



# **PERFORMANCE AUDIT REPORT**

## **Caseload Increases That May Be Attributable to the Department of Social and Rehabilitation Services' New Comprehensive Automated Eligibility and Child Support Enforcement System**

**A Report to the Legislative Post Audit Committee  
By the Legislative Division of Post Audit  
State of Kansas  
January 1990**

# ***Legislative Post Audit Committee***

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## ***Legislative Division of Post Audit***

THE LEGISLATIVE POST Audit Committee and its audit agency, the Legislative Division of Post Audit, are the audit arm of Kansas government. The programs and activities of State government now cost about \$8 billion a year. As legislators and administrators try increasingly to allocate tax dollars effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies. The audit work performed by Legislative Post Audit helps provide that information.

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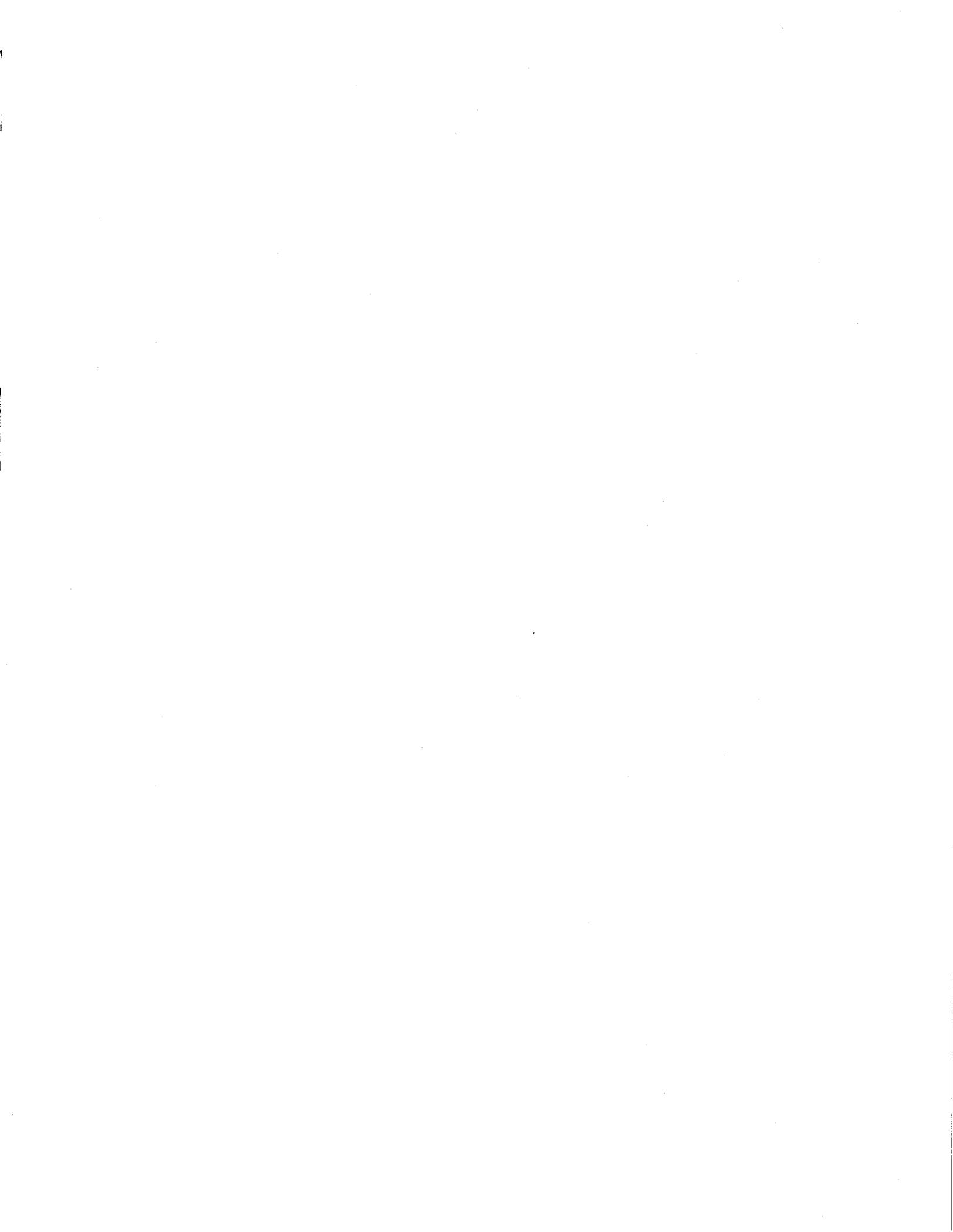
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## **PERFORMANCE AUDIT REPORT**

