



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Preventing Welfare Fraud

Preventing Public Assistance Payments for Incarcerated Juveniles: 1999 Computer Match Results

An Operational Review by the

**Fraud, Waste, and Abuse
Prevention Division**



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Ms. Jacqueline Romer-Sensky, Director
Ohio Department of Human Services
30 East Broad Street
Columbus, Ohio 43266-0423

Dear Director Romer-Sensky:

I am pleased to provide you with our report entitled "Preventing Public Assistance Payments for Incarcerated Juveniles: 1999 Computer Match Results". The objective of our review was to determine if public assistance recipients properly reported when a juvenile member of their assistance group was incarcerated in a detention facility maintained by the Ohio Department of Youth Services. The report discusses the results of investigations conducted by County Departments of Human Services based on the Auditor's match of incarcerated juveniles and public assistance files. It also encourages timely completion of the Offender's Data Exchange Project -- a project intended to prevent future occurrences of unreported incarcerations.

Copies of our report are being sent to the County Departments of Human Services, the Director of the Department of Youth Services and other interested parties. If you or your staff have any questions concerning the report or would like to discuss its contents, please call John Butts, Chief of our Fraud, Waste, and Abuse Prevention Division, at (614) 466-3212.

Yours truly,

A handwritten signature in black ink, appearing to read "Jim Petro", written over a large, stylized flourish.

JIM PETRO
Auditor of State

EXECUTIVE SUMMARY

Expenditures for public assistance have shrunk substantially in recent years. Despite this shrinkage, the outlays for these programs remain significant. In State Fiscal Year 1999 the State of Ohio paid about \$423.3 million in cash benefits as part of the to Ohio Works First (OWF) program and \$556.6 million in Food Stamp benefits. The Auditor of State (AOS) has a continuing interest in ensuring that benefits are not lost to fraud, waste or abuse.

Ohio Administrative Code (OAC) Section 5101:1-2-20 requires that the primary representative of an assistance group (hereafter called the "recipient") report any changes in the group's composition within 10 days of the change. The reporting requirement exists because the amount of benefits received by an assistance group (typically a household) is determined by the composition of the group. In addition, the state provides for the housing and feeding of juveniles during incarceration, thus relieving the assistance group of that responsibility. This report addresses whether public assistance recipients properly reported when a juvenile member of their assistance group was incarcerated in a detention facility maintained by the Ohio Department of Youth Services (DYS). The match was conducted in cooperation with the Ohio Department of Youth Services, the Ohio Department of Human Services (ODHS) and the Ohio Human Services Directors' Association.

The match produced results similar to those reported from an earlier match.¹ In 1998, the Auditor conducted a state-wide match that identified 132 public assistance recipients who had not reported the absence of a juvenile from their household, and another 29 recipients who had taken longer than 10 days to report the absence. Our report also identified \$106,295 in overpaid benefits. In this second match, investigations by County Departments of Human Services determined that 135 public assistance recipients had not reported the absence of the juvenile from their household, and another 33 had taken longer than 10 days to report the absence. The CDHSs estimated that the recipients had been overpaid \$80,595 in OWF and Food Stamp benefits.

Our February 1999 report recommended that ODHS develop the means to match public assistance files with Department of Youth Services files to identify unreported incarcerations. Ideally, county workers would be alerted as soon as possible after a member of an assistance group is incarcerated in order to prevent or minimize any benefit overpayments. ODHS later responded that it had established an Offenders Data Exchange project that would, among other

¹Preventing Welfare Fraud: Preventing Public Assistance Payments for Incarcerated Juveniles, AOS/FWAP-99-005R, February 11, 1999.

things, accomplish this purpose. As of July 1999, the project was on hold, pending other priorities, and the Department had not established an estimated completion date.

The Auditor commends ODHS for initiating the Offenders Data Exchange project. To facilitate timely completion of the project, the Auditor recommends that ODHS establish project milestones and monitor progress in meeting those milestones. In addition, the Auditor recommends that ODHS work with the CDHSs to recover the \$80,595 in overpayments that were identified by the Auditor's match.

