



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

SEP 17 2008

TO: Daniel C. Schneider
Acting Assistant Secretary for Children and Families

FROM: Daniel R. Levinson *Daniel R. Levinson*
Inspector General

SUBJECT: Review of Improper Temporary Assistance for Needy Families Basic Assistance Payments in Idaho for April 1, 2006, Through March 31, 2007 (A-06-07-00104)

Attached is an advance copy of our final report on improper Temporary Assistance for Needy Families (TANF) basic assistance payments in Idaho for April 1, 2006, through March 31, 2007. We will issue this report to the Idaho Department of Health and Welfare (the State agency) within 5 business days. The Administration for Children and Families (ACF) and the Office of Management and Budget requested this review.

The TANF program, which the Federal and State Governments jointly fund and administer, is a block grant program that provides eligible families with work opportunities and other assistance, including basic assistance payments for such ongoing basic needs as food, clothing, shelter, and utilities. Federal and State laws, regulations, and other requirements establish TANF eligibility, payment, and documentation requirements.

Our objectives were to determine whether the State agency (1) made TANF basic assistance payments to recipient families in accordance with Federal and State requirements and adequately documented eligibility and payment determinations and (2) accurately reported basic assistance expenditures to ACF.

For the period April 1, 2006, through March 31, 2007, the State agency made some TANF basic assistance payments that did not meet Federal and State requirements and did not adequately document all eligibility and payment determinations. The State agency accurately reported basic assistance expenditures to ACF.

We did not identify any errors in 123 of the 150 payments in our statistical sample. However, the remaining 27 payments were improper. For one of these payments, the recipient family was ineligible for TANF basic assistance. For 26 payments, the case files did not contain all required documentation supporting eligibility and payment determinations.

Based on our sample results, we estimated that the overall TANF improper payment rate was 16.45 percent of the Federal dollars expended and 18 percent of the number of basic assistance payments made for the 1-year audit period. Specifically, we estimated that the State agency paid \$1,071,288 (Federal share) for 3,936 overpayments.

We recommend that the State agency:

- use the results of this review to help ensure compliance with Federal and State TANF requirements by (1) reemphasizing to recipients the need to report changes in circumstances affecting eligibility or payment determinations and (2) verifying eligibility information and maintaining appropriate documentation in all case files and
- consider conducting quality control reviews of TANF basic assistance eligibility and payment processes.

In its comments on our draft report, the State agency agreed with our recommendations and provided information on steps that it had already taken.

If you have any questions or comments about this report, please do not hesitate to call me, or your staff may contact Lori S. Pilcher, Assistant Inspector General for Grants, Internal Activities, and Information Technology Audits, at (202) 619-1175 or through e-mail at Lori.Pilcher@oig.hhs.gov or Gordon L. Sato, Regional Inspector General for Audit Services, Region VI, at (214) 767-8414 or through e-mail at Gordon.Sato@oig.hhs.gov. Please refer to report number A-06-07-00104.

Attachment



DEPARTMENT OF HEALTH AND HUMAN SERVICES

Office of Inspector General

Office of Audit Services
1100 Commerce, Room 632
Dallas, Texas 75242

SEP 22 2008

Report Number: A-06-07-00104

Mr. Russ Barron
Administrator
Division of Welfare
Idaho Department of Health and Welfare
450 West State Street, Second Floor
Boise, Idaho 83702

Dear Mr. Barron:

Enclosed is the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG), final report entitled "Review of Improper Temporary Assistance for Needy Families Basic Assistance Payments in Idaho for April 1, 2006, Through March 31, 2007." We will forward a copy of this report to the HHS action official noted on the following page for review and any action deemed necessary.

The HHS action official will make final determination as to actions taken on all matters reported. We request that you respond to this official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

Pursuant to the principles of the Freedom of Information Act, 5 U.S.C. § 552, as amended by Public Law 104-231, OIG reports generally are made available to the public to the extent the information is not subject to exemptions in the Act (45 CFR part 5). Accordingly, this report will be posted on the Internet at <http://oig.hhs.gov>.

If you have any questions or comments about this report, please do not hesitate to call me, or contact Sylvie Witten, Audit Manager, at (512) 339-3071 or through e-mail at Sylvie.Witten@oig.hhs.gov. Please refer to report number A-06-07-00104 in all correspondence.

Sincerely,

Gordon L. Sato
Regional Inspector General
for Audit Services

Enclosure

Direct Reply to HHS Action Official:

Mr. Steve Henigson
Regional Administrator
Administration for Children and Families
Seattle Regional Office
2201 Sixth Avenue
Seattle, Washington 98121

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF IMPROPER
TEMPORARY ASSISTANCE FOR
NEEDY FAMILIES BASIC
ASSISTANCE PAYMENTS IN
IDAHO FOR APRIL 1, 2006,
THROUGH MARCH 31, 2007**



Daniel R. Levinson
Inspector General

September 2008
A-06-07-00104

Office of Inspector General

<http://oig.hhs.gov>

The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, as amended, is to protect the integrity of the Department of Health and Human Services (HHS) programs, as well as the health and welfare of beneficiaries served by those programs. This statutory mission is carried out through a nationwide network of audits, investigations, and inspections conducted by the following operating components:

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The Office of Audit Services (OAS) provides auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations. These assessments help reduce waste, abuse, and mismanagement and promote economy and efficiency throughout HHS.

Office of Evaluation and Inspections

The Office of Evaluation and Inspections (OEI) conducts national evaluations to provide HHS, Congress, and the public with timely, useful, and reliable information on significant issues. These evaluations focus on preventing fraud, waste, or abuse and promoting economy, efficiency, and effectiveness of departmental programs. To promote impact, OEI reports also present practical recommendations for improving program operations.

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The Office of Investigations (OI) conducts criminal, civil, and administrative investigations of fraud and misconduct related to HHS programs, operations, and beneficiaries. With investigators working in all 50 States and the District of Columbia, OI utilizes its resources by actively coordinating with the Department of Justice and other Federal, State, and local law enforcement authorities. The investigative efforts of OI often lead to criminal convictions, administrative sanctions, and/or civil monetary penalties.

