MICHIGAN

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AUDIT REPORT

PERFORMANCE AUDIT
OF THE

CLIENT ELIGIBILITY OVERSIGHT, ERROR IDENTIFICATION, AND ERROR PREVENTION PROCESSES FOR SELECTED PUBLIC ASSISTANCE PROGRAMS

DEPARTMENT OF HUMAN SERVICES

March 2008

THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

431-0285-05

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– Article IV, Section 53 of the Michigan Constitution

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REPORT SUMMARY

Performance Audit

Client Eligibility Oversight, Error Identification, and Error Prevention Processes for Selected Public Assistance Programs

Department of Human Services

Report Number:
431-0285-05

Released:
March 2008

The Department of Human Services (DHS) establishes client eligibility for several public assistance programs, including the Family Independence Program (FIP), Food Assistance Program (FAP), Child Development and Care (CDC) Program, and Medical Assistance (MA) Program. Approximately 2,900 assistance payment (AP) caseworkers establish client eligibility at 110 DHS local offices throughout the State.

Audit Objective:
To assess the effectiveness of DHS's oversight of the client eligibility determination processes at DHS local offices for FIP, FAP, the CDC Program, and the MA Program.

Audit Conclusion:
DHS was moderately effective in its oversight of the client eligibility determination processes at DHS local offices for FIP, FAP, the CDC Program, and the MA Program. We noted five reportable conditions (Findings 1 through 5).

Reportable Conditions:
DHS did not conduct a workload analysis to determine the optimal AP caseworker staffing levels needed for each of the DHS local offices (Finding 1).

DHS needs to analyze AP caseworker responsibilities and coordinate with the United Auto Workers Local 6000 union bargaining unit to identify and implement strategies to improve caseworker effectiveness (Finding 2).

DHS's current internal reporting system to identify the standard of promptness rate for timely processing of initial FAP applications did not coincide with federal regulations (Finding 3).

DHS did not implement a schedule to ensure that it conducts on-site administrative reviews at all DHS local offices (Finding 4).

DHS should improve its policy evaluation process to follow up on policies and policy changes that are more difficult to understand and to identify family independence managers (FIMs) and AP caseworkers who do not have a thorough understanding of the policies or policy changes (Finding 5).

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Audit Objective:
To assess the effectiveness of DHS's efforts to implement error identification and correction processes regarding client eligibility determination for FIP, FAP, the CDC Program, and the MA Program.

Audit Conclusion:
DHS was not effective in its efforts to implement error identification and correction processes regarding client eligibility determination for FIP, FAP, the CDC Program, and the MA Program. We noted one material condition (Finding 6) and three reportable conditions (Findings 7 through 9).

Material Condition:
DHS did not have a process in place to identify and correct errors for FIP and the CDC Program to improve payment accuracy. Also, DHS needs to enhance its error identification and correction processes for the MA Program. (Finding 6)

Reportable Conditions:
DHS did not ensure that FIMs and AP caseworkers consistently evaluated the effect that FAP errors, identified in the Case Read Information System, had on other AP programs (Finding 7).

DHS should centralize the Automated Find and Fix process to ensure that eligibility discrepancies are addressed in a timely manner (Finding 8).

DHS needs to improve its ongoing training opportunities to ensure that AP caseworkers receive the necessary training to perform their eligibility determination responsibilities appropriately (Finding 9).

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Audit Objective:
To assess the effectiveness of DHS's efforts to implement and sustain improvement initiatives for reducing client eligibility determination errors for FIP, FAP, the CDC Program, and the MA Program.

Audit Conclusion:
DHS was moderately effective in its efforts to implement and sustain improvement initiatives for reducing client eligibility determination errors for FIP, FAP, the CDC Program, and the MA Program. We noted one reportable condition (Finding 10).

Reportable Condition:
DHS had not fully implemented and/or expanded initiatives identified as effective in reducing eligibility determination errors (Finding 10).

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Agency Response:
Our audit report contains 10 findings and 11 corresponding recommendations. DHS's preliminary response indicates that it agrees with 8 recommendations, partially agrees with 2 recommendations, and disagrees with 1 recommendation.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: http://audgen.michigan.gov

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AUDITOR GENERAL

March 7, 2008

Mr. Ismael Ahmed, Director
Department of Human Services
Grand Tower
Lansing, Michigan

Dear Mr. Ahmed:

This is our report on the performance audit of the Client Eligibility Oversight, Error Identification, and Error Prevention Processes for Selected Public Assistance Programs, Department of Human Services.

This report contains our report summary; description of processes; audit objectives, scope, and methodology and agency responses and prior audit follow-up; comments, findings, recommendations, and agency preliminary responses; six exhibits, presented as supplemental information; and a glossary of acronyms and terms.

Our comments, findings, and recommendations are organized by audit objective. The agency preliminary responses were taken from the agency's responses subsequent to our audit fieldwork. The *Michigan Compiled Laws* and administrative procedures require that the audited agency develop a formal response within 60 days after release of the audit report.

We appreciate the courtesy and cooperation extended to us during this audit.

Sincerely,

Thomas H. McTavish, C.P.A.
Auditor General

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Description of Processes

The Department of Human Services (DHS) establishes client eligibility for individuals in need of public assistance. The eligibility determination process consists of two distinct functions: the determination of client eligibility (intake) and the monitoring of client eligibility (ongoing).

During the intake process, the reception personnel receive and review assistance applications for completeness, determine if the applicant is in DHS's database of clients who are currently receiving or who have previously received assistance, determine other household members, enter the applicant's demographic information into the database, and assign the applicant to an assistance payment (AP) caseworker*. Family independence specialists (FIS) and eligibility specialists (ES), known collectively as AP caseworkers, establish client eligibility. The AP caseworker interviews the applicant, requests identification, determines eligibility of the various assistance programs, and provides the applicant with a checklist of documentation needed to complete the intake process. After all of the necessary documentation is received from the applicant and verified, the AP caseworker calculates a budget that determines the client's amount of public assistance benefits.

The ongoing process consists of the AP caseworker managing the client's case by updating client demographic, asset, and income changes; conducting annual eligibility determination (redetermination) interviews; obtaining necessary verifications of eligibility information; preparing and mailing redetermination packages; responding to client inquiries and complaints; and performing general maintenance for the client's case file contents. Also, FIS have responsibility for the development of a Family Independence Program contract with the client and identifying and providing the appropriate referral services that will result in the client's self-sufficiency.

Family independence managers (FIMs) supervise the eligibility determination activities of the AP caseworkers by scheduling work assignments, setting priorities, and providing assistance to AP caseworkers in assessing the employment potential of clients to determine barriers to self-sufficiency.

* *See glossary at end of report for definition.*

As of November 18, 2006, DHS reported that it had full-time equated positions of 1,675 FIS, 1,257 ES, and 321 FIMs.

DHS has multiple automated systems that support eligibility determination for its AP programs. However, DHS is currently developing a single integrated eligibility determination and service delivery system named Bridges. DHS planned to pilot Bridges in November 2007 and fully implement it by the end of calendar year 2009. As of the release of this report, DHS had not yet piloted Bridges.

Responsibilities and Oversight of DHS's Eligibility Determination Process

DHS's eligibility determination process is conducted at 110 DHS local offices. DHS Field Operations Administration (FOA), organizationally placed in the central office, is responsible for managing the process Statewide. DHS incorporates State laws and federal regulations into eligibility policies to ensure that DHS's AP caseworkers establish client eligibility in accordance with State and federal program requirements. FOA relies on four regional service centers (RSCs) for non-urban counties and one central administration office within each of the four urban counties* and Wayne County for oversight of and guidance to the DHS local offices. RSCs are responsible for monitoring DHS local office activities and providing information and guidance to local office staff. For example, in addition to other duties, RSCs are responsible for ensuring that each local office operates within its business plan, monitoring staff allocations, following up on corrective action plans, providing policy interpretations, and handling complaints. Central administration offices operate in a capacity similar to that of RSCs. Exhibit 1 is a map showing the DHS regions, RSCs, urban counties, and Wayne County.

As part of the oversight process within DHS local offices, FIMs oversee the eligibility determination activities of the AP caseworkers. One way in which they provide oversight is through case readings that evaluate the AP caseworkers' eligibility determination performance.

Significant AP Programs

Our audit focused on the four most significant programs for which DHS conducts eligibility determination. We determined the level of significance based on the amount of program caseloads and assistance payments issued to clients. These four programs were the Family Independence Program (FIP), Food Assistance Program (FAP), Child

* *See glossary at end of report for definition.*

Development and Care (CDC) Program, and Medical Assistance (MA) Program*. Exhibit 2 shows DHS program caseloads and assistance payments for the period October 1, 2001 through September 30, 2006.

FIP is Michigan's welfare reform program that provides cash assistance for personal needs, shelter, utilities, and food to families with children who meet income and eligibility requirements.

FAP is a federal program that provides food items to low-income households. Eligible items include any food or beverage product intended for human consumption except alcoholic beverages, tobacco, and food prepared for immediate consumption.

The CDC Program pays all or a portion of child day care expenses for low-income families when the parent, legal guardian, or other caretaker is unavailable to provide child care due to employment, education, and/or a health/social condition for which treatment is being received. Families receiving FIP receive CDC Program assistance to support their employment.

The MA Program includes the Medicaid and adult medical programs administered by the Department of Community Health. The MA Program provides necessary health care services for FIP and Supplemental Security Income clients and other low-income people who are under age 21, caring for children, pregnant, disabled, blind, or age 65 and older. DHS determines MA Program client eligibility through an interagency agreement with the Department of Community Health.

Errors in Eligibility Determinations

DHS's Office of Quality Assurance (OQA) identifies eligibility errors that may lead to mispayments for FAP and Medicaid of the MA Program and compares the eligibility errors to national tolerance rates set by the respective federal agencies. OQA reported that DHS eligibility determinations during fiscal year 2005-06 resulted in FAP and Medicaid mispayment rates of 7.5% and 3.4%, respectively. The national tolerance rates in fiscal year 2005-06 for FAP and Medicaid were 6.0% and 3.0%, respectively. Exhibit 3 shows FAP and Medicaid mispayment rates for fiscal years 1995-96 through 2005-06 in comparison with the national tolerance rate. OQA did not identify eligibility errors for FIP and the CDC Program during our audit period. OQA last identified and reported a 9% mispayment rate for FIP in fiscal year 2001-02.

* *See glossary at end of report for definition.*

The DHS Single Audits* released in December 2005 and August 2007 disclosed eligibility errors for FIP and the CDC Program cases. There is no national tolerance rate for FIP and CDC mispayments.

The U.S. Department of Agriculture sanctioned Michigan $89.3 million during fiscal years 1995-96 through 2001-02 for not maintaining a FAP mispayment rate within 105% of the national tolerance rate. As a means to improve the accuracy of FAP payments, the U.S. Department of Agriculture allowed DHS to reinvest $34.6 million in State funds in lieu of sanction payments to develop error identification and correction processes to increase FAP payment accuracy. The U.S. Department of Health and Human Services has not sanctioned DHS for the increase in the Medicaid mispayment rate.

* *See glossary at end of report for definition.*

Audit Objectives, Scope, and Methodology and Agency Responses and Prior Audit Follow-Up

Audit Objectives

Our performance audit* of the Client Eligibility Oversight, Error Identification, and Error Prevention Processes for Selected Public Assistance Programs, Department of Human Services (DHS), had the following objectives:

1. To assess the effectiveness* of DHS's oversight of the client eligibility determination processes at DHS local offices for the Family Independence Program (FIP), Food Assistance Program (FAP), Child Development and Care (CDC) Program, and Medical Assistance (MA) Program.

2. To assess the effectiveness of DHS's efforts to implement error identification and correction processes regarding client eligibility determination for FIP, FAP, the CDC Program, and the MA Program.

3. To assess the effectiveness of DHS's efforts to implement and sustain improvement initiatives for reducing client eligibility determination errors for FIP, FAP, the CDC Program, and the MA Program.

Audit Scope

Our audit scope was to examine the client eligibility oversight, error identification, and error prevention processes for the Family Independence Program, Food Assistance Program, Child Development and Care Program, and Medical Assistance Program and other records of the Department of Human Services related to client eligibility determination. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances. Our audit procedures, conducted from July 2005 through January 2007, generally covered the period October 1, 2002 through November 27, 2006.

