



U.S. Department of Agriculture
Office of Inspector General



Evaluation of Pennsylvania's Use of Supplemental Nutrition Assistance Program Administrative Funds for Participants' Benefits

Inspection Report 27801-0002-12

This report provides the results of Objective 1, in which we determined whether the Commonwealth of Pennsylvania used FNS SNAP administrative funds to provide benefits to participants.

OBJECTIVES

Our first objective (Objective 1) was to determine whether the Commonwealth of Pennsylvania used SNAP administrative funds to provide benefits to participants. For our second objective (Objective 2), we planned to analyze SNAP participant data to evaluate its quality and integrity. However, the Commonwealth of Pennsylvania was unable to provide the requested data within a sufficient timeframe to include in this report. Therefore, we will report on Objective 2 at a later date (Inspection 27801-0002-18, *Evaluation of SNAP Participant Data for Selected States*).

WHAT OIG FOUND

The U.S. Department of Agriculture (USDA) Food and Nutrition Service (FNS) Supplemental Nutrition Assistance Program (SNAP) is the nation's largest nutrition assistance program. In fiscal year (FY) 2024, Pennsylvania provided more than \$4.2 billion in SNAP benefits. In doing so, Pennsylvania was reimbursed more than \$219 million in Federal funds for administrative costs. FNS reimburses each State agency an amount equal to 50 percent of administrative costs involved in each State agency's operation of SNAP.

We determined that FNS had designed adequate controls to ensure that the Commonwealth of Pennsylvania did not use SNAP administrative funds to provide benefits to participants in FY 2024 and that requests for reimbursements were supported.

REVIEWED

We focused our inspection on FNS SNAP administrative funding for FY 2024. We reviewed applicable policies, procedures, and other published guidance; interviewed officials; and reviewed a nonstatistical sample of transactions from the State system to verify that administrative costs were supported.

RECOMMENDS

We are not making any recommendations in this report.



OFFICE OF INSPECTOR GENERAL

United States Department of Agriculture



DATE: August 6, 2025

INSPECTION

NUMBER: 27801-0002-12

TO: James C. Miller
Administrator
Food and Nutrition Service

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

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

SUBJECT: Evaluation of Pennsylvania's Use of Supplemental Nutrition Assistance Program Administrative Funds for Participants' Benefits

This report presents the results of our inspection of Food and Nutrition Service: Evaluation of Pennsylvania's Use of Supplemental Nutrition Assistance Program Administrative Funds for Participants' Benefits. We do not have any recommendations in the report and, therefore, no further response to this office is necessary.

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.

Table of Contents

Background and Objectives	1
Overall Conclusion: FNS Designed Adequate Controls Over SNAP Administrative Funds for the Commonwealth of Pennsylvania	2
Scope and Methodology	5
Abbreviations	8

Background and Objectives

National Background

The U.S. Department of Agriculture (USDA) Food and Nutrition Service (FNS) Supplemental Nutrition Assistance Program (SNAP) is the nation's largest Federal nutrition assistance program. SNAP provides food benefits to low-income families to supplement their grocery budget so that they can afford the nutritious food essential to health and well-being. In fiscal year (FY) 2024, FNS provided more than \$94 billion in SNAP benefits to more than 41 million participants.¹

SNAP is administered in accordance with the provisions of the Food and Nutrition Act of 2008 and the regulations in subchapter C of Title 7 of the Code of Federal Regulations (C.F.R.). State agencies administer SNAP on behalf of FNS, and FNS reimburses these agencies for costs incurred to operate SNAP in their State. FNS funds the full cost of SNAP benefits and generally reimburses the States for 50 percent of administrative costs. State agencies have flexibility to adapt their organizational structure to administer SNAP according to their unique circumstances and the needs of their residents.

State agencies report their cumulative SNAP expenditures on the FNS-778 SNAP worksheet, which is then summarized and reported on the Federal Financial Report Standard Form (SF)-425. The States are reimbursed for their SNAP administrative expenditures based on the information reported on these reports. Costs claimed on FNS-778 are reported in various categories including Certification, Automated Data Processing (ADP), Employment and Training (E&T), and Fraud Control. In FY 2024, FNS provided more than \$6.5 billion to State agencies to administer SNAP.

Pennsylvania Background

The Commonwealth of Pennsylvania administers SNAP through the Pennsylvania Department of Human Services (PA-DHS). In FY 2024, the Commonwealth of Pennsylvania served more than 2 million people providing more than \$4.2 billion in SNAP benefits. The cost of administering SNAP in Pennsylvania in FY 2024 totaled more than \$435.4 million. The Federal share of these expenses was more than \$219.9 million.²

Objectives

Our first objective (Objective 1) was to determine whether the Commonwealth of Pennsylvania used SNAP administrative funds to provide benefits to participants. For our second objective (Objective 2), we planned to analyze SNAP participant data to evaluate its quality and integrity. However, as of July 1, 2025, the Commonwealth of Pennsylvania had not provided the requested data. As a result, we will report on Objective 2 at a later date (Inspection 27801-0002-18, *Evaluation of SNAP Participant Data for Selected States*).