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Notices

THIS REPORT IS AVAILABLE TO THE PUBLIC
at <http://oig.hhs.gov>

Pursuant to the principles of the Freedom of Information Act, 5 U.S.C. § 552, as amended by Public Law 104-231, Office of Inspector General reports generally are made available to the public to the extent the information is not subject to exemptions in the Act (45 CFR part 5).

OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

EXECUTIVE SUMMARY

BACKGROUND

The Temporary Assistance for Needy Families (TANF) program, a block grant program, provides eligible families with work opportunities and other assistance, including basic assistance payments for such ongoing basic needs as food, clothing, shelter, and utilities. The Federal and State Governments jointly fund and administer the TANF program. The Administration for Children and Families (ACF), Office of Family Assistance, administers the program at the Federal level.

Federal and State laws, regulations, and other requirements establish TANF eligibility, payment, and documentation requirements. To be eligible for TANF, a needy family must, among other requirements, include a minor child or pregnant woman, not exceed established time limits for receiving assistance, engage in work activities, not exceed income and resource thresholds established by the State, meet citizenship and residency requirements, submit a written application for benefits, and furnish the Social Security number of each family member. The State must maintain records on the provision of assistance, including facts to support eligibility and payment determinations.

In Idaho, the Department of Health and Welfare (the State agency) administers the TANF program. The State agency determines the eligibility of applicants and the payment amounts for basic assistance. For the period April 1, 2006, through March 31, 2007, the State agency made 21,866 monthly basic assistance payments totaling \$6,513,184 to TANF recipients. The State agency has opted to fund 100 percent of its TANF basic assistance expenditures from the Federal TANF block grant.

ACF and the Office of Management and Budget (OMB) requested this review.

OBJECTIVES

Our objectives were to determine whether the State agency (1) made TANF basic assistance payments to recipient families in accordance with Federal and State requirements and adequately documented eligibility and payment determinations and (2) accurately reported basic assistance expenditures to ACF.

SUMMARY OF FINDINGS

For the period April 1, 2006, through March 31, 2007, the State agency made some TANF basic assistance payments that did not meet Federal and State requirements and did not adequately document all eligibility and payment determinations. The State agency accurately reported basic assistance expenditures to ACF.

We did not identify any errors in 123 of the 150 payments in our statistical sample. However, the remaining 27 payments were improper:

- For one payment, the recipient family was ineligible for TANF basic assistance.
- For 26 payments, the case files did not contain all required documentation supporting eligibility and payment determinations.

The State agency did not conduct quality control reviews to detect these types of errors.

Based on our sample results, we estimated that the overall TANF improper payment rate was 16.45 percent of the Federal dollars expended and 18 percent of the number of basic assistance payments made for the 1-year audit period. Specifically, we estimated that the State agency paid \$1,071,288 for 3,936 overpayments. The following table summarizes our statistical estimates.

Statistical Estimates of Improper Payments

Error Category	Improper Payment Rate		Improper Payments	
	Federal Dollars	No. of Payments	Federal Dollars	No. of Payments
Eligibility error	0.69%	0.67%	\$45,044	146
Documentation errors	15.76%	17.33%	1,026,244	3,790
Overall	16.45%	18.00%	\$1,071,288	3,936

RECOMMENDATIONS

We recommend that the State agency:

- use the results of this review to help ensure compliance with Federal and State TANF requirements by (1) reemphasizing to recipients the need to report changes in circumstances affecting eligibility or payment determinations and (2) verifying eligibility information and maintaining appropriate documentation in all case files and
- consider conducting quality control reviews of TANF basic assistance eligibility and payment processes.

STATE AGENCY COMMENTS

In its comments on our draft report, the State agency agreed with our recommendations and provided information on steps that it had already taken. The State agency also expressed its concerns about developing a national TANF payment error rate and about posting our individual State reports on the Internet before the eight-State review process is complete. The State agency's comments are included in their entirety as Appendix E.

OFFICE OF INSPECTOR GENERAL RESPONSE

The Improper Payments Information Act of 2002 requires Federal agencies to estimate the annual amount of improper payments in their programs and to report that estimate to Congress. ACF and OMB requested this review of the TANF program for fiscal year 2008 performance and accountability reporting.

With respect to posting reports on the Internet, the Consolidated Appropriations Act of 2008 (Public Law 110-161), section 746, requires that each Office of Inspector General post on its Web site any public report or audit issued within 1 day of its release.

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INTRODUCTION

BACKGROUND

The Administration for Children and Families (ACF) and the Office of Management and Budget (OMB) requested this review of the Temporary Assistance for Needy Families (TANF) program for fiscal year 2008 performance and accountability reporting.

Improper Payments Information Act of 2002

The Improper Payments Information Act of 2002 (Public Law 107-300) requires Federal agencies to estimate and report to Congress on the annual amount of improper payments in their programs, the causes of the improper payments, and the corrective actions taken. Section 2(d)(2) of this Act (31 U.S.C. § 3321) states that an improper payment:

. . . (A) means any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements; and

(B) includes any payment to an ineligible recipient, any payment for an ineligible service, any duplicate payment, payments for services not received, and any payment that does not account for credit for applicable discounts.

To clarify this definition, OMB Circular A-123, Appendix C, part I.A, states that “when an agency’s review is unable to discern whether a payment was proper as a result of insufficient or lack of documentation, this payment must also be considered an error.”

Temporary Assistance for Needy Families Program

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193) established the TANF program to help families progress from welfare to self-sufficiency. The Federal and State Governments jointly fund and administer the program. At the Federal level, the ACF Office of Family Assistance administers the program. Within broad national guidelines established by Federal statutes, regulations, and other requirements, States have significant flexibility in designing their programs and determining eligibility requirements.

The Federal Government provides TANF funds in the form of block grants, which are specified amounts directly allocated to States. To be eligible for a TANF block grant, a State must submit a State plan to ACF within the 27-month period prior to the Federal fiscal year in which the funds are to be provided. The State plan is an outline of how each State will operate its TANF program, including program administration, criteria for determining eligibility and delivering benefits, and assurances against fraud and abuse. ACF reviews the State plan for completeness but does not issue an approval. ACF has stated that a determination that a plan is complete does not constitute its endorsement of State policies¹

¹See 64 Federal Register 17720, 17847 (April 12, 1999).

