



U.S. Department of Agriculture
Office of Inspector General



Food and Nutrition Service's Supplemental Nutrition Assistance Program Fraud Risk Assessments

Audit Report 27601-0001-24

We evaluated FNS' fraud risk assessment process for SNAP EBT and the design and implementation of its strategy to mitigate fraud risks.

OBJECTIVE

Our objective was to evaluate FNS' fraud risk assessment process for SNAP EBT and the design and implementation of its strategy to mitigate fraud risks.

REVIEWED

We reviewed GAO and Office of Management and Budget fraud risk management guidance, as well as regulations, policies, procedures, and other published materials to understand SNAP EBT and related FNS activities. We also reviewed FNS documentation related to FY 2023 fraud risk management activities and interviewed FNS officials.

RECOMMENDS

We recommend that FNS implement GAO's leading practices for SNAP at the program level: (1) designate a dedicated fraud risk management entity; (2) comprehensively assess fraud risks; (3) document the fraud risk profile; and (4) design and implement an antifraud strategy based on the fraud risk profile.

WHAT OIG FOUND

The Food and Nutrition Service (FNS) reported replacing more than \$220.1 million in stolen Supplemental Nutrition Assistance Program (SNAP) Electronic Benefit Transfer (EBT) benefits with Federal funds for fiscal years (FYs) 2023 and 2024. Those benefits were stolen via electronic methods, such as card-skimming schemes.

Federal guidance and legislation have increasingly emphasized the need for program managers to take a strategic approach to managing fraud risks. The Government Accountability Office (GAO) published *A Framework for Managing Fraud Risk in Federal Programs* (Fraud Risk Management Framework) in 2015, which provides a comprehensive set of leading practices to help agencies and Federal program managers strategically manage their fraud risks at the program or agency level.

We found that FNS has not comprehensively assessed SNAP fraud risks in adherence with the GAO Fraud Risk Management Framework, nor has it documented a prioritized approach to managing fraud risks. This occurred because FNS has not implemented GAO's Framework, including: (1) assigning clear responsibilities to a dedicated entity for designing and overseeing the fraud risk assessment process, (2) developing a fraud risk profile, and (3) establishing an antifraud strategy. As a result, FNS is not meeting the objective of fraud risk management which is to ensure program integrity by continuously and strategically mitigating both the likelihood and effects of fraud, while also facilitating the program's mission.

FNS agreed to corrective action on all four of our recommendations and we accepted management decision for all recommendations.



OFFICE OF INSPECTOR GENERAL

United States Department of Agriculture



DATE: May 29, 2025

**AUDIT
NUMBER:** 27601-0001-24

TO: James C. Miller
Administrator
Food and Nutrition Service

ATTN: Amanda Musgrove
Director
Office of Internal Controls, Audits and
Investigations

FROM: Yarisís Rivera-Rojas
Acting Assistant Inspector General for Audit

SUBJECT: Food and Nutrition Service's Supplemental Nutrition Assistance Program Fraud
Risk Assessments

This report presents the results of our audit of Food and Nutrition Service's (FNS) Supplemental Nutrition Assistance Program (SNAP) Fraud Risk Assessments. Your written response to the official draft is included in its entirety at the end of the report.

In addition to responding to our four recommendations, your written response suggests that a comprehensive review of the fraud risk assessment process should include a review of activities at the State level. We concur the States have a critical role in the fraud risk assessment process. However, as discussed in our report, FNS has not prioritized implementation of the Government Accountability Office's Fraud Risk Management Framework at the program level. Thus, testing implementation of a framework that is not comprehensive could be misleading.

Based on your April 17, 2025, response to the subject audit report, we are accepting management decision for all four recommendations in the report, and no further response to this office is necessary.

In accordance with Departmental Regulation 1720-1, final action needs to be taken within 1 year of the date of each management decision. Please follow your internal agency procedures in forwarding final action correspondence to the Office of the Chief Financial Officer.

We appreciate the courtesies and cooperation extended to us by members of your staff during our fieldwork and subsequent discussions. This report contains publicly available information and will be posted in its entirety to our website (<https://usdaoig.oversight.gov>) in the near future.

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Background and Objective

Background

The Food and Nutrition Service (FNS), in partnership with the States, administers the Supplemental Nutrition Assistance Program (SNAP)—which in fiscal year (FY) 2023 issued more than \$75.9 billion in benefits to low-income participants to help them obtain a nutritious diet. These benefits are delivered to participants in the program electronically through Electronic Benefit Transfer (EBT) cards. FNS has become aware of increasing reports of SNAP fraud via electronic methods such as benefit theft through EBT card-skimming schemes.¹

The Consolidated Appropriations Act, 2023, included provisions for the replacement of stolen EBT benefits with Federal funds.² As of February 2025, FNS reported replacing more than \$220.1 million in benefits with these funds for FYs 2023 and 2024. In response to growing concerns over SNAP EBT fraud, the Office of Inspector General (OIG) is conducting integrated oversight of SNAP EBT, including ongoing efforts to address the replacement of stolen SNAP EBT benefits.³

This Act required FNS to determine how benefits are being stolen, establish preventive measures to protect participants, and to report on these efforts. In response to those requirements, in a November 2024 report to Congress,⁴ FNS reported steps FNS had taken to date to incorporate industry standards into its SNAP EBT theft prevention efforts, recommendations for preventing SNAP EBT theft, and a summary of FNS efforts to coordinate with States and various stakeholders.

Federal Managers' Responsibility for Program Integrity and Fraud Risk Management

Fraud poses a significant risk to the integrity of Federal programs and erodes public trust in the



KEY TERMS

Fraud:

Obtaining something of value through willful misrepresentation is a determination made through the judicial or other adjudicative system. This determination is beyond management's professional responsibility.