¹ Number of participants is the average participation for FY 2024.

² Based on SF-425/FNS-778 dated January 7, 2025.

Overall Conclusion: FNS Designed Adequate Controls Over SNAP Administrative Funds for the Commonwealth of Pennsylvania

We determined that FNS had designed adequate controls to ensure that the PA-DHS did not use SNAP administrative funds to provide benefits to participants in FY 2024 and that requests for reimbursements were supported.

Assessment of Access Controls and Authorizations Over Administrative and Benefits Payments

FNS' access controls and authorizations to request SNAP administrative and participant benefits payments are adequately designed to ensure that administrative funds are not used to provide benefits to SNAP participants. Specifically, FNS' controls at PA-DHS were to:

- establish two separate letters of credit (LOCs) for Pennsylvania's administrative funds and SNAP participant benefits,
- limit the U.S. Department of the Treasury's Automated Standard Application for Payments (ASAP) system access to Pennsylvania's administrative and SNAP participant benefits funds, and
- require supporting documentation for State agencies and Electronic Benefits Transfer (EBT) processors to request payments for administrative and SNAP participant benefits costs, respectively.

The U.S. Government and Accountability Office's Standards for Internal Control in the Federal Government require agencies to design appropriate control activities to limit access to program funds and to ensure transactions are authorized and executed only by officials acting within the scope of their authority.³

FNS national officials explained that the flows of funds for administrative and benefit payments are distinct and separately managed. To ensure controlled access and proper authorization for FNS SNAP reimbursements, FNS established two separate LOCs. FNS designated one LOC for administrative cost reimbursements, while the other is allocated for payments related to SNAP benefits transactions. These two LOCs document the funds availability for:

- State agencies to request reimbursement for costs incurred to administer SNAP,⁴ and
- EBT processors to settle SNAP participant benefit transactions with retailers.

³ According to USDA regulation, agencies are responsible for establishing and maintaining an internal control system based on the U.S. Government Accountability Office's Standards for Internal Controls in the Federal Government. USDA Departmental Regulation 1110-002, *Management's Responsibility for Internal Control* (March 5, 2021).

⁴ Activities to administer FNS SNAP could include, but are not limited to, costs for investigating and prosecuting SNAP fraud activity, costs for SNAP information activities or outreach, salaries for accepting and processing applications, and costs to provide SNAP participants training to enter or move up in the workforce.

Authorized officials from State agencies and EBT processors can request payments up to the authorized amount specified in the LOC through the U.S. Department of the Treasury's ASAP system.

Once the payment requests are processed, funds are deposited into separate bank accounts for administrative costs and SNAP participant benefits. This approach ensures that there is no commingling of administrative and SNAP participant benefit funds. Figure 1 below illustrates the separate flows of administrative and SNAP participant benefit funds.

