

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**99 OF 100 CALIFORNIA DEPARTMENT
OF SOCIAL SERVICES REFUGEE CASH
ASSISTANCE PAYMENTS REVIEWED
WERE ALLOWABLE**

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Office of Inspector General

<https://oig.hhs.gov>

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OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

Report in Brief

Date: July 2019

Report No. A-04-18-02017

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL



Why OIG Did This Review

The Refugee Act of 1980 created the Refugee Resettlement Program (RRP) to provide for the effective resettlement of refugees and to assist them in achieving economic self-sufficiency after arriving in the United States. The Act provides Federal grants to States for cash and medical assistance, social services, and targeted assistance to help qualified refugees. Within HHS, the Administration for Children and Families, Office of Refugee Resettlement (ORR) runs the RRP program. In 2015 and 2016, ORR obligated \$286 million and \$417 million, respectively, to States for the RRP.

We selected for audit the California Department of Social Services (CDSS) because previous ORR monitoring reports identified errors. CDSS serves, aids, and protects needy children and adults to strengthen families, encourage personal responsibility, and foster independence. CDSS's RRP is a State-supervised, county-administered program.

Our objective was to determine whether CDSS's refugee cash assistance (RCA) payments to beneficiaries were allowable in accordance with Federal and State regulations.

How OIG Did This Review

Our audit covered 35,189 RCA payments totaling almost \$13 million CDSS made to beneficiaries from October 1, 2015, through September 30, 2017 (audit period). From these payments, we selected a stratified random sample of 100 RCA payments totaling \$34,700 for review.

99 of 100 California Department of Social Services Refugee Cash Assistance Payments Reviewed Were Allowable

What OIG Found

California's RCA payments to beneficiaries were generally allowable in accordance with Federal and State regulations. Of the 100 RCA payments totaling \$34,700 in our sample, 99 were correct. For the remaining one RCA payment, California made an overpayment totaling \$350.

This overpayment occurred because California did not ensure that the eligibility worker terminated RCA benefits upon receipt of the system notification.

What OIG Recommends and CDSS Response

We recommend that California refund \$350 to the Federal Government.

In response to our draft report, California agreed with our recommendation and discussed actions it would take to refund the overpayment to the Federal Government.

TABLE OF CONTENTS

INTRODUCTION1
 Why We Did This Review1
 Objective1
 Background1
 Office of Refugee Resettlement.....1
 California Department of Social Services2

 How We Conducted This Review2

FINDING.....3
 Federal Requirements.....3
 The California Department of Social Services Generally Made
 Allowable Refugee Cash Payments3

RECOMMENDATIONS4

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES RESPONSE4

APPENDICES

 A: Audit Scope and Methodology5

 B: Federal and State Requirements6

 C: Sampling Methodology.....8

 D: Sample Results.....9

 E: California Department of Social Services Response10

INTRODUCTION

WHY WE DID THIS REVIEW

The Refugee Act of 1980¹ created the Refugee Resettlement Program (RRP) to provide for the effective resettlement of refugees² and to assist them in achieving economic self-sufficiency after arriving in the United States. The Act provides Federal grants to States for cash and medical assistance, social services, and targeted assistance to help qualified refugees. Within HHS, the Administration for Children and Families, Office of Refugee Resettlement (ORR) runs the RRP program. In 2015 and 2016, ORR obligated \$286 million and \$417 million, respectively, to States for the RRP.

We selected for audit the California Department of Social Services (CDSS) because previous ORR monitoring reports³ identified errors.

OBJECTIVE

Our objective was to determine whether CDSS's refugee cash assistance (RCA) payments to beneficiaries were allowable in accordance with Federal and State regulations.

BACKGROUND

Office of Refugee Resettlement

Within HHS, ORR provides benefits and services to assist the resettlement and local integration of eligible populations such as refugees, asylees,⁴ Cuban and Haitian entrants, Special Immigrant Visa holders, Amerasians, and victims of trafficking. ORR provides time-limited benefits and services to this eligible population through Cash and Medical Assistance (CMA) grants to States. CMA grants provide cash assistance, health coverage, and domestic medical screenings to refugees.

¹ Title IV, chapter 2 of the Immigration and Nationality Act contains the provisions of the Refugee Act.

