

**STATE OF NEBRASKA
HEALTH AND HUMAN SERVICES SYSTEM
NEBRASKA TANF A-133 AUDIT PROJECT**

JULY 1, 2004 THROUGH JUNE 30, 2005

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Background Information

The OMB Compliance Supplement provides guidance for auditors performing the Single Audit of Federal Financial Assistance Programs Performed in Accordance with the *Single Audit Act Amendments of 1996 (Public Law 104-156)* and *OMB Circular A-133*. The OMB Compliance Supplement section pertaining to the Temporary Assistance to Needy Families (TANF) program includes suggested audit procedures. The State of Nebraska Auditor of Public Accounts performs all applicable suggested audit procedures contained in the OMB Compliance Supplement during the Single Audit.

In addition to the suggested audit procedures prescribed by the OMB Compliance Supplement, the U.S. Department of Health and Human Services (DHHS) requested the State of Nebraska Auditor of Public Accounts conduct a special audit project to expand the level of testing of TANF benefit payments to include a statistical sample of TANF benefit payments. DHHS, Administration for Children and Families (ACF) is undertaking a pilot initiative to develop methodology for estimating improper payments in the TANF program. DHHS is required under the Improper Payments Act of 2002 (IPIA) to estimate and report on improper payments in the TANF program.

Scope and Objective

The objective of this project was to test the State of Nebraska's internal controls and its compliance with laws and regulations over the TANF program as they pertain to the determination of the recipients' eligibility, allowable benefit amounts paid to recipients, and services provided to recipients. The policies, procedures, and systems reviewed included but were not limited to eligibility, accuracy of benefit payments, and monitoring of contractors.

The suggested audit procedures contained in the OMB Compliance Supplement includes a review and tests of the internal controls and systems placed in operation for the TANF program. During this special project, we expanded the review and tests of internal controls over the State eligibility system and the accuracy of TANF payments. The purpose of the review of the eligibility system and payment procedures was to determine overall whether the State of Nebraska accurately determines eligibility and benefit payment amounts. In addition, we determined whether the system accounts for eligibility as it relates to the various funding streams (Federal only, commingled Federal and State, and Separate State programs). The system was reviewed to determine if it accurately tracks individuals served by multiple programs under TANF. We also determined whether the system interfaces with other systems to verify eligibility or in-take information (Income Eligibility and Verification System, Medicaid, Food Stamps, law enforcement).

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Description of Systems Operated by the Health and Human Services System

The Nebraska Health and Human Services System (HHSS) uses the NFOCUS system for Temporary Assistance to Needy Families (TANF). It is an interactive system in which the information is updated as entered. As information about family unit composition, income, and resources is entered, NFOCUS automatically calculates the benefit amount based on the information entered. The caseworker can then override the benefit amount or approve the benefit for payment. After the benefit has been approved for payment, the NFOCUS system interfaces with the Nebraska Information System (NIS), the official State accounting system, for warrant writing.

The NFOCUS system is also used for various other programs including Food Stamps and Medicaid Assistance. Each recipient has a master case which contains information for all programs on NFOCUS. The caseworker is able to verify the programs each individual is participating in by accessing the individual's master case. The NFOCUS system does not interface with law enforcement. Although Federal and State regulations do not require the system to interface with law enforcement, such an interface would be beneficial to ensure the accuracy of applicant representations.

In addition to direct assistance payments, TANF recipients that have an open Employment First case (i.e. JOBS case) may receive supportive services. (Employment First is the name of Nebraska's welfare reform program.) The supportive services may be paid directly to the provider or may be paid to the recipient. Amounts paid directly to the recipient are allowable only as reimbursements. The supportive services include, but are not limited to: Transportation, education/training related expenses, relocation assistance, work related expenses, and health-related services. These payments are tracked through NFOCUS and interface with NIS for warrant writing.

Description of Sampling Approach

The population from which the sample was selected was defined as all families receiving TANF benefits during the month of March 2005. As of March 2005, the number of payments processed in NFOCUS was 14,299. It was more efficient to define the population as all families receiving benefits for a selected month within the year than to define the population as all families receiving benefits during an entire fiscal year. Total TANF benefits and the number of families are not subject to significant fluctuations during any given year unless laws and regulations change; however, the population does change on a monthly basis as new families are added and existing families are discontinued. To define the population as all families that received benefits during the entire year is possible, but this method is not as efficient from an audit standpoint.

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In order to test for eligibility and to determine the accuracy of payments to TANF recipients, a statistical sample of a fixed size for a test of controls (attribute sampling method) was used. The Texas State Auditors Office Statistical Tools Version 2.1 was used to determine the appropriate sampling parameters and sample size.

With the parameters for the sample having a margin of error rate of 2% and an estimated attribute error rate of 1%, we determined the sample size should be 94 recipients. This sample size should provide 95% assurance of sample results.

Sample Selection

In order to select a random sample of 94 TANF recipients for payments made in the month of March 2005, we requested and obtained an electronic data file that contained the payments (direct assistance) per NFOCUS. The routine monthly benefits for the following month are on the last week of the previous month. Supplemental payments and initial payments can be authorized and paid on any day of the month.

To determine completeness of the data file obtained, we performed a comparison of the information contained on the data file for payment to the payment information contained on NIS.

We determined the data file obtained was complete by performing the following analysis for the month tested:

\$	4,234,588.00	March 2005 payments per NFOCUS
\$	<u>4,215,113.05</u>	March 2005 payments per NIS
\$	19,474.95	Dollar Variance
	0.46%	Percent Variance

The reason for the variance is due to supplemental and retroactive payments and accounts receivable. The NFOCUS data file contained supplemental and retroactive payments with a March 2005 date; however, due to timing, payment for these could have been processed on NIS in a subsequent month. For example, a recipient whose normal monthly payment in March 2005 was included in the data file, on April 3, 2005, the individual reported she had a baby on March 28, 2005. If all necessary verification was received, a supplemental payment would have been generated for March. However, payment processing on NIS would have taken place in April 2005. For this example, the data file from NFOCUS would be greater than the amount on NIS. In addition, accounts receivable is calculated for individuals who have received overpayments in a prior month. This will decrease the amount of the regular monthly payment.

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The NFOCUS data file included the regular monthly payment; however, NIS included the regular monthly payment net of the overpayment reduction. Therefore, for these payments the NFOCUS file would be greater than the NIS file.

After determining the file obtained represented the complete benefit payments for the month of March 2005, we ran the statistical tool program to select a random sample of 94 recipients from the file.

There are 93 counties in the State of Nebraska. Of the 93 counties our sample was distributed as follows:

County	Number of Cases	County	Number of Cases	County	Number of Cases
Adams	1	Gage	1	Platte	2
Antelope	1	Hall	7	Richardson	1
Buffalo	1	Keith	1	Sarpy	3
Cass	1	Knox	1	Saunders	1
Dakota	2	Lancaster	14	Scotts Bluff	1
Dawes	1	Madison	1	Thurston	2
Dawson	2	Morrill	1	Wayne	1
Dodge	1	Nuckolls	1	York	1
Douglas	44	Phelps	1	Totals	94

In determining whether the month selected for testing appeared to be a representative sample, we first compared the number of families receiving benefits for the fiscal year July 1, 2004 through June 30, 2005 compared to the number of families receiving benefits in the month of March 2005. We then compared the sample to the total for the fiscal year and total for the month. See Exhibit 2.

In addition to the above geographic and population distribution, we considered the average benefit payment as follows. Per the electronic data file, the dollar value of March 2005 payments was \$4,234,588. The dollar value of the population (\$4,234,588) divided by the total number of TANF payments for the month of March 2005 (14,299) results in an average of \$296 per payment. The sample size of 94 multiplied by \$296 average benefits results in an average total of \$27,824. The sample of 94 cases resulted in an actual dollar value of \$26,568.

Based on our analysis of the information presented above, it appears the sample selected is an appropriate distributed random sample that is representative of the entire population.

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Attributes Tested

Each payment selected in the sample was examined for eligibility and allowability. Also, if the family was receiving supportive services in addition to benefit payments, the payments for those services were examined.

Benefits are supported by case files and other records prepared by HHSS that contain documentation of eligibility determinations and benefit amounts. Noncompliance was defined as the absence of required documentation or errors in existing documentation which does not support HHSS's eligibility determination of a family and/or the amount being paid to the family or services provided to the family was appropriate. The criteria used to develop the sampling attributes and to make a determination of compliance or noncompliance is outlined in the State Plan and the OMB Compliance Supplement.

