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Kerry Winterer, CEO
Department of Health and Human Services
301 Centennial Mall South
Lincoln, NE 68509

Dear Kerry:

This letter is provided pursuant to AICPA Auditing Standards AU-C Section 265.A17, which permits the early communication of certain audit findings due to their significance and the urgent need for corrective action. The audit work addressed herein was performed as part of the fiscal year 2014 Comprehensive Annual Financial Report (CAFR) and Statewide Single (Single) audits. This communication is based on our audit procedures through October 20, 2014. Because we have not completed our audits of the fiscal year 2014 CAFR or Single, additional matters may be identified and communicated in our final reports.

In planning and performing our audits of the financial statements, we considered the State's internal control over financial reporting (internal control) as a basis for designing audit procedures for the purpose of expressing our opinions on the financial statements of the State, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, we do not express an opinion on the effectiveness of the State's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

We noted certain internal control or compliance matters related to the activities of the Nebraska Department of Health and Human Services (DHHS) or other operational matters that are presented below for your consideration. The following comments and recommendations, which have been discussed with the appropriate members of DHHS and its management, are intended to improve internal control or result in other operating efficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Comment Number 5 (TANF Cash Reserve Funds) to be a significant deficiency.

This comment will also be reported in the State of Nebraska's Statewide Single Audit Report – Schedule of Findings and Questioned Costs.

Draft copies of this letter were furnished to DHHS to provide management with an opportunity to review and to respond to the comments and recommendations contained herein. All formal responses received have been incorporated into this letter. Responses have been objectively evaluated and recognized, as appropriate, in the letter. Responses that indicate corrective action has been taken were not verified at this time, but it will be verified in the next audit.

Overall Summary

There were 6,441 individuals who received Employment First (EF) supportive services payments of $4,024,694 for fiscal year ended June 30, 2014 (FY 2014). These individuals were also included among the 13,491 individuals who received Aid to Dependent Children (ADC) payments of $25,626,034.

The APA conducted detailed testing of 20 cases (one case may have more than one individual if they live in the same household) with payments totaling $141,678, which resulted in $71,337 of questioned costs, as described below:

EF or ADC Assistance	Type of Issue	Comment Reference	Questioned Costs
EF Supportive Services	Unreasonable, Not in Compliance with Regs, Lack of Documentation, Eligibility	Comment 1	$61,817
ADC Cash Assistance Payments	Not Eligible Due to Income, Resources, Waivers, or Unit Size	Comment 2	$7,768
ADC Cash Assistance Payments	Sanctions Not Properly Imposed	Comment 3	$1,752
Total Questioned Costs	**(Includes State and Federal Funds)**	**EXHIBIT A**	**$71,337**

There was also a lack of monitoring of the contractors by DHHS to ensure compliance with program regulations. Eligibility reviews were not completed timely, contractor monitoring was inadequate, and numerous other issues were noted during the detailed testing. Also, even after DHHS was notified of allegations of fraud on cases, the cases were not followed up on.

Additionally, as of June 30, 2014, DHHS had a total of $55,862,935 in Federal TANF funds that were authorized for use but not expended. Of that amount, DHHS could have used $14,743,235 in Federal funds over the previous two fiscal years, FY2013 and FY2014, which would have reduced the use of State funds and the burden on Nebraska taxpayers.

Background Information

Temporary Assistance to Needy Families (TANF) is a Federal program meant to assist parents in providing essential care to enable dependent children to remain in their own home and allow for health, growth, and development. Nebraska's TANF cash assistance program is known as Aid to Dependent Children (ADC) and provides monthly cash assistance to individuals who have dependent children and fall within the income and resource limitations. The resource limitation is generally $6,000, and the income limitations vary depending on the size and circumstances of the household. The maximum amount of cash assistance is $222 per month for the first individual, increasing by $71 for each additional person included in the household unit.

Prior to the receipt of ADC cash assistance, any work-eligible individuals in the household unit are required to participate in Employment First (EF) activities, including employment, job searching, education, vocational training, or community service. Each work-eligible individual must complete an EF orientation and assessment, sign a self-sufficiency contract, and agree to a service plan defining the participant's EF activities and requirements. Once these steps toward Employment First enrollment have been completed, the individual can begin receiving the monthly ADC payments.

Nebraska work-eligible individuals include all adults up to age 64, excluding individuals medically unable to work – for example, those who are disabled, ill, have any injury, or are in the third trimester of pregnancy. Other exemptions include those who are needed in the home to provide care to a disabled family member or child less than 12 weeks old. Children ages 16 to 18 are excluded only if enrolled and attending school on a regular basis. Single parent households are required to participate at least 30 hours per week, or 20 hours per week if they have a child less than 6 years of age, while two-parent households are required to participate either 35 or 55 hours per week, depending on whether they receive Federally-funded child care.

The Employment First program also provides certain payments for supportive services, including gas, vehicle insurance and registration, clothing, vehicle repairs, and bus or cab fares – in order to facilitate full participation in the program.

The following table shows a breakdown of the total ADC and EF expenditures for FY 2014, per the Nebraska Information System - EnterpriseOne (E1). There were 6,441 individuals who received EF supportive services payments, and these individuals were also included among the 13,491 individuals who received ADC payments.

Source of Funds	ADC Cash Assistance	EF Supportive Services	Totals
Federal Funds	$14,265,890	$3,561,839	$17,827,729
State Funds	$11,360,144	$462,855	$11,822,999
Totals	**$25,626,034**	**$4,024,694**	**$29,650,728**

EF supportive services are paid with 90% Federal funds and 10% State funds. Meanwhile, ADC cash assistance payments are paid primarily with 80% Federal funds and 20% State funds – although, in certain instances, such as households that qualify as a two-parent family, or cases in which the family is exempt from EF participation, the ADC payment is 100% funded by the State.

The following table shows the total FY 2014 EF supportive services broken down by the type of service:

Type of EF Supportive Service	Total Paid
Motor Vehicle Gas	$1,061,872
Motor Vehicle Repairs	$947,718
Transportation Commercial	$385,844
Insurance Premium Vehicle	$382,655
Clothing	$235,684
Motor Vehicle Taxes	$211,262
Motor Vehicle Repair Estimate	$209,099
Motor Vehicle Purchase	$173,280

Type of EF Supportive Service	Total Paid
Motor Vehicle Licensing Fee	$136,956
Tuition	$71,113
Other Costs	$66,054
Interpreter	$47,261
Student Fees	$35,580
Motor Vehicle Inspection	$15,650
Motor Vehicle Loan Payment	$14,206
Driver's License Fee	$13,030
Occupational Exam And Licensing Fee	$10,723
Tools	$2,627
Work Supplies	$1,425
Books	$1,253
Personal Care Needs	$583
Rent	$435
Assessment-Adult Basic Education	$260
School Or Work Physical	$99
Office Examination And Treatment	$25
Total	**$4,024,694**

DHHS has two contracts that provide case management and program services for the EF program. Policy Studies Inc., acquired by Maximus in 2012, provides services in the eastern service area, and Arbor E&T LLC d/b/a Rescare Workforce Services provides services throughout the State. The amounts paid to these contractors are not included in the amounts above. For FY 2014, DHHS paid these contractors the following:

EF Contractor	Federal	State	Total
Rescare/Arbor	$8,922,144	$991,349	$9,913,493
Maximus/Policy Studies Inc	$3,415,846	$379,538	$3,795,384
Other	$5,540	$616	$6,156
Total	**$12,343,530**	**$1,371,503**	**$13,715,033**

During FY 2014, the only monitoring of the EF contractors by DHHS was a monthly random sample review to determine if the work participation rates were properly calculated.

The APA selected 20 cases for detailed testing from a total of 6,441 individuals who received EF supportive services during fiscal year 2014. **Exhibit A** includes a summary of the questioned costs for each of the 20 cases tested. Additional details on the testing performed and the issues noted are included in the Comments and Recommendations section below.

Comments and Recommendations

1. Employment First Questioned Costs

The APA performed a detailed review of the EF supportive service payments made during the fiscal year for the 20 ADC cases selected for testing. Those 20 cases received $79,251 in EF supportive services. The review consisted of ensuring the payments were in accordance with regulations, policies, and other guidance. The APA also considered the reasonableness and necessity of the supportive service payments.

As a result, the APA identified a number of issues that led the APA to question a significant portion – $61,817 out of $79,251 – of the supportive service payments tested. The following table provides a summary of the questioned costs for the EF supportive service payments.

Issue	Questioned EF Supportive Service Payments	Federal Share (90%)	State Share (10%)
Unreasonable or Unnecessary Payments	$27,989	$25,190	$2,799
Improper Registration/Insurance Costs	$13,354	$12,019	$1,335
Improper Repair Costs	$11,931	$10,738	$1,193
Documentation of Fuel Payments Limit	$7,167	$6,450	$717
Employment First Eligibility	$1,376	$1,238	$138
Transportation Not Limited to First Pay Period **(Note)**	$0	$0	$0
Totals	**$61,817**	**$55,635**	**$6,182**

Note: No dollar amounts are included because the payments have been previously questioned in one of the above categories.

Unreasonable or Unnecessary Supportive Services

The APA found unreasonable or unnecessary supportive services were provided for five cases, resulting in total questioned costs of nearly $28,000, as outlined below.

