

**Memorandum**

Date APR 17 1998

From June Gibbs Brown
Inspector General *June G Brown*

Subject Review of Cash Assistance Payments Under the Refugee Resettlement Program in Florida (A-04-96-00104)

To Olivia A. Golden
Assistant Secretary for
Children and Families

This is to alert you to the issuance of our final report on April 21, 1998.
A copy is attached.

The Florida Department of Children and Families (DCF) made Refugee Cash Assistance (RCA) payments to refugees who were not eligible for such assistance. We estimate that Federal assistance of \$1,867,382 was paid to ineligible refugees. Federal regulations limit the period refugees are eligible for cash assistance under the Refugee Resettlement Program (RRP). The DCF did not have edits in its computerized payment system to identify and automatically terminate refugees whose eligibility period had expired.

The Refugee Act of 1980 (Public Law 96-212) authorized Federal reimbursement to States for up to 100 percent of cash and medical assistance provided to refugees during the first 36 months immediately following their date of entry into the United States. The RRP reimbursed States the cost that they would normally incur to provide refugees cash and medical assistance under Federal and State assistance programs such as the (former) Aid to Families with Dependent Children (AFDC), Medicaid and the Supplemental Security Income State supplement, and for a special program of RCA and Refugee Medical Assistance (RMA). For refugees eligible for Federal assistance programs, the RRP reimbursed the States their share of program costs while the Federal assistance programs, such as AFDC and Medicaid contributed their usual Federal financial participation. For refugees eligible for RCA and RMA, the RRP reimbursed States the full cost of assistance.

Funding for the RRP is subject to the availability of funds appropriated. Over the years, the Office of Refugee Resettlement (ORR) has found it necessary to change the period of eligibility for RCA and RMA from 36 months to 12 months due to limited funding. Effective October 1, 1991, ORR notified the States to reduce the eligibility period for RCA and RMA for new arrivals from 12 months to 8 months. The 8-month eligibility period has remained in effect since that date.

At the Federal level, the RRP is administered by ORR which is part of the Administration for Children and Families. In Florida, the RRP is administered by DCF, formerly the Department of Health and Rehabilitative Services.

The objective of our review was to determine if DCF had controls in place to prevent the payment of RCA after a refugee's period of eligibility had expired.

We identified 8,445 refugees who potentially received \$2,527,941 in refugee cash assistance payments after their period of eligibility had expired. To verify the validity of the potentially ineligible payments, we selected an unrestricted random sample of 200 cases for examination. We identified 186 instances totaling \$49,475 of payments made 1 to 6 months after the refugees' period of eligibility had expired. Projecting these payments to the population, we estimate that the amount of RCA payments made past the period of eligibility was \$1,867,382.¹

The ineligible payments occurred because DCF did not have edits in its computerized system to identify and automatically terminate refugees whose period of eligibility had expired. Instead, DCF relied on its district offices to terminate cash and medical benefits when a refugee's period of eligibility expired. We are recommending that DCF: (1) make a financial adjustment of \$1,867,382 for RCA payments made for ineligible recipients; (2) implement an edit in its computer system to identify and automatically terminate recipients from the RRP when their eligibility expires, and (3) determine the amount of RCA payments made to ineligible recipients subsequent to the period covered by our review and make the appropriate financial adjustment.

In written comments to the draft report, DCF generally agreed with our recommendation to refund RCA overpayments. The DCF, however, generally disagreed with our procedural recommendations.

We are also reviewing whether refugees received RMA after their period of eligibility had expired. We will report the results of that review to you in a separate report.

¹ This estimate represents the lower limit of ineligible RCA payments at the 90 percent confidence level. The point estimate of our sample was \$2,089,082 with a precision of + or - \$221,699 at the 90 percent confidence level.

Page 3 - Olivia A. Golden

Any questions or comments on any aspect of this report are welcome. Please call me or have your staff contact John A. Ferris, Assistant Inspector General for Children, Family, and Aging Audits, at (202) 619-1175.

