



OAG

Office of the Auditor General

Report Summary

Performance Audit

*Partnership. Accountability. Training. Hope.
(PATH) Program*

*Michigan Department of Health and Human
Services (MDHHS) and Talent Investment
Agency (TIA), Department of Talent and
Economic Development (TED)*

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The PATH Program is a partnership between MDHHS and TIA with a primary purpose of connecting families that receive cash assistance with jobs, education, and training opportunities to help them achieve self-sufficiency and meet the workforce and skill needs of Michigan businesses. In addition, PATH helps ensure that Michigan meets the federal work activity requirements for individuals who receive cash benefits because MDHHS requires all work-eligible individuals seeking or receiving cash benefits to participate in PATH unless deferred or engaged in other employment-related activities. TIA provides participants with specialized services that include job search/job readiness activities, job skills training, community service programs, employment, and work experience programs delivered through 16 Michigan Works! Agencies (MWAs) throughout the State. From October 1, 2013 through June 30, 2016, on average there were 30,090 active cash assistance cases at any given time and approximately 20,580 (68%) with at least one case member participating in PATH. During the audit period, MDHHS annually contracted with TIA to administer the program for approximately \$65 million and expended approximately \$4.6 million for administrative activities.

Audit Objective			Conclusion
Objective #1: To assess MDHHS's and TIA's compliance with selected laws, regulations, policies, and procedures governing the PATH Program.			Complied, with exceptions
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
For over 40% of the deferrals reviewed, MDHHS's documentation was not sufficient to support the appropriateness of the individual's deferment from mandatory PATH participation or other employment-related activities. Improper deferrals overstate MDHHS's federal Temporary Assistance for Needy Families (TANF) work participation rate (WPR) (Finding #1).	X		Agrees
Documentation to support a PATH participant's good cause for not participating in required activities was missing in 26% of the instances we reviewed (Finding #2).		X	Agrees

Findings Related to This Audit Objective (Continued)	Material Condition	Reportable Condition	Agency Preliminary Response
For 14% of PATH participants reviewed, individual responsibility plans lacked key facets, such as barriers and long-term actions, or a plan did not exist to help assess the participants' strengths and employability (<u>Finding #3</u>).		X	Agrees
Improved accuracy needed when reporting to the Legislature and other designated parties the number of cash assistance recipients who have remained employed for 6 months or longer; 45% of the recipients sampled from a report were actually employed for between 1 and 5 months (<u>Finding #4</u>).		X	Agrees
MDHHS did not always use available income and employment information to help determine the appropriate amount of cash benefits for employed PATH participants. This resulted in excess cash benefits totaling \$16,233 to 15 sampled participants and potentially \$13.8 million for all PATH participants employed during the 33-month audit period (<u>Finding #5</u>).		X	Agrees

Audit Objective			Conclusion
Objective #2: To assess the effectiveness of MDHHS's and TIA's efforts in monitoring select PATH payments.			Effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
MDHHS's PATH policies for certain incentive payments, vehicle repairs, and clothing allowances were not appropriately conveyed to MWA staff, which resulted in inconsistencies in some payments (<u>Finding #6</u>).		X	Agrees

Audit Objective			Conclusion
Objective #3: To assess the sufficiency of MDHHS's and TIA's efforts to evaluate PATH results.			Sufficient, with exceptions
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
MDHHS and TIA need to improve their evaluation of PATH results to better determine effectiveness in leading participants toward self-sufficiency. The agencies concentrated their evaluations on statutorily required analyses that were primarily output centered and directed less emphasis on evaluating outcomes (<u>Finding #7</u>).		X	Agrees

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