² As defined in Immigration and Nationality Act (8 U.S.C. 1101(a)(42)(A)), a refugee is any person who is outside any country of such person's nationality or, in the case of a person having no nationality, is outside any country in which such person last habitually resided, and is unable or unwilling to return to, and is unable or unwilling to avail himself or herself of the protection of that country because of persecution or a well-founded fear of persecution on account of race, religion, nationality, membership in a particular social group, or political opinion.

³ Various Office of Refugee Resettlement Refugee Program Monitoring Reports for multiple counties in California from 2014 to 2017.

⁴ As outlined in the Immigration and Nationality Act (8 U.S.C. 1158), asylees do not enter the United States as refugees, but may enter on their own as students, tourists, business professionals, or as unauthorized individuals. Once in the United States, or at a land border or port of entry, they apply for asylum. Asylees are eligible for ORR refugee benefits and services beginning on the date of the final grant of asylum.

ORR-served populations⁵ are eligible to qualify for the same Federal benefits as U.S. citizens, with some limits, such as Temporary Assistance for Needy Families (TANF), Medicaid, Children’s Health Insurance Program, and Supplemental Security Income (SSI). However, when the ORR-served population does not meet the eligibility requirements for these Federal benefit programs, CMA provides cash assistance and health coverage through RCA and Refugee Medical Assistance (RMA). RCA provides cash assistance to those refugees ineligible for federal cash assistance programs such as TANF or SSI. RMA provides health coverage to those refugees ineligible for Medicaid. Eligibility for RCA and RMA is restricted to the first 8 months after a refugee’s arrival into the United States, or their date of eligibility.

California Department of Social Services

The mission of CDSS is to serve, aid, and protect needy and vulnerable children and adults in ways that strengthen and preserve families, encourage personal responsibility, and foster independence. Within CDSS, the Refugee Programs Bureau was established to provide day-to-day administrative and operational oversight for California’s Refugee Resettlement Program (RRP).

The RRP is a State-supervised, county-administered program. RCA program services are administered at the county level by local county welfare departments to promote employment and encourage self-sufficiency.

Counties are organized into three Statewide Automated Welfare System (SAWS)⁶ consortia— Los Angeles Eligibility, Automated Determination, Evaluation and Reporting Replacement System (LRS), Consortium IV (C-IV), and CalWorks Information Network (CalWin). Each county utilizes only one of these consortia.

California resettled approximately 8 percent of the total number of refugees that arrived into the U.S. in fiscal year (FY) 2015. This represented the second largest number of refugee arrivals in FY 2015. In FY 2016, California resettled 9 percent of total U.S. refugee arrivals. Along with Texas, this was the largest number of refugee arrivals.

HOW WE CONDUCTED THIS REVIEW

Our audit covered 35,189 RCA payments totaling \$12,625,677 that CDSS made to beneficiaries from October 1, 2015, through September 30, 2017 (audit period). From these payments, we selected a stratified random sample of 100 RCA payments totaling \$34,700 for review.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain

⁵ Throughout this report we will refer to the ORR-served population as refugees.

⁶ SAWS is California’s county-managed public assistance eligibility and enrollment system.

sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix A contains the details of our audit scope and methodology, Appendix B contains our detailed criteria, and Appendices C and D contain the details of our sampling methodology and results.

FINDING

CDSS RCA payments to beneficiaries were generally allowable in accordance with Federal and State regulations. Of the 100 RCA payments totaling \$34,700 in our sample, 99 were correct. For the remaining one RCA payment in our sample, CDSS made an overpayment totaling \$350.

The overpayment occurred because the CDSS did not ensure that the eligibility worker terminated RCA benefits upon receipt of the system notification.

FEDERAL REQUIREMENTS

According to 45 CFR § 400.53, eligibility for refugee cash assistance is limited to those new arrivals who:

1. have resided in the U.S. less than the 8-month eligible period determined by the ORR Director in accordance with § 400.211;
2. are ineligible for TANF, SSI, Old Age Assistance, Aid to the Blind, Aid to the Permanently and Totally Disabled, and Aid to the Aged Blind or Disabled programs;
3. meet immigration status and identification requirements in subpart D⁷ of this part or are the dependent children of, and part of the same family unit as, individuals who meet the requirements of subpart D; and
4. are not full-time students in institutions of higher education.