We reviewed each recipient case file and other documents, as well as electronic data files, for 24 attributes.

Using the Eligibility and Special Tests attributes checklist, we examined the case files selected for the following attributes and are reporting the results as shown in the right side columns:

	Attribute	Total Errors / Sample (Note A)	Error Rate
1.	The family includes minor child(ren) who lives with a parent or other adult caretaker relative. Child must be under age 18, or if full-time student in a secondary school, less than 19 years old.	7 / 94	7.45%
2.	Qualifying individuals are U.S. citizens or of allowable alien status and are Nebraska residents.	2 / 94	2.13%
3.	Assistance was not provided to an individual under 18, is unmarried, has a minor child at least 12 weeks old, and has not successfully completed high school or its equivalent unless meets other education activities noted in the compliance supplement.	0 / 1	0.00%
4.	Unmarried individuals, under 18, caring for a child are residing with a parent or legal guardian.	0 / 0	0.00%
5.	Minor child(ren) receiving assistance has not been or is not expected to be absent from the home for a period exceeding 3 months per the State Plan.	0 / 94	0.00%

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	Attribute	Total Errors / Sample (Note A)	Error Rate
6.	Individual was not convicted of having made fraudulent statements or representation with respect to place of residence in order to simultaneously receive assistance from two or more states.	0 / 94	0.00%
7.	The applicant was not fleeing to avoid prosecution or violating a condition of probation.	0 / 94	0.00%
8.	The applicant or any member of their household was not convicted for felony possession, use, or distribution of a controlled substance.	0 / 94	0.00%
9.	A member of the family assigned to the State, the rights the family member may have for support from any other person.	0 / 94	0.00%
10.	Individual did not refuse to engage in required work, or the State reduced or denied assistance to the individual.	0 / 59	0.00%
11.	Head of household or spouse of the head of household did not receive more than 60 months of Federal TANF fund assistance.	0 / 94	0.00%
12.	Recalculated the benefit payment, payment was in compliance with the requirements of the program.	1 / 94	1.06%
13.	The family was "needy", i.e. financially eligible according to the State's applicable income and resource criteria.	6 / 94	6.38%
14.	Funds were used for allowable activity per the program requirements.	0 / 94	0.00%
15.	Budget was properly authorized in the NFOCUS System.	0 / 93	0.00%
16.	The State used the Income Eligibility and Verification System (IEVS) to determine eligibility.	0 / 92	0.00%
17.	The State, when using the IEVS, requested and obtained data from external sources and performed the required data matching.	4 / 30	13.33%
18.	The State properly considered the information obtained from the data matching in determining the amount of benefits.	9 / 27	33.33%

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	Attribute	Total Errors / Sample (Note A)	Error Rate
19.	Benefits were properly reduced by at least 25% or terminated for non-cooperating individuals referred by the IV-D agency.	0 / 2	0.00%
20.	For an adult single custodial parent of a child under the age of six that demonstrated the inability to obtain needed child care to work, the benefits were not improperly reduced or terminated.	0 / 0	0.00%
21.	Payments were coded to the proper grant year and funding stream in the State Accounting System.	6 / 94	6.38%
22.	Caseworkers reviewed cases every six months to reevaluate eligibility.	5 / 94	5.32%
23.	Supervisors reviewed cases prior to the first and second employment first sanctions, and third sanctions were reviewed and approved by the caseworker's supervisor and a second level supervisor.	0 / 1	0.00%
24.	Supportive service payments were proper, allowable, and supported with adequate documentation.	1 / 4	25.00%
	Total Errors	41	

Note A: The sample size for the attributes tested varied due to not every attribute being applicable to every case.

Sample Results

The sampling parameters and sample size table used provide a 95% assurance that the sample results reported below are accurate.

The sample results for each attribute tested are shown in the table above that lists the attributes. The error rate for each attribute is shown.

There were a total of 41 errors for the 24 attributes tested for each sample item (total attributes tested = 1,531). This results in an overall attribute error rate of 2.68%.

There were 32 cases (out of the 94) that contained at least one error. This results in an overall case error rate of 34.04%.

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With a population total of \$4,215,113 for March payments, this projects a likely net overpayment of \$865,989. This is split between Federal and State as follows:

	Federal	State MOE & Separate State
(w) Known Questioned Cost	\$ 2,175	\$ 3,276
(x) Total Sample	\$ 8,850	\$ 17,718
(y) Dollar Value Error Rate (w/x)	24.58%	18.49%
(z) Total March Population	\$ 1,423,262	\$ 2,791,851
Likely Dollar Error for March (y*z)	\$ 349,785	\$ 516,204

Contractor Testing

The project agreement states, for subgrants and contracts examined in relation to the cases sampled, the auditor will examine internal controls and procedures related to subrecipient/contractor monitoring. In previous years, the majority of these types of services were subsidized child care. During the 2004-2005 fiscal year, no TANF funds were paid directly for subsidized child care. Amounts were transferred as required from TANF to the Child Care and Development Fund Cluster and we determined no other TANF funds were paid directly to subrecipients during the 2005 fiscal year. When the amounts are transferred from TANF to the Child Care and Development Fund Cluster, we consider them to be Child Care and Development Fund Cluster expenditures and, as such, we did not test the amounts paid for child care from those funds as part of this project.

HHSS contracts with seven private vendors to provide educational and employment support services for TANF recipients. The total employment support service expenditures during State fiscal year 2005 were \$6,614,846. We selected one payment each from five of the seven vendors to test, totaling \$706,210. Per the project agreement, we examined the payments to ensure:

1. Award letters and contracts were for appropriate terms and conditions.
2. The contract included clear instructions for financial, programmatic, and audit reporting requirements.
3. The State conducted periodic site visits.
4. The award of the contract complied with the State's procedures for procuring the service.
5. The State maintained records through the life cycle of the contract.

In addition, we also determined whether the payments were proper and whether vendor reporting was in accordance with the contractual requirements as stated.

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COMMENTS AND RECOMMENDATIONS SECTION

Finding #1 – Case Testing

Program: CFDA #93.558 Temporary Assistance for Needy Families – Allowability/Eligibility

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: Title 42 U.S.C. Section 608(a)(1) provides no State that receives a grant under Section 603 may provide assistance to a family unless that family includes a minor child.

Title 8 U.S.C. Section 1611(a) states, individuals receiving assistance must be a “qualified alien” or a U.S. citizen.

Title 45 C.F.R. Section 261.14(a) states, “if an individual refuses to engage in work required under Section 407 of the Act, the State must reduce or terminate the amount of assistance payable to the family, subject to any good cause or other exceptions the State may establish.”

Title 45 C.F.R. Section 92.20(a) requires fiscal control and accounting procedures of the State sufficient to permit preparation of required reports and permit the tracing of funds to expenditures adequate to establish the use of these funds were not in violation of applicable statutes.

Good internal control requires income to be verified to external sources.

Per Title 45 C.F.R. Section 205.56(a)(1) the State agency will use the information obtained under Section 205.55, in conjunction with other information, for determining individuals’ eligibility for assistance under the State plan and determining the amount of assistance. The State agency shall review and compare the information obtained from each data exchange against information contained in the case record to determine whether it affects the applicant’s or the recipient’s eligibility or the amount of assistance.

Title 45 C.F.R. Section 233.10(a)(2) states, “the State agency will establish methods for identifying the expenditures for assistance for any groups included in the plan for which Federal financial participation in assistance may not be claimed.”

Title 468 NAC 1-010 requires the worker to redetermine eligibility for grant and medical assistance every six months.

Per Title 45 C.F.R. Section 263.11(a) a State may use Federal TANF funds for expenditures that are reasonably calculated to accomplish the purposes of TANF.

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Condition: We tested 94 payments with 71 cases paid from Federal/State TANF dollars and 23 cases paid from the Separate State Program. Of the 71 Federal/State cases tested, 26 contained errors. Of the 23 Separate State Program cases tested, 6 contained errors. The Separate State Program payments with errors are noted below but are not included in the questioned costs.

Questioned Costs: \$2,175 Known, \$4,706,027 Extrapolated

Context: Five cases (one was Separate State Program) tested did not have documentation verifying the child's date of birth to ensure the child was a minor. In addition, two cases tested the child was 18 years of age and was not attending school or participating in Employment First as required to be included in the unit size.

