

**STATE OF NEW HAMPSHIRE
JOB OPPORTUNITIES AND BASIC SKILLS
TRAINING PROGRAM**

**PERFORMANCE AUDIT REPORT
MAY 1997**

TO THE FISCAL COMMITTEE OF THE GENERAL COURT:

We have conducted an audit of the New Hampshire Job Opportunities and Basic Skills (JOBS) Training Program and its management by the Office of Economic Services, Division of Human Services to address the recommendation made to you by the joint Legislative Performance Audit and Oversight Committee. This audit was conducted in accordance with generally accepted governmental auditing standards and accordingly included such procedures as we considered necessary in the circumstances.

The objectives of our audit were to determine whether the management control structure sufficiently minimizes the potential for waste, fraud, and abuse to occur; evaluate the effectiveness of the program in helping public assistance recipients to achieve self-sufficiency; ascertain how education, employment, and training services are decided, provided, and accessed; and determine the effectiveness of support services in ensuring participation in the JOBS program.

This report is the result of our evaluation of the information noted above and is intended solely to inform the Fiscal Committee of our findings and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which upon acceptance by the Fiscal Committee is a matter of public record.

Office of Legislative Budget Assistant
OFFICE OF LEGISLATIVE BUDGET ASSISTANT

May 1997

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ABBREVIATIONS

AFDC	Aid to Families with Dependent Children
DHS	Division of Human Services
DHHS	Department of Health and Human Services
DOE	New Hampshire Department of Education
GED	General Education Development
JOBS	Job Opportunities and Basic Skills Training Program
JTC	New Hampshire Job Training Private Industry Council, Inc.
NHEP	New Hampshire Employment Program
NHES	New Hampshire Employment Security
NHIFS	New Hampshire Integrated Financial System
OES	Office of Economic Services
TANF	Temporary Assistance for Needy Families

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**STATE OF NEW HAMPSHIRE
JOB OPPORTUNITIES AND BASIC SKILLS
TRAINING PROGRAM**

RECOMMENDATION SUMMARY

OBSERVATION NUMBER	PAGE	LEGISLATIVE ACTION REQUIRED	RECOMMENDATION	AGENCY RESPONSE
1	21	NO	Make integration and communication a high priority when developing computer systems.	Concur
2	24	NO	Develop and implement outcome-based performance measures; ensure information systems capture performance measures and generate accurate and reliable reports.	Concur
3	29	NO	Develop and implement detailed written policies and procedures; provide training to staff; develop an on-line data entry capability; develop a tracking system to ensure error rejected forms are corrected.	Concur
4	32	NO	Strengthen procedures to ensure data is timely and accurate; protect spreadsheet formulas to guard against inadvertent or unauthorized manipulation.	Concur
5	34	NO	Evaluate funding needs; charge expenditures only to appropriate account codes in the State's accounting system.	Concur

RECOMMENDATION SUMMARY (Continued)

OBSERVATION NUMBER	PAGE	LEGISLATIVE ACTION REQUIRED	RECOMMENDATION	AGENCY RESPONSE
6	37	NO	Restore annual support services reviews of each district office; ensure district office officials respond to review findings.	Concur
7	40	NO	Increase monitoring of non-contracted child care billing; provide training to staff regarding child care eligibility and billing procedures; develop and implement controls over child care payments.	Concur
8	42	NO	Pay child care providers directly.	Concur
9	43	NO	Develop and implement stronger policies and procedures for reviewing and authorizing transportation reimbursement invoices at the district office level; improve the transportation reimbursement invoice.	Concur
10	46	NO	Develop and implement policies and procedures to review services of non-academic enrolled providers.	Concur
11	47	NO	Develop a detailed written procedures manual for the new employment program.	Concur

RECOMMENDATION SUMMARY (Continued)

OBSERVATION NUMBER	PAGE	LEGISLATIVE ACTION REQUIRED	RECOMMENDATION	AGENCY RESPONSE
12	50	NO	Include required certification in contracts.	Concur
13	51	NO	Develop procedures to verify results forms are completed by service providers before payment is made; ensure planned computer systems are designed to process only authorized bills.	Concur
14	53	NO	Include detailed descriptions of services in future DOE contracts; require DOE to ensure adult basic education instructors are adequately qualified in future contracts; require standardized testing of adult basic education students.	Concur
15	55	NO	Develop policies and procedures to ensure information systems are used to review and approve DOE invoices; require student data such as attendance records and test scores to be submitted.	Concur

STATE OF NEW HAMPSHIRE JOB OPPORTUNITIES AND BASIC SKILLS TRAINING PROGRAM

1. INTRODUCTION

1.1 Overview

THE FEDERAL JOBS PROGRAM

The Family Support Act of 1988 (Public Law 100-485) established the Job Opportunities and Basic Skills Training Program (federal JOBS program). The federal JOBS program consolidated and expanded authority for the education, training, and work programs contained in Aid to Families with Dependent Children (AFDC) (Title IV-A) and the Work Incentive Program (Title IV-C) of the Social Security Act. The federal JOBS program was a required component of the federally-sponsored and state-administered entitlement program, AFDC, which provided financial assistance to needy families with dependent children.

The intent of the federal JOBS program was to provide an effective nationwide welfare-to-work program that would help families avoid long-term welfare dependency. Participation in the federal JOBS program was mandatory for all AFDC recipients. However, recipients were exempt if they met one of the following conditions:

- Were under 16 or over 60 years of age;
- Were four or more months pregnant;
- The recipient or another household member was ill or incapacitated and required care;
- Worked more than 30 hours per week;
- Attended school full-time; or
- Provided care for a dependent child under age three.

Exempt recipients could volunteer for participation in the federal JOBS program. Reductions in AFDC payments could be taken against non-exempt individuals who failed to participate in the program.

The federal JOBS program made available payment for education, training, child care, and transportation costs for participants to prepare for, accept, and retain employment. All state JOBS programs were required to provide the following components:

- **Educational services** – Designed to provide minimum competencies required for employment. Educational services included appropriate high school education or preparation for a high school equivalency certificate, basic and remedial education, and education in English proficiency.

1. INTRODUCTION (Continued)

1.1 Overview (Continued)

- **Job skills training** – This service provided vocational training and education for skills in a particular occupation and also included classroom training and tuition assistance.
- **Job readiness activities** – This service assisted participants in preparing for work by familiarizing them with workplace expectations, behavior, and attitudes necessary for success. It included job readiness assessments and testing, resume preparation, resolution of barriers to employment, and interview techniques.
- **Job development and placement** – Job development services assisted public or private employers in creating unsubsidized positions for AFDC recipients. Job placement marketed AFDC recipients to employers for open positions.

States also needed to include at least two of four optional components:

- **Group and individual job search** – This service provided counseling, job seeking skills training, information dissemination, and support to participants.
- **On-the-job training** – Skills were imparted to participants while working for a public or private employer. States reimbursed the employer for a portion of the wages paid in recognition of training provided.
- **Community work experience** – Provided work experience and training in positions serving a public interest to participants otherwise unable to obtain employment.
- **Work supplementation** – Allowed states to redirect AFDC funds for the purpose of developing and subsidizing jobs as an alternative to direct financial assistance.

States also had the option of allowing AFDC clients to enroll in postsecondary education programs. In addition, states were required to provide support services, such as child care, transportation, and other work-related expenses, to JOBS participants.

NEW HAMPSHIRE JOBS PROGRAM

The New Hampshire Job Opportunities and Basic Skills (JOBS) Training Program was implemented in 1989. The JOBS program offered all of the required components of the federal JOBS program as well as job search, on-the-job training, community work experience, and postsecondary education. The JOBS program provided many of these services through contracts with New Hampshire Employment Security (NHES), Department of Education (DOE), Job Training Private Industry Council (JTC), Tri-County

1. INTRODUCTION (Continued)

1.1 Overview (Continued)

Community Action Program, and Second Start. There was also a contract with the University of New Hampshire Cooperative Extension for the last quarter of State fiscal year 1993. The JOBS program also used some organizations, institutions, and individuals to provide educational and training services to JOBS participants on a case-by-case basis.

WELFARE REFORM

Over the past several years, welfare reform at both the State and federal levels has resulted in changes to the JOBS program. These changes at the State level started in May of 1994 with the Governor establishing the State Welfare Reform Council in Executive Order Number 94-2. The State Welfare Reform Council was charged with the responsibility to reform the New Hampshire welfare system, decrease the cost of public assistance, and encourage personal responsibility within the system.

The New Hampshire Employment Program (NHEP) began as a concept paper presented to the Governor in January of 1995. By March of 1995, a pilot program was started in Laconia called the Plan for Independence. NHEP was established in 1995 (New Hampshire Laws, Chapter 310:62) to promote employment by offering employment services, support services, and transitional financial assistance to assist able-bodied individuals with dependent children in moving quickly towards employment. NHEP is a joint effort of DHS, NHES, and JTC.

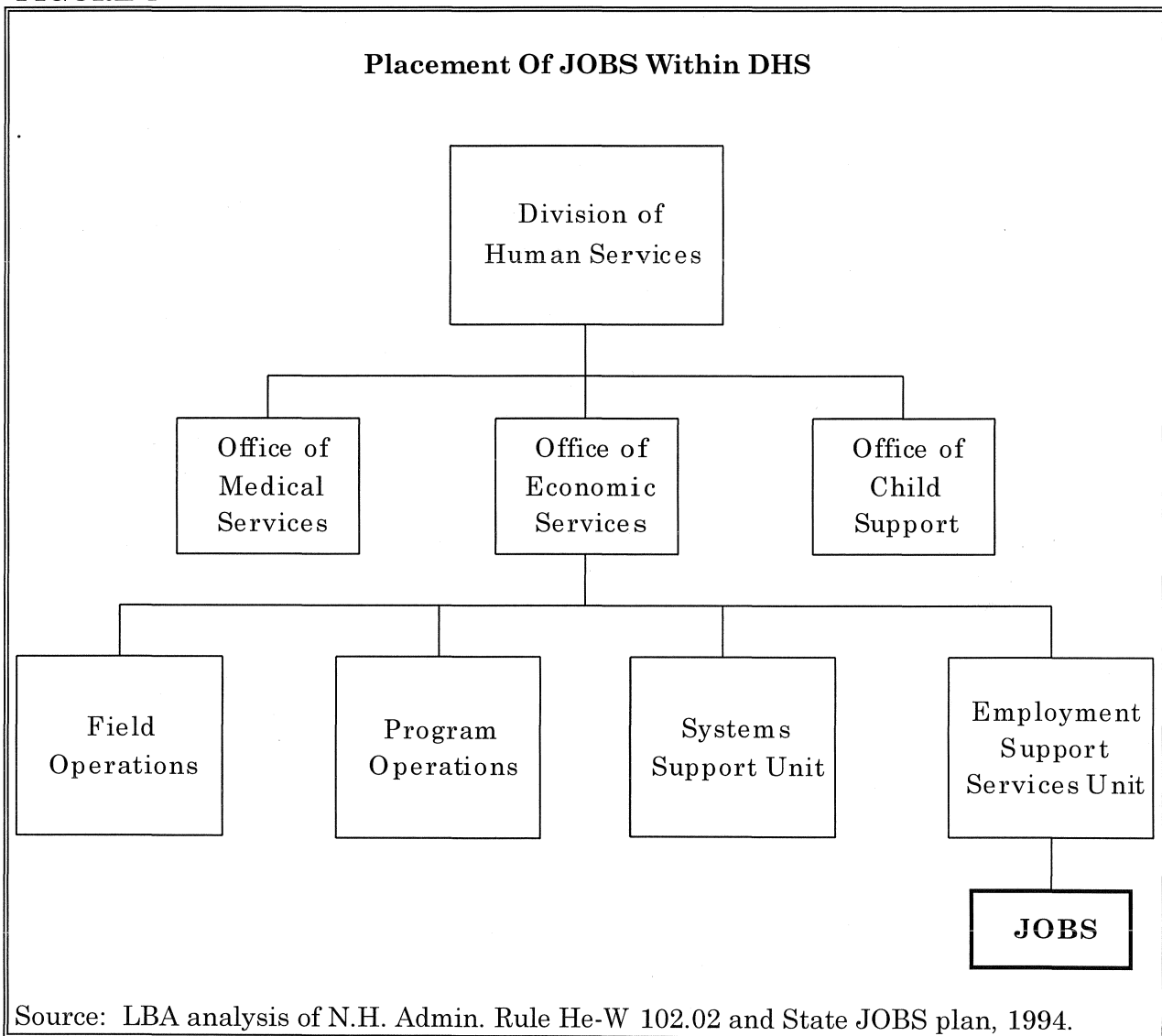
At the federal level the State submitted waivers in 1995 to the U.S. Department of Health and Human Services (DHHS) to replace elements of the JOBS program with NHEP. New Hampshire submitted 65 waivers to the U.S. DHHS and in June of 1996 thirty-three were accepted. Since the passage of the legislation and acceptance of waivers by the federal government, NHEP has been phased-in throughout the State. In August of 1996 the federal JOBS program and AFDC were replaced by the Temporary Assistance for Needy Families (TANF) program found in The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193). Two months later, in October, New Hampshire implemented these changes. The stated purpose of TANF is to provide assistance to needy families; end dependence on government benefits by promoting job preparation, work, and marriage; prevent and reduce the incidences of out-of-wedlock pregnancies; and encourage the formation and maintenance of two-parent families. This law overhauls the welfare system and programs at the federal level and allows more flexibility to the states. Under TANF welfare is no longer an entitlement. There are time limits on participants receiving benefits and states receive block grants to fund their welfare programs.