Pursuant to section 401 of the Social Security Act (the Act), the TANF program provides assistance and work opportunities to needy families. As a general rule, States must use the funds for eligible families with a minor child or pregnant woman and for one of the four purposes of the TANF program, including providing assistance to needy families.² Federal regulations (45 CFR § 260.31(a)(1)) define assistance as cash, payments, vouchers, and other forms of benefits designed to meet a family’s ongoing basic needs, including, but not limited to, food, clothing, shelter, and utilities. Such assistance is referred to as “basic assistance.”

States may use various funding options to provide benefits and services under their TANF programs (e.g., commingled Federal and State funds or segregated funds). The funding option chosen determines what specific requirements apply and whether a particular use of funds is appropriate.

Idaho’s Temporary Assistance for Needy Families Program

In Idaho, the Department of Health and Welfare (the State agency) administers the TANF program. The State agency uses the Eligibility Program Integrated Computer System (EPICS) to document eligibility determinations, maintain case files, and process TANF basic assistance benefits.

The State agency has opted to fund 100 percent of its TANF basic assistance expenditures from the Federal TANF block grant.

The State agency requires individuals to submit written applications for TANF basic assistance and to provide verification requested by the State agency. The State agency reviews the applications, determines whether individuals meet TANF eligibility requirements, and notifies the applicants via the applications that any changes affecting eligibility must be reported to the State agency. For each applicant determined eligible, the State agency determines the amount of assistance to be paid to the family.

Federal and State Requirements Related to Temporary Assistance for Needy Families Basic Assistance

The State agency must comply with certain Federal requirements in determining and redetermining eligibility and payment amounts. Federal regulations (45 CFR §§ 205.51–205.60 and parts 260–264) set forth basic TANF eligibility requirements that States must impose on families receiving assistance, including time limits and work requirements for adults. Appendix A of this report contains the specific Federal requirements related to TANF basic assistance.

²The other purposes of TANF are to (1) end the dependence of needy parents by promoting job preparation, work, and marriage; (2) prevent and reduce out-of-wedlock pregnancies; and (3) encourage the formation and maintenance of two-parent families (section 401 of the Act).

In addition, the Idaho State plan; the Idaho Administrative Procedures Act (IDAPA) 16, Title 3, Chapter 8; and the State agency's "Temporary Assistance for Families in Idaho Handbook" establish TANF basic assistance requirements. The State plan and IDAPA 16, Title 3, Chapter 8, incorporate Federal requirements and establish all other eligibility requirements, such as income and resource levels and standards of need for determining eligibility.³ Appendix B of this report contains the specific State requirements related to TANF basic assistance.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

Our objectives were to determine whether the State agency (1) made TANF basic assistance payments to recipient families in accordance with Federal and State requirements and adequately documented eligibility and payment determinations and (2) accurately reported basic assistance expenditures to ACF.

Scope

Our audit period covered April 1, 2006, through March 31, 2007. We did not review the overall internal control structure of the Idaho TANF program. Rather, we reviewed the State agency's procedures relevant to the objectives of the audit.

We performed fieldwork from August to September 2007 at the State agency in Boise, Idaho.

Methodology

To accomplish our objectives, we:

- reviewed Federal and State laws, regulations, and other requirements related to TANF basic assistance eligibility and payment amounts;
- held discussions with ACF regional office officials and with State agency officials to obtain an understanding of policies, procedures, and guidance for determining TANF basic assistance eligibility and payment amounts;
- obtained a list of TANF basic assistance payments for the period April 1, 2006, through March 31, 2007, from the State agency's EPICS;
- combined all payments to each recipient family in a month and obtained a universe of 21,866 monthly payments totaling \$6,513,184;
- validated the universe of payments, including reported expenditures; and

³In Idaho, a family meets the definition of "needy" if the countable household earned income is below 32 percent of the 2000 Federal poverty level for the family size and if the monthly countable income is less than \$309, the maximum grant amount (Idaho State plan, section B.1).

- selected a simple random sample of 150 payments from the universe of 21,866 monthly payments, as detailed in Appendix C.

For each of the 150 sampled items, we determined whether the corresponding case file (electronic or paper) contained sufficient information for the State agency to have made a TANF basic assistance eligibility determination on the date of initial determination or redetermination. We also attempted to obtain sufficient independent information to determine whether the recipient family was eligible for TANF basic assistance and received the proper payment amount on the payment date selected. Specifically, we determined whether:

- the case file contained a completed application from the parent or caretaker relative that was in effect for the selected payment date;
- the case file contained a Social Security number for each member of the recipient family and, if so, whether the State agency had verified the number through the Social Security Administration;
- the recipient family resided in Idaho by checking driver's licenses, utility bills, and rent receipts/landlord statements found in the case files or by searching the EPICS Department of Transportation screens;
- each family member's citizenship status was adequately documented in the case file (e.g., birth certificates, EPICS vital statistics screens, and the U.S. Citizenship and Immigration Services' Systematic Alien Verification for Entitlement program documentation);
- the case file established the relationship between the child and caretaker relative in cases in which only the child's information was used in determining eligibility and payment amounts (child-only cases);
- the case file contained verification that school-age children included in the family attended school until age 18 or participated in work activities;
- the case file contained verification that children obtained required immunizations;
- the recipient family's income was at or below the income threshold required to be eligible for TANF basic assistance on the payment date selected by reviewing information from the State Department of Employment and the case file;
- the recipient family's resources were at or below the resource threshold required to be eligible for TANF basic assistance on the payment date selected by checking the State Department of Motor Vehicles records on automobile ownership and by reviewing the case file for evidence of checking or savings accounts, property, stocks, bonds, or recreational vehicles;

- no member of the recipient family was a fugitive felon or parole violator by reviewing the self-declaration in the case file;
- the recipient family complied with child support requirements by reviewing information in the case file and the State agency's child support system;
- assistance was not provided to any adult member of the recipient family beyond allowable time limits by reviewing information from EPICS; and
- the parent or caretaker in the recipient family met work requirements by reviewing the case file and the EPICS Department of Employment screens.

