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STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
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Bureau of Workforce Programs (BWP)
Policy Issuance (PI): 07-21

Date: October 29, 2007

To: Michigan Works! Agency (MWA) Directors

From: Janet Howard, Interim Director, Bureau of Workforce Programs **(SIGNED)**

Subject: MWA Internal Controls Procedures and Processes for Temporary Assistance for Needy Families (TANF) Work Participation Activities

Programs Affected: Jobs, Education, and Training (JET) Program

Rescissions: None

References: Reauthorization of the TANF Program; Interim Final Rule, 45 CFR Parts 261, et al., Thursday, June 29, 2006, Vol. 71, No. 125

State of Michigan TANF Interim Work Verification Plan

BWP PI 06-11 and Changes, regarding TANF Allowable Activities

BWP PI 06-19 and Changes, regarding TANF Data Verification

BWP PI 06-34 and Changes, regarding Case Management of TANF Activities

BWP PI 07-12, regarding Fiscal Year (FY) 2008 JET Program Planning Instructions

Background: The June 2006, Federal Interim TANF regulations require that states have “Internal Controls” procedures to ensure a consistent measurement of TANF work participation activities exists. Internal Controls provide a method to validate the authenticity of any reported Work Participation Rate data. A systematic review of randomly selected participant case files on a regular basis has been determined to be a key Internal Controls procedure.

Enabling workers to acquire the skills necessary to succeed in today’s 21st Century knowledge economy is central to Michigan’s strategy for economic transformation and is the foundation for the Governor’s No Worker Left

Behind (NWLB) initiative. The NWLB initiative aligns all federal workforce dollars used for worker training into a unified workforce development strategy. Although it is the expectation that MWAs place a majority of JET Program participants into activities that comply with meeting federal work participation requirements, MWAs have the flexibility to place a limited number of eligible participants into extended education/training activities. Such placements should lead to the elimination of dependency on public assistance.

Policy:

This policy requires the implementation of an MWA-level Internal Controls Case Review Process for TANF work participation activities in accordance with Michigan's Interim Work Verification Plan.

The monthly TANF Data Verification process where the BWP requests copies of specific participant case file records from the MWAs is used to measure and report Michigan's TANF Work Participation Rates. Case-file reviews done as an Internal Control are a different matter, but will use similar procedures. MWAs are responsible for conducting Internal Control reviews on their own with guidance from the state.

Beginning in October 2007, designated reviewers will substantiate participant activity assignments and actual hours of participation through documentation in the files to ensure consistent compliance with TANF verification requirements. The reviewed files must contain all documentation that verifies the reported actual hours of participation during the evaluated time period. Pertinent data includes, but is not limited to, time sheets, attendance records, detailed case notes, and any other sort of participation-relevant materials.

Every quarter, the Michigan Department of Labor & Economic Growth (DLEG)/BWP will randomly select a sample of cases for file review that are actively participating at the MWAs. Professional statistical analysis was used to decide on a sampling process. The average total number of cases at each MWA over a 24-month period (from FY 2005 through FY 2006) was calculated to account for month-to-month fluctuations. The sum of the averages, 62,228, provides the number of cases to be considered as the statistical population.

To authenticate the work participation data, 0.43 percent of the total cases at each MWA will be randomly selected and reviewed. The sample is stratified and allocated based on relative case size so that MWAs with larger caseloads are doing more reviews. To account for MWAs in which 0.43 percent of the total caseload is too small to represent the caseload, the minimum number of cases to be evaluated at each MWA was set at three; this means the total statewide sample size will actually be about 277 per quarter. After determining the sample, the DLEG/BWP will notify the MWAs as to the case reviews to conduct in order to ensure that the proper documentation (defined in Section I of Michigan's Work Verification Plan and described in the Case

Management PI 06-34 and its changes) is included for each activity reported during the sampled period.

The MWAs may designate staff to conduct the reviews at either the administrative or contracted service-provider levels. The case manager assigned to a case file cannot conduct their own review- another peer or supervisor must complete the Internal Controls file checklists. The case file reviews may be completed at any time during the period in which the selected sample is provided.