1. INTRODUCTION (Continued)

1.2 Organization And Management

The JOBS program in New Hampshire was administered by the Employment Support Services Unit of the Office of Economic Services (OES) within the Division of Human Services (DHS) (Figure 4). During the audit period, the Employment Support Services Unit was also responsible for the Food Stamp job search program, contracted support services such as child care, and associated incidental costs including transportation, books, supplies, mandatory fees, and tuition assistance. Support functions such as data entry, computer operations, and program analysis were provided by other DHS units such as the Bureau of Data Management and the Systems Support Unit.

FIGURE 4



1. INTRODUCTION (Continued)

1.2 Organization And Management (Continued)

The DHS central administrative office is located in Concord and services are provided locally in 12 district offices: Berlin, Claremont, Concord, Conway, Keene, Laconia, Littleton, Manchester, Nashua, Portsmouth, Rochester, and Salem. A district office located in Dover closed in December 1995. District social workers are supervised by OES supervisors located in the district offices. During most of the audit period, the JOBS program was administered in the DHS district offices by OES staff. As NHEP was being phased in, NHEP teams consisting of OES district office social workers, JTC case managers, and NHES employment counselors were co-located to NHES field offices.

The Manchester district office had the highest number of JOBS cases assigned with an average of 914 cases (Table 3). The next highest district office was Nashua with an average of 549 cases, followed by Concord with 469 cases, and Rochester with 390 cases. The district office with the fewest cases was Littleton with 106 cases. Despite the wide variance in the number of cases, most district offices had only one social worker assigned to JOBS. Manchester and Nashua district offices had an additional social worker assigned to JOBS at some point during the audit period.

TABLE 3

Average JOBS Caseload By District Office (As Of June 30, 1991 - June 30, 1996)	
District Office	Caseload
Manchester	914
Nashua	549
Concord	469
Rochester	390
Claremont	367
Portsmouth	361
Keene	283
Laconia	249
Conway	193
Berlin	177
Salem	170
Dover	122
Littleton	106

Note: The Dover district office closed December 1995.
Source: LBA analysis of DHS data.

1. INTRODUCTION (Continued)

1.3 Scope, Objectives, And Methodology

We performed our audit of the JOBS program consistent with recommendations made to the Fiscal Committee by the joint Legislative Performance Audit Oversight Committee. This performance audit was conducted in accordance with generally accepted governmental auditing standards and accordingly included such procedures as we considered necessary in the circumstances.

SCOPE AND OBJECTIVES

This report describes and analyzes the organization, management, and control structures of the JOBS program during State fiscal years 1991 through 1996. Although changes that have occurred during fiscal year 1997 are in some cases taken into account, the primary focus of this performance audit remains within the identified audit period. Our audit addresses the following specific objectives:

- Assess the management control structure for the JOBS program;
- Evaluate the effectiveness of the JOBS program in helping public assistance recipients to achieve self-sufficiency;
- Determine how education, employment, and training services are decided, provided, and accessed; and
- Evaluate the effectiveness of support services in ensuring participation in the JOBS program.

METHODOLOGY

To obtain background information and develop an overall understanding of the federal JOBS program, we examined federal statutes and regulations. We reviewed reports, journal articles, audits, and research papers published by governmental and non-governmental organizations including the National Commission for Employment Policy, the Manpower Demonstration Research Corporation, the U.S. General Accounting Office, and various states including Montana, New York, Michigan, Utah, and California. We also conducted a limited search through the Internet for JOBS-related information.

To obtain background information about the New Hampshire JOBS program, we used two basic methods. First, we conducted interviews with Employment Support Services staff and other selected OES management and staff. Second, we reviewed New Hampshire statutes and administrative rules, organization charts, the New Hampshire Family Assistance Manual, and DHS and the Employment Support Services annual reports.

1. INTRODUCTION (Continued)

1.3 Scope, Objectives, And Methodology (Continued)

To obtain information to accomplish the audit objectives, we:

- Conducted 96 structured interviews with 67 managers and staff from DHS (which included: OES, Employment Support Services, System Support Unit, Bureau of Data Management, Office of Special Investigations, and all the district offices), DOE, JTC, Tri-County Community Action Program, and NHES;
- Reviewed management reports, contracts and agreements, correspondences, provider annual reports, and support services reviews;
- Analyzed financial information recorded and reported in the State's accounting system, DHHS cost allocation worksheets and federal financial reports;
- Surveyed a total of 22 OES district office staff from all twelve district offices;
- Conducted a limited review of JOBS case files located in two district offices; and
- Analyzed Eligibility Management System data.

1.4 Report Outline

The remaining chapters of the report present our analysis of areas in the program's management needing improvement. Chapter 2 contains observations regarding information system capabilities and outcome measurements. Chapter 3 discusses management controls over JOBS support services. Chapter 4 contains observations regarding contract management. Finally, Chapter 5 discusses our conclusions regarding the condition of the JOBS Program.

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STATE OF NEW HAMPSHIRE JOB OPPORTUNITIES AND BASIC SKILLS TRAINING PROGRAM

2. INFORMATION MANAGEMENT

Good information is essential for efficient and effective program management. A lack of program information or inaccurate data gives program managers and others a misleading account of a program's performance. Without complete, accurate, and timely financial and programmatic information the likelihood of mismanagement, fraud, waste, and abuse increases. We identified weaknesses with the JOBS management information system and data which affected Office of Economic Services (OES) ability to efficiently and effectively manage the JOBS program. For example, OES did not collect outcome data to monitor the JOBS program and measure its success. Further, the reporting of data was hindered by incomplete data collection and by an error-prone reporting system. In addition, the systematic charging of expenditures to inappropriate account codes both within and outside the JOBS program in the State's accounting system was another indication of poor management of program information.

2.1 Management Information Systems

A management information system takes raw data and transforms it into useful information for decision making purposes. Management information systems are typically computer-based but may also involve manual procedures. Sound management practices require the use of computer technology that provides necessary and reliable information to management in a usable format. As an administrative support function, a management information system should facilitate effective and efficient operations so an organization can meet its own needs and also the needs and demands placed on it by external users. We found major computer systems were not integrated. This hampered management's ability to monitor the JOBS program.

Observation No. 1

Better Communication Among Computer Systems Needed

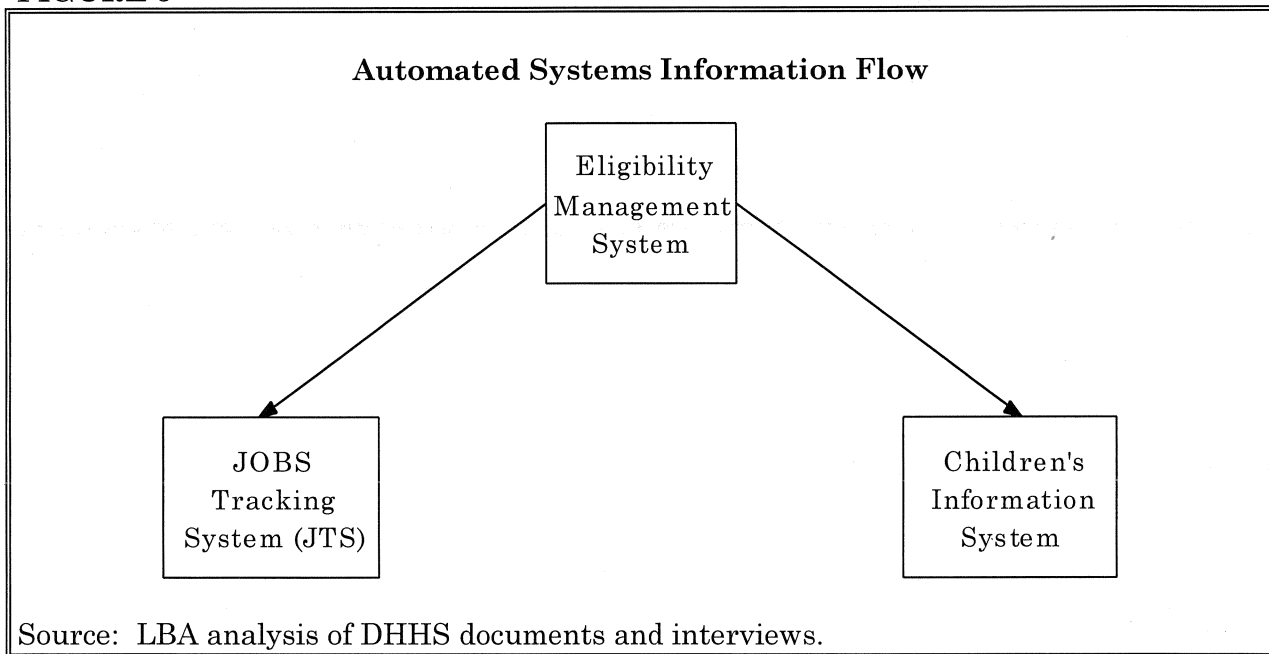
The three primary computer systems used by OES to administer the JOBS program did not communicate effectively and efficiently with one another. For example, the Eligibility Management System provides information to the Children's Information System but the Children's Information System does not provide information to the Eligibility Management System. The Eligibility Management System communicates with the JOBS Tracking System but the JOBS Tracking System does not provide information to the Eligibility Management System. The Children's Information System and the JOBS Tracking System do not directly communicate at all. Figure 5 on page 22 shows the flow of information among the systems.

2. INFORMATION MANAGEMENT (Continued)

2.1 Management Information Systems (Continued)

Observation No. 1: Better Communication Among Computer Systems Needed (Continued)

FIGURE 5



Implemented in 1978, the Eligibility Management System is the central computer system used department-wide for processing all public assistance cases. It contains detailed demographic, income, eligibility, and benefit information. Although the Children's Information System, implemented in 1986, is primarily used by the Division for Children, Youth, and Families as a payment processing system, it is also used by OES for processing of JOBS-related payments. The JOBS program used the Children's Information System to process payments for items such as fees, supplies, child care, and transportation. The JOBS Tracking System, implemented in 1993, was originally designed as a case management tool for the JOBS program. However, the case management functions were never completed so it was used only to track participation in JOBS activities.

An organization should be able to access internal electronic information with ease. The inability of these various systems to communicate effectively has resulted in several weaknesses. For example, invoices submitted for payment can not be matched electronically with authorizations for verification purposes because the Children's Information System and JOBS Tracking System do not communicate. In addition, the use of different, incompatible computer systems leads to inefficiencies such as duplication of effort.

2. INFORMATION MANAGEMENT (Continued)

2.1 Management Information Systems (Continued)

Observation No. 1: Better Communication Among Computer Systems Needed (Continued)

RECOMMENDATION:

We recommend New Hampshire DHHS place integration and communication issues in the highest priority when developing its next generation of computer systems.

AUDITEE RESPONSE:

We concur with this observation.

The Department of Health and Human Services (DHHS) has placed the highest priority on the use of advanced technologies to improve the management and oversight of service delivery and payments. Three major projects are underway that seek to integrate and automate all data interfaces which will enhance program management capability and will provide better communication among computer systems.