Two cases (one was Separate State Program) tested did not have documentation to ensure the custodial parent receiving assistance was a U.S. citizen or qualified alien. The Agency did obtain documentation subsequent to fieldwork, for one case, therefore, we did not question costs for this case. In addition, one of the cases tested, the individual was not engaged in required work and the Agency did not reduce or deny assistance to the individual. The custodial parent wanted to spend time with their child, so participation in Employment First was not required by the caseworker, per the notes in NFOCUS, for an additional four months; however, the custodial parent should have been Employment First mandatory during the four months.

One case tested paid into the State twice for an overpayment. For a period of five months \$21 was included in unearned income which reduced the individual's monthly assistance payment. During the same time period the Agency included a recoupment amount of \$29 in the budget which also reduced the assistance payment. Therefore, the recipient reimbursed the Agency twice for the overpayment.

We noted six cases tested where income was not verified for the parents. (See Finding #2 – Determination of “Needy” for detailed information regarding the additional six attribute exceptions.)

Four cases (one was Separate State Program) tested had earned income which was not verified.

In nine cases (four were Separate State Program) tested, the Agency verified the recipient's income, but did not include the income on the budget to determine the assistance payment.

Six cases were paid with Federal and State funds but should have been paid with only State funds because five of the cases were Employment First exempt and one case was a two-parent family. In addition, one of the individuals was not engaged in required work and the Agency did not reduce or deny assistance. The individual was Employment First exempt for a period of six months due to a knee surgery. A doctor's note was not in the case file and no review was completed by the State Review Board after three months of incapacity as required.

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In five cases tested, the caseworker had not completed a review within six months of the date of the previous application. The reviews ranged between 6 and 23 months overdue.

In one case tested, there was no documentation to verify a supportive service payment made for motor vehicle gas under the Employment First program.

Total Federal payment errors noted during testing was \$2,175. Total Federal sample tested was \$8,850 and total TANF Federal assistance payments for fiscal year 2005 were \$19,148,660. The extrapolated error for fiscal year 2005 was \$4,706,027, (error rate multiplied by the total expenditures).

Cause: Unknown

Effect: Increased risk for misuse of Federal funds.

Recommendation: We recommend the Agency implement procedures to ensure compliance with Federal regulations.

Finding #2 – Determination of “Needy”

Program: CFDA #93.558 Temporary Assistance for Needy Families – Allowable Costs/Eligibility

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: Title 468 NAC 2-006 states “the worker shall determine the ability of the parent to support each dependent child in whose behalf ADC/MA is applied for or received.” Title 45 C.F.R. Section 233.20(a)(3)(vi)(A) states, “In family groups living together, income of the spouse is considered available for his spouse and income of a parent is considered available for children under 21 . . .” Title 64 F.R. 17825 states a family may not receive assistance under the TANF program unless the family is needy. The term “needy” for TANF and MOE purposes means financial deprivation, i.e., lacking adequate income and resources. Title 45 C.F.R. Section 205.55(d) states, “The Secretary may, based upon application from a State, permit a State to obtain and use income and eligibility information from an alternate source or sources . . . The State agency must demonstrate to the Secretary that the alternate source or sources is as timely, complete and useful for verifying eligibility and benefit amounts.”

Condition: The Agency did not have adequate procedures to verify income of parents who did not provide social security numbers. Without adequate income verification the Agency is unable to determine if the family was needy.

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Questioned Costs: See Finding #1 – Case Testing

Context: We noted 6 out of 94 cases tested where the income of the custodial parents of the minor child was not verified. The parents appeared to be illegal aliens per the caseworker notes on NFOCUS. Their earnings were not adequately verified because of their status. Therefore, it could not be confirmed they were a “needy” family. In all six cases, the parents were not included in the unit size nor did they receive assistance for themselves. Per Title 468 NAC 1-004, the term “needy individual” means “one whose income and other resources for maintenance are found under assistance standards to be insufficient for meeting the basic requirements, and to be within the resource limits allowed an individual.”

The Income Eligibility and Verification System (IEVS) interfaces with various sources, such as, the Internal Revenue Service and State Employer Wages, the interface then alerts the Agency to income sources. The system can only be used when the parent provides a valid social security number.

- Two cases noted were two-parent families and it was stated in the case narrative in NFOCUS that the parents were illegal aliens. Neither parent’s income was verified through IEVS because a social security number was not provided. No other verification procedures were noted in the file.
- One case was a single-parent family and it was stated in the case narrative in NFOCUS the parent was an illegal alien. In the case file there were pay stubs for the parent with a social security number (SSN) on them. We checked the validity of the SSN and the number was not valid. The parent’s income was not verified through IEVS because a valid SSN was not provided. The parent signed a document verifying she was not working. We do not consider this adequate verification of income.
- One of the cases tested was a single-parent family, and it stated in the case narrative in NFOCUS the parent was an illegal alien. There was a pay stub in the case file with the parent’s SSN. The SSN was not used to interface with IEVS because the caseworker stated the SSN did not belong to the parent. We checked the validity of the SSN and the number was valid; however, the number was issued approximately 28 years before the individual was born.
- One case was a single-parent family, it stated in the case narrative in NFOCUS the parent was an illegal alien. The case file contained income computation forms with the most recent date being December 2004. This form did not contain the parent’s name, but was signed by the employer. The employer did not complete the section of the wage verification form indicating whether the wages were going to be reported on a W-2 or a 1099 form. The case file had a self-employment ledger signed by the caseworker in December 2004, which stated the parent was being paid in cash. The parent’s income was not verified with IEVS because a social security number was not provided.

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- One case was a single-parent family, it stated in the case narrative in NFOCUS the parent was an illegal alien. The parent signed a form indicating they had no income, we do not consider this adequate verification of the parent's income. The parent's income was not verified with IEVS because a social security number was not provided.

The Agency did not have adequate procedures to determine if a family was needy when the parents did not provide a valid SSN.

Cause: The Agency stated that when they have a non-citizen parent who is applying on behalf of U.S. citizen children, the parent is not requesting assistance on their own behalf. The Agency has directive from the U.S. Department of Health and Human Services, Office of Civil Rights, that they cannot require non-applicants to furnish either Immigration documents or Social Security Numbers. The Agency did not have adequate procedures to determine if a family was needy when the parents did not provide a valid SSN.

Effect: There is an increased risk that assistance is being provided to applicants who are not "needy."

Recommendation: We recommend the Agency implement procedures to verify the income of the parents who do not provide social security numbers.

Finding #3 – Eligibility Controls

Program: CFDA #93.558 Temporary Assistance for Needy Families – Eligibility

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: OMB Circular A-133 requires agencies to maintain internal control to ensure compliance with Federal requirements. Title 45 C.F.R. Section 233.10(a)(1)(iv) states, "Eligibility conditions must be applied on a consistent and equitable basis throughout the State."

Furthermore, Title 45 C.F.R. Section 233.20(a)(2) requires the State to, "(i) Specify a statewide standard, expressed in money amounts, to be used in determining (a) the need of applicants and recipients and (b) the amount of the assistance payment . . . (iii) Provide that the standard will be uniformly applied throughout the State . . ."

Condition: Supervisory reviews of eligibility and benefit amounts are not documented and no exception reports are generated when caseworkers override the standard benefit amount.

Questioned Costs: None

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Context: The NFOCUS system is used to input eligibility information and to calculate the benefit based on the financial need of the family, caseworkers verify the information and approve the budget. Caseworkers have the ability to override the budget calculated by NFOCUS, the budget will note the override, but does not alert supervisors or generate an exception report. The Agency indicated supervisors perform periodic reviews of cases; however, there is no documentation.

Cause: Unknown

Effect: Increased risk of excessive benefit payments or ineligible individuals receiving assistance.

Recommendation: We recommend the Agency implement and document procedures to ensure assistance is provided to eligible families and at the proper amount.

Finding #4 – Federal Assistance In Excess of 60 Months

Program: CFDA #93.558 Temporary Assistance for Needy Families – Eligibility

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: Title 45 C.F.R. Section 264.1(a)(1) states, “subject to the exceptions in this section, no State may use any of its Federal TANF funds to provide assistance to a family that includes an adult head-of-household or a spouse of the head-of-household who has received Federal assistance for a total of five years (i.e., 60 cumulative months, whether or not consecutive).” Good internal control requires there to be adequate documentation to support all assistance payments made to a recipient.

