

# Administration For Children And Families

Department of Health and Human Services

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## ACF Office of Administration

### Mission

Serves as the principal office within ACF for ensuring that the business and financial responsibilities of grants administration are carried out in the following areas:

- Office of Information Systems;
- Office of Financial Services; and
- Office of Grants Management

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## ACF Division of Financial Integrity

DFI is responsible for the annual preparation and audit of ACF's financial statements, as well as the coordination of internal policies and procedures on interagency agreements.

DFI oversees and coordinates ACF's Federal Manager's Financial Integrity Act (FMFIA) activities, while serving as a liaison for audit oversight and debt management.

DFI provides research of appropriation law issues, and also coordinates GAO and OIG reviews of ACF programs. DFI also coordinates ACF's Improper Payment activities.

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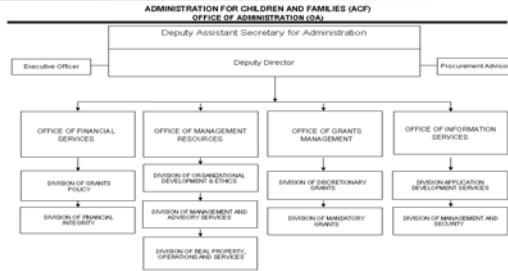
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## Office of Administration (OA)



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## ACF Audit Resolution Activity

### Fiscal Year 08

Location	Open 10/1/2007	Received	Closed	Pending 7/31/2008
CO	42	131	137	36
RO	409	465	474	400
CO & RO	29	20	16	33
<b>Total:</b>	<b>480</b>	<b>616</b>	<b>627</b>	<b>469</b>

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## ACF Office of Grants Management

OGM provides leadership, direction and technical guidance to ACF programs and Regional Offices on grant operations and grants management.

OGM is responsible for awarding and administering all ACF Discretionary and Mandatory Grants as well as Cooperative Agreements.

OGM oversees the implementation of established ACF, Departmental, and Federal financial and grants management policies and guidelines.

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## ACF Office of Grants Management

ACF has the second largest portfolio of grants within HHS – approximately 17% of the total HHS grant funds

Awards total an estimated \$45.2 billion of the HHS OPDIV budget.

ACF's portfolio is comprised of the Administration on Children Youth and Families; Office of Head Start; Office of Refugee Resettlement; Administration on Developmental Disabilities; Office of Community Services; Administration for Native Americans; Office of Family Assistance, Office of Child Support Enforcement, and the Office of Planning Research and Evaluation.

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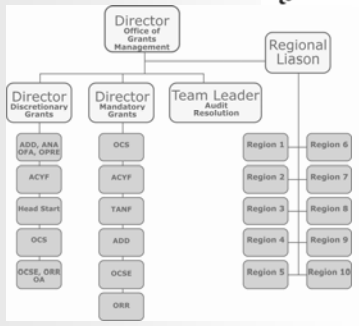
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## ACF Office of Grants Management

### Discretionary Grant Awards: FY 2007

Number of Programs: 70  
 Number of Awards: 4,886  
 Total Award Amount: \$7,614,164,807

### Mandatory Grant Awards: FY 2007

Number of Programs: 38  
 Number of Awards: 3,013  
 Total Award Amount: \$37,624,670,128

### Total OGM Awards: FY 2007

Number of Awards: 7,889  
 Total Award Amount: \$45,238,935

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## ACF Office of Grants Management

**Discretionary** grant programs permit the awarding agency according to specific authorizing legislation to exercise judgment in selecting the applicant/recipient organization through a competitive grant process.

**Mandatory** grant programs are initiated when Congress passes a law earmarking monies for a particular group. The statute specifies the eligibility requirements for grant recipients. There is no competitive process for obtaining mandatory grants.

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## ACF Office of Grants Management

**Regional Grant Offices** review all funding applications and issues Financial Assistance Awards for Head Start and the Continuations for the Runaway and Homeless Youth Programs, in addition to resolving specific audits assigned to the Regional Offices for Discretionary and Mandatory Programs.

**Audit Resolution Team** resolves audits assigned to the Central and Regional Offices in collaboration with audit firms, grantees, cognizant Grants Management Officers in OGM, Division of Financial Integrity, Program Offices and OIG.