- *DATA WAREHOUSING: this project will establish a fully integrated set of data from multiple operational stores for program administration, oversight, research, analysis, and program development. Data Warehousing is a process of collecting, organizing and making available data by providing efficient, flexible methods for data storage, retrieval and usage. Installation of the software begins in July 1997 and all divisions will have access to use this management tool by the end of FY98.*
- *NH BRIDGES: this project will provide a child welfare management system. It will also incorporate the existing Children's Information System (CIS) claims payment functionality and interface with other systems, thereby improving provider payments for both child care and JOBS support services as well as providing accurate and timely data and reports to better manage services and payments. This project will be fully functional by September 1997.*
- *NEW HEIGHTS: this project will provide a new application which will replace the DHHS 20 year old welfare delivery system known as the Eligibility Management System (EMS) as well as the JOBS Tracking System (JTS). New HEIGHTS will support a variety of OES initiatives under welfare reform. The design, development and implementation of New HEIGHTS will improve service delivery, data collection and reporting, and program management. This system will provide the DHHS with*

2. INFORMATION MANAGEMENT (Continued)

2.1 Management Information Systems (Continued)

Observation No. 1: Better Communication Among Computer Systems Needed (Continued)

the capability to electronically match invoices, activities, authorizations and payments. This phase-in of New HEIGHTS will commence during late summer 1998 and will be fully functional statewide by the end of 1998.

2.2 Outcome Measurements

We set out to determine the effectiveness of the JOBS program by comparing services utilized by participants to outcomes. We were interested in the success of various services, such as adult basic education, postsecondary education, and job training in helping participants become self-sufficient. We were unable to evaluate the effectiveness of the JOBS program because outcome-based program data were not adequately collected. OES officials told us outcome-based measurements were not collected because the federal government had not required such data.

Observation No. 2

Outcome-Based Performance Measures Needed

We found little reliable data regarding the effectiveness of the JOBS program. Since the early 1990s, the JOBS Tracking System has been capable of collecting basic employment information such as date of employment, type of job, and starting wage. However, OES did not regularly capture employment and hourly wages in case files or on the JOBS Tracking System. Although OES maintains information on the reason for Aid to Families with Dependent Children (AFDC) case closure, data related to participation in JOBS has not been consistently captured. The Employment Support Services Unit 1994 Annual Report cited the "continued lack of outcome data to measure program effectiveness" as a problem.

Outcome-based performance measures should be used to assess the status of individuals at termination or at some point following termination from a program. Outcome-based performance measures could provide management with information to evaluate program effectiveness. OES officials acknowledged outcome-based performance data were not collected. OES officials stated they were not required by the federal government to collect the data. In their opinion that was a major weakness of the JOBS program. In fact, the U.S. Department of Health and Human Services was supposed to promulgate outcome measurements for the JOBS program in 1993, but it has never done so. OES did request a waiver from the federal government to measure the New Hampshire Employment Program (NHEP) effectiveness using outcome measurements in place of the participation rates established by the federal government. The waiver included measurements such as:

2. INFORMATION MANAGEMENT (Continued)

2.2 Outcome Measurements (Continued)

Observation No. 2: Outcome-Based Performance Measures Needed (Continued)

- Number of participants in employment-related activities;
- Number of work placements;
- Benefit packages of placed clients;
- Hourly wages of placed clients;
- Number of individuals diverted from public assistance due to work placement or child support intervention;
- Return to assistance of placed clients;
- Amount of the average grant;
- Average length of time on assistance;
- Earnings gained over 1 year; and
- Shifting of expenditures from financial grants to employment support services.

However, this specific waiver was not granted by the federal government. To strengthen its collection of employment information OES began tracking information starting in the fall of 1996.

Good public management practices require program managers to know how well a program is running and if it is obtaining the desired results. Although the federal government did not require state JOBS programs to collect outcome data, many states developed outcome-based performance measures for their JOBS programs. According to a 1995 U.S. General Accounting Office report, "Nearly all states use some information on participant outcomes to manage their individual programs...at least in part to demonstrate to their state legislatures that program objectives are being achieved, a majority of states monitor the number of JOBS participants entering employment and hourly wages at hire." JOBS programs in other states most often used the following performance indicators: earnings or wage at placement, number of individuals who entered employment, number of months employed, educational credentials, and number of persons served.

Without accurate and reliable outcome-based performance measures, OES managers and the General Court have no way of determining conclusively whether or not New Hampshire's JOBS program accomplished its goal of helping participants in becoming self-sufficient.

RECOMMENDATION:

We recommend OES:

2. INFORMATION MANAGEMENT (Continued)

2.2 Outcome Measurements (Continued)

Observation No. 2: Outcome-Based Performance Measures Needed (Continued)

- Develop and implement accurate and reliable outcome-based performance measures including those commonly used nationwide; and
- Ensure current and future information tracking systems are able to capture outcome-based performance measures and generate accurate and reliable monitoring reports.

AUDITEE RESPONSE:

We concur with this observation.

- *The federal government measured state JOBS performance by establishing and monitoring participation rates; participation rates were the only performance measure required under the Family Support Act legislation that created the JOBS program. New Hampshire exceeded the participation rates legislated by Congress by 100% - 200% every year (see Table 1 on page 4 in the Summary section).*
- *While the need for outcome-based reporting has long been discussed at the federal level, the new welfare reform legislation enacted in August 1996 (P.L. 104-193) still reflects the use of participation rates as the primary measure of performance.*
- *Notwithstanding the lack of required outcome data, reports were created to track and report two key program outcomes: cases closed on financial assistance due to earnings and the percent of cases with employment.*
- *DHHS did seek approval from the Federal Government in September 1995 to measure and report JOBS program effectiveness and outcomes through the use of measures other than participation rates. The Federal Government denied this waiver request.*
- *With the enactment of the Temporary Assistance for Needy Families (TANF) Program in August 1996, NH finally had the authority to look at other outcomes in addition to participation. In May 1997 DHHS was selected through a competitive bid process to receive a planning grant from the Administration for Children and Families to develop and implement an evaluation plan to assess the impact, processes, and outcomes of the new TANF program. By name and definition, the new program, the New Hampshire Employment Program (NHEP), reflects the commitment and focus on measurable program outcomes, namely, employment and self-sufficiency.*

2. INFORMATION MANAGEMENT (Continued)

2.3 Reporting Process

The JOBS Tracking System was one of the primary computer systems used by OES. Its main purpose was to collect and report program participation which was used to calculate financial information for the federal government. Although initially designed as a case management tool, the JOBS Tracking System primarily captured JOBS clients participation in various activities such as job search, adult basic education, and employment. District office employees used two forms to record most JOBS activities. The Interagency Referral/Work Registration Form (referral form) referred JOBS clients to service providers such as New Hampshire Employment Security (NHES) and the Department of Education (DOE). The Return Results Report (results form) notified OES district office employees of a client's status with the various service providers. When the referral and results forms were completed, they were sent to the Bureau of Data Management in Concord to be keyed into the JOBS Tracking System.

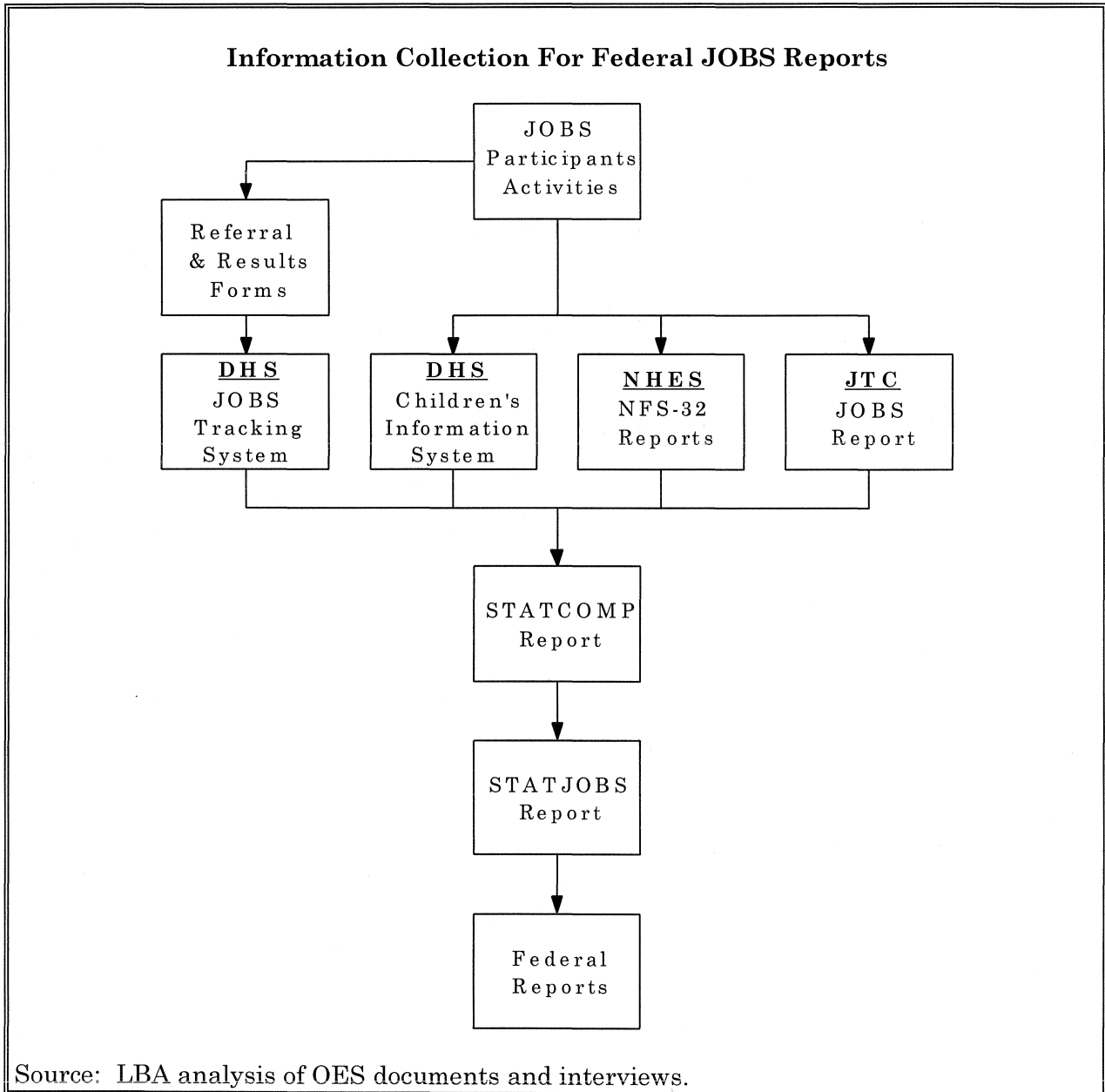
The JOBS reporting process relied on data collected from OES information systems and reports from other agencies. OES relied on its JOBS Tracking System and the Children's Information System. Because the JOBS Tracking System was not fully implemented until 1993, OES relied on reports from other agencies to collect most program participation data. The reporting system was based on electronic spreadsheets which produced managerial reports called STATCOMP and STATJOBS. STATCOMP calculated the number of participants in various JOBS activities, such as assessment, educational activities, JOBS skills training, postsecondary education, job search, and employment. STATCOMP was created by combining data from the Division of Human Services (the JOBS Tracking System and the Children's Information System), NHES, and JTC. STATCOMP data was then entered into STATJOBS. STATJOBS contained statewide and district office totals for these JOBS activities. The managerial reports were then used to produce required federal status reports. See Figure 6 on page 28 for a flowchart on the collection and reporting of JOBS data.

We identified several weaknesses in the JOBS Tracking System and the reporting process. We found the JOBS Tracking System was incomplete primarily due to referral and results forms not being consistently entered. We found STATCOMP and STATJOBS data were not timely and were prone to errors. As a result of these weaknesses the system was not providing timely or accurate information to OES management, the State, and the federal government. The JOBS Tracking System was capable of collecting and reporting on JOBS participants' initial employment information, such as employer, wage, occupation code, start date, and hours per week. However, delayed implementation, poor data collection, and insufficient management oversight greatly hampered the ability to measure the success of the JOBS program.

2. INFORMATION MANAGEMENT (Continued)

2.3 Reporting Process (Continued)

FIGURE 6



2. INFORMATION MANAGEMENT (Continued)

2.3 Reporting Process (Continued)

Observation No. 3

Ensure Complete And Accurate JOBS Tracking System Data

Information in the JOBS Tracking System was incomplete for the six year audit period. Before the JOBS Tracking System was implemented in 1993, data for federal reporting purposes was gathered manually. OES developed the JOBS Tracking System in response to a federal agency review of New Hampshire's JOBS program in 1991. The review found the program lacked: a comprehensive data gathering and reporting system, documentation of client status and extent of involvement in the JOBS program, and the ability to electronically capture information to effectively and efficiently manage the JOBS program. The federal review stated further, "Current data collection and reporting methods have restricted management's ability to plan and design component activities, limited the agency's ability to meet federal reporting requirements and could threaten the State's enhanced federal funding for JOBS."