Case	Questioned EF Supportive Services	Federal Share	State Share	Notes
Case 12	$11,753	$10,578	$1,175	Over $11,000 in cab fares was incurred in June 2013 and December 2013 through April 2014. The individual acquired a 2000 Pontiac Montana on February 10, 2012, which was properly titled and registered from February 2013 to February 2014. The individual also had a valid driver's license issued in December 2010, which did not expire until April 2015. Vehicle repairs on the vehicle were also paid in July 2013. The vehicle was sold in January 2014. It appears unreasonable to pay for expensive cab rides, rather than pay for gas vouchers for the vehicle during this time period.
Case 14	$8,016	$7,214	$802	Cab fares were incurred nearly every weekday from September 17, 2013, through December 8, 2013, as well as one day each in January, February, and March 2014. The total for those cab fares exceeded $8,000. The individual claimed to be unable to drive because her driver's license expired in July 2012. The individual gave a variety of reasons for not obtaining a new license, such as: • December 2012: indicated she had a speeding ticket to pay before she could get her license reinstated; • January 2013: stated she had to pay a $50 reinstatement fee and sit in jail for one day; • September 2013: said she would need to sit in jail or pay a $125 fine; • October 2013: indicated she needed to pay fines and retake the test; • November 2013: a case worker noted that she had agreed to pay a $63 fine and get her license the next week; • January 2014: said she would need to sit out a fine for two weeks; • March 2014: stated she "found out I have $600+ fines"; • June 2014: claimed she needed to pay $17 fines and a $50 reinstatement fee. The individual was not required to obtain a new driver's license. On November 26, 2013, the EF contractor requested an extension of cab service through December 6, 2013, stating, "She is paid today (11/26/13 [sic] and will be able to pay the remaining $63 fine to reinstate her

Case	Questioned EF Supportive Services	Federal Share	State Share	Notes
				driver's license. She will not be able to go to the DMV until next week to get her driver's license due to the holiday." This request was approved by DHHS Policy Unit staff, stating, "Cab service until 12/06/13 is approved. Did you notice that cab service was provided for 4 continuous months (Jan | April) at a cost of $9,126.00?" This note indicates that at least $9,126 in cab fares were paid in the prior fiscal year, in additional to the current fiscal year in which $8,016 in cab fares were paid. The individual still did not have a valid driver's license as of September 2014.
Case 13	$6,280	$5,652	$628	The individual has a bachelor's degree, master's degree, and education specialist degree. She also completed an internship related to the education specialist degree in June 2013. She was hired for full-time employment with nearly a $50,000 salary beginning in August 2013. Her first monthly paycheck was received on September 5, 2013. She applied for ADC on July 12, 2013, and was determined to be eligible for July and August, even though she notified DHHS that she had full-time employment lined up. Her EF participation requirements for July included of job searching despite having a high-paying, full-time job that would begin in August. She was allowed to use her full-time employment in August to meet the EF participation requirements for that month. The APA believes the payments made for this case are not reasonable or necessary under the circumstances. Furthermore, the ADC eligibility continued through November 2013, in error. An ADC overpayment was established but not paid for October and November; however, no overpayment was considered for September or for the more than $6,000 in supportive services incurred from July to September 2013. The supportive services included over $5,000 in car repairs, which exceeded the trade-in value of the vehicle. It appears she used the program to pay for her car repairs.
Case 17	$1,278	$1,150	$128	This case included more gas payments than any of the other 19 cases tested. The gas payments appear to be unreasonable because the individual was medically exempt from participating in Employment First activities for the entire fiscal year due to severe back pain that prevented him from not only sitting, standing, or walking for an extended period of time but also bending, kneeling, or lifting. The only required activity was to attend medical appointments as necessary. There was not sufficient documentation to support the nearly $30 average weekly gas vouchers. At the $0.25 per mile, the individual would be traveling 120 miles per week solely for medical appointments. As is the case with all of the gas receipts, there was not documentation to indicate the location of the medical appointments.
Case 5	$662	$596	$66	Two vehicle registrations were paid within three months of each other for two different vehicles. The first registration was paid in January 2014 for a 2011 Toyota Corolla at a cost of $254. Then, in April 2014, an additional $662 registration was paid for a brand new 2014 Toyota Corolla. The second registration payment included over $500 in sales tax. The APA considers this second registration payment unreasonable and unnecessary because there was no indication that the 2011 Toyota Corolla had any mechanical issues. The payment of registration on a brand new vehicle also leads the APA to question how this ADC case could afford to purchase a brand new vehicle using the resources and income reported to DHHS.
Totals	**$27,989**	**$25,190**	**$2,799**	

The Office of Management and Budget (OMB) Circular A-87 discusses general principles for determining allowable Federal expenditures and requires the spending of Federal grant funds to be reasonable. Specifically, Attachment A, Section (C)(2) states, in relevant part:

> *A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when governmental units or components are predominately federally funded. . . .*

Additionally, Title 468 NAC 1-008 describes the Prudent Person Principle as:

> *When the statements of the client are incomplete, unclear, or inconsistent, or when other circumstances in the particular case indicate to a prudent person that further inquiry must be made, the worker must obtain additional verification before eligibility is determined. The client has primary responsibility for providing verification of information relating to eligibility. Verification may be supplied in person, through the mail, or from another source (as an employer). If it would be extremely difficult or impossible for the client to furnish verification in a timely manner, the worker must offer assistance.*

Improper Registration and Insurance Costs

Appendix 468-000-309 contains the EF Supportive Services Guidelines, including a section entitled "Automobiles; Purchase," which states, "[A] maximum of $500 is allowed to pay the tax, licensing, and insurance (typically the first three months of insurance.)" Although the regulation is related to the purchase of new vehicles, in discussions with DHHS Policy staff, the APA was advised that this limit should apply to all tax, licensing, and insurance payments.

Under the "Automobiles; Licensing, Insurance, Driver's License" section, that same appendix provides:

1. *The cost of licensing or insurance not related to the purchase of automobiles is allowed if it is determined that transportation is required for participation in the client's Self-Sufficiency Contract. Again, typically, the insurance allowed is for 3 months.*
2. *The vehicle must be registered in the participant's name.*
3. *The participant must demonstrate that s/he can pay for subsequent insurance costs.*

The APA found 15 cases in which the registration and insurance costs paid exceeded the $500 limitation. Additionally, for 9 of 18 cases tested, there was a lack of documentation to determine whether the insurance costs complied with the above regulations. In all nine of the cases, there was no documentation to indicate that subsequent insurance costs could be paid – in fact, in two cases, the insurance policies were cancelled immediately after the coverage paid by DHHS had lapsed. Additionally, the documentation for the insurance coverage often did not identify the coverage period or which vehicle was being insured. The APA questions a total of $13,354 in registration and insurance costs paid due to payments either lacking required documentation or being in excess of the specified $500 limitation.

Case	Registration	Insurance (Note)	Total	Questioned Costs	Notes
Case 15	$1,942	$410	$2,352	$1,852	Vehicle registration costs of $1,942 paid for a 2011 Dodge Journey, which was a new vehicle for this case. Three months' vehicle insurance costs of $410 paid for the same vehicle; however, the ability to pay subsequent insurance costs was not documented. The APA questions the $1,442 registration costs in excess of $500, as well as the $410 insurance costs.
Case 18	$0	$1,819	$1,819	$1,819	Three months' vehicle insurance costs of $383 paid for a 2000 Oldsmobile Alero in October 2013. The coverage appeared to be for September to December

Case	Registration	Insurance (Note)	Total	Questioned Costs	Notes
					2013 and was cancelled on December 23, 2013. Then three months' vehicle insurance costs of $1,436 paid again for the same vehicle in March 2014. The ability to pay subsequent insurance costs was not documented. The APA questions the $1,819 insurance costs lacking required documentation (and over the $500 limitation).
Case 16	$2,257	$0	$2,257	$1,757	Vehicle registration costs of $2,257 paid for a 2008 Chevrolet Silverado, which was a new vehicle for this case. The APA questions the $1,757 registration costs in excess of $500.
Case 11	$1,553	$270	$1,823	$1,323	Vehicle registration costs of $1,553 paid for a 2009 Toyota Camry, which was a new vehicle for this case. Vehicle insurance costs of $270 paid for the same vehicle; however, the coverage period could not be identified. The ability to pay subsequent insurance costs was not documented. The APA questions the $1,053 registration costs in excess of $500, as well as the $270 insurance costs.
Case 8	$1,268	$426	$1,694	$1,194	Vehicle registration costs of $129 paid for a 2002 Dodge Caravan in July 2013. In April 2014, vehicle registration costs of $1,138 paid for a 2008 Mercury Mariner, which was a new vehicle for this case. Vehicle insurance costs of $167 and $259 were paid in July 2013 in March 2014. The vehicles insured for both payments and the coverage period for the first payment could not be identified. The ability to pay subsequent insurance costs was not documented. The APA questions the $768 registration costs in excess of $500, as well as the $426 insurance costs.
Case 9	$1,322	$270	$1,592	$1,092	Vehicle registration costs of $97 paid for a 1997 Mercury Villager in July 2013. In May 2014, vehicle registration costs of $1,225 paid for a 2006 Chrysler 300, which was a new vehicle for this case. Vehicle insurance costs of $270 paid for the 2006 Chrysler 300 – although the coverage period could not be identified. The ability to pay subsequent insurance costs was not documented. In fact, a case narrative recorded in NFOCUS indicated that insurance was requested because she lost her job and was unable to pay for car insurance. The APA questions the $822 registration costs in excess of $500, as well as the $270 insurance costs.
Case 1	$1,477	$0	$1,477	$977	Vehicle registration costs of $1,477 paid for a 2011 Toyota Camry, which was a new vehicle for this case. The APA questions the $977 registration costs in excess of $500.
Case 2	$1,457	$0	$1,457	$957	Vehicle registration costs of $1,457 paid for a 2012 Mitsubishi Galant, which was a new vehicle for this case. The APA questions the $957 registration costs in excess of $500.
Case 10	$1,003	$329	$1,332	$832	Vehicle registration costs of $1,003 paid for a 2009 Mazda 5, which was a new vehicle for this case. Additionally, a 2001 Chrysler Concorde was titled in her name. Had this vehicle been registered instead, the registration costs would have been

