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GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF HUMAN SERVICES
LANSING



Ismael Ahmed
DIRECTOR

June 25, 2008

Mr. Michael Moody, Director
Office of Financial Management
Department of Management and Budget
George W. Romney Building, 7th Floor
111 South Capitol Avenue
Lansing, Michigan 48913

Dear Mr. Moody:

Enclosed is the Department of Human Services' response and corrective action plan to the Auditor General's report for the Performance Audit of the Client Eligibility Oversight, Error Identification, and Error Prevention Processes for Selected Public Assistance Programs for the period of October 2002 through November 2007.

If you have any questions concerning this information, please contact Cindy Osga, Internal Controls, at 517-335-4087 or e-mail at OsgaC@michigan.gov.

Sincerely,

Signature Redacted

Ismael Ahmed

Enclosure



Department of Human Services
Corrective Action Plan and Status of the Audit Recommendations
Client Eligibility Oversight, Error Identification, and Error Prevention Processes for Selected Public Assistance Programs
 10/01/2002-11/27/2006
 Report Issued March 7, 2008

OAG Audit Finding	Responsible Administration	Anticipated Implementation Date	Corrective Action/Update	Status
Finding 01—Workload Analysis				
The OAG recommends that DHS conduct a workload analysis to determine the optimal AP caseworker staffing levels need for each DHS local office.				
DHS did not conduct a workload analysis to determine the optimal AP caseworker staffing levels for each DHS local office. 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.	FO	10/01/2009	DHS will consider implementation of this recommendation after Bridges is fully rolled out statewide. Bridges will make significant changes to the way the caseworkers manage their work and determine eligibility. DHS will not be able to take on an analysis of this magnitude without additional resources to conduct the study. The implementation date provided is the date the department anticipates it will consider the recommendation.	open
Finding 02—Assistance Payment Caseworker Responsibility Analysis				
The OAG recommends 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.				
DHS needs to analyze AP caseworker responsibilities and coordinate with the UAW Local 6000 union bargaining unit to identify and implement strategies to improve caseworker effectiveness. Such an analysis could identify activities DHS could reasonably assign to other personnel and could ultimately improve the effectiveness of caseworkers.	FO	10/01/2009	DHS holds regular labor-management meetings and includes the union in workgroups for considering program planning and system redesign. Bridges impacts will include (1) centralized printing and mailing of eligibility materials and client notices, (2) online storage, retrieval of client correspondence and eligibility budgets which will result in less filing, and (3) automatic cascading of eligibility for all programs after comprehensive data collection.	open
Finding 03—Standard of Promptness Reporting				
The OAG recommends 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.				
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. DHS established the standard of promptness for initial FAP application processing based on federal regulations which require DHS to determine the eligibility of the applicant and issue benefits, when appropriate, within 30 days of the application for FAP and 7 calendar days for expedited FAP. DHS uses the MH-590 report to track the standard of promptness for the initial FAP application processing on a statewide and local office basis. However, the MH-590 report is inaccurate because it includes denied applications (which does not comply with federal regulations) and does not allow mailing time to ensure the client had access to FAP benefits within the federal required time frames.	FO	10/01/2009	DHS understands that Michigan is currently under the federal standards for timely processing of FAP applications and current reports measure time to case disposition instead of time to client access. Policy has been changed and staff have been advised of shortened promptness standard for the FAP standard. FAME reviewers report on county activity using correct FAP standard of promptness. Bridges will produce correct standard of promptness reports. DHS issued L-Letter 08-032 which addresses FAP accuracy activities. Beginning in May 2008, local offices will receive a monthly report identifying progress on performance indicators, which includes the FAP application standard of promptness.	open
Finding 04—DHS Local Office Administrative Reviews				
The OAG recommends that DHS implement a schedule to ensure that it conducts on-site administrative reviews at all DHS local offices.				
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	FO	04/28/2008	Local office administrative reviews by FOA staff began in 2006. A standardized template was developed for these reviews in 2007. DHS re-targeted these reviews in 2008 to focus on high volume, high error offices	closed