### **CASELOAD INCREASES THAT MAY BE ATTRIBUTABLE TO THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES' NEW COMPREHENSIVE AUTOMATED ELIGIBILITY AND CHILD SUPPORT ENFORCEMENT SYSTEM**

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#### **OBTAINING AUDIT INFORMATION**

This audit was conducted by Mary Beth Green, Senior Auditor, and Rick Riggs, Auditor, of the Division's staff. If you need any additional information about the audit's findings, please contact Ms. Green at the Division's offices.

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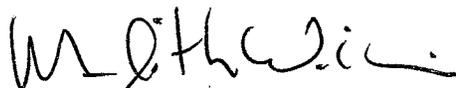
**CASELOAD INCREASES THAT MAY BE ATTRIBUTABLE  
TO THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES'  
NEW COMPREHENSIVE AUTOMATED ELIGIBILITY AND  
CHILD SUPPORT ENFORCEMENT SYSTEM**

**Summary of Legislative Post Audit's Findings**

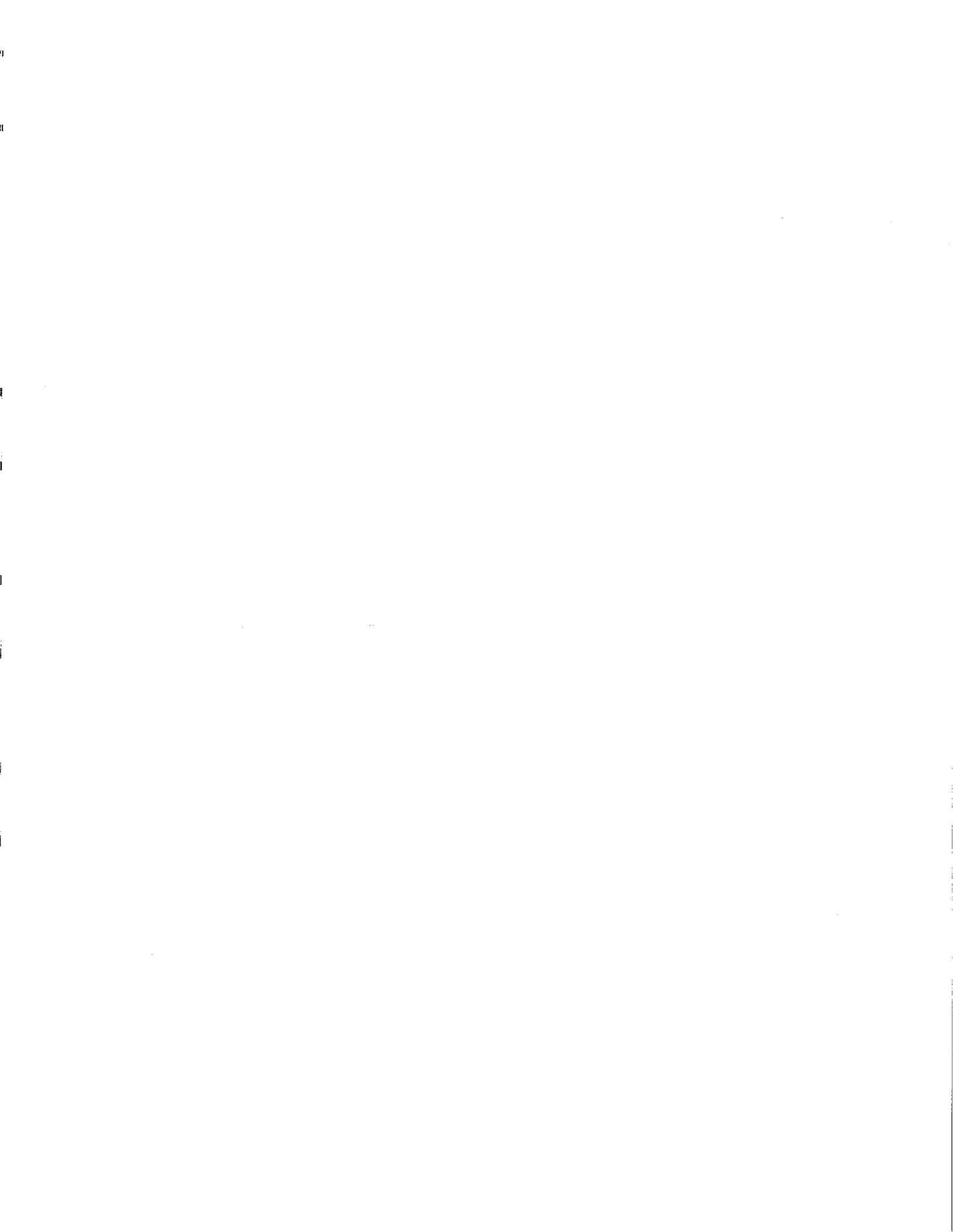
Department of Social and Rehabilitation Services officials recently told a House of Representatives Appropriations Subcommittee that they could not explain a dramatic increase in public assistance caseloads during the last year, leaving their programs short of money. The Department projected that in the Aid to Dependent Children Program alone, caseloads would rise from about 870,000 person-months for fiscal year 1989 to 935,000 person-months for fiscal year 1990. Department officials told the Subcommittee that the method used by the Department's new Kansas Automated Eligibility and Child Support Enforcement System to accumulate caseload figures accounted for about 9,000 person-months (or about 14 percent) of the projected increase of 65,000 person-months. This special 100-hour audit examined the extent to which the new computer system might have accounted for the recent apparent increase in caseloads.