Case	Registration	Insurance (Note)	Total	Questioned Costs	Notes
					significantly lower. Three months' vehicle insurance costs of $329 paid for the Mazda; however, the ability to pay subsequent insurance costs was not documented. The APA questions the $503 registration costs in excess of $500, as well as the $329 insurance costs.
Case 6	$914	$234	$1,148	$648	Vehicle registration costs of $914 paid for a 2008 Chevrolet Malibu, which was a new vehicle for this case. Vehicle insurance costs of $234 paid; however, neither the vehicle insured nor the coverage period could be identified from the documentation available. The ability to pay subsequent insurance costs was not documented. The APA questions the $414 registration costs in excess of $500, as well as the $234 insurance costs.
Case 5	$916	$0	$916	N/A	Vehicle registration costs of $254 paid for a 2011 Toyota Corolla in January 2014. In April 2014, vehicle registration costs of $662 paid for a 2014 Toyota Corolla, which was a new vehicle for this case. The APA questioned the second registration payment for this case in the comment above; therefore, no additional questioned costs are included here.
Case 4	$835	$0	$835	$335	Vehicle registration costs of $835 paid for a 2007 Chrysler Town & Country, which was a new vehicle for this case. The APA questions the $335 registration costs in excess of $500.
Case 7	$604	$210	$814	$314	Vehicle registration costs of $604 paid for a 2004 Dodge Durango, which was a new vehicle for this case. Vehicle insurance costs of $210 paid; however, neither the vehicle insured nor the coverage period could be identified from the documentation available. The ability to pay subsequent insurance costs was not documented. The APA questions the $104 registration costs in excess of $500, as well as the $210 insurance costs.
Case 3	$754	$0	$754	$254	Vehicle registration costs of $754 paid for a 2011 Kia Sorento, which was a new vehicle for this case. The APA questions the $254 registration costs in excess of $500.
Case 13	$230	$478	$708	N/A	Vehicle registration costs of $230 paid for a 2005 Ford Explorer. One month full coverage vehicle insurance costs of $478 paid for the same vehicle; however, the ability to pay subsequent insurance costs was not documented. Insurance was required in order for her driver's license to be reinstated, but the policy was cancelled after the license was obtained. The APA questioned all of the supportive service payments for this case in the comment above; therefore, no additional questioned costs are included here.
Totals	**$16,532**	**$4,446**	**$20,978**	**$13,354**	

Note: The APA is questioning the entire amount of the insurance payments (regardless of the $500 limit in the regulations) because of the lack of adequate documentation in all cases.

Improper Repair Costs

Appendix 468-000-309 contains the EF Supportive Services Guidelines, including a section entitled, “Automobiles, Repair,” as follows:

1. *The repair of vehicles is allowed if it is determined that transportation is required for participation in the Self-Sufficiency Contract.*
2. *The participant must show proof of ownership of the vehicle to be repaired.*
3. *The repairs should be based on the trade-in value of the vehicle.*
4. *The repairs should be limited to those that will get the vehicle into safe, good working order.*

Vehicle repair costs were not paid in accordance with those regulations for 4 of 10 cases tested. In three instances, vehicle repairs that exceeded the trade-in value of the vehicle were approved. In the fourth instance, support was lacking to document the trade-in value of the vehicle, and there were no estimates provided prior to the repairs being approved. The total repair costs questioned by the APA were $11,931.

Case	Vehicle Value	Repairs Paid	Diagnostics Paid	Total Questioned Costs	Notes
Case 20	$4,148	$5,389	$400	$5,789	In December 2013, two payments were incurred for diagnostics/estimates ($116 and $98). The lower of these two estimates was $1,879 and agreed to the third payment made. In January 2014, an accident with the vehicle was reported, and additional repairs were requested. There was no documentation that verified the actual insurance coverage of the vehicle. A tow and the estimate/diagnostics related to the new repairs ($186) were paid. These estimates were higher than the trade-in value of the vehicle. Therefore, the approval for these repairs was requested from the DHHS Policy Unit, which approved the lowest estimate ($3,510) for repairs, even though the amount exceeded the vehicle’s value.
Case 13	$4,237	$4,978	$233	N/A **(Note)**	In September 2013, payment was requested for a tow and diagnostics/estimate ($233.00). The estimate was $4,446, and the trade in value of the vehicle was $4,237. Therefore, the approval for these repairs was requested from the DHHS Policy Unit, which approved the repairs by making an exception to the rule, noting this individual "just completed her MA and just had her DL [driver's license] reinstated and has secured a job. . . . This will be a good investment in her future self-sufficiency." As noted in the previous comment, the individual completed a degree program and had secured a full-time job with an annual salary of nearly $50,000, which DHHS was notified of at the time of her application. A few days after the repairs were made, it was indicated that the vehicle was not running properly, and $532 in additional repairs were approved and paid. The case was not eligible for ADC in September 2013.
Case 17	n/a	$4,197	$180	$4,377	A $95 diagnostic and inspection was performed on June 6, 2013. Documentation was not provided to support the estimated cost of the repairs related to this inspection, which was not paid until August 24, 2013. Vehicle repairs totaling $4,197 were paid on August

Case	Vehicle Value	Repairs Paid	Diagnostics Paid	Total Questioned Costs	Notes
					7, 2013, for services provided on June 27, 2013. There was also no documentation of the trade-in value of the vehicle at the time of the repairs. Per the APA's review of the Kelly Blue Book at KBB.com, the value was likely between $4,365 and $6,441, depending on the condition of the vehicle. The repairs included $484 for dual exhaust pipes and $1,570 for shocks/ride height adjustment, both of which could be considered cosmetic repairs – especially given the lack of documentation prior to approval of the repairs. The invoice also included $925 for new front and rear brakes and $277 to flush the transmission. Then, in April 2014, diagnostics were performed and paid for that indicated a minor transmission line leak and that the front brakes were near the level for replacement (approximately 11,000 miles later).
Case 4	$628 to $880	$1,462	$303	$1,765	In August and September 2013, two payments were made for diagnostics and estimates ($52 and $70). The actual estimates and suggested services were not provided, but repairs in the amount of $303 were approved to replace the radiator cooling fan assembly. While completing these repairs, the vendor indicated additional repairs for $175 would be needed. Since the total was still below $500 and the Kelly Blue Book value, the second repairs were approved by the case manager. In November and December 2013, diagnostics/estimates were requested, which were approved ($106 and $75). The quotes for repairs were $952 and $984. The trade-in value of the vehicle was listed as $628. Due to cost of the repairs and other non-participation issues, the repairs were denied by a case manager. The DHHS Policy Unit reviewed the request and approved the higher amount of repairs – $984, despite the estimate exceeding the trade in value, the case manager's denial and indication that the participation requirement was not being met and that this individual "wants to be voluntary for December for a couple weeks, presumably to get car repairs."
Totals		**$16,026**	**$1,116**	**$11,931**	

Note: Case 13's questioned costs of $5,211 were included in the questioned costs in the first part of this comment and were not included in this section so that they were not double counted. The case was included here so that the situation could be more fully explained.

Informal DHHS written policies appear to allow for repairs in excess of the trade-in value of the vehicle if approved by the DHHS Policy Unit. This contradicts 468-000-309, which states that the cost of repairs should be based on the vehicle's trade-in value. Additionally, it appears there is no lifetime limit on repairs; instead, they are considered on a per-request basis, regardless of previous repair costs incurred.

Documentation of Fuel Payments Limit

Appendix 468-000-309 contains the EF Supportive Services Guidelines, including a section entitled "Automobiles, Fuel," which states, "Fuel purchases are limited to 25 cents per mile, regardless of the component activity." While every one of the 20 cases tested included payments for gas, no documentation was available to indicate that any of the 350 fuel payments totaling $7,167 were limited to $0.25 per mile. Generally, the case workers approved a dollar amount per week, and the miles to and from homes and component activities were not documented.

See the summary of gas payments below.

Case	No. of Payments	Amount	Payment Range
Case 1	53	$1,060	$20
Case 17	44	N/A **(Note)**	$20 to $32
Case 4	43	$1,015	$20 to $35
Case 16	23	$1,014	$32 to $45
Case 7	22	$515	$15 to $30
Case 6	23	$435	$15 to $20
Case 8	20	$410	$20 to $30
Case 9	17	$388	$20 to $23
Case 3	18	$360	$20
Case 15	15	$355	$20 to $30
Case 5	18	$352	$12 to $20
Case 20	12	$329	$11 to $33
Case 18	14	$287	$16 to $30
Case 12	5	$187	$25 to $45
Case 2	8	$140	$10 to $20
Case 13	7	N/A **(Note)**	$16
Case 14	6	$140	$20 to $30
Case 10	5	$100	$20
Case 19	2	$60	$30
Case 11	1	$20	$20
Totals	**356**	**$7,167**	**$10 to $45**

Note: Both Case 17's gas payments, totaling $1,278, and Case 13's gas payments, totaling $113, were previously included above as a questioned cost.

