

RIVERSIDE COUNTY DEPARTMENT OF PUBLIC SOCIAL SERVICES

Audit Report

CASH ASSISTANCE PROGRAM FOR IMMIGRANTS (CAPI)

July 1, 2006, through June 30, 2007



JOHN CHIANG
California State Controller

September 2009



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California State Controller

September 25, 2009

Susan Lowe, Director
Department of Public Social Services
Riverside County
4060 County Circle Drive
Riverside, CA 92503

Dear Ms. Lowe:

The State Controller's Office audited the Riverside County Department of Public Social Services costs claimed for the active Cash Assistance Program for Immigrants (CAPI) for the period July 1, 2006, through June 30, 2007.

The county paid \$153,646 in cash assistance to unqualified recipients. The county neither determined eligibility nor conducted timely redeterminations, yet continued to provide cash assistance to ineligible individuals. Beginning with FY 2006-07, the county redetermined eligibility and terminated benefits for approximately 200 ineligible beneficiaries. However, the county mistakenly deemed ineligibility to be "without faults," meaning the county classified these as administrative errors. Thus, the county took no action to record, report, and collect the overpaid benefits. In addition, county records revealed additional recorded but unreported overpayments of \$1,618.

Furthermore, 2 of the 25 sampled 94 CAPI beneficiaries revealed that cash assistance continued even though the beneficiaries had subsequently become disabled. CAPI guidelines provide that qualified aliens who were lawfully residing in the United States on August 22, 1996, and who are determined disabled or blind as defined for Social Security Income/State Supplemental Payments (SSI/SSP) are eligible for SSI/SSP benefits. Had the county taken the necessary steps, approximately \$17,112 of the CAPI benefits annually paid for the sampled cases could have been reimbursed by the SSA, relieving the State of its General Fund obligation.

We issued our draft report for this audit on July 17, 2009. Patricia Kendrick, Regional Manager, Region II, Adult Protective Services, Riverside County Department of Public Social Services, responded on September 1, 2009, agreeing with the audit results.

If you have any questions, please contact Les Lombardo, Chief, Special Audits Bureau, at (916) 323-1770.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/vb

Attachment

cc: Patricia Kendrick, Regional Manager
Department of Public Social Services
Riverside County
Kathryn Seabrook, Supervisor, Eligibility Support
Department of Public Social Services
Riverside County
Sharon Nieman, External Audit Coordinator
Administration Division
California Department of Social Services
Honorable Robert E. Byrd
Auditor-Controller
Riverside County

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Audit Report

Summary

The State Controller's Office (SCO) audited the Cash Assistance Program for Immigrants (CAPI) benefits paid and claimed by the Riverside County Department of Public Social Services for the period July 1, 2006, through June 30, 2007.

The county paid \$153,646 in cash assistance to unqualified recipients. The county neither determined eligibility nor conducted timely redeterminations, yet continued to provide cash assistance to ineligible individuals. Beginning with FY 2006-07, the county redetermined eligibility and terminated benefits for approximately 200 ineligible beneficiaries. However, the county mistakenly deemed ineligibility to be "without faults," meaning the county classified these as administrative errors. Thus, the county took no action to record, report, and collect the overpaid benefits. In addition, county records revealed additional recorded but unreported overpayments of \$1,618.

Furthermore, 2 of the 25 sampled 94 CAPI beneficiaries revealed that cash assistance continued even though the beneficiaries had subsequently become disabled. CAPI guidelines, in effect, provide that qualified aliens who were lawfully residing in the United States on August 22, 1996, and who are determined disabled or blind as defined for Social Security Income/State Supplemental Payments (SSI/SSP) are eligible for SSI/SSP benefits. Had the county taken the necessary steps, approximately \$17,112 of the CAPI benefits annually paid for the sampled cases could have been reimbursed by the SSA, relieving the State of its General Fund obligation.