**Does the manner in which cases are counted under the new computerized system appear to explain much of the large increase in caseloads in selected public assistance programs?** We found that the manner in which cases are counted under the new computer system may not explain any of the Department's reported increase in caseloads. The revised fiscal year 1990 caseload figures for the Aid to Dependent Children Program presented to the House Subcommittee were not primarily based on caseload figures accumulated by the new computer system. Rather, the Department arrived at the revised estimate by dividing the projected total expenditures for the year by the estimated average payment per case. In addition, Department officials told us that they could not identify any differences between how the old and new computer systems accumulated person-month caseload figures. Because of the limited timeframe for this audit, we were unable to independently verify whether any such differences exist.

We would be happy to discuss the report with any legislative committees, individual legislators, or other State officials.



Meredith Williams  
Legislative Post Auditor



**CASELOAD INCREASES THAT MAY BE ATTRIBUTABLE  
TO THE DEPARTMENT OF SOCIAL AND  
REHABILITATION SERVICES' NEW  
COMPREHENSIVE AUTOMATED ELIGIBILITY AND  
CHILD SUPPORT ENFORCEMENT SYSTEM**

Department of Social and Rehabilitation Services officials recently told a House of Representatives Appropriations Subcommittee that they could not explain why public assistance caseloads had increased so dramatically during the last year, leaving their programs short of money. In the Aid to Dependent Children Program alone, the Department projected that caseloads would rise from about 870,000 person-months for fiscal year 1989 to 935,000 person-months for fiscal year 1990.

