



United States Department of Agriculture



OFFICE OF INSPECTOR GENERAL





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



DATE: December 19, 2017

AUDIT  
NUMBER: 27601-0013-10

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: Compilation Report of States' Compliance with SNAP Requirements for  
Participating State Agencies (7 CFR, Part 272)

TFC Consulting, Inc. (TFC), an independent licensed Certified Public Accounting firm, was contracted by the Department of Agriculture, Office of Inspector General (OIG) to conduct agreed-upon procedures (AUP) engagements to assess selected aspects of Georgia, Nebraska, Pennsylvania, South Carolina, and Washington's compliance with the Supplemental Nutrition Assistance Program (SNAP) Code of Federal Regulations Title 7, Part 272, *Requirements for Participating State Agencies* (7 CFR, Part 272). The five State AUP engagements were conducted in accordance with U.S. generally accepted government auditing standards (GAGAS). Individual reports were issued for each State review.

The objective of TFC's consolidated report is to summarize the findings and recommendations from the AUP engagements performed by TFC at the five States. In addition, TFC's consolidated report made additional recommendations to the Food and Nutrition Service (FNS) to enhance SNAP efficiency and effectiveness related to 7 CFR, Part 272. It should be noted that TFC's consolidated report is not intended to be a GAGAS report; and there were no additional review procedures performed by TFC, beyond the agreed-upon procedures performed at the five States. 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 the five selected State's overall compliance with 7 CFR, Part 272.

TFC's consolidated report noted common noncompliances with SNAP regulations related to the Automated Data Processing/Client Integrity Systems (ADP/CIS), Deceased Matching System (DMS), State Income and Eligibility Verification System (IEVS), Nondiscrimination Compliance, Prisoner Verification System (PVS), and Systematic Alien Verification for Entitlements (SAVE) Program. To ensure States participating in SNAP effectively implement requirements under 7 CFR 272, TFC recommended FNS strengthen its management evaluations tool and provide clarification guidance to States. TFC also recommended FNS review specific sections of 7 CFR Part 272 and determine which sections and/or related guidance merit revisions. FNS generally concurred with TFC's recommendations and OIG accepted management decision on the consolidated report's six 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. Please follow your internal agency procedures in forwarding final action correspondence to OCFO.

We appreciate the courtesies and cooperation extended to TFC and 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.**

**Consolidated Report on Applying Agreed-upon Procedures**

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

**to Assess State Compliance with**

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

***Agencies***

**Final**









## TABLE OF CONTENTS

<b>1</b>	<b>Executive Summary .....</b>	<b>1</b>
<b>2</b>	<b>Background.....</b>	<b>10</b>
<b>3</b>	<b>Objective and Purpose .....</b>	<b>12</b>
<b>4</b>	<b>Scope and Methodology.....</b>	<b>12</b>
<b>5</b>	<b>Findings and Recommendations .....</b>	<b>16</b>
5.1	Potential Improper Payments.....	16
5.2	Part 1, Checklist for Review of States' Compliance.....	17
	Finding 1 – 7 CFR §272.6 <i>Nondiscrimination Compliance</i> – States Identified: GA, PA, SC, WA.....	18
	Recommendation 1.....	22
	Finding 2 – 7 CFR §272.10 <i>Automated Data Processing/Client Integrity Systems (ADP/CIS) Model Plan</i> – State Identified: SC .....	22
	Recommendation 2.....	23
	Finding 3 – 7 CFR §272.11 <i>Systematic Alien Verification for Entitlements (SAVE) Program</i> – State Identified: WA .....	24
	Finding 4 – 7 CFR §272.13 <i>Prisoner Verification System (PVS)</i> – States Identified: GA, NE, PA, SC, WA.....	26
	Recommendation 3.....	31
	Recommendation 4.....	31
	Finding 5 – 7 CFR §272.14 <i>Deceased Matching System (DMS)</i> – States Identified: GA, NE, SC .....	32
	Recommendation 5.....	35
	Recommendation 6.....	35
5.3	Part 2, Checklist for Review of Active Cases.....	36
	Finding 6 – 7 CFR §272.8, <i>State Income and Eligibility Verification System (IEVS)</i> – States Identified: NE, PA .....	37
	Finding 7 – 7 CFR §272.11, <i>SAVE Program</i> – State Identified: WA.....	38
	Finding 8 – 7 CFR §272.13 <i>PVS</i> – States Identified: GA, SC.....	38
	Finding 9 – 7 CFR §272.14 <i>DMS</i> – State Identified: SC.....	40
	<b>Appendix A: Summary of Test Procedures and Results of Testing for Part 1 – Review of State Compliance.....</b>	<b>42</b>
	<b>Appendix B: Summary of Test Procedures and Results of Testing for Part 2 – Review of Active Cases .....</b>	<b>45</b>
	<b>Appendix C: Summary of Monetary Results .....</b>	<b>47</b>
	<b>Appendix D: Glossary of Acronyms and Abbreviations .....</b>	<b>48</b>
	<b>Appendix E: Leading Practices and Performance Improvement Opportunities.....</b>	<b>49</b>
	<b>Appendix F: Agency Response.....</b>	<b>51</b>

October 11, 2017

## 1 Executive Summary

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 five States' compliance with the Supplemental Nutrition Assistance Program (SNAP) regulations. The OIG selected five States to be assessed 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*. The individual reports were issued pursuant to each State's review (see **Table 1.1**). This consolidated report presents a summary of the results from the five State reviews.

