

OFFICE OF THE COUNTY COMPTROLLER

Internal Audit Division

Audit Report

2009 – 005

Ulster County Department of Social Services
Medical Assistance (Medicaid) Spend-Down Program

January 1, 2007 – December 31, 2008



Issued: August 28, 2009

Elliott Auerbach – County Comptroller

The mission of the Ulster County Comptroller's Office is to serve as an independent agency of the people and to protect the public interest by monitoring County government and to assess and report on the degree to which its operation is economical, efficient and its financial condition sound.

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August 2009

Dear County Officials:

One of the top priorities in the Office of the County Comptroller is to identify areas where County departments and agencies can improve their operations and services and present those findings in a manner that will assist County officials in making needed improvements. Further objectives are to develop and promote short-term and long-term strategies to enable and encourage County government officials to reduce costs and account for and protect Ulster County assets.

The reports issued by this Office are an important component in accomplishing these objectives. These reports are expected to be a resource. They are designed to identify current and emerging fiscal and operational problems and, importantly, provide recommendations for improvement.

This audit was conducted pursuant to the County Comptroller's authority as set forth in Article A9-2(A) and A9-2(G) of the Ulster County Administrative Code.

The following is our report of the Ulster County Medicaid Spend-Down Unit - Cash Receipts and Deposits. It contains opportunities for improvement by the Ulster County Department of Social Services Medical Assistance (Medicaid) Spend-Down Unit.

If I can be of assistance to you, or if you have any questions concerning this report, please feel free to contact me.

Respectfully submitted,

Elliott Auerbach

Elliott Auerbach
Comptroller

Introduction

Background

Medicaid is a Federal/State entitlement program formed under Title XIX of the Social Security Act that pays for medical assistance for certain individuals and families with low incomes and resources. This program, known as Medicaid, became law in 1965 as a cooperative venture jointly funded by the Federal and State governments to assist States in furnishing medical assistance to eligible needy persons. The U.S. Department of Health and Human Services' Centers for Medicare and Medicaid Services administers the Medicaid program in cooperation with state governments. Although there are broad national guidelines, each state establishes its own eligibility rules and payment rates for providers.

Medicaid in New York State is administered by the New York State Department of Health (DOH) and is governed by the state Social Services Law, New York State Code of Rules and Regulations (NYCRR Title 18) and various DOH policy directives. The Ulster County Department of Social Services (DSS) processes Medicaid applications under state guidelines.

DSS administers the County's mandated functions as a social service district. DSS processes Medicaid applications to assess applicant eligibility and monitors changes in eligibility status. It also monitors the County's allocated Medicaid-costs and disbursement of funds to the state.

Ulster County's Medicaid expenditures are significant and constitute the single largest mandated cost-component of the county's budget. The last three years' actual costs are summarized below:

	2006	2007	2008
Gross Payments	\$226,979,803	\$232,279,121	\$248,647,161
State/Federal Funding	\$195,159,674	\$200,491,014	\$215,318,266
County's Share	\$31,820,129	\$31,788,107	\$33,328,895

Medicaid costs, more than any other mandated expenditure, are driven by factors beyond local control. While the state directs and administers the program, Ulster County's function is eligibility processing and certification.

The Medicaid Spend-Down Program is a New York State program that allows certain individuals who fit within the federal categories of Medicaid, to qualify for Medicaid coverage even though they receive income in excess of eligibility requirements. The Spend-Down Program acts like an insurance premium in that the individual must pay or incur a deductible prior to the Medicaid program incurring costs.

Objective

Our initial objective was to follow-up on a reported cash theft of \$1,312 from the Medicaid Spend-Down Unit. As a result, our prime objective of the audit was to evaluate the Department of Social Service's policies and procedures governing cash receipts and disbursements to determine if the Medicaid Spend-Down Unit's cash assets were properly recorded and adequately safeguarded from loss or misuse. Additionally, we reviewed the eligibility processing procedures for the Spend-Down Program and distributed a questionnaire to the caseworkers seeking their concerns, daily problems encountered and recommendations for improvement. The department's structure of the Medicaid Spend-Down Unit and the management controls within the unit were reviewed to identify any areas of weakness and to look for ways to prevent cash thefts from happening in the future. Our audit addressed the following related questions for the period January 1, 2007 to December 31, 2008:

- Has DSS management established adequate internal controls including policies and procedures to help ensure that receipts are recorded, supported, deposited, disbursed and reported timely and accurately?
- Has DSS management provided adequate oversight of financial activity in the Medicaid Spend-Down Unit to ensure that internal controls over the cash collection process are adequate to properly safeguard assets from misuse or theft?
- Does DSS management, specifically in the Medicaid Spend-Down Unit, use all the various processes and tools provided by the NYS Welfare Management System (WMS) to screen and properly determine eligibility in a timely manner?

Scope and Methodology

During this audit, we examined the cash receipt transactions, and the security and transmittal of monies for

the DSS Medicaid Spend-Down Unit to the DSS accountant for deposit, covering the period January 1, 2007 to December 31, 2008. We also evaluated, through the date of our fieldwork (August 17, 2009), the unit's internal controls for the processing of cash receipts and deposits and the use of WMS for income verification and other criteria to determine Medicaid Spend-Down eligibility.

Audit Results

The DSS Medicaid Spend-Down Unit has severe weaknesses in its internal control procedures related to cash receipts and timely deposits of money. The periodic reconciliations of cash collected to Medicaid Coverage and to bank deposits made, were not being performed. Additionally, the DSS Medicaid Spend-Down Unit was not consistently using information on the Welfare Management System (WMS) and other available tools to update Medicaid's client eligibility files. Some examples of the other available tools not consistently used included exception reports that show incorrect or missing Social Security Numbers (SSN) and matching files of recipients' income and resources. As a result, some individuals may have received benefits erroneously.

Comments of Agency Officials And Corrective Action

The results of our audit and recommendations have been discussed with DSS officials and their comments, which appear in Appendix A, have been considered in preparing this report. Except as specified in Appendix A, DSS officials generally agreed with our recommendations and indicated that they planned to take corrective action. Appendix B includes our comment on issues raised by the department.

FINDINGS AND RECOMMENDATIONS

General Management Oversight and Internal Controls

The Ulster County Social Services Medicaid Unit lacks a centralized and coordinated administrative management system over the Spend-Down Program which has directly led to the numerous findings included in this report.

Within this report are various findings that when looked at individually may appear to be isolated. However, when all of the findings are looked at together as a whole, it appears there is an overall lack of management oversight to insure that the Medicaid Spend-Down Program is being run efficiently and effectively.