We estimated, for the total universe of 21,866 monthly TANF basic assistance payments, the total Federal dollar value of payments with eligibility or documentation errors. We also estimated, for the total universe, the total number of these improper payments.

In addition, we determined the improper payment rate in dollars by dividing the estimated improper Federal dollars by the total Federal dollars in the universe. We also determined the improper payment rate for the number of payments in error by dividing the estimated number of improper payments by the total number of payments in the universe.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

FINDINGS AND RECOMMENDATIONS

The State agency made some TANF basic assistance payments that did not meet Federal and State requirements and did not adequately document all eligibility and payment determinations. The State agency accurately reported basic assistance expenditures to ACF.

Of the 150 payments in our statistical sample, 27 payments totaling \$7,349 were improper because the recipient family was ineligible for TANF basic assistance or the case files did not contain all required documentation supporting eligibility and payment determinations. We did not identify any errors in the remaining 123 payments.

Based on our sample results, we estimated that the overall TANF improper payment rate was 16.45 percent of the Federal dollars expended and 18 percent of the number of basic assistance payments made for the 1-year audit period. Specifically, we estimated that the State agency paid \$1,071,288 for 3,936 overpayments. (See page 8 for additional statistical estimates.)

IMPROPER PAYMENTS

Table 1 summarizes the errors noted in the 27 improper payments in our sample.

Type of Error	Improper Federal Payments	No. of Improper Payments
Eligibility Error		
Residency requirement was not met	\$309	1
Documentation Errors		
Documentation was not sufficient to support eligibility and payment determinations	7,040	26
Total	\$7,349	27

We have provided details on each of these payment errors to the State agency.

Eligibility Error

IDAPA 16, Title 3, Chapter 8, section 134, requires that eligible individuals live in Idaho, have no immediate intention of leaving, and not be a resident of another State. IDAPA 16, Title 3, Chapter 8, section 308, requires that recipient families report changes in circumstances to the State agency within 10 calendar days from the date that the change becomes known unless good cause is established. Recipients must acknowledge this requirement through a signed written application.

Of the 150 sampled payments, 1 payment totaling \$309 was made to a recipient family that did not meet State eligibility requirements. In this child-only case, the child did not reside in Idaho on the date of the overpayment, and the recipient family did not report this change in circumstances.

Documentation Errors

State agencies are required to maintain records regarding applications and eligibility determinations for the provision of financial assistance. Included in such records should be facts supporting initial and continuing eligibility determinations (45 CFR § 205.60(a)). OMB Circular A-123, Appendix C, part I.A, states that when a Federal agency's review is unable to discern whether a payment was proper as a result of insufficient or lack of documentation, this payment must be considered an error.

Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193, as codified, in part, at 8 U.S.C. §§ 1601–1646) requires a TANF recipient to be a citizen or national of the United States or a qualified alien. Under 8 U.S.C. § 1613, legal resident aliens and other qualified aliens who entered the United States on or after August 22, 1996, are

ineligible for assistance for the first 5 years after entry.⁴ Federal regulations (45 CFR § 263.2(b)(2)) state that for a recipient family consisting of a minor child, the minor child must live with a custodial parent or another adult caretaker relative. Pursuant to section 408(a)(9) of the Act, States are prohibited from using TANF funds to provide assistance to any individual who is either a fugitive felon or a parole or probation violator.

State regulations require that:

- an adult participant, a legal guardian, or a representative sign the application form and that the State agency receive the form (IDAPA 16, Title 3, Chapter 8, section 108);
- an individual provide verification requested by the State agency (IDAPA 16, Title 3, Chapter 8, section 100);
- eligible children obtain immunizations according to the State agency's schedule for immunizations unless there is a religious or other objection or the immunizations would endanger the life or health of the children (IDAPA 16, Title 3, Chapter 8, section 141); and
- school-age children included in the family attend school until they reach age 18 or graduate from a secondary school or the equivalent and that a \$50 monthly penalty be subtracted from the grant for each dependent child who does not attend school (IDAPA 16, Title 3, Chapter 8, section 142).

In addition, the Idaho State plan, section A.4, requires applicants to provide documentation that they are citizens or lawful permanent residents of the United States.

The case files for 26 sampled payments totaling \$7,040 did not contain adequate documentation to support eligibility and payment determinations. For these overpayments, the missing documentation included at least one of the following: a signed application covering the payment month, verification of immunizations or school attendance, proof of U.S. citizenship, facts supporting the caretaker relative's relationship to the minor child, and proof of a fleeing felon and probation or parole violation check.

CONCLUSION

Some of the sampled payments did not meet Federal and State eligibility or documentation requirements. For these payments, (1) the recipient family did not notify the State agency of changes in circumstances affecting eligibility or (2) the State agency did not maintain appropriate documentation to support eligibility and payment determinations. The State agency did not conduct quality control reviews to detect the types of errors that we found.

⁴None of the exceptions to the 5-year bar (refugees, asylees, aliens whose deportation is being withheld, etc.) applied to our sampled payments.

Based on our sample results, we estimated that the TANF improper payment rate was 16.45 percent of the Federal dollars expended and 18 percent of the number of basic assistance payments made for the 1-year audit period. Specifically, we estimated that the State agency paid \$1,071,288 for 3,936 overpayments. Table 2 summarizes our statistical estimates. (See Appendix D for details on our sample results and estimates.)

Table 2: Statistical Estimates of Improper Payments

Error Category	Improper Payment Rate		Improper Payments	
	Federal Dollars	No. of Payments	Federal Dollars	No. of Payments
Eligibility error	0.69%	0.67%	\$45,044	146
Documentation errors	15.76%	17.33%	1,026,244	3,790
Overall	16.45%	18.00%	\$1,071,288	3,936

We are not recommending recovery of the overpayments identified in this report primarily because ACF decided to assess penalties⁵ in the TANF program rather than take disallowances in response to audit findings.

RECOMMENDATIONS

We recommend that the State agency:

- use the results of this review to help ensure compliance with Federal and State TANF requirements by (1) reemphasizing to recipients the need to report changes in circumstances affecting eligibility or payment determinations and (2) verifying eligibility information and maintaining appropriate documentation in all case files and
- consider conducting quality control reviews of TANF basic assistance eligibility and payment processes.

