organizations, LDSSs, and other State and local agencies. In fiscal year 2017, FIA made grant payments totaling approximately \$12.8 million to 369 grantees.

Finding 8 – System Access

FIA did not periodically review and adequately restrict user access to its Office of Home Energy Programs computer system, resulting in several hundred employees with unnecessary access to recipients' personally identifiable information.



Conclusions

FIA should:

- terminate TCA benefits to all recipients after five years unless there is a documented hardship exemption;
- conduct timely and appropriate follow-up of computer matches and alerts;
- ensure appropriate follow-up action is taken on quality assurance reviews;
- establish procedures to ensure that all contract and agreement deliverables are received; and to oversee and approve LDSS public assistance contracts and agreements; and
- take appropriate action to address the remaining findings in our report.