Collectively, the following issues indicate a significant breakdown in management oversight of the Medicaid Spend-Down Unit and the reported theft of funds:

- No written policies and procedures over the collection, recording and reporting of cash;
- Duties of personnel in charge of collecting and recording monies not sufficiently segregated;
- Receipts not pressed numbered nor issued consecutively;
- Monies not deposited timely;
- No system in place to provide for the reconciliation of actual cash collected and recorded in the County's accounting system against the State's Welfare Management System to insure that all transactions have been captured and properly recorded.

From our overall observation and findings, Social Services Department management must take a proactive role to insure that policies and procedures that establish the checks and balances necessary to insure the integrity of the entire cash collection process are developed, written, accessible and followed. Employing comprehensive policies and procedures will help to insure that errors, mistakes, losses and omissions are caught and corrected in a timely fashion. This is currently not in place and needs to be addressed immediately.

Recommendation

We recommend that the Commissioner of Social Services implement the recommendations provided in the following comments to insure that sufficient internal controls and procedures are in place to protect the assets of the Medicaid Spend-Down Program as well as to prevent the theft or misuse of cash.

Cash Shortage – Medicaid Spend-Down Program

In addition to a reported theft by Medicaid management of \$1,312 in February 2008, our audit found an additional fifty-three receipts totaling \$3,424.30 in cash receipts not deposited.

On February 27, 2008 the Ulster County Sheriff's Office was notified by the Deputy Commissioner of Social Services and the Director of the Medicaid Spend-Down Program that approximately \$1,312 in cash was missing from the desk draw of the Pay-in Social Welfare Examiner (SWE) in charge of collecting and recording monies received for the Social Services Medicaid Spend-Down Program.

Upon commencing our examination, we spoke with the Ulster County Sheriff's Office and were informed that during their investigation they were informed that the Pay-in SWE was on vacation from February 8, 2008 through February 19, 2008 and upon returning to work discovered \$27 in cash unaccounted for. Upon further review the Pay-in SWE found that approximately 22 bundles of cash ranging in amounts from \$3.00 to \$180.00 totaling approximately \$1,312 was unaccounted for and missing from the desk draw. The Pay-in SWE stated that these bundles of cash were either stapled or clipped together along with post-it notes to indicate from which clients the monies were received. Furthermore, these monies were said to have been collected between January 3, 2008 and February 14, 2008. The Sheriff Investigators were told that cash, checks and money orders collected from Spend-Down clients were kept in a locked file draw next to the Pay-in SWE's desk with keys maintained by the Pay-in SWE, the Administrative Assistant for the Medicaid Unit and the Director. The Director's key was commonly known to be kept in a jar in the Director's office, while the Administrative Assistant's key was reported lost sometime during the previous December 2007 time frame. While the Pay-in SWE was on vacation, three other individuals had access to the Pay-in SWE's desk where the monies were kept. It was also reported that the desk with the monies would remain unlocked during the course of the day and it was general knowledge that most or all Medicaid unit employees knew the conditions under which these monies were kept. (See related comment – Timely Deposit of Cash Receipts). As of the date we concluded our examination, the Ulster County Sheriff's Office had not determined who took the missing monies.

On April 21, 2009 we were given a list of 21 clients whose accounts encompassed the lost monies. The list totaled \$1,356.33. We inquired about the difference between the original amount of \$1,312 reported as missing and the current list of \$1,356.33 and were informed that after the Sheriff's investigation was conducted, another review of the accounts disclosed additional monies unaccounted for. On May 22, 2008 the County Finance Department transferred \$1,356.33 from the County's general fund to the trust and agency fund to cover the reported shortage.

Our review of the receipt books covering the time period of January 1, 2008 through March 31, 2008 disclosed the following:

- Concerning the twenty-one cash receipts reported as missing, our review found that not all of them were issued receipts from the same receipt book (see related comment – Press Numbered Receipts). One receipt for \$27.00 was from the receipt book we labeled as receipt book #1, while for two cases of reported missing monies totaling \$141.75 we were unable to find that receipts were issued to these clients from any of the seven receipt books we examined. The remaining eighteen cases of missing monies were traced back to receipt book #4.
- We found one of the reported missing client’s monies totaling \$111.51 listed on the February 21, 2008 cash deposit report.
- For the seven receipt books with receipts issued during the period January 1, 2008 – March 31, 2008 we examined one hundred thirty receipts included in receipt book # 1 through receipt book #5 and found that eighteen receipts totaling \$769.08 did not trace to any of the monthly deposit reports covering January 2008 through April 2008. These eighteen receipts were in addition to the twenty-one already reported as missing.
- As a result of finding additional unaccounted funds totaling \$769.08 we expanded our testing to include the cash deposits covering the three months preceding January 1, 2008. We were informed by the Pay-in SWE that no cash deposits were made between August 18, 2007 and December 17, 2007. Consequently, we reviewed one hundred sixteen cash receipts issued between August 18, 2007 and December 17, 2007 totaling \$8,818.22. Thirty-five of the one hundred sixteen receipts totaling \$2,655.22 could not be traced to any of the batch reports covering December 2007 through April 2008 (see related comment Timely Deposit of Cash Receipts).

We were informed that subsequent to the cash shortage being discovered, various corrective action plans were developed and forwarded to the Commissioner of Social Services for consideration. However, as of the end of our examination, none of the corrective action plans have been implemented. We also note that the Ulster County Department of Buildings and Grounds constructed a cashier’s booth in the main reception area of the Social Services Building at a cost of \$4,926.45 for the purpose of housing a centralized cashier office where all Spend-Down monies would be collected and remitted to the Social Services Accounting Department for deposit. However, as of the date of our audit report, although the cashier’s booth has been constructed, no action has been taken with this project.

In order to insure that all cash collections are properly protected and accounted for, all cash, checks and money orders should be deposited daily.

Recommendation

We recommend that the Commissioner of Social Services take immediate steps to correct the cash collections deficiencies we found by:

- Implementing a centralized cash collection process whereby employee(s) are assigned the task of just collecting cash, checks and money orders from Spend-Down clients and then remitting those collections to the Social Services Centralized Accounting Department where they can be deposited each day.
- Review other receipts issued prior and subsequent to the three month period we examined to determine if any other funds are not accounted for.
- Institute policies and procedures that would assign someone in the Spend-Down Management Unit with the responsibility of reviewing the Pay-in SWE's work on a periodic basis as well as reconcile all issued receipts to the WMS system and the County's accounting system to insure that all transactions have been accounted for and recorded.
- Segregate the duties of cash collections from the duties of recording client's information in the WMS computerized system and the County's accounting system.

Written Policies and Procedures

The Social Services Medicaid Spend-Down Unit does not have written policies and procedures to describe employees' responsibilities and duties concerning the collection, recording and depositing of Spend-Down client monies.