We obtained supplemental information from the Department of Human Services that is presented in Exhibits 1 through 3, 5, and 6. Our audit was not directed toward expressing a opinion on this information and, accordingly, we express no opinion on it.

* *See glossary at end of report for definition.*

Audit Methodology

We performed a preliminary review that consisted of interviews with DHS management and site visits to four DHS local offices to obtain an understanding of DHS's eligibility determination processes. Also, we analyzed expenditure and caseload data of DHS's programs and obtained an understanding of DHS's management control* over eligibility determination processes. We also obtained an understanding of various improvement initiatives that DHS implemented Statewide or piloted in selected local offices.

To accomplish all three of our objectives, we conducted interviews with DHS local office management* and assistance payment (AP) caseworkers at 18 DHS local offices, 4 regional service centers (RSCs), and Wayne County's central administration office and reviewed their eligibility determination business processes. Also, we conducted a survey of approximately 1,600 AP caseworkers located at 42 DHS local offices (within 35 counties) to obtain their perspective on aspects of DHS's operations, improvement initiatives, training, policies and procedures, impediments, and monitoring and guidance related to client eligibility determination (see Exhibit 4).

To accomplish our first objective, we reviewed policies and procedures related to the policy distribution process for FIP, FAP, the CDC Program, and the MA Program. We also reviewed DHS's strategic plans and DHS local office business plans, standard of promptness reports, and the DHS central office's methodology for allocating staff to DHS local offices. We researched caseworker responsibilities and conducted an analysis of AP caseworkers' FIP, FAP, CDC Program, and MA Program caseloads for each local office visited. We interviewed DHS local office management and caseworkers to obtain an understanding of caseworker responsibilities and caseloads, DHS oversight and monitoring of local office operations, the policy distribution process, and the complexity of FIP, FAP, CDC Program, and MA Program policy.

To accomplish our second objective, we identified FIP, FAP, CDC Program, and MA Program cases that contained eligibility errors from three sources: the DHS Single Audit for fiscal years 2002-03 and 2003-04 (43-100-05), DHS's Case Read Information System, and DHS's Office of Quality Assurance. We used these cases to determine which DHS local offices we would include in our field visits. We selected a sample of these cases to obtain audit evidence through interviews of DHS local office management and AP caseworkers to determine the cause of the eligibility errors. We reviewed error identification and correction initiatives and discussed these initiatives

* *See glossary at end of report for definition.*

with DHS central office management and DHS local offices. We determined how DHS local office management and AP caseworkers used the initiatives within the client eligibility determination process. We reviewed and determined to what extent training opportunities were made available to AP caseworkers.

To accomplish our third objective, we reviewed improvement initiatives that DHS had piloted or implemented. We interviewed DHS local office management and AP caseworkers to obtain an understanding of the impact the initiatives had on DHS local office eligibility determination operations. We reviewed DHS's performance analyses of its improvement initiatives. We discussed with DHS central office management the funding of the initiatives.

We use a risk and opportunity based approach when selecting activities or programs to be audited. Accordingly, our audit efforts are focused on activities or programs having the greatest probability for needing improvement as identified through a preliminary review. By design, our limited audit resources are used to identify where and how improvements can be made. Consequently, our performance audit reports are prepared on an exception basis.

Agency Responses and Prior Audit Follow-Up

Our audit report contains 10 findings and 11 corresponding recommendations. DHS's preliminary response indicates that it agrees with 8 recommendations, partially agrees with 2 recommendations, and disagrees with 1 recommendation.

The agency preliminary response that follows each recommendation in our report was taken from the agency's written comments and oral discussion subsequent to our audit fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100) require DHS to develop a formal response to our audit findings and recommendations within 60 days after release of the audit report.

We released our prior performance audit of the Client Eligibility Determination Process, Department of Social Services (43-125-92) in December 1993. We did not follow up any of the prior audit recommendations within the scope of this audit. However, 2 of 12 prior audit recommendations were followed up and rewritten in the performance audit of the Recovery Process for Overissuances of Public Assistance Benefits, Department of Human Services (43-150-04), released in August 2006 (Findings 1, 2, and 4).

COMMENTS, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

OVERSIGHT OF THE CLIENT ELIGIBILITY DETERMINATION PROCESSES

COMMENT

Background: Field Operations Administration (FOA), Department of Human Services (DHS), is responsible for managing the client eligibility determination processes Statewide. DHS incorporates State laws and federal regulations into eligibility policies to ensure that assistance payment (AP) caseworkers establish client eligibility in accordance with State and federal program requirements. Section 400.6 of the *Michigan Compiled Laws* states that DHS may promulgate all rules necessary or desirable for the administration of programs under the Social Welfare Act (Act 280, P.A. 1939). FOA is also responsible for implementing this policy Statewide and providing guidance to the DHS local offices. FOA relies on four regional service centers (RSCs) and one central administration office within each of the four urban counties and Wayne County for oversight of and guidance to the DHS local offices. RSCs are responsible for monitoring DHS local office activities and providing information and guidance to local office staff. For example, in addition to other duties, RSCs are responsible for ensuring that each local office operates within its business plan, monitoring staff allocations, following up on corrective action plans, providing policy interpretations, and handling complaints. Central administration offices operate in a capacity similar to that of RSCs. DHS's eligibility determination process is decentralized and conducted within 110 DHS local offices.

Audit Objective: To assess the effectiveness of DHS's oversight of the client eligibility determination processes at DHS local offices for the Family Independence Program (FIP), Food Assistance Program (FAP), Child Development and Care (CDC) Program, and Medical Assistance (MA) Program.

Audit Conclusion: We concluded that DHS was moderately effective in its oversight of the client eligibility determination processes at DHS local offices for FIP, FAP, the CDC Program, and the MA Program. Our assessment disclosed reportable conditions* related to workload analysis, AP caseworker responsibility analysis, standard of promptness reporting, DHS local office administrative reviews, and the policy evaluation process (Findings 1 through 5).

* *See glossary at end of report for definition.*

FINDING

1. Workload Analysis

DHS did not conduct a workload analysis to determine the optimal AP caseworker staffing levels needed for each of the DHS local offices. As a result, DHS cannot ensure that its caseworkers have a sufficient amount of time to determine client eligibility accurately and timely and to manage AP cases to help families become self-supporting.

A workload analysis determines the time it should take for caseworkers to perform their responsibilities effectively. A workload analysis would help DHS establish its expectations of the level of effort required to initiate and manage a particular type of AP case. DHS could then determine the optimal staffing level as well as use the expectations for performance evaluations. Our research noted that there is no national standard on the optimal work load for caseworkers.

DHS informed us in November 2005 that it determined it needed additional caseworkers based on its fiscal year 2001-02 staffing levels because it felt work loads were more reasonable during fiscal year 2001-02. However, DHS had not analyzed whether the fiscal year 2001-02 staffing level would allow its caseworkers to fully perform their responsibilities effectively or whether the level would equitably distribute the work load among DHS local offices.

During interviews conducted at DHS local offices, 87.1% of local office management reported that low staffing levels and high caseloads were a factor in mispayment rates. Also, caseworkers we surveyed reported that eligibility determination mispayments were often the result of not having enough time to complete their responsibilities within time lines established by policy and procedures (see Exhibit 4, questions 24 and 27). In addition, 75.0% of caseworkers reported that their current caseloads were higher than optimal and 10.9% stated that they were unable to determine what an optimal caseload was.

RECOMMENDATION

We recommend that DHS conduct a workload analysis to determine the optimal AP caseworker staffing levels needed for each of the DHS local offices.

AGENCY PRELIMINARY RESPONSE

DHS agrees with the recommendation. DHS informed us that it would need additional resources to conduct a study that would measure everything that is currently required for caseworkers to do in their jobs. DHS also informed us that it would need to do this after Bridges' implementation because some processes will be changing with Bridges.

FINDING

2. AP Caseworker Responsibility Analysis

DHS needs to analyze AP caseworker responsibilities and coordinate with the United Auto Workers (UAW) Local 6000 union bargaining unit* to identify and implement strategies to improve caseworker effectiveness. DHS coordinates with the bargaining unit to ensure that any changes in caseworker responsibilities are not in conflict with the agreement between the UAW and the State of Michigan. Such an analysis could identify activities DHS could reasonably assign to other personnel and could ultimately improve the effectiveness of caseworkers.

We interviewed caseworkers responsible for 136 error cases we selected to determine the cause of the error. The caseworkers informed us that the lack of documentation in 72 (52.9%) of 136 error cases we selected was caused by them hurrying to complete their tasks. Also, our discussions with caseworkers and DHS local office management disclosed that 65.6% and 87.1% of them, respectively, believe that the caseworkers' caseloads are too high and that the caseworkers find it difficult to accomplish all of their job responsibilities. In addition, caseworkers we surveyed reported that, on average, 31.0% of their time is spent entering data and preparing applications for the initial eligibility determination and subsequent redeterminations (see Exhibit 4, question 19).

An analysis of the caseworkers' job functions and daily activities would help DHS determine how to best use the expertise and abilities of its caseworkers. We noted several caseworker activities that DHS could reasonably assign to other DHS local

* *See glossary at end of report for definition.*

office workers or central office personnel to help alleviate the burden of increasing caseloads:

- DHS could consider having someone other than the caseworkers prepare eligibility review packages and eligibility letters to clients. These are routine in nature and could be prepared centrally or assigned to local office clerical staff.

- DHS could consider implementing eligibility determination screeners. Screeners were used at some local offices for initial eligibility reviews.

- DHS could consider assigning more eligibility determination data entry tasks of eligibility determination information to clerical or reception staff.

- DHS could consider centralizing some activities, such as making changes to client eligibility as a result of the Automated Find and Fix (AFF) process.

- DHS could centralize State Emergency Relief cases, Retirement Survivors Disability Insurance or Supplemental Security Income cases, client complaint letters, and client address changes.

This could help improve the effectiveness and efficiency* of the eligibility determination process.

RECOMMENDATION

We recommend that DHS analyze AP caseworker responsibilities and coordinate with the UAW Local 6000 union bargaining unit to identify and implement strategies to improve caseworker effectiveness.

AGENCY PRELIMINARY RESPONSE

DHS agrees with the recommendation. DHS informed us that it would need to analyze the findings from a workload study and determine what is effective and efficient.

* *See glossary at end of report for definition.*

FINDING

3. Standard of Promptness Reporting

DHS's current internal reporting system to identify the standard of promptness rate for timely processing of initial FAP applications did not coincide with federal regulations. As a result, DHS local office management cannot properly assess and improve FAP operations in order to have an opportunity to receive a federal high performance bonus. Also, more clients may be waiting unnecessarily to receive and use food benefits than indicated by the timely processing rate identified by the current reporting system.

As an incentive to meet the standard of promptness requirements for initial FAP application processing, Title 7, Part 275, section 24(b)(4) of the *Code of Federal Regulations (CFR)* states that the U.S. Department of Agriculture's Food and Nutrition Service (FNS) will divide $6 million among the six states with the highest percentage of applications processed timely. This federal regulation will use quality control data, as determined by DHS's Office of Quality Assurance (OQA), to determine Michigan's rate of application processing timeliness. FNS considers a standard of promptness rate for initial FAP applications of 95% to be acceptable performance.

DHS established the standard of promptness requirements for the initial FAP application process based on federal regulations 7 *CFR* 273.2 and 7 *CFR* 275.24, which require DHS to determine the eligibility of the applicant and issue benefits, when appropriate, within 30 calendar days from the date of application for FAP and 7 calendar days for expedited FAP*. DHS uses the MH-590 report, a monthly internal report, to allow DHS and local office management to track the standard of promptness rate for initial FAP application processing on a Statewide and local office basis. However, the MH-590 report, related to the initial processing rate, is inaccurate. Because of this inaccuracy, local office management cannot obtain a true reflection of local office performance. The inaccuracy is the result of DHS including denied applications in its MH-590 report calculation and not allowing for mailing time to ensure that the client had access to FAP benefits within the federal required time frames. Federal regulation 7 *CFR* 275.24(b)(4)(ii) disallows denied applications from being included in the application processing calculation. Because of these differences, the MH-590 report inflates the initial processing rate.

* *See glossary at end of report for definition.*

OQA also calculates an initial FAP application processing rate based on the same federal regulations and reports the results to FNS. FNS uses OQA's reported rate for comparison to other states and determining the standard of promptness incentive national allocation.