THE CALIFORNIA DEPARTMENT OF SOCIAL SERVICES GENERALLY MADE ALLOWABLE REFUGEE CASH PAYMENTS

Of the 100 RCA payments totaling \$34,700 in our sample, 1 RCA payment totaling \$350 was unallowable because it represented an overpayment of RCA benefits.

For this sample item, the beneficiary received a payment beyond the 8-month time eligibility period. Generally, the LRS system automatically terminates benefits once the beneficiary receives the maximum allowable benefits. In some instances, however, cases are excluded from automatic termination. When cases are excluded from automatic termination, the system issues an exception notification to the eligibility worker and instructs the worker to manually

⁷ This subpart sets forth requirements concerning the immigration status and identification of eligible applicants for assistance.

terminate the RCA benefits. In this case, although the system notified the eligibility worker to terminate the RCA benefits manually, the eligibility worker did not terminate the benefits upon receipt of the system notification. CDSS attributed this unallowable payment to human error.

RECOMMENDATIONS

We recommend that CDSS refund the overpayment of \$350 to the Federal Government.

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES RESPONSE

In response to our draft report, CDSS agreed with our recommendation and discussed actions it would take to refund the overpayment to the Federal Government. Specifically, CDSS stated that it would report and “offset the \$350 repayment on the September 30th quarter, in adherence with California State Administrative Manual guidelines.”

CDSS’s written comments are included as Appendix E.

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

Our audit covered 35,189 RCA payments totaling \$12,625,677 that CDSS made to beneficiaries from October 1, 2015, through September 30, 2017 (audit period). From these payments, we selected a stratified random sample of 100 RCA payments totaling \$34,700 for review.

We performed our fieldwork at CDSS in Sacramento, California, and at the Los Angeles Department of Public Social Services in El Monte, California, (from July 2018 through November 2018).

Our objective did not require an understanding of all of CDSS's internal controls. We limited our assessment to CDSS controls pertaining to the selected RCA transactions that we reviewed.

METHODOLOGY

To accomplish our objective, we:

- reviewed applicable Federal laws, regulations, and guidance;
- reviewed CDSS California State Plan for Refugee Assistance and Services for the audit period;
- reviewed grant documents, CDSS policies and procedures, and CDSS organizational structure;
- interviewed CDSS officials;
- selected a stratified random sample of RCA payments made to beneficiaries (Appendix C);
- reviewed supporting documentation for each sampled transaction and documented any deficiencies;
- discussed our findings with CDSS officials.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

APPENDIX B: FEDERAL AND STATE REQUIREMENTS

Federal Requirements:

45 CFR § 75.2

- “Improper payment: (1) means any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements; and (2) includes . . . any duplicate payment”

45 CFR Part 400

- § 400.211 “(a) The time-eligibility period for refugee cash assistance and refugee medical assistance will be determined by the Director each year, based on appropriated funds available for the fiscal year.”
- § 400.43

(a) An applicant for assistance under title IV of the [Immigration and Nationality] Act [(the Act)] must provide proof, in the form of documentation issued by the Immigration and Naturalization Service (INS), of one of the following statuses under the Act as a condition of eligibility: (1) Paroled as a refugee or asylee under section 212(d)(5) of the Act; (2) Admitted as a refugee under section 207 of the Act; (3) Granted asylum under section 208 of the Act; (4) Cuban and Haitian entrants, in accordance with requirements in 45 CFR part 401.
- § 400.53 “(a) Eligibility for refugee cash assistance is limited to those who (1) are new arrivals who have resided in the U.S. less than the RCA eligibility period determined by the ORR Director in accordance with § 400.211.”
- § 400.66 “(a) In administering a publicly-administered refugee cash assistance program, the State agency must operate its refugee cash assistance program consistent with the provisions of its TANF program in regard to: (1) The determination of initial and on-going eligibility (treatment of income and resources, budgeting methods, need standard).”

State Requirements:

State of California, Health and Human Services Agency, Department of Social Services
Manual of Policies and Procedures:

Specialized Programs:

- 69-212 “The methods outlined in CalWORKs regulations concerning the recoupment of overpayments, the correction of underpayments and the procedures concerning fraud shall be followed in RCA.”