Table 1.1 provides an alphabetical list of the five States reviewed, and includes the report number and report date.

**Table 1.1 Summary of Individual State Reports**

State	Report Number	Report Date
Georgia (GA)	27601-0008-10	06/14/2017
Nebraska (NE)	27601-0009-10	03/30/2017
Pennsylvania (PA)	27601-0010-10	08/09/2017
South Carolina (SC)	27601-0011-10	09/14/2017
Washington (WA)	27601-0012-10	09/28/2017

For each of the five States, we performed *agreed-upon procedures* specified by the OIG to evaluate compliance with selected aspects of *Title 7 CFR Part 272*. The *agreed-upon procedures* were comprised of two parts: Part 1 specified detailed procedures to assess the States' 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 the States' 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. These five *agreed-upon procedures* engagements were conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). The scope period for the five State reviews was October 1, 2015 through September 30, 2016 (Federal FY 2016 (FY16)).

This consolidated report presents a summary of the findings and recommendations from the five State reports. We note in preparing this consolidated report that there were no additional review procedures performed by us, beyond the *agreed-upon procedures* performed at the five States.

A summary of our performance of Part 1 of the *agreed-upon procedures* disclosed five findings across the five States as follows:

1. *7 CFR §272.6 Nondiscrimination Compliance*<sup>1</sup> – We identified four States with instances of non-compliance, as follows:
  - a. The Georgia (GA) Division of Family and Children Services (DFCS) did not maintain evidence that discrimination complaints were processed timely and did not provide complainants either a letter of acknowledgement or a decision letter – In a non-statistical sample of 10 discrimination complaints<sup>2</sup>, we identified 5 cases where there was no letter of acknowledgement sent to the complainant. In the same non-statistical sample of 10 discrimination complaints, we identified 6 complaints where the date of closure or resolution was not documented. Further, Georgia policies and procedures did not provide for a decision letter to be sent to the complainant as is required by the *FNS Instruction 113-1 Civil Rights Compliance and Enforcement Nutrition Programs and Activities*<sup>3</sup> manual.
  - b. FNS did not send a letter of acknowledgement to a Pennsylvania (PA) complainant timely – There were two SNAP cases of civil rights complaints received by FNS for alleged discrimination by the PA Department of Human Services (DHS) during the scope period. We identified one complaint where FNS Civil Rights Division (CRD) did not send an acknowledgement letter to the complainant timely; the letter was sent 30 days after the complaint was received. *FNS Instruction 113-1* requires an acknowledgement letter be sent to the complainant within 5 days.
  - c. FNS did not process four South Carolina (SC) complaints timely – FNS CRD received four complaints for alleged discrimination by the SC Department of Social Services (DSS) during the scope period. We identified four cases where FNS CRD did not send an acknowledgement letter to the complainant within 5

---

<sup>1</sup> *7 CFR §272.6 Nondiscrimination Compliance, (b)*, states individuals may file a claim with the USDA Secretary or FNS Administrator and/or with the State agency. 2017

<sup>2</sup> The universe of discrimination complaints during the scope period was 24. There were 7 cases in the 10 sampled cases that were non-compliant.

<sup>3</sup> *FNS Instruction 113-1 – Civil Rights Compliance and Enforcement – Nutrition Programs and Activities, 2005*



business days and did not send a decision letter to the complainant within 90 days of receipt of the complaint, as required by *FNS Instruction 113-1*.

- d. The Washington (WA) Department of Social and Health Services (DSHS) did not send acknowledgement and decision letters related to two discrimination complaints – There were two SNAP cases of alleged discrimination complaints received by WA DSHS during the scope period. We identified that for both complaints WA DSHS did not send either an acknowledgement letter or a decision letter to the complainant as required by *FNS Instruction 113-1*.
2. *7 CFR §272.10, Automated Data Processing/Client Integrity Systems (ADP/CIS) Model Plan* – We identified one State with an instance of non-compliance, as follows:
  - a. SC DSS did not maintain an FNS approved ADP/CIS Model Plan – We were unable to obtain evidence that the State produced or maintained an ADP/CIS plan or any comparable FNS approved documentation to support a determination of the sufficiency of the level of automation of the State’s eligibility and benefits management system.
3. *7 CFR §272.11, Systematic Alien Verification for Entitlements (SAVE) Program*<sup>4</sup> – We identified one State with an instance of non-compliance, as follows:
  - a. WA DSHS did not implement a SAVE Program in accordance with the 2014 Farm Bill requirements – Prior to the entrance conference for this engagement, WA DSHS acknowledged that it had not yet implemented the SAVE Program due to significant technological difficulties. This condition was verified during the performance of on-site fieldwork.
4. *7 CFR §272.13, Prisoner Verification System (PVS)*<sup>5</sup> – The five States sampled had instances of non-compliance, as follows:
  - a. GA DFCS did not maintain evidence that an independent verification was performed for PVS matches<sup>6</sup> and did not provide households notice of match results – In a non-statistical sample of 15 cases that were active during FY 16 with a PVS match,<sup>7</sup> we found that GA DFCS did not provide the household notice

---

<sup>4</sup> Although *7 CFR §272.11* gives the State the option to participate in the SAVE Program, the regulations requiring the use of SAVE have not yet been finalized. However, since it is required by *section 4015 of Public Law 113-79, the Agricultural Act of 2014*, the States shall use the SAVE information in accordance with the guidance articulated in *7 CFR §272.11*. *7 CFR §272.11* has not been updated since enactment of the *Agricultural Act of 2014*, but there is a proposed rule that was published December 1, 2016 that includes relevant verification provisions of the *Agricultural Act of 2014*.