Employment First Eligibility

The APA identified three cases in which EF supportive services were provided to those who were not ADC eligible; therefore, they were not eligible for transitional supportive services. The table below includes only those amounts not previously questioned out of a total of $3,897.

Case	Amount	Notes
Case 11	$500	The mother was not eligible to be included in the unit, but the family still qualified with a unit size of one for the mother's 17 year old daughter. However, the daughter failed to complete the EF orientation and assessment and never signed the EF self-sufficiency contract, so the family was not eligible for ADC. Despite being ineligible, as well as not receiving ADC cash assistance during the fiscal year, the family was paid EF supportive services totaling $1,843 by DHHS. The APA previously questioned $1,343 of the total.
Case 7	$876	An ADC waiver form electing to opt out of the ADC program was signed effective for March 2014; however, EF supportive services totaling $1,280 were incurred from March through April 2014. The APA previously questioned $404 of the total.
Case 5	N/A	The ADC case was closed for February 2014 due to the failure to provide income verifications; however, the EF case was not closed until May 2014, resulting in $774 in supportive service payments made when the case was not eligible. The APA previously questioned all $774.
Totals	**$1,376**	

Transportation Not Limited to First Pay Period

Appendix 468-000-309 contains the EF Supportive Services Guidelines, including a section entitled "Automobiles; Employment Transportation," which states, "Transportation allowance (gasoline and oil, bus tokens and tickets) for employment must be limited to the first full pay period on the job." Seven of 15 cases tested included transportation costs paid after the first full pay period – a total of $11,149 costs in excess of the limitation. See the summary below.

Case	No. of Payments	Questioned Costs (Note)	Type	Notes
Case 12	11	N/A	Cab/Gas	The first pay period ended June 16, 2013. Cab fares of $194 and gas of $25 were incurred on June 19 and 20, 2013, for a total of $219 after the first pay period. That employment then ended on July 2, 2013. Employment began again in January, with her first full pay period ending February 15, 2014. Cab fares totaling $5,819 were incurred from February 17, 2014, through April 2014. Additionally, $77 was incurred for gas in April 2014. In total, this case received $6,115 in transportation costs after the first pay period of employment.
Case 14	7	N/A	Cab/Gas	The first pay period ended October 22, 2013. Cab fares continued through November. On November 26, 2013, the EF contractor requested approval from DHHS Policy to continue paying cab fares through December 6, 2013, as an indication was given that she would obtain her driver's license that week and could begin to drive herself – that request was approved by DHHS. Instead of getting her license, she quit the job on December 9, 2013, stating she lost her transportation. A total of $4,268 was paid after the first pay period. Additionally, during the October 23, 2013, to December 9, 2013 time period, the case also received $55 in gas vouchers.
Case 16	9	N/A	Gas	Employment was not known until after two gas vouchers totaling $90 were prepared; however, an additional $312 in gas vouchers were prepared after being notified of the employment, for a total of $402 in gas payments made after the first pay period of employment.
Case 18	7	N/A	Gas	The first pay period ended March 12, 2014, but gas vouchers continued to be prepared that were redeemed through May 13, 2014, for a total of $139.
Case 4	4	N/A	Gas	The first paycheck was May 23, 2014, (first pay period was unknown) but gas vouchers continued to be prepared that were redeemed through June 18, 2014, for a total of $120.
Case 19	1	N/A	Gas	The first pay period ended November 8, 2013. One other gas voucher was prepared that was redeemed on November 13, 2013, for $30.
Case 10	1	N/A	Gas	The first pay period ended August 9, 2013. DHHS prepared one other gas voucher that was redeemed on August 19, 2013, for $20.
Totals	**40**	**$0**		

Note: The total of amount of transportation costs questioned in this table, $11,149, was previously questioned.

DHHS contractors and case workers failed to follow the published regulations and guidance related to proper payment of EF supportive services, which resulted in over $61,000 of questionable expenditures from our sample size of 20 cases for which a total of $79,251 in payments were made. Additionally, DHHS failed to monitor the contractor appropriately to ensure payments made by DHHS were in accordance with the agency's own rules and regulations.

Without proper monitoring and controls over payments approved by contractors, there is an increased risk that payments made by DHHS will not be in compliance with applicable rules and regulations.

> We recommend DHHS review its contracts to ensure the services provided by the contractors are performed in accordance with DHHS rules, regulations, and guidelines covering the program. Based on the findings contained in this report, DHHS should consider additional training of those employees and contractors involved in the EF program to ensure:
> - Payments are reasonable and necessary given the circumstances.
> - The $500 limitation for registration and insurance costs is adhered to.
> - Documentation supporting insurance costs is on file and provides sufficient details, including the vehicle being insured and the coverage period.
> - Documentation is available to ensure the ability to pay subsequent insurance costs.
> - Payments are not made for vehicle repairs when the estimated repair costs exceed the trade-in value of the vehicle.
> - Consideration is given to prior repair costs when approving payments for vehicle repairs.
> - Documentation is maintained to identify the miles from his or her home to any of his or her component activities to ensure fuel payments are calculated in accordance with the $0.25 per mile limitation.
> - Supportive service payments are appropriately terminated when no longer eligible for ADC or transitional services.
> - Transportation costs are properly limited to the first full pay period of employment.

DHHS Response: In May 2014, Temporary Assistance to Needy Families (TANF) policy staff began to review EF Supportive Services claims. These reviews began as a result of concerns similar to those identified in this review. Using a statistically valid sampling tool staff review selected paid claims every month. The claims are reviewed to assure services were authorized within established guidelines and regulations. In addition, vendor payments are now made online through Onbase so the reviews include accessing documentation in support of the paid claims.

With regulatory changes in July 2014, NAC 468-000-309 was changed and most of the requirements from that reference are now included in a new document entitled "Guide to EF Supportive Services". This guide continues to be revised and enhanced by the TANF policy staff in response to findings from staff reviews of supportive services. This guide has been provided to our TANF EF contractors.

DHHS is in the process of issuing an RFP for EF contracted services beginning 7/1/2015. Accurate approval of supportive services will be included as a performance requirement in the new contract.

2. ADC Eligibility Issues

As mentioned previously, Nebraska's ADC cash assistance program provides monthly cash assistance to those who have dependent children and fall within the income and resource limitations. In order to determine if the cases selected for testing met the ADC eligibility requirements – including income and resource limitations – the APA performed a detailed review of each case. Many components can affect eligibility, so the APA focused primarily on ensuring the cases were needy – by considering the income, resources, and the household's unit size. In the 20 cases tested, the APA found nearly $7,800 in overpayments, as noted below.

Issue	Number of Cases	ADC Overpayment	Federal Share	State Share
Income Not Properly Included	11	$6,710	$4,458	$2,252
Resources Not Properly Included	3	n/a	n/a	n/a
ADC Waivers	2	$1,001	$234	$767
Incorrect Unit Size	3	$57	$114	($57)
Totals		**$7,768**	**$4,806**	**$2,962**

Income Not Properly Included

Title 468 NAC contains the regulations for the ADC Program, including the determination of income, unearned income, household unit size, and the handling of child support payments, etc. Please refer to that document for the actual regulations covering the ADC Program. Based on those regulations, the very basic calculation of income is discussed below.
For each household, a standard of need is calculated, which is a consolidation of items necessary for basic subsistence, including food, clothing, sundries, home supplies, utilities, laundry, shelter, and other necessary items. Effective July 1, 2013, this amount is $529 for the first person in the unit, increasing by $123 for each additional individual in the household unit.

Earned income is also determined for each case. Twenty percent of the gross earned income can be disregarded to determine the net income used. The remaining earned income is subtracted from the standard of need to determine an amount that will be compared to an ADC payment standard.

The ADC payment standard is $222 for the first person and $71 for each additional unit. The two amounts are compared, and the lower of the amounts is generally the ADC grant amount – less any unearned income.

Initially, workers determine eligibility based on anticipated income and circumstances, using the individual's declaration. When employment is reported, verification is required consisting of date employment began, anticipated hours, rate of pay, pay periods, and date of first check. Only one month's budget can be computed without this verification.

Changes in household circumstances, such as changes in employment and income, must be reported within 10 days. Upon notification of a change, the worker must recalculate the budget.

The workers also have access to the State Employer Wage (SEW) File, which is an interface from the Nebraska Department of Labor that contains wage data reported by all Nebraska employers for quarterly unemployment insurance reporting. If additional income is discovered from the review of this file, and the individual is still working at the job, the worker must verify the income prior to including it in the budget. If the difference in income on this file is greater than $300, the worker must recalculate the budget.

The APA determined that income was not properly calculated for 11 of 20 cases tested. These improper income calculations resulted in overpayments totaling $6,710 for the 11 cases.