Condition: Two of the ninety-four cases tested had received more than 60 months of Federal TANF assistance payments.

Questioned Costs: \$1,466 known

Context: The assistance payments made in excess of 60 months ranged from 8 to 23 additional payments. We noted the March 2005 payment for the individuals tested was correctly paid from only State funds. However, the Agency does not keep a separate log for payments made to each recipient from the date of the first application, so we were unable to verify which payments from inception of the State Plan, October 1997, were paid from Federal TANF funds. The Agency had a report showing those case files which have received assistance for longer than 60 months. This report is generated from NFOCUS based on the caseworker inputting monthly payments into the Employment First tracking screen. During testing it was noted the caseworkers do not

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COMMENTS AND RECOMMENDATIONS SECTION
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consistently input the monthly assistance payment information into the tracking screen. We noted the recipients who had received over 60 months of assistance payments did not appear on this report. Therefore, this report is not reliable. The State of Nebraska changed the accounting system being used from NAS to NIS. We were only able to determine if the assistance payments were paid from Federal TANF funds since the inception of NIS in 2003. The Agency is permitted to provide Federal TANF assistance longer than 60 months for up to 20 percent of the average number of families receiving assistance if the family has a hardship. The two cases tested did not have a documented hardship which would have included them in the 20 percent.

Cause: Unknown

Effect: Increased risk for misuse of Federal funds.

Recommendation: We recommend the Agency implement procedures and monitor the five-year requirement to ensure funds are properly expended in accordance with Federal regulations.

Finding #5 – Reconciliation of Assistance Payments

Program: CFDA #93.558 Temporary Assistance for Needy Families – Reporting

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: Title 45 C.F.R. Section 92.20(a) requires fiscal control and accounting procedures of the State sufficient to permit preparation of required reports and permit the tracing of funds to expenditures adequate to establish the use of these funds were not in violation of applicable statutes. Good internal control requires periodic reconciliations between computerized information systems used.

Condition: The Agency does not use separate business units (BU) in NIS for Separate State Program benefit payments and State MOE benefit payments. The Agency uses the NFOCUS system to enter eligibility information and determine benefit amounts. After the benefit has been approved for payment, the NFOCUS system interfaces with the Nebraska Information System (NIS), the official State accounting system, for payment. The Agency also utilizes a shadow database of NFOCUS information to report the Separate State Program expenditures on the TANF ACF-196.

Questioned Costs: None

Context: Although NIS and NFOCUS batches are reconciled daily, there are additional adjustments on NIS that are not reflected on the shadow database used to report the Separate State Program.

STATE OF NEBRASKA
HEALTH AND HUMAN SERVICES SYSTEM
NEBRASKA TANF A-133 AUDIT PROJECT

COMMENTS AND RECOMMENDATIONS SECTION
(Continued)

Cause: Unknown

Effect: Increased risk for misuse of funds and inaccurate reporting.

Recommendation: We recommend the Agency perform periodic reconciliations of NFOCUS to NIS. We also recommend the Agency use a separate BU for payments made from the Separate State Program.

Finding #6 – Employment First Contractor Testing

Program: CFDA #93.558 Temporary Assistance for Needy Families – Activities Allowed or Unallowed

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: Good internal control requires compliance with contractual requirements; in addition good internal control requires the Agency to ensure requirements reported are accurate. The contract states, “The provider is expected to show that at least 51% of the individuals who participate in job search instruction will be employed within three (3) months.”

Condition: One of three contractors tested did not ensure at least 51% of the individuals who participate in job search instruction were employed within three months. In addition, one of five individuals tested from the monthly report did not have verification of reported employment.

Questioned Costs: None

Context: The Agency contracts with private vendors to provide educational and employment support services for TANF recipients. The December 2004 monthly report for one of the contractors tested reported 27 individuals were employed within three months; there were a total of 269 individuals in job search for the month. This is approximately 10% of the total. In addition, one individual tested was noted as starting employment in December 2004; however, the employment was not verified and per the IEVS there was no reported income during this period. The contractor was paid \$1,100,890 during State fiscal year 2005.

Cause: Unknown

Effect: Noncompliance with contractual requirements increases the risk of loss or misuse of Federal funds.

Recommendation: We recommend the Agency ensure compliance and monitoring of contractual requirements.

STATE OF NEBRASKA
HEALTH AND HUMAN SERVICES SYSTEM
NEBRASKA TANF A-133 AUDIT PROJECT

Conclusion

During the audit, all findings were discussed with the Agency's designated representative before the files were returned to the case worker in November and December. After the exit conference on January 11, 2006, the Agency provided additional documentation and support which was not provided when the findings were initially discussed with the Agency representative. All information received by January 20, 2006, was considered and incorporated as appropriate.

This report has been prepared under the terms and conditions made by the U.S. Department of Health and Human Services to the State of Nebraska Health and Human Services System for the Nebraska TANF A-133 Audit Project. This report is intended solely for the information and use of the State of Nebraska Health and Human Services System, the State of Nebraska Auditor of Public Accounts, the U.S. Department of Health and Human Services, and other Federal agencies as the U.S. Department of Health and Human Services deems appropriate under the circumstances. However, this report is a matter of public record and its distribution is not limited. Public release of the above findings, along with related questioned costs, recommendations, and the corrective action plan, will be included in the *State of Nebraska Single Audit*.

STATE OF NEBRASKA
HEALTH AND HUMAN SERVICES SYSTEM
NEBRASKA TANF A-133 AUDIT PROJECT
EXHIBIT 1

AID TO DEPENDENT CHILDREN PROGRAM
Month Ending Mar-05

County	ADC - TOTAL					ADC - UNEMPLOYED PARENT					ADC - REGULAR			
	Families	Children	Persons	Payments	Ave/Fam	Families	Children	Persons	Payments		Families	Children	Persons	Payments
STATE TOTAL*	11,833	21,525	30,769	\$ 4,222,655	\$ 356.85	1,060	2,537	4,662	521,823		10,773	18,988	26,107	3,700,832
ADAMS	184	309	453	61,007	331.56	21	40	82	9,064		163	269	371	51,943
ANTELOPE	13	20	30	4,088	314.46	2	2	6	742		11	18	24	3,346
ARTHUR	-	-	-	0	-	-	-	-	-		-	-	-	-
BANNER	-	-	-	0	-	-	-	-	-		-	-	-	-
BLAINE	2	3	3	515	257.50	-	-	-	-		2	3	3	515
BOONE	12	19	25	4,045	337.08	1	-	2	586		11	19	23	3,459
BOX BUTTE	96	182	269	34,110	355.31	12	33	57	4,906		84	149	212	29,204
BOYD	7	9	10	1,495	213.57	-	-	-	-		7	9	10	1,495
BROWN	1	2	4	435	435.00	1	2	4	435		-	-	-	-
BUFFALO	218	382	587	79,082	362.76	44	100	190	21,715		174	282	397	57,367
BURT	43	81	109	16,837	391.56	6	15	27	3,710		37	66	82	13,127
BUTLER	17	38	52	4,559	268.18	3	10	16	601		14	28	36	3,958
CASS	76	130	186	26,121	343.70	10	24	44	6,016		66	106	142	20,105
CEDAR	7	10	14	1,971	281.57	-	-	-	-		7	10	14	1,971
CHASE	10	13	19	3,223	322.30	2	3	7	1,163		8	10	12	2,060
CHERRY	18	36	47	6,288	349.33	1	2	4	286		17	34	43	6,002
CHEYENNE	38	67	102	16,475	433.55	5	10	20	2,474		33	57	82	14,001
CLAY	26	46	57	8,371	321.96	-	-	-	-		26	46	57	8,371
COLFAX	51	85	98	17,260	338.43	2	4	8	1,929		49	81	90	15,331
CUMING	14	31	34	5,140	367.14	1	3	5	1,012		13	28	29	4,128
CUSTER	34	57	82	11,202	329.47	4	9	17	1,994		30	48	65	9,208
DAKOTA	127	238	307	47,087	370.76	5	14	24	2,676		122	224	283	44,411
DAWES	76	150	225	28,244	371.63	15	38	68	7,290		61	112	157	20,954
DAWSON	126	224	289	40,726	323.22	10	25	45	4,645		116	199	244	36,081
DEUEL	3	4	6	1,243	414.33	-	-	-	-		3	4	6	1,243
DIXON	12	24	32	4,547	378.92	1	4	6	577		11	20	26	3,970
DODGE	223	371	518	72,253	324.00	20	47	87	8,995		203	324	431	63,258
DOUGLAS	5,696	10,430	15,104	2,040,186	358.18	404	986	1,795	202,556		5,292	9,444	13,309	1,837,630
DUNDY	5	5	9	1,677	335.40	-	-	-	-		5	5	9	1,677
FILLMORE	16	21	28	4,528	283.00	-	-	-	-		16	21	28	4,528
FRANKLIN	12	20	34	4,655	387.92	4	7	15	2,197		8	13	19	2,458
FRONTIER	5	10	14	1,499	299.80	-	-	-	-		5	10	14	1,499
FURNAS	10	16	21	2,643	264.30	1	2	4	185		9	14	17	2,458
GAGE	70	115	170	24,026	343.23	7	19	33	3,491		63	96	137	20,535
GARDEN	3	9	12	440	146.67	1	6	8	36		2	3	4	404
GARFIELD	4	4	4	888	222.00	-	-	-	-		4	4	4	888
GOSPER	5	10	16	2,255	451.00	2	4	8	1,234		3	6	8	1,021
GRANT	2	5	7	799	399.50	-	-	-	-		2	5	7	799
GREELEY	7	20	27	2,407	343.86	1	3	5	253		6	17	22	2,154
HALL	477	876	1,146	162,586	340.85	28	72	128	14,112		449	804	1,018	148,474
HAMILTON	13	24	31	3,650	280.77	2	4	8	870		11	20	23	2,780
HARLAN	14	27	40	5,376	384.00	2	6	10	1,328		12	21	30	4,048
HAYES	-	-	-	0	-	-	-	-	-		-	-	-	-
HITCHCOCK	3	4	4	959	319.67	-	-	-	-		3	4	4	959
HOLT	29	52	73	10,841	373.83	4	11	19	2,181		25	41	54	8,660
HOOKE	1	1	1	222	222.00	-	-	-	-		1	1	1	222
HOWARD	28	50	71	10,688	381.71	6	12	24	2,913		22	38	47	7,775
JEFFERSON	32	52	72	11,830	369.69	2	6	10	1,012		30	46	62	10,818
JOHNSON	19	30	43	7,400	389.47	1	2	4	870		18	28	39	6,530

