A REPORT BY THE NEW YORK STATE OFFICE OF THE STATE COMPTROLLER

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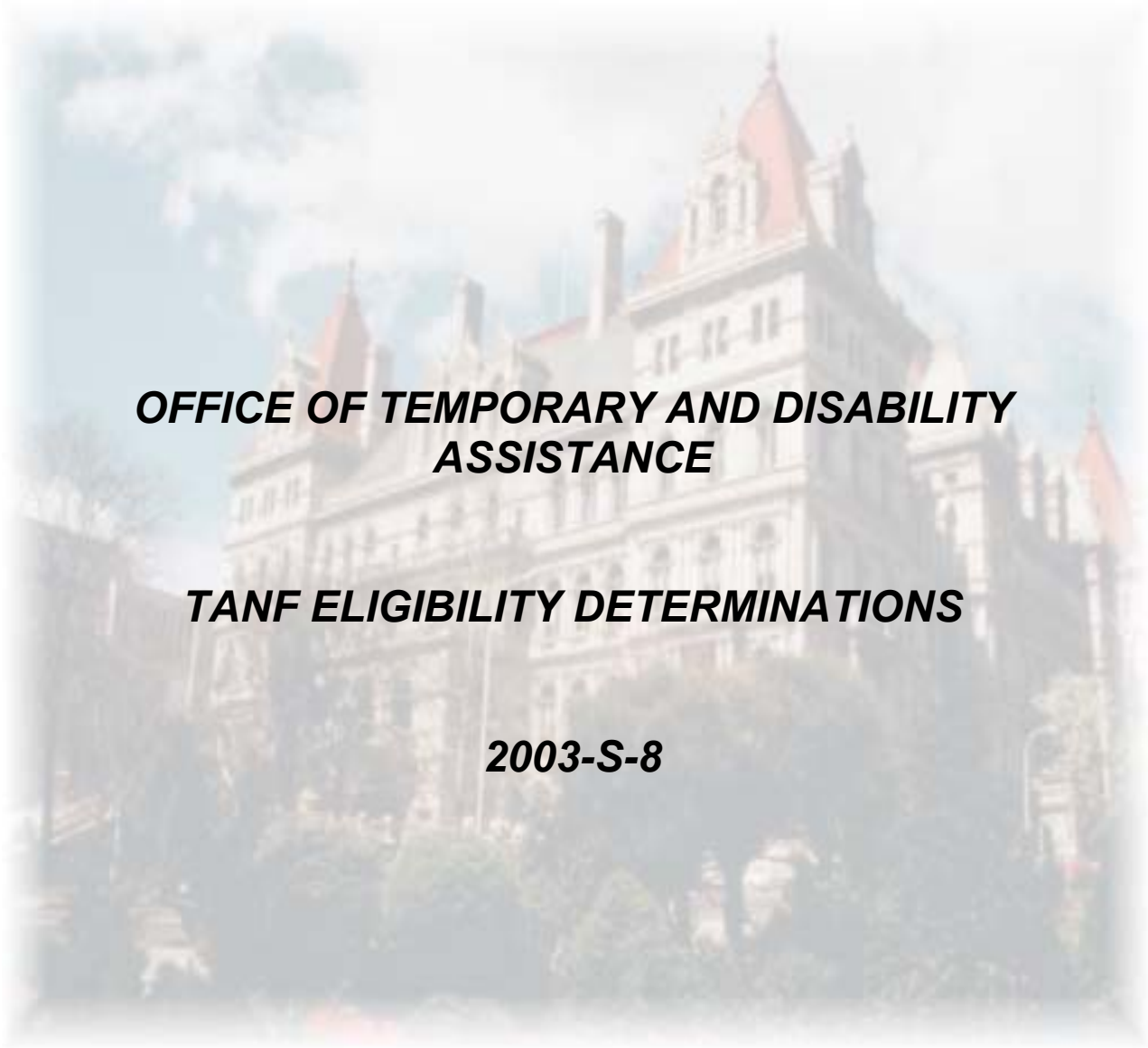

OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE

TANF ELIGIBILITY DETERMINATIONS

2003-S-8

DIVISION OF STATE SERVICES

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2003-S-8

Mr. Robert Doar
Acting Commissioner
Office of Temporary and Disability Assistance
40 North Pearl Street
Albany, New York 12243

Dear Mr. Doar:

The following is our audit report addressing TANF eligibility determinations in New York State.

This audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution, Article II, Section 8 of the State Finance Law, and Article 3 of the General Municipal Law. Major contributors to this report are listed in Appendix A.

Office of the State Comptroller
Division of State Services

June 24, 2004

EXECUTIVE SUMMARY

OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE

TANF ELIGIBILITY DETERMINATIONS

SCOPE OF AUDIT

The Temporary Assistance for Needy Families (TANF) program is a federally funded public assistance program providing cash assistance, job training and other services to adults with dependent children. To be eligible to receive TANF benefits, individuals must meet certain requirements. For example, their income cannot exceed a certain level, they generally must participate in employment-related activities, and they must be a U.S. citizen or a qualifying alien. The specific requirements are set by each state, and must comply with overall Federal requirements. In New York State, TANF eligibility determinations are made by 58 local social services districts (57 counties and New York City) and are overseen by the State Office of Temporary and Disability Assistance (OTDA). In the 2002 calendar year, more than $933 million in TANF funds were disbursed in New York State, and as of July 2003, there were about 304,000 TANF cases statewide.

Our audit addressed the following questions about TANF eligibility determinations in New York State for the period April 1, 2001 through September 19, 2003:

- Does OTDA's oversight of the local districts provide reasonable assurance their eligibility determinations are correct?

- Do local districts comply with requirements when assessing the eligibility of TANF recipients?

AUDIT OBSERVATIONS AND CONCLUSIONS

We found that the local districts do not always comply with all State and Federal requirements for TANF eligibility determinations. As a result, there is a greater risk TANF benefits will be provided to ineligible recipients and New York State will incur Federal penalties for noncompliance. We recommend OTDA strengthen its oversight of certain aspects of the eligibility determination

process and take certain other actions to bring New York State into full compliance with Federal eligibility requirements.