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## ACF Improper Payment Activities

- Regarding Improper Payments, ACF continues to take a proactive role in OMB/HHS improper payment initiatives, negotiating plans and deliverables with HHS and OMB for ACF's four A-11 identified programs. ACF's contribution to Improper Payments is not only significant to us but also to the overall progress the Department makes towards full implementation of this initiative.
- For FY 2007, HHS reported a national improper payment rate for Foster Care and Head Start. In concert with the HHS Office of the Inspector General (OIG) and based on agreements with OMB and based on agreements with OMB, ACF is using statistically valid sampling methodologies to establish national improper payment error rates for the Temporary Assistance for Needy Families (TANF) and Child Care Development Fund (CCDF) programs. HHS expects to report national error rates for TANF and CCDF for the first time in the FY 2008 Performance and Accountability Report (PAR). Specifically:

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### Improper Payment Activities (cont'd)

- **TANF:** In FY 2007, HHS' OIG conducted a pilot review of TANF cash assistance payments in three states. The error rates for the pilots ranged from 11.5 percent to 40 percent. The OIG is currently completing improper payment case reviews in seven states (PA, MI, CA, ID, MN, OH, and VT). HHS expects to report a reasonable estimate of a national TANF error rate in the FY 2008 PAR and will finalize and report this rate in the FY 2009 PAR.
- **Foster Care:** HHS developed a methodology for estimating a national payment error rate for the Title IV-E Foster Care Program using data gathered in the eligibility reviews, which are conducted in each state at least once every three years. For FY 2007, the Foster Care program reported an error rate of 3.3 percent, significantly down from the 10.33 percent first reported in FY 2004.

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### Improper Payment Activities (cont'd)

- **CCDF: Child Care and Development Fund (CCDF) Final Rule to Implement Error Rate Methodology:** The Final Rule to require States to implement and report an error rate in the child care program was published on September 5, 2007 with an effective date of October 1, 2007. The Regulations added a subpart to the CCDF regulations that requires States, the District of Columbia and Puerto Rico to employ a case review process every three years to calculate a CCDF error rate in accordance with an error rate methodology. Using a stratified random sample method, one-third of the total of 52 States was selected to participate each year of a three year cycle in the error rate measurement methodology. The 18 First Year Reporting States (AK, AL, CA, CO, GA, IL, IN, KS, ND, NH, OK, PA, PR, TX, VT, and WV) will submit State Improper Authorizations for Payment Reports on or before June 30, 2008. ACF will use the improper authorizations for payment error rates and amount for each State, and Puerto Rico to compute a national improper authorizations for payment rate that will be reported annually in the HHS' Performance and Accountability Report (PAR) beginning with the fiscal year 2008.

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### Improper Payment Activities (cont'd)

- **Head Start:** In FY 2004, HHS developed a methodology for estimating a national Head Start payment error rate that built on the required review process. For FY 2007, Head Start reported an error rate of 1.3 percent, which is one-third of the 3.9 percent error rate reported in FY 2004.
- **Public Assistance Reporting Information System (PARIS):** ACF continues to provide proactive leadership of PARIS. ACF sponsored a PARIS conference in March 2008 that drew significant attendance and interest from states, OMB, HHS, GAO and other federal agencies. Currently, 44 states and jurisdictions are members of PARIS and several others are exploring the possibility of joining.

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## Program Audit Resolution Contacts

- **General Questions**  
Oscar Tanner (202) 401-5704
- **TANF**  
Elaine Richman (202) 401-5088
- **Foster Care/Adoption Assistance**  
Gail Collins (202) 205-8552
- **SSBG**  
Marsha Werner (202) 401-5281
- **Head Start**  
Craig Turner (202) 205-8236

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## TANF Program



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## TANF

- Enacted via PRWORA
- Federal Funding for FY 1996 thru 2002, then
- Series of continuing resolutions UNTIL
- Reauthorization via Deficit Reduction Act of 2005 (P.L. 109-171), enacted Feb. 8, 2006 (thru FY 2010):
  - ✓ Maintained same Federal block grant amounts, Contingency Funds & Supplemental funds (thru '09)
  - ✓ Maintained same cost-sharing (MOE) requirement
  - ✓ Added an MOE provision
  - ✓ Strengthened WP requirements
  - ✓ Added a penalty

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## Federal TANF Funds

- Block Grant Funds – all States, DC, PR, VI, Guam
- Supplement Funds – certain States
  - ✓ Not to exceed \$800M total; thru FY 2009
  - ✓ For population increases in qualifying States (about 17 States):
  - ✓ Alabama, Alaska, Arizona, Arkansas, Colorado, Idaho, LA, MS, Nevada, Texas, Utah deemed qualified; plus FL, GA, Montana, New Mexico, N. Carol., and Tenn.
- Contingency Provisional Pymt – needy States; must apply
  - ✓ \$2B total;
  - ✓ For economic downturns
  - ✓ Has its own requirements