During our examination we asked to see written policies and procedures for the collection, recording and depositing of cash so we could test actual practices against them. We were informed by the Administrative Assistant that the Medicaid Spend-Down Unit does not have any such written policies and procedures stipulating what each employee's duties and responsibilities are with regard to collecting, recording and depositing client monies.

Having written policies and procedures will assist employees who are responsible for collecting, recording and depositing cash, to know what their specific responsibilities are for each function.

Recommendation

We recommend that the Medicaid Spend-Down unit develop written policies and procedures which would stipulate the duties and responsibility of each employee involved with the collection, recording and depositing of Spend-Down clients monies.

Segregation of Duties

We were informed that management within the Medicaid Unit did not review, check or reconcile the Pay-in SWE's work on a periodic basis. The Pay-in SWE had as part of their duties the responsibility of issuing handwritten receipts, collecting and recording cash receipts and preparing deposits.

This arrangement has an inherent internal control weakness because it does not provide for a satisfactory segregation of duties within the Medicaid Spend-Down program.

An effective system of internal controls should provide for the proper distribution of duties so that no one individual controls all phases of any given transaction. For example, the person handling cash should not also be responsible for maintaining the records or reconciling client account activity. Even where it may not be feasible to completely segregate certain functions, compensating controls such as supervisory oversight can substantially limit the risk associated with having a single individual handle all facets of cash transactions.

Recommendation

We recommend that the duties of the Pay-in SWE be divided up with separate individuals assigned the responsibility of collecting cash, issuing receipts and entering the information into the County's accounting system. The Pay-in SWE should be only responsible for entering the clients payment information into the New York State Welfare Management System and reconciling this information to the information entered into the counties accounting system. This way no one individual controls all functions of the cash collection process and provides a check and balance on the other person's work.

Timely Deposit of Cash Receipts

Cash, checks and money orders are not deposited timely thereby leaving Spend-down collections subject to theft or misuse. Our review disclosed instances of cash collections not being deposited for periods of up to four months.

As part of our audit, we scheduled the amounts deposited each month covering January 2007 through June 2009 which disclosed that \$722,492.48 was deposited as follows:

Amounts Deposited per Batch Report				
Month	Money Order	Checks	Cash	Total Deposit
January-07	\$0.00	\$31,329.03	\$0.00	\$31,329.03
February-07	\$9,214.20	\$21,569.94	\$2,454.37	\$33,238.51
March-07	\$1,046.33	\$23,406.22	\$2,664.44	\$27,116.99
April-07	\$0.00	\$19,820.40	\$0.00	\$19,820.40
May-07	\$0.00	\$0.00	\$4,019.50	\$4,019.50
June-07	\$0.00	\$45,877.86	\$0.00	\$45,877.86
July-07	\$14,851.32	\$9,233.20	\$6,058.60	\$30,143.12
August-07	\$0.00	\$19,481.81	\$4,515.58	\$23,997.39
September-07	\$0.00	\$14,004.46	\$0.00	\$14,004.46
October-07	\$0.00	\$29,973.73	\$0.00	\$29,973.73
November-07	\$11,696.39	\$19,476.20	\$0.00	\$31,172.59
December-07	\$0.00	\$0.00	\$7,736.58	\$7,736.58
January-08	\$0.00	\$29,603.00	\$0.00	\$29,603.00
February-08	\$8,311.75	\$28,531.90	\$1,445.07	\$38,288.72
March-08	\$1,749.16	\$16,874.99	\$1,320.64	\$19,944.79
April-08	\$0.00	\$18,090.67	\$1,515.91	\$19,606.58
May-08	\$5,224.70	\$13,327.01	\$2,281.09	\$20,832.80
June-08	\$2,533.58	\$15,969.97	\$2,537.20	\$21,040.75
July-08	\$3,797.13	\$18,665.78	\$2,478.04	\$24,940.95
August-08	\$2,542.95	\$19,541.40	\$1,938.89	\$24,023.24
September-08	\$1,891.47	\$17,630.39	\$2,020.59	\$21,542.45
October-08	\$2,033.13	\$16,877.51	\$2,484.05	\$21,394.69
November-08	\$2,146.98	\$15,157.53	\$2,047.56	\$19,352.07
December-08	\$1,423.57	\$11,716.46	\$1,545.60	\$14,685.63
January-09	\$2,155.27	\$15,483.76	\$4,213.93	\$21,852.96
February-09	\$2,400.59	\$15,518.11	\$2,019.35	\$19,938.05
March-09	\$2,044.84	\$17,102.67	\$1,469.19	\$20,616.70
April-09	\$4,436.22	\$20,228.40	\$2,926.46	\$27,591.08
May-09	\$3,585.01	\$22,120.49	\$2,423.44	\$28,128.94
June-09	\$4,161.75	\$24,101.28	\$2,395.89	\$30,658.92
	<u>\$87,246.34</u>	<u>\$570,714.17</u>	<u>\$64,511.97</u>	<u>\$722,472.48</u>

Due to a cash theft totaling \$1,356.33 reported during February 2008 plus our audit disclosing additional unaccountable cash receipts of \$769.08 during the same time period, we expanded our testing of cash deposits to cover the three month period prior to January 2008. Our audit confirmed that the only other cash deposit that occurred prior to the December 18, 2007 cash deposit was on August 7, 2007. The following table lists the number of cash receipts issued subsequent to August 7, 2007 as well as the total amount of those receipts by month.

<u>Month</u>	<u>Number of Receipts Issued for Cash</u>	<u>Total Amount of Receipts Issued During that Month</u>
August 2007	16	\$1,374.69
September 2007	20	\$1,340.91
October 2007	31	\$2,756.54
November 2007	25	\$1,454.70
December 2007	22	\$1,693.38
Not Dated	<u>2</u>	<u>\$ 198.00</u>
Total	116	\$8,818.22

Our findings regarding the receipts for cash noted in the above table are as follows:

- One hundred sixteen receipts were issued for cash totaling \$8,818.22. We were not able to trace thirty five of these receipts totaling \$2,655.22 to any of the cash batch reports from December 2007 through April 2008.
- Although the December 2007 cash batch report contained cash deposits of \$7,736.58, this deposit does not reconcile with the total amount of receipts issued from August 2007 through December 2007 of \$8,818.22 of which \$2,655.22 we could not trace to any of the cash batch deposit reports.
- Sixteen out of the one hundred sixteen handwritten receipts examined did not indicate the month the client's Medicaid Coverage was for. For those receipts that did list the month being covered, we note that the coverage ranged from July 2007 through February 2008.

