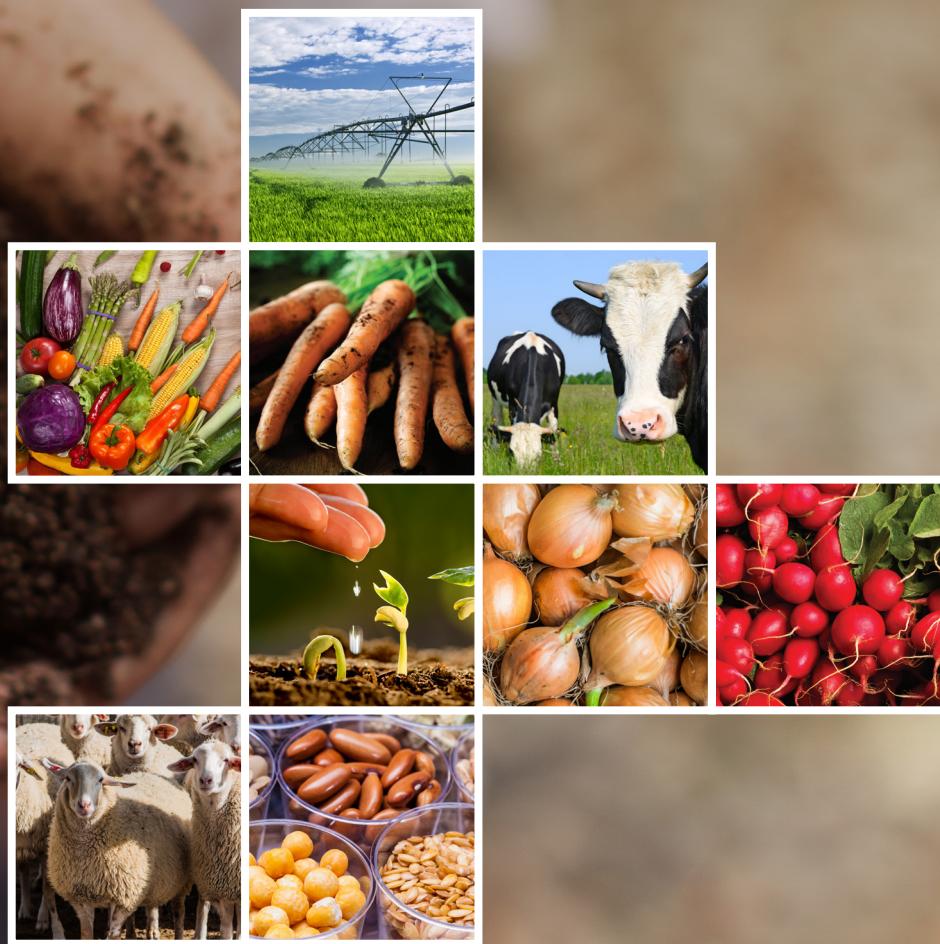




United States Department of Agriculture



OFFICE OF INSPECTOR GENERAL



United States Department of Agriculture  
Office of Inspector General  
Washington, D.C. 20250



DATE: August 9, 2017

AUDIT  
NUMBER: 27601-0010-10

TO: Brandon Lipps  
Administrator  
Food and Nutrition Service

ATTN: Mark Porter  
Director  
Office of Internal Controls, Audits and Investigations

FROM: Gil H. Harden  
Assistant Inspector General for Audit

SUBJECT: Pennsylvania's Compliance with SNAP Requirements for Participating State Agencies (7 CFR, Part 272)

The attached report presents the results of an engagement to assess selected aspects of Pennsylvania's compliance with the Supplemental Nutrition Assistance Program (SNAP) regulations. The assessment focused on compliance with the Code of Federal Regulations Title 7, Part 272, *Requirements for Participating State Agencies* (7 C.F.R. 272).

TFC Consulting, Inc. (TFC), an independent licensed Certified Public Accounting firm, was contracted by the Department of Agriculture's (USDA) Office of Inspector General (OIG) to conduct an agreed-upon procedures engagement in Pennsylvania and provide the Food and Nutrition Service (FNS) with recommendations to enhance program operations. The contract required TFC to perform the engagement in accordance with U.S. generally accepted government auditing standards (GAGAS). In connection with the contract, we reviewed TFC's report and related documentation and inquired of its representatives. Our review of TFC's report was different from an audit, in accordance with GAGAS, and was not intended to enable us to express, and we do not express, an opinion on Pennsylvania's overall compliance with 7 C.F.R. 272. TFC is responsible for the enclosed agreed-upon procedures and recommendations report, dated May 23, 2017. However, our review of TFC's audit documentation did not disclose instances in which TFC did not comply, in all material respects, with GAGAS.

TFC reported that Pennsylvania did not always comply with SNAP regulations related to Nondiscrimination Compliance; the Prisoner Verification System; and the Income and Eligibility Verification System. TFC recommended FNS enhance its discrimination process to address timeliness. TFC also recommended FNS require the State review reported cases identified as having potential improper payments, establish a monitoring process, and provide additional guidance or training to State employees to assist with compliance. FNS concurred with TFC's recommendations and OIG accepted management decision on the report's five recommendations.