In March 2006, July 2006, and September 2006, the MH-590 report identified an initial FAP application processing rate of 97.2%, 96.7%, and 96.3%, respectively. However, OQA calculated and reported a rate of 81.5% to FNS for the period October 2005 through September 2006.

OQA's reported rate, in comparison with the top six states' rates, was as follows:

State	Initial FAP Application Processing Rate
1. Massachusetts	98.8%
2. Kentucky	97.7%
3. South Dakota	97.2%
4. West Virginia	96.7%
5. North Carolina	96.7%
6. District of Columbia	95.9%
45. Michigan	81.5%

DHS's FOA business plan specifically addressed high performance bonus funding as an outcome* of improved FAP processes. However, DHS has not achieved its outcome and, thus, has not received performance bonus funding because it relied on the MH-590 report. DHS should either revise its internal reporting system to use the OQA rate reported to FNS as its evaluation of performance or revise the MH-590 report to coincide with federal regulations. This would enable local office management to set appropriate goals* to improve the system, which would result in an improved and accurate standard of promptness rate and provide DHS with an opportunity to receive federal bonuses for FAP application processing.

RECOMMENDATION

We recommend that DHS revise its current internal reporting system to identify the standard of promptness rate for timely processing of initial FAP applications to coincide with federal regulations.

* *See glossary at end of report for definition.*

AGENCY PRELIMINARY RESPONSE

DHS agrees with the recommendation. DHS informed us that it has issued L-Letters* in the past acknowledging the difference to educate staff and that Bridges is being programmed to follow the federal standard of promptness.

FINDING

4. DHS Local Office Administrative Reviews

DHS did not implement a schedule to ensure that it conducts on-site administrative reviews at all DHS local offices. Conducting administrative reviews would allow DHS to monitor local office performance, identify strengths and weaknesses at the local offices, compare eligibility determination processes among its local offices, and create a formal reporting process to inform DHS central office management of local office operations.

In October 2005, DHS informed us that it had developed an administrative review tool and would begin using the tool between October and December 2005.

In February 2006, DHS reported to the House Appropriations Subcommittee that RSC priority activities for fiscal year 2005-06 included monitoring DHS local office performance by conducting administrative reviews of all county functions. DHS indicated that the administrative reviews ensure DHS local office compliance with program policies and staffing practices and provide targeted consultation to support improved performance based on administrative review findings.

In June 2006, RSC personnel informed us that the administrative review tool would be used to identify the strengths and weaknesses of the DHS local offices. Personnel from one RSC we visited stated that the tool would be used as a workflow and procedural audit to facilitate a DHS local office's improvement of its business processes. Also, the tool would allow the RSC to identify all aspects of the AP processes and compare them to other DHS local offices. Personnel from another RSC we visited stated that they would use the tool to communicate with DHS central office management. However, we determined that the RSCs and the urban counties' and Wayne County's central administration offices had completed

* *See glossary at end of report for definition.*

administrative reviews at only 4 (3.6%) of 110 DHS local offices during the period October 2005 through November 2006.

DHS central office management informed us that it postponed administrative reviews because it was revising the administrative review tool.

RECOMMENDATION

We recommend that DHS implement a schedule to ensure that it conducts on-site administrative reviews at all DHS local offices.

AGENCY PRELIMINARY RESPONSE

DHS agrees with the recommendation. DHS informed us that:

- It began implementation of quarterly administrative reviews at the beginning of fiscal year 2006-07.

- The current focus is on targeted reviews with the agency priorities on FAP and the Jobs, Education, and Training Program.

- The consolidation of the AP specialists reporting to FOA will help with reviews.

FINDING

5. Policy Evaluation Process

DHS should improve its policy evaluation process to follow up on policies and policy changes that are more difficult to understand and to identify family independence managers (FIMs) and AP caseworkers who do not have a thorough understanding of the policies or policy changes. An improved policy evaluation process would reduce the risk that caseworkers inappropriately establish client eligibility through the misapplication of policy and issue improper benefits to clients. Also, this process would enable DHS to identify necessary clarifications and revisions to policies and identify training needs for FIMs and caseworkers (Finding 9).

Follow-up with FIMs and caseworkers to determine their understanding and ability to apply policy is essential. Caseworkers need to apply policy appropriately to make accurate eligibility determinations. Also, FIMs oversee the work of

caseworkers, have discretion in which policies and policy changes receive more emphasis, and perform case reads to ensure that caseworkers are applying policy correctly.

DHS conducted limited evaluations of policies and policy changes with its local offices. DHS employed a policy analyst who requested feedback from a select group of individuals located at the DHS local offices on proposed policy. The analyst considered any feedback received and revised the proposed policy if necessary. Also, DHS allowed caseworkers to request and obtain clarification on policies and policy changes through an intranet message board to help caseworkers understand eligibility policy. However, the evaluation process was not sufficient to ensure that policies and policy changes were understandable and could be applied appropriately:

a. Our review of cases with eligibility errors disclosed that 26 (19.1%) of 136 cases related to a misapplication of policy.

b. Our interviews of FIMs disclosed that 13 (76.5%) of 17 FIMs reported that DHS did not conduct any follow-up to ensure that FIMs adequately understood policy changes.

c. Our interviews of FIMs and caseworkers disclosed that 72.4% of FIMs and caseworkers reported that eligibility policies were too complex and difficult to use.

d. Our survey of caseworkers identified the percentage of caseworkers who reported that policies were not understandable and not easy to apply for the programs listed in the chart below (see Exhibit 4, questions 3 through 6):

	Percentage of Caseworkers	
AP Programs	Policies Were Not Understandable	Policies Were Not Easy To Apply
FIP	42.8%	61.4%
FAP	47.1%	56.8%
CDC	19.8%	27.6%
MA	53.6%	56.6%

e. Our survey identified the following percentage of caseworkers who reported that, at least some of the time, errors identified by DHS's quality assurance processes for FAP and the MA Program and FIM case reads for FAP were the result of policies being too complex (see Exhibit 4, questions 24 and 27):

Error Identification Process	Percentage of Caseworkers
Quality assurance process	51.4%
FIM case reads	55.2%

RECOMMENDATION

We recommend that DHS improve its policy evaluation process to follow up on policies and policy changes that are more difficult to understand and to identify FIMs and AP caseworkers who do not have a thorough understanding of the policies or policy changes.

AGENCY PRELIMINARY RESPONSE

DHS agrees with the recommendation. DHS informed us that, subsequent to our audit period, the Office of Training and Staff Development (OTSD) started creating PowerPoint presentations with speaker notes as a companion guide to each Program Policy Bulletin for local office supervisors to use in staff training meetings. These are posted on the OTSD Web page. Supervisors review policy changes with staff, using the PowerPoint presentation for consistent understanding and application of policy and to identify any related questions or staff who need further assistance with policy application. Specific program policy questions are addressed to and responded to by the program office via an e-mail policy mailbox.

EFFORTS TO IMPLEMENT ERROR IDENTIFICATION AND CORRECTION PROCESSES

COMMENT

Audit Objective: To assess the effectiveness of DHS's efforts to implement error identification and correction processes regarding client eligibility determination for FIP, FAP, the CDC Program, and the MA Program.

Audit Conclusion: We concluded that DHS was not effective in its efforts to implement error identification and correction processes regarding client eligibility determination for FIP, FAP, the CDC Program, and the MA Program. Our assessment disclosed one material condition*. DHS did not have a process in place to identify and correct errors for FIP and the CDC Program to improve payment accuracy. Also, DHS needs to enhance its error identification and correction processes for the MA Program (Finding 6). Our assessment also disclosed reportable conditions related to the Case Read Information System (CRIS), Automated Find and Fix (AFF), and AP caseworker training (Findings 7 through 9).

FINDING

6. Error Identification and Correction Processes

DHS did not have a process in place to identify and correct errors for FIP and the CDC Program to improve payment accuracy. Also, DHS needs to enhance its error identification and correction processes for the MA Program. DHS's development, implementation, and enhancement of error identification and correction processes would help to improve payment accuracy and reduce the risk of future federal sanctions in FIP, the CDC Program, and the MA Program.

The Federal Improper Payments Information Act of 2002 (Public Law 107-300) states that each agency shall, in accordance with guidance prescribed by the U.S. Office of Management and Budget, annually review all programs and activities that it administers and identify all such programs and activities that may be susceptible to significant improper payments. This creates an increased emphasis on DHS to ensure that it minimizes improper payments in all AP programs.

Two prior Single Audit reports (43-100-05 and 431-0100-07) disclosed material conditions in DHS eligibility determinations for FIP and the CDC Program that put DHS at risk for federal funding disallowance and future sanctions. Also, DHS's Medicaid eligibility quality control reviews indicated that the Medicaid mispayment rate increased from 2.1% for fiscal year 2001-02 to 3.4% for fiscal year 2005-06, which is above the national tolerance rate of 3.0%. DHS had established a limited Medicaid quality assurance process that identified and corrected Medicaid errors.

Since fiscal year 2001-02, DHS incorporated a FAP accuracy initiative within the FOA business plan and implemented various FAP error identification and

* *See glossary at end of report for definition.*

correction processes Statewide. Correspondingly, the FAP mispayment rate, as reported by DHS before federal adjustment, decreased from 12.7% in fiscal year 2001-02 to 7.3% in fiscal year 2005-06. Many of the eligibility determination errors that caseworkers made within FAP would also result in similar eligibility determination errors for the same client's FIP, CDC Program, and MA Program.

DHS management informed us that it did not implement error identification and correction processes specifically for FIP and the CDC Program and additional processes for the MA Program because of limited resources. However, several existing FAP error identification and correction processes would be beneficial for FIP, the CDC Program, and the MA Program as well. For example:

- Case Read Information System (CRIS)
  As discussed in Findings 7 and 10, CRIS was beneficial in improving the accuracy of eligibility determinations for FAP. CRIS is an automated case reading tool to identify and track errors for selected FAP cases. As a result of the CRIS process, DHS reported an estimated cost savings of $18.6 million from June 2003 through September 2006 by eliminating FAP mispayments. During interviews we conducted at DHS local offices, local office management and caseworkers both indicated that CRIS would be very useful for other AP programs.

- Technical Assistance Team
  The Technical Assistance Team is a team of specialists that conduct readings of FAP cases, perform mentoring and training within various DHS local offices, and assist the caseworkers in improving their accuracy for FAP eligibility determinations. The Technical Assistance Team conducted a business process review of one local office that identified the office's strengths and weaknesses related to FAP eligibility determinations. Similar reviews of other AP program eligibility determinations would be beneficial to improve payment accuracy.

- Automated Find and Fix (AFF)
  As discussed in Finding 10, AFF was beneficial to FAP accuracy. DHS implemented AFF to identify and notify caseworkers of discrepancies that resulted in a mispayment. AFF compares information obtained from several data sources to the FAP budget within a client's case. AFF creates a

notification to the caseworker of the discrepancy so that the caseworker can make the appropriate change, such as a change in the client's income.

Caseworkers were encouraged, but not required, to adjust other programs affected by the change. As a result of AFF, DHS reported that from August 1, 2005 through October 3, 2006 caseworkers made corrections to client cases that had $6.7 million in FAP mispayments. Also, the report showed that DHS avoided FAP mispayments* of $42.3 million over the clients' benefit period. In addition, there were approximately 594,000 FIP, CDC Program, and MA Program cases as of September 26, 2006 that did not relate to FAP cases. Therefore, these cases may not be receiving the appropriate changes that affect eligibility determinations and benefits. In our survey of AP caseworkers, 54.5% reported that AFF had at least some impact on managing their caseload (see Exhibit 4, question 18).

RECOMMENDATIONS

We recommend that DHS develop and implement a process to identify and correct errors for FIP and the CDC Program to improve payment accuracy.

We also recommend that DHS enhance its error identification and correction processes for the MA Program.

AGENCY PRELIMINARY RESPONSE

DHS agrees with these recommendations. DHS informed us that:

- Bridges will provide case reading and roll-up capability for FIP, FAP, the CDC Program, and the MA Program.

- FOA has a team of Medicaid case readers doing work in multiple counties.

- OQA is establishing a unit to read and report on CDC Program reads as part of DHS's CDC Integrity Plan.