In a letter dated August 17, 1999 (see Appendix II), the Director of ODHS agreed to establish milestones and monitor the progress of the Offenders Data Exchange project. The Director also agreed to work with the CDHSs to recover the overpayments identified in this report.

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ABBREVIATIONS

| | |
|------|-------------------------------------|
| AOS | Auditor of State |
| CDHS | County Department of Human Services |
| DYS | Ohio Department of Youth Services |
| ODHS | Ohio Department of Human Services |
| OWF | Ohio Works First |

BACKGROUND

Section 5101:1-2-20 of the OAC requires all applicants and recipients of public assistance to make accurate, full and complete disclosure of the facts necessary to determine their eligibility and the correct amount of benefits due them. This disclosure includes reporting any changes in assistance group composition such as individuals temporarily entering or leaving the household. OAC Sections 5101:1-23-70 (Ohio Works First) and 5101:4-7-01 (Food Stamps) states that when recipients fail to report these changes, either intentionally or unintentionally, overpayments occur and should be recovered.

In 1998, the Auditor of State (AOS) conducted a state-wide match of incarcerated juvenile files with public assistance files. That match identified 132 public assistance recipients who had not reported the absence of the juvenile from their assistance group, and another 29 recipients who took longer than 10 days to report the absence. Investigations by the County Departments of Human Services (CDHSs) also identified \$106,295 in overpayments that were subject to recovery. The success of this first match prompted the AOS to conduct another match in 1999.

PURPOSE, SCOPE AND METHODOLOGY

The AOS, in cooperation with the Ohio Department of Youth Services (DYS), the Ohio Department of Human Services (ODHS) and the Ohio Human Services Directors' Association, matched files of incarcerated juveniles against the files of public assistance recipients. The purpose of our match was to determine if the incarceration had been properly reported to the appropriate CDHS. Ohio law requires that the primary recipient of a public assistance group report any changes in group composition so that benefits can be adjusted if necessary.

DYS, through the Data Linkage Project², provided the Auditor's Office with an electronic file of 1,897 juveniles who were incarcerated in a DYS juvenile detention facility as of March 31, 1999. We then matched the social security numbers of the incarcerated juveniles with the social security numbers of 1,041,050 public assistance group members who were receiving assistance as of March 31, 1999. The match focused on juveniles whose assistance groups were receiving cash assistance (OWF) and/or Food Stamps, because incarcerated group members are not eligible to receive these benefits during the time of their incarceration.

Our match identified 200 incarcerated juveniles whose assistance groups appeared to be receiving OWF assistance or Food Stamps in 33 counties. Case information on the 200 juveniles was forwarded to the respective CDHS for follow up investigation. Auditor staff requested that each

² The Data Linkage Project was established in 1993 (Amended Substitute House Bill 152) to encourage the exchange of agency data to prevent overpayment and fraud in Ohio's public assistance programs.

CDHS determine if the incarceration had been properly reported by the assistance group, and adjust the assistance group's benefits if the incarceration had not been properly reported. CDHSs were also asked to complete and return a questionnaire that detailed the results of their investigation of each case and estimated the amount of any overpayment that occurred.

RESULTS

Public assistance recipients are required to disclose all changes that would affect their eligibility or the amount of assistance they receive. These changes must be reported within 10 days pursuant to OAC 5101:1-2-20. ODHS relies on the assistance group's primary recipient to timely and accurately report the change in composition of the assistance group, in order to adjust the group's benefits if necessary.

UNREPORTED OR UNTIMELY REPORTED INCARCERATIONS CAUSED AT LEAST \$80,595 IN OVERPAYMENTS

The match of DYS files with public assistance files identified 200 incarcerated juveniles who belonged to an assistance group receiving public assistance in 33 counties. Investigations by the CDHSs determined that 135 recipients had failed to report, and another 33 recipients failed to report within 10 days, that a member of their assistance group was incarcerated. CDHSs further estimated that the 146 recipients had been overpaid at least \$80,595 in cash assistance and Food Stamps, an average of \$552 per recipient.

