

Office of  
LEGISLATIVE AUDITOR GENERAL  
State of Utah

REPORT NUMBER 2004-07

August 2004



## Review of Decision-making Process Used to Obligate Federal TANF Surplus Funds

The Office of the Legislative Auditor General was asked to review how the Department of Workforce Services (DWS) obligated surplus funds from the federal Temporary Assistance for Needy Families (TANF) grant. Because Fiscal Year 2002 was the last year of the six-year federal TANF grant (beginning in federal fiscal year 1997), DWS sought input on how to best use the accumulated TANF funds before the end of the grant. During General Session 2001 (Fiscal Year 2002), the surplus was projected at \$28 million. Currently, (as of March 2004), DWS estimates \$10.5 million federal TANF surplus funds still remain.

We conducted a limited review of the process to determine whether more extensive audit work was necessary. Based on the findings in this review, we do not recommend further audit work. Specifically, we found:

- **A Legitimate Decision-Making Process Was Followed.**  
DWS—as the state agency recognized by the federal government for managing TANF funds—along with the Statewide Council on Workforce Services and its regional councils followed a legitimate public process to obligate \$21 million in federal TANF surplus funds. Based on our review of DWS prioritization documents, council minutes, stakeholder interviews and other analysis, we concur with the Legislative Fiscal Analyst (LFA) who reported to the Legislature that there was an acceptable decision-making process. LFA described the process as an “open system, with explicit criteria which seemed to be well thought out.”

- **Executive Oversight Existed.** The decision-making process, which occurred in the months prior to General Session 2001, was under the direction of the Governor’s Office of Planning and Budget (GOPB). There was also legislative participation from LFA and from a legislator who sat on the State-wide Council on Workforce Services. GOPB reviewed projects to ensure compliance with TANF guidelines and to ensure projects met GOPB intent of “one-time needs.” (GOPB did not want to obligate funds which would develop an expectation in the community of continuing services since the funds were surplus funds, not on-going TANF funds.)
- **The Legislature Approved TANF Surplus Projects.** Ultimately, during General Session 2001, the TANF projects prioritized by the State-wide Council were approved by the Commerce & Revenue Appropriations Subcommittee as part of the Fiscal Analyst’s overall budget recommendations.
- **Not All TANF Surplus Funds Were Spent.** Of the \$21 million surplus funds put to the prioritized list, the department has spent \$12 million as of March 2004. (Many projects were placed “on hold” by GOPB when budget shortfalls became apparent in 2001 and have not been pursued.)
- **TANF Surplus is Funding the New “eREP” Eligibility System.** However, in General Session 2002, the remaining funds in the initial prioritization—as well as additional TANF surplus funds—were obligated through legislative intent to replace the Public Assistance Case Management Information System (PACMIS) and create the new “eREP” system (the electronic Resource and Eligibility Product) for TANF and child care eligibility determination. DWS reported to the Legislature in General Session 2004 that approximately \$30 million in federal TANF funding is being used to develop eREP.

**DWS Followed Legitimate Process  
in Obligating TANF Surplus Funds**

Figure 1 contains a time line of key events which evidence the process DWS, the State-wide Council on Workforce Services and GOPB used to obligate federal TANF surplus funds.

**Figure 1. Highlights in the Process to Obligate Federal TANF Surplus Funds.**

Date	Event / Process / Action
October 1996	Six-year federal TANF grant authorized to states through U.S. Congress HR 3744 "Personal Responsibility and Work Opportunity Reconciliation Act of 1996"
June 2000	In consultation with federal TANF agents, DWS officials decide timing is right to begin process to obligate portions of the growing TANF surplus.
June – October 2000	TANF expenditure parameters and time line developed by DWS and State-wide Council • DWS regions trained on TANF surplus guidelines • Regions solicit input from stakeholders and public • Regions submit prioritized list of suggested projects • Region council chairs and DWS prioritize overall list to present to State-wide Council • GOPB reviews list • Legislative Fiscal Analyst monitors process
October – November 2000	State-wide Council on Workforce Services votes unanimously to accept prioritized list of TANF surplus projects totaling \$21 million • GOPB and DWS summarize list to present to Commerce and Revenue Appropriations Subcommittee in 2001
January – February 2001	Analyst summarizes DWS process for obligating TANF surplus funds • DWS presents list to Commerce & Revenue Appropriations Subcommittee • Sub-committee votes to approve list as part of analysts' overall budget recommendations
March 2002	The Legislature obligates more TANF surplus funds: "It is the intent of the Legislature that the Department of Workforce Services use TANF funds to replace the Public Assistance Case Management Information System (PACMIS) to provide an upgraded and integrated eligibility determination system for Temporary Assistance for Needy Families (TANF), and child care" (H.B. 1 "Supplemental Appropriations Act," 2002 General Session, p. 14).
February 2004	During General Session 2004, DWS reports to the Health & Human Services Appropriations Subcommittee that approximately \$30 million in federal TANF funds are being used to develop the integrated eligibility determination system for TANF and child care, known as "eREP."
March 2004	DWS estimates \$10.5 million in remaining TANF surplus funds at end of Federal Fiscal Year 2004 (September 30, 2004)

To conclude, we believe there was a legitimate public process used by DWS and the State-wide Council to obligate federal TANF surplus funds. Furthermore, all spending proposals were presented to the Legislature in

General Session 2001. Funding for the largest TANF project (the eREP system) was obligated through legislative intent language in 2002.

### **Recommendation**

1. We recommend to the audit subcommittee that no further audit work is necessary on the TANF surplus funds at this time.

**Agency Response**



**State of Utah**  
**Department of**  
**Workforce Services**

**OLENE S. WALKER**  
*Governor*

**GAYLE F. MCKEACHNIE**  
*Lieutenant Governor*

**RAYLENE IRELAND**  
*Executive Director*

**DARIN BRUSH**  
*Deputy Director*

**JAMES C. WHITAKER**  
*Deputy Director*

15 July 2004

Wayne L. Welsh  
W315 Utah State Capitol Complex  
Salt Lake City, Utah 84114-5315

Wayne,

Thank you for the opportunity to review the audit findings for the **Review of Decision-making Process Used to Obligate Federal TANF Surplus Funds** (Report No. 2004-07).

I appreciate the professional manner in which your auditor, Darin Underwood accomplished this audit and I support and endorse his findings as well as the recommendation.

Sincerely,

Raylene G. Ireland  
Executive Director