According to OES staff, program information prior to 1995 was incomplete because not all data were collected, submitted, or keyed into the JOBS Tracking System. OES employees estimated the JOBS Tracking System contained approximately 75 percent of the referral forms. However, many corresponding results forms were not included in the JOBS Tracking System because they were not completed or submitted as consistently as the referral forms. A March 1996 DHHS report entitled "Current Systems Assessment" identified a number of weaknesses with the JOBS Tracking System including: reliance upon the Bureau of Data Management rather than on-line data entry by district offices; incomplete, inaccurate, and out-of-date information; and the production of reports used for federal reporting purposes that are not accurate or complete. Support services reviews conducted by OES between 1992 and 1995 also found problems with missing forms. Over the past several years, OES reviewed 248 files representing all district offices. Of the 248 files reviewed, 19 did not have referral forms in the files and 29 did not have results forms. Our limited file review conducted in two district offices found similar problems.

Because information from the referral and results forms was not keyed into a database in the early years, district office personnel did not diligently submit the forms. District office personnel viewed the forms as communication tools and did not consider them important for performance tracking purposes. OES and NHES staff indicated that a lack of training on the use of the forms resulted in their improper use.

Another source of lost client activity information was a result of error rejected forms not being corrected. When Bureau of Data Management staff were unable to read or understand the information contained on referral or results forms, or the system rejected

2. INFORMATION MANAGEMENT (Continued)

2.3 Reporting Process (Continued)

Observation No. 3: Ensure Complete And Accurate JOBS Tracking System Data (Continued)

the forms as incomplete, the forms were sent back to the district office without any of the data being entered into the JOBS Tracking System. District office staff were supposed to review the rejected forms, make necessary corrections, and resubmit the forms to the Bureau of Data Management. Although forms with errors were sent back to the district offices for corrections, some were never resubmitted with the corrected information. Some OES and NHES staff stated the forms with error rejections were ignored or thrown away in the past. OES staff indicated error rejected forms were not a priority. OES and NHES staff also indicated there was a lack of training on how to properly complete the forms and correct errors.

OES recognized deficiencies with the JOBS Tracking System and is correcting them. Several OES staff have been involved with "cleaning up" the JOBS Tracking System since November 1995. The purpose of this project was to enter information into the JOBS Tracking System that had not previously been entered. Clean up project team members were also providing training to field staff on the importance of completing the referral and results forms, filing the correct copies, and sending the copies to the appropriate places so information is up-to-date in case files and on the JOBS Tracking System. OES is also requiring district offices to track the forms by using a manual logging system. In one large district office a comprehensive manual system is being used, and in another, a computerized logging system is being developed. Error rejected forms were required to be sent to the OES State office in Concord to ensure corrections are completed. According to NHEP team members, error rejected forms are now being completed by NHEP teams.

OES needed complete, accurate, and reliable program data to properly manage and report on the JOBS program. The referral and results forms needed to be used consistently and correctly to monitor and track client participation in JOBS activities. This information then had to be accurately and completely entered into the JOBS Tracking System in a timely manner. Without complete, accurate, and reliable data OES management could not determine the effectiveness of the JOBS program.

RECOMMENDATION:

We recommend OES:

- **Develop and implement detailed written policies and procedures on the use of all forms for OES staff and NHEP team members;**
- **Continue to provide additional training to staff involved with the employment programs so they understand the purpose and use of forms;**

2. INFORMATION MANAGEMENT (Continued)

2.3 Reporting Process (Continued)

Observation No. 3: Ensure Complete And Accurate JOBS Tracking System Data (Continued)

- Develop an on-line data entry capability (or ensure one is present in any future automated system) for field staff so program information can be entered accurately and timely into the automated system thereby minimizing errors and maximizing data capture; and
- If current procedures are relied upon, develop a tracking system to ensure error rejected forms are corrected and resubmitted timely.

AUDITEE RESPONSE:

We concur with this observation.

Corrective actions to improve the completeness and accuracy of JOBS Tracking System (JTS) data began in 1995 and were completed during the first quarter of FY96. These include:

- *Establishing a tracking system to ensure that the data from referral forms and results forms are stored on the JTS;*
- *Conducting a "clean-up" project to correct data discrepancies; and*
- *Developing periodic reports to maintain and monitor the integrity of the JTS data.*

Corrective action to ensure corrected forms are resubmitted has been implemented. Procedural issues have been addressed and a monitoring system has been implemented. The following specific actions have been taken:

- *All referral forms are directed to the NHEP teams by fax at the time of referral. Previously, referral forms were directed to multiple outside agencies by mail.*
- *The NHEP teams log the receipt of all referral forms.*
- *The NHEP teams reconcile the referral form logs with the data on the JTS each month to capture all referrals on the JTS.*
- *The results forms originate only from the NHEP team. Previously the results forms originated from multiple outside agencies.*
- *The NHEP teams log all results forms sent to the Bureau of Data Management.*
- *The NHEP teams reconcile results form logs with the data on the JTS each month to ensure that all referrals are captured on the JTS.*
- *A personal computer data base has been developed to automate the referral and results form log process to detect most errors.*
- *Reports have been developed to track the integrity of the JTS data.*

2. INFORMATION MANAGEMENT (Continued)

2.3 Reporting Process (Continued)

Observation No. 3: Ensure Complete And Accurate JOBS Tracking System Data (Continued)

In October 1998, implementation of New HEIGHTS will include replacement of the JTS. In addition to the corrective actions described above, the implementation of the New HEIGHTS system will further improve JTS. The following features of the New Heights systems will ensure that system data is complete:

- *The referrals from the case technician to the NHEP teams will be electronic, eliminating the possibility of missing referral data.*
- *The NHEP teams will enter data directly into the system rather than from data entry forms.*
- *Alerts will be electronically generated and sent to NHEP team members when case action is required.*

Observation No. 4

More Timely And Accurate Program Reports Needed

OES reports related to statewide participation in the JOBS program contained errors. We compared data presented in the STATCOMP and STATJOBS reports between calendar years 1991 and 1995 to data presented in a spreadsheet used to calculate these data. Our analysis found discrepancies between the numbers reported and the numbers contained on the spreadsheet. Of the 540 data cells on the spreadsheet, we found 94 data cells (17 percent) showed figures different than those reported.

According to OES, numbers in the spreadsheet differed with numbers reported because: information from other agencies arrived after monthly reports were generated, simple keying errors were found after initial monthly reports were produced, and formulas in the spreadsheet were inadvertently changed. These mistakes were typically found only when OES managers responsible for the JOBS program questioned specific data.

In addition, our review of the STATCOMP and STATJOBS reports also revealed a dramatic increase of JOBS participants in job search and employment activities for the months of November and December of 1992. We traced the erroneous figures to their origin and determined they were taken from the wrong report. Instructions for the preparation of the STATCOMP report were updated sometime after this error occurred. A hand written warning on the typed instructions clearly stated that monthly, not year-to-date, data should have been entered into the STATCOMP report. The inclusion of erroneous figures in the STATCOMP and STATJOBS databases for four years indicates a need for improved

2. INFORMATION MANAGEMENT (Continued)

2.3 Reporting Process (Continued)

Observation No. 4: More Timely And Accurate Program Reports Needed (Continued)

managerial review. OES staff thought these errors may have been caused by a staff member using the wrong report. It is unclear why the substantial increases in job search and employment activities were not questioned and detected by OES management. These errors gave an inaccurate picture of the program's activities. The inflated figures for job search and employment were used in the reports to the federal government documenting JOBS expenditures. In addition, the DHS Annual Report for State fiscal year 1993 overstated the success of the JOBS training program.

RECOMMENDATION:

We recommend OES:

- **Strengthen its procedures to ensure program data is timely and accurate; and**
- **Use protection for spreadsheet formulas to guard against inadvertent or unauthorized manipulation.**

AUDITEE RESPONSE:

We concur with this finding.

- *In November and December 1992, there were major staff transitions in the Office of Economic Services which temporarily disrupted oversight of the preparation of the reports.*
- *The actual errors were for two monthly periods upon which the quarterly monthly report was based. This directly reflected the period during which oversight and management of this function was in transition. Data was keyed manually.*
- *The STATCOMP report was replaced with the JOBS ADMIN report which contains more accurate data obtained from a single source. The resulting report is less error prone than the previously manually compiled report. Further, since November 1995, all new reports have been designed with the formulae embedded in the computer instructions so that errors can be readily identified and corrected. When NH BRIDGES and New HEIGHTS systems are on line in the Fall of 1997 and the last quarter of 1998 respectively, this will become a computer generated report substantially reducing the likelihood of errors. A stronger, redefined management oversight process is now in place which focuses on increased review for accuracy and completeness prior to distribution.*

2. INFORMATION MANAGEMENT (Continued)

2.4 Accounting For Program Costs

Budgeted appropriations are recorded by organization and class code in the New Hampshire Integrated Financial System (NHIFS), the State's accounting system. Appropriations may be increased or decreased by supplemental appropriation warrants. Authority to expend is also increased or decreased by authorized transfers of appropriations between organization and class codes. During our analysis of JOBS program costs, we found actual expenditures were consistently charged to appropriations in organization and class codes other than those budgeted for their intended purpose. Circumventing the appropriations process results in inaccurate NHIFS financial reports. We were unable to perform financial analysis using expenditure amounts reported in NHIFS for the JOBS program organization and class codes.

Observation No. 5

***Ensure Expenditures Are Posted
To Appropriate NHIFS
Accounts***

Costs incurred for the JOBS program for tuition, transportation, and support, such as books and fees, were funded by both State and federal dollars. These costs were budgeted and accounted for in the State's

accounting system in organization code 6127, classes 90, 91, and 92, respectively. Total combined State and federal expenditures charged to the JOBS organization code for tuition, transportation, and support between State fiscal years 1991 and 1996 amounted to \$20.6 million. However, expenditures for the same period reported in the DHS cost allocation plan totaled \$20.3 million. The \$300,000 difference is the net result of the DHS charging actual expenditures of other programs to the JOBS organization code and charging JOBS expenditures to other organization codes.

During the audit period, rather than request transfers of appropriations to adequately fund program costs, DHS charged tuition, transportation, and support costs to inappropriate class and organization codes in NHIFS when funding was insufficient in the appropriate codes to meet the services provided. In addition, expenditures budgeted in other organization codes, such as child care and contract payments to NHES, were charged to the JOBS organization code when funding in those codes was insufficient. Therefore, the expenditures reported in the JOBS organization and class codes in NHIFS do not accurately reflect expenditures incurred for tuition, transportation, and support services. DHS management stated that those codes are not used in the preparation of federal reports or for internal management decisions. However, amounts reported in NHIFS for JOBS program costs are misleading to decision-makers outside DHS.

Since State fiscal year 1991, there have been significant variances between JOBS expenditures reported by DHS in its cost allocation system and expenditures reported in the JOBS organization and class codes in NHIFS. For example, during State fiscal year

2. INFORMATION MANAGEMENT (Continued)

2.4 Accounting For Program Costs (Continued)

Observation No. 5: Ensure Expenditures Are Posted To Appropriate NHIFS Accounts (Continued)

1996 JOBS expenditures reported in organization code 6127 in the State's accounting system totaled \$3,271,815. The amount reported by DHS in its cost allocation system for similar JOBS costs totaled \$3,149,622, a variance of \$122,193. This variance was, for the most part, caused by DHS charging contract payments made to NHES to the JOBS organization code when those contract payments were budgeted elsewhere. As a result of the mispostings to organization and class codes, we were unable to perform meaningful financial analysis of the JOBS program using amounts reported in NHIFS. We were required to rely on amounts reported internally by DHS in its cost allocation worksheets used to prepare federal financial reports. We found no evidence that amounts reported internally by DHS were in error. We were able to reconcile the internally reported amounts to those reported in the Single Audits of Federal Financial Assistance Programs for fiscal years 1991 through 1996.

Since State fiscal year 1991 DHS has charged inappropriate organization and class codes when sufficient funding is not available; it appears DHS did not adequately evaluate and budget for the JOBS program.

RECOMMENDATION:

We recommend DHS better evaluate its funding needs in order to avoid instances of insufficient funding. When such instances occur, transfers of appropriations should be made with required approvals so that expenditures are not charged to inappropriate codes in the State's accounting system. DHS should evaluate its biennial budgeting process to ensure information used to prepare its budget is the most accurate and reflective of program costs.

