

GAO Highlights

Highlights of [GAO-25-107290](#), a report to congressional requesters

Why GAO Did This Study

Since 1996, the TANF block grant has provided \$16.5 billion annually in federal funding to states to help support low-income families and address community needs. Recent information from state auditors and the U.S. Department of Justice highlight concerns about whether vulnerabilities in TANF create opportunities for program participants and others to misuse or divert funds.

GAO was asked to review TANF spending. This report examines the extent to which HHS identified and assessed TANF fraud risks. It is part of a series of reports reviewing TANF, see [GAO-25-107235](#).

GAO reviewed HHS's fraud risk assessment for TANF and related policies, plans, and methodologies. GAO also interviewed HHS officials. GAO compared this information against leading practices for fraud risk management. GAO independently identified TANF fraud risks by reviewing court cases; state single audit reports; and prior GAO reports. GAO also interviewed state and local officials, including auditors, from eight states selected based on geography and variation in poverty level.

What GAO Recommends

GAO is making seven recommendations to HHS, including to develop clear guidance and standard procedures for regular risk assessments, communicate with state and local stakeholders, and improve the Fraud Risk Assessment Portal design. HHS concurred with five recommendations and did not fully concur with two on the portal. GAO maintains these are valid, as discussed in the report.

View [GAO-25-107290](#). For more information, contact Seto J. Bagdoyan at (202) 512-6722 or BagdoyanS@gao.gov.

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TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

Additional Actions Needed to Strengthen Fraud Risk Management

What GAO Found

In July 2024, the U.S. Department of Health and Human Services (HHS) completed its first Temporary Assistance for Needy Families (TANF) fraud risk assessment using its Fraud Risk Assessment Portal. It identified and assessed 21 fraud risks. GAO categorized these 21 fraud risks into nine broad categories.

Categories Describing the Temporary Assistance for Needy Families (TANF) Fraud Risks Identified and Assessed by the U.S. Department of Health and Human Services

 Billing fraud	 Conflict of interest	 Conspiracy
 Cyber exploit	 Diversion	 Misrepresentation
 Misuse of award funds	 Personally identifiable information theft	 Skimming

Sources: GAO analysis of TANF fraud risks the U.S. Department of Health and Human Services identified in its TANF fraud risk profile as of July 2024; Icons-Studio/stock.adobe.com (icons). | [GAO-25-107290](#)

However, HHS's process for assessing risks is not fully consistent with leading practices for fraud risk management, as outlined below.

Lack of clear guidance or procedures on planning and conducting regular TANF fraud risk assessments. HHS has not established clear guidance or procedures related to planning and conducting regular TANF fraud risk assessments. Specifically, HHS does not have clear and finalized guidance to ensure these assessments occur regularly. Also, HHS does not have standard procedures for conducting TANF fraud risk assessments.

Relevant state or local stakeholders not involved in the TANF fraud risk assessment process. HHS did not engage directly with state and local TANF agencies, or their respective Offices of Inspectors General or auditors, to identify TANF fraud risks while conducting the program's fraud risk assessment. According to HHS officials, their ability to require these stakeholders to provide information on TANF fraud risks is limited. The Social Security Act prohibits oversight activities of state TANF programs beyond what is explicitly outlined in law. However, HHS is not prohibited from requesting input from stakeholders.

Likelihood, impact, and tolerance of identified fraud risks, and additional risks are not assessed or determined. HHS's Fraud Risk Assessment Portal—used to conduct the assessments—is not designed to assess the likelihood or impact or determine tolerance of fraud risks identified. Additionally, the portal is not designed to assess additional fraud risks facing a program, such as TANF.

Having a process for assessing fraud risks that is fully consistent with leading practices can help HHS ensure that its managers are aware of evolving fraud risks and are efficiently and effectively managing them.