



Michigan
Office of the Auditor General
REPORT SUMMARY

Performance Audit

Report Number:
43-320-00

Food Assistance Program

Family Independence Agency

Released:
February 2003

The Food Assistance Program (Program) operates under the federal Food Stamp Act of 1977. The Program's purpose is to end hunger and improve nutrition and health. The Family Independence Agency (FIA) administers the Program in Michigan. FIA's stated goal for the Program is to raise the food purchasing power of low-income persons. The federal government funds 100% of the cost of the food assistance provided to recipients. The State and federal government generally share equally the administrative costs of operating the Program.

Audit Objectives:

1. To assess the effectiveness of FIA's efforts to maximize Program participation by eligible low-income households in order to improve their level of nutrition.
2. To assess the effectiveness of FIA in preventing and/or identifying Program payment errors and initiating appropriate corrective actions.
3. To assess FIA's effectiveness in controlling Program benefits for individuals convicted of drug felonies.

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Audit Conclusions:

1. FIA was marginally effective in maximizing Program participation by eligible low-income households in order to improve their level of nutrition.
2. FIA was not effective in preventing and/or identifying Program payment

errors and initiating appropriate corrective actions.

3. FIA was not effective in controlling Program benefits for individuals convicted of drug felonies.

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Material Conditions:

FIA had not developed a Statewide recipient outreach plan to help increase Program participation (Finding 1).

FIA did not achieve acceptable Program payment error rates, which has resulted in substantial federal financial sanctions and may result in additional sanctions (Finding 3).

FIA had not implemented effective internal controls for reducing Program payment errors (Finding 4).

FIA had not established effective procedures and internal controls to help

prevent the misuse of Program benefits by convicted drug felons (Finding 11).

Other Conditions:

FIA should survey recipients who voluntarily leave the Program and evaluate the survey information to help determine whether Program improvements are needed to increase overall participation (Finding 2).

FIA supervisory staff frequently did not conduct required case reads to identify and correct existing Program payment errors and FIA local office internal control weaknesses that caused the errors (Finding 5).

FIA frequently did not investigate and resolve differences between Program recipients' actual wages and wages reported to FIA by the recipient in compliance with established policies and procedures (Finding 6).

FIA frequently did not comply with established policies and procedures to investigate and resolve database matches that identify Program recipients who may not have reported new employment (Finding 7).

FIA usually did not investigate and resolve U.S. Internal Revenue Service data matches that identify recipients who may have unreported income (Finding 8).

FIA frequently did not investigate the whereabouts of potentially incarcerated recipients and, when appropriate, remove them from the Program and recoup any overpayments in compliance with established policies and procedures. Also, FIA should revise its policies and procedures to require the identification and recoupment of overpayments, when appropriate, from Program recipients previously incarcerated (Finding 9).

FIA had not established caseload standards for specialists or requested funding to maintain specialists' caseloads at acceptable levels to help reduce Program payment error rates and corresponding federal Program sanctions (Finding 10).

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Agency Responses:

Our audit report includes 11 findings and 12 corresponding recommendations. FIA's preliminary response stated that it agrees with our recommendations.

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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: www.state.mi.us/audgen/



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