The JET Program Plans prepared in accordance with BWP PI 07-12 are required to include a description of how the MWAs will implement the quarterly case file review procedure required in this policy. The JET Program Plans should also include an explanation of any other existing or planned Internal Controls for verifying work participation activities that the MWAs already have or intend.

During the review process, the designated staff must complete the attached Data Verification Checklist for every selected participant file. A checklist similar to the one for the submitted TANF Data Verification files will also be used for Internal Controls purposes with an added line for reviewer name and signature. The attached checklist identifies the MWA, participant, review month, and the appropriate documentation used for verification. The checklist also contains a weekly log to complete for each participant. The weekly log records individuals' allowable activity assignments, actual hours of participation in allowable activities, and the dates individuals participated in those activities.

Any case file reviews done involving education and training activity assignments must be carefully scrutinized for alignment with and conformity to the NWLB initiative.

Due to the ongoing implementation of many new procedural requirements, the goal is to have 25 percent or less (or a two file minimum, whichever is greater) of the sampled files contain errors because of inadequate or improper documentation.

Corrective Action

The DLEG/BWP requires that the MWAs themselves take the appropriate actions to correct all errors in sampled files. The MWAs must inform the DLEG/BWP if more than 25 percent (with a two file minimum) of their reviewed case files contain errors or inadequate documentation. The MWAs must also describe the corrective action taken to address the current file errors, and how similar errors will be prevented in the future. When necessary, the BWP and/or the Department of Human Services will provide supplementary

instruction and technical assistance to counties and providers to ensure that the most serious documentation deficiencies are addressed and corrected.

Reporting

Following the completion of the quarterly case file reviews, the MWAs must prepare and submit summary reports of their findings to the BWP. The reports will include identification of which files were reviewed, whether or not adequate documentation existed for those files, and the total error rate for the sample. A sample reporting-sheet is attached for reference. The Case File Review Summary Reports are due to the BWP within ten business days of the conclusion of the assigned quarter.

The Interim TANF Regulations require that the state adequately maintain all pertinent findings produced through its Internal Control processes, and make the findings available for use by any Federal Administration for Children and Families and other auditors in their reviews of the state's work participation data. Therefore, the MWAs have to ensure that all actual Internal Controls Case Review Checklists, summary reports, and any other formally conducted file-monitoring results are organized and readily accessible upon request.

Action: MWAs shall take the appropriate actions necessary to implement the directives of this policy. MWA officials shall ensure the information contained in this policy is disseminated to all appropriate staff.

MWAs shall submit the required quarterly file summary reports to:

Ms. Dell Alston, Director
Program Development Division
Bureau of Workforce Programs
Michigan Department of Labor & Economic Growth
Victor Office Center
201 North Washington Square, Fifth Floor
Lansing, Michigan 48913

Inquiries: Questions regarding this policy should be directed to Ms. Alston at (517) 335-5858.

The information contained in this policy will be made available in alternative format (large type, audio tape, etc.) upon request to this office.

Expiration

Date: Continuing

JH:NO:kb
Attachments

TANF Participation Internal Controls File Review Checklist [Example]

MWA/Review Month _____

Participant Name/ID Number _____

The following MIS Screens Were Reviewed:

- ____ Activities Screen
- ____ Case Notes
- ____ Participant History

Activities Support Documentation:

- ____ No Show/Not Active
- ____ Job Search Log
- ____ Attendance Sheet
- ____ Supervision Documentation
- ____ Employment Verification
- ____ Check Stubs
- ____ Self-Employment Records

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	
Dates	MIS Code Actual Hours	MIS Code Actual Hours	MIS Code Actual Hours	Verified Weekly Actual Hours				
Week 1								
Week 2								
Week 3								
Week 4								
Week 5								

***Comments/Corrective Action Taken**

Reviewer Name: _____

Reviewer Signature: _____