Background

Prior to the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193), non-citizens along with citizens were eligible to receive SSI/SSP benefits. P.L. 104-193 eliminated SSI/SSP eligibility for most non-citizens.

In order to allow non-citizens to continue receiving public assistance, California lawmakers enacted Assembly Bill (AB) 2779, Chapter 329. The new law established a 100% state-funded Cash Assistance Program for Immigrants (CAPI) by adding sections 18937 through 18944 to the Welfare and Institutions Code effective October 1, 1998. These statutes provide that the California Department of Social Services (CDSS) must establish a county or county consortia-administered program to provide cash assistance to aged, blind, and disabled legal immigrants who meet the SSI/SSP immigration status requirements in effect on August 21, 1996, and all other SSI/SSP eligibility requirements in effect.

On July 22, 1999, AB 1111 and Senate Bill (SB) 708 were signed into law. These bills extended and expanded the CAPI program. AB 1111 extended the program indefinitely and exempted the sponsor's source of income for immigrants who are victims of abuse by their sponsor or sponsor's spouse. Furthermore, this bill established a time-limited CAPI eligibility for new entrants, those who entered the United States on or after August 22, 1996, but who do not have a sponsor, or have a sponsor

who does not meet the sponsor restrictions for new entrants, but meet all CAPI eligibility requirements. New entrants were eligible for benefits from October 1, 1999, through September 30, 2000. Subsequently, the time-limited CAPI was extended for another year. AB 429 (Chapter 111, Statutes of 2001) eliminated the sunset date for time-limited CAPI eligibility.

For immigrants eligible for time-limited CAPI benefits, SB 708 changed the sponsor deeming period to five years regardless of which Affidavit of Support the sponsor signed. The five-year sponsor deeming process starts from the date the sponsor executed the affidavit or the date of the immigrant's arrival in the United States, whichever is later. AB 429 extended the sponsor deeming to a ten-year period for CAPI applicants who entered the United States on or after August 22, 1996, who do not meet sponsor restrictions as defined for Aid Code 6M, as shown below.

CDSS requires each participating county to provide monthly and quarterly reports for CAPI caseloads and payments. CDSS requires that CAPI cases be identified and reported under the following Aid Codes:

- **1A:** Non-citizens who entered the United States prior to August 22, 1996, meet the federal definition of Qualified Alien, and who are age 65 or older.
- **6K:** Non-citizens who entered the United States prior to August 22, 1996, and meet the previous Federal Permanent Residence Under Color of Law requirements, but not the Qualified Alien requirements.
- **6M:** Sponsored immigrants who entered the United States on or after August 22, 1996, and the sponsor is deceased or disabled, or the immigrant is a victim of abuse either by the sponsor or sponsor's spouse.
- **6T:** Previously time-limited, but now extended, CAPI. Non-citizens who entered the United States on or after August 22, 1996, who do not meet the sponsor restrictions in the definition of Aid Code 6M and who meet either the Federal definition of Qualified Alien or the previous Federal definition of Permanent Resident Under Color of Law.

Federal and State regulations that govern the SSI/SSP program govern CAPI eligibility. Payment amounts to recipients are \$10 less than the corresponding SSI/SSP payment standards. Once eligible, the law provides for periodic redeterminations.

CDSS has established eligibility and assistance standards for the CAPI program. Participating counties and consortia administer the program. On a monthly basis, counties submit invoices to CDSS to seek reimbursement for the monthly payments to beneficiaries.

Objectives, Scope, and Methodology

We conducted the audit to determine if the funds disbursed by the State and expended by the county for the CAPI program were in accordance with the policies and procedures prescribed by the CDSS. We reviewed the cash payments awarded to active beneficiaries for the period of July 1, 2006, through June 30, 2007. Eligibility, redetermination, and cash payments were reviewed from eligibility inception. Our scope included, but was not limited to, determining whether cash benefits claimed were supported by appropriate county records.