During the preliminary phase of our audit we were informed that Medicaid Spend-Down cash, checks and money orders are deposited monthly. We took an inventory on April 21 – 22, 2009 of the case files that were on the Pay-in SWE's desk and found that the case files contained fifty-one checks and money orders totaling \$7,508 that had not yet been deposited. Our examination disclosed that twenty-one checks and money orders were dated from one to two hundred eleven days prior to April 1, 2009. The schedule below shows the number of checks found in files and the month the checks were issued:

Month Issued	Number of Checks or Money Orders on file	Month Issued	Number of Checks or Money Orders on file
Sept 08	1	Feb 09	6
Dec 08	1	Mar 09	16
Jan 09	1	April 09	36

We were informed that all Spend-Down monies are turned over to the Pay-in SWE who is responsible for recording the monies in the WMS program as well as into the County's accounting system prior to being deposited. We were informed that the Pay-in SWE

keeps all monies collected during the week in a locked cabinet next to the Pay-in SWE's desk from Monday until Friday afternoon at which time cash, checks and money orders are walked over to the DSS administrative office where the accounting department will count it and place it in their cash vault. At the end of the month, the Pay-in SWE will retrieve all cash, checks and money orders from the accounting department and enter the information into the County's accounting system to create separate batch reports for cash, checks and money orders that are subsequently deposited by the DSS accounting department's courier.

When we asked why monies are being held for a month at a time, we were informed by the Pay-in SWE, that due to the increased number of cases and amount of documentation involved with the Spend-Down Program that must be entered into the State's WMS system before the monies can be deposited, collection of cash, checks and money orders are held out and not deposited until all client information can be entered into both the WMS and Ulster County's accounting system. Furthermore, the Pay-in SWE told us that some of the checks and money orders were for individuals whose checks were returned for insufficient funds and the checks and money orders on file did not cover the entire amount of insufficient funds. As a result, the Pay-in SWE was waiting for the clients to submit additional checks and/or money orders to cover the original insufficient funds.

To insure that cash collections are not compromised, all monies should be deposited on a daily basis.

Recommendation

We recommend that all cash, checks and money orders be deposited on a daily basis to prevent the theft or misuse of cash checks and money orders. Furthermore, the Ulster County Administrative Code §A11-1(d) states that:

“The Commissioner of Social Services shall pay to the Commissioner of Finance all moneys received by him or her which are reportable to or receivable by the County as soon as practical or as may be required by the Commissioner of Finance, but in no event less than once weekly.”

We recommend that all cash, checks and money orders be deposited daily in order to reduce the likely hood of funds being misappropriated.

Change Fund

We were informed by the Social Services Centralized Accounting Office that when cash is forwarded by the Pay-in SWE, that the cash on hand separated by client, does not match the amount listed, by client, on the accounting department's batch report. As a result, cash collections are not deposited in tact.

The Pay-in SWE explained that the actual cash per client does not match the amount listed on the batch report because the Spend-Down Program's change fund is \$100. When a client comes in with large denomination bills and needs change, staff has to use smaller denomination bills from other client collections to make the needed change.

A change fund should have sufficient currency and coin to allow for the proper change without the need to use monies collected from other clients.

Recommendation

We recommend that the change fund allocation be reviewed. If it is determined that the current amount does not meet the needs of department on a daily basis, that it be increased in sufficient amount so that other clients' cash collections are not used to make change.

Press Numbered Receipts

Our review found that during 2008 receipt numbers were issued multiple times, sometimes within the same month; issued receipts were not being numbered and instances of receipts being manually pre-numbered and signed by the Pay-in SWE, but never issued to any clients. Other receipts did not have a date written on them to indicate the date payment was received.

We were informed that when Spend-Down clients make their monthly payments, the various employees in the Medicaid Spend-Down unit issue hand written receipts to those clients who request a receipt. The receipts were maintained in spiral bound receipt books where client's information was handwritten on the receipt. The receipts were not pre-numbered and had to be manually numbered as they were issued.

We were further informed that multiple receipt books were in use at the same time. Our examination confirmed and uncovered situations of the same receipt numbers being issued more than once, sometimes within the same month. We were informed that the Pay-in SWE in charge of Spend-Down accounts maintained a receipt book, as well as their supervisor (Medicaid Units Administrative Assistant) who maintained a receipt book in the Medicaid Unit's reception area. In addition, other individuals in the Medicaid Unit who had occasion to collect client Pay-in monies, had other receipt books in use at the same time.

Although the individual receipt books were not numbered, we assigned each receipt book a number for our reporting purposes. We made a schedule of the receipts in each of the seven books we found which shows receipts numbered one through seventy were issued in 2008 as follows:

Receipt #	Book 1	Book 2	Book 3	Book 4	Book 5	Book 6	Book 7
1 – 10	2/26 – 3/5 (a)	2/28 – 3/9	3/1 – 4/8 (b)	1/3 – 1/7	2/29 – 3/4	6/29 – 6/30	10/3 – 10/15
11 – 20	-	3/11 – 4/15 (d)	4/17 – 5/5	1/7 – 1/16	3/4 – 3/25	6/30 – 7/8	10/16 – 10/29
21 – 30	-	4/16 – 4/24	5/5 – 5/29 (e)	1/16 – 1/30	3/26 – 4/3	7/9 – 7/23	10/29 – 11/3
31 – 40	-	4/24 – 4/28	(c)	1/31 – 2/4	4/3 – 4/7	7/30 – 8/1	11/3 – 11/7
41 – 50	-	4/21 – 5/7	(c)	2/4 – 2/14 (f, g)	4/8 – 4/17	8/1 – 8/5	11/7 – 11/20
51 – 60	-	-	(c)	2/14 – 2/28 (f, g)	4/17 – 4/30 (h)	8/5 – 8/18 (i)	11/20 – 11/26
61 – 70	-	-	(c)	-	4/30 – 5/5	8/18 – 8/28	11/26 – 1/2/09

From the above schedule, duplicate receipt numbers were issued multiple times throughout the year. Consequently, different clients are able to claim having the same receipt number for different cases at different points in time during the year. Our findings are as follows:

- a. Two receipts were issued that should have been numbered as receipts number one and number two but were not.
- b. Receipts that were issued and should have been numbered as receipts number two and number six but were not.
- c. Twenty-nine of thirty subsequently issued receipts, were not numbered except for one issued on June 24th which was listed as receipt number four. These receipts were all issued between May 29th and July 29th.
- d. A receipt that was issued and should have been numbered as receipt number twelve but was not.
- e. One receipt that was issued and should have been numbered twenty-six, but was not. Also, receipt number twenty-two was not dated.
- f. Ten receipts were manually numbered using the same receipt numbers written on each and issued during the same month. Four receipts were numbered forty-one and forty-two respectively with two issued on Feb 4th and the other two on Feb 6th. Two receipts were numbered forty-three with one issued on Feb 5th and the other on Feb 7th. One receipt numbered forty-four did not have a date written on it while another receipt numbered forty-four was dated Feb 11th and was also voided. Two receipts were numbered fifty-three with one issued on Feb 6th and the other on Feb 23rd. Two other receipts were numbered fifty-four with one issued on Feb 27th and the other on Feb 28th. We note that all ten receipts were issued to different clients. Finally, receipts numbered fifty-five and fifty-six were numbered and signed by the Pay-in SWE responsible for the Spend-Down accounts, but did not have any client information on them and were not issued.