*Totals for families, children and persons are unduplicated. Due to rounding, expenditures may not sum vertically.
Prepared by Nebraska HHS Finance & Support, 09/22/2005

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(Continued)

STATE OF NEBRASKA
HEALTH AND HUMAN SERVICES SYSTEM
NEBRASKA TANF A-133 AUDIT PROJECT
EXHIBIT 1

AID TO DEPENDENT CHILDREN PROGRAM
Month Ending Mar-05

County	ADC - TOTAL						ADC - UNEMPLOYED PARENT				ADC - REGULAR			
	Families	Children	Persons	Payments	Ave/Fam		Families	Children	Persons	Payments	Families	Children	Persons	Payments
KEARNEY	20	43	60	7,330	366.50		4	11	19	1,700	16	32	41	5,630
KEITH	21	36	47	6,233	296.81		1	5	7	648	20	31	40	5,585
KEYA PAHA	1	2	2	293	293.00					-	1	2	2	293
KIMBALL	11	13	18	3,960	360.00					-	11	13	18	3,960
KNOX	45	90	113	15,662	348.04		3	10	16	1,692	42	80	97	13,970
LANCASTER	1,603	3,033	4,367	602,047	375.58		179	448	807	92,804	1,424	2,585	3,560	509,243
LINCOLN	216	358	527	73,328	339.48		18	45	81	6,694	198	313	446	66,634
LOGAN	4	6	9	1,223	305.75					-	4	6	9	1,223
LOUP	-	-	-	0	-		-	-	-	-	-	-	-	-
MADISON	226	430	581	76,777	339.72		22	50	94	11,487	204	380	487	65,290
MCPHERSON	-	-	-	0	-		-	-	-	-	-	-	-	-
MERRICK	23	40	52	9,435	410.22		2	5	9	1,563	21	35	43	7,872
MORRILL	39	72	106	13,530	346.92		6	13	25	2,472	33	59	81	11,058
NANCE	9	10	17	2,566	285.11		1	1	3	364	8	9	14	2,202
NEMAHA	33	53	86	11,108	336.61		5	7	17	2,010	28	46	69	9,098
NUCKOLLS	16	29	43	6,945	434.06		3	6	12	2,610	13	23	31	4,335
OTOE	62	102	140	24,146	389.45		5	12	22	3,844	57	90	118	20,302
PAWNEE	5	11	13	1,859	371.80					-	5	11	13	1,859
PERKINS	4	10	12	1,820	455.00					-	4	10	12	1,820
PHELPS	46	84	113	17,968	390.61				17	2,033	42	75	96	15,935
PIERCE	17	30	43	5,390	317.06		2	5	9	399	15	25	34	4,991
PLATTE	114	168	232	36,168	317.26		7	12	26	2,374	107	156	206	33,794
POLK	12	14	18	3,991	332.58					-	12	14	18	3,991
RED_WILLOW	17	28	37	4,501	264.76		1	2	4	435	16	26	33	4,066
RICHARDSON	31	46	66	11,618	374.77		1	2	4	435	30	44	62	11,183
ROCK	3	6	8	914	304.67		1	3	5	577	2	3	3	337
SALINE	32	55	77	12,413	387.91		2	5	9	470	30	50	68	11,943
SARPY	454	774	1,166	155,629	342.80		47	115	210	21,542	407	659	956	134,087
SAUNDERS	56	101	143	21,068	376.21		8	27	43	5,126	48	74	100	15,942
SCOTTS BLUFF	344	628	879	117,606	341.88		37	63	137	14,105	307	565	742	103,501
SEWARD	18	31	54	8,124	451.33		7	14	28	3,838	11	17	26	4,286
SHERIDAN	38	67	100	13,287	349.66		8	15	31	3,613	30	52	69	9,674
SHERMAN	8	12	19	1,759	219.88		2	3	7	244	6	9	12	1,515
SIOUX	1	1	1	222	222.00					-	1	1	1	222
STANTON	12	30	35	4,854	404.50					-	12	30	35	4,854
THAYER	9	12	17	2,384	264.89					-	9	12	17	2,384
THOMAS	1	2	2	293	293.00					-	1	2	2	293
THURSTON	266	585	783	107,679	404.81		39	100	178	19,717	227	485	605	87,962
VALLEY	13	19	25	3,017	232.08		1	2	4	83	12	17	21	2,934
WASHINGTON	46	60	90	14,349	311.93		3	2	8	1,057	43	58	82	13,292
WAYNE	29	46	71	10,521	362.79		4	8	16	1,574	25	38	55	8,947
WEBSTER	15	31	42	5,108	340.53		1	3	5	182	14	28	37	4,926
WHEELER	-	-	-	0	-		-	-	-	-	-	-	-	-
YORK	15	22	35	4,142	276.13		3	5	11	1,092	12	17	24	3,050
OUT_OF_STATE	13	23	35	5,510	423.85		2	4	8	985	11	19	27	4,525

*Totals for families, children and persons are unduplicated. Due to rounding, expenditures may not sum vertically.
Prepared by Nebraska HHS Finance & Support, 09/22/2005

(Concluded)

STATE OF NEBRASKA
HEALTH AND HUMAN SERVICES SYSTEM
NEBRASKA TANF A-133 AUDIT PROJECT
NUMBER OF FAMILIES RECEIVING TANF BENEFITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

