



**2012-2013
Madera County Grand Jury
Complaint Regarding the
Madera County
Department of Social Services
Final Report**

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Introduction:

During September 2012, the Madera County Grand Jury received a complaint regarding the Madera County Department of Social Services (DSS) and specifically the Eligibility Determination Unit. The complaint alleges that DSS is not processing the "Income Eligibility Verification System" (IEVS) reports according to State and Federal regulations. As a result, over payments (O/Ps) of CalWORKS (cash grants) and over issuances (O/Is) of CalFRESH (Food Stamps) are not being properly reviewed and processed on a timely basis. This problem has been identified and known to exist for the past decade. The issue was originally addressed in the 2003 Grand Jury report and was again addressed in a State Audit Report dated July 2009.

The DSS is responsible for the distribution of several forms of aid and entitlements, including CalWORKS, CalFRESH, MediCAL and various temporary forms of aid. The Eligibility Unit is responsible for determining eligibility of an estimated 35,000-plus recipients of these various aid programs. The eligibility determination function has two basic components, the determination of eligibility at the initial interview and the ongoing case maintenance including periodic redetermination of eligibility for all active cases.

Complaint Allegations:

1. The DSS Eligibility Unit is not processing all of the IEVS Reports diligently or in a timely fashion.
2. The DSS Eligibility Unit is not referring all CalWORKS O/Ps or CalFRESH O/Is to the District Attorney's Special Investigation Unit (SIU) for fraud determination.
3. In some cases the DSS Eligibility Unit is inappropriately and/or inaccurately processing intake information (such as recipient income) resulting in assistance benefits issued incorrectly and needlessly creating administrative O/Ps and O/Is.

Facts:

1. Approximately 74 employees consisting of 60 Eligibility Workers (EWs), 11 Supervisors and 3 Program Managers comprise the entire Eligibility Unit.
 - a. The majority of the EWs are located at the main office in Madera, with additional units located in Chowchilla, Oakhurst and at the Madera Community Hospital.
 - b. The Eligibility Unit consists of work groups comprised of one supervisor and five or six EWs.

- c. A recent reorganization was implemented, referred to as "Round Robin", where each EW has the same responsibility for intake and all phases of ongoing case management.
 - d. The recent reorganization eliminated the Intake Unit which was responsible for the initial interview of new applicants. This unit had experienced personnel with excellent listening and observation skills.
 - e. A federal regulation change in 2009 allowing over-the-phone initial intake interviews for CalFRESH (food stamps) only, is in the process of being implemented.
2. DSS has historically experienced difficulty in recruiting and retaining EWs.
- a. Currently only 30 of the 60 EWs are considered to be fully trained and able to accommodate a full caseload.
 - b. It takes a newly recruited EW approximately one year of classroom and on-the-job training to acquire the skills and knowledge needed to do the basics of the job.
 - c. The number and frequency of regulation changes by the State increases the complexity and training requirements for the EWs.
 - d. Out of the approximate 60 allocated positions over the last three years, there have been a total of 28 new hires and 23 resignations/terminations within the EW ranks.
 - e. The investigation revealed that the morale of the EWs is less than desirable and that the Eligibility Unit, as currently staffed and organized, cannot maintain the current workload.
 - f. The Madera County EW salaries are among the lowest in the State and are not competitive with neighboring counties.
3. All cases are maintained on the Automated Case Management System (C-IV) provided by the State Department of Social Services.
- a. Periodically the State matches the C-IV cases by name and Social Security Number to various State and Federal data systems to determine if active recipients of CalWORKS, CalFRESH and MediCAL are receiving additional income from other sources, including Social Security, Disability, Unemployment Benefits and wages. These and/or other such income may reduce or eliminate a recipient's eligibility for cash grants, food stamps or medical benefits.
 - b. The C-IV matching process is referred to as the "Income Eligibility Verification System" (IEVS) and the resultant output is referred to as the IEVS reports.
 - c. The information contained in the IEVS reports is the main source for determining ongoing eligibility and/or potential welfare fraud cases.