Case	ADC Overpayment	Federal Share	State Share	Notes
Case 9	$1,366	$1,093	$273	Due to income discrepancies, the case was not eligible for the full

Case	ADC Overpayment	Federal Share	State Share	Notes
				ADC cash assistance amount from July 2013 through November 2013 and then again for February and March 2014. The income reported by the SEW interface was different than the income used to determine the ADC payment. Because the difference was more than $300, the case worker should have verified the wages and determined if any overpayments occurred. The APA estimated overpayments of approximately $1,641 for the seven months that exceeded the quarterly tolerance limit. (The July 2013 payment of $275 was made in June 2013 and not included in the overpayment column.)
Case 18	$1,120	$896	$224	Due to income discrepancies, the case was not eligible for the full ADC cash assistance amount from December 2013 to January 2014 and then for April and June 2014. Income reported by the SEW interface and after-the-fact wage verifications was different from the income used to determine the ADC payment. Because the difference was more than $300, the case worker should have verified the wages and determined if any overpayments occurred. The APA estimated overpayments of approximately $1,120 for these four months.
Case 2	$928	$134	$794	Child support was not properly considered in unearned income when calculating the ADC payments for February through June 2014. Child support that is assigned to the State is not included as unearned income, but child support that is paid directly to the custodial parent is included as unearned income. There was apparently an indication that child support was assigned to the State and, therefore, was not included in unearned income. However, the child support was actually paid directly to the individual and should have been included in unearned income. The improper exclusion of this unearned income from February through June 2014 resulted in an overpayment of $1,090. Additionally, in January 2014, the calculation of unearned income was not accurate, resulting in an underpayment of $162 for that month. The net overpayment is $928.
Case 5	$736	$589	$147	The income from the spouse was not included in the income used to determine the ADC payment. The spouse was not eligible to be included in the unit size because he had not yet lived in the United States for five years as a lawful permanent resident. Title 468 NAC 2-016(2)(a) requires the income of an ineligible alien parent living "in the home but not in the unit" to be included. The client's spouse was employed and had income during the entire fiscal year. The case received ADC in July 2013 and then from October 2013 through January 2014. Had the spousal income been included, the case would have been over the income limitation and ineligible for ADC. The APA calculated an overpayment of $806 in ADC for the fiscal year. (The July 2013 payment of $70 was made in June 2013 and was not included in the overpayment column.) EF supportive services were questioned in Comment 1.
Case 1	$378	$0	$378	Due to income discrepancies, the case was not eligible for the full ADC cash assistance amount for July, November, and December 2013, and January 2014. Income was not reported timely, so no income was included when determining the initial eligibility for assistance. However, income was reported by the SEW interface. Because the difference in income was more than $300, the case worker should have verified the wages and determined if any overpayments occurred. The APA estimated overpayments of approximately $599 for the four months that exceeded the quarterly tolerance limit. (The July 2013 of $221 was paid in June 2013 and was not included in the overpayment column.)
Case 12	$462	$370	$92	Income was not properly calculated for February 2014. On January 16,

Case	ADC Overpayment	Federal Share	State Share	Notes
				2014, notification was provided that she would begin employment on January 20, 2014, for 40 hours per week at a rate of $10 per hour (paid biweekly). Using the individual's declaration, this estimated income should have been included in the February 2014 budget. The APA calculated a $462 overpayment for that month.
Case 10	$446	$357	$89	Due to income discrepancies, the case was not eligible for the full ADC cash assistance amount for August 2013 and April and May 2014. Income reported by the SEW interface was different from the income used to determine the ADC payment. Because the difference in income was more than $300, the case worker should have verified the wages and determined if any overpayments occurred. The APA estimated overpayments of approximately $446 for the three months that exceeded the quarterly tolerance limit.
Case 13	$364	$291	$73	The individual had a full-time job that had not begun at the time of her application for assistance. On July 24, 2013, documentation was provided that indicated monthly income of $3,935 would begin in September 2013, which would render the case ineligible for ADC. Additionally, five separate NFOCUS narratives existed which indicated she would begin receiving a significant amount of income in September. Despite these notifications, on July 26, 2013, the case was determined to be eligible for ADC, and no income was included in the initial budget for July. On that same date, budgets for August through November were also completed that did not include income. Three additional narratives were recorded between July and September that should have raised questions regarding the $0 income reported. These overpayments were finally identified on October 29, 2013, after payments for September, October, and November had processed. On November 27, 2013, an accounts receivable balance for the October and November overpayments was created; however, those amounts have not been paid. Additionally, the September 2013 overpayment of $364 was not considered as an overpayment and also has not been repaid.
Case 19	$311	$249	$62	Income was not properly calculated for November 2013. On October 18, 2013, notification was provided that she would begin employment on October 21, 2013, for 26.25 hours per week. While the pay rate was not known at the time, an estimation of the November 2013 income could have been calculated using the available information and the minimum wage rate. The actual rate of $8 per hour was provided on November 5, 2013. The November budget was completed in September and did not include income for November. Additionally, the SEW interface would have revealed a discrepancy in income that was more than $300. The case worker should have verified the wages and determined any overpayments. The budget was not recalculated using the known income for November. The APA calculated overpayments of $311 for November.
Case 14	$306	$245	$61	On October 7, 2013, notification was provided that the individual began employment. On October 14, 2013, the notification was provided that the individual was working 35 hours per week. The employment was not considered for the November 2013 payment, and there was no attempt to verify the income until November 4, 2013. An estimation of the November income could have been calculated using the available information to arrive at the probable income for November. The estimation, using the minimum wage, would have resulted in an ADC cash payment of $271, as compared to the $577 cash payment. The APA considers the $306 difference to be an overpayment.

Case	ADC Overpayment	Federal Share	State Share	Notes
Case 20	$293	$234	$59	Income was not properly calculated for March 2014. On February 3, 2014, notification was provided that the individual began employment on January 28, 2014, and was working an average of 15-25 hours per week. Verification of the hourly rate was not received because of a lack of cooperation with the program. As a result of the lack of verification, the APA believes the ADC case should have been closed for March 2014, resulting in an overpayment of $293. Additionally, the SEW interface would have revealed a discrepancy in income for February and March 2014 that was more than $300. The case worker should have verified the wages and determined any overpayments. In this case, the APA estimates overpayments of approximately $339 for the two months that exceeded the quarterly tolerance limit. The APA included only the lower of the two possible overpayment amounts, or $293.
Total	**$6,710**	**$4,458**	**$2,252**	

Resources Not Properly Included

The Nebraska State TANF Plan, last updated October 1, 2013, provides that a family will be eligible for financial assistance and services, if, among other things, countable resources do not exceed $4,000 for a single individual and $6,000 for two or more.

Title 468 NAC 2-008.01 states:

> *Before determining eligibility of an ADC client, the worker must verify and document in the case record all resources if the total amount of countable resources indicated on the application is $1500 or more. Client declaration is accepted when the total amount of resources indicated on the application is less than $1500.*

There is a lack of adequate procedures to determine if there are unreported resources. The APA questions the rationale behind the regulation cited above, since it seemingly allows individuals to declare no resources, regardless of how many resources there may be, knowing the case workers are not required to verify resources less than $1,500 in value.

The APA found three instances in which unreported resources were nearing the $6,000 resource limitation; however, due to insufficient documentation, the actual value of such resources could not be verified.

- Case 17: DMV records indicated this individual owned a 2002 Coachmen Cascade Travel Trailer – a recreational vehicle (RV). Per the Kelly Blue Book at KBB.com, the low retail value of the RV would be $5,060. Additionally, up to two different checking accounts were identified on the applications submitted, but these balances had not been verified since July 2011. When calculating the eligibility, only one of the accounts, with a balance of $0, was included.

- Case 3: Per DMV records, this individual obtained a 2011 Kia Sorento on March 3, 2014. No outstanding loans were reported related to the vehicle on May 13, 2014. The vehicle could have been excluded from the resources when determining eligibility if it was used for employment or medical transportation; however, at the very least, the case workers should have questioned how an ADC case with no reportable resources and very limited income could afford to purchase a 2011 vehicle without the use of a loan.

- Case 9: Per DMV records, the individual acquired a 2006 Chrysler 300 on February 24, 2014. DHHS was aware of the vehicle, as the $1,225 registration cost for the vehicle was paid by the State; however, the vehicle was never considered as a resource when determining the eligibility from February through June 2014. Instead a 1997 Mercury Villager, with an estimated value of $775, was included as a resource during eligibility calculations from February to April 2014, and was listed as an excluded resource for May and June 2014. The value of the 2006 Chrysler appears to be approximately $6,650 per the National Automobile Dealers Association at NADAguides.com. There is no documentation to determine the value of any loans on this vehicle.

ADC Waivers

ADC cases and EF participants may forgo the cash assistance payments, despite remaining eligible for them. For whatever reason, the individual can opt out of the program and its requirements at any time by completing an ADC waiver form. Title 468 NAC 1-009.03D states, "If a client agrees to waive his/her right to a timely notice in situations requiring timely notice, the worker must obtain a statement signed by the client to be filed in the case record." The benefits should cease as soon as possible after the form is signed and submitted.

The APA found two cases in which rights had been waived to ADC assistance by completing the ADC waiver; however, the ADC payments continued, resulting in total overpayments of $1,001.

Case	ADC Overpayment	Federal Share	State Share	Notes
Case 7	$708	$0	$708	An ADC waiver to end cash assistance payments was signed effective in March 2014, but the payments continued for March, April, and May 2014. EF supportive service payments were questioned in Comment 1.
Case 3	$293	$234	$59	An ADC waiver to end cash assistance payments was signed effective in May 2014, but the payment for that month was still made. No EF supportive services were made in May 2014.
Total	**$1,001**	**$234**	**$767**	

Incorrect Unit Size

Title 468 NAC 1-002 states, in part, "Assistance through ADC provides financial aid to needy dependent children and to needy parents or relatives with whom the children are living." (Emphasis added.)

The unit size was not correctly determined for three ADC cases tested, resulting in the following under or overpayments. Additionally, the unit size for a fourth case was not properly verified.

