

GAO Highlights

Highlights of [GAO-24-107798](#), a statement for the record to the Committee on Ways and Means, House of Representatives

Why GAO Did This Study

Annually, the federal government provides \$16.5 billion to states in TANF block grants. In addition, states collectively spend approximately \$15 billion of their own funds. States have increasingly shifted spending from assistance to non-assistance services. Questions have been raised about accountability in the use of TANF funds.

The House Committee on Ways and Means requested GAO review TANF spending and related control practices. This statement is based on GAO's preliminary observations from ongoing work on these topics. This statement describes 1) trends in TANF expenditures over time; 2) the extent of unresolved TANF single audit findings; and 3) how single audit findings can relate to TANF fraud, among other topics.

To conduct the ongoing work on which this statement is based, GAO analyzed state TANF expenditure data from fiscal year 2015 through 2022 (the most current data available), TANF state single audit findings, and adjudicated court cases involving TANF fraud. GAO also reviewed relevant federal laws, regulations, and agency documents.

HHS provided technical comments, which we incorporated as appropriate.

GAO is conducting ongoing work on these and other aspects of TANF and planning to issue related reports in late 2024 and early 2025. GAO will make recommendations in these reports, as warranted.

View [GAO-24-107798](#). For more information, contact Kathryn A. Larin at (202) 512-7215 or larink@gao.gov.

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TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

Preliminary Observations on State Budget Decisions, Single Audit Findings, and Fraud Risks

What GAO Found

Each year, states provide millions of low-income individuals and families cash payments and other supports funded by the Temporary Assistance for Needy Families (TANF) block grant. From fiscal years 2015 to 2022, spending on services such as work-related, education, and training activities—known as “non-assistance,”—increased by 7.1 percent. Over the same period spending on “assistance” including cash payments to qualifying low-income families, decreased by 8.5 percent. However, trends in individual states' use of TANF funds may differ from nationwide trends because states have significant discretion in how to use their TANF block grant funds. Nationwide, state spending in fiscal year 2022 on non-assistance (\$13.8 billion) exceeded spending on assistance (\$7.9 billion).

As part of TANF oversight, independent auditors conduct single audits, and states are required to take corrective action on audit findings as part of their responsibilities as TANF grant recipients. Based on a preliminary review of the most recently available state single audit reports, as of April 30, 2024, GAO identified 155 unresolved TANF findings. (See table.) Auditors reported 50 findings that were “severe,” meaning they involved a material weakness, and 89 that were significant deficiencies. A material weakness is a deficiency in internal control in which there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. Ninety-nine of the 155 findings have repeated for at least 1 year, meaning they were the same as, or substantially similar to, a finding in a previous audit. These single audit findings—especially those categorized as material weaknesses—are considered particularly serious, as they can indicate severe, longstanding, and uncorrected risks and issues in a federal program.

Number of Unresolved Findings in State Temporary Assistance for Needy Families Single Audit Reports, as of April 30, 2024

Report year	Number of states with findings	Number of unresolved findings
2023	35	102
2022	14	48
2021	2	5
Total	51	155

Source: GAO analysis of Federal Audit Clearinghouse data. | GAO-24-107798

GAO identified TANF fraud risks—such as billing fraud—in its preliminary review of repeat single audit findings. For example, audits spanning 7 fiscal years found that a state agency did not require TANF subrecipients to include supporting documentation for reimbursement requests. GAO also identified similar fraud risks in its preliminary review of selected adjudicated court cases. For example, in 2018, a federal court found that some employees of a TANF subrecipient submitted inflated payroll expenses, including for nonexistent personnel, and inflated invoices with false mileage information. They spent the funds on real estate, resort vacations, and cosmetic surgery, among other things.