

City of Long Beach Office of the City Auditor

Performance Audit of the Long Beach Women, Infants, and Children Supplemental Nutrition Program

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Table of Contents

Executive Summary	1
Program Background	3
Scope and Methodology.....	8
Audit Results	10
Conclusion and Recommendations.....	17
City of Long Beach WIC Program Response.....	18

Executive Summary

The Office of the City Auditor for Long Beach engaged Sjoberg Evashenk Consulting to conduct a review of the Long Beach Women Infant and Children (WIC) program. The City Auditor was concerned with findings identified in the City of Long Beach's annual Single Audit that included a review of the WIC program that identified a high level of exceptions in eligibility testing. Therefore, the City Auditor sought to further test the WIC program to determine the level of compliance and uniformity of the administration of program eligibility requirements across all City field offices.

The objectives of this performance audit are to determine:

- Whether uniform policies, procedures, and practices for program eligibility are in place and followed by the field offices.
- Levels and patterns of compliance with all the program eligibility requirements at each field office and across the program.
- Program elements that identify or deter compliance exceptions.
- Any specific eligibility criteria not being met and identify the system weaknesses that contribute to such exceptions.
- Value of benefits provided to ineligible parties.
- Recommendations for improvements in program compliance.

During our performance audit fieldwork, we tested eligibility actions, visited four of the five WIC field offices in the City of Long Beach, and conferred with staff at the California Department of Public Health, the state agency administering the California WIC grant program. Our site reviews suggest that policies and procedures are understood and generally followed at the four field offices visited. This consistency is reflected in the results of our audit testing in that the exceptions we noted occurred at all five locations with no pattern associated with any one office. In particular, testing conducted for all five field offices identified one area of weakness in compliance with eligibility rules and regulations that relate to documentation and evidence of the required hemoglobin/hematocrit tests. Of note, subsequent to the completion of our fieldwork, one of the WIC field offices we visited closed due to facilities issues—Long Beach Memorial.

Specifically, we found in approximately 8 percent of the cases we tested where blood tests are required for eligibility purposes, the program provided benefits to participants who failed to submit the blood test evidence within the 90 day grace period afforded under the initial application provisions. In addition, while participants are also required to provide proof of blood work annually to continue in the program, in approximately 5 percent of these cases tested participants failed to provide the blood work documents within the 30 day grace period afforded under the recertification provisions.

Additionally, we found one participant of the 150 cases tested that did not provide proof of address and received benefits beyond the grace period. In total, 21 of the 150 WIC participants included in our tests received a total of \$2,760 in WIC benefits even though

eligibility requirements were not met over periods ranging from one to four months comprised of 224 vouchers.

Of the 21 exceptions that we noted in our testing of 150 participants, 6 were pregnant women, 3 were breastfeeding mothers, 3 were non-breastfeeding mothers, and the remaining 9 were children ages 1 to 5. These statistics run fairly in line with the overall composition of the WIC participants in Long Beach over the past three years with the exception of the infant category—infants are not required to submit blood tests; infants comprise approximately 21 percent of the WIC participants and we did not find exceptions in our tests related to this group. Specifically, the WIC statistics reveal that the average composition of the pool is about 56 percent children ages 1 to 5 years, 10 percent are pregnant women, 7 percent are breastfeeding mothers, and 6 percent are non-breastfeeding mothers—the remainder of the overall population are infants, about 21 percent.

It appears that a control weakness exists in the proper recording of codes into Integrated Statewide Information System (ISIS). Although the policies and procedures require a “hold” code be entered into ISIS if all the required documentation for eligibility is not submitted, in instances particularly related to blood test results this information is not always appropriately entered. As a result, when the participant returns for additional benefits after the grace period the counselor may overlook the missing requirements and provide benefits. Similar eligibility exceptions were found in previous audits—by the external auditors during the Single Audit for the fiscal year 2009 and by the California Department of Public Health in 2009. As a result of these audits, the WIC program instituted a corrective action plan that included additional training and materials for the program counselors. While we noted that the City’s level of compliance has improved since those audits, the Long Beach Department of Health and Human Services needs to continue its efforts to take corrective efforts to ensure that the appropriate “holds” are placed in the automated system when documentation is missing and that case counselors check the blood results screens in the system when participants return for additional benefits.

Providing benefits to not fully qualified applicants is contrary to program rules. As a grant program, each local agency and the state overall, has a finite budget of benefits to be distributed in accordance with priority levels set by participant needs. Should the City of Long Beach reach capacity and begin to use a waiting list, providing benefits to nonqualified individuals would prevent fully qualified persons from obtaining nutritional assistance through the WIC program. Therefore, ensuring that only those participants who meet the eligibility requirements within the grace periods allotted is essential to program integrity.