Attachment

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF CASH ASSISTANCE
PAYMENTS UNDER THE REFUGEE
RESETTLEMENT PROGRAM IN
FLORIDA**



**JUNE GIBBS BROWN
Inspector General**

**APRIL 1998
A-04-96-00104**



REGION IV
Room 3T41
61 Forsyth Street, S.W.
Atlanta, Georgia 30303-8909

CIN: A-04-96-00104

Mr. Edward A. Feaver
Secretary
Department of Children and Families
1317 Winewood Boulevard-Building E, Room 227
Tallahassee, Florida 32399-0700

Dear Mr. Feaver:

This final report provides you with the results of our audit of cash assistance under the Refugee Resettlement Program (RRP) in the State of Florida. The primary purpose of our review was to determine the appropriateness of Refugee Cash Assistance (RCA) payments made by the Florida Department of Children and Families (DCF) during the period July 1, 1991 through February 1, 1997. We are also reviewing whether refugees received Refugee Medical Assistance (RMA) after their period of eligibility had expired. We will report the results of that review to you in a separate report.

OBJECTIVE

The objective of our review was to determine if DCF had controls in place to prevent the payment of RCA after a refugee's period of eligibility had expired.

SUMMARY OF FINDINGS

The DCF made RCA payments to refugees who were not eligible for such assistance. Federal regulations limit the period refugees are eligible for cash assistance under the RRP.

The DCF did not have edits in its computerized payment system (the Florida System) to identify and automatically terminate refugees whose eligibility period had expired. Instead, DCF relied on its district offices to terminate cash and medical benefits to refugees when their period of eligibility expired. These terminations were not always accomplished in a timely manner. As a result, we estimate that \$1,867,382 was paid to ineligible refugees under the RCA program.

We are recommending that DCF make a financial adjustment of \$1,867,382 for the ineligible cash assistance payments. We are also recommending procedural changes to improve DCF's administration of the RRP.

In written comments to the draft report, DCF generally agreed with our recommendation to refund RCA overpayments. The DCF, however, generally disagreed with our procedural recommendations. The DCF's comments are summarized after the Recommendations section of this report. The DCF's comments are included in their entirety in the APPENDIX.

BACKGROUND

The Refugee Act of 1980 (Public Law 96-212) authorized Federal reimbursement to States for up to 100 percent of cash and medical assistance provided to refugees immediately following their date of entry (DOE) into the United States. The RRP reimbursed States the cost that they would normally incur to provide refugees cash and medical assistance under existing Federal and State assistance programs such as Aid to Families with Dependent Children (AFDC), Medicaid and the Supplemental Security Income State supplement, and for a special program of RCA and RMA.

For refugees eligible for Federal assistance programs, the RRP reimbursed the States their share of program costs while the Federal assistance programs, such as AFDC and Medicaid contributed their usual Federal financial participation. For refugees eligible for RCA and RMA, the RRP reimbursed States the full cost of assistance.

Funding for the RRP is subject to the availability of funds appropriated. Over the years, the Office of Refugee Resettlement (ORR) has found it necessary to change the period of eligibility for RCA and RMA from 36 months to 12 months due to limited funding.

Effective October 1, 1991, ORR notified the States to reduce the eligibility period for RCA and RMA for new arrivals from 12 months to 8 months. The 8-month eligibility period has remained in effect since that date.

At the Federal level, the RRP is administered by ORR which is part of the Administration for Children and Families. In Florida, the RRP is administered by DCF, formerly the Department of Health and Rehabilitative Services.

**OBJECTIVE, SCOPE &
METHODOLOGY**

The objective of this review was to determine if DCF had controls in place to prevent the payment of Refugee Cash Assistance after a refugee's period of eligibility had expired.

Our review included RCA payments made to RRP recipients during the period July 1, 1991 through February 1, 1997. We identified 52,161 refugees who received \$51,109,999 in RCA payments during this period. The payments we reviewed were made to refugees whose eligibility to participate in the program had expired.

To identify the universe of refugees who had received RCA payments after their period of eligibility had expired, we obtained computer tapes from DCF. The tapes (from the Florida System) contained RCA payments made to refugees during the period July 1, 1991 through February 1, 1997; the refugee's DOE; and other pertinent identifying information such as name, case number, personal identification number, and social security number.

