

# INTERNAL AUDIT REPORT

## CITY OF MANCHESTER

### NEW HAMPSHIRE



**Welfare Department**  
**16 Months Ended October 31, 2001**  
Prepared by  
City of Manchester, NH – Finance Department  
Internal Audit Division

**INTERNAL AUDIT REPORT  
CITY OF MANCHESTER, NEW HAMPSHIRE  
WELFARE DEPARTMENT  
16 MONTHS ENDED OCTOBER 31, 2001  
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# **CITY OF MANCHESTER, NEW HAMPSHIRE WELFARE DEPARTMENT**

## **INTRODUCTION**

### **Organization**

The State of New Hampshire Revised Statutes Annotated (RSA) Chapter 165:1 states “Whenever a person in any town is poor and unable to support himself, he shall be relieved and maintained by the overseers of public welfare of such town, whether or not he has a residence there.” By City Charter the responsibility to administer and direct public welfare programs has been assigned to the City Welfare Department (Department). The Department is under the executive direction of an elected Commissioner of Welfare (Commissioner). The Commissioner is elected in the municipal general election by nonpartisan ballot to a two-year term.

At October 31, 2001, in addition to the Commissioner, the Department employed 6 full time Welfare Specialists, 1 part time Welfare Specialist, an Administrative Services Manager and an Accounting Specialist II. The position of Deputy Welfare Commissioner has been vacant since August of 2001. All employees with the exception of the Accounting Specialist II are salaried employees.

### **Responsibilities**

The Department is responsible to administer and direct public welfare programs, including emergency and continuing assistance programs and shall perform such other duties as are prescribed by federal and state law.

By State law (RSA 41:46) the overseers of public welfare shall:

- Keep full and accurate records of the assisted persons fully supported, persons relieved and partially supported, and the travelers and vagrants lodged at their expense together with amounts paid by them for such support and relief.
- Act on behalf of the Commissioner of the State of New Hampshire Department of Health and Human Services when requested in the administration of old age assistance, aid to families with dependent children, and aid to the permanently and totally disabled.
- Assist applicants of the programs listed above with completing the applications, verifying statements on applications and recertifying recipients as required by law.
- Adopt and maintain written guidelines relative to general assistance.

The Department is often the first place that citizens turn to when they are in need of services and acts as the place of last resort for the City’s indigent and homeless population. The role of the Department is to deliver emergency aid and to evaluate and direct needy citizens to existing programs that are the most beneficial for them.

## **Funding**

The Department is funded entirely from appropriations in the City's General Fund. The cost of direct aid to welfare recipients is partially reimbursed from clients, the State of NH and other towns whenever possible. Reimbursements for the year ended June 30, 2001 and the four months ended October 31, 2001 were \$49,345 and \$14,030 respectively on direct aid expenditures of \$812,994 and \$650,355 respectively.

## **Audit Objectives and Scope**

The primary objective of the audit is to express an opinion on the fairness of the presentation of the financial statements. As part of obtaining reasonable assurance about whether the financial statements are free from misstatement, we considered the effectiveness of internal controls in place at the Department and tested the Department's compliance with certain provisions of applicable City ordinances, State law, rules, regulations and contracts. Major accounts or areas subject to Internal Audit's (IA) examination included, but were not limited to, the following:

- Internal Controls
- Revenues and Appropriations
- Expenditures
- State and City Compliance

IA's reports on compliance and internal control over financial reporting, and management issues, the related observations and recommendations, the internal auditor's report, and the financial statements of the Department are contained herein.

## **CITY WELFARE AUDIT OVERVIEW**

At the November 13, 2001 meeting of the Committee on Accounts, Enrollment and Revenue Administration (COA) a request was made to perform a full audit of the Welfare Department. This was due to a large increase in expenditures from the prior year and a change in top management at the Department. The entrance conference was conducted with Department personnel on November 28, 2001. Fieldwork commenced on December 3, 2001 and concluded on January 31, 2002.

In addition to the Internal Auditor, members of the City Clerk's Office and the Finance Department were also brought in and issued a report of their findings on December 11, 2001. Among the findings from the City Clerk's report were:

- Inconsistency in file documentation due to a general lack of an internal training program for new employees.
- Applications were closed after only 30 days of inactivity. Clients were able to reapply on the 31<sup>st</sup> day and not have to abide by any previous decisions made by the caseworker.
- No sign-off for clients that would signify that they understood that any misrepresentations made is against the law and would result in loss of benefits.
- No work program was in force nor were clients being consistently referred to other resources when available such as the food bank.
- No emergency housing was available forcing the Department to house clients in more expensive housing.
- Clients who were removed from emergency housing for behavioral problems were put in more expensive housing and were housed for an unacceptably long period, usually in hotels.
- Little effort to contact family members to supply aid as allowed by RSA.
- A lack of case management due to the high workload of the caseworkers.

All of the aforementioned issues were also included in IA's testing as noted throughout the observation sections of this report.

The process for client intake begins when an applicant comes into the office and fills out a "contact sheet". The contact sheet gives basic information in order to make a determination of immediate need. If it is determined that it is an emergency, the client will be seen immediately and fills out an application. If no emergency exists, the client will be given an application and an appointment at a later date. The client will also be told of any documentation that they will need to bring with them to the appointment. At the appointment the caseworker will develop a plan with the client that will move them off of City welfare and either onto self-sufficiency or State welfare in the shortest time possible. The plan usually involves applying for other aid, developing a budget for any income the client may have and referrals to other resources such as mental health, food bank, unemployment and temp agencies (See appendix A). All of the things decided on will be written up in a formal Notice of Decision (NOD) that the client signs. The

client is informed both in writing and verbally that failure to comply with the NOD may result in suspension of benefits.

The Department processed 4,172 intake and referral clients in the fiscal year ended June 30, 2001 and an additional 1,371 for the four months ended October 31, 2001. Case data from the Department's monthly reports are included on the chart below. It should be noted that the same client might be counted several times in any one month. For example a client could be counted as one case in the intake section on the first of the month when they were seen at intake and have two appointments during the month which would be counted as two cases in the open case section.

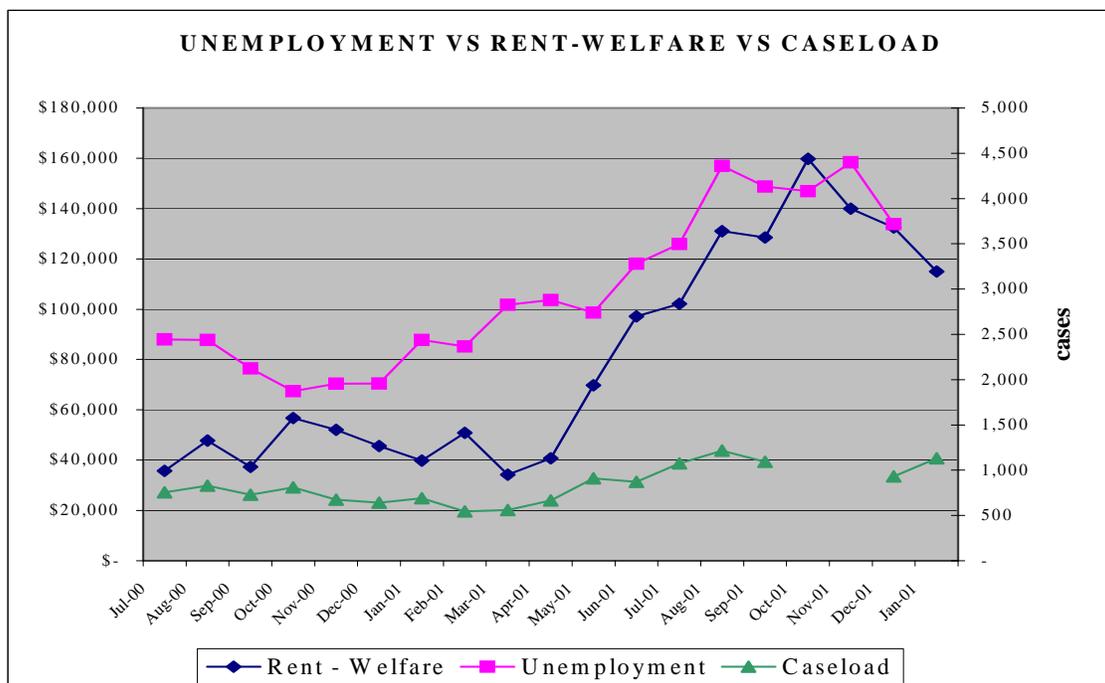
### CASEWORK STATISTICS FY 1997 TO 3 MONTHS ENDED 09/30/01

YEAR	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
<b>INTAKE</b>													
1997	297	276	265	274	276	264	302	223	259	227	247	241	3,151
1998	270	244	283	277	226	273	268	168	219	214	182	231	2,855
1999	223	224	223	215	200	204	193	154	177	197	177	181	2,368
2000	219	240	221	192	211	221	237	191	231	168	238	262	2,631
2001	199	244	209	227	204	197	229	167	208	199	219	221	2,523
2002	288	289	274										851
<b>REFERRALS</b>													
1997	276	250	215	201	242	221	224	177	170	219	195	211	2,601
1998	218	200	263	240	188	198	228	138	173	182	151	154	2,333
1999	184	205	163	152	148	119	200	113	112	126	114	131	1,767
2000	154	189	167	145	141	195	222	194	153	152	165	171	2,048
2001	135	175	138	149	129	136	124	71	91	132	208	161	1,649
2002	128	217	175										520
<b>OPEN CASES</b>													
1997	557	554	503	539	479	565	574	426	414	417	422	427	5,877
1998	433	480	513	557	446	515	480	415	375	322	317	393	5,246
1999	384	334	365	419	344	382	387	271	328	343	354	412	4,323
2000	445	478	472	500	422	455	445	434	359	349	405	432	5,196
2001	422	411	383	434	341	308	337	307	262	336	484	490	4,515
2002	660	711	642										2,013
<b>TOTAL CASES (INTAKE+REFERAL+OPEN)</b>													
1997	1,130	1,080	983	1,014	997	1,050	1,100	826	843	863	864	879	11,629
1998	921	924	1,059	1,074	860	986	976	721	767	718	650	778	10,434
1999	791	763	751	786	692	705	780	538	617	666	645	724	8,458
2000	818	907	860	837	774	871	904	819	743	669	808	865	9,875
2001	756	830	730	810	674	641	690	545	561	667	911	872	8,687
2002	1,076	1,217	1,091										3,384