Under the federal WIC program provisions, the responsibility related to WIC checks/food instrument redemption, reconciliation, and financial accounting, reporting and recordkeeping resides with the state-level program. The scope of our audit was confined to the local agency, the Long Beach WIC program, and did not include a review of the state-level program or operations. As a result, an audit risk exists that our tests and audit work did not disclose possible misappropriation or fraud that could occur within the state’s program responsibilities.

Program Background

Women, Infants and Children (WIC) supplemental nutrition program is a federal grant funded health and nutrition program targeted to assist women, infants, and children up to the age of 5. The goal of the statewide WIC program is to decrease the risk of poor birth outcomes and to improve the health of eligible participants during critical periods of growth and development. The program includes nutritional education, breastfeeding promotion, medical care referrals, and vouchers for obtaining specific nutritious foods which are high in protein and/or iron, such as peanut butter, eggs, beans, milk, and cheese. WIC is deemed as “short term intervention” and adjunct to ongoing health care. Generally, statewide, participants receive WIC program services for about two years.

Through its administration of the federal WIC supplemental food program, the City of Long Beach issues approximately 26,200 vouchers to individual participants each month through five distribution sites. The City’s external auditor periodically tests compliance with WIC eligibility requirements during its annual Single Audit of the City of Long Beach and in the most recent audit identified exceptions in compliance with eligibility requirements. The California Department of Public Health (CDPH) receives the grant funding from the U.S. Department of Agriculture and in turn contracts with 82 local public and private agencies who deliver WIC program services in more than 650 locations. The City of Long Beach Department of Health and Human Services administers the program at 5 field locations—Health Department WIC Site, West WIC Site, North WIC Site, St. Mary WIC Site, and Long Beach Memorial Center WIC Site. Subsequent to the completion of our field work, the Long Beach Memorial Center WIC Site closed due to facility issues.

Eligibility

WIC is available to low income pregnant, breastfeeding, and non-breastfeeding postpartum women and children under the age of 5 years, including infants. Participants must meet income guidelines and be at “nutritional risk”. Nutritional risk is determined through structured interview and CDPH prescribed questionnaires as well as through blood tests. The program requires that applicants fall within the following eligibility categories:

- **Pregnant Woman:** Eligible throughout pregnancy up until termination of pregnancy. The pregnant applicant must provide a medical professional’s verification of pregnancy in order to be eligible. As one of the program goals is to encourage prenatal care, women applying for WIC not having the medical verification of pregnancy are strongly encouraged to seek medical care and the program will provide referrals to those needing such assistance. In addition, pregnant women are required to obtain a hemoglobin/hematocrit (blood test) that identifies anemia, certain blood disorders, and lead poisoning.
- **Breastfeeding Woman:** Eligible from date of pregnancy termination up to 1 year following birth. Participant must meet all eligibility requirements including the blood test.

- **Non-Breastfeeding Woman:** Eligible from date of pregnancy termination up to 6 months following. Participant must meet all eligibility requirements including the blood test. If the woman was recently certified under the Breastfeeding Woman category, the participant is recertified and her level of priority changes in the program but rules do not require a second blood test.
- **Child Under Five:** Child age 1 to 5 years and must meet all eligibility requirements including the blood test.
- **Infant:** Birth until first birthday—must meet eligibility requirements, but no blood test is required.

Individuals within these five categories must also meet all of the following program criteria:

- Household gross income at up to 185% of the federal poverty level—according to program data many working families qualify to participate in WIC programs.
- Be at nutritional risk, as determined by trained WIC staff.
- Live in California.

WIC participants are determined at the individual basis—a single child in a family may receive benefits or all family members falling within the participation categories may qualify. Each individual is unique in the system and are assigned participant identification numbers, but family members also share a common family identification number. Caretakers such as fathers, grandparents, or foster parents taking care of children under the age of five may qualify to represent those children in obtaining WIC services. Each potential participant (mother and/or child) must be present at the time of enrollment and must provide:

- **Proof of income**, such as paycheck stub, income tax return, Medi-Cal card, letter from employer, or verification via another federal program such as verification participation such as Medi-Cal Adjunctive Eligibility, or TANF or SNAP.
- **Proof of address** via a utility bill, rent receipt, or any letter received through the U.S. Mail.
- **Personal identification** including a driver's license, passport, student ID, birth certificate or immunization card.
- **Medical information** including height and weight, current blood test for anemia, and proof of pregnancy (if applicable). Provisions allow 90 days for the participant to provide the blood test and 60 days to provide pregnancy results—rules stipulate that not providing these documents at enrollment cannot be a barrier to WIC participation, but not meeting these requirements within the grace period is justification for participant disqualification.