<sup>5</sup> *7 CFR §272.13 PVS (a), (b)(1), (b)(2), (b)(3), and (b)(4)*, 2017

<sup>6</sup> PVS matches SNAP applicant/recipient information against the Social Security Administration (SSA) database to determine if the individual has been held in a detention or correctional institution. A positive match indicates the individual has been incarcerated and additional information to determine the impact on eligibility is required.

<sup>7</sup> The universe of GA cases active during the scope period with a positive PVS match was 72,475.

of match results for 13 cases, as required by Federal regulations. In addition, we identified that the same 13 cases did not have evidence that an independent verification was performed as required by Federal regulations. Of these 13 cases, 1 case included a recipient who received SNAP benefits after potentially being incarcerated for more than 30 days, resulting in potential improper payments of \$1,427. The remaining 12 cases had periods of incarceration that did not include an end date, so we were unable to determine existence or amount of potential improper payments.

- b. The Nebraska (NE) Department of Health and Human Services (DHHS) did not maintain evidence that an independent verification was performed for PVS matches and did not provide households notice of match results – In a non-statistical sample of 15 cases that were active during FY 16 with a PVS match,<sup>8</sup> we identified 15 cases where NE DHHS did not provide the household notice of match results, and 6 cases where there was no evidence that an independent verification was performed. Of the six cases, one case had an individual who may have been incarcerated for over 30 days and included in a SNAP household, resulting in potential improper payments.
- c. PA DHS did not provide households notice of match results for PVS matches, and continued to include individuals incarcerated for over 30 days in a SNAP household – In a non-statistical sample of 15 cases that were active during FY 16 with a PVS match,<sup>9</sup> we found that PA DHS did not provide the household notice of match results in all 15 cases. Of the sample of 15 cases, we identified 3 cases where individuals were incarcerated for over 30 days and included in a SNAP household, resulting in potential improper payments of \$969.
- d. SC DSS did not properly implement a 7 CFR §272.13 compliant Prisoner Verification System – In a non-statistical sample of 15 active cases with a PVS match,<sup>10</sup> we identified 13 cases where there was no evidence that SC DSS performed an independent verification, and 14 cases where there was no evidence that SC DSS provided the household notice of match results. Additionally, there were 10 cases where individuals may have been incarcerated for over 30 days and included in a SNAP household, resulting in potential improper payments of \$1,955.
- e. WA DSHS did not perform PVS matches in accordance with 7 CFR §272.13 requirements in three areas – In a non-statistical sample of 15 cases that were active during FY 16 with a PVS match,<sup>11</sup> we identified 4 cases where WA DSHS did not provide households notice of match results, and 1 case where an individual was incarcerated for over 30 days and included in a SNAP household.

---

<sup>8</sup> The universe of NE cases active during the scope period with a positive PVS match was 16,753.

<sup>9</sup> The universe of PA cases active during the scope period with a positive PVS match was 11,913.

<sup>10</sup> We tested a non-statistical sample of cases selected between the dates February 16 and April 17, 2017. The universe of SC cases active during this period was 2,649.

<sup>11</sup> The universe of WA cases active during the scope period with a positive PVS match was 1,389.

We identified potential improper payments for this case, and although WA DSHS issued a notice of overpayment to the household in October 2016 for failure to report a change in circumstance, there may have been additional improper payments.

Also, WA DSHS performs matches of incarceration data using the State's Department of Corrections (DOC) database, and not the SSA database in accordance with PVS requirements.

5. *7 CFR §272.14, Deceased Matching System (DMS)*<sup>12</sup> – We identified three States with instances of non-compliance, as follows:
- a. GA DFCS did not maintain evidence that an independent verification was performed for deceased matches and did not provide household notice of match results – In a non-statistical sample of 15 cases that were active during FY 16 with a DMS match,<sup>13</sup> GA DFCS did not maintain evidence that an independent verification was performed for any of the 15 cases, and for 4 cases there was no evidence that GA DFCS provided the household notice of match results. The remaining 11 cases were single person households where no notification is required.

We also identified 4 cases with potential improper payments. For 3 of the cases we were able to calculate the potential improper payment in the amount of \$969 and for the fourth case the amount was indeterminate.

  - b. NE DHHS did not provide a household notice of match results – In a non-statistical sample of 15 cases that were active during FY 16 with a deceased match,<sup>14</sup> NE DHHS did not provide a household notice of match results for 1 case.
  - c. SC DSS did not properly implement a 7 CFR §272.14 compliant DMS - In a non-statistical sample of 10 cases with a DMS match<sup>15</sup> there were 7 cases where individuals may have been deceased and included in a SNAP household, 5 cases where there was no evidence that SC DSS performed an independent verification, and 3 cases where SC DSS did not provide the household notice of match results. We identified \$24,254 in potential improper payments.

A summary of our performance of Part 2 of the *agreed-upon procedures*, the testing of 500 randomly selected active cases (100 samples selected from each of the five States) disclosed four findings as follows:

---

<sup>12</sup> *7 CFR §272.14 Deceased Matching System, (a), (b)(2), and (b)(3), 2017*

<sup>13</sup> The universe of GA cases active during the scope period with a DMS match was 4,210.