Table 1 summarizes the results of the CDHSs' investigations. Appendix I contains a breakout of the results for each county.

Table 1: Results of CDHS Investigations of Incarcerated Juveniles

| | Number or Amount | Percent of Investigated Matches (185) |
|----------------------------------------------------------------------------------------------------|---------------------------------|------------------------------------------------------|
| Total Matches Referred to CDHS's | 200 | --- |
| Matches Investigated by CDHSs ¹ | 185 | 93% of the total 200 matches |
| Number of Unreported Incarcerations | 135 | 73 % |
| Number of Incarcerations Not Reported Timely | 33 | 18 % |
| Number of Incarcerations Reported Timely | 18 | 10 % |
| Number of Cases Involving Overpayments | 146 | 79 % |
| Estimated Amount of Overpayments | \$80,595 | --- |
| Number of Recipients Who Gave False Statements Regarding the Incarceration ² | 64 | 35 % |
| Number of Recipients Expected to be Referred for Fraud Prosecution ³ | 23 | 12 % |

¹ After further investigation, CDHSs determined that 13 of the juveniles referred to them did not match a member of an existing assistance group. In addition, there were two questionnaires not returned from the original 200.

² The assistance group and/or authorized representative is required to make an accurate and complete disclosure of all information necessary for a determination of eligibility. These recipients presumably made false statements regarding the composition of their assistance group at the time of reapplication.

³ CDHSs tended to only refer recipients for fraud prosecution if an significant overpayment was involved.

Source: CDHS responses to the Auditor's questionnaire

CONCLUSIONS

Fraud, waste, and abuse are problems faced by public assistance agencies. As the administrator of Ohio public assistance expenditures, ODHS is responsible for ensuring that benefits are issued only to eligible recipients.

Our match of DYS and public assistance files and the subsequent CDHS investigations determined that public assistance recipients are not likely to report when a juvenile member of their assistance group is incarcerated. About 73 percent of the recipients failed to report an incarceration, and another 18 percent failed to report an incarceration within the required 10 days. These results point to a need for ODHS to be able to determine if juvenile incarcerations are being properly reported.

Our February 1999 report recommended that ODHS develop the means to match public assistance files with DYS files to identify unreported juvenile incarcerations. ODHS later responded that it had established an Offenders Data Exchange project that would, among other things, accomplish this purpose. As of July 1999, the project was on hold, pending other priorities, and the Department had not established an estimated completion date.

RECOMMENDATIONS

The Auditor commends ODHS for initiating the Offenders Data Exchange project. To facilitate timely completion of the project, the Auditor recommends that ODHS establish project milestones and monitor progress in meeting those milestones. In addition, the Auditor recommends that ODHS work with the CDHSs to recover the \$80,595 in overpayments that were identified by the Auditor's match, and encourages its timely completion.

ODHS' RESPONSE

To provide an opportunity for review and comment, a draft of this report was sent to the Director of ODHS on August 6, 1999. In response to the Auditor's recommendations (see Appendix II), the Director agreed to establish milestones and monitor the progress of the Offenders Data Exchange project. The Director also asked that we supply a list of claim names and case numbers so that ODHS' Fraud Control Section could work with county departments to recover the overpayments identified by our match. The requested list will be provided to ODHS under separate cover.