- g. We noted that one of the receipt books, we labeled as book number four for our reporting purposes, had a loose sheet of four receipts inserted in the middle of the receipt book that were not numbered and were issued between Feb 8th and Feb 25th. We also note that all four of the receipts were signed by the Administrative Assistant of the Medicaid Unit who is also the Pay-in SWE's Supervisor.
- h. Receipt number fifty-six was numbered and signed by the Pay-in SWE, but did not have any client information on it and was not issued.
- i. Receipt number fifty-eight was dated as May 12, 2008 while the three receipts immediately preceding were dated for August 12, 2008 and the three receipts immediately following were dated for August 18, 2008.

Proper internal controls dictate that pre-numbered receipts be used, and that receipts be issued in numerical order without skipping numbers. This would insure that each receipt would have a unique number to identify individual client payments which could not be disputed.

Recommendation

We recommend that the Medicaid Spend-Down Unit institute the use of pre-numbered receipts to insure that the numbering system for receipts is kept in tact and that receipt books be used in order. As an alternative, an electronic cash register type system with computerized numerically-serial, numbered receipts issued to all clients would maintain the integrity of the receipt numbering sequence.

Spend-Down Account Reconciliation

The Medicaid Spend-Down accounts that have been entered into New York State's Welfare Management System are not reconciled against Ulster County's accounting system and the Social Services Accounting Department subsidiary record of each client's history.

We were informed by Department of Social Services Medicaid Spend-Down Staff that reconciliations between the State's Welfare Management System information, the Pay-in SWE's written receipts and the County's accounting records were not performed.

In order to insure that all transactions have been properly accounted for a reconciliation between the State's Welfare Management System records, the Pay-in SWE's receipts and the County's accounting system should be completed on a monthly basis.

Recommendation

We strongly recommend that a reconciliation procedure be instituted of the State's Welfare Management System, the DSS Accounting System subsidiary record of each

Spend-Down/Pay-In Client and the H.T.E Accounting System. The reconciliation should show an accounting of total cash, plus credited medical bills, with the total coverage authorized in the Welfare Management System for Spend-Down/pay-in clients.

Batch Report Deposits

The batch reports generated by the Pay-in SWE which list the client payments to be deposited, did not list the receipt numbers from the manual receipts issued to clients. In addition, the amounts reported as deposited did not always agree with the amounts listed on the handwritten receipts and certain deposits listed on the batch report could not be traced to any of the handwritten receipts.

The Pay-in SWE enters the information from the handwritten cash receipts into the County’s accounting system which generates a batch report labeled “Cash Edit Listing.” This report contains the name of the client, client identification number (C.I.N. #), client case number, amount paid and the months for which coverage was paid. However, the handwritten receipt numbers are not entered into the County’s computerized accounting system. Instead, the County’s computerized system assigns a computerized sequential receipt number. The computer generated receipt number is not recorded on the handwritten manual receipts. Consequently, we could not easily trace the entries on the computerized report to the manual handwritten receipts without going through every receipt in every receipt book to determine if, in fact, a receipt had been issued.

Our review of the monthly batch reports disclosed that there were inconsistencies between the information listed on the batch reports with the information that was handwritten on the receipts. Our findings consisted of:

- Our review of the December 2007 cash batch report disclosed the following for one clients activities:

December 2007 Batch Report			Hand Written Receipts Issued		
Entry #	Month of Coverage	Amount	Receipt Date	Month of Coverage	Amount
1	January 2008	\$33.00	10/3/07	November 2007	\$33.00
2	January 2008	\$33.00	11/2/07	December 2007	\$33.00
			12/10/07	January 2008	\$33.00

Based on the above information, we could not determine which two of these three receipts were actually deposited as part of the December 17, 2007 batch report.

- One individual was listed on the December 17, 2007 cash batch report as having paid \$181.80 to cover their October 2007 month spend-down premium. However, the receipt issued October 2, 2007 did not state which month the payment was for.

Consequently, we could not be assured that the month entered on the batch report is the correct month for which payment was received.

- An individual was listed on the December 17, 2007 cash batch report as having paid \$4.00 for their November to December 2007 spend-down amounts. Our review disclosed a receipt was issued on December 13, 2007 for \$10.00 to cover this individual's November 2007 through March 2008 spend-down premiums. We reviewed the subsequent cash batch reports issued on February 27, 2008, March 1, 2008 and April 8, 2008 and did not see any entries for this individual for the remaining \$6.00 being deposited from the December 13, 2007 receipt.
- Another individual was listed on the December 17, 2007 cash batch report as having paid \$185.00 for their September 2007 spend-down premium, however a receipt issued on September 9, 2007 states that this individual paid \$180.00 for their September 2007 spend-down premium.
- An individual was listed on the February 27, 2008 cash batch report as having paid \$100.00 for their December 2007 spend-down premium. However, our review disclosed that a receipt issued on December 20, 2007 stated that this individual paid \$93.00 for their December 2007 spend-down premium.
- An individual was listed on the March 1, 2008 cash batch report as having paid \$154.00 for their March 2008 spend-down premium. Our review disclosed that two receipts were issued to this individual by the Pay-in SWE on March 3, 2008 from two different receipt books. One receipt numbered as receipt six was issued from receipt book one while the other receipt numbered nine was issued from receipt book five both stating that this individual paid \$154.00 for their March 2008 spend-down premium.
- An individual was listed on the April 8, 2008 cash batch report as having paid \$24.25 for their April 2008 spend-down premium. Our review disclosed that a receipt numbered twenty-one was issued on March 26, 2008 to this individual and that they paid \$23.25 for their April 2008 spend-down premium.

Furthermore, we examined four monthly batch reports that listed cash deposits in December 2007, February, March and April 2008. Of the one hundred fifty five cash entries totaling \$12,018.20, we could not trace nineteen entries totaling \$1,811.82 to any of the handwritten receipts listed in the eight receipts books we were provided which contained receipts issued from September 2007 to July 2008. In addition, we noted that one individual made up six of these entries totaling \$1,040.73 that could not be traced to any handwritten receipts.