Program Delivery

WIC is more than a selected food voucher program. While a main element of its program is to assist eligible mothers and children by providing food coupons/vouchers for specific items to supplement their nutritional needs, the program is also designed to promote

healthy lifestyle behaviors through personal nutritional assessments, nutrition education, and referrals to health care services. The program has a specific emphasis in breastfeeding support that includes dissemination of breastfeeding information, related education, and equipment assistance.

During the in-take process, counselors obtain information from participants showing evidence of income, address, and proof of person (personal identification). Except in limited circumstances, the participant must be physically present at the WIC Site to obtain benefits and provide proof of identity. At the time of registration or intake, mothers complete a questionnaire related to eating patterns and lifestyle choices for themselves and their children, if applicable. Dietician counselors review these questionnaires in conjunction with interviewing the participants and reviewing the results of the required blood test and determine whether the applicant has a “nutritional need.” The provisions of the national and state WIC program are very specific and the CDPH establishes the nutritional/lifestyle questionnaires for each participant group, scoring rubric, and priority of the participant. The assessment includes the following components:

- Anthropometric—participant’s height (length) and weight;
- Biochemical data from the laboratory blood test.
- Clinical (health, medical conditions, nutritional status, and social factors)
- Dietary (food intake).

Data from these components are entered into the Integrated Statewide Information System (ISIS) where the participant, if qualified to participate, is assigned a priority which determines the level and type of benefits to be provided. Once an applicant is approved for certification, the program issues a “WIC Identification Folder” (WIF) to each family of WIC participants which is designed to hold the food instruments/WIC checks generated by ISIS and to be used as verification when exercising the WIC checks at the authorized WIC vendor. A family identification number is assigned and used at all WIC appointments and affixed to the WIF along with the participant’s/caretaker’s signature.

As the WIC program is designed to increase the consumption of foods that enhance the nutrition of the beneficiary, the CDPH WIC Program identifies the specific food items authorized in the state. The criteria for selecting items for inclusion in “WIC food packages” are based on federal and state regulations and requirements, cultural acceptability, nutritive value, and cost containment. Regulations stipulate that participants shall purchase only the items/brands specified on the food instruments/WIC checks. Furthermore, “full maximum monthly allowances of all supplemental foods in all food packages must be made available to participants if medically or nutritionally warranted”¹ and the provision of less than the maximum allowances is permitted only under very limited and specified circumstances. Nonetheless, regulations stipulate that a participant’s benefits cannot exceed the total food entitlement within his/her certification period.

¹ California WIC Program Manual WIC 320-40.

The level and type of benefits provided is premised upon the category of the participant (pregnant mother, etc.) along with the nutritional assessment. ISIS uses predetermined calculus derived from the coded responses to interviews, nutritional questionnaires, and other factors to establish the basis for all benefits provided through the program. The WIC food instruments/vouchers are considered “prescribed” through the ISIS to meet the needs of each participant; a food prescription consists of one or more food items and ISIS automatically defaults to the “standard” food prescription, but allows for the counselor to make certain substitutions if requested by the participants. If a participant’s category/status changes, ISIS automatically changes the standard food package to match the new classification.

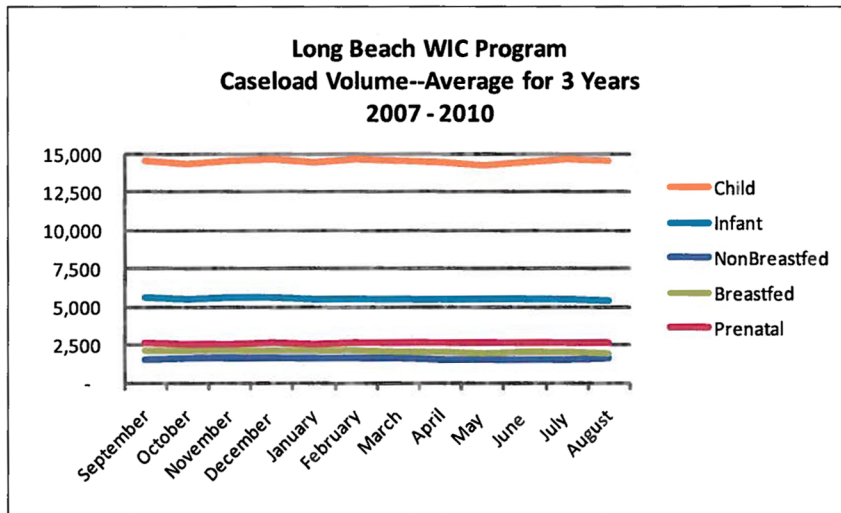
Under WIC rules and regulations, local WIC programs, participants may be issued food instruments/WIC checks for at least one month and up to three months benefits at one time, depending upon a number of factors. Generally, at the time of application, participants who meet eligibility requirements and providing all documents may receive benefit vouchers for 90 days (three months of food vouchers). Applicants not providing proof of income and/or residency will only receive food vouchers for 30 days of benefits and those that provide all documents with the exception of the blood test may receive up to 90 days of benefits pending the submission of required blood work. After initial certification, participants may receive food instruments/WIC checks for food packages in “single issuance” (current month), “double issuance” –bimonthly (current month plus subsequent month) or “triple issuance” –quarterly (current month plus the two months subsequent).