AUDITEE RESPONSE:

We concur with this observation.

- *The new account and budget restructuring consistent with the re-organization of DHHS has been developed for use beginning July 1, 1997. The distinctions between the accounts have been appropriately addressed to support the administration of the program and to comply with federal regulations. All the accounts support the employment program and participant efforts to gain or maintain employment and respond appropriately to all administrative and regulatory requirements. In the event of future instances of accounts near depletion, required procedures will be followed.*

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STATE OF NEW HAMPSHIRE JOB OPPORTUNITIES AND BASIC SKILLS TRAINING PROGRAM

3. MANAGEMENT CONTROLS

Management controls consist of an agency's methods, policies, and procedures for defining internal work processes, for meeting operational goals, and for ensuring compliance with laws and regulations. Effective management controls are essential to achieve proper conduct of government business with full accountability for the resources made available. Management controls facilitate the achievement of management objectives by serving as checks and balances against undesired actions. Management controls are also intended to ensure that reliable data are obtained, maintained, and fairly disclosed in reports.

We assessed management controls for the JOBS program to determine whether controls were supported by management, timely and consistently applied, and documented. We examined elements of management controls including compliance with laws, rules, policies and procedures, support services reviews, transportation and child care invoices, and review and oversight of enrolled providers. We determined the Office of Economic Services (OES) management control structure needs improvement to ensure more efficient operations and to minimize the potential for fraud, waste, and abuse.

3.1 Support Services Reviews

Support services were available to JOBS participants to help pay for expenses associated with participating in JOBS activities. Support services expenses included:

- Books, fees, and supplies;
- Transportation;
- Tuition;
- Child care during AFDC and after the individual goes off AFDC; and
- Any other support services which were available on a one-time or ongoing basis.

The child care and transportation support services were the most costly for the JOBS program. The total costs of child care and transportation during the audit period were \$26.9 million and \$9.3 million, respectively.

Observation No. 6

Increase Support Services Reviews

OES has not consistently conducted support services reviews to determine whether support services, such as child care and transportation, were properly authorized by the district offices and used appropriately by participants and providers. When performed, support services reviews

3. MANAGEMENT CONTROLS (Continued)

3.1 Support Services Reviews (Continued)

Observation No. 6: Increase Support Services Reviews (Continued)

were useful in identifying problems and needed policy changes. OES has not conducted support services reviews since November 1995. As shown in Table 4, OES conducted 17 support services reviews since 1992 which was well below its goal of reviewing each of the 13 district offices every year. Those reviews found numerous problems including:

- Improper verification of income;
- Incomplete or missing forms in files;
- Missing provider registration numbers on billing forms;
- Incorrect coding;
- Improper billing of child care and transportation;
- Child care provider information missing or incomplete; and
- Missing class schedules and verification of grades.

TABLE 4

Support Services Reviews Conducted	
Calendar Year	Number of Reports
1992	7
1993	3
1994	4
1995	3
1996	0

Source: LBA analysis of OES support services reviews.

As a result of the reviews, OES reduced the transportation reimbursement amount that JOBS participants could claim and a number of cases were referred to the Office of Special Investigations because of suspected abuses. Although management considered the reviews useful, the staff person responsible for conducting them was diverted from this task to perform other duties.

Even when the reviews were done many district office supervisors did not respond as required. The inter-department communication memorandum attached to the reviews directed OES district office supervisors to "review and respond, in writing, through your Regional Administrator to the comments and recommendations" found in the support services monitoring report. OES received five written responses from district office supervisors to the 17 reviews conducted. According to OES staff responsible for the reviews, some district office supervisors telephoned with responses while others did not

3. MANAGEMENT CONTROLS (Continued)

3.1 Support Services Reviews (Continued)

Observation No. 6: Increase Support Services Reviews (Continued)

respond at all. Without a documented response from district offices, OES can not determine whether corrective actions occurred.

RECOMMENDATION:

We recommend OES:

- **Restore annual support services reviews of each district office; and**
- **Ensure district office officials respond to review findings and take appropriate corrective actions.**

AUDITEE RESPONSE:

We concur with this observation.

- *In 1996, the OES Internal Quality Assurance Unit, audited 168 non-contract child care cases based on a random sample of child care invoices. The Internal Quality Assurance Unit will now conduct this audit annually.*
- *Other support services (transportation, fees and supplies, and tuition) will also be added to the annual Quality Assurance audit beginning in FY 1998. A system of local office case reviews conducted jointly by District Office and State Office staff will also be implemented.*
- *The requirement for a written response from District Offices will be monitored by Division of Transitional Assistance Management to ensure compliance.*

3.2 Child Care And Transportation Support Services

We reviewed child care and transportation reimbursement policies and procedures. OES had inadequate controls over billing for child care and transportation services. We also found the process for reviewing reimbursement forms inadequate. The transportation reimbursement forms do not require the origin and destination points to be recorded, providing no documentation needed to review reimbursement requests for reasonableness. In addition some JOBS participants, while receiving child care payments, did not pay their child care providers for services rendered.

3. MANAGEMENT CONTROLS (Continued)

3.2 Child Care And Transportation Support Services (Continued)

Observation No. 7

Strengthen Child Care Payment Procedures

OES did not adequately monitor non-contracted child care payments. Non-contracted child care used by JOBS

participants included individuals, such as family or friends, and child care centers who did not have an agreement with OES to provide child care. According to OES, for State fiscal year 1996, OES provided child care support for an average of 5,517 children per month, which included JOBS participants' children. OES estimates that 77 percent of the children received services from several thousand non-contracted child care providers. The other 23 percent received child care from over 40 contracted child care centers. The process for submitting and receiving payment for child care was as follows: the client completed the Child Day Care Payment Request Invoice, both the client and provider signed the form, the form was mailed to the Bureau of Data Management for processing, and a check was issued and sent to either the child care provider or client at the option of the client. This process can be improved to strengthen OES review.

A number of sources indicated OES needs to strengthen its non-contracted child care payment procedures. Support services reviews conducted by OES found clients over-billed for child care. JOBS program guidelines provided for clients to utilize State and federally funded child care for time spent in class and study time. Study time was limited to one hour for each hour spent in class. However, some clients billed and were paid for more study time than allowed. A 1996 audit of non-contracted child care conducted by OES found 49 out of a sample of 142 non-contracted child care invoices contained errors. According to the audit, these errors resulted in \$1,336 being misspent out of the sample total of \$7,166. The largest source of dollar loss in this sample was for time billed by participants while not in an activity. According to the report, "the reasons vary from simple human error to out-and-out fraud, with variations on both those themes, exacerbated by a cumbersome billing process, little accountability and no discernible recovery mechanism for identified overpayments. In short, the present system allows dollars to be misspent." Our survey of OES district office staff found 45 percent suspected waste, fraud, or abuse had occurred in JOBS program child care services. An OES employee who has reviewed child care billing stated the system was vulnerable to inappropriate payments because, with the exception of the annual support services reviews, invoices were not reviewed.

Compounding the problem is the lack of an interface between the Children's Information System and the JOBS Tracking System. The Children's Information System was designed to process claims and issue checks while the JOBS Tracking System was designed to track client activity. Payments were made by the Children's Information System without information from the JOBS Tracking System to verify that the client was authorized for that activity. For example, OES may have continued to pay for child care after a JOBS

3. MANAGEMENT CONTROLS (Continued)

3.2 Child Care And Transportation Support Services (Continued)

Observation No. 7: Strengthen Child Care Payment Procedures (Continued)

activity had ended. Once a client had been authorized for child care, the service continued until district office staff realized the client had completed the activity.

These problems have existed for several years. A 1992 Employment Support Services annual report stated "efforts to review and revise the billing system (to establish controls, record authorizations/obligations, notify providers and save staff time) did not result in an improved system." This report also found district office staff lacked training in child care issues which led to billing problems.

RECOMMENDATION:

We recommend OES:

- **Develop policies and procedures to increase monitoring of non-contracted child care billing;**
- **Provide training to district office staff regarding child care issues including eligibility and proper billing procedures;**
- **Develop and implement controls such as review and approval before a check is issued or establish an automated interface between the Children's Information System and the JOBS Tracking System to ensure services have been properly authorized; and**
- **Develop and implement controls such as examining all invoices over a certain dollar amount or reviewing a sample of child care invoices each month for appropriateness.**

AUDITEE RESPONSE:

We concur with this observation.

- *In September 1997, NH BRIDGES will be implemented replacing the current, antiquated Children's Information System billing subsystem. This new system will facilitate the tracking and monitoring of child care and other employment support services billings and payments. In October 1998, New HEIGHTS will be implemented which will further enhance management control and oversight of the child care program on the eligibility side. Both systems will incorporate the necessary interfaces to ensure program integrity.*

3. MANAGEMENT CONTROLS (Continued)

3.2 Child Care And Transportation Support Services (Continued)

Observation No. 7: Strengthen Child Care Payment Procedures (Continued)

- *In 1996, OES conducted a management review of non-contracted child care; the review of this component through the Internal Quality Assurance Unit and the Office of Quality Control has been institutionalized and will occur on an annual basis.*
- *The support service payment procedures direct NHEP workers to check attendance in work related activities to verify that the payments are appropriate. We will improve enforcement. NH BRIDGES implementation will further support enforcement of this procedure.*
- *The Department recently centralized all child care and created a Bureau of Child Development within the Division of Children, Youth and Families. The Bureau is responsible for planning, design, oversight and management of all child care activities. Strengthening the controls related to child care billing is a critical priority for the new Child Care Bureau.*

Observation No. 8

Ensure Child Care Providers Are Paid

JOBS policy allowed child care payments to be made to JOBS participants rather than to child care providers. This arrangement resulted in some child care providers not getting paid. Prior to October 1993 payments were made only to participants. Our survey of OES district office staff indicated some child care providers were not paid by JOBS participants despite the participants being reimbursed for child care. A 1992 Employment Support Services annual report noted several participants received child care reimbursements from the Division of Human Services (DHS) but did not pay providers. In 1993 OES changed its policy allowing payments to be made to child care providers. The revised policy stated, "Child care payments may be made by DHS directly to a non-contract child care provider, at the client's option and with DHS approval" (emphasis added). The revision also included the following statement on the back of child care invoices: "If the Division pays the parent, the parent must pay the child day care provider within 2 weeks of receiving the payment. Failure to do so will result in mandatory direct payment to the child day care provider and/or loss of future benefits and referral for fraud investigation."

According to OES, approximately two-thirds of all child care payments are paid through a parent. OES officials told us if they were to pay providers directly, the supply of affordable child care might decrease because some providers would not want this income reported to the U.S. Internal Revenue Service. In a 1996 memorandum to OES management a JOBS program official wrote in support of paying providers directly rather than relying on

3. MANAGEMENT CONTROLS (Continued)

3.2 Child Care And Transportation Support Services (Continued)

Observation No. 8: Ensure Child Care Providers Are Paid (Continued)

participants to pay child care providers. In addition, a 1996 report on non-contracted child care by OES also recommended OES restrict payments to providers only.

RECOMMENDATION:

We recommend OES pay child care providers directly rather than rely on clients to pay child care providers.

AUDITEE RESPONSE:

We concur with this observation.

- *On May 16, 1997, the Joint Legislative Committee on Administrative Rules approved an administrative rule that requires all child care to be paid directly to the provider. This rule will be implemented concurrent with the new billing system which is part of NH BRIDGES implementation in September 1997.*

Observation No. 9

Improve Review Of Transportation Reimbursement Invoices

OES did not adequately review and authorize JOBS transportation reimbursement invoices in all instances. Most OES district office staff said they had at least some, if not all, of the responsibility for

reviewing and authorizing transportation reimbursement invoices. However, 36 percent of the district office staff surveyed indicated there was little to no review of support services invoices, such as transportation services. In some cases this review was on a cursory level or as time allowed. In other cases this review constituted a clerical employee signing each invoice without examination.

OES requires an authorizing signature on transportation reimbursement invoices before they are submitted to the Bureau of Data Management for processing. However, in several situations, invoices were submitted for processing without any review and approval by an OES employee. Training coordinators and teachers signed transportation reimbursement invoices which were then sent directly to the Bureau of Data Management. The employed JOBS participants eligible for transportation reimbursement signed invoices and submitted them directly to the Bureau of Data Management for processing without any authorization. In these situations OES district office staff were not able to monitor and review transportation reimbursement invoices authorized by training instructors, teachers, and employed JOBS participants.