A properly designed accounting system should provide anyone using the system the ability to easily follow a transaction from inception (issuing a receipt) to reporting (listing on batch reports) to being deposited. Furthermore, the information listed on the actual receipt should be the same listed on the batch reports. In addition, with a properly

designed accounting system, all transactions listed on a cash batch report should trace to an original receipt.

Recommendation

We recommend that the Commissioner of Social Services take corrective action with regard to the manner in which the receipt information is entered in the computerized accounting system used to generate the batch reports. The following steps should be taken:

- The computerized accounting system should be reviewed to see if a receipt number can be entered as opposed to the sequential numbering system that is listed on the batch reports. As an alternative, the Medicaid Unit could begin numbering the handwritten receipts with the receipt number generated by the computer system.
- Someone in the Medicaid Spend-Down unit, other than the Pay-in SWE, should be reviewing the batch reports and comparing the information that is on the report to the actual receipts to insure that they agree.
- Furthermore, someone should be checking the batch reports, other than the Pay-in SWE, to insure that all receipted transactions have been recorded on the batch reports.

Eligibility Processing

During our examination, we interviewed certain staff members of the Medicaid Spend-Down/Pay-In Unit and the following disclosures were made relating to the eligibility processing:

- The recertification of on-going Spend-Down/Pay-In clients, in some instances, are not checked for proper identification and citizenship. The caseworkers are assuming this process was performed on the initial screening of the applicants which may have been performed 18 months ago or beyond that time frame.
- The Spend-Down/Pay-In Unit does not follow up on applicants whose SSN has been determined to be invalid by the federal Social Security Administration (SSA). The Medicaid Spend-Down Unit receives a monthly report of exceptions and does not follow up or investigate these exceptions until an annual eligibility recertification is performed. Thus, benefits for individuals can be conceivably paid out erroneously.
- The monthly Resource File Integration (RFI) matches that identify wages, SSA benefits, and unemployment benefits are not reviewed to determine if recipients are eligible for benefits based on new income or resources. The

RFI system income check is also inadequate for these other reasons: 1) The State system can only check employment income and unemployment compensation information from New York State; (2) IRS Form 1099 information is not available for state income-eligibility verifications; (3) Income information is from the prior quarter and may be up to five-months old. As a result, benefits could be erroneously paid out for those individuals where income or resource factors changed.

Pursuant to New York State Medicaid eligibility guidelines and procedures, which are explained to County DSS welfare examiners during their required two-week training sessions in Albany, examiners meet with clients, review their completed State Medicaid applications, along with required supporting documentation, and determine their Medicaid eligibility.

The New York State Medicaid Reference Guide requires that the documentation be sufficient to establish an audit trail and support the application. An auditor reviewing the eligibility determination should be able to obtain the documents upon which the decision was based.

Because the intake of complete, accurate and timely information are critical to determining eligibility, the New York State Department of Health (Department) and the New York State Office of Temporary and Disability Assistance (OTDA) have various processes and tools to assist Local District caseworkers when making eligibility decisions. Reports and file matches are generated from WMS by OTDA.

One report identifies applicants whose SSN has been determined to be invalid by the federal Social Security Administration (SSA). OTDA also produces Resource File Integration (RFI) matches. These file matches identify wages, SSA benefits, and unemployment benefits for individuals applying for or recertifying their Medicaid benefits. Caseworkers are required by federal regulations to use the matches to determine if recipients are eligible for benefits based on new income or resources.

The Department also provides two other resources to Local District caseworkers to aid with determinations of Medicaid eligibility:

- The Electronic Eligibility Decision Support System (EEDSS). This interface increases the timeliness and accuracy of the Medicaid eligibility determination process. At the time of our audit, the Ulster County DSS was not using this system.
- The Front-End Detection System (FEDS) is designed to identify fraudulent or erroneous information before applicants are granted public assistance and Medicaid benefits. The Department encourages, but does not require, FEDS to be used for applicants requesting Medicaid. Ulster County DSS does use this system when warranted.

Recommendations:

The Medicaid Spend-Down/Pay-In Unit should assure that caseworkers are in compliance with the Medicaid Reference Guide for income verifications. They need to take time to review and investigate all exception reports for income and Social Security Numbers.

Summary of Responses -Medicaid Caseworker Questionnaire

A questionnaire was distributed to obtain employees' perspectives on the problems encountered daily and to ascertain what steps might be taken to provide Medicaid services to Ulster County residents more efficiently and effectively. According to SWE responses to the questionnaire, the biggest problems they encounter in performing their jobs can be categorized as functional, systemic, and educational. Summarizing these responses to this questionnaire reveal the following conditions, which require management's attention:

- Functionally, the case loads handled per SWE are excessive. In addition, some nursing homes, which are responsible for completing recertification applications for their residents, do so inadequately providing incorrect information, incomplete applications and/or late submissions that unnecessarily increase the SWE work load.
- Medicaid is drowning in work. Morale is down and employees see no end in sight. With tough economic times the work load can only increase and employees cannot handle what they have already.
- Systemically, the allocation of duties and responsibilities to SWEs hinder efficiency and effectiveness. Examples shared include: Phone interruptions (many are very time consuming and distract from case work); Lack of access to resources (EMEDNY and Sydney On Squeal - SOS); Technology slow and cumbersome, servers go down too often, too many log-ins for each system; and Time wasted on community printing practices. Additionally, there could be more Special Investigation Unit (SIU) referrals but a SIU report takes almost an entire morning or afternoon to properly prepare. Also, it is disappointing that there is usually no recovery.
- Educationally, clients too often do not understand what is expected of them and/or are unable to comply with expectations and/or are not timely with their paperwork or adequately prepared for the interview. Medicare Part D (drug coverage) is difficult to understand. The system is incredibly complex and always changing.

Recommendations:

Functional Improvements:

The identification of the need for more case workers, clerical staff to help with non-determination factors, and for specialists to answer questions correctly the first time was consistent. It was recommended by several respondents as a means to save time, remove distractions and enable SWEs to focus on their work that a centralized phone service or Help-Desk to answer phones be created. A Help-Desk staffed by an experienced specialist would handle routine questions, problems, changes, card requests. It was also recommended there be a unit to handle all conversion and hospital applications.

More clerical staff to help with non-determination factors was suggested as was more examiners to help lighten the case load so SWEs can get things done in a timelier manner instead of putting out fires. It was also recommended to eliminate “hand-written” notices and to have a single person help SIU follow up on investigations.