Policies and Procedures

The State is responsible for setting the policies and procedures and provides much of the manuals and training to the local WIC providers. The California WIC Program Manual includes administrative policies and procedures related to local quality assurance programs and sets forth elements to be included. Long Beach uses the State manual as its own. Supervisors at each of the four field offices we visited conveyed consistent information about the quality assurance program—or the oversight and management of the WIC staff and accuracy and completeness of their work and services. Each supervisor spoke of the same guidance and standards and the WIC director stressed that counselors are afforded continuous training, forums, and updates by the City as well as the State to ensure awareness with program provisions and any changes to local and state policies, procedures, and regulations.

Long Beach WIC program reflects a stable volume of activity for each classification of participant, as shown in Exhibits 1. Over the past three years the statistics reflect an average of approximately 26,200 WIC checks issued per month.

Exhibit 1.



Scope and Methodology

The Long Beach City Auditor contracted with Sjoberg Evashenk Consulting to conduct a compliance review of the Department of Health and Human Services WIC program. The scope and objectives of the review focused on the WIC program policies and procedures relating to the eligibility and recertification of participants in the program and the fiscal implications of providing benefits to ineligible participants. To conduct this audit we performed the following tasks:

- Obtained and reviewed policy and procedure manuals for WIC program eligibility determinations, and assessed completeness of guidance, including the WIC program manual provided by the State and by the federal program.
- Reviewed the agreement between the City of Long Beach and the California Department of Public Health to determine key requirements for which the City is responsible, including general terms and conditions, caseload and budget amounts, where appropriate.
- Obtained latest eligibility income levels from CFR and State program sources.
- Gathered A-133 provisions related to WIC program delivery.
- Reviewed monitoring/compliance reports prepared by the State Department of Public Health and the State Controller's Office.
- Conducted site visits at four of the five field offices--Long Beach Memorial Center WIC Site, Public Health Department WIC Site, West WIC Site, and St. Mary WIC Site, and interviewed and observed workers' understanding of the procedures for determining WIC eligibility.
- Reviewed the Integrated Statewide Information System (ISIS) data system and discussed the system with State-level and Long Beach WIC staff to understand its requirements, functionality, and data availability.
- Discussed training provided to eligibility workers and supervisors and to assess whether staff have received sufficient training to accomplish their responsibilities.
- Selected from reports generated from the statewide ISIS, a judgmental sample of cases reflective of each of the five locations, all the eligibility workers at every site, and all case types. We selected the sample in two stages—we first selected 50 cases to test and subsequently selected another 100 cases for testing.
- Reviewed test items for completeness of records, compliance with eligibility requirements, and monitoring of cases.
- Assessed whether exceptions identified were specific to particular field offices or eligibility workers.
- Calculated the fiscal impact to the City of non-compliance with WIC provisions.
- Reviewed and tested daily files at two field offices to ascertain whether such files include the documents required under WIC provisions to be maintained by the local agency.

During the course of our review, we determined that the City of Long Beach Department of Health and Human Services is not responsible for the redemption, redemption rate, reconciliation or value of food instruments/WIC checks. As discussed in the body of the report, the Long Beach WIC program does print and issue each food instrument, but the State of California is responsible for paying the vendors, reconciling the vouchers, accounting for the participation and reporting such information to the federal Department of Agriculture. As the state's program was not included in the scope of our audit, we did not conduct any work at that level. As a result, audit risk exists and it is possible that our findings and conclusions may be incomplete and may not have disclosed potential misappropriation or fraud within the areas of the state's responsibilities. The state's program is subject to the annual Single Audit conducted by the California Bureau of State Audits.

Further, the information system utilized for eligibility determinations and case management, ISIS, is a state based and managed system that the Long Beach WIC staff access. The State is responsible for setting system protocols, and managing the data integrity. However, the Long Beach WIC program is responsible for data input and eligibility determinations which we assessed during our field visits. We discussed the eligibility exception types and rates with the program monitors and obtained data from the state related to the top exception types identified during its audit efforts. We noted recommendations for program improvements as appropriate.