3. MANAGEMENT CONTROLS (Continued)

3.2 Child Care And Transportation Support Services (Continued)

Observation No. 9: Improve Review Of Transportation Reimbursement Invoices (Continued)

The lack of adequate review and authorization of invoices by district office staff increased the potential for fraud, waste, and abuse of transportation services. The review of transportation services was also hampered by the lack of detail required on the transportation reimbursement invoice. The form does not require disclosure of the starting point or destination. Both current and previous JOBS transportation reimbursement invoices only require participants to submit the total number of miles traveled per day.

It is questionable how OES or other authorizing officials could adequately review participant transportation reimbursement invoices without knowing the participant destination or reason for travel.

Thirty-two percent of OES district office staff we surveyed suspected waste, fraud, or abuse had occurred with transportation services. Support services reviews conducted by OES between 1992 and 1995 found clients regularly over-billed for transportation services. Under the State's JOBS policy, clients are not allowed to claim mileage reimbursement for travel to or from an unsupervised study site. However, the support services reviews found instances of payments made to clients for mileage to unsupervised study sites.

Abuse of transportation reimbursements has not gone unnoticed by OES. Until November 1996 participants were able to claim up to 100 miles per day for transportation related to employment or educational activities. OES has taken the following steps to decrease excess billing:

- In April 1995, total transportation costs for individuals enrolled in postsecondary education were limited to \$25 per month. According to an OES official, this resulted in a reduction of transportation costs from about \$2 million to \$1.3 million in State fiscal year 1996. However, JOBS participants involved in other activities were still able to claim up to 100 miles per day.
- As of November 1996, individuals are reimbursed up to \$65 per month for transportation costs. However, there is a provision that allows participants up to \$130 per month if prior approval is given by the case technician or employment team.

3. MANAGEMENT CONTROLS (Continued)

3.2 Child Care And Transportation Support Services (Continued)

Observation No. 9: Improve Review Of Transportation Reimbursement Invoices (Continued)

RECOMMENDATION:

We recommend OES:

- Develop and implement stronger policies and procedures for reviewing and authorizing transportation reimbursement invoices at the district office level before sending them to the Bureau of Data Management; and
- Improve the transportation reimbursement invoice by requiring explanation for and dates of travel, origin points, destination points, and miles traveled.

AUDITEE RESPONSE:

We concur with this observation.

- *The time period covered by the LBA audit is one where the AFDC caseload expanded rapidly to a high of over 11,000 families. The increased workload impacted staff time available to review transportation invoices. The workload associated with transportation invoices is substantial with approximately 21,530 transportation invoices processed each year.*
- *Supervisor and NHEP team training conducted in March 1997 highlighted that the support service payment policy is to check attendance in work related activities to verify that the payments are appropriate. NH BRIDGES implementation in September 1997 will also support improved enforcement of this policy. On-going supervisor and management training will highlight this policy regularly.*
- *The New HEIGHTS system will further reduce the potential for fraud and abuse. With New HEIGHTS, the NHEP team member will be able to authorize payment amounts. For circumstances when the mileage is known beforehand, authorization of payment amounts will prevent potential overbilling.*
- *We will modify Form 256, Transportation Reimbursement Invoice, to include starting points and destinations. NH BRIDGES implementation will support improved oversight of transportation invoices. It is necessary to balance the need for simplicity to make our forms user-friendly to our customers with the need for sufficient information to ensure the accuracy of the payment.*

3. MANAGEMENT CONTROLS (Continued)

3.3 Enrolled Providers

OES, through district office social workers, determined services to be provided to JOBS participants on a case-by-case basis. Some of these services were provided by agencies, educational institutions, or individuals who did not have a JOBS contract with DHS. To be paid for their services, these agencies, educational institutions, or individuals were enrolled as providers for the JOBS program. Many of the enrolled providers were academic institutions such as the New Hampshire Regional Community-Technical Colleges. There were a few non-academic enrolled providers who provided job readiness or job skills to JOBS participants. Our review of the JOBS program found little review by the State office of non-academic enrolled providers.

Observation No. 10

Increase Reviews Of Non-Academic Providers

OES did not centrally review the quality and effectiveness of services supplied by non-academic enrolled providers. District

office social workers decided which enrolled providers to use. Enrolled providers, particularly non-academic providers, were not required to submit a description of the types of services to be supplied to the participants to either the district office staff or OES State office staff. OES required only a completed Provider Enrollment and Registration Form and an Alternate W-9 Form in order for an individual or company to provide services to program participants.

In reviewing a report showing amounts paid to enrolled providers in fiscal year 1996, we noted two non-academic providers were paid \$44,288 and \$72,392, respectively. These amounts were larger than the yearly contracted amounts OES has with two of its five service providers.

Under the terms of the contracts, contracted service providers were obligated to provide statistical, financial, and program reports as requested by OES. Contracted service providers also needed to monitor and evaluate services. Enrolled providers, even if they received more money than a contracted provider, did not have the same obligations to provide statistical, financial, or program reports or to monitor and evaluate services. The lack of review and monitoring of non-academic enrolled providers may have led to services being provided that were not adequately meeting the needs of the employment program or the participants.

RECOMMENDATION:

We recommend OES develop policy and procedures to review services and outcomes of frequently used non-academic enrolled providers to ensure appropriate, high quality services are being adequately provided to participants.

3. MANAGEMENT CONTROLS (Continued)

3.3 Enrolled Providers (Continued)

Observation No. 10: Increase Reviews Of Non-Academic Providers (Continued)

AUDITEE RESPONSE:

We concur with this observation.

- *While there is no central review of services supplied by enrolled non-academic providers, there are procedures for local reviews of services. The local NHEP teams regularly monitor the quality and effectiveness of provider services as part of their case management responsibilities. Through their work and experience with participants, team members acquire a knowledge of the effectiveness and quality of a provider. Using their experience, team members refer individuals to providers who provide quality and effective services.*
- *A central review procedure will be implemented for frequently used non-academic enrolled providers. The combination of local and central review will ensure that services being provided meet the needs of the NHEP participants.*

3.4 Written Procedures

Our review of policies and procedures for the JOBS program found OES has been without a written procedures manual since 1994 when the Family Assistance Manual was released.

Observation No. 11

Written Procedures Manual Needed

Since 1994 the JOBS program has not had a written procedures manual. When the DHS policy and procedures manual was revised in 1994, JOBS procedures were not included. OES staff indicated they did not know why JOBS written procedures were omitted from the Family Assistance Manual. One OES employee stated district office staff were able to call Employment Support Services staff for assistance if they had any questions about procedures related to the JOBS program.

Good management practices require written procedures to be readily available to address questions and concerns staff encounter in the district offices. Without readily available written procedures, not all the staff will use the same methods and processes to administer a program.

Lack of a readily available written procedures manual for the JOBS program contributed to problems with forms not being appropriately completed. The lack of completed forms

3. MANAGEMENT CONTROLS (Continued)

3.4 Written Procedures (Continued)

Observation No. 11: Written Procedures Manual Needed (Continued)

made it difficult to determine which activities program participants were referred to and had completed. Support services reviews conducted by OES indicated social services case files did not contain all the required documentation. Support services reviews completed prior to written procedures being eliminated from the manual noted 21 percent of cases were well documented. Support services reviews completed after the removal of written procedures from the manual noted only eight percent of case files were well documented.

RECOMMENDATION:

We recommend OES develop a detailed written procedures manual for the new employment program similar to the procedures in place prior to 1994.

AUDITEE RESPONSE:

We concur with this observation.

- *Written procedures did exist, albeit not in a single manual. The Eligibility Management Systems Handbook contained most procedures; instructions for forms were located in the Forms Manual and Supervisory Releases were used for policy releases and other procedures.*
- *The long-term solution for efficient access to policy and procedure information is to provide on-line access via a desktop computer. All OES District Office and State Office personal computers are currently connected through a Wide Area Network which makes it possible to provide computer access to on-line manuals. As a first step, OES will provide access to the Family Assistance Manual via the computer by September 1997. In addition, the New HEIGHTS system will include an on-line manual.*
- *As an interim measure for the New Hampshire Employment Program, a separate technical support manual was developed and distributed in March 1997. A two day training session on the policies and procedures contained in the manual took place in the last week of March, 1997. Additionally, appropriate State Office staff visited each NHEP office the week following the training and manual release to provide technical assistance and assure accurate interpretation and application of the new policies and procedures.*

STATE OF NEW HAMPSHIRE JOB OPPORTUNITIES AND BASIC SKILLS TRAINING PROGRAM

4. CONTRACT MANAGEMENT

The Office of Economic Services (OES) contracted with several providers to offer services to participants of the JOBS program. Most services were provided on a statewide basis and were monitored by OES.

Federal regulations enabled states to contract with service providers to offer various components of the JOBS program. The regulations encouraged contracts between the Division of Human Services (DHS), the Job Training Council (JTC), State and local educational agencies, and other public agencies. N.H. Admin. Rule He-W 636.04 (b) for the JOBS program stated:

The division shall contract with other agencies or organizations to provide direct delivery of education, job skills, training, assessment and employability plans, job development, job search, job placement, on-the-job training, job readiness and support services. The exact services, and plans for monitoring and evaluating service delivery, shall be detailed in an agreement with each agency or organization with whom the division contracts for services.

The JOBS program had contracts with five service providers during the audit period. Since 1993, contracts have simply been renewed rather than put out for bid. Letters to Governor and Council clearly stated the contracts had not gone out to bid and gave various reasons for not going out to bid. The five contracts in effect during the audit period were with:

- New Hampshire Employment Security (NHES) for job search, job counseling, and on-the-job training placements;
- The Department of Education (DOE) for adult basic education classes specifically designed to meet the needs of JOBS participants;
- JTC for job readiness assessments and skills;
- Tri-County Community Action Program for training in child development; and
- Second Start, a pilot program for job readiness activities serving only Merrimack County¹.

¹ According to an OES official, funding has not been available to expand the pilot program to other parts of the State.

4. CONTRACT MANAGEMENT (Continued)

The University of New Hampshire Cooperative Extension had a contract for the fourth quarter of State fiscal year 1993 to develop a money management program and budget planning workbooks for JOBS participants.

4.1 Compliance With Laws And Administrative Rules

We examined JOBS program contracts to determine compliance with applicable federal and State laws and State administrative rules. OES was responsible for developing, processing, monitoring, and coordinating all contracts for the JOBS program. Our review of the contracts found deficiencies with the development of contracts and monitoring of service providers.

Observation No. 12

Include Required Certification In Contracts

JOBS contracts with service providers did not contain a required certification. Federal Regulation 45 CFR 250.72 (d)

states "any State IV-A agency arrangement or contract must contain a certification from the provider that the services being contracted for are not otherwise available from that provider on a non-reimbursable basis." According to the State JOBS Plan, OES was responsible for "developing, processing, monitoring and coordinating all contracts between" employment and training providers and the Division of Human Services. The certification requirement was brought to management's attention in 1991 in a review of the JOBS program done by the federal Administration for Children and Families.

RECOMMENDATION:

We recommend OES management include proper certification as required by federal regulations in all current contracts approved while this regulation was in effect.

AUDITEE RESPONSE:

We concur with this observation.

- *With the replacement of the JOBS program with the TANF program, the regulations of 45 CFR 250.72(d) are no longer in effect. Nevertheless, we included this certification in contracts for FY 1998.*

4. CONTRACT MANAGEMENT (Continued)

4.1 Compliance With Laws And Administrative Rules (Continued)

Observation No. 13

Strengthen Monitoring Of Service Providers

OES had no procedures in place to ensure service providers completed required paperwork used to update the JOBS Tracking System before payments were

made. A 1996 OES report on the condition of case files in various district offices found many active JOBS participants were not showing up on the JOBS Tracking System. Our own review of case files confirmed that many of the files contained referrals to an activity on the referral form, but did not contain a corresponding results form with information regarding the results of the referral. In addition, our survey of district office staff indicated there were problems with some agencies returning forms.

OES was responsible for monitoring contracts to ensure the proper paperwork was completed by the service providers. According to the Title IV-F JOBS State Plan, the supervisor position in the Employment Support Services unit “is used as a consultant to the Employment and Training providers and is responsible for developing, processing, monitoring, and coordinating all contracts between them and the Division.” Over the years, contracts with the JTC, DOE, Second Start, and Tri-County Community Action Program all contained clauses in their contracts stating that a results form was to be completed by the service provider. Many of the contracts contained the following, or similar statement: “payment shall be made after enrollment of the client in the activity, receipt of a 214 [results] form indicating acceptance of the individual into a program and the client’s first day of attendance.” The completion of a results form was a prerequisite for service providers receiving payment for activities provided to JOBS participants.