Fraud Risk:

Exists when individuals have an opportunity to engage in fraudulent activity, have an incentive or are under pressure to commit fraud, or can rationalize committing fraud.

Fraud Risk Management:

A process that helps agency managers assess fraud risk, strategically allocate finite resources, and take actions under conditions of uncertainty to mitigate fraud risks.

¹Criminals use a process called “skimming” to illegally obtain EBT card information to steal SNAP benefits from SNAP recipients.

² Consolidated Appropriations Act, 2023, Pub. L. No. 117-328, 136 Stat. 5985 (2022).

³ U.S. Department of Agriculture (USDA) OIG's integrated oversight of SNAP EBT includes engagements: 27801-0002-23, *FNS SNAP: Disbursement of SNAP Benefits Using the EBT System*, (Apr. 2025); 27801-0001-12, *Review of Food and Nutrition Service Supplemental Nutrition Assistance Program/Electronic Benefits Transfer Hardware*, (ongoing—initiated Oct. 2024); and 27601-0005-31, *Replacement of Stolen SNAP Benefits in Maryland*, (ongoing—initiated Nov. 2024).

⁴ USDA FNS Report, Supplemental Nutrition Assistance Program (SNAP) Electronic Benefit Transfer (EBT) Theft, U.S. Department of Agriculture Food and Nutrition Service, Report to Congress, (Nov. 26, 2024).

Government. The Government Accountability Office’s (GAO) *Federal Internal Control Standards* provide that managers of Federal programs maintain the primary responsibility for enhancing program integrity.⁵ Additionally, legislation, guidance by the Office of Management and Budget (OMB), and the internal control standards mentioned above have increasingly emphasized the need for program managers to take a strategic approach to managing risks, including fraud. To help agencies and Federal program managers strategically manage their fraud risks, GAO published *A Framework for Managing Fraud Risk in Federal Programs* (Fraud Risk Management Framework) in July 2015.⁶ Key terms relevant to fraud risk management are defined in the sidebar.

The objective of fraud risk management is to ensure program integrity by continuously and strategically mitigating both the likelihood and effects of fraud, while also facilitating a program’s mission. Fraud risks can be managed and assessed at either the program or agency level, given the variations among programs within agencies. Managers determine whether to carry out each aspect of fraud risk management at the program or agency level. GAO’s Fraud Risk Management Framework provides a comprehensive set of leading practices that serve as a guide for agency managers to use when developing efforts to combat fraud in a strategic, risk-based way. The GAO Framework is organized into the four components shown in Figure 1 and is further broken down by overarching concepts. Within each concept the framework discusses leading practices that demonstrate ways for program managers to carry out the overarching concepts of the Framework. Exhibit A of this report includes the overarching concepts.

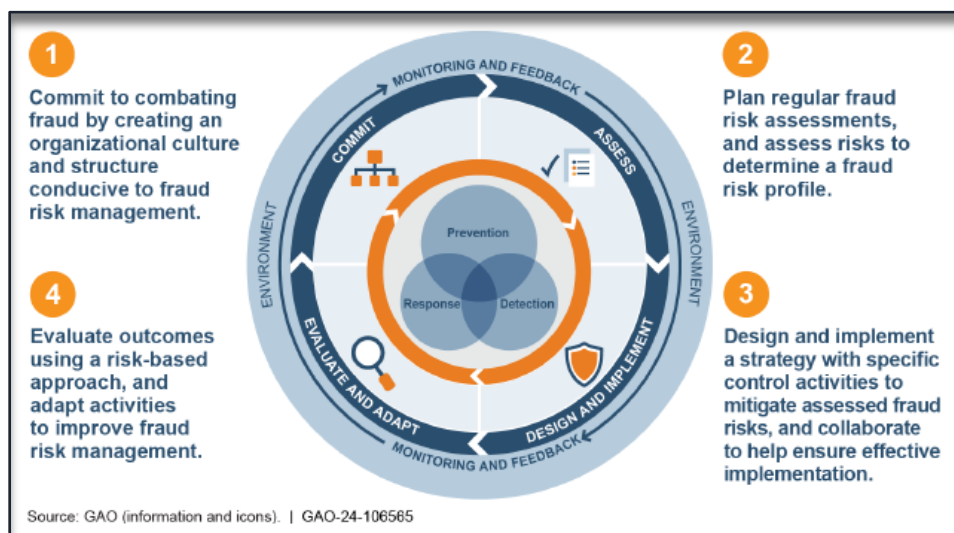


Figure 1: GAO’s Fraud Risk Management Framework. Figure by GAO (GAO-24-106565).

In its 2016 Circular No. A-123 guidelines, OMB directed agencies to adhere to the Fraud Risk Management Framework’s leading practices.⁷ In October 2022, OMB issued a Controller Alert⁸

⁵ GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Sept. 2014).

⁶ GAO, *A Framework for Managing Fraud Risks in Federal Programs*, GAO-15-593SP (July 2015).

⁷ OMB, *Management’s Responsibility for Enterprise Risk Management and Internal Control*, Circular A-123 (July 15, 2016).

⁸ OMB, CA-23-03, *Establishing Financial and Administrative Controls to Identify and Assess Fraud Risk* (Oct. 17, 2022).

to emphasize the distinction between the requirements for establishing fraud-related financial and administrative controls and Enterprise Risk Management (ERM) to ensure proper management of fraud risks. The Controller Alert also reminded agencies to adhere to the leading practices in GAO’s Fraud Risk Management Framework as part of their efforts to effectively design, implement, and operate an internal control system that addresses fraud risks, including those that do not rise to the level of enterprise-wide risks.