According to Federal requirements, to adequately verify the income reported by TANF applicants, states must review certain information. We found that the local districts in New York State review some, but not all, of the required information. States are also required to verify applicants' alien status with the Federal Bureau of Citizenship and Immigration Services. However, in most of the cases that we reviewed at four local districts, TANF recipients' alien status had not been verified by the districts. By not fully complying with Federal requirements for income and alien status verification, New York State risks penalties that could result in the loss of as much as 2 percent of its TANF funding; about $48 million in 2003. However, the Federal government may reduce or eliminate a sanction if OTDA develops and implements a corrective action plan to meet the income verification requirements. The noncompliance also increases the risk New York State will pay TANF benefits to ineligible recipients. We recommend that unless OTDA can obtain Federal approval for alternative income verification procedures, it fully comply with Federal requirements for income verification, and expedite the statewide implementation of an available automated verification process for alien status. We also recommend that the four local districts verify the alien status of the 97 unverified recipients in our sample. (See pp. 13-18)

The local districts are required by State law to assess the reliability of eligibility information provided by TANF applicants to determine whether there are indications that the information may not be accurate. If there are such indications, the case is to be referred to investigative staff at the district for more intensive review. However, we found that local districts do not always refer such cases for investigation. As a result, inaccurate eligibility information is less likely to be detected and there is a greater risk that TANF benefits will be provided to ineligible recipients. In one of the local districts we visited (Suffolk County), more than $668,000 in TANF savings had reportedly been realized through the referral and investigation of questionable cases, indicating that the assessment process can be effective. We recommend OTDA increase its oversight of the assessment process and help the local districts develop local controls for improving their compliance with the requirement. (See pp. 21-24)

OTDA is required by State Law to verify local district application of TANF eligibility criteria through audits and case reviews. We examined OTDA's review process and found that it provides considerable coverage of local district eligibility determinations. However, certain improvements are needed if the review process is to provide a statewide assessment of local district compliance with TANF eligibility requirements. In particular, the review efforts of various OTDA units need to be better coordinated, certain types of cases now excluded from the review process (denied and terminated cases) need to be included, and the cases selected for review need to be more representative of TANF cases statewide. We recommend that consideration be given to making these improvements. (See pp. 25-28)

We visited four local districts (Onondaga, Suffolk, Tompkins and Westchester Counties) and reviewed their TANF eligibility determination practices. We identified weaknesses in certain controls relating to these practices. For example, in all four districts, recipients' eligibility for TANF benefits was not fully documented in a significant percentage of the cases that we sampled. As a result of the control weaknesses, there is less assurance that individuals receiving TANF benefits in these districts are in fact eligible for the benefits. We recommend that controls be strengthened in these four districts, and OTDA take action to prevent similar control weaknesses in the other local districts. (See pp. 29-33)

COMMENTS OF OTDA AND LOCAL DISTRICT OFFICIALS

OTDA officials generally agreed with our recommendations, although officials are of the opinion that they do not have the authority to require districts to have written procedures for local district supervisors to follow. Accordingly, OTDA officials stated that they will not develop written procedures to guide local district supervisors in their review of caseworkers' TANF eligibility determinations. However, we believe that Section 20 of the Social Services Law provides OTDA with such authority, and that they and the local social services districts will benefit from such procedures.

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INTRODUCTION

Background

Each year, the Federal government provides the states with funding for various public assistance programs. In the Temporary Assistance for Needy Families (TANF) program, Federal funding is provided in the form of a block grant. TANF funding may be used by the states to provide cash assistance, job training and other services to adults with dependent children. While the states have discretion in their use of the funds, various Federal requirements must be met if the state is to receive the full amount of its block grant.

The TANF program was created by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, commonly referred to as welfare reform legislation. The TANF program replaced the Aid to Families with Dependent Children program, which was an entitlement program. The TANF program is characterized by a five-year lifetime limit on cash assistance and an emphasis on employment. These features are intended to enable public assistance recipients to become economically self-sufficient and no longer reliant on public assistance.

To be eligible to receive TANF benefits, individuals must meet certain requirements. For example, their income cannot exceed a certain level, they generally must participate in employment-related activities, and they must be a U.S. citizen or a qualifying alien. The specific requirements are set by each state, and must comply with overall Federal requirements.

In New York State, TANF eligibility determinations are made by 58 local social services districts (57 counties and New York City), and the eligibility determination process is overseen by the State Office of Temporary and Disability Assistance (OTDA). OTDA is required by the New York State Social Services Law to oversee this process by disseminating policies to the districts and monitoring the districts' eligibility decisions. The Social Services Law also requires OTDA to verify the districts' application of eligibility criteria through audits and case reviews.

In the 2002 calendar year, New York State disbursed more than $933 million in TANF funds. The number of TANF cases (i.e.,

families receiving TANF benefits) in New York has declined from more than 324,000 in 1998 to about 141,000 in 2003.

Audit Scope, Objectives and Methodology

We audited the TANF eligibility determination process in New York State for the period April 1, 2001 through September 19, 2003. The objectives of our performance audit were to determine whether (a) OTDA's oversight of the local districts provides reasonable assurance their eligibility determinations are correct and (b) local districts comply with requirements when assessing the eligibility of TANF recipients. To accomplish these objectives, we sought to determine whether (1) New York State complies with Federal requirements for verifying applicants' income and immigration status, (2) local districts comply with State requirements for assessing the reliability of applicants' eligibility information, (3) OTDA's audits and case reviews provide adequate coverage of local district eligibility determinations, and (4) selected eligibility determinations at four local districts were correctly performed.

We interviewed officials and reviewed policies and procedures at OTDA and four local districts: Onondaga County, Suffolk County, Tompkins County and Westchester County. We selected these local districts because they have a mix of relatively high (Onondaga, Suffolk and Westchester) and relatively low (Tompkins) TANF caseloads. As of June 23, 2003, we also selected from the 29,542 active TANF cases a random sample of 80 eligibility determinations from these four local districts (20 from each district) to determine whether they were correctly performed. In addition, we interviewed officials at the New York State Department of Labor. We excluded New York City from this audit as these practices will be subject to a future audit.

We conducted our audit in accordance with generally accepted government auditing standards. Such standards require that we plan and perform our audit to adequately assess those operations of OTDA and the four local districts that are included within our audit scope. Further, these standards require that we understand OTDA's and the four local districts' internal control structure and compliance with those laws, rules and regulations that are relevant to the activities included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting and operating records

and applying such other auditing procedures as we consider necessary in the circumstances. An audit also includes assessing the estimates, judgments and decisions made by management. We believe that our audit provides a reasonable basis for our findings, conclusions and recommendations.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State, several of which are performed by the Division of State Services. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members to certain boards, commissions and public authorities, some of whom have minority voting rights. These duties may be considered management functions for purposes of evaluating organizational independence under Generally Accepted Government Auditing Standards. In our opinion, these management functions do not affect our ability to conduct independent audits of program performance.

Comments of OTDA and Local District Officials

A draft copy of this report was provided to OTDA officials for review and comment. Their comments were considered in preparing this report, and are included as Appendix B. In addition, during the course of the audit, we shared our findings with applicable local district officials. Their comments were considered in preparing our report. As well, OTDA officials advised us that they communicated the findings to district officials and are working with them to implement our recommendations.

OTDA officials generally agreed with our recommendations. However, OTDA officials are of the opinion that they do not have the authority to require districts to have written procedures for local district's supervisors to follow. Accordingly, OTDA officials stated that they will not develop written procedures to guide local district supervisors in their review of caseworkers' TANF eligibility determinations. However, we believe Section 20 of the Social Services Law provides OTDA with such authority and we believe that the local social services districts will benefit from such procedures.

Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the Office of Temporary and Disability Assistance shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons therefor.

VERIFICATION OF INCOME AND ALIEN STATUS

To be eligible for TANF benefits, an individual cannot have an income above a certain level and must be either a U. S. citizen or a qualifying alien. The individual also must meet various other requirements. According to Federal law and regulations, to adequately verify the income reported by TANF applicants, states must review certain information. We found that, the local districts in New York State review some, but not all, of the required information. States are required to verify applicants' alien status with the Federal Bureau of Citizenship and Immigration Services (BCIS). However, in most of the cases that we reviewed at four local districts, TANF recipients' alien status had not been verified by the districts.

According to Federal Regulation, by not fully complying with requirements for income and alien status verification, New York State risks the loss of as much as 2 percent of its TANF funding. In the 2003 year, such a loss could have totaled up to $48 million. The noncompliance also increases the risk that New York State will pay TANF benefits to ineligible recipients.

Verification of Income

States are required by Federal law to verify the income reported by a TANF applicant. In verifying the income, the states are required by Federal regulations to review the following types of information:

- the state tax agency's record of the wages (if any) paid to the applicant, as reported by employers in that state,
- the responsible state agency's record of the unemployment insurance benefits (if any) paid to the applicant,
- Internal Revenue Service (IRS) records of any income other than wages (such as interest, dividends and prizes) reportedly paid to the applicant, and

- Social Security Administration (SSA) records of the social security benefits (if any) paid to the applicant and the total income (if any) reportedly earned by the applicant.

To fully comply with these Federal requirements, a state must review all of these records for every TANF applicant.

We examined New York State's compliance with these requirements and found that the State fully complies with the first two requirements and partially complies with the fourth requirement. OTDA obtains the quarterly wage information reported by employers, to the New York State Department of Taxation and Finance, analyzes the information to identify TANF recipients, and makes any information about TANF recipients available to the local districts. Similarly, OTDA obtains, analyzes and makes available to the local districts unemployment insurance benefit payment data obtained from the New York State Department of Labor. OTDA also obtains, analyzes and makes available to the local districts social security benefit payment information obtained from the SSA. In our visits to the four local districts, we found that all four districts used the information provided by OTDA in verifying applicants' reported income.

However, OTDA does not obtain IRS records of non-wage income and does not obtain SSA records of earned income. As a result, New York State does not fully comply with Federal income verification requirements. In addition, in the absence of the IRS and SSA records of income, local districts may be less likely to identify applicants who are ineligible for TANF benefits because of excess income.

We also note that, in not fully complying with Federal income verification requirements, New York State risks the loss of part of its TANF block grant. According to Federal regulations, such noncompliance can result in as much as a 2 percent reduction of a state's block grant. For 2003, when New York's block grant totaled $2.4 billion, such a reduction could have cost the State up to $48 million. However, the Federal government may reduce or eliminate a sanction if OTDA develops and implements a corrective action plan to meet the income verification requirements.

OTDA officials stated that, in the distant past, they obtained IRS records of non-wage income and SSA records of income, but no

longer do so because they consider the information to be of limited value in verifying applicant income and too costly to protect against unauthorized disclosure.

OTDA officials note that an applicant's current income is to be verified, but both the IRS data and the SSA data are generally more than one year old. The officials thus consider the data to be of little use in verifying current income. The officials further indicated that the SSA record of earned income generally duplicates wage information obtained from the New York State Department of Taxation and Finance. The officials consider the IRS information excessively costly to maintain because the IRS will no longer make its information available to OTDA unless a number of changes are made in OTDA and local district data-handling practices to better protect the data against unauthorized disclosure. Since the changes required by the IRS are not regarded as cost-effective by OTDA, OTDA stopped using the IRS data.

We asked OTDA officials whether they had documented that it would not be cost-effective for New York State to make the data-handling changes required by the IRS. OTDA officials stated that they had not formally analyzed the cost-effectiveness of making the changes required by the IRS.

OTDA officials also intend to replace the IRS data with other, more current information. The officials intend to obtain this information through the Financial Institution Data Match (FIDM), which is performed each quarter by Bureau of Child Support as part of its efforts to identify assets of parents who are delinquent in child support obligations. In the FIDM, information maintained by financial institutions in New York State is electronically analyzed in a computer match to identify bank accounts that belong to delinquent parents. The FIDM has been authorized by the Federal Welfare Reform Act only for child support purposes. However, OTDA officials hope to obtain authorization to use the FIDM to identify accounts of TANF recipients. According to OTDA officials, information obtained through the FIDM can replace 80 to 85 percent of the non-wage income information previously obtained from the IRS.

While the IRS and SSA data are not as timely as the quarterly wage information obtained from the Department of Taxation and Finance, both the IRS data and the SSA data provide

information about income that is not available to OTDA from other sources, as follows:

- The SSA data about earned income includes income earned anywhere in the United States, while the quarterly wage information only includes income earned in New York State.

- The IRS data includes all non-wage income reported in any state, while FIDM data is obtained only from financial institutions doing business in New York State.

- The IRS data about non-wage income includes all types of non-wage income, while the FIDM data can be used to identify certain types of bank accounts. The FIDM data does not identify many types of income that are reported to the IRS, such as self-employment income, rents, royalties, corporate dividends, real estate sales and capital gains. While we recognize that most TANF applicants do not have these types of income, someone trying to obtain benefits fraudulently could have such income.

We asked OTDA officials if their plans to replace IRS data with FIDM data had been approved by Federal officials. OTDA officials told us that they had yet to seek this approval, but planned to do so once the FIDM-TANF match was operational. In its response to our draft report, OTDA officials indicated that they have asked the Federal government for such approval.

Verification of Alien Status

If an applicant for TANF benefits is not a United States citizen, the applicant must be a qualifying alien to be eligible for the benefits. Aliens are qualifying if they were lawfully admitted for permanent residence in the United States or otherwise permanently residing in the United States under color of law, as defined by the Federal regulations. The states are required to verify an alien's status with the Federal Bureau of Citizenship and Immigration Services (BCIS).

Both an automated and manual verification process are available to the states. In the automated process which is required by Federal law, the state can verify the applicant's status electronically through a data match with BCIS records. In

the manual process, the state submits applicant documentation to BCIS. BCIS then reviews its records and notifies the state of the applicant's status.

We found that the automated verification process is not used by New York State. The process is not used because OTDA officials initially decided the process would not be cost-effective for New York State. Consequently, when the automated process was mandated by the Immigration Reform and Control Act of 1986 and later reaffirmed by the Federal Welfare Reform Act, State officials did not act to implement the process in New York. OTDA officials subsequently decided that the automated verification process should be implemented in New York and contacted BCIS in February 2002 to initiate implementation. However, at that time, BCIS was not accepting any new states for the automated process.