- d. In order to meet the deadline required to classify cases as potential fraud and to attempt recovery of O/Ps of CalWORKS and O/Is of CalFRESH, the IEVS reports must be processed within a specific time period as mandated by State and Federal Welfare Regulations.
 - e. Failure of the EWs to process the IEVS reports within specific timeframes results in the respective cases being classified as "Administrative Errors". This eliminates the ability to investigate for potential fraud and substantially reduces the DSS's ability to recover O/Ps and O/Is.
 - f. The current organization structure provides for a small dedicated unit with the responsibility to process certain, but not all, IEVS reports. Most of the IEVS processing, however, continues to be the responsibility of the EWs in the "Round Robin" organization units.
 - g. Although, at one time, the concept of having an IEVS processing unit dedicated solely to the processing of all IEVS reports was considered, it did not get implemented.
 - h. The investigation revealed that not all of the EWs are processing the IEVS reports in a timely fashion, resulting in possible fraud cases not being identified and forwarded to the District Attorney's SIU.
4. DSS has a Collections Unit having the responsibility to recover O/Ps and O/Is for closed cases.
- a. The collection process begins upon receiving a notification from the C-IV Case Management System of the closed cases still owing O/Ps or O/Is. The worker then contacts the recipient to establish a repayment plan.
 - b. Currently the recipient is allowed to establish the payment amount and may choose a payment as low as one dollar per month, meaning if the amount owed is \$500 the recipient has, in effect, 500 months to repay on O/Ps only.
 - c. If the recipient is late or misses a monthly payment, the Department then has further recourse to recover the amount through the IRS, State Franchise Tax Board and DMV.
 - d. Based on the State Department of Social Services quarterly report, CA812, DSS reported a beginning balance of CalWORKS O/Ps of \$2,799,864 with an ending balance of \$2,837,807, an increase of approximately \$38,000 for the quarter ending September 2012.
 - e. Based on the US Department of Agriculture quarterly report, FCS-209, DSS reported a beginning balance for CalFRESH O/Is of \$1,497,832 and an ending balance of \$1,580,268, an increase of approximately \$82,000 for the quarter ending September 2012.

- f. The Board Resolutions dated June 2009 and October 2011 authorized the "Write Off" of those cases from 1994-2001 with outstanding balances deemed uncollectible for a combined total amount of \$550,868.
5. The problem of inadequate IEVS processing has been identified and known to exist for the past decade.
 - a. There has been a recent reduction in the number of cases referred to the District Attorney's SIU as potential fraud cases.
 - b. The IEVS processing problem was originally brought to the attention of the Grand Jury and was reported in the 2003 Grand Jury report.
 - c. The IEVS processing problem was reported in the July 2009 State Audit Report and corrective action plan was developed.
 - d. The IVES processing problem was again identified in the most recent State Audit conducted in November of 2012, with the auditors reporting orally that DSS failed the IVES processing portion of the audit. (Note: The written report was not available at the time of this investigation.)
 6. The Department workspace is inadequate and inefficient to house current and future staff needed to process and maintain the growing caseload. Various safety issues exist in the current environment.
 - a. Parking is inadequate to accommodate the number of people using the DSS facilities, creating a safety hazard for both recipients and employees.
 - b. The interview rooms are small with no separation (window) between the intake worker and the applicant, creating a potential safety issue.
 - c. When the EW enters the interview room he/she is locked in and must use a key card to exit, even in emergencies.
 - d. There are no security personnel or cameras during the day or at closing time.
 - e. At the end of the workday, a designated employee(s) is required to lock down the building and enter the parking lot after hours, creating a potential safety issue for these workers.

Findings:

1. The organization and staffing of the Eligibility Unit is inadequate, both in number of staff and organizational structure.
 - a. The new "Round Robin" process was implemented in early October and will require additional time to determine its ultimate success.