The following OIG graphic (see Figure 2), adapted from the GAO graphic, *Legislation and Guidance Related to Fraud Risk Management*, depicts criteria related to fraud risk management that apply to Federal agencies.⁹

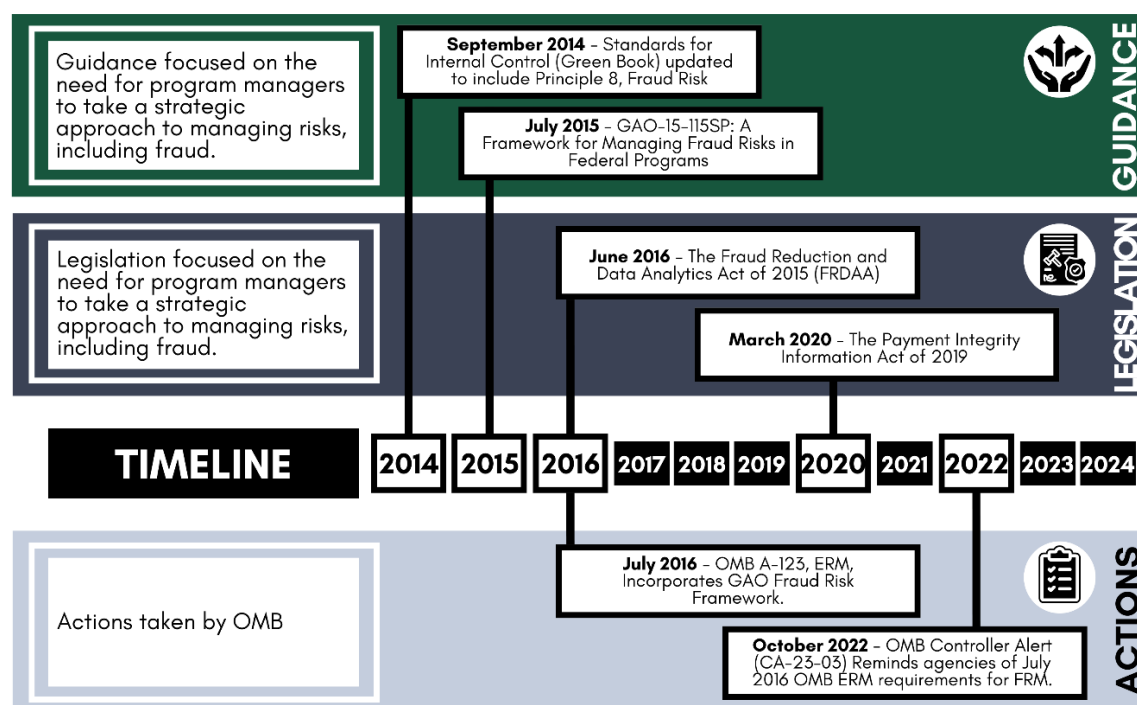


Figure 2: Legislation and Guidance Related to Fraud Risk Management. Figure adapted from GAO-23-106567.

FNS Oversight

FNS is responsible for overseeing SNAP, including providing guidance and monitoring State agencies. State agencies are responsible for administering and monitoring the program within their States.¹⁰ FNS and State agencies share the role of combating fraud and abuse in the program. State agencies are directly responsible for detecting, investigating, and prosecuting

⁹ GAO’s, *Fraud Risk Management: Key Areas for Federal Agency and Congressional Action*, GAO-23-106567 (Apr. 2023), includes a graphic titled, “*Legislation and Guidance Related to Fraud Risk Management*” that details the legislation related to the “increasing focus” on fraud, such as the Fraud Reduction and Data Analytics Act of 2015, Pub. L. No. 114-186, 130 Stat. 546 (2016) and the Payment Integrity Information Act of 2019, Pub. L. No. 116-117, § 2(a), 134 Stat. 113, 131-132 (2020), codified at 31 U.S.C. § 3357).

¹⁰ See 7 U.S.C. § 2011 et seq. and 7 C.F.R. Part 271 et seq. for the statutory and regulatory provisions governing the program.

recipient fraud, while FNS investigates and resolves cases of retailer fraud.¹¹ The SNAP Fraud Framework, issued in 2018 by FNS, is described as a collection of procedures, innovative ideas, and promising practices to help State agencies improve fraud prevention, detection, and investigation techniques and processes. In response to increased reports of SNAP benefit theft, in October 2022, FNS issued a policy memorandum to State SNAP agencies with EBT card-skimming prevention tools and resources to help protect SNAP benefits.¹²

Because of the increased reports of SNAP benefit theft through electronic methods, we developed our objective with the intent to focus on FNS' fraud risk management activities specific to EBT. However, as explained in our finding, we found that FNS has not prioritized implementation of GAO's Fraud Risk Management Framework at the program level. As a result, this report addresses managing fraud risks at the program level.

Objective

Our objective was to evaluate FNS' fraud risk assessment process for SNAP EBT and the design and implementation of its strategy to mitigate fraud risks.

¹¹ Sections 9, 12, and 15 of the Food and Nutrition Act of 2008 outline the requirement that USDA-FNS administer SNAP on the retailer side. Section 11 outlines the requirement that States administer SNAP on the recipient side.

¹² USDA FNS, *Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families Electronic Benefit Transfer (EBT) Card Skimming Prevention – Tools and Resources* (Oct. 2022).

Finding 1: FNS Has Not Prioritized Implementation of GAO's Fraud Risk Management Framework

We found that FNS has taken steps to respond to identified fraud risks in SNAP and is conducting ongoing efforts that could inform a fraud risk assessment and antifraud strategy. However, FNS has not comprehensively assessed SNAP fraud risks in adherence with GAO's leading practices, nor has it documented a prioritized approach to managing fraud risks. This occurred because FNS has not implemented GAO's leading practices, including: (1) assigning clear responsibilities to a dedicated entity for designing and overseeing the fraud risk assessment process, (2) developing a fraud risk profile, and (3) establishing an antifraud strategy. As a result, FNS is not meeting the objective of fraud risk management which is to ensure program integrity by continuously and strategically mitigating both the likelihood and effects of fraud, while also facilitating the program's mission.