In September 1999, OTDA instructed the local districts to use the manual verification process for alien applicants. New York had been required to develop and use an automated process to authenticate immigration documentation since the passage of welfare reform legislation in 1996, but has not complied with this requirement. OTDA had sought a waiver that would exempt the State from this requirement, but its request was denied by the U.S. Department of Health and Human Services (HHS). States may be granted such waivers if they can demonstrate that the required verification process is not cost-effective or the state has an alternative verification process that is as effective and timely as the required process. At the time of our audit fieldwork, HHS officials had advised us that OTDA was required to use the automated verification process. In its response to our draft report, OTDA indicated that HHS had approved OTDA's use of the secondary manual verification process.

To determine whether the manual verification process has been used as required, we selected for review 73 alien TANF cases receiving benefits as of June 23, 2003 at the four local districts we visited. Onondaga, Suffolk, Westchester and Tompkins had 103, 125, 287 and 13 active TANF cases, respectively, with an alien recipient. We randomly selected 20 cases each in Onondaga, Suffolk and Westchester Counties, and selected all 13 cases in Tompkins County. The 73 cases involved a total of 121 aliens, and we determined that the immigration documentation was not verified for 97 of the 121 aliens (80 percent). Since the immigration documentation was not

authenticated by the local districts, it is possible that some of these 97 individuals were not qualifying aliens and thus were not eligible for the TANF benefits they received. We recommend the districts authenticate the immigration documentation of these 97 individuals and verify their eligibility for TANF benefits.

BCIS has estimated that, each year, the states pay ineligible aliens between $2.5 and $3 billion in TANF benefits. BCIS has further estimated that more than 489,000 unauthorized immigrants reside in New York State. To improve the appropriateness of TANF payments to ineligible aliens and to reduce the risk of Federal penalties for noncompliance with alien verification requirements, OTDA needs to expedite the implementation of the automated verification process and confirm local district compliance with the verification requirements.

Recommendations

To OTDA:

1. Seek Federal approval for alternative income verification procedures. If not obtained, take the necessary steps to fully comply with Federal TANF income verification requirements, including obtaining and safeguarding IRS non-wage data and SSA earned income data, and use the data to verify applicant income.

2. Work with BCIS to implement an automated verification process for alien status, and confirm local district compliance with the verification requirements.

   (OTDA officials agreed with Recommendation 1 and Recommendation 2.)

Recommendations (Cont'd)

To the Local Districts:

3. Authenticate the immigration documentation of the 97 individuals whose documentation was not authenticated, and verify their eligibility for TANF benefits.

   (OTDA officials responded that they will request districts to secure missing documents.)

FRONT END DETECTION SYSTEM

The local districts are required by State law to assess the reliability of eligibility information provided by TANF applicants. The assessment is to be performed in accordance with certain guidelines, and if it is determined that an applicant's eligibility information may not be accurate, the case is to be referred for more intensive review. We examined whether the local districts were complying with this requirement and found indications that their assessments of eligibility information may not always be performed as required. As a result, inaccurate eligibility information is less likely to be detected and there is a greater risk that TANF benefits will be provided to ineligible recipients. We recommend that OTDA increase its oversight of the assessment process and help the local districts develop local controls for improving their compliance with the requirement.

Referral of Cases for Investigation

To help prevent errors in the local districts' TANF eligibility determinations, the districts are required by the State Social Services Law to implement a Front-End Detection System (FEDS). In a FEDS, the eligibility information provided by the applicant is assessed by the district in accordance with certain guidelines to determine whether there are indications that the information may not be accurate. If there are such indications, the case is to be referred to investigative staff at the district for more intensive review.

OTDA regulations require the districts to prepare a local FEDS plan. This plan is to describe the specific criteria that will be used by district staff in assessing TANF cases for indications of inaccurate eligibility information. At a minimum, the criteria must include the following State-mandated indicators:

- The applicant's expenses exceed his or her income without reasonable explanation.
- The applicant has worked off the books.
- The applicant is supported by loans from family and/or friends.

- The applicant was denied or overpaid public assistance benefits in the past.
- Some of the information provided by the applicant is inconsistent with information provided in the past.

The local FEDS plan also must describe how cases will be handled after they have been referred for more intensive review. According to OTDA regulations, a case should be referred for more intensive review if at least one of the mandated indicators is "positive." The regulations became effective as of December 31, 1992.

OTDA's Audit and Quality Control (A&QC) Unit performs various reviews of local district activities to determine whether the activities comply with requirements. Included among these reviews are audits of the districts' FEDS activities. During our audit period, the A&QC Unit completed one FEDS audit. However, we examined the results of the three most recent audits, which addressed Westchester, St. Lawrence and Chautauqua Counties.

These audits indicate that improvements are needed in local district compliance with FEDS requirements. In all three districts, A&QC staff identified several cases containing FEDS indicators that should have been referred for investigation, but were not, as follows:

- in St. Lawrence County, 12 of the 25 sampled cases contained FEDS indicators but were not referred for investigation,

- in Chautauqua County, 16 of the 50 sampled cases contained FEDS indicators but were not referred for investigation, and

- in Westchester County, 5 of the 21 sampled cases contained FEDS indicators but were not referred for investigation.

It should be noted that some of the sampled cases containing FEDS indicators (the number was not specified in the A&QC reports) were referred for investigation, and other sampled cases (the number was not specified) did not contain FEDS indicators.

The A&QC reviews also determined that Chautauqua County's FEDS plan had not been approved by OTDA, and St. Lawrence County staff used their discretion, rather than the indicators, as the basis for deciding whether cases should be referred for investigation.

In our visits to four local districts (Onondaga, Suffolk, Tompkins and Westchester), we also found that FEDS requirements were not always met. For example, 20 of the 80 TANF cases that we reviewed at these districts contained FEDS indicators, and therefore should have been referred for investigation. However, 8 of the 20 cases (40 percent) were not referred for investigation. In all four districts, we identified weaknesses in local procedures for ensuring that cases were referred as required. For example, in two of the districts, the supervisory review process lacked provisions for ensuring that cases with indicators were referred.

If questionable TANF cases are not referred for investigation, as is required by FEDS regulations, TANF benefits are more likely to be paid to ineligible individuals. According to Suffolk County's FEDS statistics, as of July 2003, 801 TANF cases had been referred to Suffolk County's FEDS unit. The unit had completed investigations of 756 cases, and as a result of information obtained during the investigation process, 394 of the 756 applicants either withdrew their application or were denied benefits. Suffolk County reported TANF savings of $668,803 as a result of these investigations. The FEDS process can thus be critical in preventing inappropriate TANF payments. To improve local district compliance with FEDS requirements, we recommend that the A&QC Unit increase its audit coverage of local district FEDS activities.

OTDA officials stated that the A&QC Unit has limited staff resources, and these resources must be devoted to other priorities. To make the most of A&QC staff resources, OTDA should consider incorporating a review of FEDS compliance into ongoing OTDA audits of district activities.