Department officials told the Subcommittee that the Department's new Kansas Automated Eligibility and Child Support Enforcement System method for accumulating caseload figures accounted for about 9,000 person-months (or about 14 percent) of the projected increase of 65,000 person-months. Legislative questions were raised about whether this new method of accumulating caseload figures might explain more of the increases than the Department had suggested. To help address those legislative concerns, the Chairman of the Legislative Post Audit Committee directed the Legislative Division of Post Audit to conduct a 100-hour audit examining the extent to which the new computer system might have accounted for recent increases in caseloads. The audit addressed the following question:

**Does the manner in which cases are counted under the new computerized system appear to explain much of the large increase in caseloads in selected public assistance programs?**

We found that the manner in which cases are counted under the new computer system may not explain any of the Department's reported increase in caseloads. The revised fiscal year 1990 caseload for the Aid to Dependent Children Program presented to the House Subcommittee was not based on 1990 caseload figures accumulated by the new computer system. Rather, the Department arrived at the revised estimate by dividing the projected total expenditures for the year by the estimated average payment per case. In addition, Department officials told us that they no longer thought there were any differences between how the old and new computer systems accumulated person-month caseload figures. Because of the limited timeframe for this audit, we were unable to independently verify whether any such differences exist.

**Does the Manner in Which Cases Are Counted  
Under the New Computerized System  
Appear to Explain Much of the Large Increase  
In Caseloads in Selected Public Assistance Programs?**

To answer this question, we interviewed officials from the Department of Social and Rehabilitation Services and reviewed relevant records to determine the basis on which the Department arrived at its current caseload estimates. We also reviewed the basis on which the Department estimated the portion of the projected caseload increase that was attributable to the new computer system's method of accumulating caseloads. Because of the limited time for this audit, our work concentrated on the Department's caseload figures for the Aid to Dependent Children Program only.

We found that the Department's revised fiscal year 1990 caseload estimate of 935,000 person-months for the Aid to Dependent Children Program was primarily based on the Program's actual expenditures for the first four months of 1990. The 935,000 person-months figure was essentially "backed into" using estimated expenditures for the year divided by an estimated average monthly payment. Further, Department personnel indicated that they were not aware of any differences between how the old and new computer systems accumulated person-month caseload figures. That

**The Department Figures Caseload  
Size In Terms of Person-Months**

Because recipients stay in public assistance programs for varying lengths of time, thinking of caseload size only as the number of people or families being served at any one time can be misleading. A recipient on the public assistance roll for 12 months takes a greater expenditure of funds than a recipient being served for only six months. Thus, the Department bases its funding requests on "person-months." A person-month represents one recipient receiving assistance for one month.

For example, an Aid to Dependent Children case might consist of a parent and two children. The computer system counts this family unit as three person-months each month the family receives assistance. Thus, if the family receives Aid to Dependent Children for 12 months each year, it will account for 36 person-months of the Program's total person-month caseload, even though only one check will be sent to the family each month.

would mean that the Department's new computer system would not have any impact on the caseload figures and would not account for any of the projected 65,000 person-month increase for the Aid to Dependent Children Program. Because of the limited 100-hour timeframe for this audit, we were not able to conduct the testwork and reviews necessary to independently determine whether any differences exist between the old and new computer systems' procedures for counting caseloads.

Finally, because the Department's fiscal year 1990 supplemental funding request of \$8.9 million for the Program was primarily a projection of annual expenditures based on actual expenditures for the first four months of the fiscal year, we concluded that the caseload figures produced by the new computer system would not have had a significant impact on the

amount of additional funds needed. These issues are explored in more detail in the sections that follow.