* *See glossary at end of report for definition.*

FINDING

7. Case Read Information System (CRIS)

DHS did not ensure that FIMs and AP caseworkers consistently evaluated the effect that FAP errors, identified in CRIS, had on other AP programs. Consequently, a significant portion of FIP, CDC Program, and MA Program cases may be in error.

DHS policy states that the caseworker must evaluate all programs to determine the effects that a change has on a client's eligibility. DHS designed CRIS as an automated case reading tool for a FIM to identify and track errors within FAP cases only. However, when the FIM identifies an error in FAP, it is very likely to have an impact on FIP, CDC Program, and MA Program eligibility. As of September 26, 2006, there were approximately 405,000 unduplicated FIP, CDC Program, and MA Program cases related to FAP cases consisting of 77.7% of the entire FAP caseload (521,064). As a result of the CRIS process, DHS estimated that it avoided FAP mispayments of $18.6 million from June 2003 through September 2006. Because many eligibility factors are similar among the programs, DHS could avoid mispayments in FIP, the CDC Program and the MA Program.

Although the CRIS process would be beneficial to other AP programs, we found from our interviews with FIMs and caseworkers during our visits to DHS local offices that 4 (15.4%) of 26 FIMs and 10 (15.6%) of 64 caseworkers indicated that they did not consistently use FAP errors identified in CRIS to determine what changes needed to be made to the clients' eligibility for other AP programs. Also, 13.0% of the caseworkers we surveyed reported that they did not make changes to clients' FIP, CDC Program, and MA Program eligibility when necessary as a result of FAP errors identified within the same cases (see Exhibit 4, question 28).

DHS suspended mandated CRIS review requirements on October 5, 2007 to focus on Automated Find and Fix (AFF).

RECOMMENDATION

We recommend that DHS ensure that FIMs and AP caseworkers consistently evaluate the effect that FAP errors, identified in CRIS, have on other AP programs.

AGENCY PRELIMINARY RESPONSE

DHS agrees with the recommendation. DHS informed us that it is current policy that a reported change for one program should be used to determine eligibility for all current programs. DHS also informed us that Bridges' cascading eligibility for all programs will do this automatically.

FINDING

8. Automated Find and Fix (AFF)

DHS should centralize the AFF process to ensure that eligibility discrepancies are addressed in a timely manner. Centralizing the AFF process could help ensure that DHS completes case changes within required time frames and issues the appropriate amount of AP benefits to clients. Timely case changes could reduce the likelihood that OQA would identify an eligibility error in the case if selected for review, thus potentially reducing the State's FAP mispayment rate and reducing the risk of federal sanctions.

During our audit period, DHS implemented AFF to identify and notify AP caseworkers of discrepancies (potential errors) in eligibility factors that could result in a mispayment. AFF compared information obtained from several data sources with the FAP budget within a client's case. AFF created a notification to the caseworker of the discrepancy so that the caseworker could make the appropriate changes. DHS reported that from August 1, 2005 through October 3, 2006, caseworkers made AFF corrections to 73,359 (61.5%) of 119,301 client cases that had $6.7 million in FAP mispayments.

The majority (54.5%) of caseworkers we surveyed reported that AFF had at least some impact on managing their current caseload (see Exhibit 4, question 18). However, during our visits to DHS local offices, caseworkers reported that they did not address AFF discrepancies on a consistent basis. Some of these caseworkers considered AFF discrepancies a low priority because there was not enough time to both manage their caseload and address the discrepancies. A FIM from one DHS local office stated that not all caseworkers are "on top" of AFF discrepancies.

DHS policy requires caseworkers to take action within 10 days after they are aware of a discrepancy. This policy also allows caseworkers up to 45 days to take action on a discrepancy that was the result of certain data matches. However, a DHS

L-Letter stated that caseworkers should check and process AFF notifications on a weekly basis to meet the 10-day processing time frame for case actions. We determined that Statewide DHS local offices had a backlog of AFF discrepancies totaling 37,247, with an average of 38.2 days not worked upon, for the period June 1, 2006 through October 3, 2006. Therefore, these clients could have received at least one month of FAP benefits inappropriately because DHS issued FAP benefits to clients on a monthly basis.

DHS informed us that it originally planned to correct AFF discrepancies automatically when possible and have its central staff make corrections when automation was not possible. DHS also informed us that these corrections would result in additional caseworker time savings. However, with the additional responsibility of addressing discrepancies at the DHS local offices, DHS may be placing more burden on caseworkers than necessary.

RECOMMENDATION

We recommend that DHS centralize the AFF process to ensure that eligibility discrepancies are addressed in a timely manner.

AGENCY PRELIMINARY RESPONSE

DHS disagrees with the recommendation. DHS informed us that it currently mandates and monitors completion of errors identified by AFF. DHS also informed us that Bridges will take over the AFF functions. The data matches that are incorporated into the AFF process will be in Bridges. When changes are reported in a client's circumstances from one of these data interfaces, Bridges will run an eligibility determination automatically, adjust benefits, and send appropriate correspondence directly to the client.

FINDING

9. AP Caseworker Training

DHS needs to improve its ongoing training opportunities to ensure that AP caseworkers receive the necessary training to perform their eligibility determination responsibilities appropriately. Sufficiently trained AP caseworkers would reduce the risk of eligibility determination errors.

Ongoing training is important for caseworkers to acquire the additional skills and knowledge needed to continually enhance and improve their skills, abilities, and effectiveness in performing their duties. Ongoing training should include both programmatic training and professional development training. DHS's Administrative Handbook states that managers are encouraged to identify and promote the professional development needs of all staff. DHS informed us that it provides ongoing training to caseworkers through staff meetings, L-Letters, and its intranet question and answer forum. Also, DHS's OTSD offers caseworkers limited training courses related to FIP, FAP, the CDC Program, and the MA Program.

However, the majority of the DHS local office management and caseworkers we interviewed disclosed that, on average, it takes approximately two years to become acclimated to policies and procedures. DHS requires caseworkers to receive initial training of the basic knowledge and skills to perform their responsibilities. However, our survey identified the following percentage of caseworkers who reported that they felt they needed additional training or that they had never received training for their applicable programs (see Exhibit 4, question 30):

	Percentage of Caseworkers	
AP Programs	Additional Training Needed	Never Received Training
FIP	20.4%	6.0%
FAP	23.7%	1.6%
CDC Program	21.4%	9.9%
MA Program	39.6%	4.7%

In addition, our discussions with caseworkers noted that 45.7% felt that DHS training was minimal or focused only on FAP. For example, DHS implemented CRIS, the Technical Assistance Team Program, and a FAP accuracy conference in an effort to provide caseworkers with the capabilities necessary to improve their effectiveness in FAP eligibility determination accuracy. However, DHS did not provide similar training opportunities for FIP, CDC Program, and MA Program caseworkers. Our discussions with local office management and caseworkers indicated there is a need for ongoing or refresher courses and personal development courses, such as time management and interviewing skills.

DHS should also use CRIS in identifying additional training opportunities. DHS designed CRIS as an automated case reading tool for a FIM to identify and track errors within FAP cases only. During case reads, FIMs reviewed client cases to determine compliance with FAP eligibility determination policies. FIMs worked with caseworkers to correct deficiencies. Based on these processes, CRIS would provide a valuable opportunity to train caseworkers in the application of policy and procedures. However, our discussions with local office management noted that 26.8% reported that they did not use CRIS to track trends in errors or for training purposes.

RECOMMENDATION

We recommend that DHS improve its ongoing training opportunities to ensure that AP caseworkers receive the necessary training to perform their eligibility determination responsibilities appropriately.

AGENCY PRELIMINARY RESPONSE

DHS partially agrees with the recommendation. DHS informed us that:

- Some of the training was under development during the audit period.

- OTSD currently provides two primary training opportunities for experienced staff. Job aids and computer-based training courses are available on the OTSD Web page. Topics are included for FIP, the CDC Program, the MA Program, as well as for FAP. As courses are posted, they are announced on the DHS Intranet under the "What's New" heading. This announcement includes a link directly to the topic on the OTSD Web page. Electronic Performance Support or How Do I's (HDIs) are available for every program. They are accessed from Automated Social Services Information and Support (ASSIST), Local Office Automation II (LOA2), and the Client Information Management System (CIMS) by clicking on the help button.

EFFORTS TO IMPLEMENT AND SUSTAIN IMPROVEMENT INITIATIVES

COMMENT

Audit Objective: To assess the effectiveness of DHS's efforts to implement and sustain improvement initiatives for reducing client eligibility determination errors for FIP, FAP, the CDC Program, and the MA Program.

Audit Conclusion: We concluded that DHS was moderately effective in its efforts to implement and sustain improvement initiatives for reducing client eligibility determination errors for FIP, FAP, the CDC Program, and the MA Program. Our assessment disclosed a reportable condition related to improvement initiatives (Finding 10).

FINDING

10. Improvement Initiatives

DHS had not fully implemented and/or expanded initiatives identified as effective in reducing eligibility determination errors. As a result, DHS had not taken full advantage of the initiatives that could benefit DHS Statewide and help reduce the eligibility determination errors within other AP programs.

DHS informed us that the goal for its initiatives was to improve the accuracy and efficiency of the client eligibility determination process. Since fiscal year 2001-02, DHS had developed and implemented seven initiatives, primarily focused on increasing FAP payment accuracy. Our review of the initiatives disclosed:

a. DHS should fully implement CRIS for FIP, the CDC Program, and the MA Program. CRIS is an automated case read tool that DHS's FIMs use to determine the accuracy and timeliness of FAP cases. DHS completed an initial review of the effects of CRIS on the FAP accuracy rate at 3 Wayne County local offices. The results indicated an average of 21.1% improvement in the FAP accuracy at 2 of the 3 offices and identified training needs in almost 50% of the AP caseworkers at the other office. Also, DHS fiscal year 2005-06 fourth quarter statistics indicated that, since the implementation of CRIS in June 2003, DHS has seen cost avoidance of $18.6 million in correcting FAP mispayments.

Most DHS local office management and caseworkers we interviewed indicated that CRIS would be beneficial for the review of eligibility determination for FIP, CDC Program, and MA Program cases. As of September 26, 2006, there were approximately 594,000 FIP, CDC Program, and MA Program cases that did not relate to FAP cases. DHS did not conduct any monitoring of the accuracy and timeliness of FIP and CDC Program eligibility determinations through case readings or by any other means.

b. DHS should implement the National Directory of New Hires (NDNH) database match. NDNH is a database that includes wage information for state and federal government employees, members of the armed forces, and employers that have payroll functions located nationwide, including Michigan.

In fiscal year 2004-05, DHS performed a limited NDNH database match of approximately 1,000 cases (within 3 counties) receiving FIP to the NDNH database. The match process identified 7 FIP cases with employment while the State's case file did not show any employment.

Although DHS's use of the NDNH database had limited success for the one match, a U.S. Department of Health and Human Services report indicated that other states were achieving results from using the NDNH database match. According to this report, one state disclosed that 33% of the NDNH database matches had employment that was not previously known. Also, the NDNH database was available to match against at no cost in fiscal year 2004-05.

c. DHS should fully implement the consolidated inquiry screen*. DHS did not require caseworkers to use the consolidated inquiry screen during our audit period. DHS reviewed the time savings of the consolidated inquiry screen for five cases. These five cases showed significant time savings when the caseworker used the consolidated inquiry screen as opposed to the previous technique. However, during our DHS local office visits, some caseworkers reported that they do not always rely on the consolidated inquiry screen and continue to use other sources for

* *See glossary at end of report for definition.*

verification. Our survey disclosed that 71.4% of the caseworkers reported that the consolidated inquiry screen had at least some impact on managing their current caseload (see Exhibit 4, question 16). At the end of our audit fieldwork, DHS informed us that it required caseworkers to use the consolidated inquiry screen effective November 2006.

d. DHS should fully implement the AFF process for FIP, the CDC Program, and the MA Program. AFF compares information obtained from several data sources to the FAP budget within a client's case. AFF creates a notification to the caseworker of the discrepancy (potential error) so that the caseworker can make the appropriate change, such as a change in the client's income. However, AFF will identify eligibility changes related to only FAP cases. As of September 26, 2006, there were approximately 594,000 FIP, CDC Program, and MA Program cases that did not include FAP benefits. Therefore, these cases may not be receiving the appropriate changes that affect eligibility determinations and benefits.