## AUDIT SUMMARY

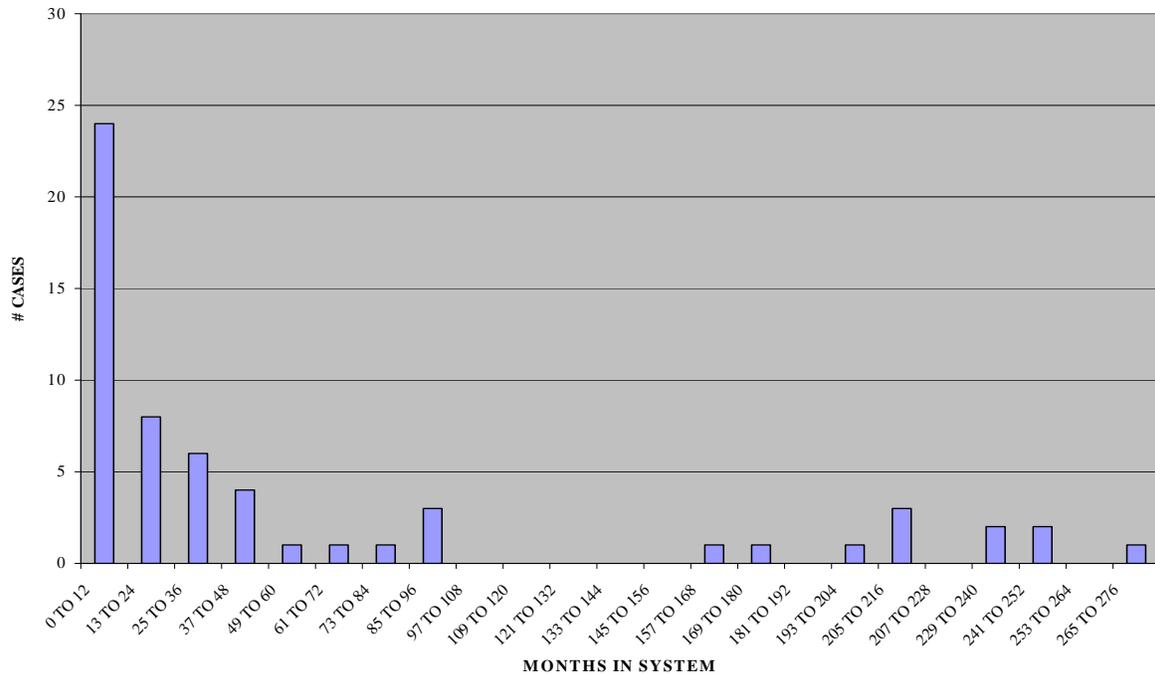
From the client files, IA selected a random sample of 60 files for review. The files were reviewed for compliance with selected rules, regulations and policies in force during the audit period as well as to get a feel for procedures and problems encountered by the staff at the Department. IA also gathered financial and statistical data from a number of sources in order to determine trends and explain unusual fluctuations in expenditures. From our testing IA notes the following:

The increase in expenditure experienced at the Department was from increases in all areas of direct client aid. The largest increase was in rent payments. The amount of rent payments per month increased from \$35,744 in July of 2000 to \$69,823 in May of 2001, an increase of 95%. May of 2001 appears to be the start of expenditures increasing significantly. By October of 2001 the monthly rent expense was \$159,813, an increase of 128.9% from May. The trend in rent increases tends to follow the increase in area unemployment as obtained from the US Bureau of Labor Statistics. Unemployment for the Manchester Metropolitan Area unadjusted for seasonal fluctuations rose from 2,444 people in July of 2000 to 2,740 people (12% increase) in May of 2001 and 4,082 people in October of 2001 (49% increase). From client statistics gathered by the Department, the total caseload for the same time period rose from 756 in July of 2000 to 911 in May of 2001 and 1,091 in September of 2001. This represents increases of 17% and 19.75% respectively. From our review of the case files a possible explanation of why rents increase at a much higher rate than caseload or unemployment is due to the Department using more hotels for housing than in the past. With the low apartment vacancy rate in the City it has been harder to find affordable housing for homeless clients. The graph below shows the relationship between rent expenditures, unemployment, and caseload. (Note: Case statistics for October and November of 2001 were unavailable).



Based on our sample, 20% of clients tested were in the City welfare system for less than 3 months. An additional 20% were in the system between 4 and 11 months. Number of months in system is shown in the following chart.

NUMBER OF CASES IN SAMPLE BY MONTHS FROM FIRST INTAKE TO LAST CASE CLOSURE



The group of clients in the system for less than twelve months generally consisted of people who for reasons such as catastrophic illness or temporary unemployment had fallen behind in their bills and needed help to catch up. Delays in processing by the State welfare system caused some to be on City welfare for extended periods until their State aid started. Some clients pulled out of the system too soon and fell behind in their bills once again causing the need for additional help later in the year. A diverse population of single men, single women and families represents this group. These clients get in the system and get out as soon as possible as seen in the following case study.

### CASE STUDY 1

The client was a 28 year old pregnant, single female with 2 children of 12 and 10 years of age. She applied for assistance on May 1, 2001. Due to an injury she sustained on March 8, 2001 she has been out of work. She was receiving \$289 per month in food stamps and \$600 per month in Temporary Assistance for Needy Families (TANF). In the mean time, in order to be able to live on her State assistance she moved into a new apartment.

Prior to the move she had been assured by the landlord that it would qualify for federal Section 8 Housing Assistance. Section 8 housing is a federal program that subsidizes rents. A Section 8 recipient will pay rent based on a percentage of income. Upon inspection the apartment did not qualify for Section 8 housing, thereby leaving her with a rent payment that exceeded her ability to pay. The caseworker called the landlord and was able to keep her in the apartment by issuing a \$250 rent voucher while the caseworker helped the client look for a more affordable apartment. Luckily the client was able to quickly find a Section 8 approved apartment and move in without any further assistance from the City.

Forty percent of the sample has been in the City welfare system off and on for anywhere from 28 months to 265 months. This group in general is made up of mostly single women with children. Many in this group have been in the system all their adult lives and some are second and third generation recipients. They tend to move between the City and State welfare systems. In order to stay in the State welfare system a client has to recertify with the State every few months. When a recipient forgets to recertify or fails to follow the rules of the State programs they are immediately suspended from benefits until they comply. It generally takes one or two months to get them recertified and resume benefits. In the meantime, City welfare must assist these people until the State recertifies them. Because clients live from check to check, any disruption in their cash flows immediately puts them behind in their bills. This group generally has multiple evictions and problems with the utility companies on their credit records. Most landlords are reluctant to rent to them due to the prior evictions. Past due bills with the utilities prevents them from taking an apartment where they are responsible for the utilities. IA has noted instances where clients have been asked to leave the relatively inexpensive emergency shelter due to behavior problems, or because they refused to accept going to the shelter and were therefore housed in more expensive hotels. This type of behavior did not appear as prevalent in the older case files due to stricter enforcement of welfare rules. This group is represented by the case study that follows.

## **CASE STUDY 2**

The client was a 19 year old single female with an 8 month old son when she first applied to City welfare on October 20, 1984. At the time she was living with her nine year old sister and mother who was collecting Aid to Families With Dependant Children (AFDC) and had a long history with the Department. Her parents were separated and her father was unemployed and could not help with the family. The Department issued a rent voucher for \$169 in order to keep them in their apartment.

On January 21, 1985 the client was living in her own subsidized housing with her son and receiving both Food Stamps (FS) and AFDC from the State but needed a little help as she had become delinquent in her rent. The Department issued her a rent voucher for \$84.50 and instructed her on how to better budget her money.

On July 29, 1985 the client requested food assistance as she had used up all of her FS for the month and needed help until the State issued the next allotment. The Department issued her a food voucher for \$15 and again advised her on the importance of budgeting her funds.

On September 12, 1985 the client claimed that her AFDC was stolen and she needed help with her rent until the State was able to process a replacement. The Department issued a rent voucher for \$178.

On April 10, 1986 the client had just been released from the hospital due to complications with a pregnancy resulting in a miscarriage. The Department provided her with \$174 for April rent and another \$174 with May rent.

On August 27, 1986 the client requested food assistance. She and her son had recently moved in with her 5 cousins and her State aid had not arrived due to the change in address. (It is common for a delay in State aid payments whenever an address changes and the client does not inform the State in a timely manner). The Department issued her a food voucher for \$32.

On October 20, 1986 the client requested assistance with housing and food. She was living with her 17 year old brother, 22 year old sister in-law and 2 nieces ages 11 and 16. The client informed her caseworker that she had been married since March 30, 1985 but was currently separated, had lost her food stamps, and had been evicted from her subsidized housing. The Department helped her with \$32 in food vouchers and non-financial assistance with finding housing.

In February of 1988 the client gave birth to a son.

On May 19, 1988 the client requested help because she had separated from her husband and needed to move. She was temporarily living with brother, sister-in-law and 2 cousins and requested help with rent. The Department issued a voucher for \$49 food and \$20 miscellaneous.

On October 4, 1988 the client requested assistance with rent. She had her own apartment with her two children and was collecting FS and AFDC but had fallen behind in rent. The Department issued a rent voucher for \$205.

On January 10, 1989 the client requested assistance because she missed her recertification appointment with the State and they were holding her FS. The Department issued a voucher for \$25 food and \$10 diapers.

On January 3, 1990 the client requested assistance with rent. She recently had a daughter but her husband was in prison and she was facing eviction. The client was receiving AFDC and FS. The Department determined that her AFDC was enough to cover her rent and basic needs and again advised her in managing her money. No aid was given.

On April 18, 1991 the client requested assistance with rent, as she was still behind and facing eviction. The client was still receiving AFDC. The client was turned away for not supplying proper documentation and did not return for her scheduled appointment.