Case	ADC (Under) Overpayment	Federal Share	State Share	Notes
Case 16	$354	$0	$354	The unit size included a child who was not living in the same household. Since 1996 the child had been residing with her grandmother, who was her legal guardian. The child was included in the family unit for the entire period of assistance, from July 2013 to April 2014, resulting in an ADC overpayment of $425. (The July 2013 payment of $71 was paid in June 2013 and was not included in the overpayment column.)
Case 4	$142	$114	$28	The unit size included a child who was not part of the permanent household. The child lived with her father in a different household for the majority of the year, only residing with the mother for the summer

Case	ADC (Under) Overpayment	Federal Share	State Share	Notes
				months. The child was included in the family's unit from July to September 2013, resulting in an ADC overpayment of $213. (The July 2013 of $71 was paid in June 2013 and was not included in the overpayment column.)
Case 12	($439)	$0	($439)	The unit size did not properly include four children who were residing with the mother in July and August 2013, resulting in an underpayment of $439. It appears there was a misunderstanding about some of the children's living arrangements, which was never corrected. It should also be noted that this individual received an overpayment of $462 that was noted previously, so there was a net overpayment of $23 during the year.
Total	**$57**	**$114**	**($57)**	

The unit size was not properly verified for one additional case tested. (Case 2) The mother claimed the child lived in her household; however, court records terminated the child support provided to the mother based on a motion that the child currently resided with the father. There was not adequate documentation to verify in which household the child resided.

When crucial eligibility factors, such as income, resources, and unit size, are not properly verified and recorded, or when ADC waivers are not handled timely, there is an increased risk of loss or misuse of both State and Federal funds related to the ADC cash assistance program.

> We recommend DHHS consider additional training and adequately monitor its staff to ensure that the essential ADC eligibility elements, like income, resources, and unit size, are properly verified and recorded in accordance with State and Federal regulations, as well as to ensure ADC waivers are imposed timely.

DHHS Response: In January 2014, DHHS implemented a formal Continuous Quality Improvement (CQI) process for Economic Assistance programs. This process includes a team of Program Accuracy Specialists who review ADC eligibility determinations. Data from these case reviews is compiled and provided to field and management staff. The data is reviewed in monthly group meetings to discuss error trends and to identify corrective actions. Findings from this audit will be included in this process to determine the most effective corrective action. The corrective action will include additional training for eligibility staff.

3. Sanctions Not Properly Requested or Imposed

Eligibility for the ADC cash assistance program requires participation in approved Employment First activities. Title 468 NAC 2-020.09 outlines penalties, known as sanctions, for failure to participate in the EF activities:

Some examples of failing to participate include, but are not limited to:

1. *Not participating in Self-Sufficiency Contract revisions;*
2. *Not meeting the terms of the Self-Sufficiency Contract;*
3. *Failing to appear for a job interview or follow up on a job opening when the potential job meets the appropriate work criteria;*
4. *Failing to keep appointments with the case manager or with another agency providing service to the participant;*
5. *Voluntarily leaving a component activity before its completion;*
6. *Failing or refusing to report on his/her job search as required; or*
7. *Quitting employment or refusing a bona fide offer of employment without good cause.*

The regulations also acknowledge times when participation is unable to be met for valid reasons, referred to as good cause. Title 468 NAC 2-020.09A outlines examples of good cause:

The following are some examples of good cause for failing or refusing to participate in EF.

1. *The participant's illness or incapacitation;*
2. *Incarceration or court-required appearance of the participant;*
3. *A family crisis or change in family circumstances which interfere with participation;*
4. *Unavailability or a breakdown in transportation or child care arrangements with no readily accessible alternative;*
5. *Weather conditions which would prohibit the client from participating in the prescribed activity;*
6. *A wage which results in a net loss of cash income. For explanation of net loss of income, see 468 NAC 2-020.09A1;*
7. *Hazardous work conditions;*
8. *The participant's mental or physical inability to do the job; or*
9. *The presence of domestic violence in the participant's life which interferes with his/her ability to secure child care or transportation; his/her ability to attend school, training, or work; and/or which compromises him/her or his/her children's physical and/or emotional safety.*

Title 468 NAC 2-020.09B1 identifies the punishment for lack of participation, stating, "If the parent(s) fails or refuses to participate in EF without good cause, the result is the loss of ADC cash assistance for the entire family. . . ." Title 468 NAC 2-020.09B1a(1) outlines the length of each sanction:

If the individual who has failed or refused to participate in EF is a parent, the sanctions will be as follows:

1. *The first imposition of a sanction will last one month or until the failure to participate ceases, whichever is longer.*
2. *The second sanction will last for three months or until the failure to participate ceases, whichever is longer.*
3. *The third and subsequent sanctions must not be imposed without a second-level supervisory review. This sanction will last for a minimum of 12 months or until the failure to participate ceases, whichever is longer.*

In 7 of the 20 cases tested, the APA found that a sanction was not properly requested or imposed as a result of the apparent failure to participate in Employment First requirements. In four of the seven cases, a sanction was approved but not properly imposed. Two of those four cases identified specific time periods that the sanction was effective. In two of the seven cases, the participation requirements did not appear to have been met, but sanctions were not requested. In one of the seven cases, the sanction was not requested or imposed timely.

The APA questioned the costs totaling $1,752 for only Cases 6 and 9 listed below because the sanction period was explicitly identified. In the other cases, the sanction period was unknown. Additionally, EF supportive services were not questioned in most cases because participation is allowed and services can be received while sanctioned.

Case	Description
Case 6	The sanction was not imposed timely. A sanction was requested on May 5, 2014, because of the failure to meet the participation requirements in April 2014, after the employment terminated. The sanction was approved by a supervisor on May 5, 2014, and since this was the third sanction, the sanction was approved by a second supervisor on May 20, 2014, effective June 2014. However, the sanction was not imposed until July 2014, which allowed the receipt of the June 2014 ADC payment in error. *The June 2014 payment resulted in an overpayment of $302, of which $242 was paid with Federal funds and $60 was paid with State funds. These are considered questioned costs.*
Case 9	The case was not properly sanctioned. A third sanction was requested on February 15, 2013, and was approved on February 20, 2013. Because the ADC cases were closed for March 2013, the supervisor stated, "[S]anction will be imposed when client requests her cases reopened." On March 13, 2013, the individual requested her

Case	Description
	ADC case be reopened but was told her case was sanctioned from April 2013 to March 2014. On March 18, 2013, the individual requested her ADC case be opened only for March 2013, since her sanction was not effective until April. The ADC case was opened for March 2013, and the approved year-long sanction was never imposed. The case received $3,322 in ADC cash assistance payments. Of those payments, $506 was paid in June 2013 and $2,816 was paid in fiscal year 2014. *Additionally, $1,366 was previously questioned, leaving $1,450 ($1,160 Federal and $290 State), which are overpayments and considered questioned costs*.
Case 12	Participation requirements were not met for December 2013, and a sanction was requested and approved in January 2014 for low participation. The contractor forwarded a request for approval of the sanction to DHHS; however, there was no documentation on file to indicate whether DHHS approved or denied the sanction, and it was never imposed. The case received ADC cash assistance payments of $577 in February 2014.
Case 18	The case was not properly sanctioned. On April 3, 2014, a sanction was requested by the case manager, effective for May 2014, because participation requirements were not met for January, February, and March 2014. On April 21, 2014, the sanction was not approved, stating, "ADC is closed for failure to provide for May. If client provides information a review of the sanction will need to be completed before the ADC is reopened." No pay stubs were provided, so the ADC case was closed. After the pay stubs were provided, the ADC case was reopened on April 30, 2014, but no review of the sanction was performed at that time, as requested in the April 21, 2014, narrative. The case received ADC cash payments of $435 each month, $870 total. Additionally, the case did not meet the participation requirements for October 2013, February 2014, and May 2014. As such, a sanction should have been requested after the October 2013 nonparticipation.
Case 4	Participation requirements were not met for July and August 2013, and a sanction was never requested. The case received $827 in ADC cash assistance payments during those months. Participation requirements were also not met in November 2013, and no action was taken. DHHS Policy staff indicated that the case would become exempt from participation in December 2013, and any sanction imposed is automatically lifted when a case becomes exempt. However, in December, the individual requested to voluntarily participate and was not actually exempt. The case was exempt from participation from December 2013 until April 2014 but requested to voluntarily participate in March and April 2014. A case narrative indicated that she was likely requesting voluntary status "to get car repairs." Despite such suspicions, vehicle repairs and gas vouchers totaling $1,170 were approved for December 2013, vehicle registration, gas, and tuition costs of $1,040 were approved for March 2014, and clothing and gas payments of $282 were approved for April 2014. The suspicions were confirmed when the participation rate was not met for December 2013 and not even a single hour of participation was recorded in March and April 2014. Finally, participation was not met in May and June 2014 and $471 in ADC cash assistance payments were received in those two months.
Case 13	Participation requirements were not met for July 2013. Despite having a full-time job starting in August, the individual was required to job search for 12 hours; however, she only completed 8.75 hours of job searching. She was also required to attend eight hours of training, which she did not attend. The case file included documentation of a training event on July 24, 2013, which was not eligible since it was before the service plan start date. The file also included documentation of a new teacher orientation on July 25, 2013, from 8:00 am to 4:00 pm; however, this is the same date that the 4.25 hours of job searching activities were performed. No sanction was requested for the lack of participation. The case received a $230 ADC payment for July 2013 and a $364 payment for August 2013.
Case 20	Participation requirements were not met for November 2013 and January through March 2014. A sanction was not requested and approved until February 2014. The sanction was imposed and the case was closed in April 2014. The case received $990 in ADC cash assistance during November 2013 and January through March 2014.