**In January 1990, Department Officials Estimated That the Aid to Dependent Children Program Would Require Another \$8.9 Million For Fiscal Year 1990 Because of Caseload Increases**

In early January 1990, Department officials told a House Appropriations Subcommittee that they would need an additional \$8.9 million to fund the Aid to Dependent Children Program for fiscal year 1990. This supplemental funding request increased the Program's total estimated expenditures for 1990 from approximately \$104.6 million to \$113.5 million. Department officials further indicated that the additional funding was needed because of an increase in caseloads for the Program. At that time, Department officials indicated that they expected the Program's fiscal year 1990 caseload to be 935,000 person-months as compared to 869,700 person-months for fiscal year 1989, an increase of 65,300 person-months (or 7.5 percent). The Department's explanations for this caseload increase are summarized in the table below.

**Caseload for the Aid to Dependent Children Program  
Fiscal Year 1990**

	<u>Caseloads In Person-Months</u>
<b>Actual Fiscal Year 1989 Caseload</b>	<b>869,700</b>
<b>Increase During Fiscal Year 1990:</b>	
Regular caseload growth	46,300
New computer system method for counting caseloads	9,000
Increase because of unemployment	5,000
Increase because of new KANWORK Program	5,000
<b>Total Projected Increase During 1990</b>	<b>65,300</b>
<b>Projected Fiscal Year 1990 Caseload</b>	<b>935,000</b>

As the table shows, Department officials initially estimated that differences between how the old and new computer systems accumulated person-month caseload data accounted for 9,000 (or about 14 percent) of the 65,300 person-month increase. In January 1990, Department officials told the House Subcommittee that the new computer system—the Kansas Automated Eligibility and Child Support Enforcement System—accumulated caseload figures differently than the old system had. This new system was phased-in beginning in the fall of 1988 and was fully implemented as of June 30, 1989. The scope of this audit was limited to reviewing the 9,000 person-month increase attributed to the new computer system; we did not examine the other increases in detail.

**The Department's Revised Caseload Estimates for Fiscal Year 1990 Were Primarily Based on Expenditures Rather Than Caseload Trends**

We found that the Department's revised fiscal year 1990 caseload estimates of 935,000 person-months for the Aid to Dependent Children Program was primarily

based on the Program's expenditure experience for the first four months of fiscal year 1990. The 935,000 person-months was essentially backed into using projected fiscal year 1990 expenditures (based on actual expenditures for the first four months of the fiscal year) divided by an estimated average monthly payment. The Department did not use 1990 caseload data from the new computer system to project its revised estimate of 935,000 person-months for the year. In other words, the caseload figures presented to the House Subcommittee were not projections based on fiscal year 1990 caseload figures accumulated by the new computer system.

**After arriving at the revised caseload estimate of 935,000 person-months for fiscal year 1990, Department officials tried to estimate how much of the increase was attributable to known factors.** The table on page three of this report shows the amount of the increase that the Department attributed to the KANWORK program, increased unemployment, regular caseload growth, and the new computer system. Officials figured the 9,000 person-month impact of the new computer system by dividing the difference between actual and estimated fiscal year 1989 expenditures by the estimated average monthly payment. We concluded that this was not an appropriate method for estimating the new system's impact because differences in how the system accumulated caseload figures should not have affected the Program's expenditures. During this audit, Department officials also said that upon further reflection they did not think that their method for determining the amount of growth attributable to the new computer system was appropriate because there should not be a relationship between the computer counting method and the difference between estimated and actual Program expenditures. Further, if the old and new systems accumulate caseload data in the same way, then none of the caseload growth would be attributable to the new system. This issue is discussed in more detail later in this report.

**Caseload figures produced by the new computer system would not have significant impact on the amount of supplemental funds requested for fiscal year 1990.** We concluded that caseload figures produced by the new computer system would not have a significant impact on the Department's request for \$8.9 million in supplemental Program funds for fiscal year 1990 because that supplemental request was primarily based on expenditure experience for the first four months of the year. The Department's revised caseload figures were primarily based on projecting its expenditure level for the entire fiscal year and were not based on the 1990 caseload figures reported by the new computer system.