Audit Results

The results of our performance audit reflect that policies and procedures are understood and generally followed at each of the four field offices we visited. However, we noted weaknesses in the eligibility processes related to ensuring that participants submit evidence of the required hemoglobin/hematocrit or “blood tests” within the allotted grace periods both in the initial certification and in the recertification processes. We found a consistency of weaknesses in these program operations at all five locations with no pattern associated with any one field office or within a particular case type. In total, we noted 21 exceptions in our tests of 150 WIC participants who received 46 periods of benefits totaling approximately \$2,760 when not meeting the eligibility requirements. Therefore, the Long Beach Department of Health and Human Services needs to make additional efforts to ensure that the appropriate “holds” are placed in the automated system when documentation is missing or outstanding and that case counselors do not continue benefits to these participants until the appropriate documents are submitted.

Program Eligibility Testing

The local agencies use and maintain applicant and participant data on the State’s Integrated Statewide Information System (ISIS). The ISIS is an automated system where the local WIC counselors follow state-mandated protocols, processes, and forms to input a vast variety of information into the system using specific codes. Based upon the detailed data input into the system, ISIS determines whether the applicant is eligible for WIC benefits. The system automatically generates family and individual identification numbers, determines the level and type of benefits to be provided, and allows the counselor to work with the participant to make certain choices within the “food prescriptions” allowed by the participant’s priority code, classification, and nutritional need. Generally, the ISIS system provides WIC checks/vouchers covering one to three periods/months of benefits that can be comprised of several food instruments. State WIC program managers conveyed that one month/period worth of food instruments is worth approximately \$60.

ISIS maintains an ongoing family history but makes accessible detail for only active participants in the system as files are culled out once certification lapses for more than 90 days. Family case information remains indefinitely in the ISIS system and certain information can be retrieved if a participant returns in person to a WIC site but ISIS will assign the participant a new “application or certification” date. The family identification retains a history of all members served; for example, will reflect the different certification periods of the pregnant woman, certification as a breastfeeding mother, and will also show the certification periods and different classifications for each child. However, as the certification period expires, the specific data related to that participant, such as benefits provided, will not be accessible at the local WIC site level. Therefore, the program managers can generate reports of active participants for a time period but do not have access to detailed information on cases that have lapsed or are no longer active—thus, they cannot generate reports that convey all cases worked during an entire year. Active cases are identified using family and individual participant numbers.

To select cases to review, the Long Beach WIC program managers generated reports of active cases over the period of September 2009 through August 2010. This report was electronically sorted by WIC site, participant category (case type), and counselor. Initially, we judgmentally selected 50 cases and ensured that:

- a. 10 were selected from each of the five WIC sites.
- b. Of each group of 10 selected, that two were from each of the five categories (Pregnant, Breastfeeding, Non-Breastfeeding, Infant, and Child age 1 to 5 years).

After selecting our test cases, we sat down with a WIC employee (we were not allowed direct access to the system or files) and reviewed each participant selected screen-by-screen in ISIS to identify application/re-certification request date, date certified, certification end date, blood test date, priority, proof of income, proof of identity, proof of CA residency, and proof of blood work. For each, using the California WIC Program Manual, determined if applicants and WIC staff met key dates and deadlines when submitting/processing applications and applicants were eligible to receive program benefits, meaning they met income requirements, need requirements, were California residents and provided blood work.

Because we identified potential exceptions in the first 50 selected, we selected another 100 participants for testing. Similar to our initial tests, for these additional 100 cases we selected 20 from each of the five WIC sites and that within those 20 cases ensured that five were from each of the five categories (Pregnant, Breastfeeding, Non-Breastfeeding, Infant, and Child Under 5 years). We followed the same testing methodology with the second group as with the first 50—we verified that the participants provided the required documentation and for any that were missing a component or appeared that requirements were not met, we calculated the timeframe to determine whether the appropriate “grace period” lapsed and followed up to determine whether the participant subsequently provided the required documentation, whether benefits were provided after the “grace period” and obtained the specific WIC check numbers for checks received during periods where the applicant did not meet all eligibility requirements and/or did not provide required documentation.