We conducted this performance audit pursuant to our audit authority under Government Code section 12410 and in accordance with generally accepted governmental auditing standards (GAGAS). 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.

We limited our audit scope to planning and performing audit procedures necessary to obtain reasonable assurance that benefits paid and claimed were in accordance with CDSS program guidelines. Accordingly, we examined transactions, on a test basis, to determine whether the costs claimed were supported.

We restricted our review of the internal controls to gaining an understanding of the CAPI transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

We asked the county's representative to submit a written representation letter regarding the CAPI Program's accounting procedures and financial records as recommended by the GAGAS. However, the county did not submit a representation letter.

Conclusion

The county approved and paid \$153,646 in cash assistance to unqualified recipients. The county neither determined eligibility nor conducted timely redeterminations, yet continued to provide cash assistance to ineligible individuals. Beginning with FY 2006-07, the county redetermined eligibility and terminated benefits for approximately 200 ineligible beneficiaries. However, the county mistakenly deemed ineligibility to be "without faults," meaning the county classified these as administrative errors. Thus, the county took no action to record, report, and collect the overpaid benefits. In addition, county records revealed additional recorded but unreported overpayments of \$1,618.

Furthermore, 2 of the 25 sampled 94 CAPI beneficiaries revealed that cash assistance continued even though the beneficiaries had subsequently become disabled. CAPI guidelines provide that qualified aliens who were lawfully residing in the United States on August 22, 1996, and who are determined disabled or blind as defined for Social Security Income/State Supplemental Payments (SSI/SSP) are eligible for SSI/SSP benefits. Had the county taken the necessary steps, approximately \$17,112 of the CAPI benefits annually paid for the sampled cases could have been reimbursed by the SSA, relieving the State of its General Fund obligation.

**Views of
Responsible
Officials**

We issued our draft report for this audit on July 17, 2009. We contacted Patricia Kendrick, Regional Manager, Region II, Adult Protective Services, Riverside County Department of Public Social Services, by telephone on September 1, 2009. Ms. Kendrick agreed with the audit results and declined to provide a written response to the draft report.

Restricted Use

This report is solely for the information and use of the Riverside County Department of Public Social Services, the Riverside County Auditor-Controller, the California Department of Social Services, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

September 25, 2009

**Schedule 1—
Summary of Beneficiary Case Files Questioned
July 1, 2006, through June 30, 2007**

| <u>Aid Code</u> | <u>Client Case Number</u> | <u>Unallowable Benefits¹</u> |
|-----------------|---------------------------|---|
| 1A | 5951959 | \$ 9,024 |
| 1A | 7647894 | <u>8,088</u> |
| Total | | <u>\$ 17,112</u> |

¹ See the Findings and Recommendations section, Finding 2.

Findings and Recommendations

FINDING 1— Unrecorded and uncollected overpayments

As of June 30, 2007, the county reported \$117,111 in outstanding overpayments to CDSS. This amount represents net overpayments from program inception to the end of fiscal year (FY) 2006-07 (the county recovered \$51,602 in overpaid benefits for FY 2006-07).

We compared reported overpayments with county records. Our review revealed that the county did not report overpayments to CDSS totaling \$155,264 (\$153,646 + \$1,618) due to the following:

1. The county approved and paid \$153,646 in cash assistance to unqualified recipients. The county appears to have neither determined eligibility nor conducted timely redeterminations. From inception of eligibility, the county continued to provide cash assistance to ineligible individuals. Based on the records available from August 2004 through August 2008, we noted \$153,646 in overpaid benefits.

Beginning with FY 2006-07, the county redetermined eligibility for all CAPI beneficiaries. Since the county mistakenly deemed ineligibility to be “without faults,” meaning the county classified these as administrative errors, the county took no action to record, report, and collect the overpaid benefits.