#### **Department Personnel Were Not Aware of Any Differences Between How the Old and New Computer Systems Accumulated Caseload Figures**

We interviewed Department officials who were knowledgeable about the Aid to Dependent Children Program caseload and the new computer system to determine how the new system might accumulate caseload figures differently from the old system. For example, if the new system included recipients during their first partial month of eligibility in the person-month caseload figures while the old system had not counted them, this difference would affect the total person-month count for the year, perhaps substantially. Department officials we interviewed initially indicated that they thought the old and new computer systems accumulated person-month caseload figures differently. However, after discussing the matter with us and among themselves, Department officials concluded that the old and new systems counted person-months identically.

**If the old and new computer systems count person-months in the same manner, then the new system would not account for any projected change in caseload figures.** Because the revised fiscal year 1990 caseload projections were primarily based on the amount of money spent in the first four months of the fiscal year, projected to the year's end, those caseload projections would not be significantly affected by the new computer system. If the old and new systems count person-month caseloads in the same manner, as Department officials indicated, then the changeover to the new system should not have had any impact on person-month caseload numbers. However, if the two systems are different and funding requests for future years are based on caseload data produced by the new system, those new caseload figures could impact funding requests for fiscal year 1991 and beyond.

**Because of the limited timeframe of this audit, we were unable to verify that the two systems arrive at caseload numbers in the same manner.** We found that Department officials were not able to provide documentation that would allow us to readily determine how the old computer system accumulated caseload person-months. Therefore, we could not compare the operation of the two systems to look for differences that might contribute to higher caseload counts under the new system. Such a review would require a detailed examination of the actual computer programming that made up the previous system. Although that programming was available, such a review would have consumed significantly more time than was available for this audit.

### **Conclusion**

According to officials from the Department of Social and Rehabilitation Services, the new Kansas Automated Eligibility and Child Support Enforcement System does not accumulate person-month caseload figures any differently than the old computer system did. If this is the case, the new computer system would not account for any of the reported increase in caseloads for the Aid to Dependent Children Program. Because of the limited timeframe for this audit, we were unable to independently verify whether any differences exist between how the old and new computer systems accumulated person-month caseload figures.



## **APPENDIX A**

### **Agency Response**

On January 30, 1990, we provided a copy of the draft audit report to the Department of Social and Rehabilitation Services. The Department's response is included in this Appendix.



**STATE OF KANSAS**

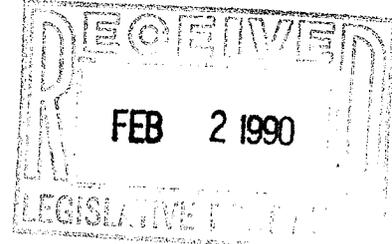
**MIKE HAYDEN, Governor**

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**February 2, 1990**



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Mr. Meredith Williams  
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Dear Mr. Williams:

We at SRS appreciate the opportunity to comment on the draft of the completed audit report titled "caseload increases that may be attributable to the Department of Social and Rehabilitation Services' new automated eligibility and child support enforcement system." Although we found the report to be thorough and well-written, we can not agree entirely with the conclusion that there are no differences between the CENPAY and KAECSES systems. Although we concur that there is no direct evidence of a difference based on the logic of the two systems, we believe that there is demonstrated indirect evidence which points to a difference in the system's person month outputs. The point of divergence between the two systems is clearly October of 1988, the reporting month following the first sizeable area converted to KAECSES. We do concur that the results can not be explained based on the system logic and further concur that in any case, there would be no fiscal impact in FY 1990. We would also note that the observed differences appear to be phenomena related to the transition from the old system to the new system. Because projections for FY 1992 will utilize data collected by the KAECSES system alone, observed differences from the old system should have no effect.

We would also like to take this opportunity to compliment you and your staff again for the manner in which the audit was conducted. As with the previous KAECSES audit, your staff were professional and polite and were well received by members of our staff. Should you have any additional questions or if you need additional information, please do not hesitate to contact us.

Sincerely,

  
Winston Barton  
Secretary

WB:cr