<sup>14</sup> The universe of NE cases active during the scope period with a DMS match was 872.

<sup>15</sup> We tested a non-statistical sample of cases selected between the dates February 16 and April 17, 2017. The universe of SC cases active during this period was 46.



6. *7 CFR §272.8, State Income and Eligibility Verification System (IEVS)*<sup>16</sup> – We identified two States with instances of non-compliance, as follows:
- a. NE DHHS did not maintain evidence an IEVS check was performed – Federal regulation *7 CFR §272.8 IEVS (e)*, requires the State agency to document information obtained through IEVS both when an adverse action is and is not instituted. We identified 6 cases where there was no evidence an IEVS check was performed.
  - b. PA DHS did not maintain evidence that action was taken on an IEVS check within 45 days of receipt of the information – Federal regulation *7 CFR §272.8 IEVS (c)(2)*, 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. We identified one case where there was no evidence that action was taken by PA DHS within 45 days of receipt of the information.
7. *7 CFR §272.11 Systematic Alien Verification for Entitlements (SAVE) Program* – We identified one State with an instance of non-compliance, as follows:
- a. WA DSHS did not use the SAVE Program to verify the validity of documentation of alien status presented by an applicant for five cases – *The Agriculture Act of 2014* requires State agencies participating in SNAP to use an immigration status verification system.<sup>17</sup> Federal regulation *§272.11(c)(1)*, also states that State agencies shall use information obtained through the SAVE Program for the purpose of verifying the validity of documentation of alien status presented by an applicant. The SAVE program is not required or applicable for applicants who are U.S. citizens, and 95 of the 100 cases tested were U.S. citizens. We identified five cases where WA DSHS did not use information obtained through the SAVE Program to verify the validity of documentation of alien status presented by an applicant.
8. *7 CFR §272.13, PVS* – We identified two States with instances of non-compliance, as follows:
- a. GA DFCS did not maintain evidence that an independent verification was performed for a PVS match and did not provide the household notice of match results – Federal regulations require independent verification of PVS matches<sup>18</sup> and notice to households of match results.<sup>19</sup> We identified one case where there was no evidence that an independent verification was performed and that GA DFCS provided the household notice of match results.

---

<sup>16</sup> *7 CFR §272.8 IEVS, (c)(2), (e), 2017*

<sup>17</sup> *Public Law 113-79, §4015, 2014*

<sup>18</sup> *7 CFR §272.13, PVS, (b)(3), 2017*

<sup>19</sup> *7 CFR §272.13, PVS, (b)(4), 2017*

- b. SC DSS did not perform a PVS match at the time of application or recertification for 97 cases – Federal regulations require State agencies to perform a PVS match at the time of application and at recertification.<sup>20</sup> We identified 97 cases where there was no evidence that a comparison of PVS match data was performed at the time of application or recertification.
9. *7 CFR §272.14, DMS* – We identified one State with an instance of non-compliance, as follows:
  - a. SC DSS did not perform a DMS match at the time of application or at least once during the year for 93 cases – Federal regulations require State agencies to perform a DMS match at the time of application and no less frequently than once a year.<sup>21</sup> We identified 93 cases where there was no evidence that a comparison of match data was performed at the time of application or at least once a year.

Individual findings by State and specific recommendations for each State's findings are presented in the five previously issued State reports (see **Table 1.1**). As summarized above and discussed in greater detail in Section 5 of this consolidated report, some findings and recommendations were common across the five States reviewed. Findings and recommendations common to several States present an opportunity for FNS to consider improvements for other States and Territories that were not within the scope of our review, and in these instances, we provide FNS new recommendations. These new recommendations are discussed in greater detail in Section 4 of this report and summarized in Table 1.2 below.

Table 1.2 provides the new recommendations for FNS listed in order of *7 CFR Part 272* subsection, and includes the recommendation number, *7 CFR Part 272* subsection number, and the recommendation.

**Table 1.2: New Consolidated Report Recommendations**

Recommendation Number	CFR Reference	Recommendation
1	272.6	Issue a clarification memorandum reiterating the importance of FNS CRD and State agency compliance with <i>FNS Instruction 113-1 Civil Rights Compliance and Enforcement – Nutrition Programs and Activities</i> , with special emphasis on the establishing requirements for timeliness and content of notifications to complainants for receipt and final decision of complaints.

---

<sup>20</sup> *7 CFR §272.13, PVS, (c), 2017*

<sup>21</sup> *7 CFR §272.14, DMS, (c) (1), 2017*

Recommendation Number	CFR Reference	Recommendation
2	Various (272.10, 272.11, et al.)	<p>Review those 7 <i>CFR Part 272</i> SNAP regulations identified in Appendix A of this report and related authoritative guidance to assess:</p> <ul style="list-style-type: none"> <li>• Viability – some sections appear obsolete (e.g., 7 <i>CFR §272.10</i>)</li> <li>• Consistency – ensure FNS regulations, and other authoritative guidance are current, consistent, and do not contradict laws or one another (e.g., 7 <i>CFR §272.10, Handbook 901</i>)</li> </ul> <p>Based on FNS' review, determine which sections and/or related guidance merit revision and initiate the process to revise, as deemed appropriate.</p>
3	272.13	<p>Issue a clarification memorandum reiterating the importance of State compliance with 7 <i>CFR §272.13, Prisoner Verification System</i>, with an emphasis on the requirements associated with:</p> <ul style="list-style-type: none"> <li>• Monitoring and preventing individuals incarcerated for over 30 days from being included in a SNAP household (7 <i>CFR §272.13 (a)</i>)</li> <li>• Performing and documenting independent verification of PVS matches (7 <i>CFR §272.13(b)(3)</i>)</li> <li>• Notifying households of PVS match results (7 <i>CFR §272.13(b)(4)</i> and 7 <i>CFR §273.12(c)(3)(iii)</i>).</li> </ul>
4	272.13	<p>Strengthen the 7 <i>CFR §272.13</i> requirements in the FNS Management Evaluations, to ensure State agencies are properly performing PVS matches in compliance with 7 <i>CFR §272.13</i> requirements.</p>
5	272.14	<p>Issue a clarification memorandum reiterating the importance of State compliance with 7 <i>CFR §272.14, Deceased Matching System</i>, with an emphasis on the requirements associated with:</p> <ul style="list-style-type: none"> <li>• Performing and documenting independent verification (7 <i>CFR §272.14(c)(3)</i>)</li> </ul>