On June 4, 1991 the client requested assistance with food and diapers. The client had to move and did not inform the State in time and, as a result, FS were delayed. The Department issued vouchers for \$48 food and \$10 diapers.

On February 2, 1993 the client requested assistance with food. The client had used her monthly allotment of FS and needed help until the next batch arrived. The Department issued a food voucher for \$70.

On January 25, 1994 the client requested assistance because she had been given a demand for rent. The client's husband was out of jail but they were separated. As she was only one month behind and should have had enough funds with her AFDC and FS payments the Department advised her how to budget to get caught up and issued no voucher.

On March 27, 1995 the client requested assistance because she was being evicted. The client was receiving Fuel Assistance (FA) as well as AFDC and FS. The Department again advised her that if she properly managed her funds she would be able to afford her bills and issued no vouchers.

On December 5, 1995 the client applied for rent assistance but did not show up to her appointment.

On March 22, 1996 the client requested assistance because her electricity had been shut off for lack of payment. The client had worked out a deal with the landlord where her husband (who she was still separated from) would work off the back rent she owed. The Department assisted with \$754 of rent and food vouchers over the next two months and set up a payment plan with her creditors until all the delinquent bills were caught up.

On September 6, 1997 the client requested assistance in finding a new apartment. The client was evicted from her former apartment and had moved into her husband's studio apartment with her three children until she could find housing. The client's husband had moved in with a friend. The client did not come in for her scheduled appointment.

On April 14, 2000 the client, her mother and two of her children requested assistance because they were homeless. The client had been living at her mother's subsidized apartment but got them evicted when she was arrested for sale of narcotics, which is a violation of the lease. The oldest child was in the Youth Development Center. Even though clients were receiving FS, Social Security (SSI), and AFDC they couldn't find an apartment due to their numerous evictions. The Department issued a voucher for \$90 food and \$9 Miscellaneous and helped them find an apartment.

On March 5, 2001 the client requested food assistance. Due to a recent move she did not receive her monthly FS allotment. The client was living with all three children at the time. The Department issued a food voucher for \$22.75 to hold them over until her FS came in.

On May 9, 2001 the client requested assistance because she had been locked out of her apartment. The oldest son had just been released from the hospital due to an injury. The client was receiving TANF and FS. When the landlord unlocked the apartment so the client could pick up her belongings it was reported that 10 people had been living there. The client was housed in a hotel and over the next two months the City issues \$2,049 in vouchers for hotel and food.

On July 29, 2001 the case is closed because of no contact with the client.

Our review of case files showed instances where clients had moved to Manchester from other communities and applied for benefits within three months of arrival. In some cases the application was made on the day of arrival. Twelve of sixty files selected were clients relocating from other communities. Of this twelve, four came from other NH communities, three from Massachusetts and five from other states as far away as Florida and Alaska. RSA 165:20 states “If a town, city or county acting as agent for a town under RSA 165:34 spends any sum for the support, return to his home, or burial of an assisted person having a residence in another town or city ..... such sum may be recovered from the town, city...”. There seems to be some ambiguity among the communities in the State as to who is ultimately responsible for paying for the aid as noted in the following case study:

### **CASE STUDY THREE**

The clients were a 36 year old single male, his 23 year old pregnant girlfriend, and four children between the ages of 1 and 5. They lived in Nashua from October of 1998 to November of 1999 then they moved to Florida. In July of 2000 they moved back to Nashua where they rented an apartment. In September of 2000 the apartment house they lived in burned down and they were unable to find housing in Nashua. A local church group put them up in a hotel until September 19, 2000. They showed up at the Manchester Welfare office on September 20, 2000 claiming that they went to the Nashua Welfare office and were told that there was no room in the shelter and Nashua could not help them so they should try Manchester. At this time the male client was working in Nashua at a temporary agency and had intended to stay there. Manchester’s shelter was also full so they were put up in a local hotel for one night. The next night there were no rooms that could accommodate a family of that size in Manchester so the family was housed in a Concord hotel. Nashua was not billed for this placement.

On September 26, 2000 the male was employed by a Concord temp agency. The caseworker called the Nashua Welfare office but there was still no room in the homeless shelter. The clients were receiving TANF and FS.

On October 5, 2000 the clients informed the caseworker that they would like to stay in Concord and the clients had enrolled the oldest child in the Concord school system. At this point they were sent to Concord Welfare and told to apply there. In the mean time Manchester would pay for their lodging for thirty days, which is the customary arrangement between welfare organizations in the State. The clients called back saying that the Concord Welfare office turned them away.

On October 17, 2000 the clients gave birth to twins and the hotel told the caseworker that they could no longer house a family of that size. Concord Welfare had requested the case notes from Manchester but as of this date they had not arrived because an incorrect address was put on the envelope. A Manchester Welfare worker hand delivered the case notes a couple of days later.

On October 24, 2000 Concord Welfare turned them away again saying that they are waiting for a letter from Manchester “signing off” on them. The client informed the caseworker that he had secured permanent full time employment in Concord.

On October 26, 2000 Manchester sent an invoice to Concord requesting reimbursement for the assistance given after their thirty day obligation was over. Concord sent a letter back refusing to pay citing RSA 126-A:30. RSA 126-A:30 defines residency for purpose of the Emergency Shelter Program as the legal residency at the time of entering emergency shelter. Concord also claimed that the client told them they felt Manchester “dumped” them in Concord. After an intervention by a legal aid worker Concord took over payment of assistance on November 6, 2000.

Total assistance provided by Manchester for this family was \$2,625.

The case studies noted in this report are for illustrative purposes to show the type of situations the Department has to deal with every day. IA noted no instances of suspected misuse of funds by any Department employee during the period of audit testing. Observations, some relating to the problems noted above, IA’s recommendations and the auditee responses are included in the reports that follow.

## **Internal Auditor's Report on Compliance and on Internal Control over Financial Reporting**

*To The Committee on Accounts, Enrollment & Revenue Administration:*

Internal Audit (IA) has audited the Statements of Revenues And Expenditures – Budget and Actual – General Fund of the City of Manchester, New Hampshire, Welfare Department for the year ended June 30, 2001 and the four months ended October 31, 2001, and has issued its report thereon dated January 31, 2002, which was qualified with respect to the lack of presentation of the financial position of the Department in the General Fund and a limitation on the scope of our audit caused by the lack of documentation to support the unreported amounts of reimbursements and expenditures from clients of the Manchester Emergency Housing Shelter.

Except as discussed in the preceding sentence, IA conducted its audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

### Compliance

As part of obtaining reasonable assurance about whether the Department's financial statements are free of material misstatement, IA performed tests of its compliance with certain provisions of laws, rules, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of IA's audit, and accordingly, IA does not express such an opinion. The results of IA's tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, IA noted certain immaterial instances of noncompliance, which are described in Observations No. 4 through No. 11 of this report.

### Internal Control over Financial Reporting

In planning and performing IA's audit, IA considered the Department's internal control over financial reporting in order to determine IA's auditing procedures for the purpose of expressing

IA's opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, IA noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to IA's attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in IA's judgment, could adversely affect the Department's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Observations No. 1 through No. 3 of this report.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements, in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. IA's consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, IA considers Observation No. 1 to be a material weakness.

This auditor's report on compliance and on internal control over financial reporting is intended solely for the information and use of the management of the Department and the Board of Mayor and Aldermen through the Committee on Accounts, Enrollment, & Revenue Administration and is not intended to be and should not be used by anyone other than these specified parties.

Kevin M Buckley, CPA  
Internal Audit Manager

January 31, 2002

## **Internal Control Comments**

### **Material Weakness**

#### **Observation No. 1 - Unrecorded Cash Collections and Expenditures**

##### *Observation*

The Department collects cash from clients who have been referred to the Manchester Emergency Housing shelter (MEH) and have enough income to contribute to their housing. The money is held by the Department for the client as a mechanism to ensure that funds will be immediately available to get the client in housing when one becomes available. The money is typically used for security deposits and to pay off overdue utility bills. Welfare guidelines do not allow the Department to pay for any past due bills or security deposits yet it is these types of expenses that make it difficult for clients to enter housing. The caseworkers will collect the cash and put it into an envelope with the client's name, date and amount of cash written on the envelope. The envelope is given to the Account Specialist II who holds the cash in a locked drawer at the Department. When a client needs the funds the caseworker will request the cash from the Account Specialist II and give it to the client. Both the collection and disbursement are recorded in the client records. In December the cash was transferred to the safe at the City Clerk's office.

The handling of cash is one of the highest risk accounting areas, especially if the funds are held in trust for another party. The following problems relate to this money:

- The Department did not have any legal authority to collect and hold these funds. Board of Mayor and Alderman (BMA) approval is necessary for this type of activity.
- There is some question as to whether or not these monies are a trust fund or a reimbursement to the Department for housing clients at MEH as any unused fund are deposited into the reimbursement account. If it is determined that these funds were actually a reimbursement, the Department failed to deposit them to the revenue account and has made "off book" expenditures. This, in essence, circumvents controls over appropriations and increases the spending authority without BMA approval.
- RSA 165:1 (III) states "whenever a town provides assistance under this section, no such assistance shall be provided directly to a person or household in the form of cash payments". If this account is a reimbursement and not a trust fund the Department may have violated RSA 165:1 (III) by providing cash to clients.
- The Department violated the City revenue policy that requires daily deposits of receipts unless the amounts are less than \$100.

- These funds were not recorded thereby understating cash, revenues and expenditures in the City's financial statements.
- Because no complete records of these transactions are kept it cannot be determined how much money passed through the account. The amount of cash being held at December 4, 2001 totaled \$8,081.

*Recommendation:*

- The status of this account should be determined and appropriate BMA action taken. If the Department intends to keep these funds as a trust fund BMA approval should be sought.
- All cash should be deposited into a bank account immediately.
- All transactions at the Department should be recorded in the accounting records.
- If these are considered to be reimbursements the funds should be deposited in the Department's reimbursement revenue account immediately and any further expenditures recorded in the City financial system.