2. For reported overpayments, county records revealed additional overpayments of \$1,618. The county’s public assistance data system, the C-IV System, identified overpayments of \$118,729. However, the county reported \$117,111, a difference of \$1,618. The county could not explain the underreported overpayments.

All County Letter (ACL) 98-82 provides that all CAPI applicants are required to establish initial CAPI eligibility except for those former SSI/SSP recipients converted centrally to CAPI by CDSS. ACL 99-106 requires beneficiary eligibility to be redetermined within 12 months of a recipient’s initial benefit payment date and within each succeeding 12 months.

ACL 00-73 provides that a county must notify an individual of incorrect payment using Form NA 1217. In addition, each overpayment notice must contain:

- The cause of the overpayment;
- A monthly list of amounts that were paid and that should have been paid for all months of incorrect payment;
- A request for refund for the full amount of the overpayment;
- A proposed rate of recovery equal to 10% of the applicable CAPI payment standard;
- The date that overpayment recovery will be initiated;
- The right of individual to request an appeal; and
- How to request a waiver and/or appeal.

ACL 00-73 provides that counties or consortia are required to track and report overpayment data for the CAPI program. The county has begun its process of identifying unrecovered CAPI overpayments.

Recommendation

We recommend that the county implement policies and procedures to ensure overpayments are properly tracked and accurately reported to CDSS.

We also recommend that CDSS consider more frequent, rather than annual, redeterminations. Having more frequent redeterminations would allow counties to detect and recover overpayments in a timely manner.

County's Response

The county agrees with the finding.

FINDING 2— Ineligible benefits

For FY 2006-07, the county provided benefits to 94 individuals (70 for Aid Code 1A; 2 for Aid Code 6K; 5 for Aid Code 6M; and 17 for Aid Code 6T). We judgmentally selected a sample of 25 case files to determine eligibility and benefit amounts. We tested 15 case files for Aid Code 1A, 1 case file for Aid Code 6K, 3 case files for Aid Code 6M, and 6 case files for Aid Code 6T.

Of the 25 case files reviewed, we questioned eligibility for 2 Aid Code 1A cases. We noted that CAPI benefits were paid to pre-August 21, 1996 aged immigrants who had subsequently become disabled. Instead of referring these individuals to the Social Security Administration (SSA) for disability-based SSI/SSP benefits, the county continued to award the CAPI benefits. Had the county taken the necessary steps, approximately \$17,112 of the CAPI benefits annually paid for the sampled cases could have been reimbursed by the SSA, relieving the State of its General Fund obligation.

During annual redeterminations, the county appears to have referred these beneficiaries to the SSA for possible SSI/SSP benefits. However, the referrals were not for disability-based benefits. SSA denied the request for SSI/SSP assistance, stating that the beneficiaries were not citizens of the USA and thus, were not qualified for SSI/SSP benefits. As the county did not properly refer these individuals for disability-based SSI/SSP benefits, annually, approximately \$17,112 of CAPI benefits were awarded to individuals who were qualified to receive the SSI/SSP benefits.

We did not examine the entire CAPI beneficiary population. However, it is possible that the county may have awarded CAPI benefits to other, similar applicants. Therefore, we also recommend that the county review its beneficiary files and determine if there are other applicants who should be referred for disability-based SSI/SSP benefits.

Pursuant to All County Information Notice (ACIN) I-05-01, qualified aliens who were lawfully residing in the United States on August 22, 1996, and who are determined disabled or blind as defined for SSI/SSP eligibility purposes, are eligible for SSI/SSP benefits.

Recommendation

We recommend the county take immediate action to refer these cases to SSA for disability-based benefits. In addition, we recommend that the county provide resources and training to its eligibility workers so that they can correctly interpret and apply the CDSS-established CAPI guidelines. We also recommend that the county review the non-sampled case files, identify aged applicants who have subsequently become disabled, and immediately refer them to SSA for disability-based SSI/SSP benefits.

County's Response

The county agrees with the finding.

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