   Our survey disclosed that 54.5% of the caseworkers reported that the AFF process had at least some impact on managing their current caseload (see Exhibit 4, question 18). Also, DHS statistics indicated that AFF eliminated $6.7 million in FAP mispayments from August 1, 2005 through October 3, 2006 and avoided $42.3 million in future mispayments.

e. DHS should fully implement the Front-End Eligibility (FEE) process for the MA Program and expand the process Statewide. FEE is a process that allows the caseworker to request verification of client information from DHS Office of Inspector General staff when the caseworker identifies a case as needing further investigation of eligibility determination factors. However, FEE currently encompasses only FIP, FAP, and the CDC Program and is located in only Oakland County, Macomb County, and one local office in Wayne County.

   DHS determined that FEE activity would result in DHS avoiding $1.8 million and $4.8 million in future annual mispayments during fiscal years 2004-05 and 2005-2006, respectively and was beneficial in FIP, FAP, and CDC Program eligibility determination error reduction. While a portion of these amounts may include State general funding, we could not determine the total impact.

DHS central office management informed us that it did not have the resources for implementing and expanding the beneficial initiatives. However, DHS did not provide us with evidence indicating that it had considered a reallocation of resources or included requests for additional resources in its budget process. DHS should first consider reallocating resources in an attempt to take advantage of beneficial initiatives. If DHS cannot reallocate resources, and other techniques are not available, DHS should seek authorization to fully implement or expand initiatives that have been shown to improve caseworker effectiveness and efficiency and reduce client eligibility determination errors.

RECOMMENDATION

We recommend that DHS fully implement and/or expand initiatives identified as effective in reducing eligibility determination errors.

AGENCY PRELIMINARY RESPONSE

DHS partially agrees with the recommendation. DHS informed us of the disposition for the following initiatives after Bridges' implementation:

a. CRIS functions will be incorporated into Bridges.

b. NDNH was piloted and has a lot of information that is duplicated on the Work Number*. Also, the costs of NDNH increased significantly after it was piloted. However, DHS plans to incorporate the NDNH interface in Release 2 of Bridges.

c. The consolidated inquiry screen will not be incorporated into Bridges. However, Bridges will have similar inquiry capabilities available to the caseworker. It is policy to have the caseworker check the consolidated inquiry screen at application and redetermination.

d. AFF will not be incorporated into Bridges. However, Bridges will have similar data match capabilities incorporated into it.

e. FEE will continue after the implementation of Bridges. The Legislature has put sufficient funding in the budget for Oakland County and part of Wayne County for this project.

* *See glossary at end of report for definition.*

SUPPLEMENTAL INFORMATION

Description of Supplemental Information

This section of our audit report contains supplemental information in Exhibits 1 through 6. These exhibits are intended to provide background information and a frame of reference for our report on the Client Eligibility Oversight, Error Identification, and Error Prevention Processes for Selected Public Assistance Programs, Department of Human Services (DHS).

Exhibit 1 is a map showing the DHS regions, regional service centers (RSCs), urban counties, and Wayne County. Exhibit 2 contains statistics on program caseloads and assistance payments for the Family Independence Program (FIP), Food Assistance Program (FAP), Child Development and Care (CDC) Program, and Medical Assistance (MA) Program from the DHS Web site. Exhibit 3 shows a comparison of DHS mispayment rates and national tolerance rates prepared by DHS's Office of Quality Assurance (OQA).

Exhibit 4 summarizes the results of our survey of 1,600 assistance payment (AP) caseworkers located at 42 DHS local offices (within 35 counties). Approximately 560 (35.0%) of the AP caseworkers surveyed responded. The survey indicates the AP caseworkers' perspective on DHS's client eligibility determination processes. The percentages within each question are based on the total number of respondents who answered the question and do not include those respondents who indicated "not applicable."

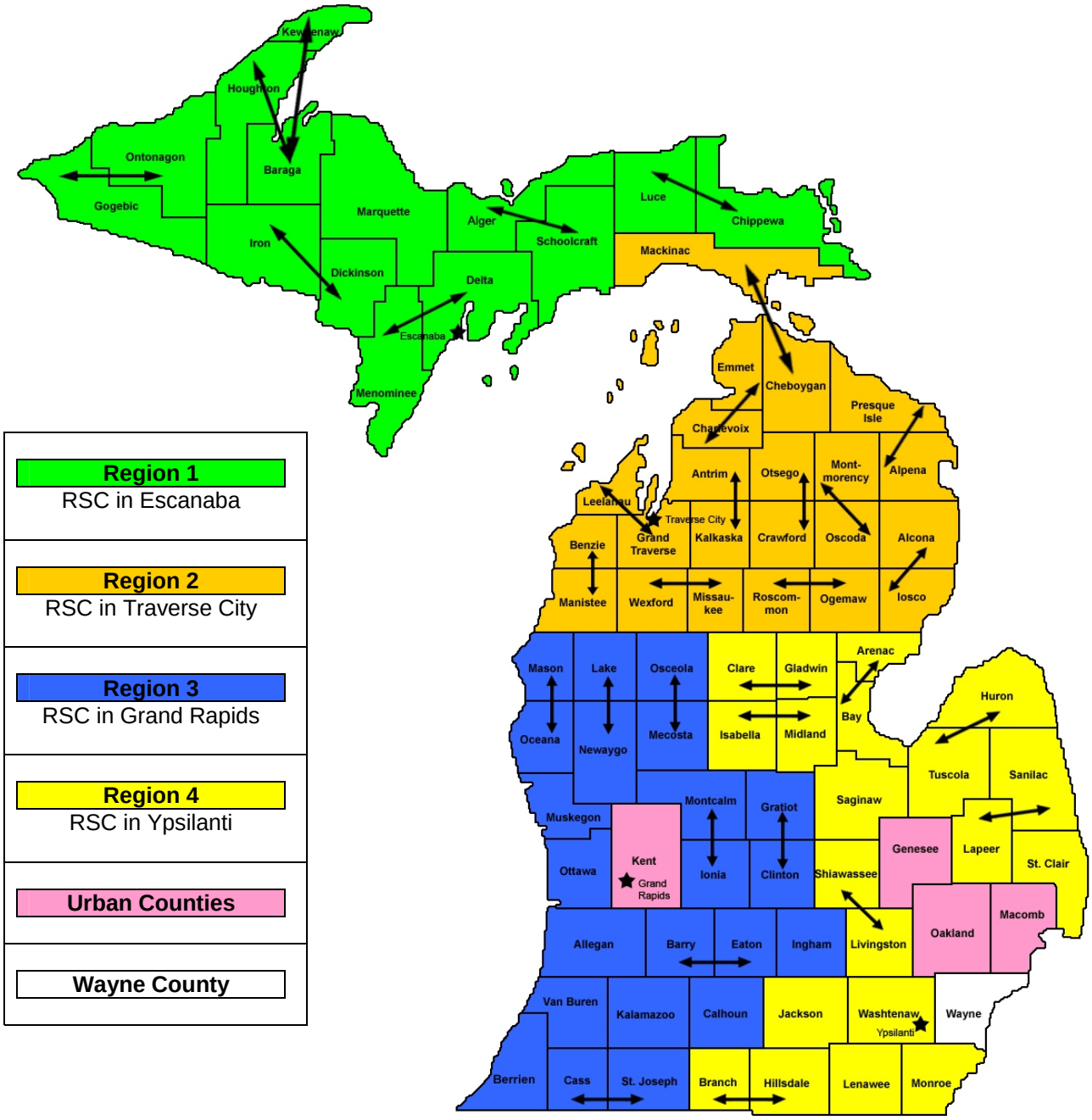
Exhibit 5 is a compilation of county statistics for FIP, FAP, the CDC Program, and the MA Program from the DHS Web site as of November 2006. Exhibit 6 is a compilation of FAP and Medicaid mispayment rates by county and Statewide for the 18-month period ended September 2006. OQA compiles the FAP and Medicaid rates.

CLIENT ELIGIBILITY OVERSIGHT, ERROR IDENTIFICATION, AND ERROR PREVENTION PROCESSES FOR SELECTED PUBLIC ASSISTANCE PROGRAMS

Department of Human Services (DHS)

DHS Regions, Regional Service Centers (RSCs), Urban Counties, and Wayne County

As of March 2006



Note: The arrows indicate which counties share a DHS local office director (known as "dual counties"). The stars identify the RSCs.

Source: DHS Intranet.

UNAUDITED
Exhibit 2

CLIENT ELIGIBILITY OVERSIGHT, ERROR IDENTIFICATION, AND ERROR PREVENTION PROCESSES
FOR SELECTED PUBLIC ASSISTANCE PROGRAMS
Department of Human Services (DHS)
Program Caseloads and Assistance Payments
For the Period October 1, 2001 through September 30, 2006

	Program Caseloads as of September				
	2002	2003	2004	2005	2006
Family Independence Program (FIP)	68,761	77,823	77,715	77,866	86,788
Food Assistance Program (FAP)	335,006	385,234	446,172	492,710	538,863
Child Development and Care (CDC) Program	63,463	62,455	63,704	59,668	56,950
Medical Assistance (MA) Program	771,820	833,090	868,595	906,725	948,078

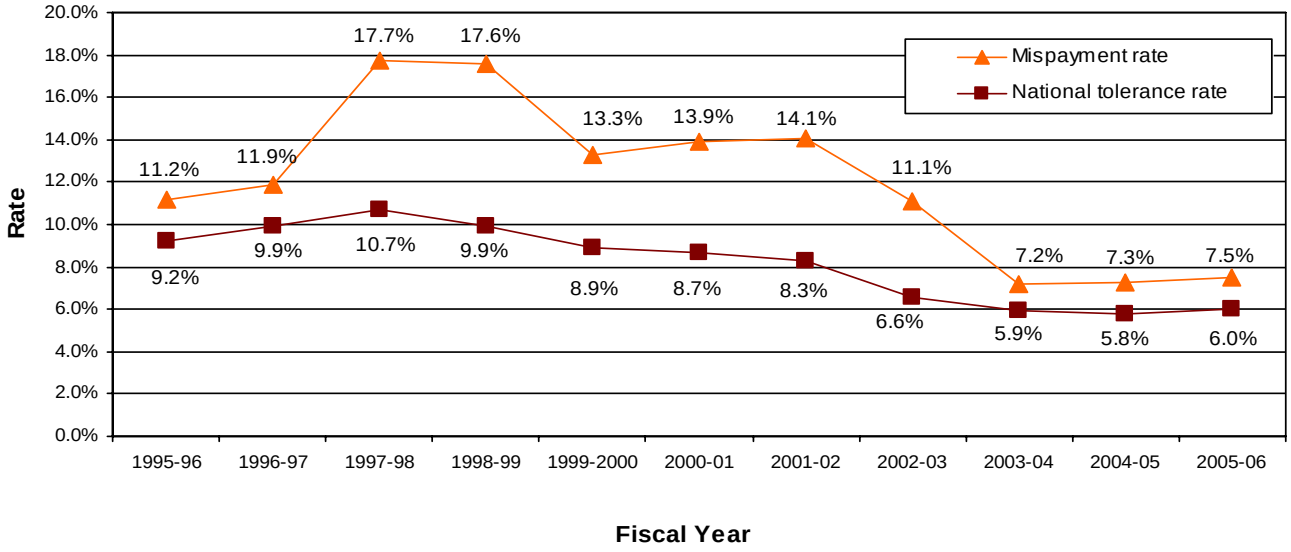
	Program Assistance Payments During Fiscal Year				
	2001-02	2002-03	2003-04	2004-05	2005-06
FIP	$ 355,460,412	$ 365,468,321	$ 391,262,056	$ 395,581,468	$ 405,461,813
FAP	$ 647,849,679	$ 787,542,288	$ 901,024,626	$1,104,893,615	$1,244,219,716
CDC Program	$ 460,960,779	$ 476,532,810	$ 488,391,521	$ 463,688,401	$ 445,283,602
MA Program*	$7,397,615,631	$7,776,290,996	$8,524,350,807	$8,933,729,321	$8,572,954,814

* MA Program assistance payments include payments reported by the Department of Community Health.