EXHIBIT 2

Counties	July	August	September	October	November	December	January	February	March	April	May	June	Total Families	Total Families (%)	Month of March as a % of Total	Sample Selected for Testing
ADAMS	194	195	200	194	195	197	197	202	184	177	169	157	2,261	2%	2%	1%
ANTELOPE	15	19	17	19	16	17	17	17	13	12	13	20	195	--	--	1%
ARTHUR	-	-	1	1	1	-	-	-	-	-	-	-	3	--	--	0%
BANNER	1	1	1	-	-	-	-	-	-	-	1	1	5	--	--	0%
BLAINE	1	1	1	1	1	1	2	2	2	2	2	1	17	--	--	0%
BOONE	8	8	11	10	10	12	12	12	12	8	7	6	116	--	--	0%
BOX_BUTTE	117	107	102	95	97	101	101	92	96	97	87	97	1,189	1%	1%	0%
BOYD	7	8	7	7	7	6	6	6	7	6	6	7	80	--	--	0%
BROWN	1	1	2	4	2	3	4	2	1	1	2	1	24	--	--	0%
BUFFALO	235	238	241	227	225	226	242	220	218	216	214	215	2,717	2%	2%	1%
BURT	42	36	39	38	43	39	38	42	43	43	38	37	478	--	-	0%
BUTLER	24	19	20	20	22	22	23	21	17	14	16	21	239	--	-	0%
CASS	79	81	64	61	65	76	79	77	76	67	63	70	858	1%	1%	1%
CEDAR	11	8	9	8	6	7	10	7	7	6	8	9	96	--	--	0%
CHASE	13	11	13	14	13	10	11	10	10	13	13	10	141	--	--	0%
CHERRY	29	29	29	28	17	24	17	22	18	19	22	22	276	--	--	0%
CHEYENNE	37	37	35	36	35	36	32	31	38	38	38	30	423	--	--	0%
CLAY	22	16	21	17	19	27	24	22	26	26	26	24	270	--	--	0%
COLFAX	54	54	50	51	53	46	46	48	51	53	57	51	614	--	--	0%
CUMING	13	12	11	12	17	17	15	14	14	11	15	12	163	--	--	0%
CUSTER	37	39	41	33	34	33	32	29	34	29	31	33	405	--	--	0%
DAKOTA	134	138	135	126	125	135	130	121	127	128	125	137	1,561	1%	1%	2%
DAWES	71	76	86	77	76	75	74	80	76	73	61	69	894	1%	1%	1%
DAWSON	137	143	137	124	135	142	140	135	126	107	122	122	1,570	1%	1%	2%
DEUEL	5	3	1	4	4	3	3	3	3	4	3	5	41	--	--	0%
DIXON	11	9	9	13	11	13	14	11	12	11	9	10	133	--	--	0%
DODGE	210	218	219	204	217	212	225	230	223	217	200	200	2,575	2%	2%	1%
DOUGLAS	6,132	6,157	6,130	5,990	5,924	5,769	5,684	5,596	5,696	5,586	5,507	5,575	69,746	49%	48%	47%
DUNDY	4	2	2	2	1	1	3	2	5	2	5	2	31	--	--	0%
FILLMORE	14	13	10	11	11	14	13	15	16	14	12	11	154	--	--	0%
FRANKLIN	7	11	9	10	11	12	12	17	12	10	8	9	128	--	--	0%
FRONTIER	1	1	2	2	4	4	6	6	5	4	3	3	41	--	--	0%
FURNAS	13	12	13	14	11	12	11	11	10	8	8	9	132	--	--	0%
GAGE	75	81	77	74	77	69	66	69	70	67	63	72	860	1%	1%	1%
GARDEN	4	6	6	5	4	5	4	4	3	2	3	2	48	--	--	0%
GARFIELD	5	4	4	4	4	3	4	4	4	3	4	3	46	--	--	0%
GOSPER	5	5	6	5	5	5	4	3	5	4	3	2	52	--	--	0%
GRANT	1	1	1	1	1	2	2	2	2	2	-	-	15	--	--	0%
GREELEY	6	5	5	7	7	8	10	10	7	5	4	5	79	--	--	0%
HALL	534	537	557	529	519	535	531	484	477	477	458	468	6,106	4%	4%	8%

Note: -- represents less than 1%

(Continued)

STATE OF NEBRASKA
HEALTH AND HUMAN SERVICES SYSTEM
NEBRASKA TANF A-133 AUDIT PROJECT
NUMBER OF FAMILIES RECEIVING TANF BENEFITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

EXHIBIT 2

Counties	July	August	September	October	November	December	January	February	March	April	May	June	Total Families	Total Families (%)	Month of March as a % of Total	Sample Selected for Testing
HAMILTON	23	24	23	26	25	21	19	17	13	12	13	14	230	--	--	0%
HARLAN	11	15	15	12	13	14	11	14	14	15	13	8	155	--	--	0%
HAYES	-	-	-	-	-	-	-	-	-	-	-	-	-	--	--	0%
HITCHCOCK	5	5	3	3	1	2	3	2	3	2	1	3	33	--	--	0%
HOLT	22	23	26	27	28	29	36	27	29	30	29	29	335	--	--	0%
HOOKER	1	1	1	1	1	1	1	1	1	1	1	1	12	--	--	0%
HOWARD	33	35	37	32	31	32	29	20	28	24	26	27	354	--	--	0%
JEFFERSON	28	31	31	39	31	33	40	33	32	33	33	36	400	--	--	0%
JOHNSON	12	13	16	13	12	17	14	14	19	16	17	18	181	--	--	0%
KEARNEY	14	13	11	12	13	14	20	20	20	15	15	14	181	--	--	0%
KEITH	24	24	22	27	23	26	23	24	21	20	22	27	283	--	--	1%
KEYA PAHA	1	1	2	1	1	1	1	1	1	1	2	2	15	--	--	0%
KIMBALL	15	13	13	14	16	15	15	11	11	13	13	15	164	--	--	0%
KNOX	65	66	61	52	52	48	47	51	45	45	50	48	630	--	--	1%
LANCASTER	1,511	1,510	1,508	1,526	1,546	1,580	1,564	1,539	1,603	1,541	1,511	1,519	18,458	13%	14%	15%
LINCOLN	228	219	241	219	210	232	218	209	216	207	192	193	2,584	2%	2%	0%
LOGAN	5	5	5	6	7	7	6	4	4	4	4	4	61	--	--	0%
LOUP	-	-	-	-	-	-	-	-	-	1	1	1	3	--	--	0%
MADISON	245	231	243	260	254	230	218	231	226	225	208	182	2,753	2%	2%	1%
MCPHERSON	3	2	-	-	-	-	1	-	-	-	-	-	6	--	--	0%
MERRICK	22	25	27	30	27	30	23	25	23	21	23	24	300	--	--	0%
MORRILL	40	41	36	34	40	39	39	42	39	39	36	33	458	--	--	1%
NANCE	4	4	7	6	7	9	9	8	9	7	6	7	83	--	--	0%
NEMAHA	38	35	38	36	40	37	42	43	33	33	25	30	430	--	--	0%
NUCKOLLS	10	8	8	9	13	13	12	11	16	12	11	11	134	--	--	1%
OTOE	65	63	64	52	56	54	49	52	62	67	62	66	712	--	1%	0%
PAWNEE	7	6	4	5	5	5	5	4	5	5	4	8	63	--	--	0%
PERKINS	7	7	6	5	4	4	3	3	4	5	6	5	59	--	--	0%
PHELPS	56	52	42	41	39	35	43	44	46	43	45	44	530	--	--	1%
PIERCE	16	17	22	22	19	15	16	16	17	13	11	14	198	--	--	0%
PLATTE	139	139	138	149	152	139	125	108	114	109	115	117	1,544	1%	1%	2%
POLK	12	15	15	12	17	17	15	13	12	10	9	12	159	--	--	0%
RED_WILLOW	17	13	17	21	21	17	20	18	17	18	17	22	218	--	--	0%
RICHARDSON	38	32	33	31	32	34	34	27	31	34	39	33	398	--	--	1%
ROCK	3	2	2	2	2	2	2	2	3	2	1	3	26	--	--	0%
SALINE	26	25	24	24	21	24	24	27	32	23	25	23	298	--	--	0%
SARPY	473	472	488	465	463	461	463	448	454	438	435	458	5,518	4%	4%	3%
SAUNDERS	50	51	51	53	43	48	53	57	56	56	51	51	620	--	--	1%
SCOTTS BLUFF	322	329	309	321	324	317	344	353	344	318	311	308	3,900	3%	3%	1%
SEWARD	13	12	16	14	15	17	17	18	18	13	14	14	181	--	--	0%

Note: -- represents less than 1%

(Continued)

STATE OF NEBRASKA
HEALTH AND HUMAN SERVICES SYSTEM
NEBRASKA TANF A-133 AUDIT PROJECT
NUMBER OF FAMILIES RECEIVING TANF BENEFITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