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## State Funds

- Annual cost sharing (MOE) requirement to participate in Federal TANF block grant program
  - ✓ 80% of FY '94 expenditures (75% if meet both WP rates)
  - ✓ Allowable expenditures in all programs (TANF/non-TANF)
- Contingency Fund MOE requirement
  - ✓ 100% of FY '94 expenditures
  - ✓ Allowable TANF expenditures only
- States know their MOE Requirements

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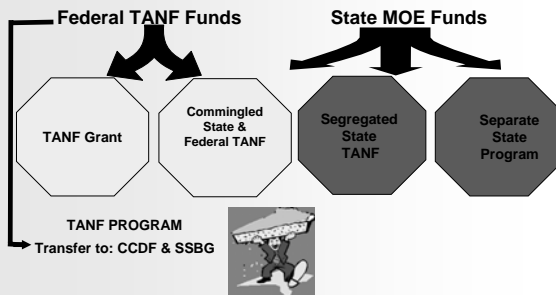
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## FUNDING OPTIONS




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## Funding Options & Rules

- Prohibitions, restrictions, limitations depend on funds used --e.g.
  - ✓ Provision of medical services – Federal & commingled funds
  - ✓ Assistance to individuals convicted of a drug felony – Federal/State TANF funds
- Most program rules apply to payment of “assistance” – e.g.,
  - ✓ Federal 5-year time limit only applies to the use of segregated Federal TANF funds
  - ✓ Assign rights to support & cooperate in support activities applies to Federal/State TANF funds
  - ✓ Data reporting requirements apply to all TANF and MOE-funded assistance

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## Funding Options & Rules

- “Assistance:” (45 CFR 260.31(a))
  - ✓ Ongoing basic needs payment; supportive services such as child care & transportation to families not employed;
  - ✓ Payable **only** to a financially needy family consisting of, at a minimum, a child living with his/her caretaker relative; or, a pregnant woman
  - ✓ No matter the funds used or TANF purpose served by the assistance.

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## USING THE MONEY



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## Per Uniform Administrative Standards

- OMB Cost Principles – e.g.,
  - ✓ OMB Circular A-87 (2 CFR part 225)
- 45 CFR Part 92 – e.g.,
  - ✓ Financial Administration, record keeping, monitoring, allowable costs
- Addressed in Part 3 of Compliance Supplement

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## Per Programmatic Requirements

- Allowable, and not subject to a
- Prohibition, restriction, limitation
- Addressed in Part 4, DHHS Compliance Supplement, CFDA 93.558

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## Basics

- Federal TANF block grant for needy family members, needy individuals, and sometimes, the non-needy
- State MOE funds cost-sharing requirement to help eligible family members only (not individuals) -- **one exception:** per DRA 2005, eff. FY '06

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## Basic Uses of Federal TANF Funds

- TANF purposes
- Previously authorized activities
- Transfers to CCDF and/or SSBG  
(except for Contingency funds)

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## Four TANF Purposes

- Use in any manner reasonably calculated to:
  1. provide assistance (help) to **needy** families so that children may be cared for in their own homes or in the homes of relatives;
  2. end the dependence of **needy** parents on government benefits by promoting job preparation, work, and marriage;
  3. prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and
  4. encourage the formation and maintenance of two-parent families.
- Unless a use of funds prohibition, restriction, limitation applies (e.g., medical services).

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## Previously Authorized Activities (Grandfathering Authority)

- For activities previously authorized and allowable under State's former approved AFDC, EA, JOBS Social Services plans as of 9/30/95 or 8/21/96
  - per same eligibility criteria & duration of services
  - segregated Federal TANF funds only

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## Transfers

- May transfer up to 30% to CCDF & SSBG Programs
  - > SSBG: 10%  
(use for children or their families whose income is less than 200% of FPL)
  - > Rules of receiving program apply
  - > Current year funds ONLY
  - > Contingency Funds may not be transferred

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## Federal Funds Available Until Expended

- Exception: Contingency Funds
- Carry-over funds may only be used for "assistance" & associated admin. costs. **Example of Policy:**
  - > If **Obligate** current FY funds (e.g., FY '08) for non-assistance activities by end of FY (9/30/08)
  - > Then may use obligated '08 money in FY '09 to pay for the non-assistance activities.
  - > By end of FY '09, must de-obligate any unspent obligated '08 money to carry into FY '10. May only use the funds for "assistance" in FY '10 & forward.
  - > **Unobligated** FY '08 money may only be spent to provide assistance in FY '09 & forward.