FNS is required to adhere to the GAO Fraud Risk Management Framework's leading practices according to OMB's 2016 Circular No. A-123 guidance. OMB reminded agencies of this requirement in an October 2022 Controller Alert.

We found that FNS has taken steps to respond to identified SNAP fraud risks; however, FNS' approach to fraud risk management has been ad hoc. FNS stated that its efforts identified fraud prevention and detection risks for SNAP and that it developed its SNAP Fraud Framework as an antifraud strategy. However, we identified the following areas where FNS can more strategically manage fraud risks, such as establishing an antifraud entity responsible for fraud risk management activities, creating a fraud risk profile, and developing an antifraud strategy based on the fraud risk profile.

FNS' SNAP Fraud Risk Assessment is Incomplete and Lacks a Fraud Risk Profile

Component 2 of the Framework requires agencies to plan regular fraud risk assessments and assess risks to determine a fraud risk profile. While FNS' ongoing efforts could inform a fraud risk assessment, the agency has not comprehensively assessed SNAP fraud risks in adherence with leading practices.

FNS explained that it conducts risk management at the agency level using its ERM process as its approach to strategic fraud risk management. FNS provided OIG with its completed FY 2023, U.S. Department of Agriculture Risk Assessment Template for ERM as evidence of its fraud risk assessment. We noted this assessment identified a "fraud detection and prevention" risk category with generalized risks specifically for SNAP, see Figure 3.



Figure 3: FNS' ERM-identified "Fraud Detection and Prevention" Risks. Figure by OIG, based on information obtained from FNS.

We found that FNS' completed risk assessment for ERM is not sufficient to comply with leading practices related to planning and conducting fraud risk assessments under component 2 of the Framework. Specifically, the assessment: (1) does not consider specific SNAP fraud risks, (2) lacks an analysis of the likelihood and impact of fraud schemes, and (3) fails to document prioritized fraud risks. These actions are necessary to strategically assess the risk of fraud according to the Framework and would result in a documented fraud risk profile for the program.

In a December 2022 GAO report,¹³ FNS officials indicated they planned to conduct a SNAP fraud risk assessment in accordance with GAO's Fraud Risk Management Framework in FY 2023. However, during this audit, FNS agreed that it has not completed a formalized fraud risk profile for SNAP but intends to do so in FY 2025. As of February 2025, FNS has not yet demonstrated progress to OIG in completing this profile.

Without comprehensively assessing SNAP fraud risks in accordance with leading practices, FNS lacks reasonable assurance that it has identified the most significant fraud risks for SNAP. Additionally, conducting a fraud risk assessment in accordance with the leading practices would help FNS determine whether to adjust existing controls or establish additional fraud controls. Incorporating this analysis in a documented fraud risk profile is necessary for FNS' antifraud strategy to adhere to the leading practices. If done well, fraud risk management would allow FNS to both enhance the efficient and effective delivery of SNAP benefits to those in need while preventing and detecting fraudsters seeking benefits to which they are not entitled.

FNS' SNAP Fraud Framework Lacks the Key Elements of an Antifraud Strategy

Component 3 of GAO's Fraud Risk Management Framework requires agencies to design and implement a strategy with specific control activities to mitigate assessed fraud risks and collaborate to help ensure effective implementation. An antifraud strategy describes the program's approach for addressing the prioritized fraud risks identified during the fraud risk assessment and outlined in the fraud risk profile (see Figure 4 for key elements of an antifraud strategy). FNS provided OIG with its SNAP Fraud Framework (see components displayed in the sidebar) which FNS stated serves as its antifraud strategy for SNAP.

FNS describes its SNAP Fraud Framework as a collection of procedures, innovative ideas, and promising practices to help State agencies improve fraud prevention, detection, and investigation. The SNAP Fraud Framework is not prescriptive; instead, it provides States with the opportunity to evaluate their



SNAP FRAUD FRAMEWORK COMPONENTS

1. Performance Measurement
2. Recipient Integrity Education
3. Fraud Detection
4. Investigations and Dispositions
5. Analytics and Data Management
6. Learning and Development
7. Organizational Management

¹³ GAO, Thrifty Food Plan: *Better Planning and Accountability Could Help Ensure Quality of Future Reevaluations*, GAO-23-105450 (Dec. 2022).

existing practices and incorporate suggested practices to supplement and enhance their fraud prevention and detection efforts.

Although FNS refers to their SNAP Fraud Framework as their antifraud strategy, it does not address requirements related to component 3 of the GAO Framework. Specifically, the SNAP Fraud Framework: (1) does not use a fraud risk profile to determine risk responses, and (2) does not include the key elements of an antifraud strategy as outlined in the leading practices (see Figure 4, below).