*Auditee Response:*

Until the resignation of the Deputy Welfare Commissioner, neither the Administrative Services Manager nor the Accounting Specialist were aware that Manchester Emergency Housing client cash/checks were being received and kept by the Department. As part of the reassignment of her duties prior to her leaving, the Administrative Services Manager and the Accounting Specialist were made aware of the situation, but were told that this was money that "belonged to the MEH clients" and could potentially be returned to the client should it be needed for housing, emergencies, etc. The Deputy never advised either individual that the money belonged to the Department as partial reimbursement for services rendered. About the time the Deputy left her position, the Administrative Services Manager met with the Director of Manchester Emergency Housing to discuss how to handle the situation. Since it was still believed that this money really belonged to the MEH clients, it was suggested that individual "in trust" bank accounts be established for each MEH client family involved. The MEH Director attempted to take this approach, but from what we were told, the banks were not interested in establishing the necessary accounts. It was then suggested that the best approach from an MEH point of view might be to acquire a safe to house the funds. The MEH client funds continued to come into the Department. Since the Commissioner, who was responsible for making such decisions, was not coming into the office, nor was she accepting phone calls, the Accounting Specialist kept the envelopes containing the monies locked up in a secure cabinet.

The procedure in place when the Administrative Services Manager joined the Department in October 1999 called for all payments received from non-MEH clients by the caseworkers were to

be given to the Accounting Specialist. The Accounting Specialist would then include the money in her bank deposit and post the amount to the Welfare Benefit Recoveries line item.

The former Welfare Commissioner was aware that bank deposits were not necessarily made on a daily basis even if the cash received exceeded \$100.00. At no time was the Accounting Specialist instructed that cash receipts amounting to \$100.00 or more must be deposited daily. The procedure has now been corrected so that cash receipts of \$100.00 or more are deposited on a daily basis. Because of the lack of a nearby Citizens Bank, especially during inclement weather, Finance was contacted to find out if any alternatives were available to Welfare to facilitate our cash deposits. We were advised that the City Treasurer would make arrangements for Welfare to make its deposits at the nearby Fleet Bank. We were advised the process to allow us to do so would take approximately 14 days to put in place. Follow up will continue with City Treasurer until the procedure is in place.

The Commissioner is seeking clarification from the City Solicitor on the funds being kept in the safe at the City Clerk's office. The Commissioner believes these funds are partial reimbursement for assistance provided.

## Other Reportable Conditions

### **Observation No. 2 – Controls over Cash Receipts**

*Observation:*

An incompatible duty is one that would put an individual in the position to both commit an error or irregularity and then conceal it. In practice, three types of functions are commonly considered to be mutually incompatible: authorization, record keeping and custody. Ideally no individual should be able to 1) authorize a transaction, 2) record the transaction in the accounting records and 3) maintain custody of the assets resulting from the transaction. From the review of procedures over the cash receipts procedures at the Department we have noted the following weaknesses in the internal control system that does not reduce to a relatively low level the risk that an error or irregularity can be committed and not discovered in the course of an employee's regular duties in a timely manner.

- The Account Specialist II at the Department collects all cash receipts, prepares the deposit, and posts the revenue to the HTE system. It does not appear that anyone performs a check to ensure that all funds collected are remitted to the bank.

The City revenue policy states that receipts should be deposited daily unless the amount collected is less than \$100. The revenue policy also states that all checks should immediately be restrictively endorsed. The following weaknesses were noted from the review of revenue collection procedures.

- Any number of people in the Department may initially receive cash collections. Clients will pay reimbursement in cash directly to the caseworker. In addition, caseworkers also receive reimbursement checks directly from lawyers and the State of New Hampshire Department of Health and Human Services. By allowing the caseworkers to handle the collection of cash it increases the risk that the cash receipts may get misplaced prior to recording by the Account Specialist II.
- In some cases the checks are received directly by the Account Specialist II who will pass them on unrecorded to the caseworker. The caseworkers will then hold on to receipts, sometimes for several days, before giving them back to the Account Specialist II. This is in violation of the City revenue policy. In addition, when the Account Specialist II passes a check on to the caseworker it is not restrictively endorsed in violation of City revenue policy.
- It is the Department's policy that cash and checks are held at the Department until Thursday when the deposit is made. This is in violation of the City revenue policy.

*Recommendation:*

- The duties of collecting cash receipts, preparing the deposit, making the deposit and recording the transaction should be segregated in such a way as to minimize the risk that receipts could be misappropriated.
- Caseworkers should not be allowed to make cash collections. One central location for the collection of cash receipts should be used and a daily log of collections maintained. Copies of checks and pre-numbered cash receipts could then be sent to the caseworker for inclusion into the case files. The caseworkers should not be holding cash or checks.
- The person making the cash collections should restrictively endorse all checks immediately upon receipt or opening the mail.
- The Department should follow the City revenue policy and deposit cash and checks daily unless the amount is less than \$100.

*Auditee Response:*

The above recommendations have been implemented. All monies are brought to the Administrative Services Manager. The Administrative Services Manager completes a Cash Receipt to record the transaction, distributes the copies of the Cash Receipt, and turns the monies over to the Accounting Specialist for depositing.

**Observation No. 3 - Procedures Over Client Fraud Detection**

*Observation:*

From the sample of 60 case files reviewed it was noted that several files had evidence of misrepresentation by clients on their applications. Most of these were minor omissions of information but in two cases what appears to be client fraud is evident.

In the first case a young couple and their infant son applied for welfare on April 10, 2001 citing that the woman was out of work due to the recent childbirth and they were existing solely on the boyfriend's full time job. The couple was being evicted for being behind in rent. On May 5, 2001, less than one month later, a friend of the family applied for aid and when asked about an address told the caseworker that he lived with the couple and paid them \$500 per month rent. The couple never reported the rent as income or indicated that they had roommates. On June 15, 2001 the woman and her child applied for assistance claiming that they were evicted after her boyfriend left her with all their money and moved to Baltimore. On July 3, 2001, 18 days later, the woman, boyfriend and child checked into the Manchester Emergency Housing Shelter. Between initial intake and final case closure on September 3, 2001 this client was issued \$3,517.70 in vouchers.

In the second case a married couple and three children moved up from Massachusetts where the husband was laid off from his job and was collecting unemployment. They applied for assistance on February 21, 2001. They were under eviction procedures and requested help with rent. The Department initially provided \$1,056 of vouchers in order to keep them in their apartment until State welfare was approved. The husband was required to do a job search and report back. After one month of inactivity the case was closed. On June 14, 2001 the wife applied for assistance claiming that the husband had left her and moved back to Massachusetts where she had no contact from him. The Department continually informed her that her apartment was too large and expensive and she would have to find a new one. On October 31, 2001 the State sanctioned the client and forced her to repay \$1,326 in aid issued between September 1, 2001 and October 31, 2001 because the husband was living in the house and she misrepresented that she did not know of his whereabouts. This is the same information she gave the Department. Between February 21, 2001 and December 4, 2001 the Department issued \$4,743 in vouchers to this family, \$525 since learning of the fraud.

In neither case was the client suspended or restitution for assistance given under false pretenses sought.

*Recommendation:*

The Department should establish formal fraud deterrence and detection programs and have a formal written fraud reporting policy included in its Welfare Guidelines. This policy should clearly be communicated to the client.

The attributes of an effective fraud reporting policy include:

- the policy is in writing
- the policy describes fraudulent activities and the actions required when fraud is suspected or detected
- the policy is communicated to all employees and
- management obtains assurance from each employee that the policy and related reporting mechanism is understood.

The Department should vigorously investigate all cases of suspected fraud. When fraud is proven, all assistance should be suspended and prosecution sought. The Department should seek restitution for any assistance given under fraudulent circumstances.

*Auditee Response:*

The Commissioner has already given the Manchester Police Department a case involving fraud. The Commissioner is asking for an additional caseworker, so that a complete review of existing cases can be accomplished. This will ensure only qualified individuals are receiving assistance and those abusing the system will be prosecuted.

## Compliance Comments

### **Observation No. 4 – Commissioner’s Leave Accrual**

*Observation:*

Per the City Code of Ordinances Chapter 33.022 (A) “the provisions of 33.020 through 33.082 of this chapter shall not apply to elected officials...” These sections deal with the position classification and compensation plans and among other things dictates the classification, compensation and leave time of City employees. The Commissioner is an elected City official and, as such, is specifically exempt from these requirements. This would appear to exempt the Commissioner from submitting time sheets and leave slips, receiving evaluations or accruing leave. The HTE system tracks the time of the Commissioner as if the position followed the requirements of Chapter 33. This overstated the year-end vacation accrual balance by \$4,620 in the City’s FY 2001 CAFR. It was noted that other elected City officials do not have leave accruals in the system. The accrued balance of the former Commissioner that was paid out upon leaving office amounted to approximately \$5,000. Per the current ordinances this may not have been an entitlement of the position. In addition, since February the former Commissioner had not been recording any leave time taken even though she rarely reported to the office. Because the former Commissioner was not required to submit timesheets it is impossible to determine if she was working at night, working from home, or on leave that is not being reported.

*Recommendation:*

The City should seek a legal opinion on the status of the Commissioner’s position and the City Ordinances or charter should be changed to clarify the treatment of the position. If the position is subject to accrual of leave time it should also be subject to accounting for its time through the submission of time and leave sheets.

*Auditee Response, Welfare:*

Welfare Commissioner Martineau will get clarification from the City Solicitor.

*Auditee Response, Human Resources:*

No Response

*Auditee Response, City Solicitor:*

No Response

## **Observation No. 5 – Timely Determination of State Aid**

### *Observation:*

RSA 165:20-c states “If any person receiving general assistance from a town or city under the provisions of this chapter is deemed to be eligible for assistance under the provisions of RSA 167, the Commissioner of Health and Human Services shall reimburse such town or city the amount of assistance provided by the town or city as a result of the Commissioner of Health and Human Service’s delays in processing within the federally mandated time periods”. Reimbursement is done annually and the statute limits the total reimbursement statewide to \$100,000 per year.

The Department does not track the delay in processing State welfare applications and consequently does not apply for reimbursement from the State. It was noted during the testing of sixty case files that occasionally delays do occur that could warrant reimbursement from the State.