Please note that the regulation requires final action to be taken within 1 year of each management decision to prevent being listed in the Department's annual Agency Financial Report. For agencies other than the Office of the Chief Financial Officer (OCFO), please follow your internal agency procedures in forwarding final action correspondence to OCFO.

We appreciated the courtesies and cooperation extended to us by members of your staff during TFC's fieldwork and subsequent discussions. This report contains publicly available information and will be posted in its entirety to our website (<http://www.usda.gov/oig>) in the near future.



**TFC Consulting, Inc.**

**Report on Applying Agreed-upon Procedures**

**for the USDA Office of the Inspector General**

**to Assess the State of Pennsylvania's Compliance with**

**7 CFR, Part 272 – SNAP Requirements for Participating State**

**Agencies**

**Final**







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May 23, 2017

## Independent Accountant's Report on Applying Agreed-upon Procedures

TFC Consulting, Inc. (TFC), an independent licensed Certified Public Accounting firm, was contracted by the U.S. Department of Agriculture (USDA), Office of Inspector General (OIG), to conduct an *agreed-upon procedures* engagement to assess selected aspects of the State of Pennsylvania's compliance with the Supplemental Nutrition Assistance Program (SNAP) regulations. The State of Pennsylvania (Pennsylvania or the State) was one of five States selected by the OIG for assessment during fiscal year (FY) 2017 based on the level of SNAP funding (small, medium, or large), audit history, and geographic location (the States were selected so that different Food and Nutrition Service (FNS) regions were represented in the assessment). The assessment focused exclusively on compliance with *Title 7 Code of Federal Regulations (CFR), Part 272, Requirements for Participating State Agencies*. This report presents the results of our assessment of Pennsylvania.

TFC performed agreed-upon procedures specified by the OIG to evaluate compliance with *Title 7 CFR, Part 272*. The agreed-upon procedures were comprised of two parts: Part 1 specified detailed procedures to assess the State's policies, procedures, and processes and included testing of targeted areas of *7 CFR, Part 272* using non-statistical samples; Part 2 required a randomly selected statistical sample of 100 active case files and performance of specified procedures to test compliance with *7 CFR, Part 272*. The Part 1 and Part 2 procedures performed are provided in Appendix A and B of this report, respectively. The sufficiency of the agreed-upon procedures is the responsibility of the OIG. Consequently, we make no representation regarding the sufficiency of the procedures for which this report has been requested or for any other purpose, nor do we provide an opinion on Pennsylvania's overall compliance with *7 CFR, Part 272*. Had we performed additional procedures, other matters might have come to our attention that would have been reported. This agreed-upon procedures engagement was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). The scope period for this review was October 1, 2015 through September 30, 2016 (Federal FY 2016 (FY16)).

Our performance of Part 1 of the agreed-upon procedures disclosed two findings as follows:

1. FNS Civil Rights Division (CRD) did not send a letter of acknowledgement to a complainant timely – Federal regulation *7 CFR §272.6, Nondiscrimination Compliance*, states under *Right to file a complaint* that individuals may file a complaint with the USDA Secretary or FNS Administrator and/or with the State agency.<sup>1</sup> Once received, FNS CRD and the State agency both adhere to the same guidance and process complaints in accordance with the *FNS Instruction 113-1 Civil Rights Compliance and Enforcement – Nutrition Programs and Activities*<sup>2</sup> manual. It should be noted, *FNS Instruction 113-1* is undergoing revision by CRD, but currently the manual requires the Civil Rights Specialist acknowledge receipt of the complaint within 5 days by sending the complainant an

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<sup>1</sup> *7 CFR §272.6 (b)*, 2017

<sup>2</sup> *FNS Instruction 113-1 – Civil Rights Compliance and Enforcement – Nutrition Programs and Activities*, 2005

acknowledgement letter.<sup>3</sup> The State Civil Rights Specialist has an integral part in the processing of most discrimination complaints as they not only handle the complaints filed with the State, but also partner with CRD to assist in processing complaints filed directly with FNS.

There were two SNAP cases of civil rights (discrimination) complaints received by FNS for alleged discrimination by the Pennsylvania Department of Human Services (PA DHS) during the scope period. TFC identified one complaint where FNS CRD did not send an acknowledgement letter to the complainant timely, the letter was sent 30 days after the complaint was received.

2. PA DHS did not provide households notice of match results for Prisoner Verification System (PVS) matches,<sup>4</sup> and continued to include individuals incarcerated for over 30 days in a SNAP household - Federal regulation 7 CFR §272.13, PVS, states that each State's PVS shall provide a notice to the household of match results.<sup>5</sup> In a non-statistical sample of 15 cases that were active during FY 16 with a PVS match,<sup>6</sup> TFC found that PA DHS did not provide the household notice of match results in all 15 cases.

7 CFR §272.13, PVS, also states that each State agency shall establish a system to monitor and prevent individuals who are incarcerated for more than 30 days from being included in a SNAP household.<sup>7</sup> Of the sample of 15 cases, TFC identified 3 cases where individuals were incarcerated for over 30 days and continued to receive SNAP benefits. We identified potential improper payments in the amount of \$968.56 for the 3 cases.