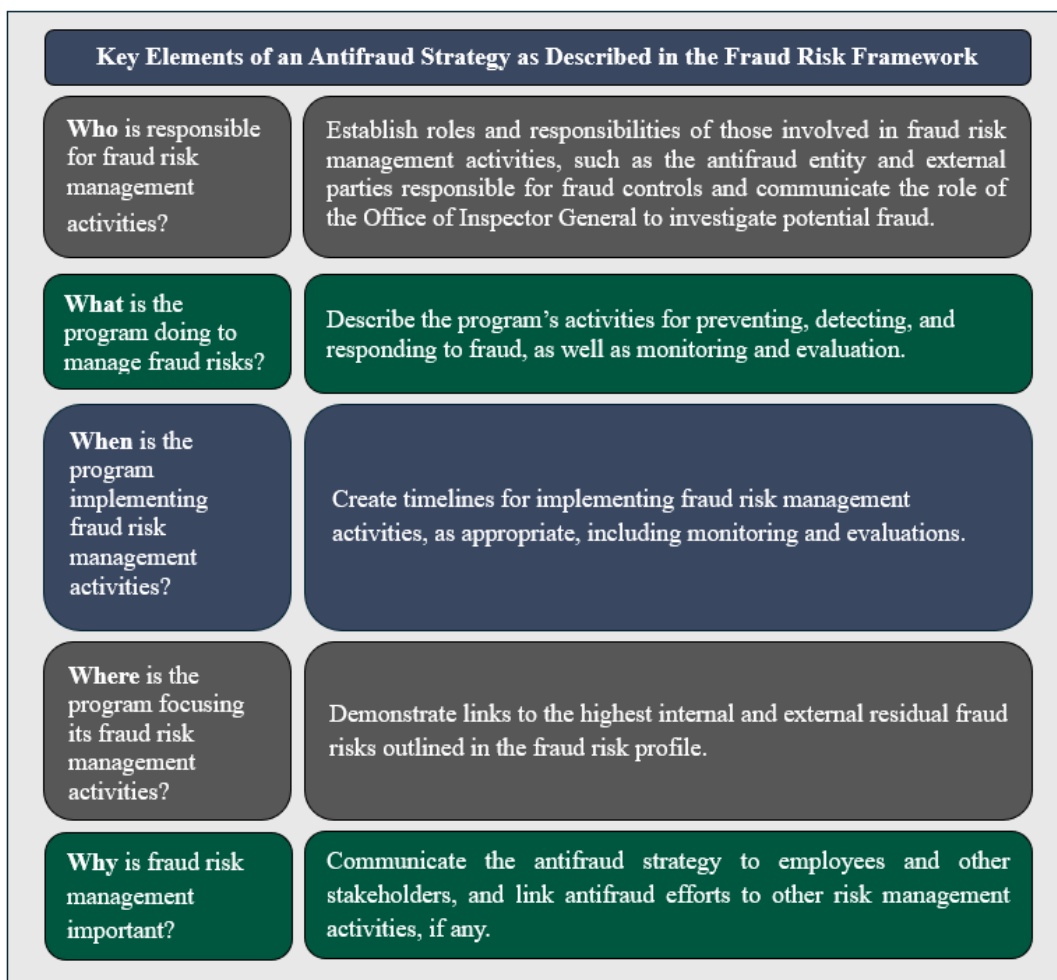


Figure 4: Key Elements of an Antifraud Strategy. Figure by OIG based on GAO Figure (GAO-15-593SP).

Without an antifraud strategy based on a fraud risk profile, FNS is not able to ensure that it is strategically addressing its most significant fraud risks in adherence with the Fraud Risk Management Framework. Notably, in April 2023, GAO reported that Federal agencies have not designed and implemented an antifraud strategy to guide their actions because they have not documented a fraud risk profile in adherence with GAO's leading practices.¹⁴ Designing and

¹⁴ GAO, *Fraud Risk Management: Key Areas for Federal Agency and Congressional Action*, GAO-23-106567 (Apr. 2023).¹⁵ The GAO Framework's Concept 1.2, *Create a structure with a dedicated entity to lead fraud risk*

implementing an antifraud strategy that conforms to leading practices in the Fraud Risk Management Framework would help FNS have greater assurance as to whether existing fraud control activities are efficiently and effectively addressing SNAP fraud risks within an established tolerable level. According to GAO, its Fraud Risk Management Framework is designed to focus on preventive activities and avoid reactive measures after payments have been made (such as a “pay-and-chase” model of recovering funds).

FNS agreed that its SNAP Fraud Framework has not been updated since its issuance in 2018, despite increasing reports of SNAP benefit theft that it noted in 2022.

FNS’ SNAP Fraud Risk Management Lacks a Dedicated Antifraud Entity

FNS’ fraud risk management for SNAP does not adhere to GAO’s Fraud Risk Management Framework because it lacks a dedicated entity responsible for leading program-specific fraud risk management activities. The GAO Fraud Risk Management Framework requires agencies to create an organizational culture to combat fraud at all levels of the agency and to create a structure with a dedicated entity to lead fraud risk management activities. According to GAO, when agencies formally designate an entity to design and oversee fraud risk management activities, their efforts can be more visible across the agency, particularly to executive leadership. Additionally, an antifraud entity can demonstrate a senior-level commitment to integrity and combating fraud.

We found that FNS lacks a dedicated entity with defined responsibilities to lead antifraud initiatives, including assessing SNAP fraud risks. For example, a dedicated antifraud entity could oversee fraud risk assessments and coordinate antifraud initiatives across various programs, based on an antifraud strategy.¹⁵ Without an antifraud entity, FNS may not be effectively managing its SNAP fraud risks in accordance with the Fraud Risk Management Framework.

According to FNS, their Office of Internal Controls, Audits, and Investigations (OICAI), independent from its programs and organizational areas, is responsible for implementing ERM. According to officials, following the Department’s guidance for implementing ERM, OICAI obtained input from the program areas to produce their completed enterprise risk assessment for the Department. Consistent with this guidance, FNS indicated that Senior Leadership in charge of SNAP is responsible for strategically managing risks. However, OIG noted the Department’s ERM guidance does not address fraud or fraud risk management, nor has FNS documented these responsibilities.

FNS also explained that according to regulations, States are responsible for administration of the program within the State, including, but not limited to issuance, control, and accountability of SNAP benefits and EBT cards. States are also responsible for establishing fraud detection units. FNS informed OIG that its role in States’ administration of the program generally includes

management activities, includes a leading practice for the designated antifraud entity to coordinate antifraud initiatives across the program.