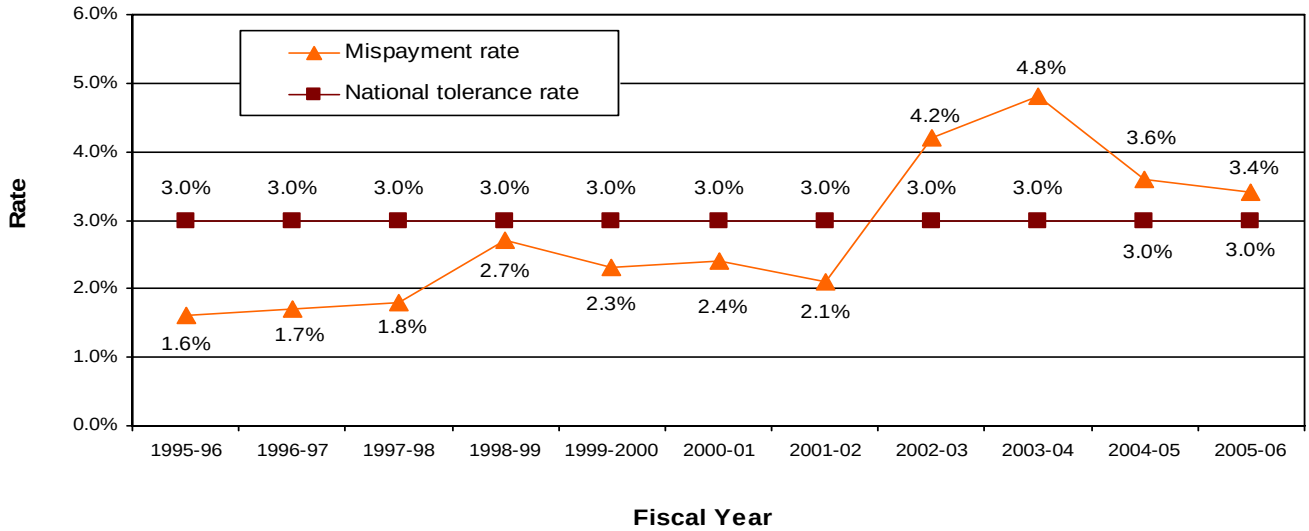
Source: DHS Web site.

CLIENT ELIGIBILITY OVERSIGHT, ERROR IDENTIFICATION, AND ERROR PREVENTION PROCESSES
FOR SELECTED PUBLIC ASSISTANCE PROGRAMS
Department of Human Services (DHS)
Food Assistance Program (FAP) and Medicaid Mispayment Rates
For Fiscal Years 1995-96 through 2005-06

Federally Adjusted FAP Mispayment Rates



Medicaid Mispayment Rates

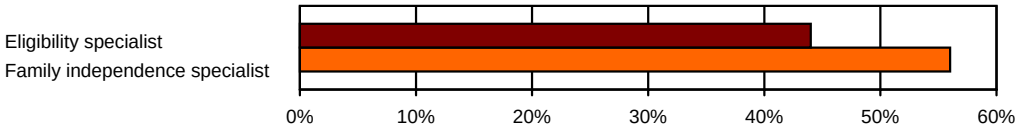


Source: DHS Office of Quality Assurance.

Exhibit 4

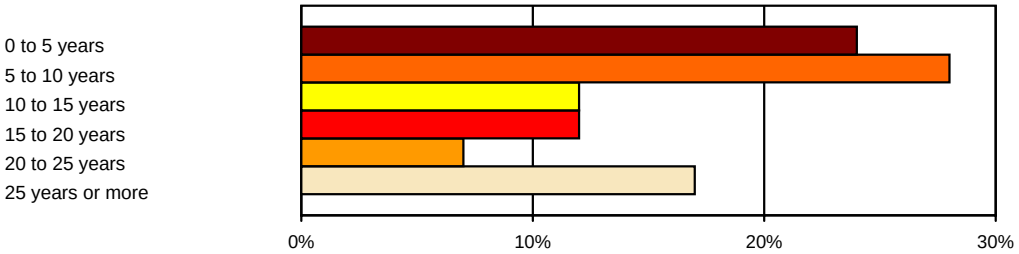
CLIENT ELIGIBILITY OVERSIGHT, ERROR IDENTIFICATION, AND ERROR PREVENTION PROCESSES
FOR SELECTED PUBLIC ASSISTANCE PROGRAMS
Department of Human Services (DHS)
Survey of Assistance Payment Caseworkers
Results as of November 27, 2006

1. Please indicate your current position:



	Number of Respondents	Percentage of Response
Eligibility specialist	247	44%
Family independence specialist	316	56%
	563	100%

2. How many years have you been determining eligibility for assistance payment programs?



	Number of Respondents	Percentage of Response
0 to 5 years	136	24%
5 to 10 years	159	28%
10 to 15 years	66	12%
15 to 20 years	65	12%
20 to 25 years	42	7%
25 years or more	95	17%
	563	100%

3. Are Family Independence Program (FIP) eligibility policies and procedures understandable and easy to use? (Select all that apply.)

	Yes		No	
Policies are understandable.	202	57%	151	43%
Policies are easy to apply.	134	39%	213	61%
Procedures are understandable.	210	60%	141	40%
Procedures are easy to use/follow.	141	41%	205	59%

(*Note: The results of this question are reflected in Finding 5.*)

4. Are Food Assistance Program (FAP) eligibility policies and procedures understandable and easy to use? (Select all that apply.)

	Yes		No	
Policies are understandable.	282	53%	251	47%
Policies are easy to apply.	230	43%	303	57%
Procedures are understandable.	326	61%	210	39%
Procedures are easy to use/follow.	257	48%	275	52%

(*Note: The results of this question are reflected in Finding 5.*)

5. Are Child Development and Care (CDC) Program eligibility policies and procedures understandable and easy to use? (Select all that apply.)

	Yes		No	
Policies are understandable.	255	80%	63	20%
Policies are easy to apply.	231	72%	88	28%
Procedures are understandable.	246	77%	73	23%
Procedures are easy to use/follow.	204	65%	112	35%

(*Note: The results of this question are reflected in Finding 5.*)

6. Are Medical Assistance Program eligibility policies and procedures understandable and easy to use? (Select all that apply.)

	Yes		No	
Policies are understandable.	249	46%	288	54%
Policies are easy to apply.	232	43%	303	57%
Procedures are understandable.	296	55%	240	45%
Procedures are easy to use/follow.	268	50%	268	50%

(*Note: The results of this question are reflected in Finding 5.*)

7. Do you find the following items contribute to the timely determination of accurate benefits when making eligibility determination for FIP? Please rate the following:

	Always		Usually		Seldom		Never	
Client Information Management System (CIMS)	96	28%	204	60%	32	9%	7	2%
Automated Social Services Information and Support (ASSIST)	52	15%	104	31%	119	35%	65	19%
Local Office Automation II (LOA2)	159	47%	158	47%	17	5%	5	1%
Online Policy Manuals	59	17%	185	55%	77	23%	18	5%
Procedural Manuals	42	13%	173	52%	91	27%	28	8%
Manageable caseload size	100	30%	30	9%	64	19%	137	41%
Training	57	17%	133	40%	111	33%	33	10%

8. Do you find the following items contribute to the timely determination of accurate benefits when making eligibility determination for FAP? Please rate the following:

	Always		Usually		Seldom		Never	
CIMS	136	26%	328	63%	41	8%	15	3%
ASSIST	78	15%	198	38%	166	32%	79	15%
LOA2	203	39%	280	54%	26	5%	9	2%
Online Policy Manuals	97	19%	291	57%	107	21%	20	4%
Procedural Manuals	74	15%	273	54%	132	26%	28	6%
Manageable caseload size	131	26%	84	16%	102	20%	193	38%
Training	85	17%	227	45%	141	28%	54	11%

9. Do you find the following items contribute to the timely determination of accurate benefits when making eligibility determination for the CDC Program? Please rate the following:

	Always		Usually		Seldom		Never	
CIMS	88	29%	167	56%	31	10%	13	4%
ASSIST	48	16%	109	37%	85	29%	52	18%
LOA2	120	40%	155	52%	16	5%	6	2%
Online Policy Manuals	68	23%	171	57%	47	16%	12	4%
Procedural Manuals	53	18%	157	54%	61	21%	19	7%
Manageable caseload size	88	30%	60	21%	52	18%	91	31%
Training	49	17%	136	48%	62	22%	38	13%

10. Do you find the following items contribute to the timely determination of accurate benefits when making eligibility determination for the Medical Assistance Program? Please rate the following:

	Always		Usually		Seldom		Never	
CIMS	145	28%	316	61%	44	8%	14	3%
ASSIST	68	13%	226	44%	134	26%	89	17%
LOA2	180	35%	288	56%	44	8%	6	1%
Online Policy Manuals	99	19%	266	51%	128	25%	25	5%
Procedural Manuals	80	16%	259	51%	134	26%	38	7%
Manageable caseload size	129	25%	107	21%	99	19%	173	34%
Training	81	16%	219	43%	135	27%	71	14%

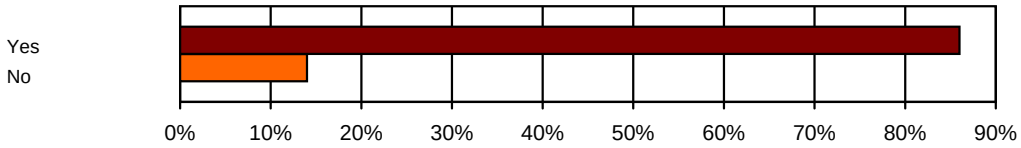
11. How helpful have eligibility policy clarification and guidance been for FIP, FAP, the CDC Program, and the Medical Assistance Program in maintaining or improving accuracy?

	Very Helpful		Somewhat Helpful		Little Help		No Help	
FIP	62	19%	184	55%	71	21%	17	5%
FAP	108	21%	272	53%	113	22%	18	4%
CDC	64	20%	167	52%	72	22%	19	6%
Medical Assistance	89	17%	285	56%	111	22%	27	5%

12. How do you become aware of policy clarification and guidance? (Please answer for each item.)

	Always		Most of the Time		Some of the Time		Infrequently		Never	
Program Office	25	5%	117	23%	159	31%	131	26%	81	16%
Field Operations Administration	14	3%	82	16%	176	35%	147	29%	91	18%
Regional Office	13	3%	54	11%	166	33%	170	33%	105	21%
DHS-Net	71	14%	148	29%	183	35%	80	15%	35	7%
Your supervisor	174	33%	203	39%	98	19%	30	6%	15	3%
Staff meetings	149	29%	178	35%	120	23%	44	9%	20	4%
Coworkers	116	23%	239	47%	119	23%	29	6%	7	1%

13. Do you use the data match reports (i.e., quarterly wage reports, new hires report, unemployment compensation bureau reports, Work First reports, and noncooperation reports) in your daily work activities?

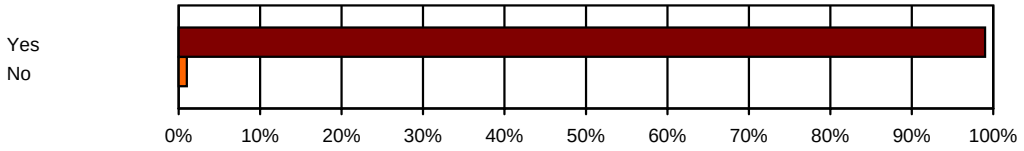


	Number of Respondents	Percentage of Response
Yes	454	86%
No	72	14%
	526	100%

14. How often are you using these data match reports to make changes to your cases?

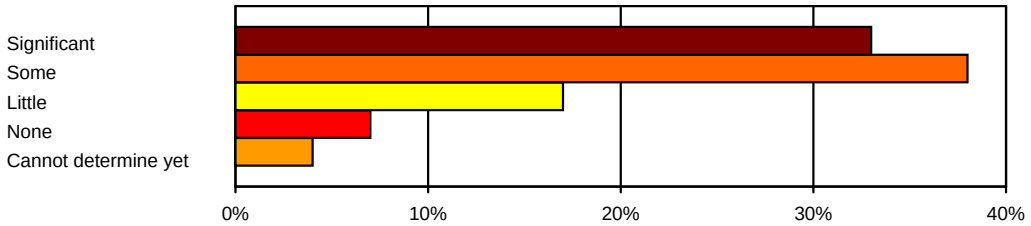
	Always		Most of the Time		Some of the Time		Infrequently		Never	
FIP	94	34%	104	38%	66	24%	11	4%	2	1%
FAP	150	34%	184	41%	100	22%	12	3%	1	0%
CDC	75	28%	98	37%	69	26%	23	9%	3	1%
Medical Assistance	129	29%	157	35%	111	25%	46	10%	3	1%

15. Does your office operate using the consolidated inquiry screen on CIMS?



	Number of Respondents	Percentage of Response
Yes	519	99%
No	7	1%
	526	100%

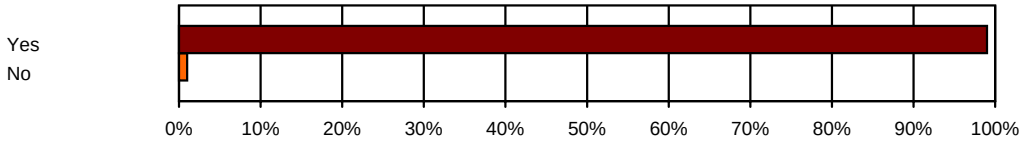
16. Please indicate what impact the consolidated inquiry screen project has had on managing your current caseload (i.e., making changes to cases or freeing up time for other case activities)?