We also recommend OTDA help the districts develop local controls for improving their compliance with FEDS requirements. At a minimum, FEDS activities should be monitored for potential breakdowns. Such monitoring could include tracking the number of referrals made by each case worker. This information could be used to identify staff who

need additional supervision or training. We also determined that the local districts may need to provide case workers with additional training in FEDS requirements, as officials at the districts we visited indicated that FEDS training had been infrequent.

Recommendations

To OTDA:

4. Perform additional audits of local district FEDS practices to determine whether the districts are complying with FEDS requirements. If the number of FEDS audits cannot be increased, incorporate an audit of FEDS compliance into other audits of district practices.

   (OTDA officials generally agreed with this recommendation.)

To OTDA and the Local Districts:

5. Develop local controls for improving local district compliance with FEDS requirements, such as systems for tracking the number of FEDS referrals by case worker and identifying staff who need additional training and/or supervision.

   (OTDA officials agreed to work with local districts to improve monitoring efforts at the local level.)

To the Local Districts:

6. Assess the need for additional FEDS training for case workers, and provide such training as needed.

   (OTDA officials indicated that they are taking a proactive role regarding FEDS training. A new training curriculum is under development.)

OTDA OVERSIGHT AND MONITORING

OTDA is required by the State Social Services Law to verify local district application of TANF eligibility criteria through audits and case reviews. We examined the TANF audits and case reviews performed by OTDA and found that certain improvements are needed if the review process is to provide a statewide assessment of local district compliance with TANF eligibility requirements. In particular, the review efforts of various OTDA units need to be better coordinated, certain types of cases now excluded from the review process (denied and terminated cases) need to be included, and the cases selected for review need to be more representative of TANF cases statewide.

Several different eligibility criteria must be considered by the local districts when they determine whether an individual is eligible for TANF benefits. Individuals may meet some of the criteria, but fail to meet other criteria. OTDA performs audits and case reviews to determine whether the local districts correctly apply these various eligibility criteria. Different types of reviews are performed by different OTDA units. Two units perform broad-based reviews that focus on several different eligibility criteria, as follows:

- The A&QC Unit reviews about 300 public assistance cases a year from the seven largest local districts in the State (New York City and the Counties of Erie, Monroe, Nassau, Onondaga, Suffolk and Westchester). The cases are initially selected for the Unit's federally mandated review of food stamp benefits, and the food stamp review is expanded to include a review of local district compliance with certain public assistance eligibility requirements. A total of 1,000 cases statewide are initially selected for the food stamp review, and about one-third of these cases also involve either TANF benefits or Safety Net benefits (the Safety Net Program is a State public assistance program for families not qualifying for the TANF Program) in the seven largest local districts. The overwhelming majority of these cases are from New York City. For example, for the 11 months ended September 30, 2002, only 46 public assistance

cases outside New York City were reviewed by the A&QC Unit.

- The Division of Temporary Assistance reviews about 320 public assistance cases a year at eight different upstate local districts (four large districts and four smaller districts). They also review about 200 New York City cases. The purpose of the reviews is to improve compliance with the provisions of Welfare Reform. Most of these cases are TANF cases, but some are Safety Net cases. The reviews of TANF cases focus on 12 different eligibility factors, such as household composition, citizenship/alien status and the five-year limit on TANF benefits.

Another OTDA unit (the Division of Transitional Support and Policy) performs two reviews that focus on two special factors affecting TANF eligibility, as follows:

- All adult TANF recipients are to be screened for substance abuse, and are to be referred to counseling programs if necessary. The Division reviews selected districts' compliance with these screening requirements.

- All adult TANF recipients are to be screened to determine whether they are victims of domestic violence, and if so, they are to receive protection and may be exempt from work-related requirements. The Division reviews selected districts' compliance with these screening requirements.

In addition, the New York State Department of Labor (DOL) is responsible for monitoring local district compliance with the work-related requirements of the TANF program. Accordingly, DOL performs reviews that address work-related eligibility criteria. Specifically, DOL visits selected districts and reviews selected cases to determine whether employability assessments were performed and employment plans were developed in accordance with the requirements governing these activities.

We assessed the various reviews performed by OTDA and DOL and conclude that, while they can provide New York State officials with information about TANF eligibility determinations in some local districts, they cannot provide an assessment of the

State's overall compliance with TANF eligibility requirements, for the following reasons:

- There is no coordinated statewide assessment summarizing the results of the various OTDA and DOL reviews. Each unit prepares reports summarizing its own reviews, but no overall assessments are made across different units. In addition, DOL officials told us they do not report the results of their reviews to OTDA.

- No TANF case is reviewed for all Federal and State TANF eligibility requirements. Rather, each unit selects its own samples and reviews different eligibility factors.

- Only active TANF cases are reviewed by OTDA and DOL. Denied and terminated applications are not verified to determine whether the denials and terminations were appropriate.

- While up to 800 cases a year receive a broad-based review of the eligibility determination process (the cases reviewed by the A&QC Unit and the Division of Temporary Assistance), these cases are not representative of all TANF cases statewide because they are not selected as part of a single, coordinated sample that is intended to be representative of all TANF cases statewide. The cases reviewed by the A&QC Unit are especially unrepresentative, as they do not include any cases from the 51 smaller local districts and relatively few cases from the six large districts outside New York City.

OTDA officials stated that their review methods target areas of concern and their various reviews complement one another to allow for adequate coverage. They also stated that their review methods are a highly efficient use of their resources. They further stated that they select TANF cases from the sample of food stamp cases because the food stamp sample is representative of public assistance cases statewide. They also indicated that they do not review denied and terminated cases because additional resources would be needed to select such cases and such cases do not have the potential for incorrect payments.

We agree that OTDA's review methods target areas of concern. However, the various reviews do not provide an assessment of

the State's overall compliance with TANF eligibility requirements. Rather, they provide a certain amount of information about some aspects of TANF compliance in certain local districts. We also note that, while the 1,000 cases selected for the food stamp sample may be representative of food stamp cases statewide, the 300 cases in the seven largest districts that happen to include TANF or Safety Net benefits are not necessarily representative of public assistance cases statewide. We further note that, while denied and terminated cases do not have the potential for incorrect payments, incorrect denials and incorrect terminations are not fair to the individuals denied benefits and are contrary to OTDA policy. If denied and terminated cases are not reviewed by OTDA, inappropriate denial and termination practices are less likely to be detected and corrected.

In the absence of an assessment of New York State's overall compliance with TANF eligibility requirements, State officials may be unaware of potentially significant noncompliance with the requirements, and such noncompliance could result in Federal penalties. Therefore, while OTDA's existing review process provides considerable coverage of TANF eligibility determinations in New York State, the coverage would be strengthened if certain improvements were made in the process. We recommend that consideration be given to making these improvements.

Recommendation

To OTDA:

7. In conjunction with DOL, consider the need to enhance the scope of the process used to verify local district compliance with TANF eligibility requirements. In particular, consider ways to facilitate an overall, statewide assessment of New York's compliance with the requirements.