Due to inconsistent monitoring of the JOBS program, not all service providers completed the required forms. As a result some service providers were paid even if they did not fulfill their obligation to complete required paperwork. The potential existed for fraud, waste or abuse to occur and go undetected. In addition, participant information from these activities was not being captured by the JOBS Tracking System, making program data inaccurate and unreliable. OES officials stated this lack of oversight was due, in part, to a lack of staff time available to effectively monitor the service providers. In addition, the Children’s Information System, the OES payment system, does not interface with the JOBS Tracking System making it difficult to monitor payment of service provider bills based on completion of the results forms.

4. CONTRACT MANAGEMENT (Continued)

4.1 Compliance with Laws and Administrative Rules (Continued)

Observation No. 13: Strengthen Monitoring Of Service Providers (Continued)

RECOMMENDATION:

We recommend OES:

- **Develop procedures to verify the required results forms are completed by service providers before payments are made; and**
- **Ensure planned computer systems are designed to process only authorized bills.**

AUDITEE RESPONSE:

We concur with this observation.

- *With the establishment of the NHEP teams, all referral forms are directed from the DHHS District Office to the NHEP teams located at the NHES local offices. The NHEP team responds to the case technician using the results form to accept or deny the referral. When appropriate, the NHEP team members refer participants to activities with both contract and non-contract providers. The NHEP team members are responsible for monitoring the client's participation and satisfactory progress in activities. The NHEP team member is also responsible for all submissions of results forms to record a client's participation in an activity. Centralizing the responsibility of monitoring participation and completion of the results form with the NHEP teams has substantially improved the monitoring of services provided by contract providers. Payments for contract services (Adult Basic Education, Second Start, Head Start) will only be made when the invoice is checked against the activity data on the JOBS Tracking System. Additionally, the procedures for monitoring paperwork from contractors were redefined for FY 1998 contract renewals.*
- *The New HEIGHTS computer system will include features to further improve payment accuracy. The New HEIGHTS system will only allow authorization for a payment when a client is participating in an approved activity.*

4.2 Specialized Adult Basic Education Contract

OES contracted with DOE to provide specialized adult basic education classes designed to meet the needs of the JOBS program and its participants. DOE then contracted with local entities, such as school districts, to provide these classes for 20 hours per week. Our review of the contracts between OES and DOE found areas of concern, such as an unclear description of the type of services provided in the specialized adult basic education class, no

4. CONTRACT MANAGEMENT (Continued)

4.2 Specialized Adult Basic Education Contract (Continued)

statewide qualifications for instructors, and no standardized testing for students. In addition there was inadequate review by OES of invoices submitted by DOE for adult basic education services.

Observation No. 14

Clarify Contract For Adult Basic Education

The contract between OES and DOE is unclear about what services are to be provided, what qualifications are needed to be a specialized adult basic education instructor, and what test should be administered to students at the beginning and end of class cycles. According to the contract, the DOE's Office of Adult Education shall provide adult basic education and preparation for the General Education Development (GED) exam. The contract defined adult basic education as remedial education courses for adults to enable them to pass the GED exam or obtain a basic literacy level. The goal was for participants to gain basic academic skills needed to participate in employment-related training or education, secure and maintain employment, and ultimately achieve and maintain economic self-sufficiency.

We noted that a request for approval to the Governor and Council which accompanied the contract stated, "Through this contract, specialized Adult Basic Education programs provide JOBS participants with both academic and basic skills they need in order to be ready for both job skills training and placement in the work force." OES and DOE officials stated adult basic education classes include basic skills instruction (also called job skills or life skills). It is unclear what proportion of the 20 hours per week of adult basic education should be dedicated to academic skills versus basic skills.

In addition to not having a clear description of the content of the specialized adult basic education classes, there does not appear to be any control to ensure instructors are adequately qualified to provide adult basic education services. OES officials stated they did not establish minimum standards for instructors. A DOE official stated there are no special requirements for individuals who teach specialized adult basic education and that agencies or communities contracting with DOE for specialized adult basic education determine the qualifications for instructors. This official also stated instructors throughout the State have varying backgrounds, including:

- Retired teachers;
- College graduates with bachelor degrees;
- Certified teachers; and
- Individuals with a high school education or equivalent.

4. CONTRACT MANAGEMENT (Continued)

4.2 Specialized Adult Basic Education Contract (Continued)

Observation No. 14: Clarify Contract For Adult Basic Education (Continued)

The OES contract with DOE states, "The Office of Adult Basic Education shall test participants prior to and at the conclusion of each cycle. Testing results will be sent to the Division of Human Services social workers." OES does not specify what test should be given to specialized adult basic education participants. Currently, it is up to the discretion of the instructors as to what test to administer. Results of the tests administered by the specialized adult basic education instructors were not consistently sent to the OES social worker.

Good management practices require managers to know the exact services purchased through a contract, to know the qualifications of individuals delivering the services, and to have a standardized method to measure the quality and success of the services. To ensure OES and JOBS participants receive quality services, it is necessary to have a specific description of the content of adult basic education classes, particularly defining "basic skills"; to ensure all instructors are adequately qualified to provide adult basic education services; and to use a recognized standardized test to measure the success of JOBS participants in specialized adult basic education classes.

RECOMMENDATION:

We recommend OES:

- **Include detailed descriptions of services in future DOE contracts;**
- **Require DOE ensure instructors are adequately qualified to provide adult basic education services in future DOE contracts; and**
- **Require a recognized standardized test be administered for specialized adult basic education classes and develop procedures to ensure testing is conducted as required by the contract.**

AUDITEE RESPONSE:

We concur with this observation.

The renewal contract for FY98 included:

- *a complete definition of the services offered through the specialized Adult Basic Education (ABE) classes;*

4. CONTRACT MANAGEMENT (Continued)

4.2 Specialized Adult Basic Education Contract (Continued)

Observation No. 14: Clarify Contract For Adult Basic Education (Continued)

- *mandated use of a standardized test to be administered at the beginning and end of each cycle to assess progress; and*
- *the following instructor qualifications requirement: “The Department of Education shall review staff background, experience and expertise to ensure that staff are adequately qualified to provide ABE services and are qualified in accordance with all Federal, State and local laws, regulations and requirements.”*

Test results will be sent to the NHEP team members and other designated staff. DHHS is working with the DOE to refine the communication and follow-up processes regarding the testing and reporting of results.

Observation No. 15

Improve Review Of Adult Basic Education

OES district offices monitored participant performance in specialized adult basic education classes. However, the OES State office was responsible for authorizing specialized adult basic education billing by the DOE. This separation of duty between the district and State OES offices and the limitations of its information systems allow payments to be made on behalf of participants who were not approved for the adult basic education class.

The instructors submitted bills on the “HHS - Basic Skills Invoice and Enrollment” form directly to the DOE which submitted the list to OES for the authorization. An OES official verified participant status on the Children’s Information System, the OES payment system, to make sure the cases were open and services could be reimbursed. While the OES official reviewed the information, there was no confirmation made to ensure the participant was still approved to attend specialized adult basic education, either by checking the JOBS Tracking System or with district office staff. Once the OES official reviewed the list indicating which participants OES would reimburse for, the list was returned to DOE. DOE then submitted approved invoices to the Bureau of Data Management for processing. OES district office staff were not required to review the list of participants for which specialized adult basic education was billing.

The lack of adequate controls increased the possibility for inappropriate payments for services. Having a coordinated review for both performance and billing would improve OES ability to monitor academic progress, attendance, and adult basic education class performance. DOE had two forms which it used to capture much of this information, including:

4. CONTRACT MANAGEMENT (Continued)

4.2 Specialized Adult Basic Education Contract (Continued)

Observation No. 15: Improve Review Of Adult Basic Education (Continued)

- Name of the student;
- Student DHHS identification number;
- Begin and end test scores;
- Total cost for the cycle; and
- Begin and end dates of cycle;
- Total number of hours participant attended.
- Total number of hours per cycle;

The forms used by DOE were not consistently filed with the appropriate OES staff to adequately provide a comprehensive review of specialized adult basic education classes. It would be more efficient if this information were combined on one form for review by OES.

RECOMMENDATION:

We recommend OES:

- **Develop policies and procedures to ensure that the Children's Information System and the JOBS Tracking System are used for review and approval of DOE invoices; and**
- **Require instructors and DOE to provide OES district office staff with participant data such as attendance, test scores, GED status, cycle dates, and total cycle hours.**

AUDITEE RESPONSE:

We concur with this observation.

- *The NHEP team members monitor participation in specialized Adult Basic Education (ABE) classes and a State Office official is responsible for authorizing payment. The process has been modified to require that the State Office official check both the payment authorization on the CIS system and the ABE participation record on the JOBS Tracking System. Checking the JOBS Tracking System will ensure that the participant is engaged in the ABE activity for the relevant time period.*
- *The contract renewal for FY98 required DOE and ABE instructors to provide District Office staff with participant data such as attendance, test scores, GED status, cycle dates and total cycle hours.*

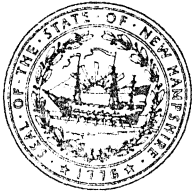
**STATE OF NEW HAMPSHIRE
JOB OPPORTUNITIES AND BASIC SKILLS
TRAINING PROGRAM**

5. CONCLUSION

We found weaknesses in the Office of Economic Services (OES) management of the JOBS program which increased the potential for fraud, waste, and abuse to occur. OES needs to improve its collection and reporting of program information, strengthen its oversight of payment processing, increase its monitoring of service providers, and improve its management of contracts. Our ability to measure the success of the JOBS program was limited by the lack of outcome-based data. OES did not collect or report on JOBS program outcomes, partly because it was not required to, and also because of its poor information management systems. We found weaknesses in the data OES collected and provided to the federal government because the reporting system was prone to errors.

During our audit the JOBS program was replaced both at the State and federal levels by the New Hampshire Employment Program (NHEP) and the Temporary Assistance for Needy Families program, respectively. Because of the similarities of the programs we believe our recommendations, if implemented, will help to ensure OES will collect and report on outcome-based data, increase review of child care and transportation payments, and better manage all service providers for NHEP. OES should develop the capability to track and report on participant progress toward obtaining employment and becoming self-sufficient.

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STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF HUMAN SERVICES

Terry L. Morton
Commissioner

Richard A. Chevrefils
Assistant Commissioner

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June 24, 1997

Catherine A. Provencher, CPA
Acting Director of Audits
Office of Legislative Budget Assistant
107 North Main Street
State House, Room 102
Concord, NH 03301

Dear Ms. Provencher:

I want to thank you for the opportunity to respond to the Legislative Budget Assistant's Report and audit findings regarding the Job Opportunities and Basic Skills Training Program (JOBS) and its management by the Office of Economic Services (OES) within the Division of Human Services, Department of Health and Human Services (DHHS).

Foremost, the Department would like to recognize the Legislative Budget Assistant for the many hours invested in reviewing the operation and management of the JOBS Program. Through the audit process, the Legislative Budget Assistant has identified many opportunities for strengthening and enhancing our employment, education and training programs which support achievement of self-sufficiency for individuals and their families.

The JOBS Program is a complex array of authority and responsibilities requiring strong partnerships both within and outside state government. The program has grown along a continuum since its inception and will continue this growth in response to a changing environment. In fact, I am pleased to note that many of the recommendations made by the Legislative Budget Assistant have already been implemented or are in the process of being implemented.

Changes and effort in the following four major areas underlie these improvements.

I. Strengthened Information Systems

Three pending, major Departmental information systems initiatives will provide the Department with improved tools to enhance management of our employment, education and training programs.

- NH Bridges, a new automated case management and payment system scheduled to be implemented this summer, will greatly improve our ability to track and monitor JOBS support services expenditures, invoices and payments. It will replace the antiquated and cumbersome Children's Information System (CIS) currently used.

- New HEIGHTS, the replacement for our existing Eligibility Management System (EMS) and JOBS Tracking System (JTS), will contain the eligibility, participation and outcome databases for the JOBS Program. New HEIGHTS, scheduled for implementation in October 1998, will provide the needed interface between eligibility and outcomes (New HEIGHTS), and expenditures (NH Bridges).
- Data warehousing applications are being constructed and implemented. The applications will integrate and make available key decision support data located in various formats, across multiple platforms, throughout the Department. For the first time, we will have extremely powerful tools to support program administration, research and analysis, oversight, outcome measurement and strategic planning. These tools will enable us to add a level of sophistication to the management and decision-making required by our programs.