	Number of Respondents	Percentage of Response
Significant	172	33%
Some	197	38%
Little	90	17%
None	38	7%
Cannot determine yet	20	4%
	517	100%

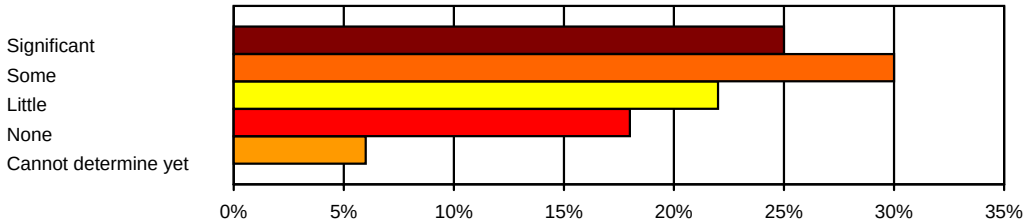
(*Note: The results of this question are reflected in Finding 10.*)

17. Does your local office use Automated Find and Fix (AFF)?



	Number of Respondents	Percentage of Response
Yes	523	99%
No	3	1%
	526	100%

18. Please indicate what impact the AFF project has had on managing your current caseload (i.e., making changes to cases or freeing up time for other case activities)?



	Number of Respondents	Percentage of Response
Significant	129	25%
Some	155	30%
Little	114	22%
None	94	18%
Cannot determine yet	29	6%
	521	100%

(*Note: The results of this question are reflected in Findings 6, 8, and 10.*)

19. How much of your time is spent on the following areas? (Type in percent of time.)

Data entry tasks during intake and redeterminations	Preparation for applications and redeterminations	Eligibility and benefits determination at application and redetermination	Disposition at application and redetermination (documenting)	Ongoing casework	Client contract to plan client's future and provide guidance to the client	Other	Total
19.5%	11.4%	24.7%	10.8%	23.6%	5.0%	5.0%	100.0%

(*Note: The results of this question are reflected in Finding 2.*)

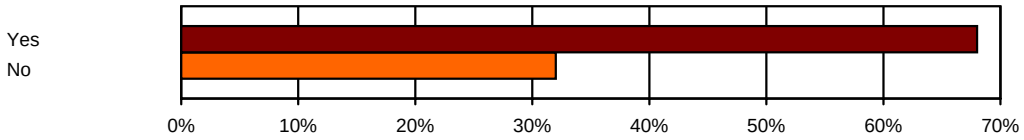
20. How much of your time should be spent in the following areas to make accurate and timely benefit determinations? (Type in percent of time.)

Data entry tasks during intake and redeterminations	Preparation for applications and redeterminations	Eligibility and benefits determination at application and redetermination	Disposition at application and redetermination (documenting)	Ongoing casework	Client contract to plan client's future and provide guidance to the client	Other	Total
13.8%	9.7%	24.2%	10.5%	25.7%	12.2%	3.9%	100.0%

21. Is it possible for you to meet the standard of promptness time frames and make accurate eligibility determination for:

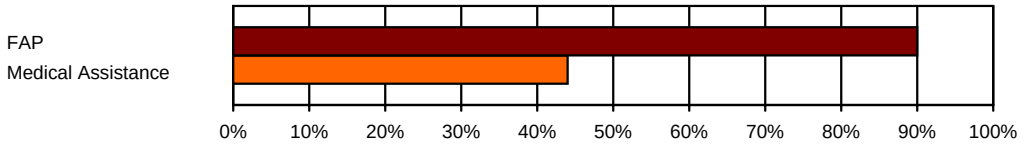
	Always		Usually		Seldom		Never	
Expedited FAP	67	15%	264	60%	95	22%	12	3%
FAP	71	16%	311	71%	50	11%	6	1%
FIP	44	17%	180	71%	28	11%	1	0%
CDC	47	19%	181	71%	25	10%	1	0%
Medical Assistance	56	13%	324	74%	55	13%	3	1%

22. Have any of the FAP or Medical Assistance client cases assigned to you been selected for a review from the Office of Quality Assurance (OQA)?



	Number of Respondents	Percentage of Response
Yes	310	68%
No	146	32%
	456	100%

23. What program(s) were selected? (Select all that apply.)



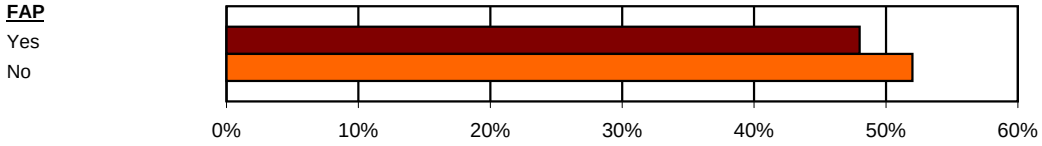
	Number of Respondents	Percentage of Response
FAP	263	90%
Medical Assistance	128	44%

24. If errors were made on the cases reviewed by OQA, what were the reasons for the errors? (Please answer for each item.)

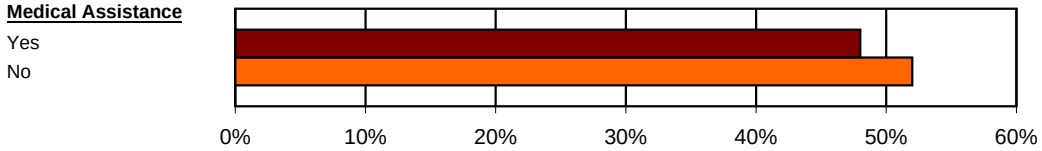
	Always		Most of the Time		Some of the Time		Infrequently		Never	
Policies too complex	14	7%	31	15%	63	30%	32	15%	70	33%
Not enough time	44	21%	53	25%	36	17%	20	10%	57	27%
Did not understand policy requirements	5	2%	24	12%	53	25%	54	26%	72	35%
Lack of training	8	4%	14	7%	29	14%	71	34%	86	41%
Failure to act	14	7%	33	15%	60	28%	44	21%	62	29%
Client error/failure to report	37	17%	82	38%	51	24%	14	7%	30	14%

(*Note: The results of this question are reflected in Findings 1 and 5.*)

25. Do you feel that OQA audits are useful in helping you improve your accuracy in establishing benefits for recipients in the following programs?

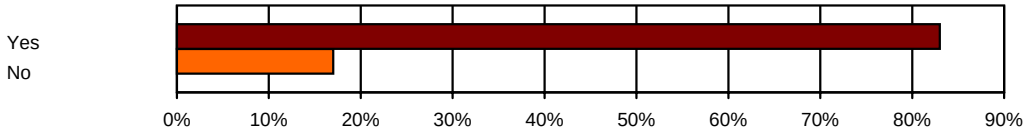


	Number of Respondents	Percentage of Response
Yes	138	48%
No	148	52%
	286	100%



	Number of Respondents	Percentage of Response
Yes	125	48%
No	136	52%
	261	100%

26. Have any of the FAP client cases assigned to you been selected for a review from the Case Read Information System (CRIS)?



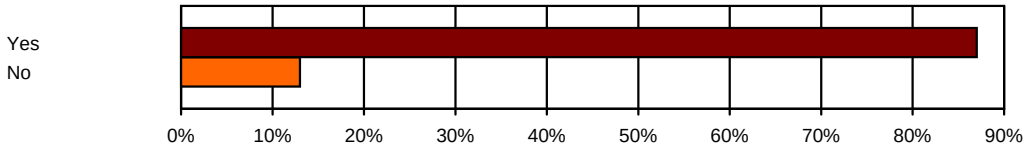
	Number of Respondents	Percentage of Response
Yes	377	83%
No	75	17%
	452	100%

27. If errors were made on the cases reviewed using CRIS, what were the reasons for the errors? (Please answer for each item.)

	Always		Most of the Time		Some of the Time		Infrequently		Never	
Policies too complex	14	4%	54	16%	119	35%	81	24%	71	21%
Not enough time	66	19%	104	30%	83	24%	33	10%	56	16%
Did not understand policy requirements	1	0%	35	10%	105	31%	124	37%	74	22%
Lack of training	4	1%	19	6%	70	21%	145	43%	101	30%
Failure to act	17	5%	51	15%	120	35%	92	27%	61	18%
Client error/failure to report	38	11%	136	39%	122	35%	23	7%	26	8%

(*Note: The results of this question are reflected in Findings 1 and 5.*)

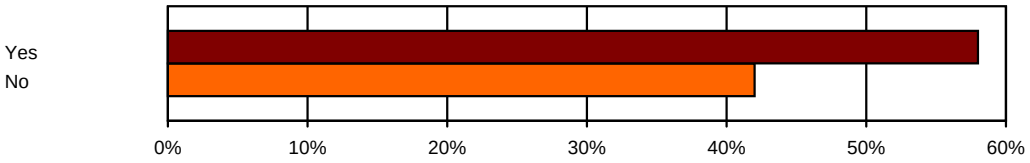
28. Do errors identified in the CRIS review cause you to make changes to FIP, CDC, and/or Medical Assistance cases when necessary?



	Number of Respondents	Percentage of Response
Yes	308	87%
No	46	13%
	354	100%

(*Note: The results of this question are reflected in Finding 7.*)

29. Do you feel that CRIS is a useful training tool to help you improve your accuracy and timeliness in establishing benefits for recipients in the FAP program?



	Number of Respondents	Percentage of Response
Yes	207	58%
No	152	42%
	359	100%

30. Indicate the level of training you feel you have received for determining eligibility in each of the programs.

	Adequate		Additional Training Needed		Never Received Training	
FIP	195	74%	54	20%	16	6%
FAP	321	75%	102	24%	7	2%
CDC	180	69%	56	21%	26	10%
Medical Assistance	239	56%	170	40%	20	5%

(*Note: The results of this question are reflected in Finding 9.*)

31. Please indicate what training you thought was most useful in helping you make accurate eligibility determination.

	Training by Office of Training and Staff Development		Training by Local Office Management		Technical Assistance Team (TAT)		Other	
FIP	96	35%	85	30%	N/A	N/A	96	35%
FAP	107	29%	153	42%	57	16%	48	13%
CDC	84	31%	81	30%	N/A	N/A	105	39%
Medical Assistance	127	37%	149	44%	N/A	N/A	66	19%

CLIENT ELIGIBILITY OVERSIGHT, ERROR IDENTIFICATION, AND ERROR PREVENTION PROCESSES
FOR SELECTED PUBLIC ASSISTANCE PROGRAMS
Department of Human Services (DHS)
Family Independence Program (FIP), Food Assistance Program (FAP),
Child Development and Care (CDC) Program, and Medical Assistance (MA) Program Cases by County
As of November 2006