Our testing of all 150 sampled items found exceptions in 21 cases—20 exceptions relate to blood test compliance and one exception relates to proof of residence/address. However, of the 150 cases tested, only 120 cases required blood tests as these tests are not required for infants. Specifically, we found exceptions in compliance with the blood test documentation and validation in 20 of the 120 cases where blood tests were required—5 were pregnant women, 3 breastfeeding mothers, 3 non-breastfeeding mothers, and 9 were children between the ages of 1 to 5 years. We noted the following exceptions:

- In 10 of the 120 cases tested requiring blood tests at the initial application/certification, the participants never provided the appropriate proof of blood tests, but continued to receive WIC checks after the 90-day grace period allowed under regulations expired. Specifically, we noted:

- 5 of the 10 participants received one period worth of benefits involving 32 food instruments valued at \$300 in total.
- In the other 5 cases participants received two periods of benefits worth of benefits involving 36 food instruments valued at \$600 in total.

Of these 10 cases, 5 participants were categorized as pregnant women, 2 were non-breastfeeding women, and 3 were children 1 to 5 years old.

- In 2 of the 120 cases tested where blood tests were required, participants provided blood tests later than the allowed 90 day grace period and received benefits during the period of ineligibility. In each of the two cases, participants received two periods/months of benefits totaling 12 food instruments with redemption values totaling approximately \$240. Of these two cases, 1 was a breastfeeding mother and the other a non-breastfeeding mother.
- In the 8 remaining exceptions to blood test eligibility requirements, we noted that while participants had initially submitted blood test documentation, they failed to provide the required new blood test documentation at the recertification date—one year after initial certification with 30 days allowed for a grace period. Through November 25, 2010, we noted that these individuals were provided benefits as follows:
 - 1 participant received 1 period of benefits totaling 3 food instruments valued at \$60.
 - 1 participant received 2 periods of benefits comprised of 8 food instruments totaling a value of \$120.
 - 3 participants received 3 periods of benefits comprised of 39 food instruments totaling \$540.
 - 2 participants received 4 periods of benefits including 58 food instruments totaling \$480.
 - 1 participant received 5 periods of benefits comprised of 20 food instruments valued at a total of \$300.

In these 8 cases, 2 were breastfeeding mothers and the remaining 6 were children ages 1 to 5 years old.

In one case out of the 150 cases tested involved proof of residence/address; we found that the applicant, a pregnant woman, did not provide appropriate proof of address, but received two periods of benefits comprised of 16 food vouchers with redemption value totaling \$120.

Overall, 46 periods/months of benefits were provided to participants during periods of ineligibility totaling approximately \$2,760 worth of food instruments.

Under WIC policies and procedures, applicants/participants may receive benefits during the allotted “grace period” for providing blood work documentation if other eligibility requirements are met. If the blood work documentation is not provided to the counselor, the counselor is required to go to the blood results screens and place a hold in the “family comments” section. When the applicant/participant returns with the appropriate

documentation the hold is removed from the file. It appears that the case counselors are not always following this protocol of placing holds in the family comments screen as our testing of these screens did not reflect appropriate “holds” but an absence of the date of the blood work and certifications. Without the hold, when the applicant/participant returns for additional benefits, unless the case counselor proactively checks the blood screens the missing elements may be overlooked and benefits provided. Our review found that the exceptions occurred at each of the five locations and were associated with many case workers; thus, we found no specific pattern or site in the exceptions noted.

The exceptions we noted are similar to those identified both by the CDPH compliance reviews and during the 2009 Single Audit of the City of Long Beach as discussed in the following section, Program Monitoring. While we did not conduct a statistical sample, our results reflect exceptions in compliance with the hemoglobin/hematocrit provisions of 20 of 120 items sampled or approximately 17 percent, which is a lower occurrence level than noted in the earlier audits. The other area of exception, lack of verification of address, we noted one instance of the 150 tested where the hold was not placed on the file when “N” (meaning proof not provided) occurred in the field. This area was not identified as an error in other audits.

The CDPH program evaluation division provided us a listing of the most common exceptions noted during its reviews. The exception areas we noted are included in the listing of the “2009 Top Ten Program Evaluation Findings.” While these appear to be common findings statewide, the Long Beach WIC program should continue its efforts to ensure that its counselors place the appropriate “hold” codes into ISIS when eligibility documentation is missing, check eligibility within the ISIS when additional benefits are requested, and ensure that the hold provisions are fulfilled before providing benefits outside of the allowed grace period.

Program Monitoring

Under federal rules and State WIC policy local agencies such as Long Beach WIC must be monitored at least once every two years to determine understanding and compliance with federal, state and local regulations, policies, and procedures. These reviews include clinical operations, fiscal management, and food delivery systems. Under WIC Program Manual Section WIC 110-20 a “local agency is required to maintain program records of WIC program operations” and provides guidance of “full and complete records” under these provisions. The program is built around ISIS and local agencies are required to appropriately code into the system documents viewed for proof of the various eligibility factors; local agencies are not required to maintain hard-copy evidence of the documents viewed.