¹⁵ The GAO Framework’s Concept 1.2, *Create a structure with a dedicated entity to lead fraud risk management activities*, includes a leading practice for the designated antifraud entity to coordinate antifraud initiatives across the program.

providing guidance and other tools to assist with fraud management. While FNS and State agencies may perform various fraud risk management activities, such as ERM, OIG noted that FNS has not formally designated an entity to design and oversee fraud risk management activities.

While GAO's Fraud Risk Management Framework acknowledges that agencies may use initiatives such as ERM to assess their fraud risks, agencies must still fulfill OMB's separate fraud risk management requirements—identifying and assessing fraud risks and implementing antifraud controls. GAO indicates that while identifying fraud risks can be part of a broader assessment of ERM—that may overlap with fraud risk management—it does not replace specific actions to manage fraud risks and supports the need for a dedicated entity responsible for fraud risk management.

According to FNS, the States are responsible for fraud risk management activities. However, the GAO Fraud Risk Management Framework emphasizes the antifraud entity responsible for fraud risk management should be located within the agency.

Although FNS' SNAP is a Federal-State partnership, GAO's Fraud Risk Management Framework states that managers of Federal programs maintain primary responsibility for enhancing program integrity. OIG acknowledges FNS' efforts while recognizing that States are primarily responsible for administering SNAP, and FNS is primarily responsible for overseeing the program. As such, OIG is making several recommendations to ensure FNS' existing efforts adhere with the leading practices in GAO's Fraud Risk Management Framework.

Recommendation 1

Designate a dedicated entity to manage the process of assessing SNAP fraud risks, consistent with the leading practices in GAO's Fraud Risk Management Framework. This entity should have clearly defined and documented responsibilities and authority, including managing fraud risk assessments and facilitating communication among stakeholders regarding SNAP fraud-related issues.

Agency Response

FNS acknowledged there are opportunities to improve its role as the entity responsible for managing the process of assessing risk. The response refers to the ERM process as broadly directed by the Department, and that it also delineates responsibility for assessing and strategically managing SNAP fraud risks with the Senior Executive in charge of SNAP. In this capacity, the SNAP Senior Executive manages SNAP's assessment of fraud risks, communication with internal and external entities regarding risks, and agency actions to respond to risks.

In response to the recommendation, FNS agreed to formally document this existing responsibility and authority, including the SNAP Senior Executive's role in the management of fraud risk assessments and facilitation of communication among stakeholders regarding SNAP fraud-related issues. FNS also agrees to contemplate how

to use best practices to enhance FNS' ERM process and more broadly implement aspects of the Fraud Framework.

FNS provided an estimated completed date of September 30, 2025.

OIG Position

We accept management decision for this recommendation.

Recommendation 2

Comprehensively assess SNAP fraud risks in adherence with leading practices identified in GAO's Fraud Risk Management Framework.

Agency Response

FNS agrees with the importance of comprehensively assessing SNAP fraud risks. FNS cited its ERM process as evidence of its longstanding efforts to assess SNAP fraud risks. In response to identified fraud risks, FNS noted it has taken a variety of actions over many years to prevent, detect, and address SNAP fraud and to ensure Program integrity. FNS stated it will also add SNAP EBT card skimming in the agency's SNAP fraud risk assessment, as this was identified as a new and emerging fraud scheme. FNS noted it prioritized immediate response efforts, as well as collection of information on the extent of the problem to inform future efforts. Finally, FNS said it will use the information it has collected on card skimming risks to support updates to the fraud risk assessment to inform long-term efforts.

FNS provided an estimated completed date of September 30, 2025.

OIG Position

We accept management decision for this recommendation.

Recommendation 3

Document the fraud risk profile for SNAP, incorporating fraud risks determined from OIG Recommendation 2 activities, in adherence with applicable leading practices identified in GAO's Fraud Risk Management Framework.

Agency Response

As stated in the response to recommendation 2, FNS intends to update its SNAP fraud risk assessment in FY 2025 and will also document the fraud risk profile for SNAP, in adherence with applicable leading practices identified in GAO's Fraud Risk Management Framework.

FNS provided an estimated completed date of September 30, 2025 [sic].

OIG Position

We accept management decision for this recommendation.

Recommendation 4

Design and implement an antifraud strategy for SNAP based on a fraud risk profile (see OIG Recommendation 3, above) consistent with leading practices as provided in GAO's Fraud Risk Management Framework.

Agency Response

FNS responded that they have developed an extensive anti-fraud strategy for SNAP through existing program regulations and its 2018 SNAP Fraud Framework. In response to this recommendation, FNS commits to expanding the fraud risk profile, revising its antifraud strategy, and taking actions needed to implement revisions. The goal is to implement fraud prevention efforts at the front end to eliminate the pay and chase model as it pertains to both SNAP recipients and retailers, employ data analytics, implement performance metrics for anti-fraud measures, continue developing internal and external partners to promote Program integrity, continuously reassess risks, and ensure States have implemented efforts to address fraud, waste and abuse to align with current fraud trends.

FNS provided an estimated completed date of March 31, 2026.

OIG Position

We accept management decision for this recommendation.

Scope and Methodology

Our audit focused on FNS' FY 2023 fraud risk assessment process for SNAP EBT and the design and implementation of its strategy to mitigate fraud risk. We performed our audit fieldwork from March 2024 through February 2025. We discussed the results of our audit with FNS officials on March 10, 2025, and included their comments, as appropriate.

To address our objective, we assessed FNS activities and documentation to determine whether and to what extent FNS addressed GAO's Fraud Framework guidance and leading practices.

Specifically, we:



Reviewed OMB and GAO guidance such as GAO's *A Framework for Managing Fraud Risk in Federal Programs* (GAO-15-593SP), OMB's Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, and OMB Controller Alert CA-23-03, *Establishing Financial and Administrative Controls to Identify and Assess Fraud Risks* to become familiar with fraud risk management requirements and leading practices.