EXHIBIT 2

Counties	July	August	September	October	November	December	January	February	March	April	May	June	Total Families	Total Families (%)	Month of March as a % of Total	Sample Selected for Testing
SHERIDAN	50	52	52	46	41	41	44	41	38	34	36	38	513	--	--	0%
SHERMAN	9	6	6	6	8	8	6	9	8	7	9	8	90	--	--	0%
SIOUX	2	2	2	1	1	1	1	1	1	1	1	1	15	--	--	0%
STANTON	8	11	12	16	14	12	12	9	12	9	10	10	135	--	--	0%
THAYER	11	13	15	12	9	11	10	10	9	9	7	9	125	--	--	0%
THOMAS	2	3	3	4	3	3	2	1	1	2	1	1	26	--	--	0%
THURSTON	249	259	266	251	247	250	252	246	266	266	258	269	3,079	2%	2%	2%
VALLEY	19	14	12	13	14	15	14	14	13	15	14	15	172	--	--	0%
WASHINGTON	45	54	55	50	49	51	47	46	46	50	51	52	596	--	--	0%
WAYNE	27	32	29	24	28	24	25	26	29	25	23	23	315	--	--	1%
WEBSTER	9	14	13	17	16	15	12	14	15	12	10	11	158	--	--	0%
WHEELER	-	-	-	-	-	-	-	-	-	-	-	-	-	--	--	0%
YORK	22	17	16	17	19	23	25	25	15	16	16	13	224	--	--	1%
OUT_OF_STAT	19	18	14	11	9	11	11	11	13	9	13	15	154	--	--	0%
TOTALS	12,385	12,416	12,424	12,148	12,087	12,003	11,909	11,669	11,833	11,488	11,272	11,417	143,051			
TOTALS (%)	8.7%	8.7%	8.7%	8.5%	8.4%	8.4%	8.3%	8.2%	8.3%	8.0%	7.9%	8.0%				

(Concluded)

Note: -- represents less than 1%

Source: Department of Health and Human Services, Aid to Dependent Children Program, Monthly Reports

STATE OF NEBRASKA
HEALTH AND HUMAN SERVICES SYSTEM
NEBRASKA TANF A-133 AUDIT PROJECT
AMOUNT OF TANF BENEFIT PAYMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
EXHIBIT 3

	July	August	September	October	November	December	January	February	March	April	May	June	TOTAL
ADAMS	\$ 64,265	\$ 69,197	\$ 64,172	\$ 60,163	\$ 60,952	\$ 70,156	\$ 62,131	\$ 64,931	\$ 61,007	\$ 62,727	\$ 57,144	\$ 55,171	\$ 752,016
ANTELOPE	5,267	7,041	6,093	7,351	4,729	6,699	6,137	5,385	4,088	3,532	5,807	6,925	69,054
ARTHUR	-	-	364	182	414	-	-	-	-	-	-	-	960
BANNER	1,092	364	293	-	-	-	-	-	-	-	435	435	2,619
BLAINE	222	222	222	222	222	222	1,101	515	515	515	444	222	4,644
BOONE	1,798	1,798	3,511	3,282	3,800	4,176	3,516	2,948	4,045	2,284	2,755	1,687	35,600
BOX_BUTTE	42,200	37,797	37,885	33,619	37,863	36,962	33,777	30,647	34,110	35,537	29,204	37,801	427,402
BOYD	1,865	2,127	1,430	1,869	1,803	1,131	1,131	1,131	1,495	1,415	1,502	2,024	18,923
BROWN	222	222	444	2,344	586	1,054	935	257	435	153	1,070	879	8,601
BUFFALO	83,948	86,305	78,622	76,839	78,443	78,215	83,591	73,218	79,082	75,055	68,146	81,749	943,213
BURT	16,823	9,873	13,784	12,739	14,202	12,864	12,321	15,586	16,837	14,693	13,338	11,696	164,756
BUTLER	7,690	6,825	7,129	6,135	7,643	8,669	8,331	7,721	4,559	4,353	4,886	8,411	82,352
CASS	27,973	31,430	20,354	22,256	25,882	30,824	28,124	26,587	26,121	22,806	19,114	27,680	309,151
CEDAR	5,516	2,749	3,428	2,263	1,707	3,808	3,492	1,971	1,971	2,344	3,312	2,484	35,045
CHASE	4,142	3,304	4,102	4,254	3,739	2,635	3,070	2,635	3,223	2,836	4,579	2,830	41,349
CHERRY	11,121	12,333	12,041	11,466	6,894	12,898	6,761	8,996	6,288	8,021	9,728	7,526	114,073
CHEYENNE	13,783	13,510	13,602	13,767	14,014	11,768	10,716	11,061	16,475	13,260	12,665	8,233	152,854
CLAY	5,434	5,221	7,086	5,576	5,870	10,546	6,620	6,347	8,371	6,918	8,950	8,537	85,476
COLFAX	17,411	18,064	15,743	16,201	15,554	15,460	12,817	14,475	17,260	17,863	16,504	16,246	193,598
CUMING	5,093	3,629	4,289	4,511	6,894	6,324	5,327	4,270	5,140	3,613	4,459	4,003	57,552
CUSTER	14,210	14,397	14,297	10,199	10,780	12,643	11,048	11,239	11,202	7,907	8,744	12,460	139,126
DAKOTA	47,128	52,823	45,777	48,108	45,735	50,170	46,834	42,538	47,087	45,844	40,859	48,909	561,812
DAWES	26,844	29,411	36,183	25,841	26,940	27,906	29,469	29,691	28,244	25,717	20,765	26,076	333,087
DAWSON	48,996	51,576	48,219	39,481	46,883	47,796	48,517	44,720	40,726	36,027	45,215	44,369	542,525
DEUEL	2,609	554	222	893	893	808	808	808	1,243	1,243	768	2,341	13,190
DIXON	3,611	3,563	2,348	5,003	3,096	6,044	3,999	3,987	4,547	3,235	4,357	3,366	47,156
DODGE	77,189	76,095	74,137	66,644	75,125	73,639	76,735	78,186	72,253	71,415	62,993	69,304	873,715
DOUGLAS	2,121,363	2,145,821	2,136,632	2,074,069	2,041,571	1,989,849	1,963,244	1,957,857	2,040,186	1,935,854	1,914,843	1,954,902	24,276,191
DUNDY	1,101	870	657	1,101	222	222	1,536	515	1,677	616	1,949	515	10,981
FILLMORE	4,576	3,447	2,607	2,967	2,887	3,844	3,984	4,612	4,528	4,219	3,070	3,400	44,141
FRANKLIN	2,443	5,003	4,156	4,028	5,237	4,666	4,450	6,455	4,655	4,341	3,876	3,466	52,776
FRONTIER	290	870	1,234	657	2,118	1,070	3,463	2,534	1,499	1,027	950	732	16,444
FURNAS	4,144	4,213	4,158	4,020	3,010	3,960	4,129	2,865	2,643	2,500	1,952	4,077	41,671
GAGE	25,900	32,061	28,707	25,887	24,690	24,360	24,045	27,312	24,026	24,351	20,069	26,293	307,701
GARDEN	727	2,229	1,384	1,202	1,566	1,674	2,388	1,487	440	950	879	515	15,441
GARFIELD	1,804	1,181	959	959	959	565	1,332	989	888	666	1,542	666	12,510
GOSPER	1,820	1,971	1,687	1,536	1,470	3,324	1,598	1,092	2,255	2,175	910	728	20,566
GRANT	435	435	435	435	435	929	799	799	799	617	-	-	6,118
GREELEY	1,754	1,554	2,154	3,127	2,497	2,822	4,493	3,226	2,407	1,780	1,473	2,343	29,630
HALL	186,653	186,543	191,474	176,990	171,995	179,131	187,426	165,383	162,586	164,563	160,796	161,664	2,095,204
HAMILTON	7,396	7,885	7,615	9,491	8,199	7,484	5,949	6,440	3,650	4,276	4,696	5,700	78,781

(Continued)

STATE OF NEBRASKA
HEALTH AND HUMAN SERVICES SYSTEM
NEBRASKA TANF A-133 AUDIT PROJECT
AMOUNT OF TANF BENEFIT PAYMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
EXHIBIT 3