### *Recommendation:*

The Department should look into the feasibility of tracking the time it takes the State to process applications for aid. This would be difficult at the present time, as the Department does not have a case management system in place (see Observation No. 13) that would aid in the tracking of application processing. In addition the mandated \$100,000 cap may make the effort not cost effective. If the Department determines that the effort is cost effective, they should incorporate a means of tracking and compiling the information into a case management system.

### *Auditee Response:*

With implementation of the NH MAPS software package, tracking of the processing time can be monitored more closely.

## **Observation No. 6 - Recovery of Aid from Working Clients**

### *Observation:*

RSA 165:20-b states “Any town or city furnishing assistance to any person who is returned to an income status after receiving the assistance which enables him to reimburse the town or city without financial hardship may recover from such person the amount of assistance provided”.

Recovery from a client is not always possible. The client must be sufficiently recovered that the reimbursement will not cause an undo financial burden. Out of the sixty client files tested the

majority either had not gone back to an income status or the income status appeared to be barely enough to meet basic needs. It was noted however that 5 out of the 60 files selected might have been able to pay back their obligation to the City. These cases typically involved clients who were out of work for a short period of time and later found adequate employment. The amount of aid given was a relatively small amount and it did not appear to be unreasonable to require reimbursement. It should be noted that every applicant signs a statement agreeing to repay the City if they become able.

*Recommendation:*

The Department should set up specific guidelines for when to seek reimbursement from a client. A follow up letter could be sent after the client has a few weeks of employment reminding them of their obligation.

*Auditee Response:*

The recommendation is seriously noted, and as Commissioner, I will pursue every means to ensure repayment by clients.

## **Observation No. 7 - Required Work Search and Work Program**

*Observation:*

RSA 165:31 allows the overseer of public welfare to “require any person who is receiving support under this chapter and who is physically able to work, to participate in the municipality’s work program as a condition of continued eligibility for assistance”. This is also listed as one of the applicant’s responsibilities in the Manchester City Welfare Guidelines.

The Manchester City Welfare Guidelines also require applicants to diligently search for employment and provide verification of work search, contacting at least twenty places of employment per week.

These requirements only apply to people who are physically able to do the work required and do not have preschool children at home. From the review of 60 client files it was noted that a work program has not been in use for several years. The requirement for a diligent job search has also not been enforced as rigidly as it has in the past. The job search document that was formerly used is no longer included in the files as evidence that the client was pursuing an adequate number of job applications and job interviews.

Of the 60 files reviewed 20 clients appeared physically able to participate in a work program but were not required to participate. There was no evidence in 5 of the 20 clients who appeared to physically be able to work that they were required to conduct a job search or went out on any job searches.

*Recommendation:*

The Department should institute the work program again and require all able-bodied clients who are not working or actively seeking employment to participate. The Department should also require that all able-bodied persons conduct a reasonable job search and document the search in the files. The Department should revise and use the existing job search form.

*Auditee Response:*

The Commissioner has re-established the work program. The work program had 71 hours worked in December 2001 compared to 390 hours worked in January 2002. As of February 13, 2002, 449 work hours have been assigned for the month of February.

**Observation No. 8 - Recovery from Other Towns**

*Observation:*

RSA 165:20 states, "If a town, city or county.... spends any sum for the support, return to his home, or burial of an assisted person having a residence in another town or city, ..... such sum may be recovered from the town, city...".

RSA 165:1a states, "Any person in a town or city who is poor and unable to support himself shall be known as a town or city assisted person, and shall be relieved and maintained at the expense of the town or city of residence".

RSA 21:6-a defines residence as "a person's place of abode or domicile. The place of abode or domicile is that designated by a person as his principal place of physical presence for the indefinite future to the exclusion of all others. Such place of residence or residency shall not be interrupted or lost by a temporary absence from it, if there is intent to return to such residence or residency as the principle place of physical presence".

During our test of 60 files we noted two instances where the persons intent was to live in another town and the Department either did not charge the other town or the other town refused to reimburse the City.

Testing revealed three instances where the person moved directly from another town in order to collect benefits. When a homeless person arrives from another town, the town of original residence generally is charged the initial thirty days of aid. The Department has paid the initial 30 days for Manchester residents that have relocated to other towns.

In one case the client originally lived in Nashua but moved to Arizona to work. He was transferred back to Nashua where he wanted to live. Upon arriving in Nashua he could not find an apartment and applied to Nashua Welfare. The client claims that the Director of Welfare in Nashua told him that there was no affordable housing in Nashua and he should go to Manchester where housing was more plentiful. There is no evidence to suggest that the Department tried to charge Nashua for the aid rendered. This client works in Nashua and clearly intends to live in Nashua.

In another case, a current client of the Department moved to Concord on her own as her intent was to live closer to family. In this case the Department paid for several months of aid when the client's residence was Concord. It should be noted that the Department tried to seek reimbursement from Concord but was refused by the Concord Welfare Department citing that by State law the person was a Manchester resident. Other towns have placed people on the Manchester welfare roles in similar circumstances citing the same State laws.

The three cases that were transferred from other towns came directly from Nashua, Keene and Londonderry to Manchester and the client immediately applied for City welfare. The other towns were never charged for the first thirty days of benefits.

*Recommendation:*

The Department does not appear to be consistent in its treatment of clients that are moving into or out of the City and collecting benefits. There also appears to be some confusion over what is considered to be a person's residence and who is ultimately responsible for the assisted person. The Department should seek legal advice to determine whom they are responsible for and institute controls to ensure that all cases are treated the same. Reimbursement should be obtained from other towns in accordance with existing law.

*Auditee Response:*

Again, the recommendation is seriously noted and as Commissioner I will diligently pursue repayment from other communities.

## **Observation No. 9 - Sanctions Due to Violations of Requirements**

### *Observation:*

State law allows for sanctions to be assessed against welfare recipients who violate the following conditions:

RSA 165:1-d voluntary termination of employment- may be ineligible to receive assistance for 90 days.

RSA 165:1-b noncompliance with guidelines, disclosure of income, participation in work programs, reasonable work search, application for other assistance programs – 7 day suspension 1<sup>st</sup> offense, 14 day suspension 2<sup>nd</sup> offense.

RSA 167:82 when the State reduces benefits for violation of rules “a city or town may consider the amount as deemed income for purposes of calculating eligibility for the amount of general assistance”.

From our review of 60 files we noted several instances of noncompliance with statutory provisions and notices of decision that did not result in any action by the Department. In some instances warnings were issued and even suspensions of benefits occurred, but these were older cases. Recently, little more than warnings have been issued. Five instances were noted where clients have continually ignored notices of decisions. Two clients quit jobs without an acceptable reason, one to take a lower paying part-time job as a waitress and the other to stay at home because she “wasn’t making enough at work to make it worthwhile.” Both of these clients had been warned repeatedly about quitting jobs without a reason. One client constantly refused to follow the recommendations of the notices of decision even after repeated warnings that she would be put on suspension. A fourth client was sanctioned by the State several times and told that she had to remedy the sanctions but did nothing to get the sanction lifted in a timely manner. Another client refused to apply for State aid even though she was most likely eligible. In all of these cases the Department continued to provide aid. In the case of the person who was sanctioned by the State the Department increased the amount of local aid to partially offset the amount of the State sanction.

### *Recommendation:*

The Department should follow State statutes and suspend benefits to clients who constantly ignore the rules of the Department. Reductions of State aid should be considered income to clients in determining the amount of aid if the reduction in aid can easily be cured or is the result of the client’s actions.

*Auditee Response:*

The Commissioner concurs with the recommendation, and again this is an area that needs to be pursued.

**Observation No. 10 - Required Aid From Family Members**

*Observation:*

RSA 165:19 states, “The relation of any poor person in the line of father, mother, stepfather, stepmother, son, daughter, husband or wife shall assist or maintain such person when in need of relief”. The RSA further states, “Should a relation refuse to render such aid when requested to do so by a county commissioner, selectman, or overseer of public welfare, such person or persons shall upon complaint of one of these officials be summoned to appear in court”.

From our sample of 60 case files reviewed it was noted that 17 clients did not appear to have family members who were in a position to assist them. Forty of the case files reviewed either had relatives who were contributing or who were asked to help but were not in a position to help. However, two of the case files showed evidence that the relatives were in a financial position to help but the file showed no evidence that they were ever contacted.

*Recommendation:*

The family members of all people applying for aid should be informed of their obligation to assist and asked to help in any way they can. If it is evident that the family member is in a position to help but refuses the Department should seek legal action.

*Auditee Response:*

The Commissioner concurs with the recommendation and again this is an area which is being pursued. Caseworkers are now instructed to ascertain financial responsibility of relatives to assist the client in providing for their needs.

## **Observation No. 11 - City Welfare Guidelines**

### *Observation:*

RSAs 165:1 (II) and 165:4-b set certain requirements that must be included in written welfare guidelines. Based on a review of the guidelines currently in use at the Department it is noted that the following requirements are missing:

- A statement that qualified State assistance reductions under RSA 167:82, VIII may be deemed as income
- Rules governing the policy which specifically sets out which bill shall be offset and notification procedures to be used when the City uses the rental offset provisions of RSA 165:4-a. These provisions would allow the City to use payments owed to landlords for rental assistance to be offset against any outstanding delinquent sewer, water or tax payments to the City.

### *Recommendation:*

The Department should adopt these provisions into their guidelines and adopt a procedure for monitoring changes in relevant State laws so that the City guidelines are kept current.

### *Auditee Response:*

The Commissioner is in the process of updating the guidelines and they will be presented to the Board of Mayor and Aldermen for adoption. Upon approval of the Board of Mayor and Aldermen, the guidelines will be made available online. A printed copy will be available for review in the Manchester City Clerk's Office and at the Carpenter Memorial Library.

## **Internal Auditor's Report on Management Issues**

*To The Committee on Accounts, Enrollment & Revenue Administration:*

We have audited the Statements of Revenues And Expenditures – Budget and Actual – General Fund of the City of Manchester, New Hampshire, Welfare Department for the year ended June 30, 2001 and the four months ended October 31, 2001, and have issued our report thereon dated January 31, 2002, which was qualified with respect to the lack of presentation of the financial position of the Department in the General Fund and a limitation on the scope of the audit caused by the lack of documentation to support the unreported amounts of reimbursements and expenditures from clients of the Manchester Emergency Housing Shelter.