STATE AGENCY COMMENTS

In its comments on our draft report, the State agency agreed with our recommendations and provided information on steps that it had already taken. The State agency also expressed its concerns about the audit methodology and the development of a national TANF payment error rate because of the wide variations in programs across the Nation. The State agency requested that we refrain from posting our individual State reports on the Internet until the entire eight-State TANF review process is complete and all reports are final.

The State agency’s comments are included in their entirety as Appendix E.

⁵Penalties are set forth in section 409 of the Act.

OFFICE OF INSPECTOR GENERAL RESPONSE

The Improper Payments Information Act of 2002 requires Federal agencies to estimate the annual amount of improper payments in their programs and to report that estimate to Congress. As stated on page 1 of this report, ACF and OMB requested this review of the TANF program for fiscal year 2008 performance and accountability reporting.

With respect to posting reports on the Internet, the Consolidated Appropriations Act of 2008 (Public Law 110-161), section 746, requires that each Office of Inspector General post on its Web site any public report or audit issued within 1 day of its release.

APPENDIXES

**FEDERAL REQUIREMENTS RELATED TO TEMPORARY ASSISTANCE
FOR NEEDY FAMILIES BASIC ASSISTANCE**

- Section 401 of the Social Security Act (the Act) states that one purpose of the Temporary Assistance for Needy Families (TANF) program is to provide assistance to needy families.
- The Federal Register, Vol. 64, No. 69, page 17825 (April 12, 1999) defines a needy family as one that is financially deprived, i.e., lacking adequate income and resources.
- Regulations (45 CFR § 260.31(a)(1)) define assistance as cash, payments, vouchers, and other forms of benefits designed to meet a family's ongoing basic needs (i.e., food, clothing, shelter, utilities, household goods, personal care items, and general incidental expenses), as well as supportive services, such as transportation and childcare provided to families whose household heads are not employed.
- Regulations (45 CFR § 263.2(b)) state that cash assistance benefits may be provided only to or on behalf of eligible families.
- Section 408(a)(1) of the Act requires that a State not use any part of the grant to provide assistance to a family unless the family includes a minor child who resides with the family or includes a pregnant woman.
- Section 408(a)(4) of the Act requires that a State not use any part of the grant to provide assistance to an individual who has not attained 18 years of age, is not married, has a minor child at least 12 weeks of age in his or her care, and has not successfully completed a high school education or its equivalent.
- Section 408(a)(7) of the Act and 45 CFR § 264.1(a)(1) provide that a State may not use Federal TANF funds to provide assistance to a family that includes an adult who has received Federal assistance for more than 60 cumulative months.
- Regulations (45 CFR § 261.10(a)(1)) require that a parent or caretaker receiving assistance engage in work activities when the State has determined that the individual is ready to do so or when the individual has received assistance for a total of 24 months, whichever is earlier.
- Regulations (45 CFR §§ 205.52(a)(1) and (2)) require, as a condition of eligibility, that each applicant for or recipient of aid furnish his or her Social Security number to the State or local agency. If the individual cannot recall or was not issued a Social Security number, the individual is required to apply to the Social Security Administration (SSA) for a number through procedures adopted by the State or local agency. If such procedures are not in effect, the individual must apply directly for such a number, submit verification of such application, and provide the number upon its receipt.

- Regulations (45 CFR § 205.52(g)) require the State agency to submit all unverified Social Security numbers to SSA for verification.¹
- Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193, as codified, in part, at 8 U.S.C. §§ 1601–1646) requires a TANF recipient to be a citizen or national of the United States or a qualified alien. Legal resident aliens and other qualified aliens who entered the United States on or after August 22, 1996, are ineligible for assistance for the first 5 years after entry.
- Regulations (45 CFR § 263.2(b)(2)) state that an eligible family must include a child living with a custodial parent or another adult caretaker relative (or include a pregnant individual).
- Regulations (45 CFR § 263.2(b)(3)) state that TANF basic assistance income and resource thresholds are established by the State and must be included in the State plan. The income and resource thresholds, which are subject to adjustments, vary based on the number of members in the household.
- Regulations (45 CFR §§ 205.51 and 205.55) establish requirements for income and eligibility verification. These regulations governing the Income and Eligibility Verification System require States to request information from other Federal and State agencies to verify individuals' eligibility for assistance under the State plan and the correct amount of assistance payments for applicants and recipients.
- Regulations (45 CFR § 264.30(a)) require the State agency to refer to the child support enforcement agency all appropriate individuals in the family of a child for whom paternity has not been established or for whom a child support order needs to be established, modified, or enforced. Referred individuals must cooperate in establishing paternity and in establishing, modifying, or enforcing a support order with respect to the child.
- Section 408(a)(2) of the Act provides that if an individual does not cooperate with the State in establishing paternity or in establishing, modifying, or enforcing a support order, the State must reduce assistance by at least 25 percent or may deny the family any assistance.
- Section 408(a) of the Act prohibits assistance for individuals who (1) fail to assign support rights to the State, (2) fail to attend high school or an equivalent training program when the individual is a teenage parent, (3) fail to reside in an adult-supervised setting when the household head is a teenager, (4) are fugitive felons or parole violators, or

¹The State agency may accept as verified a Social Security number provided directly to the State agency by SSA or by another Federal or federally assisted benefit program that has received the number from SSA or has submitted it to SSA for verification.

(5) are minor children absent from the home or parents who fail to notify the State agency of the absence.

- The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193, as codified, in part, at 8 U.S.C. §§ 1601–1646), section 115(a)(1), prohibits assistance for individuals who have been convicted of a drug-related felony.
- Regulations (45 CFR § 205.60(a)) require State agencies to maintain records regarding applications and eligibility determinations for the provision of assistance. Included in such records should be facts supporting initial and continuing eligibility determinations.
- Regulations (45 CFR part 265) establish that States must report TANF financial data on a quarterly basis to ACF. Pursuant to 45 CFR §§ 265.7(a) and 265.4(a), each State's quarterly reports must be complete, accurate, and filed within 45 days of the end of the quarter. A complete and accurate report means that (1) the reported data accurately reflect information available to the State in case records, financial records, and automated data systems; (2) the data are free from computational errors and are internally consistent; and (3) the reported data include all applicable elements (45 CFR § 265.7(d)).