	July	August	September	October	November	December	January	February	March	April	May	June	TOTAL
HARLAN	4,238	5,935	5,936	3,872	4,731	4,520	3,384	4,067	5,376	4,539	4,330	3,097	54,025
HAYES	-	-	-	-	-	-	-	-	-	-	-	-	-
HITCHCOCK	2,465	2,429	722	1,064	293	737	1,669	515	959	783	293	2,051	13,980
HOLT	7,919	7,807	8,916	7,933	9,396	8,304	13,203	7,790	10,841	9,106	10,903	11,510	113,628
HOOKER	222	222	222	222	222	222	222	222	222	222	222	222	2,664
HOWARD	10,005	10,735	12,765	10,058	10,330	9,718	7,817	6,112	10,688	8,161	9,186	10,213	115,788
JEFFERSON	10,500	9,208	10,616	11,999	10,850	12,460	16,296	10,253	11,830	10,781	11,445	10,977	137,215
JOHNSON	4,895	4,823	4,884	4,875	4,524	6,062	5,058	5,553	7,400	5,025	5,965	6,971	66,035
KEARNEY	4,546	3,819	3,695	5,417	4,302	5,047	8,488	6,431	7,330	5,857	4,838	5,859	65,629
KEITH	8,173	8,182	8,628	8,946	8,588	11,092	6,752	9,206	6,233	6,203	9,576	10,486	102,065
KEYA PAHA	293	293	777	293	293	293	293	293	293	293	879	586	4,879
KIMBALL	4,356	5,596	3,408	4,762	4,677	5,244	3,873	3,232	3,960	3,870	3,396	8,004	54,378
KNOX	25,794	23,621	21,953	18,267	19,234	17,997	15,841	19,284	15,662	16,151	20,835	17,235	231,874
LANCASTER	550,546	563,344	555,238	558,788	555,891	576,221	554,326	570,147	602,047	560,060	553,751	571,755	6,772,114
LINCOLN	79,809	75,128	91,146	74,598	77,156	85,563	75,844	73,371	73,328	74,917	66,191	67,822	914,873
LOGAN	1,243	1,243	1,456	1,758	2,122	2,267	1,809	1,354	1,223	1,223	1,152	1,212	18,062
LOUP	-	-	-	-	-	-	-	-	-	222	222	222	666
MADISON	89,625	87,020	86,678	98,915	91,064	76,919	76,012	79,112	76,777	80,760	75,671	58,283	976,836
MCPHERSON	1,628	687	-	-	-	-	728	-	-	-	-	-	3,043
MERRICK	6,056	7,988	10,034	12,051	9,051	11,040	7,391	8,087	9,435	6,853	8,020	9,248	105,254
MORRILL	14,989	17,760	12,383	13,131	14,385	15,470	15,257	14,130	13,530	12,897	13,114	12,779	169,825
NANCE	1,008	1,966	1,842	2,238	2,207	3,744	2,648	3,152	2,566	1,900	3,506	2,672	29,449
NEMAHA	13,680	12,220	15,083	14,620	14,360	12,237	18,105	15,396	11,108	10,536	8,428	11,306	157,079
NUCKOLLS	2,249	2,200	2,408	3,059	4,372	4,615	4,047	3,821	6,945	3,591	3,354	2,939	43,600
OTOE	19,335	23,128	19,680	15,848	18,213	17,596	16,597	18,930	24,146	22,903	20,910	24,050	241,336
PAWNEE	1,918	2,006	1,358	2,237	2,441	1,571	1,571	1,207	1,859	1,935	1,749	3,151	23,003
PERKINS	2,989	3,539	1,861	1,496	1,376	1,456	1,092	1,092	1,820	1,820	2,239	1,416	22,196
PHELPS	19,426	16,262	12,377	13,492	12,548	12,256	14,994	16,278	17,968	12,328	15,164	15,587	178,680
PIERCE	8,146	6,458	9,502	6,916	6,505	4,632	6,601	4,914	5,390	3,254	3,776	4,177	70,271
PLATTE	45,598	45,304	46,994	51,615	53,032	43,665	37,205	33,694	36,168	36,246	41,136	39,267	509,924
POLK	4,598	4,376	6,319	3,522	6,669	6,557	4,706	3,111	3,991	3,227	2,078	3,462	52,616
RED_WILLOW	4,804	3,957	5,890	6,947	7,557	6,093	6,919	4,827	4,501	4,498	6,420	7,631	70,044
RICHARDSON	13,084	10,306	11,033	10,522	9,011	11,923	9,865	8,782	11,618	12,433	14,442	10,289	133,308
ROCK	916	515	515	515	515	515	515	515	914	337	44	2,051	7,867
SALINE	7,211	8,068	7,389	8,974	8,546	8,902	7,818	11,791	12,413	8,271	9,684	8,377	107,444
SARPY	170,734	167,439	179,349	156,869	160,155	157,855	159,261	155,093	155,629	149,419	155,552	164,030	1,931,385
SAUNDERS	17,089	19,557	16,283	17,251	12,115	17,458	16,151	20,633	21,068	18,460	16,293	17,354	209,712
SCOTTS BLUFF	116,994	121,475	112,862	110,877	120,727	122,390	129,723	127,904	117,606	112,675	108,783	115,169	1,417,185
SEWARD	5,117	3,701	6,297	5,577	7,529	6,487	6,642	8,358	8,124	4,012	5,903	4,622	72,369
SHERIDAN	19,726	21,003	19,636	15,234	13,333	14,285	16,736	14,351	13,287	11,646	14,506	14,245	187,988

(Continued)

STATE OF NEBRASKA
HEALTH AND HUMAN SERVICES SYSTEM
NEBRASKA TANF A-133 AUDIT PROJECT
AMOUNT OF TANF BENEFIT PAYMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

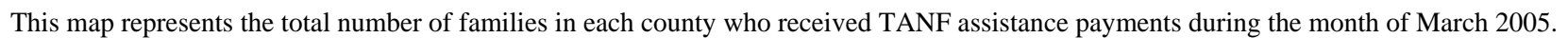
EXHIBIT 3

	July	August	September	October	November	December	January	February	March	April	May	June	TOTAL
SHERMAN	2,945	2,922	1,625	2,175	2,376	2,372	1,718	2,939	1,759	1,655	2,443	2,778	27,707
SIOUX	497	497	497	222	222	222	222	222	222	222	222	222	3,489
STANTON	2,578	4,691	3,675	6,160	5,676	4,944	4,251	2,547	4,854	2,608	2,937	3,787	48,708
THAYER	2,992	4,021	5,806	3,818	2,219	3,297	3,365	2,905	2,384	2,721	1,838	3,161	38,527
THOMAS	542	1,128	835	1,194	1,048	1,048	799	293	293	815	293	293	8,581
THURSTON	96,254	91,581	96,500	89,089	90,836	92,823	92,642	89,444	107,679	98,255	97,168	97,619	1,139,890
VALLEY	6,786	4,067	3,332	4,883	3,590	5,308	4,481	4,864	3,017	4,644	3,985	4,643	53,600
WASHINGTON	15,135	18,492	16,474	14,044	14,464	14,058	13,337	13,749	14,349	15,927	15,039	15,908	180,976
WAYNE	8,363	9,523	8,636	7,866	7,901	7,915	9,208	9,897	10,521	8,213	7,706	8,302	104,051
WEBSTER	3,001	6,844	5,368	6,687	6,304	5,116	4,067	6,284	5,108	4,688	3,427	3,942	60,836
WHEELER	-	-	-	-	-	-	-	-	-	-	-	-	-
YORK	7,441	5,834	5,879	6,625	7,582	8,148	11,793	8,549	4,142	4,700	5,761	5,445	81,899
OUT_OF_STATE	7,224	7,177	4,736	4,155	3,227	5,304	3,517	3,859	5,510	3,590	4,957	4,752	58,008
TOTALS	\$ 4,352,540	\$ 4,400,610	\$ 4,369,134	\$ 4,219,353	\$ 4,201,284	\$ 4,211,285	\$ 4,141,003	\$ 4,089,976	\$ 4,222,656	\$ 3,992,700	\$ 3,944,480	\$ 4,067,544	\$ 50,212,565
TOTALS (%)	8.67%	8.76%	8.70%	8.40%	8.37%	8.39%	8.25%	8.15%	8.41%	7.95%	7.86%	8.10%	

(Concluded)

Source: Department of Health and Human Services, Aid to Dependent Children Program, Monthly Reports

TANF ASSISTANCE PAYMENTS FOR MARCH 2005



STATE OF NEBRASKA
HEALTH AND HUMAN SERVICES SYSTEM
NEBRASKA TANF A-133 AUDIT PROJECT
TANF EXPENDITURES BY FUNDING STREAM
For the State Fiscal Year Ended June 30, 2005