Except as discussed in the preceding sentence, Internal Audit (IA) conducted its audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

In planning and performing its audit of the financial statements of the City of Manchester, New Hampshire, Welfare Department for the year ended June 30, 2001 and the four months ended October 31, 2001, IA noted certain issues related to the operation of the Department that merit management consideration but do not meet the definition of a reportable condition as defined by the American Institute of Certified Public Accountants, and were not issues of noncompliance with laws, rules, regulations, or contracts.

Those issues that we believe are worthy of management consideration but do not meet the criteria of reportable conditions or noncompliance are included in Observations No. 12 through 14 of this report.

This internal auditor's report on management issues is intended solely for the information and use of the management of the Department and the Board of Mayor and Alderman through the Committee on Accounts, Enrollment & Revenue Administration and is not intended to be and should not be used by anyone other than these specified parties.

Kevin M Buckley, CPA  
Internal Audit Manager

January 31, 2002

## Management Issues

### **Observation No. 12 – Management Oversight and Control**

*Observation:*

The head of a department serves the important internal control function of setting the tone of the organization and influencing the control consciousness of the employees. Management oversight is the foundation for all other components of internal control, providing discipline and structure to the overall effectiveness of policies and procedures that management has established.

In the later part of fiscal year 2000 the Commissioner was out on an extended leave. The Commissioner returned from leave in late February but was rarely in the office.

In August of 2002 the Deputy Commissioner accepted employment elsewhere and this position has been left open since that time. In addition the Administrative Services Manager, who heads the accounting department, went out on medical leave in November of 2001 and did not return until January 2, 2002.

Since August, the casework administrative oversight functions of the Department have been handled by one of the senior Welfare Specialists in addition to their regular duties.

*Recommendation:*

All members of the management team should be put in place as soon as possible after a new Commissioner starts a term. It is important that a new Commissioner become actively involved with the Department on a regular basis.

*Auditee Response:*

The new Commissioner was sworn into office on January 2, 2002. The Administrative Services Manager returned from medical leave on January 2, 2002. The Commissioner is in the process of filling the Deputy Position. The Welfare Specialist did not handle the accounting functions during that time period. The Accounting Specialist handled these functions.

## **Observation No. 13 – Computerized Case Management System**

### *Observation:*

It is important from a management perspective that current, relevant information be readily available to the decision-makers at the Department. The ability to analyze client statistics in order to spot trends and problems becomes more important as the population of clients increase, especially in a weakened economy. The Department tracks client statistics in a number of ways. Our audit work has revealed that different staff members have recorded the same information up to three times.

The individual attending to the front desk records case statistics manually daily on a paper log then transfers some of this information to an Access database that we do not believe is currently being used for anything. The Accounting Specialist II uses the daily log to create a daily statistics log on an Excel Spreadsheet. The daily log totals are then added together on a calculator and the product is input to a weekly log on an Excel spreadsheet. A similar exercise is done to create a monthly log.

The caseworkers record case statistics daily on a manual log. The Administrative Service Manager uses these logs to create caseworker reports on Excel spreadsheets. These reports are done weekly and monthly.

All of these logs and reports use much of the same information in slightly different ways. The caseworker log is the same as the front desk daily log only with the amount and type of aid added. The caseworker reports use the same information as the weekly and monthly log reports with amount and type of aid statistics added. By entering and manipulating the same information several times the Department is creating a lot of unnecessary work.

### *Recommendation:*

The type of information being collected is perfect for some form of database application. The Department should look into purchasing case management software to reduce some of this work. The software will have to be accessible to all users including the caseworkers. After the front desk worker enters the basic information and opens a case in the system then the caseworker would only have to call up the case and add their information. Reports could be designed that would take this information and create the daily, weekly and monthly reports that the Department requires. If a request were made for the information in a different format the Department would only have to design a query. The log could also be used to track vouchers. It is recommended that all potential users have input into what they need out of a case management system prior to its design.

*Auditee Response:*

Previous years' budgets reflected an amount in the "Special Projects" line item. The amounts ranged from \$10,000 to \$20,000 per year. The prior Commissioner informed the Administrative Services Manager that this money was being set aside to cover the costs of the Department of Information Systems to purchase or develop a database meeting the data capture and reporting needs of the Department. The former Commissioner had met with the Information Systems Director for the City to discuss her basic requirements. To the best of my knowledge, the Department of Information Systems has not begun work on the project due to his assignment to higher priority projects.

The current Commissioner has submitted the paperwork and payment to license the New Hampshire Municipal Assistance Program's software (NH MAPS) for the Department. Based upon the information he has obtained on the product, it should be able to meet the Department's data capture and reporting, and document generation requirements. The software has yet to arrive, but it is anticipated that NH MAPS will be tested in the Department sometime in February 2002.

NH MAPS is a software package that has been specifically developed for New Hampshire communities for daily maintenance of municipal welfare administration and our day to day business needs. The cost was \$25.00 to cover the expense of the CD-ROM and mailing.

**Observation No. 14 – Held Prescription Vouchers**

*Observation:*

If a voucher that is issued for prescriptions has a chance of being reimbursed by State Medicaid the caseworker will hold onto the voucher even after the pharmacy has filled the prescription and submitted their copy for payment. If the prescription is eligible for Medicaid reimbursement the State will reimburse the pharmacy directly. When the outstanding vouchers were counted on December 7, 2001 they totaled over \$27,000. Of this amount \$3,398 were from vouchers issued in FY 2000. These represent an unrecorded potential liability to the City. In addition the Department should be trying to foster good relationships with their vendors. If vendors have to wait months to receive payment they may be less willing to give the City the best price available.

*Recommendation:*

The time lag for processing these vouchers is unacceptably long. The Department should work with the State Department of Health and Human Services to try and reduce the time lag between requesting reimbursement and receiving the funds.

Instead of making the pharmacy wait on payment, the City should consider paying all of the invoices in a timely manner and then seeking reimbursement from the State. This could be used as a negotiating tool in setting prices with the pharmacies.

*Auditee Response:*

The Commissioner met with the manager and representatives of the New Hampshire Health & Human Services office in Manchester to discuss “charge pendings”. The Commissioner was provided with the name of a person that Manchester City Welfare could use to follow up on the Medicaid status of clients. It is anticipated that this contact will expedite matters at the State level.

Internally, the pink copies of the “charge pendings” vouchers will be maintained in a follow up tickler file by the Accounting Specialist. Clients with vouchers open for 60 days will be listed on a spread sheet and the spread sheet containing the client’s name and Social Security Number will be forwarded to the contact person at New Hampshire Health and Human Services.

The Commissioner will be exploring the possibility of arranging a payment plan with the pharmacies processing “charge pendings” to accept a payment equal to what they would receive from Medicaid. Arrangements would then be made with Medicaid to reimburse City Welfare for the approved expenses.

## **Internal Auditor's report**

*To the Committee on Accounts, Enrollment & Revenue Administration:*

Internal Audit (IA) has audited the Statements of Revenues and Expenditures – Budget and Actual – General Fund of the City of Manchester, New Hampshire Welfare Department for the year ended June 30, 2001 and four months ended October 31, 2001. The financial statements are the responsibility of the Department's management. IA's responsibility is to express an opinion on the financial statements based on its audit.

Except as discussed in the fourth paragraph, IA conducted its audit in accordance with audit standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that IA plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. IA believes that its audit provides a reasonable basis for its opinion.

As more fully discussed in NOTE 1, the financial statements referred to above are not intended to present the financial position of the Department in the General Fund.

As discussed in NOTE 5, the Department does not have complete financial records to support the amount of unrecorded reimbursements received from clients staying at the Manchester Emergency Housing Shelter or expenditure of these funds. Accordingly, IA is unable to examine sufficient evidential matter to support such amounts.

In IA's opinion, except for the effects of such adjustments as might have been determined to be necessary had IA's audit not been limited in scope as discussed in the fourth paragraph and except for the matter discussed in the third paragraph, the financial statements referred to above presents fairly, in all material respects, certain financial activity of the Department for the year ended June 30, 2001 and four months ended October 31, 2001, in conformity with accounting principles generally accepted in the United State of America.

IA's audit was conducted for the purpose of forming an opinion on the financial statements referred to in the first paragraph. The accompanying Schedules of Budgetary Components – General Fund on Pages 43 and 44 and the Comparative Schedule of Expenditures, General Fund, for the Four Months Ended October 31, 1999, 2000 and 2001 on page 45 are presented for the purpose of additional analysis and are not a required part of the financial statements of the Department. Such information has been subjected to the auditing procedures applied in IA's audit of the financial statements referred to in the first paragraph and, in IA's opinion, are fairly presented in all material respects in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, IA has also issued a report dated January 31, 2002 on its consideration of the Department's internal control over financial reporting and on its tests of compliance with certain provisions of laws, rules, regulations, and contracts.

Kevin M Buckley, CPA  
Internal Audit Manager

January 31, 2002

**CITY OF MANCHESTER NEW HAMPSHIRE  
WELFARE DEPARTMENT**

**STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable) Variance</u>
<b><u>Revenues</u></b>			
Welfare Benefit Recoveries	\$ 20,000	\$ 49,345	\$ 29,345
<b><u>Expenditures</u></b>			
Rent – Direct Aid	\$ 535,897	\$ 615,640	\$ ( 79,743)
Salaries and Pensions	444,445	431,812	12,633
Provisions – Direct Aid	103,575	106,927	(3,352)
Benefits	90,232	82,418	7,814
Medical Supplies – Direct Aid	65,113	54,042	11,071
Rents and Leases	53,465	49,459	4,006
Utilities – Direct Aid	47,096	25,140	21,955
Other Expenses	60,231	21,809	38,422
Other - Direct Aid	25,147	11,245	13,902
Contract Manpower	-0-	3,249	3,249
<b>Total Expenditures</b>	<b>\$ 1,425,201</b>	<b>\$ 1,401,741</b>	<b>\$ 23,461</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$(1,405,201)</b>	<b>\$(1,352,396)</b>	<b>\$ 52,806</b>

The accompanying notes are an integral part of this financial statement.

