SESSION 3

Comprehensive TANF Spending Oversight

TANF Program Integrity Office Hours

How States Can Standardize and Strengthen Risk-based Sub-recipient Monitoring

July 16, 2026

As you join, please share in the chat:
Your name, state, and title

STAR
STATE AND TRIBAL
TECHNICAL ASSISTANCE AND RESOURCES

WELCOME

Janelle Jones
TTASI Program Specialist
Administration for Children and Families
Office of Family Assistance

Sam Vance
Program Integrity Lead
Project STAR
Mathematica

WHY THIS MATTERS

REPORTING GAPS

Key finding: States must report TANF spending by category, but GAO found reporting often lacks detail on subgrantees and planned non-assistance spending.

GAO-25-107235 (2024)

FRAUD RISK PROCESS GAPS

Key finding: HHS lacks standard procedures for regular fraud risk assessments and does not consistently involve state and local partners. Without a consistent process, HHS can't easily spot patterns of risk across states or detect early warnings.

GAO-25-107290 (2025)

SUB-RECIPIENT RISK DUTY

Key finding: Federal rules require pass-through entities to assess each sub-recipient's risk and tailor monitoring — prior experience, audit history, and system changes all factor in.

2 CFR 200.332

WHAT THIS MEANS FOR YOUR AGENCY:

Strong, standardized sub-recipient monitoring is both a federal expectation and one of the most direct ways your agency can close these gaps.

FIVE COMMON RISK DOMAINS

Intergovernmental risk tools and checklists from government accounting experts converge on the same core elements.

Financial Stability

Cash flow, audit results, and budget variance reveal real risk.

Legal & Compliance Standing

Lawsuits, debarment status, and SAM.gov screening come first.

Audit & Monitoring History

Prior findings, single audit results, and time since the last site visit.

Programmatic Experience

Years managing this program, and any experience with federal awards.

Staff & System Stability

Staff turnover, new systems, and whether funds are tracked by award.

Sources: *Association of Government Accountants (AGA) Risk Assessment Monitoring Tool (2009); Colorado Office of State Controller Subrecipient Risk Checklist; Harper & Wong, "The New Normal," Government Finance Review (2020)*

FOUR KEY PRACTICES IN RISK-BASED MONITORING

01 Standardize the Process

Use one documented manual across every program so monitoring looks the same no matter who is reviewing what.

02 Tier by Risk

Use a self-assessment to sort sub-recipients into risk tiers, then scale audit intensity to match.

03 Separate & Cross-Check Duties

Have fiscal and program staff review each other's findings before anything goes back to the provider.

04 Formalize Corrective Action

Pair every finding with a documented corrective action plan and a clear path to escalation.

MATCHING MONITORING TO RISK

INCREASED RISK LEADS TO INCREASED LEVEL OF OVERSIGHT

MINIMAL REVIEW

Sub-recipients: Experienced with a clean audit history and stable operations.

Oversight: Scheduled financial report reviews and periodic check-ins.

STANDARD REVIEW

Sub-recipients: First-time contract, new staff, system changes, or minor findings from a prior review.

Oversight: Desk audits and more frequent reporting.

INTENSIVE REVIEW

Sub-recipients: Repeated or significant errors identified through monitoring.

Oversight: Onsite visits, deeper invoice sampling, and a documented corrective action plan.

Tier labels are illustrative — GAO's improper payments risk simulator shows the same pattern: risk-based control tiers can catch more at the same cost as a uniform standard applied to everyone.

HOW THE ESCALATION PROCESS WORKS

1

Self-Assessment

Each sub-recipient completes a questionnaire on prior audits, grant experience, and financial systems.

2

Risk Tier Assigned

Responses set the depth, frequency, and method of monitoring for the year ahead.

3

Ongoing Monitoring

Desk reviews, site visits, and quarterly invoice audits run on the schedule the risk tier sets.

4

Escalation & Corrective Action

Recurring errors automatically raise the risk tier and trigger a documented corrective action plan.

WHERE TO START: TOOLS YOU CAN USE TODAY

AGA Risk Assessment Monitoring Tool (2009)

A free tool developed with OMB, covering legal, financial, and programmatic risk.

AGA Subrecipient Monitoring & Self-Assessment Guide (2017)

A practical field tool developed with state practitioners, structured around the Uniform Guidance — the federal rules that govern how all federal grant dollars must be managed and monitored.

State Subrecipient Oversight Trainings and Checklists

Several states publish staff trainings and ready-to-adapt sample scoring sheets you can start from.

- Arizona Subrecipient Monitoring Training (2019) - Colorado Subrecipient Assessment Tool (2024)

GAO's Standards for Internal Control (Green Book)

A federal framework state and local agencies can adopt to design and operate internal controls across operations, reporting, and compliance.

State in Focus: Nebraska

Building a standardized, risk-based sub-recipient monitoring system from the ground up.

Michaela Hirschman, Deputy Director of Policy and Programs
Nebraska Office of Economic Assistance

WHAT PROMPTED THE CHANGE

A mix of audit findings, lessons learned, and a decision to question the status quo.

- State audit findings and internal lessons learned exposed real, if small, gaps in oversight.
- 27 programs, 27 different approaches — consistency depended on which staff person you asked.
- Leadership wanted a standardized process tied directly to 2 CFR 200, not just better intentions.
- The goal wasn't more money or staff — it was aiming the review effort where risk actually was.
- One program got a 100% review – meaning a manual review of every invoice – with no findings, while a higher-risk program wasn't reviewed enough.

THE TURNING POINT

Is doing something the way it's always been done a reason to keep doing it that way?