- b. The intake process has been distributed to all EWs with the implementation of the "Round Robin", thus the specialized skills and knowledge including fact gathering and personal observations for determining eligibility, so crucial during intake, has been diminished.
 - c. The intake process for CalFRESH will be less effective when the interview process is conducted over the telephone and may increase the potential for fraud.
 - d. Although several highly-skilled and experienced EWs are able to cope with the caseload of approximately 450 cases per worker, many are unable to perform at this level.
 - e. There is no central authority for processing all IEVS reports and no repercussions to EWs for failure to process these tasks in the required time.
2. High turnover of EWs is expensive and disruptive.
 - a. The high rate of turnover in the Eligibility Worker Unit is a long-time problem, yet no apparent action to change the situation is in evidence.
 - b. Wages for EWs are non-competitive with neighboring counties, contributing to the exceedingly high turnover rate.
 - c. The morale of the EW workforce is lower than that of the other DSS employees and can be attributed to lack of top management involvement and support, lack of internal promotional opportunities, workload, low pay, inadequate and unsafe working conditions.
3. The automated C-IV Case Management and IEVS reporting systems are effective and efficient; however, they are sophisticated and complex systems requiring a lengthy training period.
 - a. The required processing of IEVS reports by the EWs is not being uniformly accomplished in accordance with State and Federal regulations. Many EWs do not process their respective IVES reports in a timely basis and some reports are not processed at all.
 - b. Many potential CalWORKS O/Ps and CalFRESH O/Is (meaning that the recipient may be receiving benefits for which he/she is not entitled) are reported via the IEVS reports, but are not diligently addressed by the EWs.
 - c. The IEVS report processing, which is the basis for O/P and O/I discovery, are viewed as non-priority issues by many EWs, their supervisors and DSS Management.
 - d. The Director and senior management are not effectively communicating the importance of processing O/Ps and O/Is to the EWs and the Eligibility Unit as a whole.

4. The Collections Unit is a competent and well-organized unit, however it is required to operate with out-dated policies and lack of attention and priority from top management.
 - a. The outstanding balance of uncollectible O/Ps of CalWORKS grants is currently \$2.8 million and has steadily increased each year.
 - b. The outstanding balance of uncollectible O/Is of CalFRESH food stamps is currently \$1.5 million and has steadily increased each year.
 - c. The process of requesting a Board Resolution to write off uncollectible amounts for cases ten or more years in arrears, although required for accounting purposes, does not provide current information to the Board of Supervisors (BoS) for good management decisions.
 - d. Under the current reporting system the BoS is neither completely informed nor aware of the scope and growth of current outstanding balances of O/Ps and O/Is.
 - e. The practice of allowing the recipient to set the monthly repayment amount is a poor business practice and unreasonable.
5. Problems associated with the Eligibility Unit have existed for the past decade. They have been formally documented but are not resolved.
 - a. There is a documented response to the 2009 State Audit Report from the Director of DSS identifying corrective action.
 - b. There has been no improvement or change in the operation of DSS.
6. Existing office space, parking, safety and security for the main Madera locations are both inefficient and inadequate for the current operation and for future growth.
7. The Grand Jury investigation confirms the allegations of the complaint to be true and accurate.

Recommendations:

The Grand Jury Recommends:

1. The Eligibility Function be further reorganized to include a fully staffed IVES Processing Unit with appropriate staffing level to accommodate all of the IVES processing in the time required by regulations.
2. The proposed newly-created IVES Processing Unit be transferred to the District Attorney's SIU to share a common mission of fraud discovery, prosecution, adjudication and recovery of funds.

3. The BoS authorize the District Attorney and Director of DSS to acquire the space necessary to house the combined SIU staff and proposed IVES Processing unit, with the cost to be covered by DSS State and Federal funding.
4. The BoS direct the departments involved to report quarterly current and up-to-date information regarding fraud, O/Ps and O/Is showing both dollar amounts and case counts.
5. To make the recovery effort more cost-effective the Director of DSS, instead of the recipient, set a reasonable amount not less than \$25.00 as a minimum monthly payment.
6. The County Administrator conduct a Management Audit to determine the effectiveness of the current DSS management and organizational structure. The audit should also address the following, but not limited to, long range facility requirements, including office space, parking, recipient waiting areas, interview facilities, as well as safety and security requirements for both staff and recipients.
7. The County Administrator, in conjunction with the Director of DSS, determine if the above proposed Management Audit might be outsourced and paid for with State and Federal funds.

Respondents:

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