**CITY OF MANCHESTER NEW HAMPSHIRE  
WELFARE DEPARTMENT**

**STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL – GENERAL FUND  
FOR THE FOUR MONTHS ENDED OCTOBER 31, 2001**

	<u>Annual Budget</u>	<u>4 Months Actual</u>	<u>Favorable/ (Unfavorable) Variance</u>
<b><u>Revenues</u></b>			
Welfare Benefit Recoveries	\$ 20,000	\$ 14,030	\$ (5,970)
<b><u>Expenditures</u></b>			
Rent – Direct Aid	\$ 540,743	\$ 522,635	\$ 18,108
Salaries and Pensions	471,043	136,826	334,217
Provisions – Direct Aid	99,547	64,335	35,212
Benefits	99,859	26,667	73,192
Medical Supplies – Direct Aid	60,624	26,004	34,620
Rents and Leases	61,000	19,942	41,058
Utilities – Direct Aid	44,934	14,673	30,261
Other Expenses	67,326	6,782	60,544
Other - Direct Aid	29,000	6,041	22,959
Contract Manpower	-0-	23,116	(23,116)
<b>Total Expenditures</b>	<b>\$ 1,474,076</b>	<b>\$ 847,021</b>	<b>\$ 627,055</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$(1,454,076)</b>	<b>\$ (832,991)</b>	<b>\$ 621,085</b>

The accompanying notes are an integral part of this financial statement.

**CITY OF MANCHESTER NEW HAMPSHIRE  
WELFARE DEPARTMENT**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Department has been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles.

**A. Financial Reporting Entity**

The Department is an organization of the primary government of the City of Manchester, New Hampshire. The accompanying financial statement reports certain financial activity of the Department. The financial activity of the Department is accounted for in the General Fund in the City of Manchester’s Comprehensive Annual Financial Report (CAFR). Assets, liabilities, and fund balances are reported by fund for the City as a whole in the CAFR. The Department, as an organization of the primary government, accounts for only a small portion of the General Fund and those assets, liabilities, and fund balances as reported in the CAFR that are attributable to the Department cannot be determined. Accordingly, the accompanying financial statement is not intended to show the financial position of the Department in the General Fund and the change in the fund balance is not reported on the accompanying financial statement.

**B. Basis of Presentation – Fund Accounting**

The City of Manchester, NH and the Department use funds and account groups to report on their financial position and the results of their operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

*Governmental Fund Types*

## General Fund

The General Fund accounts for all financial transactions not specifically accounted for in any other fund. All revenues, other than certain designated revenues, are credited to the General Fund. Annual expenditures that are not allocated by law to other funds are charged to the General Fund.

### *Account Groups*

#### General Fixed Assets

General fixed assets acquired for use by the Department for the performance of its operations are reflected in the General Fixed Assets Account Group at the time of acquisition. As of October 31, 2001, the Department had recorded in the General Fixed Assets Account Group the cost of general fixed assets based on available historical cost records. Donated fixed assets are recorded at fair market value at the time donated.

### **C. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All government funds are accounted for using the flow of current financial resources measurement focus and reported on a modified accrual basis of accounting. Accordingly, the City of Manchester, New Hampshire accounts for its financial transactions relating to the General Fund on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available to finance operations of the fiscal period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the period in which obligations are incurred as a result of the receipt of goods or services.

### **D. Budgets and Budgetary Accounting**

Pursuant to the City's Charter, Section 6.01, the City adopts an annual budget for all General Fund functions. The legal level of budgetary control is the department level.

All portions of the annual City budget are prepared under the direction of the Mayor. The Mayor establishes the procedures applicable to the preparation and adoption of the annual budget. Budgets include all proposed expenditures and the proposed use of all anticipated revenues. All departments, agencies, and officers submit detailed statements of departmental budget requests to the Mayor per established procedures.

The Mayor develops budget recommendations on appropriations and revenues and submits the recommendations to the Board of Mayor and Aldermen (BMA) on or before the last day of March of each year. Departmental appropriations are made on a bottom-line basis. Benefits and non-departmental items are appropriated apart from the departmental budgets.

The Finance Committee of the BMA reviews the proposed budget recommendations presented by the Mayor. The BMA may increase, reduce or reject any item in the budget submitted by the Mayor. A public hearing is required to be conducted. A majority vote of the BMA is required to adopt the budget appropriation resolutions and is to be completed not later than the second Tuesday in June. The Mayor has line item veto authority.

If the BMA fail to adopt appropriation resolutions, the budget, as originally submitted by the Mayor, shall become the budget.

If during the fiscal year the Mayor certifies, after consultation with and verification by the Finance Officer, that there are available for appropriation revenues in excess of those estimated in the budget, the BMA may make supplemental appropriations for the year up to the amount of such excess, after observing the budget procedures set forth in section 6.04 of the City Charter. There were no additional appropriations during the audit period.

If at any time during the fiscal year it appears probable to the Mayor, after consultation with and verification by the Finance Officer, that the revenues or fund balances available will be insufficient to finance the expenditures for which appropriations have been authorized, the Mayor shall report to the BMA without delay, indicating the estimated amount of the deficit, any remedial action taken by the Mayor and recommendations as to any other steps to be taken. The BMA shall then take such further action as it deems necessary to prevent or reduce any deficit and for that purpose it may reduce one or more appropriations.

The legal level of budgetary control is established by object categories within the departmental budgets. Departmental budget transfers from one object category to another must be approved by the Finance Officer prior to approval of the BMA. The Finance Officer is responsible for establishing controls related to the management and monitoring of the budget to prevent expenditures from exceeding budgeted appropriations.

Encumbrance accounting is employed in governmental funds. On the GAAP basis, encumbrances (e.g. purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

The City employs certain accounting principles for budgetary reporting purposes that differ from a GAAP basis. The Statements of Revenues and Expenditures - Budgetary Basis, presents the "actual" results to provide a comparison with the budgets.

The major differences between the budgetary basis and the GAAP basis are:

(a) Tax revenues are recorded when invoiced (budgetary), as opposed to when susceptible to accrual (GAAP).

(b) Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. Governmental fund budgets are maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and contracts (encumbrances) issued for goods or services not received at year end. Encumbrances are recorded to reserve a portion of fund balance in the governmental fund types for commitments for which no firm liability exists.

*Variances – Favorable/(Unfavorable)*

The variance column on the Statement of Revenues and Expenditures – General Fund highlights differences between budget and actual revenue and expenditures. For revenue, these variances are caused by actual revenue exceeding budget generating a favorable variance or actual being less than budget generating an unfavorable variance. For expenditures, a favorable variance results from actual expenditures being less than the amount budgeted for the fiscal year. The favorable expenditure variances represent a combination of ending available balances and unliquidated encumbrances. Unfavorable expenditure variances represent actual expenditures for the reporting period exceeding the amounts budgeted for the fiscal year.

When statements are presented at an interim date other than a June 30 fiscal year end, the variance reflects the difference between the budget period amount, twelve months in the case of the General Fund, and a partial years actual revenue and expenditures. Thus, for the four month financial statement dated October 31, 2001, unfavorable variances in General Fund revenues are expected, because four months of actual revenues are compared to the amount of revenue expected to be collected in the twelve month period. Similarly, favorable expenditure variances are expected as four months of expenditures are compared to amounts expected to be expended in the twelve month budget period.

*Encumbrances*

Contracts and purchasing commitments are recorded as encumbrances when the contract or purchase order is executed. Upon receipt of goods or services the encumbrance is liquidated and the expenditure or liability are recorded. The Departments unliquidated encumbrance balances at June 30, 2001 and October 31, 2001 were \$23,459 and \$95,596, respectively.

**NOTE 2 - Fixed Assets – General**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition costs are reflected as expenditures in governmental funds, and the related assets are reported in the General Fixed Assets Account Group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Interest costs incurred during construction are not capitalized. Assets in the General Fixed Assets Account Group are not depreciated. The following is a schedule of equipment balances and activity reported by the Department for the 16 months ended October 31, 2001.

Equipment Balance at July 1, 2000	\$ 137,444
Additions	0
Deletions	0
Equipment Balance at June 30, 2001	<u>\$ 137,444</u>
Additions	0
Deletions	0
<b>Equipment Balance at October 31, 2001</b>	<b><u>\$ 137,444</u></b>

### **NOTE 3 - EMPLOYEE BENEFIT PLANS**

All full-time employees of the City participate in one of the City's pension plans or the New Hampshire Retirement System ("NHRS").

#### *City Plans*

All Department employees participate in the City's pension plan known as the New System. One former employee of the Department participates in a prior pension plan known as the Old System.

#### *New System*

In 1974, the City established a single-employer public employee retirement system (the "New System") to provide pension benefits to employees other than firefighters, police officers, teachers and employees previously covered under the "Old System" described below. Manchester School District administration employees are covered under this plan.

All covered employees hired after January 1, 1974 are required to participate in the New System as a condition of employment. Employees are 100% vested after five years of service. The retirement benefit is calculated at 1-1/2% of average total compensation during the highest three years of service in the last ten years of service (hereafter average compensation), multiplied by the years of service prior to January 1, 1999 plus 2% after January 1, 1999 of average compensation multiplied by the years of service after January 1, 1999. There is a minimum benefit of 50% of average compensation for employees hired prior to January 1, 1974 who complete 20 years of service and attain age 62 before retirement or have combined age and years of service over specified amounts. All eligible employees are required to contribute 2-1/2% of their salaries to the New System prior to January 1, 1999 and 3-3/4% of their salaries after January 1, 1999. If an employee leaves covered employment or dies before five years of service, accumulated employee contributions and earnings thereon at rates determined annually by the New System Board of Trustees (5%, for the periods ended June 30, 2001 and 2000) are refunded. The City is required to contribute the remaining amounts necessary to finance the benefits for its employees. Benefit provisions and contribution requirements are established by the City and may be amended only by the BMA, subject to approval of the voters of the City through referendum.

The City's plans, by policy, (i) require annual actuarial valuations, with yearly updates, and (ii) require annual City contributions based on actuarial determinations. During the year of actuarial valuation, the City has historically contributed the annual required contribution ("ARC") of the pension plan. Any difference between the ARC and the actual contribution made has been settled by the next actuarial valuation date, and thus the City has never actually had, or had need to report, a net pension obligation ("NPO").