Recommendation Number	CFR Reference	Recommendation
		<ul style="list-style-type: none"> <li>Notifying households of DMS match results (7 CFR §272.14(c)(4) and 7 CFR §273.12(c)(3)(iii)).</li> </ul>
6	272.14	Strengthen the 7 <i>CFR</i> §272.14 requirements in the FNS Management Evaluations, to ensure State agencies are properly performing DMS matches in compliance with 7 <i>CFR</i> §272.14 requirements.

Assessment fieldwork was performed at the State Agency headquarters or other designated State office locations during fiscal year 2017 (FY17). Individual reports were issued subsequent to each State agency's review (**Table 1.1**). The five State *agreed-upon procedures* engagements were conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS), but it should be noted that this consolidated report is not intended to be a GAGAS report. This consolidated report presents a summary of the results of the five State reviews. In preparing this consolidated report, there were no additional review procedures performed by TFC beyond the *agreed-upon procedures* performed at the five States during FY17 fieldwork.

Please direct questions concerning this report to Tashu Trivedi, TFC Engagement Partner, at [ttrivedi@tfcci.net](mailto:ttrivedi@tfcci.net).

## 2 Background

The Department of Agriculture (USDA) Food and Nutrition Service (FNS) administers the Supplemental Nutrition Assistance Program (SNAP) providing nutrition assistance to over 44.2 million participants a month and paying benefits in excess of \$66.5 billion annually (FY16).<sup>22</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, 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>23</sup> Regulatory authority for SNAP resides in the *Code of Federal Regulations (CFR), Title 7 CFR Parts 271 through 285*. The focus of this consolidated report and the five *agreed-upon procedures* engagements was on *7 CFR Part 272*, which addresses the Requirements for Participating State Agencies.

FNS oversees 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 a number of different States, and may include U.S. territories.

State offices, in turn, are responsible for administering the program and overseeing local SNAP offices where applicants can apply for SNAP benefits. In 42 States, applicants can also apply online. Each State, using its own application form, determines household eligibility, and calculates benefits.

To provide statistical context of the relative size of SNAP in each of the selected States, **Table 2.1** illustrates 2015 FNS SNAP and Census data. Data is presented by State, including: estimate of total State population; average monthly households and individual participation; total SNAP benefits issued; percentage of participants within the State's population; and relative ranking of the States SNAP program out of 53 States and Territories in terms of benefits issued.

---

<sup>22</sup> SNAP National View Summary, FY14 through FY17, FNS, August 4, 2017

<sup>23</sup> SNAP was previously authorized by the *Food Stamp Act of 1964* and later amended by the *Food Stamp Act of 1977*.

**Table 2.1: 2015 Statistical Data (Published August 2016 - most current available)**

Statistical Information	Georgia	Nebraska	Pennsylvania	South Carolina	Washington
Total State Population <sup>24</sup>	10,199,398	1,893,765	12,791,904	4,894,834	7,160,290
Households Participating (Monthly) <sup>25</sup>	839,207	77,755	918,761	379,992	572,261
Persons Participating (Monthly) <sup>25</sup>	1,800,531	174,092	1,826,667	804,572	1,070,933
Total SNAP benefits Issued <sup>25</sup>	\$2,803,606,880	\$242,092,503	\$2,699,655,059	\$1,208,604,782	\$1,527,741,099
Estimate of Percentage of Population Participating (monthly) <sup>26</sup>	17.65%	9.19%	14.28%	16.44%	14.96%
2015 Ranking of Program Issuance <sup>25</sup>	6	42	7	20	12

---

<sup>24</sup> U.S. Census Bureau Annual Estimates of Resident Population for the United States, Regions, States, and Puerto Rico: April 1, 2010 to July 1, 2016 (2015 Population estimates used).

<sup>25</sup> SNAP State Activity Report Fiscal Year 2015, FNS SNAP Program Accountability and Administration Division, August 2016. Rank is out of 50 States, two territories, and the District of Columbia.

<sup>26</sup> Estimate of percentage of population participating (monthly) was calculated using the Census Bureau population estimate and the FNS SNAP estimate of persons participating (monthly).