Our performance of Part 2 of the agreed-upon procedures, the testing of 100 randomly selected active cases, disclosed one finding as follows:

3. PA DHS did not maintain evidence that action was taken on an Income and Eligibility Verification System (IEVS) check within 45 days of receipt of the information - IEVS is an automated data verification system that performs data matches against several Federal and State agency data bases using the SNAP recipient's Social Security Number (SSN) to verify certain types of wage and benefit information. Federal regulation 7 CFR §272.8, IEVS, states that State agencies must initiate and pursue actions on recipient households, so that actions are completed within 45 days of receipt of the information.<sup>8</sup>

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<sup>3</sup> FNS Instruction 113-1 (XVII)(D)(1), 2005

<sup>4</sup> PVS matches the social security number (SSN) of the SNAP applicant against the Social Security Administration (SSA) database to determine if the individual has been incarcerated. A match indicates the individual has been incarcerated.

<sup>5</sup> 7 CFR §272.13, PVS, (b)(4), 2017

<sup>6</sup> The universe of active cases during the scope period with a PVS match hit was 11,913.

<sup>7</sup> 7 CFR §272.13, PVS, (a), 2017

<sup>8</sup> 7 CFR §272.8, IEVS, (c)(2), 2017

TFC identified one case where there was no evidence that action was taken by PA DHS within 45 days of receipt of the information.

Additional details concerning these findings, along with associated recommendations, are presented in Section 4 of this report. This report was prepared to present the results of our performance of the agreed-upon procedures specified by the OIG and is not suitable for other purposes. For any questions concerning this report, please contact Tashu Trivedi, TFC Engagement Partner at [ttrivedi@tfCCI.net](mailto:ttrivedi@tfcci.net).

Signed

TFC Consulting, Inc. /s/

## 1 Background

The Department of Agriculture's (USDA) Food and Nutrition Service (FNS) administers the Supplemental Nutrition Assistance Program (SNAP) providing nutrition assistance to about 44 million participants a month and paying benefits in excess of \$66.5 billion annually (FY16).<sup>9</sup> SNAP is the largest domestic hunger safety net program in the United States. FNS works with State agencies to ensure that those eligible for nutrition assistance can make informed decisions about applying for the program and can access benefits. FNS also works with State partners, the USDA's Office of Inspector General (OIG), and others to improve program administration and ensure program integrity.

SNAP is authorized by the Food and Nutrition Act of 2008, as amended.<sup>10</sup> Regulatory authority for SNAP resides in the *Code of Federal Regulations (CFR)*, *Title 7 CFR, Parts 271 through 283*. The focus of this agreed-upon procedures engagement was on *7 CFR, Part 272 – Requirements for Participating State Agencies*.

FNS oversees the SNAP – formerly known as the Food Stamp Program – at the Federal level from its headquarters in Alexandria, Virginia, and its seven Regional Offices (ROs). The ROs each serve several different States, and may include U.S. territories.

State offices, in turn, are responsible for overseeing local SNAP offices where applicants can apply for SNAP benefits, and in 42 States, applicants can also apply online. Each State uses its own application form and determines household eligibility and calculates benefits. In Pennsylvania, the Department of Human Services (PA DHS) performs this function.

In FY 15, Pennsylvania issued \$2,699,655,059 in SNAP benefits (which nationally represents 3.88% of benefits and 3.99% of all SNAP participants) serving an average of 918,761 households or 1,826,667 individual participants per month, and ranked 7 out of 53 States and Territories in benefits issued.<sup>11</sup>

## 2 Objective and Purpose

The objective of this agreed-upon procedures engagement was to assess selected aspects of Pennsylvania's implementation of *Title 7 CFR, Part 272 – Requirements for Participating State Agencies*. The assessment procedures associated with this engagement were developed by the OIG and performed under contract by TFC Consulting, Inc. (TFC). The purpose of the assessment was to evaluate whether the State was properly administering the SNAP in accordance with *Title 7 CFR, Part 272* requirements.

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<sup>9</sup> SNAP National View Summary, FY14 through FY17, FNS, June 9, 2017

<sup>10</sup> SNAP was previously authorized by the *Food Stamp Act of 1964* and later amended by the *Food Stamp Act of 1977*.

<sup>11</sup> SNAP State Activity Report Fiscal Year 2015, FNS SNAP Program Accountability and Administration Division, August 2016

### **3 Scope and Methodology**

The scope of this engagement was to assess aspects of Pennsylvania's compliance with *Title 7 CFR, Part 272 – Requirements for Participating State Agencies*. The State of Pennsylvania was one of five states selected for testing by the OIG based on non-statistical sampling that considered three criteria: 1) size of the State based on level of SNAP funding (small, medium, or large), 2) audit history, and 3) geographic location (States were selected so that different FNS regions were represented in the testing). The Pennsylvania SNAP is considered a large program (more than \$2 billion in SNAP payments annually) by the OIG and is located within FNS' Mid-Atlantic Region.

The engagement was performed by TFC in accordance with agreed-upon procedures developed by the OIG. The agreed-upon procedures were comprised of two parts as follows:

- Part 1, Checklist for Review of State's Compliance with *7 CFR, Part 272*, specified detailed procedures to review the State's policies, procedures and processes and includes non-statistical testing of targeted areas of *7 CFR, Part 272* compliance;
- Part 2, Checklist for Review of Active Cases, required a statistical random sample of 100 active case files and performance of specified procedures to test compliance with *7 CFR, Part 272*.