For example, various guidelines set forth in the California WIC Manual for eligibility determinations stipulate that the counselor “record the type of document viewed as proof” in the ISIS on the appropriate screen using codes specified for the type of document provided by the applicant. Only certain documents are required to be maintained at the program site; for example a “signed statement” is used as proof of certain eligibility requirements, health or blood test referrals, nutritional questionnaires, and prescriptions for medically required formula are retained in the “daily files” under WIC provisions.

Documents supporting an applicant's determination of ineligibility or a participant's disqualification documents must also be retained in the daily files. Staff at the Long Beach WIC program convey that daily files for the current month and two prior months are kept on-site and then moved to off-site storage.

To ascertain the level of records retained for participants, we selected 20 cases that included each of the five case types from two of the field offices—St. Mary and Health Department WIC sites. Under existing policies, daily file records are retained for the current month plus two previous months, therefore, for testing purposes we judgmentally chose from cases active between December 2010 and February 2011. In all 20 cases, we found the daily files included all required documentation such as Rights and Responsibilities forms, nutritional questionnaires, and blood test referrals and also included other records such as proof of pregnancy (for example, letter from the medical office) and proof of birth—birth card.

We noted that the Long Beach WIC practices are consistent with the policies previously noted and the program does not retain documentary support for basic eligibility requirements such as income, address, and identification. Although these documentary proofs are not required, not retaining such evidence prevents local and state program managers from verifying the accuracy and consistency of case files and records; thus, potentially allowing for ineligible persons to be served. According to the CDPH, the multitude of coded information for participants is retained within ISIS “forever” but details for individuals is eventually closed off from local agency access once the individual is no longer eligible and the State has ongoing access to all records. Further, the CDPH verified that copies of documents required to be retained under the provisions are limited such as noted above and include questionnaires, health referrals, and blood work referrals which are to be maintained at the local level for the 3 year retention period.

Previous Audits

Over the past four years, the Long Beach WIC program has been audited by the California Department of Public Health (CDPH), conducts biennial reviews as required under federal provisions, the State Controller's Office, and as part of the City's external Single Audit. The latest CDPH review, with a fieldwork completion date of March 17, 2009, identified findings similar to those we identified in addition to other more program related issues. Specifically, related to eligibility testing:

- In 31 percent (or 5 of 16 cases of all participant categories tested) the required hemoglobin/hematocrit information was not present in the ISIS case file as required.
- In 2 of 2 cases of the records examined, staff did not place a 30-day hold when the “N” code (documentation unavailable) was used for the address at certification.

The Long Beach WIC program responded to the CDPH review with a Corrective Action Plan that specified dates that the program trained the staff to correct these deficiencies in plan administration. On May 5, 2010, the CDPH closed out its technical assistance process related to this review and stated it had reviewed and verified at a three day site visit that the staff had implemented the remedies set forth in the corrective action plan.

In addition to program monitoring conducted by the CDPH, the State Controller's Office also conducts on behalf of the CDPH, Agreed Upon Procedure reviews. These reviews, conducted for two year periods, test the fiscal policies and procedures over the Long Beach WIC program and evaluate the accounting, reporting, and allowability of costs charged against the State's grant. Further, federal rules require that as part of the City of Long Beach's annual Single Audit that the WIC program be considered for review by the external financial auditors. The Single Audit conducted for the year ended September 2009 included a review of the WIC program and its results triggered the City Auditor to commence this project. Specifically, the report revealed:

- 10 of 25 (40 percent) participant files tested did not have the appropriate evidence of hemoglobin/hematocrit test within the required time period; in 2 other instances the blood test was missing from recertification files.
- Of the 25 participant files tested, 2 did not include evidence of proof of address within the 30-day period required.
- In one of the 25 cases examined, evidence of proof of income was not provided within the required 30-day grace period.

The auditor's calculated "questioned costs" at a total \$2,690 for 45 WIC checks (\$59.78 per check) issued to ineligible participants. The recommendations were to improve operational/internal controls to ensure the required documentation is obtained from the participant.

WIC Check/Voucher/Food Coupon Security

The City of Long Beach provides food instruments—referred to as WIC checks, vouchers or "FIs" that are issued at the local WIC site. The review of policies, procedures and protocols of the Long Beach WIC program are consistent with State provisions and appear uniformly applied. Specifically, controls appear adequate related to blank vouchers "checkstock" which include secure storage and limited access to the checkstock; daily logging of preprinted voucher numbers; matching sequential physical vouchers to ISIS records as the food instruments are printed; daily voucher reconciliations by site supervisors; and retaining, reconciling, and reporting on spoiled/voided vouchers.