Reviewed regulations, policies, procedures, and other published guidance to obtain an understanding of SNAP EBT and related FNS activities.



Reviewed FNS documentation such as FNS' FY 2023 ERM Risk Assessment, FNS' SNAP Fraud Framework and supplemental guidance issued to States in 2018, and FNS' SNAP Fraud Prevention webpage and related content accessed during fieldwork.



Interviewed FNS officials, including staff from OICAI and SNAP, to gain an understanding of their roles and responsibilities to administer SNAP EBT, as well as their oversight process related to ERM and fraud risk management.

We assessed the internal control significant to our audit objective. Specifically, we assessed the following component and underlying principle:

| Component | Principle |
|-----------------|--|
| Risk Assessment | Management should consider the potential for fraud when identifying, analyzing, and responding to risks. |

We designed our audit work to assess this internal control component and underlying principle; as such, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our finding and conclusions

based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objective.

Abbreviations

| | |
|-------------|---|
| EBT | Electronic Benefit Transfer |
| ERM..... | Enterprise Risk Management |
| FNS | Food and Nutrition Service |
| FY | fiscal year |
| GAO..... | Government Accountability Office |
| OICAI | Office of Internal Controls, Audits, and Investigations |
| OIG | Office of Inspector General |
| OMB | Office of Management and Budget |
| Pub. L..... | Public Law |
| SNAP | Supplemental Nutrition Assistance Program |
| USDA..... | U.S. Department of Agriculture |

Exhibit A: GAO's Fraud Risk Management Framework Components and Concepts

This table presents the four components of GAO's July 2015 Fraud Risk Management Framework and the overarching concepts of fraud risk management within each component. The GAO Fraud Risk Management Framework outlines leading practices that program managers can use to carry out these overarching concepts.

| GAO Fraud Risk Management Framework Components and Concepts | |
|--|---|
| 1. Commit to Combating Fraud by Creating an Organizational Culture and Structure Conducive to Fraud Risk Management | |
| 1.1 | Create an Organizational Culture to Combat Fraud at All Levels of the Agency |
| 1.2 | Create a Structure with a Dedicated Entity to Lead Fraud Risk Management Activities |
| 2. Plan Regular Fraud Risk Assessments and Assess Risks to Determine a Fraud Risk Profile | |
| 2.1 | Plan Regular Fraud Risk Assessments that Are Tailored to the Program |
| 2.2 | Identify and Assess Risks to Determine the Program's Fraud Risk Profile |
| 3. Design and Implement a Strategy with Specific Control Activities to Mitigate Assessed Fraud Risks and Collaborate to Help Ensure Effective Implementation | |
| 3.1 | Determine Risk Responses and Document an Antifraud Strategy Based on the Fraud Risk Profile |
| 3.2 | Design and Implement Specific Control Activities to Prevent and Detect Fraud |
| 3.3 | Develop a Plan Outlining How the Program Will Respond to Identified Instances of Fraud |
| 3.4 | Establish Collaborative Relationships with Stakeholders and Create Incentives to Help Ensure Effective Implementation of the Antifraud Strategy |
| 4. Evaluate Outcomes Using a Risk-Based Approach and Adapt Activities to Improve Fraud Risk Management | |
| 4.1 | Conduct Risk-Based Monitoring and Evaluate All Components of the Fraud Risk Management Framework |
| 4.2 | Monitor and Evaluate Fraud Risk Management Activities with a Focus on Measuring Outcomes |
| 4.3 | Adapt Fraud Risk Management Activities and Communicate the Results of Monitoring and Evaluations |

**Food and Nutrition Service's
Response to Audit Report**



Food and Nutrition Service

U.S. DEPARTMENT OF AGRICULTURE

Date: April 17, 2025

To: Steven Rickrode
Acting Assistant Inspector General for Audit

From: James C. Miller /s/ **James C. Miller** Digitally signed by James C. Miller
Administrator Date: 2025.04.16
Food and Nutrition Service 15:47:35 -04'00'

Subject: OIG Audit 27601-0001-24, Food and Nutrition Service's Supplemental Nutrition Assistance Program Fraud Risk Assessments

This letter responds to the official draft report issued on March 18, 2025, for audit number 27601-0001-24, Food and Nutrition Service's (FNS) Supplemental Nutrition Assistance Program (SNAP) Fraud Risk Assessments.

In March 2024, OIG initiated this audit with the stated objective of evaluating FNS' fraud risk assessment process for SNAP Electronic Benefit Transfer (EBT) and the design and implementation of its strategy to mitigate fraud risks. The background section of the report includes an emphasis on benefits being stolen via methods such as EBT skimming. As SNAP is a State-administered program, FNS establishes regulatory controls and provides technical assistance, and the States have strict liability for preventing fraudulent benefit issuance. Therefore, a review of State agency efforts to comply with statutory and regulatory responsibilities is needed to fully evaluate the fraud risk assessment process for SNAP EBT. FNS shared this perspective with the OIG; but as noted in the report's Scope and Methodology, OIG did not interview State agency officials or review State agency documentation during their review.

FNS is responding to the four recommendations made to the agency below. If you have any questions or need additional information regarding this response, please contact Amanda

Musgrove, Director of the FNS Office of Internal Controls, Audits, and Investigations (OICAI), at (703) 305-2092 or Amanda.Musgrove@usda.gov.

OIG Recommendation 1:

Designate a dedicated entity to manage the process of assessing SNAP fraud risks, consistent with the leading practices in GAO's Fraud Risk Management Framework. This entity should have clearly defined and documented responsibilities and authority, including managing fraud risk assessments and facilitating communication among stakeholders regarding SNAP fraud-related issues.