When sanctions are not properly requested or imposed due to non-participation with program requirements, there is an increased risk of payments being made for ineligible cases.

We recommend DHHS adequately monitor its contractors and provide additional training so that the contractors can ensure sanctions are requested and approved when necessary. DHHS should implement procedures to ensure sanctions that require their approval are reviewed timely. DHHS should also ensure that necessary sanctions are recorded and processed timely so that ADC payments are not made during a sanction period.

4. Agency Monitoring

The APA also found various issues that appeared to result from a lack of sufficient monitoring by DHHS and the EF case management contractors.

Fraud Investigations

While reviewing the case files for the 20 ADC cases selected for testing, the APA noticed that two cases included allegations of fraud. These allegations were referred to the DHHS Special Investigations Unit, which apparently failed to review or follow up on the allegations until questioned by the APA.

- Case 11: In April 2013, a contractor documented a concern from an individual regarding a $2,000 payment from EF for the purchase of a vehicle. The allegation was that vehicle in question was never purchased by the individual in this case; instead, the $2,000 was kept by the individual. That same month, the referral was made to the Special Investigations Unit. Although the referral was made prior to the fiscal year tested, the information is included in this report because there was no follow up by the Special Investigations Unit during fiscal year 2014. After the APA questioned this referral, DHHS investigators indicated that the individual may have received $2,000 to which she was not entitled. DHHS indicated that criminal charges would likely be pursued.

- Case 5: The APA found a Referral for Investigation form, dated August 13, 2013, in the case file. The form indicated that the case manager suspected wrongdoing on the part of an individual in this case because the resources, income, and expenses were suspicious. A bank statement obtained by DHHS included a $10,000 transfer out of the individual's account to another bank account. The case worker also questioned the payment of her rent based on the income she claimed. Again, there had been no action taken by the DHHS Special Investigations Unit on this case during fiscal year 2014.

According to the DHHS investigator, only one or two investigators were charged with reviewing approximately 500 cases referred to the Unit, and those cases were prioritized by significance due to the limited resources. Neither of these cases identified by the APA involved systematic or high-dollar fraud allegations.

Good internal control procedures require a proper and timely review of claims involving fraud. Without sufficient resources to allow for the timely review of fraud allegations, there is an increased risk that fraudulent activities will not be properly pursued.

Eligibility Reviews

Six of 18 cases tested did not contain documentation to indicate an eligibility review/recertification had taken place every 6 or 12 months, as required.

Effective June 28, 2011, Title 468 NAC 1-010 stated, "The worker must redetermine eligibility for grant and medical assistance every 12 months." That review period was modified by a revised version of the Nebraska State TANF Plan, effective on October 1, 2013, which states, "Eligibility for ADC cash assistance must be redetermined every six months." The NAC was revised effective July 8, 2014.

Case	Eligibility Review Date	Next Review Date	Months Between Reviews
Case 3	10/1/2012	11/12/2013	13
Case 12	7/10/2013	**(Note 2)**	12

Case	Eligibility Review Date	Next Review Date	Months Between Reviews
Case 14	8/26/2013	**(Note 3)**	12
Case 19	8/29/2013	**(Note 3)**	12
Case 1	10/9/2013	7/28/2014	9
Case 7	9/26/2013	**(Note 1)**	8

Note 1: Case was closed as of June 1, 2014; however, a review was not completed prior to the closing.
Note 2: Case was closed as of August 1, 2014; however, a review was not completed prior to the closing.
Note 3: No subsequent review had been performed as of September 2014. Months between reviews are calculated based on an ending date of September 1, 2014.

There is an increased risk for incorrect assistance payments and for payments for ineligible cases when timely eligibility reviews are not performed.

Participation Documentation/Calculation
The calculation of participation hours for 6 of 12 cases tested was not documented in accordance with the TANF Work Verification Plan.

The TANF Work Verification Plan requires documentation of participation hours to be signed by the participant. However, for two cases tested (Case 5 and Case 8), hours were included in the participation calculation even though the documentation was not signed by the participant.

Additionally, the TANF Work Verification Plan states:

> *We are projecting hours of employment by:*
> *Unless Employment Verification indicates otherwise, we assume the participant works 5 days a week.*
> 1. *Number of hours working per week ÷ 5 working days per week = hours per day working*
> 2. *Hours per day working x total number of working days in the month = participation for the month*

The method described above was not used for five cases (Case 1, Case 5, Case 9, Case 12, and Case 19); rather, the required participation hours were calculated using the calculation of employment income for budget purposes – the estimated number of scheduled weekly employment hours multiplied by a 4.3 monthly conversion factor.

When questioned about the difference in the calculation of participation rates, DHHS TANF Policy staff stated, "We use the above [TANF Work Verification Plan] calculation when the participant is working less than one full month." When the individuals in the cases are working a full month, the calculation is based on the employment income for budget purposes described above.

Therefore, it does not appear that the TANF Work Verification Plan accurately reflects how EF participation hours are verified.

When published guidance does not reflect actual calculation methods used, there is an increased risk that miscalculations of participation hours will occur, which could affect eligibility.

Incorrect Participation Requirements
The APA identified three cases in which the individuals participated in significantly fewer hours than the requirements found in Title 468 NAC 2-020.

- <u>Case 5:</u> The spouse was not work-eligible under Title 468 NAC 2-020.01(2)(b) but had been residing in the household since November 2013. The individual was required to participate in

EF only 20 hours per week; however, it appears that the individual qualified under the single-parent family requirements (Title 468 NAC 2-020.01A1) with a minimum of 30 hours per week of participation. Upon questioning, DHHS indicated that, because the individual had a child under six years of age, the participation hours were based on Title 468 NAC 2-020.01A4, which applies to single custodial parents. However, since her spouse was in the household, but simply not participating, she should not have been considered a single custodial parent.

- Case 1 and Case 16: Each case qualified as two-parent families and received Federally-funded child care; therefore, each was required to participate 55 hours per week in accordance with Title 468 NAC 2-020.01A2. However, both cases were only required to participate 35 hours per week.

When questioned about the difference in the required participation hours, DHHS TANF Policy staff stated:

> *While we have maintained the 55 combined hours in our regulations, that requirement is never considered when planning for participation hours. Whether child care is paid with state or federal funds for a particular family is dependent upon funds available at the time of payment.*

Properly promulgated rules and regulations have the effect of statutory law and cannot be ignored at will. Additionally, such noncompliance with the formally-approved State regulations can result in confusion among case workers and contractors. Without procedures to ensure regulations are complied with, there is an increased risk that these cases will fail to participate the required number of hours, which could result in a loss of State or Federal funds.

Long-term Exemption
In certain situations, individuals can be exempt from the participation requirements of EF. Title 468 NAC 2-020.02 describes allowable exemptions from EF activities, which includes a person who has a temporary illness or injury serious enough to prevent him or her from entering employment or participating in EF activities for up to three months.

The appendix to Title 468 NAC, found at 468-000-336, describes when a long-term exemption must be made. A referral to the Incapacity Review Team for determination of incapacity must be made as soon as the case manager anticipates the illness or injury will exceed three months. A long term exemption is based on medical information from a physician, including a complete and confidential medical report containing specific information as to the individual's ability to participate in EF activities.

The APA identified one case in which an individual (Case 2) was granted a fourth month of exemption without proper approval. Therefore, she should not have been allowed to participate that month.

Noncompliance with the approved State regulations can result in the eligibility of individuals who are not meeting the program requirements.

Public Transportation Not Used
Title 468 NAC 2-020.08C indicated, "Public transportation must be used when available." However, for 17 of 20 cases tested, public transportation was available but not used.

Noncompliance with the regulations likely resulted in increased costs to the State for transportation services of EF cases.

60 Month TANF Limit
42 U.S.C. § 608(a)(7)(A) (2013) says that individuals cannot receive more than five years of TANF benefits:

> *A State to which a grant is made under section 603 of this title shall not use any part of the grant to provide assistance to a family that includes an adult who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government, for 60 months (whether or not consecutive) after the date the State program funded under this part commences, subject to this paragraph.*

The APA noted that the system calculation used to track the 60-month TANF limitation in NFOCUS is not accurate. Nevertheless, case workers appear to rely on this calculation when communicating the number of TANF months used to individuals. For example, in September 2014, the case management system indicated that Case 15 had used 34 months of TANF. Meanwhile, the APA's manual calculation revealed only 17 months of Federal/State TANF payments had been received.

Once the system calculation shows 50 payments, the case worker is supposed to forward the case to the TANF Program Specialist to obtain a more accurate count. The TANF Program Specialist also performs a manual calculation and documents the correct amount in a case narrative in the system. At that point, the worker manually counts the payments until they reach 60. Because this process involves manual calculations, there is a risk for an inaccurate calculation, which could affect the number of payments received.

Improper calculations of the number of Federal TANF months used could result in individuals receiving more Federal assistance than Federal laws and regulations allow.

Contractor Approval of Payments
The contractors are approving the EF payments made by the State of Nebraska without an adequate review, approval, or monitoring by DHHS.

For all of the EF payments tested, the payment authorization process was completed by the contractors from beginning to end. Per discussion with DHHS Policy staff, certain types of supportive service payments require additional approval by DHHS. However, for the most part, this informal approval was documented using case narratives in NFOCUS rather than an actual approval of the transaction in the system.

The system does not require DHHS approval prior to the payments being issued. Additionally, DHHS did not perform an after-the-fact review of the supportive services payments in order to ensure payments were in accordance with the case needs as well as in compliance with State and Federal regulations.