These new systems initiatives will resolve most of the systems-related deficiencies identified in the audit report.

II. Improved Child Care Quality, Access and Capacity

The federal Family Support Act which created the JOBS Program in the 1980's had as a major goal increased child well-being. Access to available, high quality child care is important to the well-being of the children of New Hampshire, and a key component of family self-sufficiency. The expertise gained by operating the JOBS Program provided the foundation for implementing new initiatives and unique changes to child care planning and operations in DHHS. A new Bureau of Child Development has been created to provide dedicated resources to focus on increasing and improving the quality, accessibility and capacity of child care services in New Hampshire. NH Bridges, New HEIGHTS, and the interface between the two will enable us to accurately monitor all aspects of child care payments, and will provide, for the first time, analysis tools to help us develop more effective and coordinated child care policies and procedures.

III. Welfare Reform

Over the past two years, the Department has undertaken major welfare reform initiatives. As a result of these initiatives, the JOBS program has been replaced with the New Hampshire Employment Program (NHEP). Milestones of this effort include:

- In February 1995, DHHS initiated the Plan for Independence (PFI) in its Laconia District Office to test a new and innovative method to quickly move JOBS recipients into the workforce. The PFI was a joint effort of DHHS, NH Employment Security (NHES) and the Job Training Council (JTC) combining the expertise and resources of these three agencies to strengthen and expand services to recipients. By locating this new program in an NHES office, the reality and perception that this is a work program is reinforced for participants, taxpayers and other constituents. The pilot program has expanded and evolved to become the New Hampshire Employment Program (NHEP), the State's welfare reform initiative.

- In November 1995, New Hampshire's welfare reform legislation was passed by the State Legislature.
- In June 1996, US DHHS approved the Department's request for a Section 1115 waiver under the Social Security Act to implement the program passed by the State Legislature in November 1995.
- In August 1996, federal welfare reform legislation was enacted, replacing the Aid to Families with Dependent Children Program on a national level with the Temporary Assistance for Needy Families Program (TANF).
- New Hampshire was the first state in New England and the ninth state in the nation to begin operating the TANF Program as defined in a state plan accepted by the federal government in October 1996.
- In January 1997, State Administrative Rules were approved to operate NHEP as defined in the 1115 waiver and in State Statute.
- By March 31, 1997, Phases I and II of NHEP changes were implemented statewide, with full implementation to be completed by September 30, 1997.

IV. Performance Measurement and Contract Management

The only performance measure the federal government required under the Family Support Act to measure a state's JOBS performance was the rate of participation of JOBS clients. New Hampshire exceeded the participation rates negotiated by Congress by 100%-200% every year and received enhanced funding for these achievements (See attached chart comparing participation rates for the six New England States, 1991-1996). This success was dependent on our ability to develop and sustain critical partnerships with public and private community resources, other state agencies and employers.

The opportunity provided by welfare reform required a close look at exactly what the State wanted to achieve. Studies conducted by the Department show that the characteristics of the AFDC/JOBS population in New Hampshire are different than those presented by national statistics. Specifically, AFDC families in New Hampshire have a much shorter length of time on assistance than the national average. Also, for New Hampshire families, the per capita receipt of AFDC and the rate of illegitimate births are some of the lowest in the nation. Because of this, we are able to focus on economic factors that can bring about self-sufficiency while acknowledging the importance that support services play in producing permanent change.

The Department believes measuring participation rates alone is not sufficient to determine the effectiveness of its welfare reform initiatives. To measure effectiveness of our welfare reform efforts we have looked at the work done by the 1988 Welfare Reform Coordination Council ("Under One Roof"), the new measures proposed by the federal government, and the requirements under the federal block grant legislation. While our measures are not yet final, we anticipate looking at such things as:



- percent of school drop outs
- percent of teenage pregnancies and illegitimate births
- number of individuals diverted from public assistance due to work placement
- number of work placements
- hourly wages of placed clients
- benefit packages of placed clients
- earnings gain over one year
- return to assistance of placed clients
- timely and accurate benefits
- average length of time on assistance
- amount of the average grant
- percent of children for whom paternity is established and child support is obtained and the amount of child support collected
- shifting of expenditures from financial grants to employment support services.

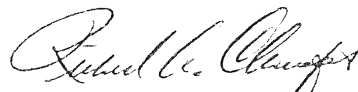
I would like to thank the Legislative Budget Assistant in particular for the two sections of its audit report addressing contract management improvement and strengthening management controls. The Legislative Budget Assistant identified several areas where DHHS had the opportunity to refine the processes it employs for contract development and program management. As a result of the Legislative Budget Assistant's review, we have made many of the suggested changes to those processes. Contracts for FY 98 include program outcome measures, strengthened policies and procedures for expenditure reporting and payment, and improved reporting requirements.

SUMMARY

Again, I would like to thank the Legislative Budget Assistant for their assistance and partnership in the effort to improve services for children and increase self-sufficiency for families.

Further, I want to express my appreciation to the Joint Fiscal Committee for the opportunity to review and respond to the JOBS Program Performance Audit Report.

Sincerely,

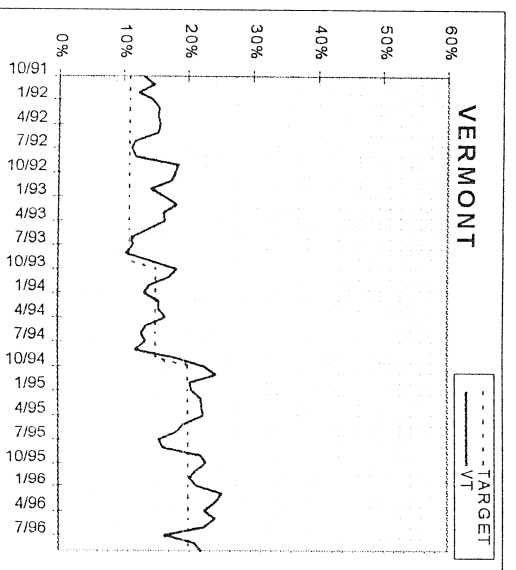
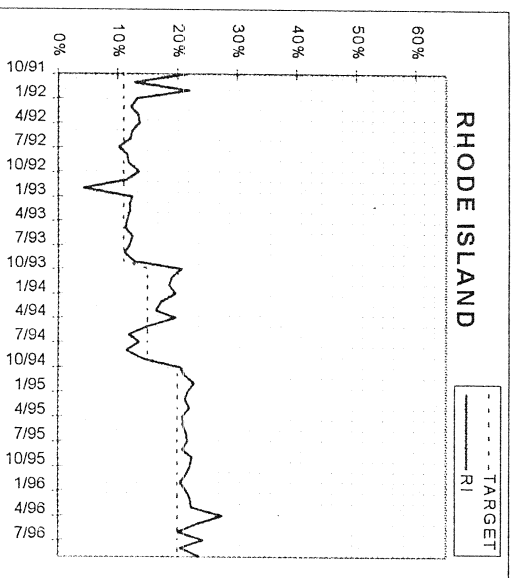
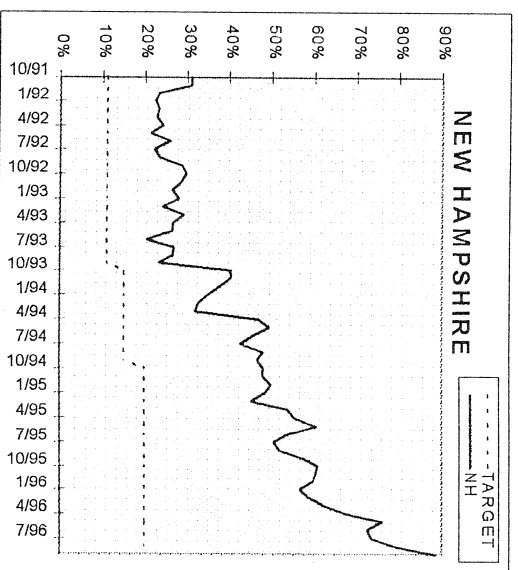
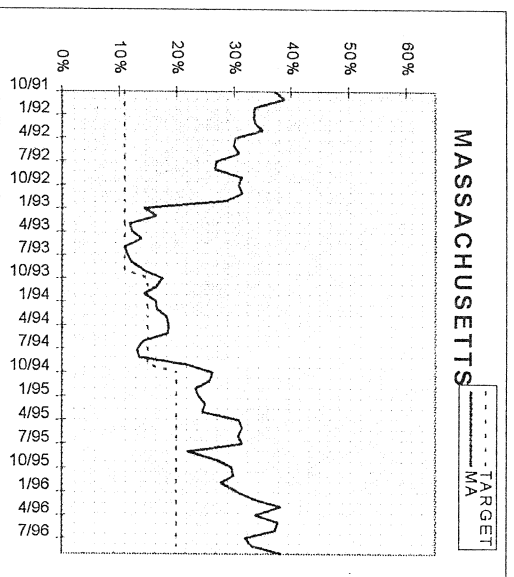
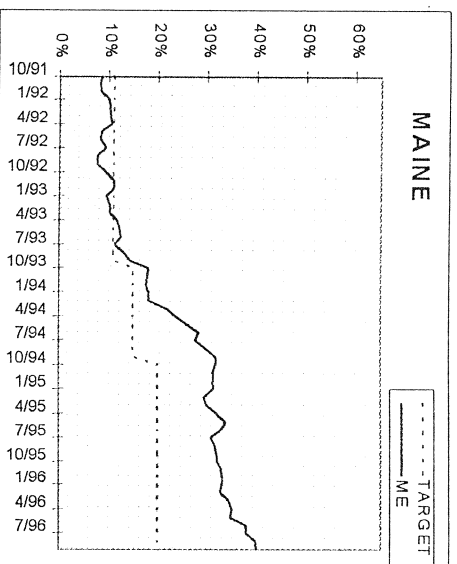
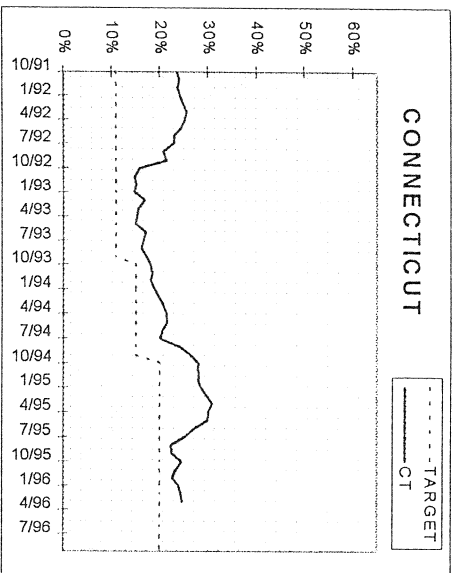


Richard A. Chevrefils
Assistant Commissioner

AFDC JOBS PARTICIPATION RATES

OCTOBER 1991 TO SEPTEMBER 1996 (all but CT)
 OCTOBER 1991 TO MARCH 1996 (CT)

Attachment XI





**PERFORMANCE AUDITS
ISSUED BY
OFFICE OF LEGISLATIVE BUDGET ASSISTANT**

<u>NAME OF REPORT</u>	<u>DATE</u>
<u>Review of the Public Employees Deferred Compensation Plan</u>	December 1987
<u>Review of the Allocation of Highway Fund Resources to Support Agencies and Programs</u>	March 1988
<u>Review of the Indigent Defense Program</u>	January 1989
<u>Hazardous Waste Management Program</u>	June 1989
<u>Mental Health Services System</u>	January 1990
<u>Department of Administrative Services, Division of Plant and Property Management, State Procurement and Property Management Services</u>	June 1990
<u>Developmental Services System</u>	April 1991
<u>Prison Expansion</u>	April 1992
<u>Workers' Compensation Program for State Employees</u>	January 1993
<u>Child Settlement Program</u>	March 1993
<u>Property and Casualty Loss Control Program</u>	November 1993
<u>State Liquor Commission</u>	July 1994
<u>Managed Care Programs for Workers' Compensation</u>	November 1995
<u>Multiple DWI Offender Program</u>	December 1995
<u>Child Support Services</u>	December 1995

Copies of the above reports may be received by request from:

State of New Hampshire
Office of Legislative Budget Assistant
107 North Main Street, Room 102
Concord, New Hampshire 03301-4906
(603) 271-2785