Using the data contained in the DCF computer tapes, we identified the cases in which RCA payments occurred past the refugee's period of eligibility. We computed the eligibility period for each refugee in the universe using the DOE and the appropriate eligibility period. We compared each RCA payment to the eligibility period and identified the payments made after the period of eligibility had expired.

We requested DCF to make available for our examination the 200 case files selected for review. The DCF provided us with case files for 148 of the cases. The DCF was unable to provide case files for the remaining 52 cases. We compared the DOE in the case files with the DOE in the Florida System.

Of the 148 case files reviewed, we were able to verify the DOE to Immigration and Naturalization Service (INS) documentation in the case file in 124 cases. In another 58 cases, we were able to verify the DOE with the INS. For the remaining 18 cases, we used the DOE in the Florida System.

We did not review the overall internal control structure at DCF because we performed substantive audit tests to determine the allowability of RCA payments made to a random sample of 200 RRP recipients. Our internal control review was limited to obtaining a general understanding of the Florida System for controlling and administering the RRP. We did not test the internal controls because the objective of our review was accomplished through substantive tests of the random sample of 200 RRP recipients who received RCA payments during the period covered by our review.

Our review was conducted primarily at our field office in Jacksonville, Florida, DCF's headquarters office in Tallahassee, Florida and DCF's district offices throughout the State. Our audit field work was conducted during the period July 1996 through July 1997 and January 1998 through March 1998. Our review was conducted in accordance with generally accepted government auditing standards.

On December 16, 1997, we received DCF's written comments to the draft report. On January 12, 1998 we held an exit conference with DCF officials to discuss the draft report's findings and recommendations.

DETAILED RESULTS OF REVIEW

The DCF provided cash assistance to refugees after their period of eligibility had expired. Payments were made after the period of eligibility because DCF did not have adequate automatic edits in its computer system to identify and terminate these payments when a refugee's period of eligibility expired. As a result, the DCF made \$1,867,382 in ineligible RCA payments.

Refugee Cash Assistance

We identified 8,445 refugees who potentially received \$2,527,941 in refugee cash assistance payments after their period of eligibility had expired. To verify the validity of the potentially ineligible payments, we selected an unrestricted random sample of 200 cases for examination.

Our validation disclosed several instances where potentially ineligible payments were not actually ineligible because: (1) benefit periods differed from warrant dates (2) certain payments were erroneously counted more than once, or (3) DCF had made a recovery of the overpayment. In our sample of 200, we identified 186 instances totaling \$49,475 of payments made after the refugees' eligibility had expired. Ineligible payments ranged from 1 to 6 months after the refugees' period of eligibility had expired. Projecting these payments to the population, we estimate that the amount of RCA payments made past the period of eligibility was \$1,867,382.¹

The ineligible payments occurred because DCF did not have edits in its computerized system to identify and automatically terminate refugees whose period of eligibility had expired.

¹ This estimate represents the lower limit of ineligible RCA payments at the 90 percent confidence level. The point estimate of our sample was \$2,089,082 with a precision of + or - \$221,699 at the 90 percent confidence level.

Instead, DCF relied on its district offices to terminate cash and medical benefits when a refugee's period of eligibility expired, based on an AD HOC report DCF provided to the district offices. However, as reported by the Florida Auditor General (AG) in his audit report No. 12565, dated June 30, 1995, relying on the district offices to terminate ineligible refugees' cash benefits was not working effectively. In this report the AG stated:

"... this control was not effectively ensuring the closure of cases on a timely basis. Our tests of 60 client files disclosed 22 instances in which cash and medical benefits were provided beyond the periods allowed by Federal regulations. In 21 of these 22 instances, benefits totaling \$11,638.01 were provided for periods ranging from one to five months beyond the allowable periods."