Statistical sampling in support of Part 2 testing was based on parameters established by the OIG. OIG's requirement for selection of 100 active cases was based on a very large universe count (greater than 10,000 units), a +/- 10 percent margin when testing attributes, an estimated error rate of 50 percent (most conservative assumption), and a confidence level of 95 percent that the projected error is correct. Non-statistical sampling techniques were applied in conducting review procedures specified in Part 1.

The Part 1 and Part 2 Checklists are provided in Appendix A and B of this report along with findings noted for each applicable procedure. The sufficiency of the review procedures is the responsibility of the OIG. Consequently, we make no representation regarding the sufficiency of the procedures for which this report has been requested or for any other purposes, nor do we provide an opinion on Pennsylvania's overall compliance with *7 CFR, Part 272*. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

The primary scope period for this engagement was October 1, 2015 through September 30, 2016 (FY16), although the period assessed varied for some tests performed.

Various testing methods and techniques were employed primarily to:

- Obtain an understanding of the State agency, its operations, systems, and operating environment;
- Test the State's compliance with *7 CFR, Part 272* at a high level (e.g., policies and procedures); and
- Test a statistically significant sample of active cases for compliance at a granular level.

Assessment fieldwork was performed at the headquarters of PA DHS in Harrisburg, Pennsylvania in late February and early March 2017. This agreed-upon procedures engagement was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS).

## 4 Findings and Recommendations

This section presents deficiencies identified during our performance of Parts 1 and 2 of the agreed-upon procedures Checklists. Our recommendations to address each deficiency are also provided.

### 4.1 Part 1, Checklist for Review of State's Compliance

Two exceptions were identified during performance of the review procedures in the Part 1 Checklist, as discussed in Finding 1 and 2 below.

#### Finding 1: FNS CRD did not send a letter of acknowledgement to a complainant timely

7 CFR §272.6, *Nondiscrimination complaints*, states under *Right to file a complaint* that individuals may file a complaint with the USDA Secretary or FNS Administrator and/or with the State agency.<sup>12</sup> Once received, both the State agency and FNS process complaints in accordance with the *FNS Instruction 113-1 Civil Rights Compliance and Enforcement* manual. It should be noted, FNS CRD is revising the *FNS Instruction 113-1* manual, but that guidance was still in effect as of the date of this report.

*FNS Instruction 113-1* requires that the Civil Rights Specialist acknowledge receipt of the complaint within five days and includes within the acknowledgement letter actions planned or a request for additional information, if needed.<sup>13</sup> Our testing of 7 CFR §272.6, *Nondiscrimination complaints* disclosed one area of non-compliance.

In response to our request for a list of discrimination complaints received during the scope period October 1, 2015 through September 30, 2016, we received two SNAP cases of alleged discrimination by PA DHS. TFC identified one complaint that was non-compliant with FNS civil rights policies and procedures. Specifically, FNS CRD sent an acknowledgment letter to a complainant 30 days after the complaint was received.

FNS CRD stated that this occurred because the initial letter of complaint was received by the FNS Regional Office, and the complaint was unusually long and could not initially be scanned to FNS Headquarters (HQ) due to technical problems with the scanner. Also, CRD stated that the length and complexity of the initial submission increased the time it took for them to review and process the complaint.

As a result, FNS CRD was not in compliance with the policies and procedures their office promulgated to ensure the timely processing of discrimination complaints received by FNS CRD, FNS Regional OCR, or the State agencies.

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<sup>12</sup> 7 CFR §272.6 (b), 2017

<sup>13</sup> FNS 113-1 (XVII)(D)(1), 2005

## **FNS Recommendation 1**

Augment FNS CRD discrimination complaint processing procedures to address processing of long and complex complaints to ensure they are submitted to FNS CRD in accordance with required processing timeframes.

### **Agency Response**

In its July 17, 2017, response FNS stated:

FNS concurs with the recommendation. Once a complaint is received, both the State agency and FNS should process the complaint in accordance with the FNS Instruction 113-1 Civil Rights Compliance and Enforcement manual. This manual is currently being revised, and will assist in the timely, fair, and equitable processing of all discrimination complaints received by the FNS Civil Rights Division, the FNS Regional Office of Civil Rights, and State agencies.

**Estimated Completion Date:** June 30, 2018

## **Finding 2: PA DHS did not provide households notice of Prisoner Verification System (PVS) match results, and continued to include individuals incarcerated for over 30 days in a SNAP household**

Our testing of 7 CFR §272.13, *Prisoner Verification System*, disclosed two areas of non-compliance. Specifically, PA DHS did not provide households notice of PVS match results. In addition, PA DHS continued to include individuals incarcerated for over 30 days in a SNAP household.

We requested PA DHS provide a list of PVS matches performed during FY16 and received a file containing 11,913 cases that were active during the scope period with a PVS match. A match indicates there was an automated response in the benefits management system that identified the individual's ID number as matching an ID number of an incarcerated individual from another computer system interface (usually Social Security Administration (SSA)). TFC tested a non-statistical sample of 15 cases, and determined that all 15 cases were non-compliant with 7 CFR §272.13. The 15 cases did not have evidence that a notice of match results was provided to the household. Additionally, 3 of the 15 cases were individuals incarcerated for over 30 days and they continued to be a member of a SNAP household.