   (OTDA officials responded that DOL and OTDA meet on a regular basis to discuss and resolve interagency issues and to resolve cross-program issues.)

LOCAL DISTRICT PRACTICES

We visited four local districts and reviewed their TANF eligibility determination practices. We identified weaknesses in certain controls relating to these practices. In three of the four districts, the process used by supervisors in reviewing case workers' eligibility determinations was not documented, and in all four districts, recipients' eligibility for TANF benefits was not fully documented in a significant percentage of the cases that we sampled. As a result of these control weaknesses, there is less assurance that individuals receiving TANF benefits in these districts are in fact eligible for the benefits. We recommend that controls be strengthened in these four districts. We also recommend that OTDA take action to prevent similar control weaknesses in the other local districts.

We visited Onondaga County, Suffolk County, Tompkins County and Westchester County to determine whether their TANF eligibility determination practices complied with Federal and State requirements. We interviewed local officials and reviewed a random sample of 20 active TANF cases at each district. We selected the samples from information maintained on OTDA's Welfare Management System.

Eligibility determinations at the local districts are made by the case workers who interview the applicants. The case workers' determinations should be reviewed by district office supervisors to provide assurance the determinations are correct. We asked local officials whether detailed written procedures had been developed to guide the supervisory review process at their districts. We found that such procedures had been developed in Onondaga County, but had not been developed in the other three districts. In the absence of such procedures, there is less assurance case worker determinations will be thoroughly and consistently reviewed by supervisors, and consequently, less assurance errors in the determinations will be promptly detected and corrected.

Our random sample of TANF cases at the four districts included a total of 80 cases. All 80 cases were active and involved recipients who had been ruled eligible for TANF benefits. We reviewed the 80 case files to determine whether all applicable

TANF eligibility criteria had been correctly applied by the local districts in ruling the recipients eligible for TANF benefits. On the basis of documentation either present in the case files or obtained by district officials, we determined that 34 of the 80 recipients were correctly ruled eligible for TANF benefits.

However, we were unable to determine whether the remaining 46 recipients (accounting for 57 percent of the 80 recipients sampled) were eligible for their benefits. We were unable to make this determination because, while some of the information required by Federal and State regulations to document their TANF eligibility was in their files, other required eligibility documentation was not in the files and could not be provided by district officials.

For example, in one of these 46 cases (in Onondaga County), documentation in the files indicated that the recipient satisfied all the eligibility criteria except one; the child's identity was not established and was not properly documented. The recipient's household composition was properly documented, the value of the recipient's personal assets was adequately documented, the recipient's employability assessment and employment plan were documented, and the recipient's compliance with various other relevant requirements was documented. Nonetheless, if there was not at least one related child in the recipient's household, the recipient was not eligible for TANF benefits, and in the absence of documentation verifying the presence of a child, there is no assurance the recipient was in fact eligible for the benefits.

The results of our review are summarized in the following table. As is shown by the table, Tompkins and Westchester Counties lacked significantly more of the required documentation than Onondaga and Suffolk Counties:

	Onondaga County	Suffolk County	Tompkins County	Westchester County	Total
Cases Sampled	20	20	20	20	80
Cases with TANF Eligibility Fully Documented	14	10	4	6	34
Cases Lacking Eligibility Documentation	6	10	16	14	46
Total Number of Eligibility Criteria Not Documented	7	12	19	33	71

For example, at Onondaga County, the recipient's TANF eligibility was not fully documented in 6 of the 20 cases sampled, and the six cases lacked documentation for a total of seven eligibility requirements (an average of about one undocumented requirement per case). In comparison, at Westchester County, the recipient's TANF eligibility was not fully documented in 14 of the 20 cases sampled, and the 14 cases lacked documentation for a total of 33 eligibility requirements (an average of more than two undocumented requirements per case). The eligibility criteria most frequently undocumented were the recipient's identity, household composition, and the name of the missing parent or parents (for child support referral purposes). These three criteria accounted for 38 of the 71 total undocumented eligibility criteria in our sample. We note that, according to Federal regulations, a state can lose up to 5 percent of its TANF block grant if child support referral requirements are not met, and compliance with this requirement was not documented in 11 of the 80 cases in our sample (14 percent).

As a result of the weaknesses that we identified in the four districts' documentation practices, there is less assurance that individuals receiving TANF benefits in these districts are in fact eligible for the benefits. We recommend that the four districts improve their documentation practices, and obtain the missing eligibility documentation for the 46 recipients in our sample. In addition, since similar documentation weaknesses could exist at other local districts, we recommend that OTDA reaffirm to all local districts the documentation requirements for TANF eligibility determinations and follow up where possible to verify the districts' compliance with the requirements.

Of the four local districts that we visited, documentation practices were most in need of improvement at Westchester County. The County had recently implemented a paperless office system, and much of the eligibility documentation may have been missing because of weaknesses in the implementation of this system. As part of the implementation of the paperless system, the hard copies of existing public assistance case records were to be digitally scanned by a contractor. However, the contract did not require that documents be scanned if they were more than one year old. As a result of this omission, some of the documents needed to confirm the eligibility of recipients in our sample were not scanned and were not retained by Westchester County. (In its

response to our draft report, OTDA officials said that these records were available at the contractor.) In addition, some of the scanned documents were not legible, and as a result, could not confirm the TANF eligibility of some of the recipients in our sample.

Since paperless systems will become more common at the local districts, documentation guidelines should be developed by OTDA for such systems. The guidelines should address the need to retain paper documents for active cases, if the documents are not converted to digital format, and should address the need for converted documents to be legibly and accurately converted.

Recommendations

To OTDA:

8. Require the local districts to develop written procedures to guide supervisors in their review of case workers' TANF eligibility determinations.

   (OTDA officials do not believe they have the authority to require local districts to have written procedures. However, they indicate that they will continue to support and encourage local district supervisors' efforts to improve their skills.)

9. Reaffirm to all local districts the documentation requirements for TANF eligibility determinations, and follow up where possible to verify the districts' compliance with the requirements.

   (OTDA officials agreed with this recommendation.)

10. Develop, and issue to the local districts, TANF documentation guidelines for paperless systems. The guidelines should address the need to retain paper documents for active cases, if the documents are not converted to digital format, and should address the need for converted documents to be legibly and accurately converted.

    (OTDA officials agreed with this recommendation.)

Recommendations (Cont'd)

To Suffolk, Tompkins and Westchester County:

11. Develop written procedures to guide supervisors in their review of case workers' TANF eligibility determinations.

    (OTDA officials disagreed with this recommendation, but indicated they will make training available to local district supervisors.)

To the Local Districts:

12. Obtain the missing documentation for the 46 recipients in our sample and confirm the TANF eligibility of the recipients.

    (OTDA officials indicated that a birth certificate will be a primary, rather than a secondary documentation source. Also, they indicated that a social security number rather than a social security card is now a secondary documentation.)

13. Review and strengthen the controls over TANF eligibility determinations to provide better assurance that all required eligibility documentation is maintained by the district.