Good internal controls require procedures to ensure payments made from State and Federal funds are approved by DHHS rather than by the contractors. Without adequate procedures to ensure payments are properly authorized, there is an increased risk for loss or misuse of State funds.

We recommend DHHS:

- Consider the need to dedicate additional resources to the Special Investigations Unit, which would allow for a proper and timely review of all fraud allegations.

- Ensure system alerts are reviewed timely and eligibility reviews are completed when necessary.
- In coordination with the EF case management contractors, ensure documentation of participation hours is in accordance with the Federally-approved TANF Work Verification Plan. If these guidelines do not accurately reflect the calculation method used to determine whether participation requirements are met, then we recommend DHHS consider revising its plan and re-submitting it to the Federal government for approval.
- Increase its monitoring of EF contractors to ensure participation requirements are being established in accordance with the approved regulations. If the approved regulations are not accurate, then we recommend DHHS update the regulations as needed.
- Increase its monitoring of EF contractors to ensure cases are not allowed long-term exemptions without appropriate approvals outlined in State regulations.
- Increase its monitoring of EF contractors to ensure the public transportation is being used when available.
- Consider the possibility of developing a more accurate method of tracking the number of Federal months of TANF assistance used.
- Implement procedures to ensure payments approved by the contractors are properly reviewed, approved, or otherwise monitored by DHHS staff.

DHHS Response: DHHS acknowledges the issues created when contractor staff authorize services and approve the payments for the service. As noted earlier, additional monitoring of these services has already begun. However, we do not believe we need to increase the monitoring of EF contractors to assure participation requirements are met. Since 2007, Department staff have reviewed a portion of those cases identified as meeting the work participation rate (WPR) to assure the participation requirements are met. During SFY 2014 there were an average of 1,966 individuals identified as meeting WPR each month. TANF policy staff reviewed an average of 354 of those cases each month. Because the APA's concerns relate to what DHHS allows as verification, rather than the actual process used by contractors, increased monitoring would not improve the reliability of our efforts.

DHHS also acknowledges that we have broadened our scope of verification of employment participation hours from the original intent of our Work Verification Plan (WVP). We will revise that portion of our WVP and submit for ACF approval.

5. TANF Cash Reserve Funds

TANF is a block grant program, meaning the Federal government allocates money to Nebraska based on a formula. For the last several years Nebraska has received an authorization of approximately $57 million annually.

As of June 30, 2014, DHHS had $55,862,935 in Federal TANF funds authorized but not expended:

Grant Year	Federal Dollars Authorized	Cumulative Federal Expenditures (Note 2)	Adjustments (Note 3)	Available Funds
2011	$57,513,601	$53,004,826		$ 4,508,775

2012	$57,091,001	$37,433,190		$19,657,811
2013	$57,513,601	$44,344,738		$13,168,863
2014	$43,356,086 **(Note 1)**	$16,454,873	$8,373,727	$18,527,486
Total Available Federal Funds at June 30, 2014				**$55,862,935**

Note 1: Total amount authorized by the Federal government for grant year 2014 is $57,363,601, but only $43,356,086 was authorized as of June 30, 2014. An additional $14,007,515 was authorized in July 2014.
Note 2: Expenditures by grant year can be charged in that year or subsequent years.
Note 3: Adjustments include timing differences for administrative expenditures due to the Cost Allocation Plan and transfer of funds to the Child Care Cluster not yet made.

DHHS has maintained similar balances of available Federal funds in previous fiscal years. For the previous two fiscal years, DHHS could have used $14,743,235 in Federal funds instead of State general funds, which would have reduced the burden on Nebraska taxpayers.

State Fiscal Year	Potential Savings in State Funds
June 30, 2013	$8,221,899
June 30, 2014	$6,521,336
Total Both Years	**$14,743,235**

To determine the potential savings of State funds, the APA reviewed expenditures in the State Maintenance-of-Effort (MOE) programs. MOE is the amount of expenditures from State funds required to be maintained year-to-year to be eligible for Federal funding. The required MOE for Nebraska is $28,375,365.

There are two MOE programs, the State MOE in TANF and the MOE in Separate State Programs. The Separate State Programs are not allowable Federal expenditures and must be paid from State funds; the expenditures in these programs have been sufficient to meet MOE requirements because they exceed the required MOE of $28,375,365. The expenditures charged to the State MOE in TANF are allowable Federal expenditures and include TANF grant assistance payments to individuals and work subsidies and training. The APA determined that $14,743,235 in expenditures for State fiscal year 2013 and 2014 could have been paid with Federal funds.

The APA asked DHHS for the intended use of these funds and for an explanation for using State funds when Federal funds were available. DHHS responded that "having unspent TANF funds ensures a level of program stability for individuals and families in Nebraska." As an example, DHHS cited the prior year's Federal government shutdown as an instance in which the reserve was helpful in the event new Federal funds were unavailable. DHHS also indicated that the Department of Revenue has a program that assists in meeting MOE requirements, and that program could end at any time. Additionally, DHHS identified the increasing amount of allowable Child Welfare claims eligible for TANF as a reason for the significant reserve.

The APA acknowledges that some level of reserve may be appropriate, but it does not appear the reasons cited by DHHS would require a balance of over $50 million of unused Federal funds. Furthermore, DHHS did not have a comprehensive plan for the use of these Federal funds. DHHS could have increased assistance to needy families by increasing benefit amounts or expanded services or eligibility.

Sound business practice and government accountability require procedures to ensure available Federal funds are used to offset State general fund expenditures, when possible, to reduce the Nebraska taxpayer burden. When available Federal funds are not used for program expenditures Nebraska taxpayers are unduly burdened.

> We recommend DHHS implement procedures to ensure available Federal funds are used in lieu of State funds when possible to reduce the burden on Nebraska taxpayers. DHHS should also develop a comprehensive plan and work with the Nebraska Legislature to set a reasonable reserve level and determine the best use of these funds.

DHHS Response: DHHS does not agree with the APA's contention that there are no procedures in place to ensure Federal funds are used in lieu of State funds. DHHS would like to note that since FFY 2007 the use of state funds for TANF expenditures has decreased and federal expenditures for TANF have increased. As part of the last two Biennial Budget Requests, DHHS proposed to replace a portion of the General Funds used in the Temporary Assistance for Needy Families (TANF) program.

DHHS would also note that the benefit level for ADC households is set by the Nebraska Legislature and cannot be adjusted without changes to the State Statute. DHHS has been working on broadening supportive services for ADC clients to increase assistance to needy families. Some of these additional supports are ones questioned by the APA in this report as unnecessary, including vehicle registration, insurance, and repair costs. DHHS agrees that continued cooperation with the Nebraska Legislature is important in order to set a reserve level that is reasonable and so that federal funds can be utilized over state funds.

APA Response: As noted, we identified over $6 million of potential savings in State Funds for fiscal year 2014; and over $55 million of available Federal Funds at June 30, 2014. The Agency should work with the Legislature to develop a comprehensive plan to use these funds and, when possible, reduce the Nebraska taxpayer burden.

Our audit procedures are designed primarily on a test basis and, therefore, may not bring to light all weaknesses in policies or procedures that may exist. Our objective is, however, to use our knowledge of the Agency and its interaction with other State agencies and administrative departments gained during our work to make comments and suggestions that we hope will be useful to the Agency.

This interim communication is intended solely for the information and use of DHHS, its management, the Governor and the State Legislature, and others within these State agencies. It is not intended to be, and should not be, used by anyone other than the specified parties. However, this letter is a matter of public record, and its distribution is not limited.

If you have any questions regarding the above information, please contact our office.

Sincerely,

Mike Foley
Auditor of Public Accounts

Case	Total EF Supportive Service Payments	Total ADC Cash Assistance Payments (Note)	Questioned EF Supportive Service Payments	Estimated ADC Overpayments (Note)
Case 12	$14,511	$4,637	$11,940	$23
Case 14	$8,274	$6,087	$8,156	$306
Case 13	$6,280	$1,686	$6,280	$364
Case 20	$6,473	$1,283	$6,118	$293
Case 17	$5,812	$3,516	$5,655	$0
Case 4	$4,331	$4,501	$3,115	$142
Case 16	$3,270	$3,035	$2,771	$354
Case 15	$2,707	$2,921	$2,207	$0
Case 18	$2,650	$3,991	$2,106	$1,120
Case 1	$3,149	$5,508	$2,037	$378
Case 11	$1,843	$0	$1,843	$0
Case 7	$1,800	$3,205	$1,705	$708
Case 8	$2,651	$4,176	$1,604	$0
Case 9	$1,980	$4,840	$1,480	$2,816
Case 2	$1,597	$1,860	$1,097	$928
Case 6	$2,082	$4,071	$1,083	$302
Case 5	$1,294	$806	$1,014	$736
Case 10	$1,585	$1,820	$932	$446
Case 3	$4,602	$2,699	$614	$293
Case 19	$2,360	$1,785	$60	$311
Total	**$79,251**	**$62,427**	**$61,817**	**$9,520**
Combined Totals	**$141,678**		**$71,337**	

Note: Questioned payments include only those made between July 2013 and May 2014. Total ADC payments are based on the benefit month. Payment for a benefit month is generally made a couple of days before the month begins. The APA included the July 2013 to June 2014 benefit months.

Source: Employment First supportive service payments were obtained from NFOCUS, and were reconciled to EnterpriseOne. The ADC cash assistance payments were obtained from NFOCUS.