### **Prisoner Verification System Finding 2(a) Notice of Match Results**

Federal regulation requires that each State's PVS shall provide a notice to the household of match results.<sup>14</sup>

In the 15 cases tested, PA DHS failed to provide a notice of match results to each of the 15 households.

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<sup>14</sup> 7 CFR §272.13, PVS, (b)(4), 2017

This occurred because the case workers were not aware of PVS household notification requirements, as PVS requirements were not included in official PA DHS guidance or training.

As a result, households who did not receive notice were not aware that the State agency performed a PVS check on a member of the household, or the results of that check, in accordance with 7 CFR §272.13 requirements.

#### **Prisoner Verification System Finding 2(b) Payments to Individuals Incarcerated over 30 days**

Federal regulations also require that each State agency establish a system to monitor and prevent individuals who are incarcerated for more than 30 days from being included in a SNAP household.<sup>15</sup>

Of the sample of 15 cases, TFC identified 3 cases where individuals were incarcerated for over 30 days, but they continued to receive SNAP benefits.

This occurred because the case workers did not have a proper understanding of PVS requirements, including referring cases of individuals incarcerated over 30 days to the State OIG for investigation and possible establishment of a claim.

For the first case, we calculated a potential improper payment of \$387.58,<sup>16</sup> and this individual was incarcerated for approximately 40 days. For the second case, we calculated a potential improper payment of \$192.98, and this individual was incarcerated for approximately 47 days before the individual was disqualified from SNAP. For the third case, we calculated a potential improper payment of \$388.00, and this individual was incarcerated for approximately 77 days. This resulted in a total potential improper payment of \$968.56.

#### **FNS Recommendation 2**

Require PA DHS to review the three identified cases that received benefits while incarcerated for over 30 days and determine if payments were improper and warrant establishment of a claim.

#### **Agency Response**

In its July 17, 2017, response FNS stated:

FNS concurs with the recommendation. PA Department of Human Services (DHS) will review the three cases identified in the audit and determine whether each case was within regulatory compliance. The State agency shall address any over or under-issuance identified in accordance with federal regulations.

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<sup>15</sup> 7 CFR §272.13, PVS, (a), 2017

<sup>16</sup> PA DHS was non-compliant under 7 CFR 273 Certification of Eligible Households rather than 7 CFR 272.13 PVS.

**Estimated Completion Date:** September 15, 2017

### **FNS Recommendation 3**

Require PA DHS provide guidance and/or training to case workers and new employees to ensure compliance with 7 CFR §272.13 *Prisoner Verification System (PVS)* requirements, with emphasis on the requirements associated with providing notice to the households of PVS match results and establishment of claims for individuals who have been incarcerated for over 30 days.

### **Agency Response**

In its July 17, 2017, response FNS stated:

FNS concurs with the recommendation. PA DHS has policy outlined in their SNAP handbook explaining the steps that need to be taken when a PVS match is received. Households are notified either through a telephone call to verify the PVS match information or via a client verification request form. Per the changes made in the final rule SNAP: Eligibility, Certification, and Employment and Training on May 8, 2017, the State must follow the procedures at 273.12(c)(3)(iii) for unclear information resulting from a PVS match during the certification period. FNS recommends that PA DHS review the technical assistance guidance Questions and Answers Concerning SNAP Eligibility, Certification, and Employment and Training Provisions of the Food Conservation and Energy Action of 2008 – Set #2 published on May 11, 2017, for more information on implementing these changes. PA DHS will distribute a communication to staff in County Assistance Offices (CAOs) to clarify these requirements.

**Estimated Completion Date:** September 15, 2017

## **4.2 Part 2, Checklist for Review of Active Cases**

Our review of 100 randomly selected active cases<sup>17</sup> followed the review procedures specified in the Part 2 Checklist for Review of Active Cases, and disclosed one case of non-compliance as detailed in Finding 3 below. This resulted in an error rate of one percent in our sample, enabling us with a 95 percent confidence level, to project an error rate of 4.75 percent or less in the population.<sup>18</sup>

### **Finding 3: PA DHS did not maintain evidence that action was taken on an Income and Eligibility Verification System (IEVS) check within 45 days of receipt of the information**

IEVS is an automated data verification system that performs data matches against several Federal (e.g., SSA and IRS) and State agency (e.g., Pennsylvania Department of Labor and Industry) databases using the SNAP recipients Social Security Number (SSN) and other demographic information to verify certain types of wage and benefit information. TFC identified one case where PA DHS was not in compliance with 7 CFR §272.8 *Income and Eligibility*

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<sup>17</sup> The universe of active cases during the scope period (October 2015 - September 2016) was 1,247,852.

<sup>18</sup> The error rate means that we can state with a high level of likelihood that the rate of non-compliance is somewhere under approximately 4.75 percent for the entire population.