Additionally, while appropriate controls over the physical vouchers appear adequate at the field offices, the content and automated nature of the food instrument distribution provides an additional layer of security. Blank checkstock are negotiable forms that are sequentially numbered—but to be valid, must also be completed in a number of fields of data that are unique to the participant. Specifically at time of issuance, the ISIS system generates data such as:

- Client/individual identification number—this number is assigned at enrollment to each individual participant. The State's ISIS system for WIC assigns individual identification numbers that are keyed on the adult identification number (individual participants within a family each have a number and the group has an associated family number).
- The "WIC Family" name—the name of the participant, parent or guardian.

- Effective dates—two fields reflect the “first day to use” and “last day to use” setting forth the period during which the check may be used—generally one month in duration.
- Serial number—the ISIS assigns a unique serial number to the specific voucher—thus, the voucher has the serial number as well as preprinted number on the stock.
- Kind to buy—this field identifies the type of items that can be purchased with the voucher—based upon the nutritional assessment done at the WIC office, the voucher includes specified food items such as “milk—cow, fluid pasteurized (gallons only), cheese—cheddar, jack, American, mozzarella in 0.75 lb (12 oz. or larger), eggs—AA white, sm, med, lg.”
- How much to buy—details the quantities of allowable food items. For example, “2 gallons milk, 2 doz eggs (dozens only), 2 lbs cheese.”

In addition, the WIC check’s face notes that the instrument is “void if not deposited within 45 days of ‘first day to use’.” Although participants may receive up to three months worth of WIC checks at one time, they generally must obtain these vouchers in person at the WIC office and must use them within the specified time.

At the local level, the ISIS generates the food instruments in accordance with system protocols—WIC counselors “send” this information to a designated printer. When printing and issuing food instruments at a field office, protocols require that the caseworker “requesting” the FIs cannot print them, the WIC staff printing the FIs must verify the sequence numbers against the ISIS system request list and participant folder, and the participant must sign the FI log verifying receipt of the vouchers. In special circumstances, and following prescribed State procedures, FIs may be mailed to fully qualified participants and this occurrence must be specifically noted and coded in the ISIS. Rules stipulate that only three months worth of benefits can be delivered within a certification period in this manner. During our review we did not encounter mailed benefits.

To become fully negotiable, at the time of food purchase the store cashier must complete on the food instrument face the “exact purchase price” of the items purchased and require the participant to sign the check at that point; the store submits the check for reimbursement to the State and is subject to maximum allowable department reimbursement rates. Thus, no money changes hands between the participant and the merchant. All voucher redemption reconciliations are the responsibility of the State program.

Conclusions and Recommendations

The City of Long Beach WIC program generally reflects understanding and commitment to the program and consistency of operations among the field offices. The program continues to have compliance issues in placing holds in the ISIS when appropriate documentation for hemoglobin/hemocrit tests are not provided on a timely basis and ensuring that no benefits are provided to participants after the allowed grace periods if documentation is not submitted. By not ensuring that participants meet all eligibility requirements within the allotted timeframes, benefits can be provided to ineligible applicants. In periods when Long Beach caseloads exceed the amount of funding available, providing benefits to ineligible applicants would prevent the program from serving eligible persons on the waiting list.

Recommendation:

- The Program managers should refresh case counselors on the importance of ensuring the appropriate coding is placed in the system to accurately reflect the participant's status.
- Case counselors should be proactive in checking the blood test screens to ensure that appropriate documentation has been submitted and posted to the system before approving benefits to participants after the grace period has lapsed.
- WIC staff should ensure participants are aware of the required eligibility documentation, recertification requirements, and the need to provide these materials within the allotted grace periods.



CITY OF LONG BEACH

DEPARTMENT OF HEALTH AND HUMAN SERVICES

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February 23, 2011

Ms. Terra VanAndel
Deputy City Auditor
333 W. Ocean Blvd
Long Beach, CA 90802

Dear Ms. VanAndel:

I have reviewed the City of Long Beach Office of the City Auditor's performance audit of the City of Long Beach Women, Infants and Children (WIC) Supplemental Nutrition Program eligibility findings. Based on the findings, one area of weakness is in the compliance with the eligibility rules and regulations that relate to documentation and evidence of the required hemoglobin/hematocrit tests. We understand this deficiency and are in agreement with the finding.

To correct this problem, staff will be retrained on this finding and periodic follow-up training will be conducted. Due to the employment of registered nurses, we anticipate an increase in compliance with the State WIC office blood test requirements.

Thank you.

Ronald R. Arias
Director of Health and Human Services

cc: Theresa Marino, Community Health Bureau Manager