FNS Response:

The U.S. Department of Agriculture's Food and Nutrition Service commits to combating fraud by creating an efficient organizational structure and culture conducive to fraud risk management. While the Department's Supplemental Nutrition Assistance Program (SNAP) State Fraud Framework combines innovations in the use of analytics with concepts and practices from industry, there are opportunities to improve FNS' role as the entity responsible for managing the process of assessing risk. For example, (FNS) Enterprise Risk Management (ERM) process is broadly directed by the Department and also delineates responsibility for assessing and strategically managing SNAP fraud risks with the Senior Executive in charge of SNAP. In this capacity, the SNAP Senior Executive manages SNAP's assessment of fraud risks, communication with internal and external entities regarding risks, and agency actions to respond to risks.

In response to this recommendation, FNS agrees to formally document this existing responsibility and authority, including the SNAP Senior Executive's role in the management of fraud risk assessments and facilitation of communication among stakeholders regarding SNAP fraud-related issues. FNS also agrees to contemplate how to use best practices to enhance FNS' ERM process and more broadly implement aspects of the Fraud Framework, including organizational management, performance measurement, recipient integrity

education, fraud detection, investigations and dispositions, analytics and data management, and learning and development.

Estimated Completion Date:

September 30, 2025

OIG Recommendation 2:

Comprehensively assess SNAP fraud risks in adherence with leading practices identified in GAO's Fraud Risk Management Framework.

FNS Response:

FNS agrees with the importance of comprehensively assessing SNAP fraud risks. FNS has long focused on SNAP fraud risk assessment, as documented in its ERM process, which OIG acknowledged. In response to identified fraud risks, FNS has taken a variety of actions over many years to prevent, detect, and address SNAP fraud and to ensure Program integrity. In addition, GAO has conducted multiple reviews of FNS's actions and found that the agency has taken both direct actions to prevent and pursue retailer fraud, as well as actions to support States in preventing and addressing recipient fraud.¹ Although GAO has recommended FNS take additional actions over the years, GAO's 2019 report also acknowledged that FNS's efforts to address SNAP retailer trafficking generally align with leading fraud risk management practices.²

Secretary Rollins' priorities include taking swift action to minimize instances of fraud, waste, and program abuse. FNS is targeting areas of risk within regulations and operational policies to close gaps, reviewing the need for separation of duties as well as the implementation of

¹ See [GAO-07-53](#), [GAO-14-641](#), and [GAO-19-167](#).

² See [GAO-19-167](#).

new controls in FNS systems, and starting discussions on data sharing to ensure State agencies are issuing SNAP to those who are truly eligible. FNS is also acquiring user roles in a data mining tool to properly vet SNAP retailers, as well as terminate existing authorizations in an expeditious timeframe when Program rules are violated.

FNS will also add SNAP EBT card skimming in the agency's SNAP fraud risk assessment, as this was identified as a new and emerging fraud scheme. FNS prioritized immediate response efforts, as well as collection of information on the extent of the problem to inform future efforts. The information collected will support updates to the fraud risk assessment to support long-term efforts.

Enhancing the fraud risk profile and identifying anti-fraud strategies is a priority to stay ahead of the curve. Any percentage of fraud in SNAP is a risk and will be addressed.

Estimated Completion Date:

September 30, 2025

OIG Recommendation 3:

Document the fraud risk profile for SNAP, incorporating fraud risks determined from OIG Recommendation 2 activities, in adherence with applicable leading practices identified in GAO's Fraud Risk Management Framework.

FNS Response:

As stated in the response to recommendation 2, FNS intends to update its SNAP fraud risk assessment in FY 2025 and will also document the fraud risk profile for SNAP, in adherence with applicable leading practices identified in GAO's Fraud Risk Management Framework.

Estimated Completion Date:

September 30, 2025

OIG Recommendation 4:

Design and implement an antifraud strategy for SNAP based on a fraud risk profile (see OIG Recommendation 3, above) consistent with leading practices as provided in GAO's Fraud Risk Management Framework.

FNS Response:

As stated in the response to recommendation 2, FNS has developed an extensive anti-fraud strategy for SNAP following from the statutory and regulatory requirements for Federal and State responsibilities to prevent and address retailer and recipient fraud. FNS requires each State to establish and submit to FNS operating guidelines (7 CFR 272.3), establish internal controls (7 CFR 272.4(c)), and a State fraud detection unit (7 CFR 272.5(g)). These regulations outline the State's plan for responding to identified instances of fraud and ensure the response is prompt and consistently applied. In addition, FNS has robust issuance controls in place for EBT, including an entire regulatory structure outlining these responsibilities for States (7 CFR 272.4(c) and 7 CFR 274). Further, FNS has taken actions over the years to improve upon and update its antifraud strategy in response to new and emerging SNAP fraud schemes, as well as the development of new and improved tools and approaches for detecting and investigating fraud. As part of its strategy, FNS issued the SNAP Fraud Framework in 2018 to help State agencies improve fraud prevention, detection, and investigation techniques and processes. The Framework is designed to support States as they develop new efforts or improve on existing ones to prevent and detect SNAP fraud.

In response to this recommendation, FNS commits to expanding the fraud risk profile, revising its anti-fraud strategy, and taking actions needed to implement revisions. FNS is actively working to ensure actions and processes are more robust than in previous years to combat fraud. The goal is to implement fraud prevention efforts at the front end to eliminate the pay and chase model as it pertains to both SNAP recipients and retailers, employ data analytics, implement performance metrics for anti-fraud measures, continue developing

internal and external partners to promote Program integrity, continuously reassess risks, and ensure States have implemented efforts to address fraud, waste and abuse to align with current fraud trends.

Estimated Completion Date:

March 31, 2026

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