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## MOE BASICS

- State expenditures in all programs to help
- Eligible family members
  - ✓ **Exception:** Non-assistance expenditures on pro-family activities under TANF purpose 3 or 4 are not limited to eligible families -- per DRA 2005 interim final rule 263.2(a)(4)(ii) & 263.2(b). (Final rule, effective narrows this provision)
- In ways that accomplish a purpose of the TANF program.
- Unless a prohibition, restriction, limitation applies -- e.g.,
  - ✓ new spending limitation
  - ✓ Prohibition on double-counting expenditures (2 exceptions)
  - ✓ No public education expenditures
  - ✓ Administrative cap

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## MOE BASICS (cont'd)

- **Eligible family**
  - **Minimum family composition requirement**
    - ✓ Child living with caretaker relative, or a pregnant woman
  - **Financially eligible**
    - ✓ Per State's quantified income & resource (if applicable) criteria
    - ✓ Contained in its TANF plan

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## MOE BASICS (cont'd)

- **Expenditures in current FY only**
  - ✓ From all programs in the State: TANF and non-TANF (SSP)
  - ✓ Including allowable costs (cash or in-kind) by other non-Federal parties in the State per 45 CFR 92.3 and 92.24 – e.g.,
    - non-profit, corporation, or other private party, if there is a written agreement
  - ✓ Revenue loss not an expenditure – e.g.,
    - non-refundable tax credit (See 45 CFR 260.33 & TANF-ACF-PI-01-01, at <http://www.acf.hhs.gov/programs/ofa/taxcrdt.htm>)
  - ✓ Rainy day fund not an expenditure

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## IMPORTANCE OF AUDIT



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## QUESTIONED COSTS

- Financial matters – e.g.,
  - ✓ Inappropriate use of funds
  - ✓ Exceed 15% administrative cap
  - ✓ Exceed transfer limit
  - ✓ Prohibited cost (OMB Circular A-87)
  - ✓ Monitoring; no/inadequate records to support the cost
- Program issues – e.g.,
  - ✓ Failed to sanction for failure to cooperate w/o good cause in child support activities, or work participation activities
  - ✓ Improperly sanctioned (single custodial parent of child under age 6, failed to participate in work activities due to inability to obtain child care)
  - ✓ Misapplied 5 year time limit on receipt of federally funded TANF assistance

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## NO QUESTIONED COST

- Finding still matters for certain violations – e.g.,
  - ✓ Not participating in IEVS
  - ✓ Inaccurate data report
  - ✓ Did not comply with approved Work Verification Plan
  - ✓ Did not meet TANF MOE requirement

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## PENALTIES

- Apply to certain findings
- Even if there is no questioned cost (exception: misuse)
- Amount of penalty may/may not be the questioned cost amount
- Only penalties, NOT disallowances
- Region and OFA review audit reports, and
- Determine whether a penalty applies
- If penalty applies, audit clearance document will so note

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## Penalties



VIOLATION	REG	PRIMARY METHOD	PENALTY AMOUNT
Failing to replace penalty reduction with State funds	264.50 262.1(a)(12) and 262.1(c)(2)	TANF Financial Report	No more than 2% of adjusted SFAG plus amount of shortfall We will take the penalty by reducing the adjusted SFAG payable for the fiscal year that immediately follows our final decision.
Failing to penalize recipients who refuse to engage in work	261.54 262.1(a)(14) and (c)(2)	Single audit	1% to 5% of adjusted SFAG We will take the penalty by reducing the adjusted SFAG payable for the fiscal year that immediately follows our final decision.
Failing to establish or comply with work participation verification procedures.	261.65, 262.1(a)(15), 261.2,	Single audit	1% to 5% of adjusted SFAG We will take the penalty by reducing the adjusted SFAG payable for the fiscal year that immediately follows our final decision. (eff. FY '08)

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## PENALTY RESOLUTION PROCESS



### Basic Steps\*

- ACF notifies State of penalty
- State may dispute accuracy of penalty decision
- State may claim reasonable cause (if applicable)
- ACF responds (if granted, **process stops**)
- State may enter into a CCP (if applicable)
- ACF Accepts/Denies Plan
- State May Appeal Denial To DAB

\* 60 days between each step

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