RECOMMENDATIONS

We recommend that DCF:

- Make a financial adjustment of \$1,867,382 for RCA payments made for ineligible recipients.
- Implement an edit in the Florida System to identify and automatically terminate recipients from the RRP when their eligibility expires.
- Determine the amount of RCA payments made to ineligible recipients subsequent to the period covered by our review and make the appropriate financial adjustment.

DCF Comments - Make a Financial Adjustment

The DCF generally agreed with our recommendation to refund RCA overpayments. The DCF requested that the Office of Inspector General (OIG) confirm that overpayments cases identified in previous audits by the Florida AG are not included in the OIG's questioned costs. The DCF would also like the OIG to establish an error rate to be applied to sampled cases. The DCF also said that cases may have exceeded required time limits because service delivery was the primary focus during Hurricane Andrew in 1992, the massive refugee influx in 1994 and 1995 and implementation problems with the Florida System.

OIG Response - Make a Financial Adjustment

Subsequent to our January 12, 1998 exit conference with DCF, we obtained from the AG, information relative to cases the AG questioned in prior statewide annual audits. We also obtained information from DCF regarding adjustments they made as a result of the AG's findings. We adjusted our recommended RCA refund based on this additional information.

In regard to an error rate to be applied to sampled cases, this issue was addressed in a 1995 decision by the Department of Health and Human Services' Departmental Appeals Board (Decision No. 1520, dated June 30, 1995). In Decision No. 1520, the Appeals Board stated: "...The Board has in a prior case specifically considered whether tolerance levels are required in the RRP program...The Board determined that tolerance levels are not required since there is no statutory requirements for them..." We are not aware of any changes in the RRP program subsequent to the Board's decision that would allow for such an error rate.

In regard to DCF's comments relative to cases exceeding required time limits, DCF still retains the responsibility to make RCA payments only to eligible recipients even though priority may have been given to service delivery.

DCF Comments - Implement an Edit

The DCF said that changes to the Florida System are being considered. However, priority is being given to system upgrades for year 2000. The DCF also said that the OIG's recommendation to implement an edit may not be feasible because an automatic edit would close a case for other family members and remove the recipient from medical assistance.

OIG Response - Implement an Edit

We continue to recommend that DCF implement an edit in the Florida System to preclude overpayments. If the DCF determines that it is not practical to automatically terminate recipients whose eligibility has expired, other alternatives should be explored. Based on the results of the AG's prior reviews and the results of our current review, the DCF's reliance on District case workers to terminate ineligible recipients is not an effective solution to this continuing problem.

DCF Comments - Determine Overpayments Subsequent to the OIG Review

The DCF said that they rely on the AG's annual audits to determine eligibility accuracy and make financial adjustments.

OIG Response - Determine Overpayments Subsequent to the OIG Review

We believe the DCF should be preemptive in determining if RCA overpayments have been made. Accordingly, we stand by our recommendation that the DCF identify and make appropriate financial adjustments for payments that were made to ineligible recipients subsequent to our review.

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In accordance with the principles of the Freedom of Information Act (Public Law 90-23), OIG, Office of Audit Services (OAS) reports issued to the Department's grantees and contractors are made available, if requested, to members of the press and general public to the extent information contained therein is not subject to the exemptions in the Act which the Department chooses to exercise.

We request that you respond within 30 days from the date of this letter to the Department of Health and Human Services (HHS) action official shown below. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

To facilitate identification, please refer to the above Common Identification Number (CIN) A-04-96-00104 in any correspondence related to this report.

Sincerely yours,



Charles J. Curtis
Regional Inspector General
for Audit Services, Region IV

Direct Reply To:

Director
Division of Audit Resolution and Grants Oversight
Room 702 Aerospace Building
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

December 16, 1997

Mr. Charles J. Curtis
Regional Inspector General
of Audit Services, Region IV
Post Office Box 2047
Atlanta, Georgia 30301

RE: CIN: A-04-96-00104

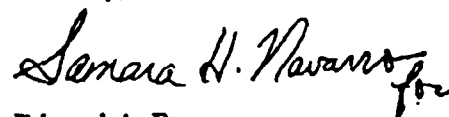
Dear Mr. Curtis:

Thank you for the November 17 letter allowing a 30-day extension for our response to the *Review of Refugee Cash Assistance Payments under the Refugee Resettlement Program in Florida* draft for the July 1, 1991 through February 1, 1997 period.