    (OTDA officials indicated that they are currently preparing a release to remind districts about documentation requirements and that they will continue to conduct TANF reviews in local districts.)

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March 22, 2004

Mr. William P. Challice
Audit Director
Office of the State Comptroller
Division of State Services
State Audit Bureau
123 William Street – 21st Floor
New York, NY 10038

Re: Draft Audit Report – TANF Eligibility Determinations (2003-S-08)

Dear Mr. Challice:

The following is the New York State Office of Temporary and Disability Assistance (OTDA) response to the Office of the State Comptroller (OSC) recommendations offered in the draft report entitled "Office of Temporary and Disability Assistance, TANF Eligibility Determinations".

While your report points out some areas of the TANF eligibility determinations process that could benefit from more attention, it fails to address State TANF program outcomes. The TANF program has four basic tenets, all centered on making cash assistance a temporary aid to return recipients to self-sufficiency. A measure of that success is that, in the last five years alone, caseloads have declined from approximately 324,000 cases in 1998 to 141,000 in 2003. TANF expenditures have declined from $2 billion in 1998 to $918 million in 2003. That is a statewide measure that underscores the success of the State's implementation of Welfare Reform.

* ***Notes 1, 4***

Our specific and general comments on the narrative are as follows:

Verification of Income

Page 5, Last Paragraph: OTDA terminated the match with the IRS in November of 2000 after 15 years of conducting the match. It is based on these 15 years of experience that the agency was able to conclude that the value of the match was far outweighed by the cost of implementing the new IRS security requirements. The match with Social Security Administration (SSA) earnings was terminated many years earlier for similar reasons.

* ***Note 2***

Page 6, Paragraph 1: While you acknowledge that the IRS and SSA earnings data is "generally more than one year old", this is the short end of the data's potential usefulness. Since the data is based on earlier tax years, it can be as much as 30 months old when it is made available for a particular case. The example of this is a TANF case matched with IRS in June of 2004. The most recent data available would be from tax year 2002 and the income could have been received in January of that tax year. Thus January 2002 to June 2004 is 30 months.

Page 6, Paragraph 3: Using FIDM for child support purposes only is in federal welfare reform legislation, not State legislation. OTDA doesn't "hope to obtain authorization to use FIDM"; rather we already have authority [SS Law, Section 144(a)] to obtain financial information from financial institutions for recipients and applicants.

* Note 3

Page 7, Center Paragraph: As far as not seeking approval from the Federal government until the FIDM match is operational, we have already formally corresponded with the Department of Health and Human Services (DHHS) seeking their approval to substitute this match for the IRS match and preliminary discussions have begun.

* Note 4

OTDA feels strongly that our years of experience in the business of conducting the IRS and SSA earnings matches and other matches, as well as mandated and non-mandated quality control/audit activities puts OTDA in a position to render an expert opinion on eligibility verification processes which are effective and those which would be of less value.

OSC continues to state that the Federal government may sanction OTDA for non-compliance that can result in as much as a 2% reduction of the block grant. For 2003, OSC states that it could cost NYS up to $48 million. In fact, if the Federal government found OTDA out of compliance, NYS would have the opportunity to put a corrective action plan in place to correct the situation before any sanction would even be considered.

* Note 4

Verification of Alien Status

Although OTDA is not currently using the automated verification process, the Federal Bureau of Citizenship and Immigration Services (BCIS) verified to us in writing that the secondary manual verification process is still acceptable until such time that their new web-based system is implemented and NYS has access to it. OTDA tried to comply with the automated process, but, as stated in the report, BCIS was not accepting any new states. OTDA is currently discussing how to make the web-based application available to districts.

OTDA Oversight and Monitoring

Page 15, First Bullet: During their TANF reviews, the Division of Temporary Assistance (DTA) does review Safety Net cases to ensure correct coding and claiming of Maintenance of Effort (MOE). Failure to meet federal MOE requirements or improper reporting of MOE could result in the threat of federal fiscal penalties.

* See State Comptroller's Notes, page 43

The report reflects a bias on the part of OSC that the only way to properly oversee and monitor the TANF program is to do one all encompassing audit covering all aspects of the program. For a program as complex as TANF, and in New York State, with its 58 social service districts, a single all encompassing audit provides little information that can be used by managers to identify potential problems and effectively plan and implement corrective actions. We note that in conducting its audit, OSC did not draw a statewide sample, but instead did district specific reviews, and used findings from those few districts to generalize to all State operations. This process is similar to the process OTDA uses, and we believe it to be a more effective and efficient process than a statewide sample.

* Note 5

In addition, every year the State is subjected to the Single Audit process that requires that an independent audit firm review State compliance with federal rules and regulations. Since the inception of the TANF program, the Single Audit process in general has continually found that the State is in compliance with federal rules and regulations.

* Note 6

The report notes that the Audit and Quality Control (A&QC) sample (about 300 cases sampled per year), with 46 public assistance cases reviewed for six upstate districts and the remainder of the sample consisting of NYC cases, is not representative of State public assistance cases. The report fails to note that the six districts and NYC make up about 88% of all public assistance cases and expenditures, and the sample is therefore representative of about 88% of public assistance cases and expenditures in the State. Historically the remaining 51 districts, representing about 12% of public assistance cases and expenditures, have had very low eligibility error rates. Under the AFDC-QC program's review of eligibility determinations, the 51 districts had eligibility payment error rates ranging from about 1% to 3%. This low eligibility error rate continues to be true for those 51 districts in the ongoing Food Stamp Quality Control program's review of Food Stamp eligibility determinations.

* Note 7

The report implies that there is no sharing of review or audit findings. On the contrary, A&QC shares case findings with DTA as reviews are conducted, and issues a summary report of findings to DTA that DTA uses for planning future program improvements. The Department of Labor (DOL) and OTDA meet on a regular basis to discuss and resolve interagency issues and to resolve cross-program issues and other issues of mutual interest.

* Note 8

Local District Practices

Page 20, Last Paragraph: In Westchester County, the contractor scans the documents and retains the non-scanned records. These non-scanned records can be provided on request from the contractor.

The lack of documentation of identity is given as an example of the errors found in the districts. Of the error cases provided to DTA for review, a significant number had elements that were found to be in error because only one source of documentation, rather than two were found. For example, a number of cases were cited for lack of appropriate documentation of identity. In many of those cases, the person lacking full documentation was a child. In many of the identity

error cases, a birth certificate was found for the child and the social security number for the child was validated via an automated process with the Social Security Administration (SSA).

However, the case was found to be in error because the LDSS-2642 "Documentation Requirements" does not list the birth certificate as a source of documentation of identity that can verify identity without a secondary source. A secondary source would be a social security card. We are revising the documentation requirements form so that a birth certificate will serve as verification of identity without a secondary source. The form has already been revised to allow a social security number as a secondary source of documentation of identity.