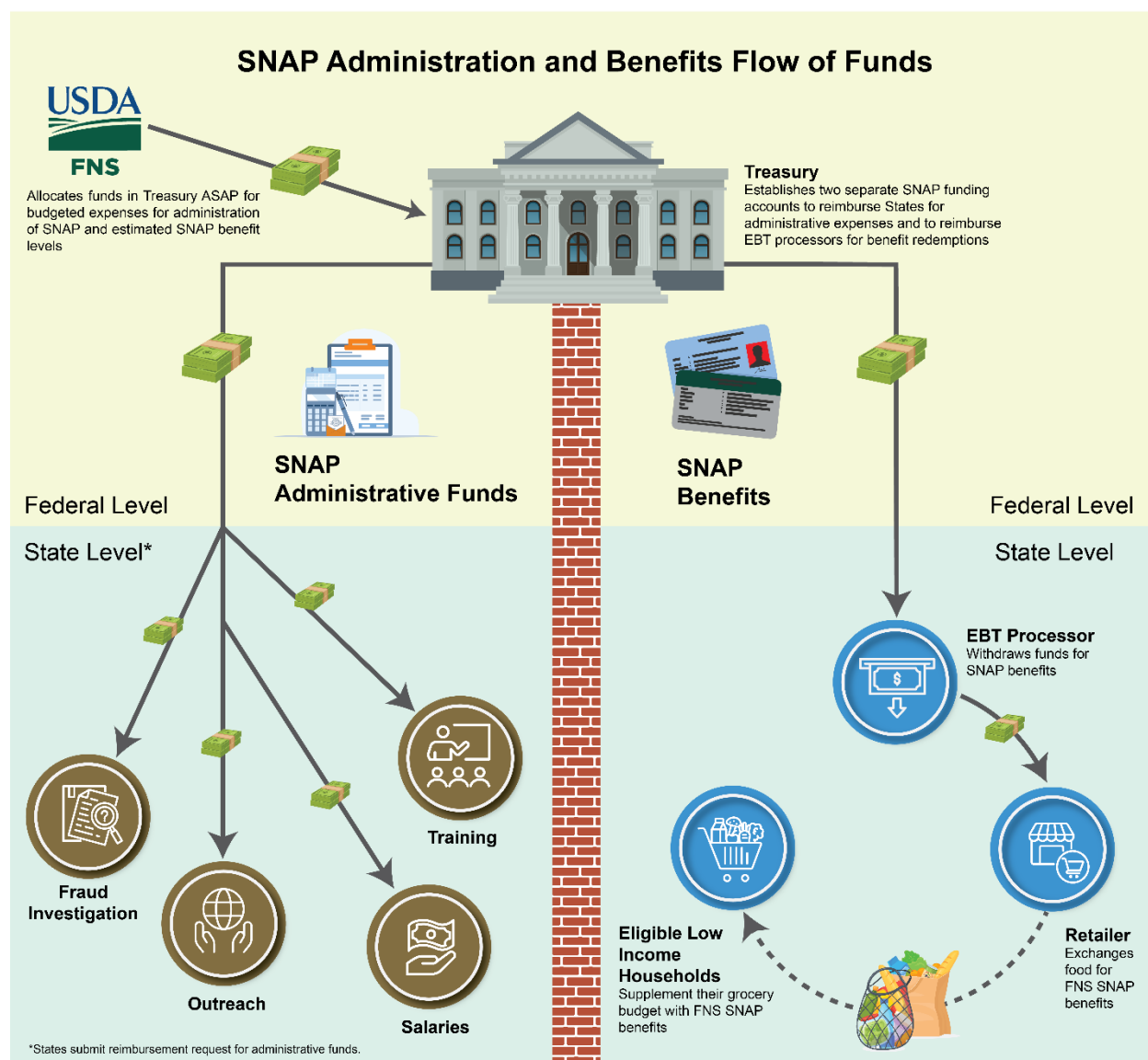


Figure1: This diagram depicts the separate flows of funds from FNS to the State agency for the Federal share of administrative expenses, and to the host processor to reimburse retailers for daily transactions of SNAP benefits. States do not have access to the benefits funding. Figure by the Office of Inspector General (OIG).

Review of Supporting Documentation for Selected Pennsylvania Administrative Cost Expenditures

Based on FNS' control requiring supporting documentation for claimed administrative costs, we reviewed documentation for selected administrative expenditures and determined that PA-DHS' requests for reimbursements were supported and that none were used to provide SNAP benefits to participants.

Federal regulations require State agencies to maintain source documents to support any costs claimed for program administration.⁵ These source documents, such as invoices, cost determination and allocations procedures, and accounting procedures, provide evidence of when and how the Commonwealth of Pennsylvania used these funds to administer SNAP. Additionally, FNS performs Financial Management Reviews to oversee State agency operations of SNAP. These reviews include examining supporting documentation for administrative expenditures.

⁵ 7 C.F.R. § 277.6 (b)(7).

Scope and Methodology

We conducted this inspection by examining whether the Commonwealth of Pennsylvania used SNAP administrative funds to provide benefits to participants (Objective 1). We focused our inspection on FNS SNAP administrative funds for FY 2024 and conducted our fieldwork from April 2025 through July 2025. We conducted in-person fieldwork in Harrisburg, Pennsylvania and conducted interviews with FNS officials. We discussed the results of our inspection with agency officials on July 2, 2025. FNS management agreed with our inspection conclusion and did not have any comments.

We intended to analyze SNAP participant data to evaluate its quality and integrity (Objective 2); however, due to challenges in obtaining the requested data within a sufficient timeframe to include in this report, we will report on Objective 2 at a later date (Inspection 27801-0002-18, *Evaluation of SNAP Participant Data for Selected States*).

To accomplish Objective 1—to determine whether the Commonwealth of Pennsylvania used SNAP administrative funds to provide benefits to participants—we:

- Reviewed Federal laws and regulations and agency policy and procedures related to costs for State agencies to administer SNAP;
- Interviewed FNS National Office, FNS Mid-Atlantic Regional Office, and PA-DHS officials to gain an understanding of controls over SNAP administrative and participant benefits funds;
- Reviewed applicable PA-DHS policies and procedures for SNAP administrative costs;
- Gained an understanding of the financial and participant systems used by Pennsylvania, to help operate and manage SNAP, through provided walkthroughs;
- Reviewed PA-DHS and EBT processor user roles and access to the U.S. Department of the Treasury’s ASAP system to determine whether access to Pennsylvania’s administrative and SNAP participant benefits funds was appropriate;
- Reviewed all FY 2024 requests for payments from Pennsylvania’s administrative and participant benefits accounts to assess whether authorized individuals initiated payments; and
- Reviewed selected transactions to confirm whether FNS’ controls ensured that reimbursements for SNAP administrative costs were supported.