County	FIP Cases	FAP Cases	CDC Program Cases	MA Program Cases
Alcona	45	561	19	1,204
Alger	26	315	26	862
Allegan	442	3,946	386	8,461
Alpena	205	2,182	202	3,973
Antrim	68	881	88	2,334
Arenac	120	1,315	92	2,414
Baraga	47	440	31	895
Barry	265	2,319	223	4,220
Bay	859	6,587	805	10,590
Benzie	52	706	71	1,623
Berrien	1,476	9,901	1,235	17,567
Branch	316	2,243	230	4,820
Calhoun	1,661	10,213	1,013	16,591
Cass	314	2,679	249	4,925
Charlevoix		1		23
Cheboygan	132	1,506	140	3,137
Chippewa	170	1,740	173	3,642
Clare	340	2,813	147	4,645
Clinton	142	1,778	188	3,480
Crawford	94	861	83	1,639
Delta	149	2,213	207	4,431
Dickinson	71	1,105	104	2,765
Eaton	426	3,732	463	6,879
Emmet	129	2,148	209	5,065
Genesee	7,348	35,581	4,825	51,414
Gladwin	199	1,737	101	3,135
Gogebic	166	1,105	61	1,985
Grand Traverse	214	4,015	448	8,079
Gratiot	325	2,127	260	4,560
Hillsdale	224	2,171	157	4,658
Houghton	90	1,653	88	3,321
Huron	140	1,691	127	3,700
Ingham	1,978	16,518	1,629	23,761
Ionia	301	2,883	234	5,573
Iosco	176	1,975	157	3,269
Iron	72	597	39	1,619
Isabella	351	3,485	283	5,652
Jackson	1,129	8,430	807	15,030
Kalamazoo	2,025	14,287	1,509	20,862
Kalkaska	96	1,063	102	2,182
Kent	4,600	30,270	3,810	52,280
Keweenaw	8	181	4	387
Lake	133	1,122	54	1,760
Lapeer	275	2,647	280	5,842
Leelanau				11

CLIENT ELIGIBILITY OVERSIGHT, ERROR IDENTIFICATION, AND ERROR PREVENTION PROCESSES
FOR SELECTED PUBLIC ASSISTANCE PROGRAMS
Department of Human Services (DHS)
Family Independence Program (FIP), Food Assistance Program (FAP),
Child Development and Care (CDC) Program, and Medical Assistance (MA) Program Cases by County
As of November 2006
(Continued)

County	FIP Cases	FAP Cases	CDC Program Cases	MA Program Cases
Lenawee	444	3,865	483	8,317
Livingston	200	2,661	210	5,970
Luce	42	520	31	1,153
Mackinac	25	263	32	878
Macomb	3,387	28,504	2,415	53,859
Manistee	150	1,438	83	2,569
Marquette	265	2,909	256	5,253
Mason	191	1,668	193	3,321
Mecosta	376	4,497	244	6,780
Menominee	69	990	93	2,117
Midland	385	3,640	357	6,652
Missaukee*				
Monroe	676	5,118	444	10,311
Montcalm	375	3,501	222	6,691
Montmorency	61	712	57	1,337
Muskegon	2,804	14,562	1,471	21,719
Newaygo	272	2,713	195	5,537
Oakland	3,712	30,803	2,864	62,118
Oceana	294	1,879	221	3,703
Ogemaw	190	1,958	156	3,202
Ontonagon	39	388	25	822
Osceola		3	1	18
Oscoda	65	682	34	1,259
Otsego	102	1,365	189	2,756
Ottawa	505	5,724	660	12,641
Presque Isle	39	582	28	1,361
Roscommon	188	2,011	146	3,312
Saginaw	2,974	15,676	2,251	24,013
Sanilac	235	2,582	217	4,745
Schoolcraft	59	540	30	1,141
Shiawassee	397	3,676	317	6,689
St. Clair	1,166	8,607	749	14,133
St. Joseph	411	3,298	266	6,616
Tuscola	272	2,612	244	5,731
Van Buren	555	4,790	427	9,084
Washtenaw	1,439	11,074	1,154	16,677
Wayne	37,069	170,316	18,575	250,681
Wexford	365	3,308	320	6,408
Central Office			7	45,052
Total	87,197	545,158	57,026	959,891

* The cases for this "dual county" are reported by the other county.

Source: DHS Web site.

CLIENT ELIGIBILITY OVERSIGHT, ERROR IDENTIFICATION, AND ERROR PREVENTION PROCESSES FOR SELECTED PUBLIC ASSISTANCE PROGRAMS
Department of Human Services (DHS)
Food Assistance Program (FAP) and Medicaid Mispayment Rates by County
Sample Period April 2005 through September 2006

County	FAP Sample Size	FAP Mispayment Rate	Medicaid Sample Size	Medicaid Mispayment Rate
Alcona			1	0.00%
Alger	1	0.00%	4	0.00%
Allegan	9	0.00%	20	0.00%
Alpena	7	5.79%	5	0.00%
Antrim	3	0.00%	5	0.00%
Arenac	1	0.00%	1	0.00%
Baraga	2	0.00%	3	1.72%
Barry	7	0.00%	11	0.00%
Bay	20	14.66%	29	9.58%
Benzie	1	0.00%	4	5.22%
Berrien	31	1.60%	39	0.65%
Branch	8	0.00%	8	0.00%
Calhoun	24	0.00%	26	0.53%
Cass	6	0.00%	10	2.18%
Charlevoix*				
Cheboygan	5	20.22%	4	0.00%
Chippewa	7	0.00%	3	0.00%
Clare	9	4.64%	11	0.00%
Clinton	6	1.99%	6	0.00%
Crawford	1	0.00%	3	0.00%
Delta	8	13.30%	10	0.33%
Dickinson	2	0.00%	3	0.00%
Eaton	11	1.38%	9	7.16%
Emmet	4	41.99%	7	0.00%
Genesee	109	9.32%	92	1.19%
Gladwin	7	0.00%	6	0.11%
Gogebic	4	0.00%	7	0.16%
Grand Traverse	11	0.00%	15	2.36%
Gratiot	3	34.56%	2	0.00%
Hillsdale	6	0.00%	16	0.00%
Houghton	4	0.00%	15	0.00%
Huron	1	0.00%	6	0.00%
Ingham	42	4.39%	41	8.17%
Ionia	5	22.11%	8	0.00%
Iosco	5	0.00%	8	0.00%
Iron	2	0.00%	4	0.00%
Isabella	8	2.26%	7	0.07%
Jackson	23	9.97%	29	3.45%
Kalamazoo	38	2.38%	47	7.25%
Kalkaska	4	0.00%	4	0.00%
Kent	79	11.23%	78	6.64%
Keweenaw			1	0.00%
Lake	4	0.00%	4	0.00%
Lapeer	5	0.00%	10	21.89%
Leelanau				

CLIENT ELIGIBILITY OVERSIGHT, ERROR IDENTIFICATION, AND ERROR PREVENTION PROCESSES
FOR SELECTED PUBLIC ASSISTANCE PROGRAMS
Department of Human Services (DHS)
Food Assistance Program (FAP) and Medicaid Mispayment Rates by County
Sample Period April 2005 through September 2006
(Continued)

County	FAP Sample Size	FAP Mispayment Rate	Medicaid Sample Size	Medicaid Mispayment Rate
Lenawee	9	1.73%	11	1.82%
Livingston	6	0.00%	14	0.26%
Luce	2	0.00%	1	0.00%
Mackinac	2	0.00%	2	0.00%
Macomb	68	6.33%	117	1.84%
Manistee	6	14.24%	1	0.00%
Marquette	6	0.00%	17	0.48%
Mason	6	0.00%	4	0.00%
Mecosta	13	1.24%	10	0.00%
Menominee	5	0.00%	6	0.00%
Midland	10	15.21%	14	11.08%
Missaukee*				
Monroe	16	0.00%	19	3.53%
Montcalm	9	5.17%	12	2.08%
Montmorency			4	5.81%
Muskegon	50	4.85%	52	4.01%
Newaygo	10	1.09%	12	0.14%
Oakland	57	3.84%	109	7.09%
Oceana	9	2.02%	12	3.77%
Ogemaw	7	2.16%	7	0.00%
Ontonagon	2	17.25%	2	0.00%
Osceola*				
Oscoda	2	0.00%	3	51.91%
Otsego	2	0.00%	5	0.00%
Ottawa	13	0.00%	17	1.83%
Presque Isle	3	0.00%	2	0.00%
Roscommon	6	0.00%	6	0.00%
Saginaw	39	8.56%	50	1.81%
Sanilac	7	0.00%	13	0.00%
Schoolcraft	2	0.00%	6	0.27%
Shiawassee	7	6.06%	21	19.87%
St.Clair	24	6.12%	31	3.87%
St. Joseph	12	3.88%	16	4.30%
Tuscola	7	2.06%	14	0.00%
Van Buren	14	0.00%	21	0.06%
Washtenaw	16	8.49%	29	4.24%
Wayne	418	9.57%	443	2.70%
Wexford	6	3.10%	10	4.81%
Central Office			2	78.59%
Statewide total	1,404	7.04%	1,737	3.35%

* The figures for this "dual county" are reported by the other county.

Source: DHS Office of Quality Assurance.

GLOSSARY

Glossary of Acronyms and Terms

AFF	Automated Find and Fix.
ASSIST	Automated Social Services Information and Support.
assistance payment (AP) caseworker	A DHS local office staff member responsible for determining recipient public assistance eligibility and benefits, maintaining recipient case files, and calling recipients in their homes.
avoided FAP mispayments	The total difference in the FAP issuance before and after the caseworker resolved the discrepancy multiplied by the number of months remaining in the client's benefit period.
CDC	Child Development and Care.
CFR	*Code of Federal Regulations.*
CIMS	Client Information Management System.
consolidated inquiry screen	A tool DHS implemented Statewide that caseworkers access to verify a client's reported information, such as income and employer. The intent of the initiative was to improve payment accuracy and assist the caseworkers' workload reduction by providing time savings through obtaining information from one source instead of searching many sources.
CRIS	Case Read Information System.
DHS	Department of Human Services.
DHS local office management	Local office directors and FIMs.
effectiveness	Program success in achieving mission and goals.

efficiency	Achieving the most outputs and outcomes practical with the minimum amount of resources.
ES	eligibility specialists.
expedited FAP	FAP applicants who are entitled to food assistance benefits no later than the seventh calendar day following the date of application.
FAP	Food Assistance Program.
FEE	Front-End Eligibility.
FIM	family independence manager.
FIP	Family Independence Program.
FIS	family independence specialists.
FNS	Food and Nutrition Service.
FOA	Field Operations Administration.
goals	The agency's intended outcomes or impacts for a program to accomplish its mission.
L-Letter	A letter utilized by FOA to provide information and instructions to county directors that is not included in manual policy releases. This includes allocated information, training notices, work process instructions and requests for specific actions to be taken and reporting requirements, and other valuable information. It is not a primary tool to convey policy changes.
LOA2	Local Office Automation II.

management control	The plan of organization, methods, and procedures adopted by management to provide reasonable assurance that goals are met; resources are used in compliance with laws and regulations; valid and reliable data is obtained and reported; and resources are safeguarded against waste, loss, and misuse.
material condition	A reportable condition that could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program.
Medical Assistance (MA) Program	The Medicaid and adult medical programs administered by the Department of Community Health. DHS determines MA client eligibility through an interagency agreement with the Department of Community Health. The goal of the MA Program is to ensure that essential health care services are made available to those who otherwise could not afford them.
NDNH	National Directory of New Hires.
OQA	Office of Quality Assurance.
OTSD	Office of Training and Staff Development.
outcome	The actual impact of the program.
performance audit	An economy and efficiency audit or a program audit that is designed to provide an independent assessment of the performance of a governmental entity, program, activity, or function to improve public accountability and to facilitate decision making by parties responsible for overseeing or initiating corrective action.

reportable condition	A matter that, in the auditor's judgment, represents either an opportunity for improvement or a significant deficiency in management's ability to operate a program in an effective and efficient manner.
RSC	regional service center.
Single Audit	A financial audit, performed in accordance with the Single Audit Act Amendments of 1996, that is designed to meet the needs of all federal grantor agencies and other financial report users. In addition to performing the audit in accordance with the requirements of 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, a Single Audit requires the assessment of compliance with requirements that could have a direct and material effect on a major federal program and the consideration of internal control over compliance in accordance with OMB Circular A-133.
United Auto Workers (UAW) Local 6000 union bargaining unit	Exclusive representative and sole bargaining unit representing the employees covered by the agreement between UAW Local 6000 and the State of Michigan.
urban counties	Genesee, Kent, Macomb, and Oakland Counties.
Work Number	A service offered by the TALX Corporation that provides income and employment information for a portion of the nation's working population.

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STATE OF MICHIGAN

OFFICE of the AUDITOR GENERAL