*Verification System (IEVS) requirements. Specifically, PA DHS did not maintain evidence that action was taken on an IEVS check timely.*

Federal regulations require State agencies to initiate and pursue actions on recipient households, so that actions are completed within 45 days of receipt of the information items.<sup>19</sup>

TFC identified one case where there was no evidence that action was taken on an IEVS check within 45 days of receipt of the information. As of the last day of our fieldwork, the exchange status for this case had remained “pending” for 120 days since the IEVS check had been performed.

This occurred because the case was opened as part of the Pennsylvania Combined Application Project (PA CAP<sup>20</sup>). These cases are opened by SSA, and PA DHS generally performs limited monitoring procedures on these types of cases.

As a result, PA DHS was not aware that this PA CAP case had received an IEVS match that might have affected the individual’s eligibility and required action.

#### **FNS Recommendation 4**

Require PA DHS review the PA CAP case identified to determine what action, if any, is required and to update the exchange status accordingly.

#### **Agency Response**

In its July 17, 2017, response FNS stated:

FNS concurs with the recommendation. PA DHS will review the PA Combined Application Project (CAP) case identified in the audit and determine if the case was within regulatory compliance. The State agency shall address any update to the exchange status accordingly.

**Estimated Completion Date:** September 15, 2017

#### **FNS Recommendation 5**

Require PA DHS establish a process for monitoring IEVS checks for all cases, including PA CAP cases, and ensure actions are completed within the 45-day prescribed time limit.

#### **Agency Response**

In its July 17, 2017, response FNS stated:

FNS concurs with the recommendation. PA DHS policy and procedure is outlined in their SNAP Handbook advising case workers that all Income and Eligibility Verification

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<sup>19</sup> 7 CFR §272.8, IEVS, (c)(2), 2017

<sup>20</sup> PA CAP is a joint SSA and FNS project designed to improve access to food benefits for low-income seniors and other special needs persons who are the most at risk of food insecurity. CAPS make it easier for SSI recipients to receive SNAP benefits because one-person SSI households can file a shortened SNAP application consisting of only a few questions and no SNAP interview is required.

System (IEVS) information must be reviewed and acted upon within 45 days of receipt of the information. The PA CAP is a demonstration project that PA DHS participates in in conjunction with the Social Security Administration (SSA). PA DHS relies on the changes reported to SSA for Supplemental Security Income recipients and that information is transmitted to PA DHS via the State Data Exchange (SDX). If the CAO staff receives an exchange hit, they are to review and take action on the exchange hit within 45 days. Any exchange hit that is received on a case is posted to the case worker's dashboard for review.

PA DHS will continue to monitor and ensure CAO staff understands the IEVS time frame policy and are implementing it correctly. PA DHS will distribute a communication all CAOs to clarify these requirements.

**Estimated Completion Date:** September 15, 2017

## Appendix A: Summary of Test Procedures and Results of Testing for Part 1 – Review of State Compliance

Part 1, Checklist for Review of State's Compliance Results from Testing 7 CFR, Part 272		
7 CFR Subsection	Review Procedures	Were exceptions found as a result of applying the procedure?
§272.1 General Terms and Conditions	<p>For the Scope period:</p> <ul style="list-style-type: none"> <li>a) Determine whether the State has documented retention records for SNAP recipients in accordance with the regulations. Include records related to Intentional Program Violations and to disqualification records for disqualified recipients.</li> <li>b) Determine if all SNAP recipient records are kept electronically or on paper.</li> </ul>	No
§272.2 Plan of Operation	<p>For the Scope period determine if the following plans have been completed by the State and have been approved by FNS, and are current:</p> <ul style="list-style-type: none"> <li>a) Quality Control Sampling Plan as required by §275.11(a)(4);</li> <li>b) Plan for the State Income and Eligibility Verification System required by §272.8</li> <li>c) Employment and Training Plan as required in §273.7 (c)(6)</li> <li>d) A plan for the Systematic Alien Verification for Entitlements (SAVE) Program as required by §272.11(e)</li> <li>e) Claims Management Plan as required by §273.18(a)(3)</li> <li>f) Disqualification Plan in accordance with §273.7(f)(4)</li> </ul>	No
§272.3 Operating Guidelines and Forms	<p>Determine if the State has developed and distributed to its entire Staff the operating guidelines that are required to be documented in its Operating Procedures:</p> <ul style="list-style-type: none"> <li>a) Verify for the Scope period that FNS has timely approved the State's Operating Procedures</li> <li>b) If FNS has granted any waivers to the State for any of the required operating procedures, determine which procedures, when the waiver was granted, and obtain a copy of the FNS waiver letter.</li> </ul>	No