Eligibility and Assistance Standards:

- 44-350.15 “An overpayment is that any amount of any paid payment an [Assistance Unit] received to which it was not eligible. An overpayment may be all or a portion of an aid payment. This includes . . . an immediate need payment, a special need payment or aid paid pending a state hearing.”

- 44-350.151

An overpayment shall not include aid paid when all four of the following criteria are met: (a) An applicant or beneficiary fails to perform an act constituting a condition of eligibility for aid (b) The applicant's/beneficiary's failure to perform an act constituting a condition of eligibility is caused by a state agency error or by a County Welfare Department (CWD) error, and not by an applicant/beneficiary error (c) The amount of aid paid would have been the same had the act constituting the condition of eligibility been performed. (d) The state agency or CWD error is discovered or an overpayment is being calculated or an overpayment is being recouped on or after January 1, 1985.

- 44-350.16 “The county shall take all reasonable steps necessary to promptly correct and collect any overpayments that are known to the county including recovery of overpayments due to either applicant/beneficiary and/or county administrative errors, with the following exceptions:”
- 44-350.161 “The county shall not demand collection of nonfraudulent overpayments totaling less than \$35 from individuals no longer receiving aid. Where the nonfraudulent overpayment amounts owed by the individuals no longer receiving aid is \$35 or more, the county shall send a demand notice for repayment.”

APPENDIX C: SAMPLING METHODOLOGY

Target Population

The target population consisted of RCA payments made to beneficiaries during the period of October 1, 2015, through September 30, 2017.

Sampling Frame

CDSS provided 19 Excel files containing all RCA payments made to refugees during the audit period. These Excel files were created by the counties using three different platform systems—LRS, C-IV, and CalWin. These Excel files contained 43,287 payments totaling \$16,685,064. We then removed all line items with blank payments, \$0 payments and duplicates.

The remaining 35,189 payments totaling \$12,625,677 became our sampling frame.

Sample Unit

The sample unit was an RCA payment.

Sample Design and Sample Size

We used a stratified random sample. The sampling frame was divided into two strata. Stratum 1 consisted of all payments from the LRS system. Stratum 2 consisted of all payments made by the other two systems—C-IV and CalWin.

Source of Random Numbers

We used the Office of Inspector General, Office of Audit Services (OIG/OAS) statistical software to generate the random numbers.

Method of Selecting Sample Items

We consecutively numbered the sample units in each stratum. After generating the random numbers, we selected the corresponding frame items for review.

Estimation Methodology

This sample was not used to calculate any statistical estimates.

APPENDIX D: SAMPLE RESULTS

Table: Sample Results

| Stratum | Sample Frame | Sample | Frame Amount | Unallowable RCA Payments | Amount of Unallowable RCA Payments |
|----------------|---------------------|---------------|---------------------|---------------------------------|---|
| 1 | 17,353 | 30 | \$6,444,520 | 1 | \$350 |
| 2 | 17,836 | 70 | 6,181,157 | 0 | 0 |
| Total | 35,189 | 100 | \$12,625,677 | 1 | \$350 |

APPENDIX E: CALIFORNIA DEPARTMENT OF SOCIAL SERVICES RESPONSE
CALIFORNIA DEPARTMENT OF SOCIAL SERVICES
 Administration Division
 Audits Bureau
HHS/OIG – Refugee Cash Assistance Program Audit
 Draft Report Finding – Response Due June 21, 2019

| FINDING AND RECOMMENDATION | CDSS VIEW AND CORRECTIVE ACTION |
|---|--|
| <p>Finding: CDSS RCA payments to beneficiaries were generally allowable in accordance with Federal and State regulations. Of the 100 RCA payments totaling \$34,700 in our sample, 99 were correct. For the remaining one RCA payment in our sample, CDSS made an overpayment totaling \$350.</p> <p>The overpayment occurred because the CDSS did not ensure that the eligibility worker terminated RCA benefits upon receipt of the system notification.</p> <p>Recommendation: We recommend that CDSS refund the overpayment of \$350 to the Federal Government.</p> | <p>CDSS agrees with the finding and the recommendation to refund the overpayment to the Federal Government. CDSS will report and offset the \$350 repayment on the September 30th quarter, in adherence with California State Administrative Manual guidelines.</p> |