**STATE REQUIREMENTS RELATED TO TEMPORARY ASSISTANCE
FOR NEEDY FAMILIES BASIC ASSISTANCE**

- The Idaho Administrative Procedures Act (IDAPA) 16, Title 3, Chapter 8, section 100, states that to be eligible for Temporary Assistance for Families in Idaho (TAFI), an individual must sign an application, provide verification requested by the Idaho Department of Health and Welfare (the State agency), negotiate and sign a Personal Responsibility Contract (PRC), cooperate in establishing and obtaining support, complete certain work activities, and meet all other personal responsibility and financial criteria.
- The State plan, section B.1, requires that TAFI be available to eligible children who reside with a caretaker relative. A caretaker relative is a specified adult relative other than a parent who resides with an eligible related child and who is responsible for the child's care. Caretaker relatives may choose whether to be included in the grant. For child-only cases:
 - Only the child's income is counted.
 - TAFI time limits do not apply to caretaker relatives.
 - Caretaker relatives not included in the grant are encouraged to complete all of the Child Support Services referral forms but are not required to cooperate with Child Support Services. However, a caretaker relative who is included in the grant must cooperate with Child Support Services to identify and locate the noncustodial parent; establish paternity; and establish, modify, and enforce the child support order unless good cause exists.
 - Caretaker relatives not included in the grant are not required to participate in work activities. However, all caretaker relatives included in the grant must meet work participation requirements.
- IDAPA 16, Title 3, Chapter 8, section 101, states that lifetime eligibility for adults is limited to 24 months unless otherwise provided by these rules. If, during the 24-month time limit, the State agency does not end benefits at the appropriate time and a payment is made in error, the month is applied to the 60-month Federal time limit rather than the 24-month State limit.
- IDAPA 16, Title 3, Chapter 8, section 108, states that the application form must be signed by an adult participant, a legal guardian, or a representative and must be received by the State agency.
- IDAPA 16, Title 3, Chapter 8, section 109, requires substance abuse screening for cash assistance applicants prior to TAFI benefit approval.

- IDAPA 16, Title 3, Chapter 8, section 116, requires that a PRC be negotiated and signed by the family's adults and that all application activities be completed before eligibility is approved. The family must continue to comply with ongoing PRC requirements to remain eligible.
- IDAPA 16, Title 3, Chapter 8, section 124, states that if substance abuse screening, assessment, or testing shows that the participant needs substance abuse treatment, the State agency must require the participant to enter a substance abuse treatment program and cooperate with treatment. Treatment must be provided at no cost to TAFI participants.
- Pursuant to IDAPA 16, Title 3, Chapter 8, section 125, the following individuals must be included in the family:
 - Children under the age of 18, or under the age of 19 if they are attending a secondary school or the equivalent level of vocational or technical training full time, must be included. Children must reside with a parent or a caretaker relative who exercises care and control over them. A dependent child's natural or adoptive brother or sister, including half siblings, living in the same home as the dependent child must be included in the family.
 - Parents who have an eligible natural or adopted child residing with them must be included.
 - A pregnant woman with no other children who is in at least the third calendar month before the baby is due and who is unable to work for medical reasons must be included.
- IDAPA 16, Title 3, Chapter 8, section 126, states that the following individuals may be eligible:
 - Specified adult relatives other than parents who have an eligible related child residing with them and who are responsible for the child's care may be eligible. Only one child in the family must be related to one of the following specified relatives: brother, sister, aunt, uncle, nephew, niece, first cousin, or first cousin once removed. One of these relatives with a "grand" or "great" prefix attached may be eligible, as well as one with a half blood relationship. A stepparent, a stepsibling, or the spouse of a relative by marriage, even if the marriage has ended, may also be eligible.
 - Related dependent children who are not siblings or half siblings of family members and who are living in the home may be eligible.

- IDAPA 16, Title 3, Chapter 8, section 127, states that a married child under age 18 is no longer considered a dependent child. The child's subsequent separation, divorce, or annulment does not change that status.
- IDAPA 16, Title 3, Chapter 8, section 128, states that an unmarried parent under age 18 must live with his or her parents unless good cause is established. Two unmarried parents under the age of 18 with a child in common may choose to live with the parents of the unmarried father or the unmarried mother.
- IDAPA 16, Title 3, Chapter 8, section 131, states that to be eligible, an individual must be a U.S. citizen or national, a national of American Samoa or Swains Island, or a qualified noncitizen under the State's rules.
- Pursuant to IDAPA 16, Title 3, Chapter 8, section 133, applicants must provide their Social Security number, or proof that they have applied for a Social Security number, to the State agency before approval of eligibility. If an applicant has more than one Social Security number, all numbers must be provided. The Social Security number must be verified by SSA electronically. When a Social Security number is unverified, the applicant is not eligible for TAFI benefits and makes the family ineligible for TAFI. The State agency must notify the applicant in writing if eligibility is being denied or lost for failure to meet the Social Security number requirement.
- IDAPA 16, Title 3, Chapter 8, section 134, states that individuals must live in Idaho, have no immediate intention of leaving, and not be a resident of another State.
- IDAPA 16, Title 3, Chapter 8, section 141, states that eligible children must obtain immunizations according to the State agency's schedule for immunizations unless there is a religious or other objection or immunization would endanger the life or health of the children.
- Pursuant to IDAPA 16, Title 3, Chapter 8, section 142, school-age children included in the family must attend school until they reach age 18 or graduate from a secondary school or the equivalent level of vocational or technical training, Job Corps, alternative school, or home school. A \$50 monthly penalty for each child will be subtracted from the grant if a dependent child does not attend school. This penalty does not apply if the child is participating in work activities outlined in the PRC.
- IDAPA 16, Title 3, Chapter 8, section 147, states that for the family to be eligible for TAFI, the parent or caretaker relative included in the grant is required by law to assign to the State his or her rights to child support payments. The State will retain all child support collections up to the amount of assistance that the family receives. This assignment applies only to the period when the family receives TAFI assistance.