### 3 Objective and Purpose

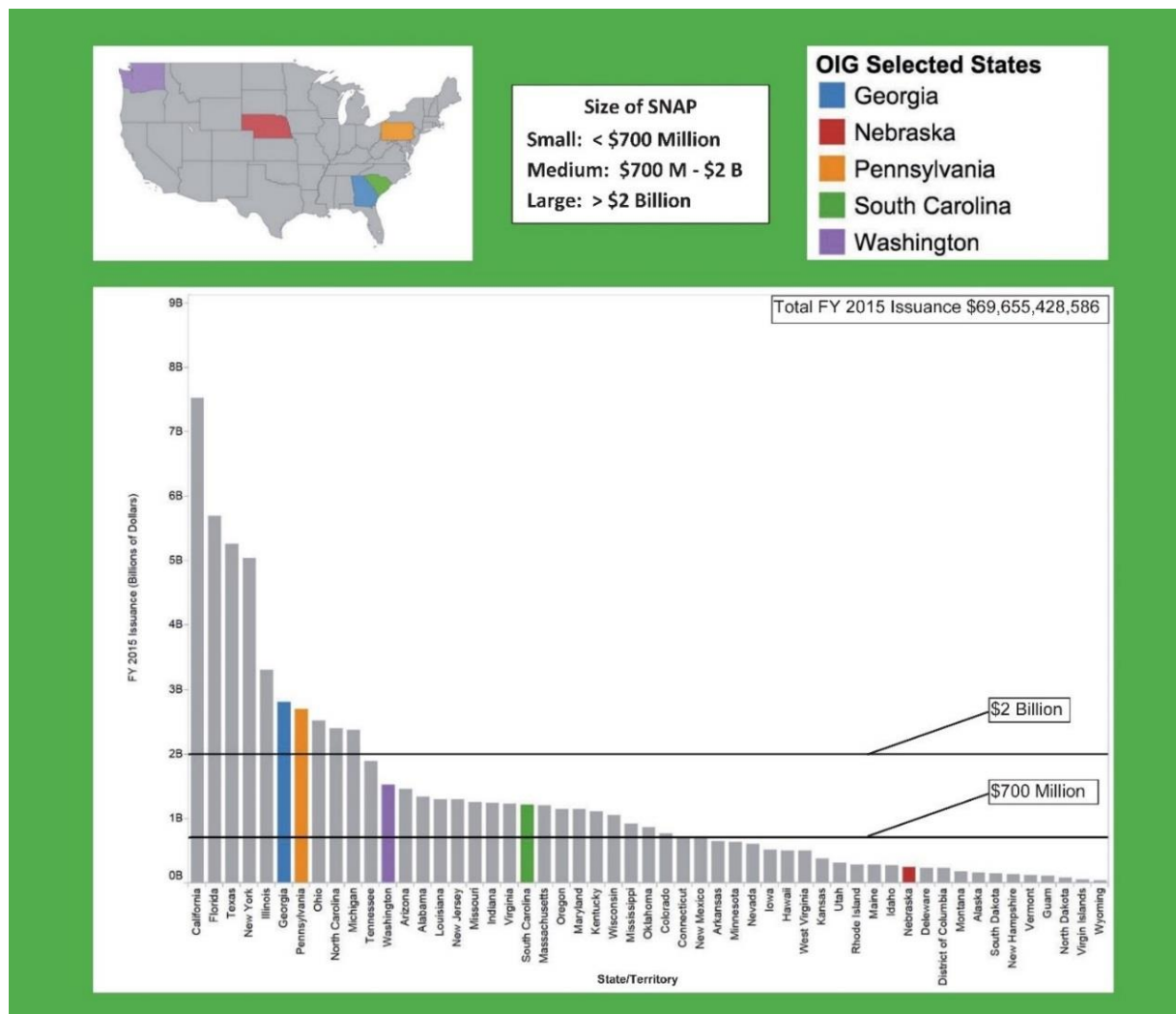
The objective of this consolidated report is to summarize the findings and recommendations from the *agreed-upon procedures* engagements performed by TFC at the five States. The objective of those *agreed-upon procedures* engagements was to assess selected aspects of the States' implementation of *Title 7 CFR Part 272, Requirements for Participating State Agencies*. The *agreed-upon procedures* associated with these engagements were developed by the OIG and performed under contract by TFC. The purpose of the assessments was to evaluate whether the States were properly administering the SNAP program in accordance with Title 7 CFR Part 272 requirements. Individual reports were issued pursuant to each State review (see **Table 1.1**).

### 4 Scope and Methodology

TFC was contracted by OIG to assess selected aspects of each of five State's compliance with *Title 7 CFR Part 272, Requirements for Participating State Agencies*. Each of the five States was non-statistically selected for testing by the OIG based on three criteria: 1) size of the State based on the 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).

**Exhibit 4.1: OIG Selection of the Five States** is a histogram that illustrates the relative size of the State's SNAP programs and highlights OIG selected States. The reference lines provide the boundaries separating the small, medium, and large size programs.

**Exhibit 4.1: OIG Selection of the Five States<sup>27</sup>**



The five State reviews were 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 States' policies, procedures, and processes and included non-statistical testing of targeted areas of 7 CFR Part 272 compliance. Areas subjected to testing of non-statistical samples were:

<sup>27</sup> SNAP State Activity Report Fiscal Year 2015, FNS SNAP Program Accountability and Administration Division, August 2016

- *7 CFR §272.6 – Nondiscrimination Compliance*
- *7 CFR §272.13 – Prisoner Verification System (PVS)*
- *7 CFR §272.14 – Deceased Matching System*

The non-statistical sampling techniques varied and were determined based on the attributes of the population furnished by the State agency. TFC employed two methods of non-statistical sample selection:

**Haphazard Sampling** – This approach was used when the Project Manager had no conscious bias and decided to select a sample from across the entire population/universe.