Investments are reported at fair value based on quoted market rates. Investment income is recognized as earned. Gains and losses on sales and exchange of investments are recognized on the transaction date.

### *Old System*

Prior to January 1, 1974, all eligible City employees participated in the Old System, a single employer contributory, public employee retirement system (PERS). All employees hired before January 1, 1974 were given the option to remain in the Old System or participate in the New System. The Old System was replaced by the New System and only operates to cover the remaining participants. All employees covered under the Old System are fully vested. Benefits under the Old System are limited to retirement benefits without death benefits to survivors. The City does not fund costs of this plan on an actuarial basis. Benefits are recognized as expenditures of the General Fund on a pay-as-you-go basis

#### **NOTE 4 – LEASE COMMITMENTS**

The Department has a lease commitment for office space requirements, which is accounted for as an operating lease. This lease, subject to continuing appropriation, extends forward until April 30, 2002 with no automatic renewal. Rent expenditures for the year ended June 30, 2001 and the four months ended October 31, 2001 were approximately \$45,417 and \$15,516 respectively. The lease expires on April 30, 2002 and has future lease payments of \$23,274.

#### **NOTE 5 – UNRECORDED REIMBURSEMENTS**

During the audit period the Department had been collecting reimbursements from welfare recipients who were able to repay the Department for providing them emergency housing at the Manchester shelters. Funds were collected in cash and disbursed in cash back to the recipients to cover the costs of securing housing. The Department did not account for these reimbursements in the City's financial accounting system or record them in the City's CAFR. Because these transactions were not recorded the amount of revenues and expenditures incurred during the audit period could not be determined.

**CITY OF MANCHESTER NEW HAMPSHIRE  
WELFARE DEPARTMENT**

**SCHEDULE OF BUDGETARY COMPONENTS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2001**

	OPERATING BUDGET	NET TRANSFERS IN (OUT)	BALANCES BROUGHT FORWARD	LAPSE	BUDGET
<b><u>Revenues</u></b>					
Welfare Benefit Recoveries	\$ 20,000	\$ -0-	\$ -0-	\$ -0-	\$ 20,000
<b><u>Expenditures</u></b>					
Rent – Direct Aid	\$ 396,983	\$ 129,732	\$ 9,950	\$ ( 768)	\$ 535,897
Salaries and Pensions	444,445	-0-	-0-	-0-	444,445
Provisions – Direct Aid	99,290	-0-	6,452	( 2,167)	103,575
Benefits	87,729	2,503	-0-	-0-	90,232
Medical Supplies – Direct Aid	60,000	-0-	8,519	( 3,406)	65,113
Rents and Leases	49,000	-0-	10,720	( 6,255)	53,465
Utilities – Direct Aid	44,000	-0-	30,086	(26,990)	47,096
Other Expenses	59,290	( 18,775)	20,228	( 512)	60,231
Other - Direct Aid	29,000	( 4,000)	219	( 72)	25,147
Contract Manpower	-0-	-0-	-0-	-0-	-0-
<b>Total Expenditures</b>	<b>\$ 1,269,737</b>	<b>\$ 109,460</b>	<b>\$ 86,174</b>	<b>\$ (40,170)</b>	<b>\$ 1,425,201</b>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over (Under) Expenditures</b>	<b>\$ (1,249,737)</b>	<b>\$ (109,460)</b>	<b>\$ (86,174)</b>	<b>\$ 40,170</b>	<b>\$ (1,405,201)</b>

**CITY OF MANCHESTER NEW HAMPSHIRE  
WELFARE DEPARTMENT**

**SCHEDULE OF BUDGETARY COMPONENTS  
GENERAL FUND  
FOR THE FOUR MONTHS ENDED OCTOBER 31, 2001**

	<b>OPERATING BUDGET</b>	<b>NET TRANSFERS IN (OUT)</b>	<b>BALANCES BROUGHT FORWARD</b>	<b>LAPSE</b>	<b>ANNUAL BUDGET</b>
<b><u>Revenues</u></b>					
Welfare Benefit Recoveries	\$ 20,000	\$ -0-	\$ -0-	\$ -0-	\$ 20,000
<b><u>Expenditures</u></b>					
Rent – Direct Aid	\$ 539,633	\$ -0-	\$ 3,339	\$ ( 2,229)	\$ 540,743
Salaries and Pensions	471,043	-0-	-0-	-0-	471,043
Provisions – Direct Aid	99,290	-0-	279	( 22)	99,547
Benefits	99,859	-0-	-0-	-0-	99,859
Medical Supplies – Direct Aid	60,000	-0-	669	( 45)	60,624
Rents and Leases	61,000	-0-	4,000	( 4,000)	61,000
Utilities – Direct Aid	44,000	-0-	1,049	(115)	44,934
Other Expenses	57,249	-0-	14,123	( 4,046)	67,326
Other - Direct Aid	29,000	-0-	-0-	-0-	29,000
Contract Manpower	-0-	-0-	-0-	-0-	-0-
<b>Total Expenditures</b>	<b>\$ 1,461,074</b>	<b>\$ -0-</b>	<b>\$ 23,459</b>	<b>\$ (10,457)</b>	<b>\$ 1,474,076</b>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over (Under) Expenditures</b>	<b>\$ (1,461,074)</b>	<b>\$ -0-</b>	<b>\$ (23,459)</b>	<b>\$ 10,457</b>	<b>\$ (1,454,076)</b>

**CITY OF MANCHESTER NEW HAMPSHIRE  
WELFARE DEPARTMENT**

**COMPARATIVE SCHEDULE OF EXPENDITURES  
GENERAL FUND  
FOR THE FOUR MONTHS ENDED OCTOBER 31, 1999, 2000 AND 2001**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>\$ Change 2000-2001</b>	<b>% Change 2000-2001</b>	<b>\$ Change 2001-2002</b>	<b>% Change 2001-2002</b>
<b>REVENUES</b>							
Welfare Benefit Recoveries	\$ 14,909	\$ 15,916	\$ 14,030	\$ 1,007	6.75%	\$( 1,886)	( 11.85)%
<b>EXPENDITURES</b>							
Rent-Direct Aid	\$ 158,258	\$ 184,708	\$ 522,635	\$ 26,450	16.71%	\$ 337,927	182.95%
Salaries and Pensions	120,503	135,890	136,826	15,388	12.77%	935	0.69%
Provisions-Direct Aid	32,968	32,643	64,335	( 325)	( 0.99)%	31,692	97.09%
Benefits	24,716	25,281	26,667	5,65	2.29%	1,387	5.48%
Medical Supplies-Direct Aid	14,373	16,799	26,004	2,426	16.88%	9,205	54.79%
Rents and Leases	18,606	20,536	19,942	1,929	10.37%	( 593)	( 2.89)%
Utilities-Direct Aid	7,490	10,556	14,673	3,066	40.93%	4,117	39.00%
Other Expenses	7,631	11,710	6,782	4,080	53.46%	( 4,928)	( 42.08)%
Other-Direct Aid	2,862	4,018	6,040	1,197	40.42%	2,023	50.33%
Contract Manpower	-0-	-0 -	23,116	-0-	N.A.	23,116	N.A.
<b>Total Expenditures</b>	<b>\$ 387,407</b>	<b>\$ 442,142</b>	<b>\$ 847,022</b>	<b>\$ 54,734</b>	<b>14.13%</b>	<b>\$ 404,880</b>	<b>91.57%</b>

NOTE: Positive amounts in the change columns represent increases in expenditures or revenues compared to prior year, negative amounts ( ) represent decreases in revenues and expenditures compared to prior years.

## APPENDIX A

### OTHER PROGRAMS AND SERVICES

Manchester Community Health Center – Family orientated primary health care services regardless of age or income.

Families in Transition – Provides social services and/or housing to individuals/families who are homeless. Consists of Spruce and Amherst Street Transitional Housing Program and the Community Housing Program.

Child and Family Services – Intervention and prevention programs that serve and protect children's needs and promote wholesome family life.

Fuel Assistance – Federal program that provides up to \$750 to a household's fuel supplier. In Manchester fuel assistance is provided through Southern NH Services.

Helping Hands Outreach Ministries – Provides temporary, emergency shelter to adult men in crisis. Helping Hands also runs a food pantry.

Manchester Housing and Redevelopment Authority – Offers affordable, attractive, assisted public housing for families, elderly and people with disabilities funded by federal grants. Rent is 30% of income and includes utilities or a utility allowance. Provides Section 8 federal program housing assistance.

Info Bank – Provides information and referral services.

Legal Aid – Provides legal assistance to low income people.

Mental Health Center of Greater Manchester – Offers a full continuum of psychiatric and substance abuse services.

New Horizons for New Hampshire – Provides a soup kitchen, food pantry and emergency shelter for homeless adults.

The Way Home – Provides services for people on the verge of becoming homeless including loans for apartment deposits.

Manchester Emergency Housing Shelter – Provides housing for families.

Manchester Neighborhood Housing Services – Owns and rents low income housing.

Salvation Army – Provides a variety of services for the poor.

Security Deposit Loan Fund – Provides security deposit loans.

Women, Infants and Children (W.I.C.). – Federal program to safeguard the health of low-income women, infants and children up to 5 years in age who are at nutritional risk by providing information and nutritious meals. Administered by the State of New Hampshire.

Court Appointed Special Advocates (CASA) of New Hampshire – Recruits, trains and supervises volunteers from the community to advocate on behalf of abused and neglected children.

Child Health Services – Provides regular check-ups and illness care for children from low income families.

Farnum Center – Residential and outpatient treatment programs to serve individuals afflicted with substance abuse problems.

Youth Service – Provides crisis intervention, family counseling and referral services for residents experiencing difficulties at home involving youth.

Other State Administered Programs

- TANF – Temporary Assistance for Needy Families
- Food Stamps
- Social Security Disability Income
- APTD – Aid to Permanently and Totally Disabled
- Medicaid health insurance

**APPENDIX B**

**WELFARE COMMISSIONER'S LETTER**