- IDAPA 16, Title 3, Chapter 8, section 148, states that for a family to be eligible, a parent or caretaker relative included in the grant must cooperate with the State agency to identify and locate the noncustodial parent; establish paternity; and establish, modify, and enforce the child support order unless good cause exists. The parent or caretaker relative included in the grant must at least provide, unless good cause exists, the name of the noncustodial parent and two of the following pieces of information: birth date; Social Security number; current address, phone number, or employer; make, model, and license number of any motor vehicle owned by the absent parent; and names, phone numbers, and addresses of the parents of the noncustodial parent.
- IDAPA 16, Title 3, Chapter 8, section 163, requires that all adults in the family participate in work activities for up to 40 hours per week. A child between the ages of 16 and 18 who is not attending school must participate in assigned work activities for up to 40 hours per week. A single custodial parent of a child who is less than 6 years old is not required to participate in work activities in any of the following circumstances:
 - Appropriate childcare is not available within a reasonable distance from the participant's home or worksite.
 - Informal childcare by relatives or others is not available or is unsuitable.
 - Appropriate and affordable childcare is not available.
- IDAPA 16, Title 3, Chapter 8, section 200, states that the total of the entire family's countable resources must not be greater than \$2,000 in any month. Resources are money, financial instruments, vehicles, and real property.
- IDAPA 16, Title 3, Chapter 8, section 221, states that to determine initial and continuing eligibility, the countable monthly income that is or will be available to the family is used in the calculation of the grant.
- IDAPA 16, Title 3, Chapter 8, section 239, states that when a caretaker relative applies only for a relative child, only the child's income and resources are counted.
- Pursuant to IDAPA 16, Title 3, Chapter 8, section 240, the individuals listed below are excluded from the family size in determining eligibility and the grant amount. The income and resources of these ineligible family members are counted.
 - Ineligible noncitizens are excluded.
 - Individuals convicted under Federal or State law of any offense classified as a felony and involving the possession, use, or distribution of a controlled substance, when they do not comply with the terms of a withheld judgment, probation, or parole, are excluded from the family for the purpose of determining eligibility and the grant amount. The felony must have occurred after August 22, 1996.

- Felons who are fleeing to avoid prosecution, custody, or confinement after conviction of a felony or an attempt to commit a felony are excluded.
- Felons who are violating a condition of probation or parole imposed for a Federal or State felony are excluded.
- Individuals fraudulently misrepresenting residency are excluded.
- IDAPA 16, Title 3, Chapter 8, section 248, states that the maximum grant is \$309.
- IDAPA 16, Title 3, Chapter 8, section 250, states that the grant amount for eligible families with only unearned income is the maximum grant minus the unearned income and penalties if applicable.
- IDAPA 16, Title 3, Chapter 8, section 252, states that for eligible families with earned income, the grant amount is calculated by subtracting 60 percent of gross earned income, 100 percent of any unearned income, and applicable penalties from the figure in the “Work Incentive Table” based on the family size. The grant amount is the result of this calculation rounded to the next lowest dollar or the maximum grant, whichever is less.
- IDAPA 16, Title 3, Chapter 8, section 308, requires recipient families to report changes in circumstances to the State agency within 10 calendar days from the date the change becomes known.

SAMPLE DESIGN AND METHODOLOGY

SAMPLE OBJECTIVE

Our objective was to determine whether the State agency made TANF basic assistance payments to recipient families in accordance with Federal and State requirements and adequately documented eligibility and payment determinations.

AUDIT UNIVERSE

The universe consisted of all TANF basic assistance payments made for the 12-month audit period that ended March 31, 2007.

SAMPLING FRAME

The sampling frame was a computer file containing 21,866 monthly basic assistance payments to TANF recipients in Idaho for the 12-month period that ended March 31, 2007. The total TANF reimbursement for the 21,866 payments was \$6,513,184 in Federal funds.

SAMPLE UNIT

The sample unit was a monthly TANF basic assistance payment to a recipient family for the audit period. The payment included all basic assistance payments made to the family for the month.

SAMPLE DESIGN

We used a simple random sample.

SAMPLE SIZE

We selected a sample size of 150 monthly TANF basic assistance payments.

SOURCE OF THE RANDOM NUMBERS

The source of the random numbers was the Office of Inspector General, Office of Audit Services, statistical sampling software, RAT-STATS 2007, version 1. We used the random number generator for our simple random sample.

METHOD FOR SELECTING SAMPLE ITEMS

We sequentially numbered the payments in our sampling frame and selected the sequential numbers that correlated to the random numbers. We then created a list of 150 sampled items.

CHARACTERISTICS TO BE MEASURED

We based our determination of whether each sampled payment was improper on Federal and State laws, regulations, and other requirements. Specifically, if at least one of the following characteristics was met, we considered the payment under review improper:

- The recipient family did not meet one or more eligibility requirements.
- The recipient family was eligible for assistance but received an improper payment amount (overpayment or underpayment).
- The case file did not contain sufficient documentation to support eligibility and payment determinations as required by Federal and State regulations.

ESTIMATION METHODOLOGY

We used RAT-STATS to calculate our estimates. We estimated the total Federal dollar value of TANF basic assistance payments with eligibility errors and with documentation errors. We also estimated the total number of these improper payments.

In addition, we determined the improper payment rate for the dollars expended by dividing the estimated improper Federal dollars by the total Federal dollars in the universe. We also determined the improper payment rate for the number of payments in error by dividing the estimated number of improper payments by the total number of payments in the universe.