**Judgmental Sampling** – This approach was used when the Project Manager decided to sample using professional judgement, previous experience, and knowledge of the State agency or its operating environment, and the sample selected was not representative of the population as a whole. Under this approach, the universe or population may have been divided into subgroups based on attributes identified by the Project Manager.

- Part 2, Checklist for Review of Active Cases, required a statistically selected random sample of 100 active case files from each State 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.

The Part 1 and Part 2 Checklists are provided in Appendices 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 delineated in the Part 1 and Part 2 Checklists used to prepare the five State reports, this consolidated report, or for any other purposes, nor do we provide an overall opinion on any State's 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 the five State reviews was October 1, 2015 through September 30, 2016 (FY16). However, in some cases the scope period was extended to FY17.

Also, if a potential improper payment was identified, the period tested would be extended to earlier and/or later than the scope period, as applicable, to provide a more accurate estimate of the amount of potential improper payment. In accordance with the *agreed-upon procedures* specified by the OIG, various testing methods and techniques were employed primarily to:

- Obtain an understanding of the State agencies, including their operations, systems, and operating environments;
- Test the States' compliance with *7 CFR Part 272* at a high level (e.g., policies and procedures); and



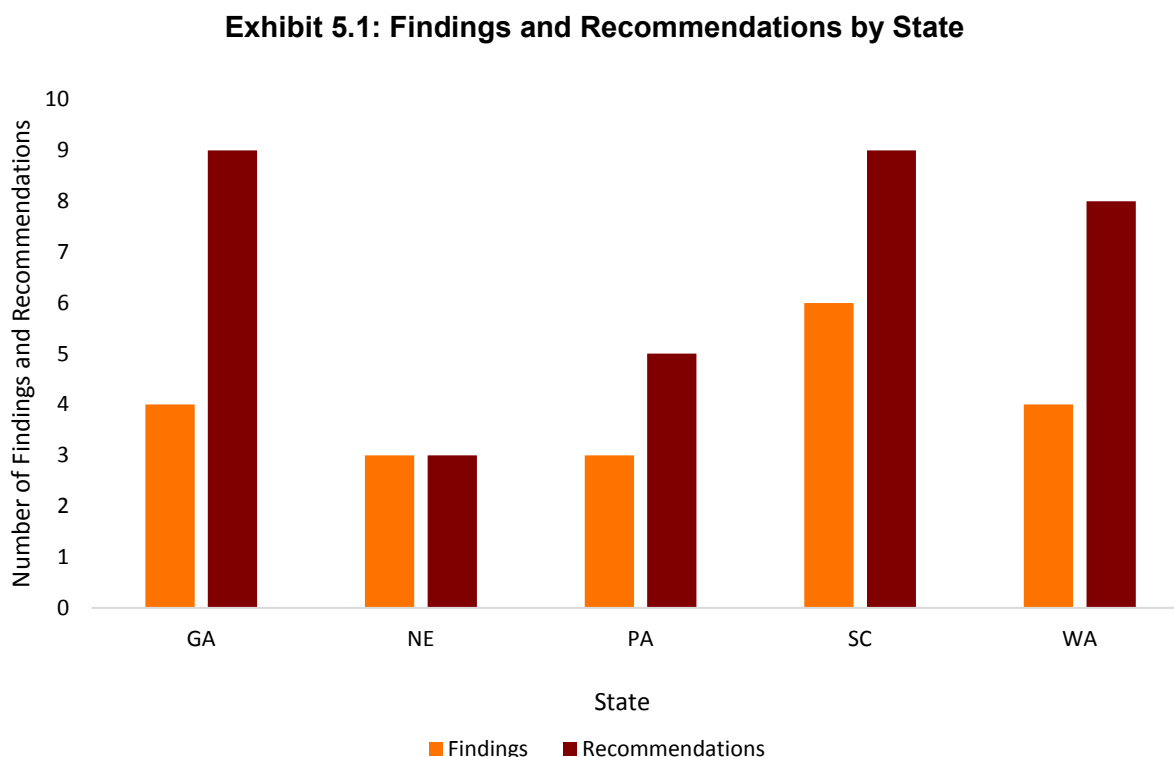
- Test statistically significant samples of active cases for compliance at a granular level.

Assessment fieldwork was performed at each State Agency headquarters or designated office locations during FY17. Individual reports were issued pursuant to FNS' and each State agency's review (Table 1.1). The five State *agreed-upon procedures* engagements were conducted in accordance with GAGAS, but it should be noted that this consolidated report is not intended to be a GAGAS report. This consolidated report presents a summary of the results of the five State reviews. In preparing this consolidated report, there were no additional review procedures performed by TFC beyond the *agreed-upon procedures* performed at the five States.

## 5 Findings and Recommendations

In this section, we examine the findings identified in each of the five States and provide analysis in the context of the checklist in which the finding was identified: Checklist 1 or Checklist 2.

**Exhibit 5.1** below provides a histogram of the number of findings and recommendations by State.



Individual findings by State and specific recommendations to address each State's findings are presented in the five previously issued State reports (see Table 1.1). However, many findings and recommendations were common across the five States. Findings and recommendations common to several States present an opportunity for FNS to consider improvements for other States and Territories that were not within the scope of this review. In these instances, we provide FNS new recommendations (also in this Section of the report).