Appendix I

Appendix I

RESULTS OF STATE-WIDE MATCH BY COUNTY

| COUNTY | NUMBER OF INVESTIGATED MATCHES | NUMBER OF UNREPORTED INCARCERATIONS | NUMBER OF UNTIMELY REPORTED INCARCERATIONS | AMOUNT OF OVERPAYMENTS (Estimated) |
|---------------|--------------------------------|-------------------------------------|--------------------------------------------|------------------------------------|
| Adams | 1 | 1 | 0 | \$198 |
| Allen | 2 | 2 | 0 | \$680 |
| Ashland | 1 | 1 | 0 | \$282 |
| Ashtabula | 2 | 2 | 0 | \$1,485 |
| Belmont | 1 | 1 | 0 | \$650 |
| Butler | 3 | 3 | 0 | \$1,819 |
| Carroll | 1 | 1 | 0 | \$580 |
| Clark | 4 | 3 | 1 | \$990 |
| Clermont | 1 | 1 | 0 | \$0 |
| Cuyahoga | 61 | 46 | 8 | \$26,232 |
| Defiance | 1 | 0 | 0 | \$202 |
| Franklin | 4 | 4 | 0 | \$409 |
| Gallia | 1 | 1 | 0 | \$86 |
| Greene | 4 | 2 | 2 | \$1,225 |
| Guernsey | 1 | 0 | 0 | \$0 |
| Hamilton | 21 | 16 | 3 | \$10,389 |
| Knox | 2 | 0 | 1 | \$66 |
| Lake | 2 | 0 | 2 | \$0 |
| Lawrence | 1 | 1 | 0 | \$2,248 |
| Licking | 2 | 1 | 1 | \$1,571 |
| Lorain | 6 | 2 | 1 | \$2,468 |
| Lucas | 17 | 12 | 5 | \$6,934 |
| Mahoning | 4 | 3 | 0 | \$1,154 |
| Miami | 0 | 0 | 0 | \$0 |
| Montgomery | 6 | 6 | 0 | \$3,468 |
| Morgan | 1 | 1 | 0 | \$648 |
| Richland | 1 | 1 | 0 | \$1,512 |
| Ross | 1 | 1 | 0 | \$203 |
| Scioto | 1 | 0 | 1 | \$377 |
| Seneca | 2 | 0 | 0 | \$566 |
| Stark | 12 | 7 | 4 | \$4,357 |
| Summit | 17 | 15 | 4 | \$5207 |
| Trumbull | 1 | 1 | 0 | \$4,589 |
| TOTALS | 185 | 135 | 33 | \$80,595 |



Ohio Department of Human Services

30 East Broad Street, Columbus, Ohio 43266-0423

Appendix II

August 17, 1999

Jim Petro, Auditor of State
88 East Broad St.
PO Box 1140
Columbus, OH 43216-1140

Dear Mr. Petro:

Thank you for your letter of August 6, concerning the draft of your report entitled, *Preventing Public Assistance Payments for Incarcerated Juveniles: 1999 Computer Match Results*. Your letter recommends that ODHS

- establish project milestones and monitor progress in meeting those milestones concerning the offenders data exchange project, and
- work with the county departments of human services to recover the \$79,142 in overpayments that were identified by the Department of Youth Services match.

ODHS is in the process of developing a computer-based prisoner matching program. This match is required pursuant to the Balanced Budget Act of 1997, to prevent inmates detained over 30 days from participating as members of food stamp households. We have already received match data from the Social Security Administration in response to our first exchange with their prisoner database. We are currently in the process of developing an alert system which will notify eligibility staff when a match occurs, whether the match is with an applicant or with an ongoing recipient of any of our programs. This process will be implemented by early October, 1999, and will be ongoing. Thereafter, data from other Ohio incarceration systems, such as the Department of Youth Services, the Department of Rehabilitation and Corrections, and the Jail Linkage System, will also become part of this prisoner matching program. We will establish milestones and monitor their progress.

In response to your second recommendation, the ODHS Fraud Control Section of the Office of Research, Assessment & Accountability will work with the county departments to recover the overpayments identified by your match. Please provide us a list of the claim names and case numbers of the identified overpayments.

If you need further information, please contact Jane Wasman, Chief, Fraud Control Section, at (614) 728-7743.

Sincerely,

A handwritten signature in cursive script that reads "Jacqueline Romer-Sensky".

Jacqueline Romer-Sensky, Director



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Preventing Public Assistance Payments for Incarcerated Juveniles:
1999 Computer Match Results

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

By: Susan Babbitt

Date: AUG 31 1999