SAMPLE RESULTS AND ESTIMATES

OVERALL SAMPLE RESULTS AND ESTIMATES

Sample Details and Overall Results

Value of Universe	No. of Payments in Universe	Value of Sampled Payments	Sample Size	Value of Improper Payments	No. of Improper Payments
\$6,513,184	21,866	\$44,812	150	\$7,349	27

Overall Estimates

Limits Calculated for a 90-Percent Confidence Interval

	<u>Estimated Value of Improper Payments</u>	<u>Estimated No. of Improper Payments</u>
Point estimate	\$1,071,288	3,936
Lower limit	744,679	2,851
Upper limit	1,397,897	5,234

Calculation of Overall Improper Payment Rate

Dollar value of payments	$\frac{\text{Estimated improper Federal dollars}}{\text{Total Federal dollars in universe}}$	$\frac{\$1,071,288}{\$6,513,184} = 16.45\%$
Number of payments	$\frac{\text{Estimated No. of improper payments}}{\text{Total No. of payments in universe}}$	$\frac{3,936}{21,866} = 18.00\%$

**SAMPLE RESULTS AND ESTIMATES FOR
ELIGIBILITY ERRORS**

Sample Results—Eligibility Error

Value of Improper Payments	No. of Improper Payments
\$309	1

Estimates—Eligibility Errors

Limits Calculated for a 90-Percent Confidence Interval

	<u>Estimated Value of Improper Payments</u>	<u>Estimated No. of Improper Payments</u>
Point estimate	\$45,044	146
Lower limit	(29,254)	8
Upper limit	119,342	681

Calculation of Improper Payment Rate—Eligibility Errors

Dollar value of payments	$\frac{\text{Estimated improper Federal dollars}}{\text{Total Federal dollars in universe}} = \frac{\$45,044}{\$6,513,184} = 0.69\%$
Number of payments	$\frac{\text{Estimated No. of improper payments}}{\text{Total No. of payments in universe}} = \frac{146}{21,866} = 0.67\%$

SAMPLE RESULTS AND ESTIMATES FOR DOCUMENTATION ERRORS

Sample Results—Documentation Errors

Value of Improper Payments	No. of Improper Payments
\$7,040	26

Estimates—Documentation Errors

Limits Calculated for a 90-Percent Confidence Interval

	<u>Estimated Value of Improper Payments</u>	<u>Estimated No. of Improper Payments</u>
Point estimate	\$1,026,244	3,790
Lower limit	705,555	2,724
Upper limit	1,346,933	5,074

Calculation of Improper Payment Rate—Documentation Errors

Dollar value of payments	$\frac{\text{Estimated improper Federal dollars}}{\text{Total Federal dollars in universe}}$	$\frac{\$1,026,244}{\$6,513,184}$	= 15.76%
Number of payments	$\frac{\text{Estimated No. of improper payments}}{\text{Total No. of payments in universe}}$	$\frac{3,790}{21,866}$	= 17.33%



IDAHO DEPARTMENT OF
HEALTH & WELFARE

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July 14, 2008

Mr. Gordon L. Sato
Regional Inspector General for Audit Services
Office of Audit Services
1100 Commerce, Room 632
Dallas, TX 75242

Dear Mr. Sato,

The Idaho Department of Health and Welfare, Division of Welfare, has reviewed the draft report number A-06-07-00104, entitled "Review of Improper Temporary Assistance for Needy Families Basic Assistance Payments in Idaho for April 1, 2006 through March 31, 2007." This letter will serve as the State of Idaho's formal response to the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG) draft report number A-06-07-00104.

Before the specific recommendations contained within the report are addressed; I will reiterate the concerns expressed by Idaho, and the other seven states involved in the audit process to establish a national payment error rate for the TANF program. These concerns have been jointly articulated in correspondence from The American Public Human Services Associations, the National Association of State TANF Administrators and the National Association for Program Information and Performance Management to HHS, OIG, and the Office of Management and Budget (OMB). In addition, representatives of the eight affected states have met twice with federal officials to discuss these concerns.

Idaho has concerns about the current audit methodology, the unusual amount of travel, staff burden, excessive costs, and the excessive length of time it takes to complete the audits. We would like to continue discussing alternative methods of auditing that would increase efficiency while still providing assurance of quality audit results.

Idaho maintains its disagreement with the concept and validity of developing a national payment error rate for a flexible block grant program such as TANF. We believe because of the wide variations in TANF programs across the nation, such a comparison is meaningless and invalid.

Mr. Gordon L. Soto
July 14, 2008

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We also respectfully request the OIG refrain from either publishing and/or posting information on a specific state review to the Internet until the entire eight state review process is complete and all reports are final. Posting the state's results without the larger national error rate as context will be confusing and misleading to the public.

Finally, we recognize as a result of the written communications and meetings with HHS, OIG, and OMB, we have made some progress in addressing the eight states' concerns. We are pleased to know OIG will establish a process for immediately informing state employees of any missing documentation and working as necessary to locate any missing documentation in a timely manner which will be used in all future audits. That process was put in place during the audit conducted in Idaho, and we appreciated the opportunity to obtain missing documentation for the auditors.

Idaho accepts OIG's conclusions and statistical estimates of improper payments. We agree with OIG's recommendations and are actively working to improve quality and prevent future errors.

OIG recommended that Idaho:

- Use the results of this review to help ensure compliance with Federal and State TANF requirements by (1) re-emphasizing to recipients the need to report changes in circumstances affecting eligibility or payment determinations, and (2) verifying eligibility information and maintaining appropriate documentation in all case files.
- Consider conducting quality control reviews of TANF basic assistance eligibility and payment processes.

In response to these recommendations and as part of our continuing effort to provide accurate payments and responsible stewardship of tax payer dollars, Idaho has:

- Updated and clarified the Temporary Assistance for Families in Idaho (TAFI) handbook and documented TAFI processes for: reporting changes, establishing relationships, determining eligibility, verification of participant information, child support income and cooperation, paternity, identity, citizenship, wages, good cause, resources, re-determinations/re-certifications, and keying EPICS eligibility system.
- Documented and clarified narration standards.
- Developed and clarified documentation and verification standards.
- Provided all staff training on the new standards and processes in January 2008.
- Developed a review standard and scheduled training for quality assurance staff and quality control reviews for January 2009.

We value and appreciate the importance of accurate and quality eligibility determinations, both to the individual receiving the service and to the individuals paying for the service. We recognize the importance of and support implementation of quality assurance measures, audits, and regular case reviews.

Mr. Gordon L. Soto
July 14, 2008

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We would like to thank your staff for their professionalism and willingness to work with our staff in resolving any issues while conducting the audit. The team members were courteous and they worked hard to understand Idaho's cash assistance program.

Thank you for the opportunity to provide an overview of our concerns and to respond to the audit findings.

Sincerely,



Russell S. Barron

c: Richard M. Armstrong, Director
Genie Sue Weppner, Program Manager