



Performance Audit

Report Number:
431-1400-13

Child Care Fund (CCF)

Michigan Department of Health and Human Services (MDHHS)

Released:
June 2016

MDHHS administers the CCF, which supports a collaborative effort between the State and county governments to fund programs that serve neglected, abused, and delinquent youth in Michigan. The State reimburses counties 50% for eligible juvenile justice services. The Child Care Fund Monitoring Unit (CCFMU) reviews and approves annual county CCF program and spending plans and monthly expenditure reimbursement requests. CCFMU also conducts on-site reviews to ensure that county services comply with State statute and MDHHS policies and procedures. Annual reimbursements to counties averaged \$185 million during fiscal years 2010 through 2014.

| Audit Objective | | | Conclusion |
|---|--------------------|----------------------|-----------------------------|
| Objective #1: To assess the effectiveness of MDHHS's efforts in evaluating the performance of county CCF programs. | | | Not effective |
| Findings Related to This Audit Objective | Material Condition | Reportable Condition | Agency Preliminary Response |
| MDHHS did not evaluate the performance of county in-home care (IHC) programs to ensure that CCF funding is providing successful outcomes for the youth served. MDHHS did not establish performance measures or analyze county-reported performance indicators because it believes that the Michigan Supreme Court limited its statutory authority and responsibilities for IHC programming. MDHHS should pursue an Attorney General Opinion to remedy the conflict between its operating practices and statutory requirements (Finding #1). | X | | Partially agrees |
| MDHHS did not document its review of county IHC program impact evaluations for any of the 76 evaluations sampled from 6 counties. Also, MDHHS obtained insufficient impact evaluation information from counties for 47 (62%) of 76 sampled IHC programs for fiscal years 2010 through 2012 and no impact evaluation from counties for all of the 15 sampled fiscal year 2014 IHC programs (Finding #2). | X | | Agrees |

| Audit Objective | | | Conclusion |
|--|--------------------|----------------------|-----------------------------|
| Objective #2: To assess the effectiveness of MDHHS's efforts in approving county CCF plans and budgets to ensure counties' compliance with State statute and the CCF Handbook. | | | Moderately effective |
| Findings Related to This Audit Objective | Material Condition | Reportable Condition | Agency Preliminary Response |
| MDHHS needs to improve its county CCF annual plan and budget review and approval process. MDHHS inappropriately approved all 60 out-of-home care (OHC) and over half of the 47 IHC sampled plans and budgets with missing required information, incomplete descriptions, or plans for ineligible activities (<u>Finding #3</u>). | X | | Agrees |

| Audit Objective | | | Conclusion |
|--|--------------------|----------------------|-----------------------------|
| Objective #3: To assess the effectiveness of MDHHS's efforts in monitoring the appropriateness of the State's reimbursement of county CCF expenditures. | | | Moderately effective |
| Findings Related to This Audit Objective | Material Condition | Reportable Condition | Agency Preliminary Response |
| MDHHS needs to improve its annual on-site fiscal review procedures and documentation to help ensure that it effectively monitors the propriety of CCF reimbursements to counties. We identified numerous shortcomings in sampled reviews, review procedures, and review documentation (<u>Finding #4</u>). | | X | Agrees |
| MDHHS could improve its monthly review and approval process for county CCF expenditure reports to enhance its stewardship of CCF funding and its timely detection of ineligible CCF expenditures. Required monthly approval work sheets were not completed for any of the 15 August 2014 sampled county monthly expenditure reports (<u>Finding #5</u>). | | X | Agrees |
| MDHHS could improve its documentation of annual on-site program review procedures to assist it with ensuring proper oversight of county IHC program activities and resulting CCF reimbursements. IHC program review checklists and work sheets excluded several pertinent eligibility requirements (<u>Finding #6</u>). | | X | Agrees |

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

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