Systemic Improvements:

Technology recommendations include: Update computer systems; printers at each desk; one log-on and password to access every system; enable the acceptance of credit cards and head sets.

Organizational recommendations include: Establish a liaison with Social Security; Foster greater cooperation between OFA and MA; Assign one unit to handle all conversion and hospital applications; Send clients monthly bills for spend down; Require nursing homes to provide a complete, accurate and timely recertification application and establish a penalty for failure to do so (i.e. lose a month of coverage).

Leadership recommendations include: Demonstrations that the work performed by the SWEs is valued. In addition, there could be more SIU referrals but a SIU report takes almost an entire morning or afternoon to properly prepare. Also, it is disappointing that there is usually no recovery. Because clients move frequently and mail is returned, establish a systemic approach to updating all files at the same time. Develop a better way to budget the self-employed as these are the most difficult to document. More concise instruction would help clients have a better grasp of what is expected of them and what to bring to an interview. Cross train with Adult Services so they can be more involved and better informed to better help clients prepare. Ask for proof of income on recertification applications.

Educational Improvements:

Establish and train to a clear set of protocols and shared knowledge about the complexity of the programs delivered; Provide more training and include SWEs as well as supervisors; Cross train with Adult Services; Send letters to client’s explaining spend

down program in detail; Design applications so they become more user-friendly for the client.

APPENDIX A

RESPONSE FROM AGENCY OFFICIALS

The agency officials' response to this audit can be found on the following pages.

Note: The response letter from the Commissioner of Social Services refers to certain attachments. Those attachments identified former employees and current clients by name. Due to privacy rights and HIPPA Regulations we omitted those attachments from the audit report.



Ulster County Department of Social Services

Michael P. Hein
County Executive

Roberto Rodriguez
Commissioner

August 24, 2009

The Honorable Elliott Auerbach
Comptroller
County of Ulster
PO Box 1800
Kingston, NY 12402

RE: Medicaid Spend-Down Audit Report 2009-005; Jan 1, 2007 - Dec 31, 2008

Dear Comptroller Auerbach:

Pursuant to your instructions, attached please find the Department of Social Services response to your Departmental preliminary draft findings to the referenced audit in the order in which the findings were presented.

In the outset let me convey our appreciation for the opportunity to discuss the findings and offer our responses and clarifications. As stated at the August 17th exit conference, we agree with all the recommendations regarding the Spend-Down Unit and have already taken steps toward full implementation. This includes a more comprehensive cash collections operation that was already underway and includes all other divisions (with the exception of Child Support Enforcement) with a reorganization of our Finance Division. Attached as well is the updated Cash Receipts Protocol that will become effective September 1, 2009.

With regard to the Summary of Responses to the Examiners' Questionnaire, we will take them under advisement and address them as resources and regulations permit.

Clearly, one of the significant drivers influencing these findings and responses is the increased workload we have experienced in the past two years and with more anticipated. While attributed to State initiatives, they were done so with minimal administrative/procedural changes to accommodate this workload. We have taken steps to mitigate this increase where possible, and we will pursue addressing some of the recommendations emanating from the survey.

Ulster County Website: www.co.ulster.ny.us

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845-334-5221 fax 845-334-5353

Mr. Elliott Auerbach
page 2
August 24, 2009

In closing, I look forward to the final report and the subsequent reviews to ensure that we have addressed all the steps necessary to improve our reconciliation and internal controls of the Spend-Down function.

Sincerely,


Roberto Rodriguez
Commissioner

enc.

cc: Marshall Beckman

Ulster County
Department of Social Services

Response to Spend-down Unit Audit Report
August 24, 2009

Findings and Recommendations:
General Management Oversight and Internal controls

Recommendation (Page 7)

Audit recommends that the Commissioner of Social Services implement the recommendation provided in the following comments in order to insure that sufficient internal controls and procedures are in place to protect the assets of the Medicaid Spend-Down Program as well as to prevent the theft or misuse of cash.

Response:

We agree with most of the recommendations with the following response:

- **No written policies and procedures over the collection, recoding and reporting of cash:**

Written procedures do exist but were not made available to the Auditor by staff. The written procedure was approved by New State Department of Health, October 11, 1996. (Attachment A) The procedures were updated in July 1998 (Attachment B). This procedure was still being followed. At the time the procedure was updated, in 1998, there were 103 clients taking part in the Spenddown Pay-In, in July 2009 there were, 199 clients that used the Medicaid Pay-In (Attachment C) and an additional 71 clients that submitted receipts. (Attachments D) There are also written Policies in NY State Regulation 360-4.8(4)(i) Attachment F.

- **Duties of personnel in charge of collecting and recording monies not sufficiently segregated.**

This will change with the re-assignment of personnel effective September 1, 2009. The Agency will assign a new Sr. Account Clerk to be in the cash booth and accept money and receipts from Spend-down clients. The Social Welfare Examiner currently assigned to the Spend-down Unit will only authorize Medicaid coverage for clients who meet their spenddown.

- **Receipts not pressed numbered not issued consecutively: monies not deposited timely.**

This was not done correctly. There have been several unnumbered receipt books in use at one time. With the staffing of the cash window receipts for cash will be issued by the account clerk using the HTE system. The HTE system will issue numbered consecutive receipts.

Although the written procedure does have a provision for daily deposits the spenddown unit had not been in compliance. At the time the procedure was written there were 103 clients taking part in the Spenddown Pay-In, in July 2009 there were 199 clients that used the Medicaid Pay-In (Attachment C) and an additional 71 clients that submitted receipts. (Attachments D) As a result of this Audit money and checks are being taken to and secured by Accounting daily.

- **No system in place to provide for the reconciliation of actual cash collected and recorded in the county's accounting system against the State's Welfare Management System to insure that all transactions have been captured and properly recorded.**

There is a state reconciliation report that is sent to the agency monthly to reconcile what the client paid to Medicaid and what Medicaid paid for those clients medical expenses. The report is reconciled in Medicaid and Accounting prior to money being returned to the client or finally deposited to Ulster County. (Attachment E) There is also written Policies in NY State Regulation 360-4.8 (iii)(a) and (b) See Attachment F.

Recommendation (page 8-10)

Audit recommends that the Commissioner of Social Services take immediate steps to correct the cash collections deficiencies we found.

