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December 13, 2019

Performance Audit  
Recommendations and  
Corrective Actions for Audit:  
16-05

DEPARTMENT FOR  
CHILDREN AND FAMILIES

Alleged Beneficiary Fraud  
Investigated, but Improper  
Payments Not Effectively  
Collected

Dated: September 12, 2016

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# Overview

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The SAO makes recommendations designed to improve the operations of state government. For our work to produce benefits, auditees or the General Assembly must implement these recommendations, although we cannot require them to do so. Nevertheless, a measure of the quality and persuasiveness of our performance audits is the extent to which these recommendations are accepted and acted upon. The greater the number of recommendations that are implemented, the more benefit will be derived from our audit work.

In 2010, the SAO began to follow-up on the recommendations issued in our performance audits. Experience has shown that it takes time for some recommendations to be implemented. For this reason, we perform our follow-up activities one and three years after the calendar year in which the audit report is issued. Our annual performance reports summarize whether we are meeting our recommendation implementation targets.

<http://auditor.vermont.gov/about-us/strategic-plans-and-performance-reports>

This report addresses the requirements of Act 155 (2012) to post the results of our recommendation follow-up work on our website. The report does not include follow-up on recommendations issued as part of the state's financial statement audit and the federally mandated Single Audit, which are performed by a contractor. However, our current contract for this work requires the contractor to provide the results of its recommendation follow-up.

Audit Number & Name	Rec #	Recommendation	Follow-Up Date	Status	Review Comments
<a href="#">16-5 Department for Children and Families: Alleged Beneficiary Fraud Investigated, but Improper Payments Not Effectively Collected</a>	1	Direct the Economic Services Division (ESD) to create a system to track allegations of fraud from inception to resolution and periodically review whether the allegations are being handled appropriately.	2017	Partially Implemented	The Department for Children and Families (DCF) ESD provided a draft copy of a newly designed excel spreadsheet that will be used to track allegations of fraud from inception to resolution. ESD expects the have this recommendation fully implemented by March 2018.
			2019	Implemented	A fraud allegation tracker was created and distributed by ESD Operations in December of 2017. The trackers became mandatory in January of 2018.
	2	Enable the public to submit an allegation of beneficiary fraud electronically.	2017	Partially Implemented	DCF reported ESD has discussed this recommendation with the web designer and is currently in the process of designing the form and the details for electronic submissions and expects to have this recommendation fully implemented in January 2018.
			2019	Implemented	A "Report Public Benefits Fraud" button is available on the DCF main webpage that links to an electronic form.
	3	Direct the Fraud and Claims Unit (FACU) to develop a mechanism to track the confirmations sent out regarding potential fraudulent activities identified via the Department of Labor wage data match and Public Assistance Recipient Information System data match and follow-up as necessary.	2017	Implemented	DCF reported that the FACU implemented our recommendation in November 2016 and is now able to fully track all matches from the Department of Labor wage data and the Public Assistance Recipient Information System data. DCF utilizes an excel file to track the confirmations that are sent out. All responses received are entered into the fraud database.
			No further follow-up is required because the recommendation was implemented.		
	4	Fix the ACCESS software problem that is resulting in too many matches with the Vermont Department of Labor's wage data.	2017	Not Implemented	No action has been taken by DCF subsequent to the issuance of our audit report.
			2019	Implemented	DCF worked with the Agency of Digital Services to correct the software problem. The software no longer is picks up incorrect cases and is in a more user-friendly format.
	5	Direct ESD to regularly perform a computer data match between ACCESS and the Department of Corrections' case management system to identify prisoners who may be receiving benefits.	2017	Not Implemented	No action has been taken by DCF subsequent to the issuance of our audit report.
			2019	Implemented	DCF added a Prisoner Verification System desk aid to the 3SquaresVT program manual which states that for every initial application and recertification, a Prisoner Verification System match must be completed. The desk aid includes instructions on how to perform the match and how to deal with the results.
	6	Direct the FACU to check whether changes in income or household composition detected during investigations would have affected whether or how much a client received in Seasonal Fuel Assistance or General Assistance benefits and seek recoupment of overpayments when found.	2017	Not Implemented	ESD reported that they continue to look for options for implementing this recommendation.
			2019	Not Implemented	DCF has chosen not to implement this recommendation because they believe it would negatively impact children and families.
	7	Direct ESD to modify program rules to disqualify Reach Up clients for a period of time if they are found to have intentionally violated rules in the program in order to fraudulently obtain benefits.	2017	Not Implemented	ESD reported that they continue to look for options for implementing this recommendation.
			2019	Not Implemented	DCF has chosen not to implement this recommendation because they believe it would negatively impact children and families.

Audit Number & Name	Rec #	Recommendation	Follow-Up Date	Status	Review Comments
<a href="#">16-5 Department for Children and Families: Alleged Beneficiary Fraud Investigated, but Improper Payments Not Effectively Collected</a>	8	Direct ESD to modify program rules to disqualify Seasonal Fuel Assistance clients for a period of time if they are found to have intentionally violated rules in the program in order to fraudulently obtain benefits.	2017	Not Implemented	ESD reported that they continue to look for options for implementing this recommendation.
			2019	Not Implemented	DCF has chosen not to implement this recommendation because they believe it would negatively impact children and families
	9	Direct ESD to modify program rules to disqualify General Assistance clients for a period of time if they are found to have intentionally violated rules in the program in order to fraudulently obtain benefits.	2017	Not Implemented	DCF has not implemented our recommendation.
			2019	Not Implemented	DCF has chosen not to implement this recommendation because they believe it would negatively impact children and families.
	10	Direct the FACU to set a standard for a reasonable maximum repayment period in negotiating the monthly repayment amount for overpayment claims.	2017	Not Implemented	EDS reported they reached out to Food and Nutrition Services at the U.S. Department of Agriculture and they stated that minimum payments or maximum repayment periods are not mandated per federal regulations.
			2019	Not Implemented	DCF has chosen not to implement this recommendation because they do not believe that it is feasible for clients that live in poverty.
	11	Direct ESD to periodically bill clients who are in default in repaying overpayment claims.	2017	Not Implemented	DCF has not implemented our recommendation.
			2019	Implemented	DCF is billing on a monthly basis. The bills are sent out mid-month with a business office return envelope.
	12	Direct the ESD to use the State's income tax refund offset program to collect ESD's delinquent debt for overpayment claims.	2017	Not Implemented	When resources are available, ESD has asked IT to prepare an analysis to determine whether this recommendation is feasible.
			2019	Not Implemented	DCF is currently waiting on an IT analysis regarding the recommendation to determine if it is feasible.
	13	Direct the ESD to review the duties of the FACU supervisor and reduce her capability to control or perform all key aspects of the investigation and claims process.	2017	Partially Implemented	DCF reported that a dedicated claims specialist position was added to the ESD staff on March 19, 2017 to establish claims for repayment in the system. However, the supervisor's access levels in the ACCESS system have not been changed and the supervisor can still perform all key aspects of the investigation and claims process.
			2019	Partially Implemented	The supervisor's access levels in the ACCESS system were not reported to have been changed. However, DCF reported that safeguards were put in place including that a separate employee now performs many key processes previously performed by the supervisor.