Transaction Selection Methodology

We reviewed PA-DHS’ FY 2024 SF-425, FNS-778, and general ledger, and identified the five administrative cost categories with the highest total Federal share of outlays and unliquidated obligations.⁶ For each of the top five categories, we selected and tested one transaction to

⁶ The top five administrative cost categories with the highest total federal share of outlays and unliquidated obligations for FY 2024 in Pennsylvania were (1) Certification, (2) ADP Operations, (3) EBT Issuance, (4) ADP Development, and (5) Fraud Control. See Table 1.

confirm whether FNS’ controls ensured that SNAP administrative reimbursements were supported. Pennsylvania’s administrative cost categories and expenditures are shown in Table 1 below.

FNS-778 Category Name	Total Federal Share of Outlays and Unliquidated Obligations	Description
Certification	\$152,206,608	Costs for accepting and processing applications. Includes salaries, benefits, travel expenses, supervisory, clerical, and other support costs.
ADP Operations	\$25,278,752	Operational costs of computer systems.
EBT Issuance	\$11,889,810	Costs for EBT Issuance, including EBT operational costs and EBT equipment costs.
ADP Development	\$7,787,886	Costs of computer system development.
Fraud Control	\$6,869,039	Costs of qualified employees engaged specifically in the investigation and prosecution of SNAP fraud activity.
E&T 50% Grant	\$6,523,757	Amount in excess of E&T allocation (E&T 100% Grant) expended to operate the E&T program.
E&T 100% Grant	\$4,900,887	Unmatched Federal grant expended on administrative costs of the E&T program.
Outreach	\$1,881,044	Costs for program informational activities.
Quality Control	\$1,867,262	Costs for Quality Control activity, including travel expenses.
E&T Dependent Care	\$1,500,000	Amount expended to reimburse E&T participants for the costs of dependent care incurred as a result of E&T participation.
Management Evaluation	\$1,266,419	Costs for Management Evaluation activities.
E&T Transportation & Other	\$601,275	Costs to reimburse E&T participants for costs of transportation and other reasonable and necessary costs incurred as a result of E&T participation.
Total	\$222,572,739	

Table 1: This table presents the reimbursed administrative SNAP functions/activities on the SNAP Financial Status Report (FNS-778) for Pennsylvania in FY 2024 as of January 7, 2025. Table by OIG.

We conducted this inspection as one of a series of 10 for the top SNAP-participating State agencies, each with similar objectives. Table 2 shows these 10 States listed in descending order by the number of persons participating in SNAP within each State.

FY 2024 SNAP Data

State	Persons	Cost
California	5,379,575	\$12,377,175,489
Texas	3,193,009	\$7,210,895,950
Florida	2,975,789	\$6,604,797,454
New York	2,926,213	\$7,353,983,677
Pennsylvania	2,000,018	\$4,268,081,855
Illinois	1,935,645	\$4,469,341,818
Michigan	1,474,427	\$3,061,361,572
North Carolina	1,415,607	\$2,939,826,574
Georgia	1,411,357	\$3,269,318,111
Ohio	1,386,865	\$3,177,571,738

Table 2: This table presents the top 10 States, by number of persons, participating in SNAP in FY 2024 based on FNS' data as of February 26, 2025. Table by OIG.

We conducted this inspection in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*. We did not independently review or assess the agency's information systems; therefore, we make no representation regarding the adequacy of the agency's computer systems, or the information generated from it.

Abbreviations

ADP.....	Automated Data Processing
ASAP	Automated Standard Application for Payments
C.F.R.....	Code of Federal Regulations
EBT	Electronic Benefits Transfer
E&T.....	Employment and Training
FNS	Food and Nutrition Service
FY	fiscal year
LOCs.....	letters of credit
OIG	Office of Inspector General
PA-DHS	Pennsylvania Department of Human Services
SF	Standard Form
SNAP	Supplemental Nutrition Assistance Program
USDA.....	U.S. Department of Agriculture



Learn more about USDA OIG
at <https://usdaoig.oversight.gov>
Find us on LinkedIn: US Department of
Agriculture OIG
Find us on X: @OIGUSDA

Report suspected wrongdoing in USDA programs:



<https://usdaoig.oversight.gov/hotline-information>

U.S. Department of Agriculture (USDA) is an equal
opportunity provider, employer, and lender.

In accordance with Federal civil rights law and USDA civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at How to File a Program Discrimination Complaint and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov.

All photographs on the front and back covers are from
USDA Flickr and are in the public domain. They do not
depict any particular audit, inspection, or investigation.