FROM AD HOC TO STANDARDIZED

***27 programs, 27 different ways of monitoring** — made consistent with one manual.*

BEFORE

Monitoring varied by program

- Each program team set its own review approach
- No shared risk assessment or audit rate
- Corrective actions weren't always documented
- Staff couldn't easily move between programs

AFTER

One manual for all programs

- Every program follows the same risk-based process
- Risk-assessment sets audit rate: 10%, 30%, or 30%+
- Corrective action plans are formalized and tracked
- Staff expertise transfers across programs

BUILDING THE RISK ASSESSMENT MANUAL

It took 18 months *— not because the work was especially complicated, but because the buy-in mattered.*

STEP 1

Review & Identify Gaps

Pull lessons from past audit findings and inconsistent program-level practices.

STEP 2

Draft & Gather Feedback

Circulate sections to frontline program and finance staff for input, not just sign-off.

STEP 3

Route for Approval

Run the draft through every program, procurement, and leadership level.

STEP 4

Adapt & Implement

Each program builds its own mini-version on the shared template.

Result: Every program now follows the same process, with only the subject matter changing.

TWO THREADS, ONE REVIEW

***Fiscal and program staff see different things** —the manual makes sure both get checked.*

FISCAL LENS

Does It Add Up?

Fiscal staff ask:

- Does this dollar amount match the contract?
- Where did this cost methodology come from?
- Is this expense allowable under the award?

PROGRAM LENS

Does It Make Sense?

Program staff ask:

- Is this service meeting the intent of the contract?
- Does this wording match what was approved?
- Is the outcome consistent with what families need?

HOW IT COMES TOGETHER

- Cross-review of invoices, audit/site visit findings and program outcome data for accuracy, allowability, and compliance before any findings go back to the provider

- Separation of duty on every payment
- Staff empowered to question findings
- Each side catches what the other misses

THE RIPPLE EFFECT

***One manual,** three different ripple effects.*

Reviewers Speak Up

Staff who never saw themselves as auditors now feel empowered to request a second opinion on unusual charges or ask providers where a cost estimate came from.

Providers Feel It Too

New documentation requirements caught real overpayments – detecting and preventing those saves real money

Bids Changed, Too

Lessons from monitoring now shape how new solicitations and contracts get written before money goes out.

THE SHIFT: From paperwork that got filed to questions that get answered.

LESSONS FOR OTHER STATES

Risk Tiers Save Resources

A risk-assessment lets you focus deep review where it's actually needed, not everywhere at once.

One Manual, Many Programs

A shared process means staff expertise transfers across programs, and reviews look the same no matter who's doing them.

Cross-Check Before You Communicate

Having fiscal and program staff review each other's findings catches more errors and improves accuracy *before* it reaches the provider.

Build In Time for Buy-In

Involving frontline staff early costs time upfront but pays off in adoption later.

DISCUSSION

- How does your agency currently assess sub-recipient risk — formally or informally?
- Where do your fiscal and program teams currently interact in contract oversight?
- What would standardizing monitoring across programs take in your agency?
- What’s one practice from today’s session you could pilot in the next 90 days?

THANK YOU!

Resources & Next Steps

The companion product and session recording will be posted on the PI Office Hours webpage within two weeks.

Want to talk through your agency's risk tiering approach? Reach out for a 1:1 follow-up.

Next session — Date to be confirmed!

Session 4: Using data to inform program and spending decisions

Contact & Resources

Email: STARinfo@blhtech.com

STAR Website: peerta.acf.hhs.gov

PI Office Hours Webpage:

peerta.acf.hhs.gov/program-integrity-office-hours

STAR

Program Integrity Office Hours – Session 3 Recap and Takeaways

Comprehensive TANF Spending Oversight:

How States Can Standardize and Strengthen Risk-based Sub-recipient Monitoring

BUILDING A RISK-BASED MONITORING SYSTEM

WHY CHANGE?

- 27 programs used different monitoring processes
- Inconsistent practices across the agency
- Limited staff resources
- Need for a standardized, risk-based approach

NEBRASKA'S SOLUTION

- Standardized monitoring manual for all programs
- Risk-based monitoring levels for providers
- Joint fiscal and program reviews
- Annual monitoring plans for every provider
- Consistent framework with room for professional judgement

Identify Risk → Assign Monitoring Level → Joint Program + Fiscal Review → Annual Monitoring Plan → Adjust Oversight as Risk Changes

KEY DISCUSSION THEMES AND LESSONS LEARNED

ADAPTIVE MONITORING

- Monitoring changes as risk changes
- Corrective actions increase oversight
- Monitoring decreases when issues are resolved

CROSS-AGENCY COORDINATION

- MOUs with partner agencies
- Central TANF oversight maintained

TECHNOLOGY

- SharePoint document sharing
- Shared email communication
- No dedicated provider portal

LESSONS LEARNED

- Standardization improves consistency
- Collaboration strengthens accountability
- Buy-in takes time
- No additional staff required

WHAT'S COMING NEXT AND HOW TO GET SUPPORT

NEXT SESSION IN THE SERIES

Session 4 – DATE TBD

Data-Informed Program Decision-Making

How agencies can move from collecting data to actively using it in program and budget decisions.

GET SUPPORT

Program Integrity Resource Library

Practitioner resources on program integrity are available at peerta.acf.hhs.gov.

Subscribe to the STAR Learning Loop for updates on new resources and upcoming sessions in this series.

Request TA

States and Tribes can request individualized technical assistance through the STAR project at peerta.acf.hhs.gov.

Contact Us

Questions about the session or companion product? Reach us at STARinfo@blhtech.com.