Response:

We agree with the recommendations with the following response:

Cash Shortage – Medicaid Spenddown Program (page8)

- *In February 2008 there was a theft of spend-down cash. When the theft was discovered the Ulster Counties Sheriffs Department was notified and an investigation was conducted. The Agency took a further step to safe guard the spenddown cash, the cash receipt booth was constructed and a safe was purchased. The Agency will have the cash booth operational on September 1, 2009.*

Review of receipt books. (page9)

- *Given the amount of records to be reconciled, DSS requests additional time for the Medicaid Spend-down Unit to conduct a more extensive review of the same records.*

Recommendations (page 10)

- **Implementing a centralized cash collection...**
*Deposits are now being made daily.
The cash booth is constructed and equipped. It will be staffed by September 1, 2009.*

- **Review other receipts issued prior and subsequent to the three month period we examined to determine if any other funds are not accounted for.**

The Ulster County Medicaid Spenddown Unit does request time to conduct their own audit of the same records.

- **Institute policies and procedures that would assign someone in the Spenddown Management Unit with the responsibility of reviewing the Pay in SWE work on a periodic basis as well as reconcile all issued receipts to the WMS system and the County's accounting system to insure that all transactions have been accounted for and recorded.**

The Spend-down SWE will now report to a Head SWE to help when needed, answer questions and direct the SWE. We have assigned a second SWE to assist the spend-down operation.

- **Segregating the duties of cash collection from the duties of recording client's information in the WMS computerized system and the County's accounting system.**

With the staffing of the cash window, receipts for cash will be issued by the Sr. Account Clerk using the HTE system, and the authorization of coverage will be issued by the spenddown SWE.

Recommendation (Page 15)

The Audit recommends that the change fund allocations be reviewed. If it is determined that the current amount does not meet the needs of the department on a daily basis, that it be increased in sufficient amount so that the other clients' cash collection are not used to make change.

Response:

We agree with the recommendation with the following response:

- **Change Fund**

A change Fund will be established when the cash booth becomes operational, so the cash in the change fund will be safe and increased as needed in order to ensure that cash collections are not used to make change.

Recommendation (Page 21)

The Medicaid Spend-Down/Pay-In Unit should assure that caseworkers are in compliance with the Medicaid Reference Guide for income verifications. They need to take time to review and investigate all exception reports for income and Social Security Numbers.

Response:

We agree with the importance of these responsibilities and respond as follow:

Eligibility Processing:

- **Recertification, Social Security Number Report and Resource File Integration Report**

*Recertifications are not always done timely-a common problem throughout the State. Social Security Number Reports and Resource File Integration Reports are not reviewed timely. The agency is aware of these discrepancies in the Medicaid Unit. However these functions are **not** the responsibility of the Spend-down Social Welfare Examiner. Notwithstanding, they are being addressed.*

Summary of Responses to Examiners' Questionnaire Response

Given the nature of Medicaid operations and the State and Federal regulations that govern not only eligibility but operations, not to mention the fiscal exigencies that prevail, the majority of the recommendations emanating from this survey while well intended, are not achievable. For example:

The recommendations we can and are working:

- Continue to improve and disseminate more information regarding the various programs and required documentation. One of our operational goals is to do just that-with the resources made available.
- The Medicaid Division is in the final stages of an extensive process review authorized by DOH involving all areas of the division. The consultant (Marcia Caliches, Director, Public Sector Programs, Cornell University School of Industrial and Labor Relations) has already made recommendations to address operational and process efficiencies. She has already indicated the need for additional staff-including clerical personnel which is now under consideration.
- The centralized call center is being address by DOH through an enrollment regional center pilot in Jefferson County that will be replicated throughout the State.
- There is extensive state mandatory training for all programs and there are contracts with UCCC for additional non-credit/credit courses for all staff-consistent with interest and workload requirements.

The recommendations that are not under my jurisdiction or contrary to regulations:

- We have state supplied and owned computers. Upgrading all computer systems not only requires their approval but occur in phases. While replacing all computers and printers may be desirable and will result in some efficiency, what is really needed is an overhaul of the current software programs which DOH controls.
- It is contrary to security and confidentiality regulations for there to be one password for all systems utilized by Examiners.
- The use of credit cards for purposes of spend-down is not feasible at this time. My understanding is that the county is not set up to handle this function.
- The basis for establishing one unit to handle all conversion and handle hospital applications is not practical in light of what the chronic care unit is charged with. Clients apply not institutions. Sending clients monthly bills is just not feasible nor provided for in state or federal regulations.
- Requiring nursing homes to provide a complete, accurate and timely recertification is a function of what their respective clients and family provide. Assessing a month's coverage penalty is not under my jurisdiction or legal.
- SIU referrals are triggered by criteria ascertained during an intake notwithstanding the time it takes to prepare a report. SIU is a deterrent function whose success is measured more by cost avoidance than monetary recovery. Please note that this Department has an exemplary recovery/cost avoidance operation with a total recovery of \$33.9 million in 2008. \$14 million in cost avoidance attributed to SIU.
- Designing more user friendly applications is not under my jurisdiction. These applications are uniform throughout the state and under DOH/Federal jurisdiction.
- Cross training of staff has been done within titles (e.g. SWE's have been cross trained to take HEAP applications). Cross training Adult Services staff (Caseworkers) with Examiners or vice versa, is an extraordinary process that we are not able to engage given the myriad complexities associated with it.

APPENDIX B

COMPTROLLER'S COMMENT ON THE AGENCY'S RESPONSE

In response to concerns raised and observations made about our audit in the DSS response letter, we provide the following information.

Finding – No Written Policies

With regard to written policies being in place, included in DSS's response we were given a letter dated October 11, 1996 from the New York State Department of Health thanking then Commissioner of Ulster County Department of Social Services, Thomas W. Roach Jr. for submitting the department's Medicaid Pay-in program plan. Attached to this letter was a document labeled Medicaid Excess Income Proposal dated September 9, 1998 which is approximately two years subsequent to the New York State Department of Health letter. This proposal discusses monies from the excess income program being collected by the Medicaid Resource Unit. The proposal discusses payments deposited daily by the Medicaid Accounting Unit after collection and remittance by the Resources Unit.

During our review we were aware of the Medicaid Resource Unit, however, during the audit period this unit did not collect any of the spend-down monies nor were they involved with spend-down monies being deposited. Furthermore, if these are the policies of the Spend-Down Program the current Medicaid Spend-Down staff were not aware of their existence and did not follow them.

Finding – Reconciliation of Cash Collections

Our finding discusses that there was no reconciliation performed between the handwritten receipts to the County accounting system and the Medicaid Administrative Unit's data base files against the State's WMS entries. We acknowledge that reconciliations between the State's WMS entries and the Medicaid Administrative Unit's data base are performed, however by not reconciling these two systems to the original handwritten receipts and the County accounting system, reconciling items could be missed.

Finding – Recertification, Social Security Number Report and Resource File Integration Report

Our audit report did not state that this was being done by the Pay-in SWE, rather it stated that this was being done by the Social Welfare Case Workers, who are responsible for performing this function.