AFF = Automated Fax and Mail DHS = Department of Human Services FIM = Family Independence Manager OAG = Office of the Auditor General
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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.			to assure maximum impact. This re-targeted review was initiated due to the FAP error rate but the review impacts all assistant payment program eligibility areas. A FAP Intervention Team (FIT) has been established in 2008. FIT consists of central and local office experts.	
Finding 05—Policy Evaluation Process				
The OAG recommends that DHS improve its policy evaluation process to follow up on policies and policy changes that are more difficult to understand and identify FIMs and AP caseworkers who do not have a thorough understanding of the policies or policy changes.				
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 policy 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.	FO	04/01/2008	Considerable attention has been and is being given to this issue. Staff have ready access to online manuals and the accompanying staff notes. Policy e-mail boxes are used in each area for immediate clarifications. There has been executive staff review of dozens of policy simplification suggestions. A number of these suggestions are being worked on and progress is tracked. OTSD provides training by (1) classroom training, (2) PowerPoint presentations with speaker notes on all policy releases starting in November 2007, (3) the OTSD webpage with PowerPoint presentations, job aids, and other materials, and (4) a <i>How Do I</i> section with items to guide staff on specific steps and procedures for certain tasks.	closed
Finding 06—Error Identification and Correction Processes (material condition)				
The OAG recommends that DHS (1) develop and implement a process to identify and correct errors for the FIP and the CDC program to improve payment accuracy, and (2) enhance its error identification correction processes for the MA program.				
a. DHS did not have processes in place to identify and correct errors for the FIP and the CDC program.	FO	10/01/2009	CDC case reads will be conducted by a new unit that is being formed in the DHS Office of Quality Assurance. Bridges is being designed to include a case read capacity for all programs.	open
b. DHS needs to enhance its error identification processes for the MA program.	FO	10/01/2009	MA error reduction staff is looking at the high error area of Long Term Care applications and other error-prone cases. A MA case read program has been developed and a unit is doing statewide case reads that will provide automated findings. Web based MA training has been developed on error-prone issues and in the future this will be in partnership with DCH. Bridges is being designed to include a case read capacity for all programs.	open
Finding 07—Case Read Information Systems				
The OAG recommends that DHS ensure that FIMs and AP caseworkers consistently evaluate the effect that FAP errors, identified in CRIS, have on other AP programs.				
DHS did not ensure that FIMs and AP caseworkers consistently evaluated the effect that FAP errors, identified in CRIS had on other AP programs. DHS policy states that the caseworker must evaluate all programs to determine the effects that a change has on a client's eligibility. DHS suspended mandated CRIS review requirements on October 5, 2007, to focus on AFF.	FO	10/01/2009	Policy states that any errors or changes found in one program must be evaluated to determine their impact on other programs. Case read in the MA and CDC described in the corrective action plan for Finding 6 will improve error follow-up across programs. Within Bridges, data regarding household composition, expenses, income, assets, and other eligibility factors entered by the worker will result in an automated eligibility determination or redetermination for all programs and adjust benefit amounts accordingly.	open

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Finding 08—Automated Find and Fix				
The OAG recommends that DHS centralize the AFF process to ensure that eligibility discrepancies are handled in a timely manner.				
DHS policy requires caseworkers to take action within 10 days after they are aware of a discrepancy that was the result of certain data matches. However, a DHS L-Letter stated that caseworkers should check and process AFF notices on a weekly basis to meet the 10-day processing time for case actions. The OAG determined the local offices had a statewide backlog of AFF discrepancies totaling 37,247, with an average of 38.2 days not worked on. With the additional responsibility of addressing the discrepancies at the DHS local offices, DHS may be placing more burden on caseworkers than necessary.	FO	10/01/2009	DHS has tightened requirements for local office follow-up of these alerts during and since the audit period. DHS is closely monitoring compliance with these requirements. DHS issued L-Letter 08-052 which addresses FAP accuracy activities. Beginning in May 2008, local offices will receive a monthly report identifying progress on performance indicators, which includes AFF discrepancies (one or less overdue per allocated worker). Bridges will incorporate the data matches included in AFF. Bridges will apply some matched data to the budget without worker intervention and staff will receive alerts on some matched data that may require further confirmation before it is applied to the case. Centralization of the current process is not feasible or cost effective for the interim period prior to Bridges roll-out.	open
Finding 09—Assistance Payment Caseworker Training				
The OAG recommends that DHS improve its ongoing training opportunities to ensure that AP caseworkers receive the necessary training to perform their eligibility determination responsibilities appropriately.				
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. However, the majority of DHS local office management and caseworkers interviewed, disclosed that on an average, it takes two years to become acclimated to policies and procedures. In addition, discussions with caseworkers disclosed that 47.5 percent felt that DHS training was minimal or focused only on FAP.	FO	10/01/2009	Classes for ongoing caseworkers are provided on various topics. It is up to staff in local offices to decide on which classes may be useful if the training component has not been deemed mandatory for all staff. Lead Workers in various local offices provide training assistance when issues have been identified within their office. Performance management is used by the local office to identify additional training needs. Extensive Bridges training has been developed and started for some staff. Additional sessions are scheduled and will eventually be provided to all eligibility staff as Bridges is rolled out Statewide. This Bridges training covers application of the system but does not include policy training. When DHS assumes all training responsibilities, training will cover the application and policy.	open
Finding 10—Improvement Initiatives				
The OAG recommends that DHS fully implement and/or expand initiatives identified as effective in reducing eligibility determination errors.				
a. DHS should fully implement CRIS for FIP, the CDC program, and the MA program.	FO	10/01/2009	CRIS will be replaced with implementation of Bridges by a case read system that will cover all assistance programs. Expansion of CRIS is not feasible or cost effective with Bridges being piloted this summer.	open
b. DHS should implement the National Directory of New Hires data match.	FO	10/01/2009	The National Directory of New Hires data match will be implemented into Bridges with Release 2. The initial Bridges release will have the New Hires match with Treasury which captures most of this information. DHS is expanding TALX which allows caseworkers to access TALX employment information from their computer immediately. This was effective April 1, 2008.	open

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c. DHS should fully implement the consolidated inquiry screen.	FO	10/01/2009	Consolidated inquiry will be incorporated into Bridges – replaced by a single inquiry that covers all family members in the Bridges database.	open
d. DHS should fully implement the AFF process for FIP, the CDC program, and the MA program.	FO	10/01/2009	AFF functions will be incorporated into Bridges using data matches.	open
e. DHS should fully implement the front end eligibility process for the MA program and expand the process statewide.	FO	10/01/2009	Front End Eligibility currently has only enough resources to keep this in Oakland, Macomb, and the Greenfield/Joy district office in Wayne County. It is targeted to areas with high application volume and high error. Current funding levels will not support additional expansion.	open

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