Part 1, Checklist for Review of State's Compliance Results from Testing 7 CFR, Part 272		
7 CFR Subsection	Review Procedures	Were exceptions found as a result of applying the procedure?
§272.4 Program Administration and Personnel Requirements	Determine if the State has established a system to assure that no individual SNAP participant participates more than once in a month, in more than one jurisdiction, or in more than one household within the State. Also, determine whether the State has established fraud detection units in project areas in which more than 5000 households participate in SNAP.	No
§272.5 Program Informational Activities	Determine whether FNS has approved costs for State activities designed to inform low-income households about the availability, eligibility requirements, application procedures, and benefits of the Food Stamp Program. If so, determine the amount of costs approved for the Scope period.	No
§272.6 Nondiscrimination Compliance	For the Scope period, determine the number of SNAP recipient discrimination complaints received by the State, and/or from the State that were sent to FNS or the USDA Secretary. For the complaints received, determine if they were timely addressed.	Exception noted, reference finding #1
§272.8 State Income and Eligibility Verification System	Determine if the State has implemented and uses an income and eligibility verification system (IEVS).	No
§272.9 Approval of Homeless Meal Providers	Determine how many homeless meal providers are approved and participate in the State's SNAP.	No
§272.10 ADP/CIS Model Plan	Determine if the State has an FNS-approved ADP/CIS Plan and whether the State has timely implemented that Plan.	No
§272.11 Systematic Alien Verification for Entitlements (SAVE) Program	Determine whether the State has implemented a Systematic Alien Verification for Entitlements (SAVE) Program. Also, determine whether State written procedures require that SAVE is used on every SNAP application in the State, as needed when aliens apply for SNAP.	No
§272.12 Computer Matching Requirements	Determine whether the State has implemented computer matching programs in its State to verify the SNAP applicant's eligibility or for re-verification purposes.	No

Part 1, Checklist for Review of State's Compliance Results from Testing 7 CFR, Part 272		
7 CFR Subsection	Review Procedures	Were exceptions found as a result of applying the procedure?
§272.13 Prisoner Verification System (PVS)	<p>Determine whether the State has implemented a Prisoner Verification System (PVS) and has documented procedures:</p> <ul style="list-style-type: none"> <li>a) Determine if FNS has reviewed and/or approved the State's PVS.</li> <li>b) For the Scope period, determine and document how often the State does a PVS match and the results of those matches.</li> </ul>	Exception noted, reference finding #2
§272.14 Deceased Matching System	<p>Determine whether the State has implemented a deceased matching system and has documented procedures.</p> <ul style="list-style-type: none"> <li>a) Determine if FNS has reviewed and/or approved the State's deceased matching system.</li> <li>b) For the Scope period, determine and document how often the State does a deceased match and the results of those matches.</li> </ul>	No

## Appendix B: Summary of Test Procedures and Results of Testing for Part 2 – Review of Active Cases

<b>Part 2, Checklist for Review of Active Cases</b> <b>Results from Testing 7 CFR, Part 272</b>		
<b>7 CFR Subsection</b>	<b>Review Procedures</b>	<b>Were exceptions found as a result of applying the procedure?</b>
§272.1 General Terms and Conditions	Determine if the recipient record is stored in compliance with the State agency's documented record retention plan.	No
§272.8 State Income and Eligibility Verification System	Determine if an IEVS check was performed in accordance with the State agency's operating guidance	Exception noted, reference finding #3
§272.11 Systematic Alien Verification for Entitlements (SAVE) Program	Determine if SAVE was used on the case during the initial application.	No
§272.11 Systematic Alien Verification for Entitlements (SAVE) Program	If SAVE was used, determine whether it was done in accordance with the State agency's written procedures (i.e., was a SAVE check appropriate for the household based upon the State's written procedures).	No
§272.12 Computer Matching Requirements	Did the State agency utilize computer matching to obtain information for eligibility determination purposes?	No
§272.12 Computer Matching Requirements	If computer matching was used, determine whether the State agency used the information found in accordance with the State agency's plan.	No
§272.13 Prisoner Verification System (PVS)	Did the State agency check a Prisoner Verification System to verify eligibility?	No
§272.13 Prisoner Verification System (PVS)	Was the use of the Prisoner Verification System to verify eligibility in accordance with the State agency's documented procedures?	No
§272.14 Deceased Matching System	Did the State agency check a deceased matching system within the last year or at the time of application, whichever was sooner?	No

## **Appendix C: Summary of Monetary Results**

This exhibit lists the finding and recommendation that had a determinable monetary result, and includes the type and amount of the monetary result.

Finding	Recommendation	Description	Amount	Code/Category
2	3	PA DHS provided benefits to an individual who may have been incarcerated for more than 30 days	\$968.56	Questioned Costs, Potential Recovery
<b>Total Monetary Result (Absolute value)</b>			<b>\$968.56</b>	

## **Appendix D: Leading Practices/Performance Improvement Opportunities**

Our engagement was focused on reviewing the State's compliance with *7 CFR Part 272* requirements, and our formal recommendations only pertain to the aforementioned regulations. However, when we observe an area where program efficiencies could be gained and/or effectiveness improved, we feel obliged to include that for FNS and State agency consideration.

During our testing of *7 CFR §272.6, Nondiscrimination Compliance*, we reviewed the PA DHS, *Supplemental Handbook, Chapter 880*. Although our testing did not identify any reportable instances of noncompliance for the State agency, we believe there is an opportunity for improvement for these policies. PA DHS could update *Supplemental Handbook, Chapter 880.4 Complaint Procedures* to include FNS guidance regarding timeliness of handling discrimination complaints. Specifically, PA DHS could include in its policies the FNS' guidance timeframes associated with delivery of both acknowledgment and decision letters to the complainant.