Because of the recommendations in this report, we would appreciate greatly an audit exit conference to discuss the enclosed comments. The knowledge gained by those who conducted the audit is important to us. Since we have not had an opportunity to discuss these issues, I am requesting that you contact Gary Crawford at 850/488-3791 to schedule an exit conference.

If I may be of further assistance, please let me know.

Sincerely,



Edward A. Feaver
Secretary

Enclosure

Recommendation 1: Make a financial adjustment of \$1,875,331* for RCA payments made for ineligible recipients.

Since some of the cases sampled may have been identified in previous audits conducted by the state of Florida, Office of the Auditor General, for annual audits during the period July 1, 1991 through February 1, 1997, some of the financial payments may have already been made. Thus, we would like federal auditors to confirm if such payments were deducted from overpayments before we make a commitment to repay the subject \$1,875,331.*

In November, federal auditors indicated that our Economic Self-Sufficiency Services office was furnished a computer disk of the 8,481* refugee overpayment records. Nonetheless, we have not been able to substantiate this. In order to verify the audit findings, in conjunction with the 200 sample records, we would like the computer disk listing the 8,481* overpayment records, by state fiscal year for the time period covered by the audit.

To date, no error rate has been set for the Refugee Cash Assistance program. Since programs of this magnitude normally have an established error rate, please consider establishing an error rate to be applied to sampled cases with appropriate adjustments as required.

During the period covered by the audit, the following external variables, which were well beyond our capability to control, had a very negative impact upon our service delivery systems:

- *Hurricane Andrew.* This hurricane occurred during August 1992. It had a tremendous impact upon the state because of the major devastation in the South Florida area, particularly Miami (which has the majority of our refugee caseload). The emphasis placed on providing emergency assistance to the affected population required the establishment of priorities; such as, issuing food stamps and critical assistance, at the expense of performing the aforementioned routine duties.
- *Massive Refugee Influx.* The August 1994 boat lift and the Guantanamo assistance in January 1995 had major impacts on the number of refugees. Again, priorities dictated that a concentration of resources and assets be made to provide financial and medical assistance. As a result, the focus on addressing needs of refugees as they arrived in the U.S. took a lower priority and Refugee Cash Assistance/Refugee Medical Assistance cases may have exceeded the required time limits.
- *The FLORIDA System.* The FLORIDA System came on-line statewide during the first few years of this audit period. As with any new automated system, problem areas will surface subsequent to making the necessary adjustments for an error-free operation.

* OIG/OAS Note: We revised the recommended financial adjustment (from \$1,875,331 to \$1,867,382) and the number of potential overpayment cases (from 8,481 to 8,445). The revisions were made to reflect cases questioned by the Florida Auditor General in prior statewide audit

Recommendation 2: Implement an edit in the FLORIDA System to identify and automatically terminate recipients from the RRP when their eligibility expires.

Changes to the FLORIDA System are being considered; however, until system upgrades can be accomplished to meet the requirements of system development for year 2000, changes such as this will not be able to be addressed. Moreover, since an automatic determination closes the case without further eligibility determination of other family members and removes the recipient from medical assistance, this recommendation may not be feasible. The intervention of the public assistance specialist would still be required to determine Medicaid eligibility before closing the case.

With the implementation of the Temporary Assistance for Needy Families program, Medicaid eligibility will be programmed as a separate entity on the FLORIDA System. We are examining if this eligibility change will allow Refugee Cash Assistance to be closed timely, without affecting medical assistance at the time of closure.

Recommendation 3: Determine the amount of RCA payments made to ineligible recipients prior to the period covered by our review and make the appropriate financial adjustment.

The state of Florida, Office of the Auditor General, conducts annual audits of payments made under the Refugee Cash Assistance program. Therefore, consistency dictates that we use the sampling procedure used by the state of Florida, Office of the Auditor General to determine eligibility accuracy and to make financial adjustments accordingly.