Our specific responses to individual findings and recommendations are as follows:

1. **Recommendation: Seek Federal approval for alternative income verification procedures. If not obtained, take the necessary steps to fully comply with Federal TANF income verification requirements, including obtaining and safeguarding IRS non-wage data and SSA earned income data, and use the data to verify applicant income.**

   Response: OTDA agrees with the recommendation to seek Federal approval for alternative income verification procedures. We have formally corresponded with the DHHS regarding these issues and preliminary discussions have begun.

2. **Recommendation: Work with BCIS to implement an automated verification process for alien status, and confirm local district compliance with the verification requirements.**

   Response: OTDA is currently working toward making a web-based application for verification of alien status available to districts.

3. **Recommendation: Authenticate the immigration documentation of the 97 individuals whose documentation was not authenticated, and verify their eligibility for TANF benefits.**

   Response: We will request that the districts secure the missing documentation.

4. **Recommendation: Perform additional audits of local district FEDS practices to determine whether the districts are complying with FEDS requirements. If the number of FEDS audits cannot be increased, incorporate an audit of FEDS compliance into other audits of district practices.**

   Response: We generally agree with this recommendation. Local district audits of FEDS operations will be incorporated in the audit plan for FY 04/05.

5. **Recommendation: Develop local controls for improving local district compliance with FEDS requirements, such as systems for tracking the number of FEDS referrals by case worker and identifying staff who need additional training and/or supervision.**

   Response: OTDA will work with the local districts to improve monitoring efforts at the local district level. This will be accomplished as part of our onsite audits and reviews, monitoring of reports submitted by the local districts and the implementation of performance measures.

6. **Recommendation: Assess the need for additional FEDS training for caseworkers, and provide such training as needed.**

   Response: Although this finding is directed to the local districts, OTDA is taking a pro-active role regarding FEDS training. Meetings are being held with the OTDA training office to develop a new training curriculum and plan the delivery of training through onsite regional training, computer assisted instruction and teleconferencing.

7. **Recommendation: In conjunction with DOL, consider the need to enhance the scope of the process used to verify local district compliance with TANF eligibility requirements. In particular, consider ways to facilitate an overall, statewide assessment of New York's compliance with the requirements.**

   Response: DOL and OTDA meet on a regular basis to discuss and resolve interagency issues and to resolve cross-program issues and other issues of mutual interest.

8. **Recommendation: Require the local districts to develop written procedures to guide supervisors in their review of caseworkers' TANF eligibility determinations.**

   Response: We do not believe that we have the authority to require districts to have written procedures for the supervisors to follow when reviewing a case. However, OTDA's Division of Program Support and Quality Improvement has developed and is offering training for local district supervisors. OTDA will continue to support and encourage local district supervisors' efforts to improve their skills.

   * Note 9

9. **Recommendation: Reaffirm to all local districts the documentation requirements for TANF eligibility determinations, and follow up where possible to verify the districts' compliance with the requirements.**

   Response: DTA is currently preparing a release to remind districts about the documentation requirements. DTA will continue to conduct TANF reviews in local districts.

* See State Comptroller's Notes, page 44

10. **Recommendation: Develop, and issue to the local districts, TANF documentation guidelines for paperless systems. The guidelines should address the need to retain paper documents for active cases, if the documents are not converted to digital format, and should address the need for converted documents to be legibly and accurately converted.**

    Response: There is an active OTDA workgroup that has been working on guidelines for paperless office systems. The workgroup includes local district staff.

11. **Recommendation: Develop written procedures to guide supervisors in their review of caseworkers' TANF eligibility determinations.**

    Response: DTA will not require districts to develop written procedures but will make training available to local district supervisors.

    * Note 8

12. **Recommendation: Obtain the missing documentation for the 46 recipients in our sample and confirm the TANF eligibility of the recipients.**

    Response: We have reviewed our documentation requirements and have determined that for identity, a birth certificate should be a primary source of documentation of identity, not a secondary source and we plan to revise the LDSS-2642 Documentation Requirements form accordingly. We have already substituted "Social Security Number" as a secondary source of documentation of identity in place of "Social Security Card". For those cases with other documentation errors, we will request that the districts secure the missing documentation.

13. **Recommendation: Review and strengthen the controls over TANF eligibility determinations to provide better assurance that all required eligibility documentation is maintained by the district.**

    Response: DTA is currently preparing a release to remind districts about the documentation requirements. DTA will continue to conduct TANF reviews in local districts.

Thank you for sharing the report with us and we trust that our comments will be considered and the appropriate changes made to the report prior to its final release.

Sincerely,

Robert Doar

* See State Comptroller's Notes, page 44

State Comptroller's Notes

1. While we acknowledge that the TANF roles have declined, it is important to note that public assistance recipients are entitled to 60 months of TANF benefits. Once a recipient has exhausted their TANF benefits and if they have not attained self-sufficiency, they remain on public assistance by transitioning to the State's Safety Net Assistance Program. Recipients began exhausting their TANF benefits in December 2001. As of December 2003, more than 49,000 cases had left TANF and transitioned to Safety Net.

2. OTDA did not seek or obtain Federal approval to discontinue these matches. To comply with Federal law these matches must be performed. Noncompliance increases the risk of a Federal sanction.

3. According to OTDA officials, they have established processes to collect financial data from financial institutions that conduct business in New York as a means to identify assets of parents who are delinquent in child support obligations. Officials plan to expand this process to include identifying assets of public assistance recipients. We clarified our report to reflect that FIDM was mandated with the enactment of the Federal Welfare Reform Act. However, OTDA is only authorized to use FIDM for Child Support Enforcement purposes. Therefore, OTDA should discuss using the FIDM process with Federal authorities to learn if this process can be used for purposes other than child support enforcement.

4. We revised our report to reflect this information.

5. Our report recognizes that OTDA's audits provide substantial coverage of TANF eligibility. We are not suggesting that OTDA do a single, all encompassing audit. Instead, we are suggesting that OTDA, working with DOL, can coordinate and supplement their current audit scopes and methodologies to achieve an overall assessment of the State's compliance with the TANF eligibility requirements.

6. OTDA officials recently informed the external auditors conducting the 2003/04 Single Audit that OTDA is not complying with Federal IEVS requirements. Officials provided us with the external auditors finding document noting OTDA's non-compliance.

7. We do not believe that the current method OTDA uses to determine the eligibility error rate results in a true representation of compliance with TANF requirements. For example, the sample that OTDA uses is drawn from a population of only Food Stamp cases, it omits those individuals who are receiving TANF assistance but not Food Stamps.

8. While OTDA and DOL do meet regularly, DOL officials stated that they do not share their review results with OTDA. We believe it is important that they do, so that OTDA can consider DOL's review results to focus their oversight efforts.

9. Pursuant to Section 20 of the Social Services Law, OTDA does have the authority and responsibility to administer all forms of public assistance work for which the State is responsible. In this capacity, OTDA does have the authority to require districts to have written procedures for supervisors to follow when reviewing a case.