## Appendix E: Glossary of Acronyms and Abbreviations

Acronym/Abbreviation	Definition
CAP	Combined Application Project
CFR	Code of Federal Regulation
CRD	Civil Rights Division
DHS	Department of Human Services
FNS	Food and Nutrition Service
FY	Fiscal Year
GAGAS	Generally Accepted Government Auditing Standards
IEVS	Income and Eligibility Verification System
MD	Maryland
OCR	Office of Civil Rights
OIG	Office of Inspector General
PA	Pennsylvania
PVS	Prisoner Verification System
RO	Regional Office
SNAP	Supplemental Nutrition Assistance Program
SSA	Social Security Administration
SSN	Social Security Number
TFC	TFC Consulting, Inc.
USDA	U.S. Department of Agriculture



## **Appendix F: Agency Response**

# **USDA'S FNS RESPONSE TO AUP REPORT**





**United States  
Department of  
Agriculture**

Food and  
Nutrition  
Service

3101 Park  
Center Drive  
Room 712

Alexandria, VA  
22302-1500

DATE: July 17, 2017

AUDIT  
NUMBER: 27601-0010-10

TO: Gil H. Harden  
Assistant Inspector General for Audit

FROM: Jessica Shahin /s/  
Acting Administrator  
Food and Nutrition Service

SUBJECT: Pennsylvania's Compliance with 7 CFR Part 272 – SNAP Requirements  
for Participating State Agencies

This letter responds to the official draft report for audit number 27601-0010-10, Pennsylvania's Compliance with 7 CFR Part 272, Supplemental Nutrition Assistance Program (SNAP) Requirements for Participating State Agencies. Specifically, the Food and Nutrition Service (FNS) is responding to the five recommendations in the report.

**OIG Recommendation 1:**

Augment FNS CRD discrimination complaint processing procedures to address processing of long and complex complaints to ensure they are submitted to FNS CRD in accordance with required processing timeframes.

**FNS Response:**

FNS concurs with the recommendation. Once a complaint is received, both the State agency and FNS should process the complaint in accordance with the FNS Instruction 113-1 Civil Rights Compliance and Enforcement manual. This manual is currently being revised, and will assist in the timely, fair, and equitable processing of all discrimination complaints received by the FNS Civil Rights Division, the FNS Regional Office of Civil Rights, and State agencies.

**Estimated Completion Date:**

June 30, 2018

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**OIG Recommendation 2:**

Require PA DHS to review the three identified cases that received benefits while incarcerated for over 30 days and determine if payments were improper and warrant establishment of a claim.

**FNS Response:**

FNS concurs with the recommendation. PA Department of Human Services (DHS) will review the three cases identified in the audit and determine whether each case was within regulatory compliance. The State agency shall address any over or under-issuance identified in accordance with federal regulations.

**Estimated Completion Date:**

September 15, 2017

**OIG Recommendation 3:**

Require PA DHS to provide guidance and/or training to case workers and new employees to ensure compliance with 7 CFR §272.13 Prisoner Verification System (PVS) requirements, with emphasis on the requirements associated with providing notice to the households of PVS match results and establishment of claims for individuals who have been incarcerated for over 30 days.

**FNS Response:**

FNS concurs with the recommendation. PA DHS has policy outlined in their SNAP handbook explaining the steps that need to be taken when a PVS match is received. Households are notified either through a telephone call to verify the PVS match information or via a client verification request form. Per the changes made in the final rule SNAP: Eligibility, Certification, and Employment and Training on May 8, 2017, the State must follow the procedures at 273.12(c)(3)(ii) for unclear information resulting from a PVS match during the certification period. FNS recommends that PA DHS review the technical assistance guidance Questions and Answers Concerning SNAP Eligibility, Certification, and Employment and Training Provisions of the Food Conservation and Energy Action of 2008 – Set #2 published on May 11, 2017, for more information on implementing these changes. PA DHS will distribute a communication to staff in County Assistance Offices (CAOs) to clarify these requirements.

**Estimated Completion Date:**

September 15, 2017

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**OIG Recommendation 4:**

Require PA DHS review the PA CAP case identified to determine what action, if any, is required and to update the exchange status accordingly.

**FNS Response:**

FNS concurs with the recommendation. PA DHS will review the PA Combined Application Project (CAP) case identified in the audit and determine if the case was within regulatory compliance. The State agency shall address any update to the exchange status accordingly.

**Estimated Completion Date:**

September 15, 2017

**OIG Recommendation 5:**

Require PA DHS establish a process for monitoring IEVS checks for all cases, including PA CAP cases, and ensure actions are completed within the 45-day prescribed time limit.

**FNS Response:**

FNS concurs with the recommendation. PA DHS policy and procedure is outlined in their SNAP Handbook advising case workers that all Income and Eligibility Verification System (IEVS) information must be reviewed and acted upon within 45 days of receipt of the information. The PA CAP is a demonstration project that PA DHS participates in in conjunction with the Social Security Administration (SSA). PA DHS relies on the changes reported to SSA for Supplemental Security Income recipients and that information is transmitted to PA DHS via the State Data Exchange (SDX). If the CAO staff receives an exchange hit, they are to review and take action on the exchange hit within 45 days. Any exchange hit that is received on a case is posted to the case worker's dashboard for review.

PA DHS will continue to monitor and ensure CAO staff understands the IEVS time frame policy and are implementing it correctly. PA DHS will distribute a communication all CAOs to clarify these requirements.

**Estimated Completion Date:**

September 15, 2017

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