### 5.1 Potential Improper Payments

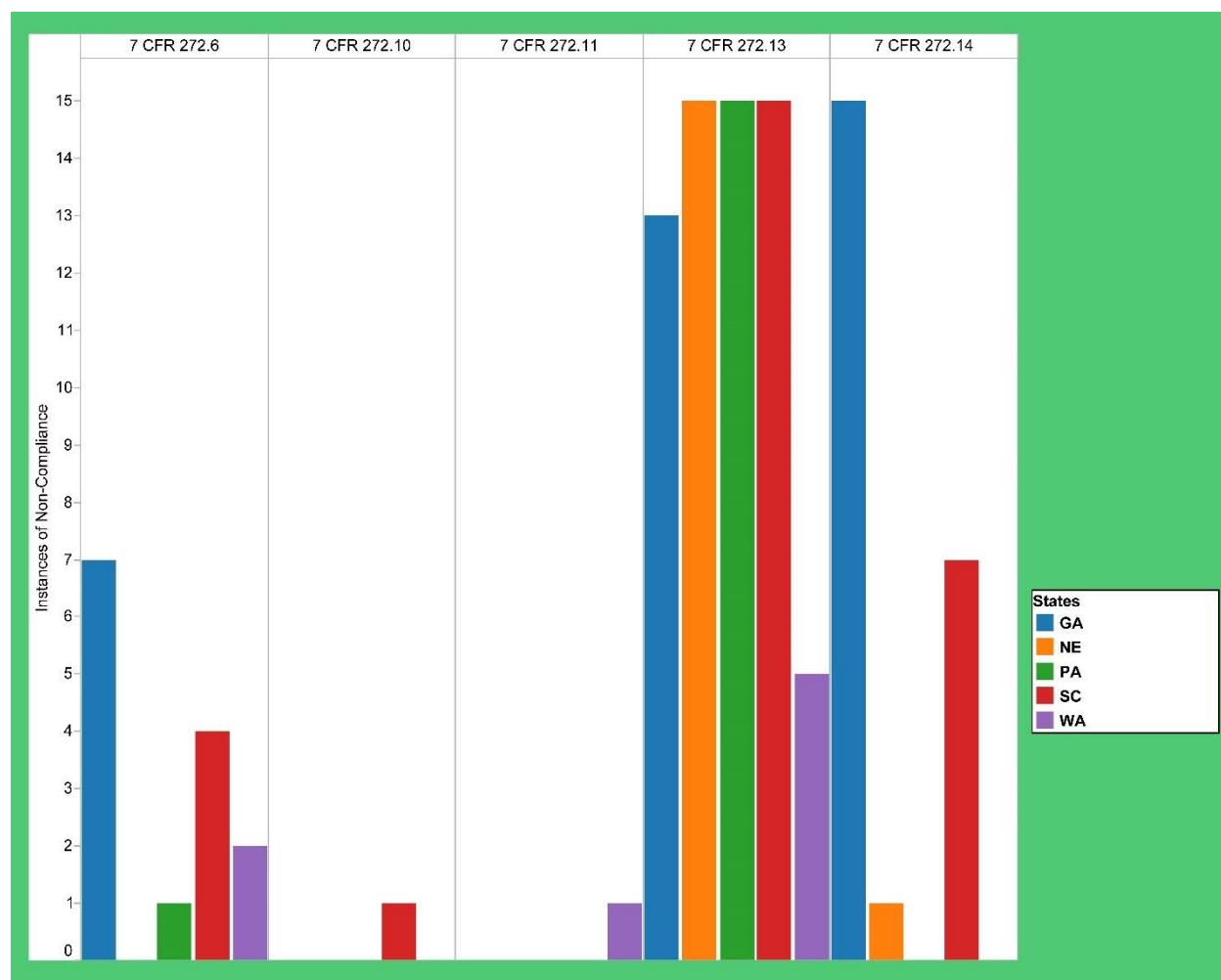
Information regarding potential improper payments (overpayments and underpayments) is included in the findings sections. During our testing, information was not always available to determine if an actual improper payment existed or the exact amount of improper payment. In cases where data was available to support the calculation of an estimated amount of potential improper payment, that information is reported. In all cases where our findings indicated an improper payment may exist, recommendations were made to State agencies in the individual State reports to review the case and determine if there was an improper payment that warrants establishment of a claim. Appendix C provides a summary of all potential improper payments for which we could calculate the potential amount of improper payment.

## 5.2 Part 1, Checklist for Review of States' Compliance

This section provides the results of performance of Checklist 1 *agreed-upon procedures* for the five States (see Appendix A for specific procedures performed and summary of results).

**Exhibit 5.2** below provides a histogram summary of Checklist 1 findings by State and 7 *CFR* Part 272 subsection.

**Exhibit 5.2 – Summary Results of Checklist 1: Review of State's Compliance**



In our review of State compliance, we identified five findings in the performance of the *agreed-upon procedures* in Checklist 1. This section provides an analysis of these findings and examines similarities of the findings and recommendations common across the States reviewed, if applicable. Where findings and recommendations were common to several States, we provide FNS new recommendations for improvements to other States and Territories that were not within the scope of this review.

## **Finding 1 – 7 CFR §272.6 Nondiscrimination Compliance – States Identified: GA, PA, SC, WA**

In testing compliance with 7 CFR §272.6, *Nondiscrimination compliance*, we selected non-statistical samples and identified findings in the following four States: Georgia, Pennsylvania, South Carolina, and Washington.<sup>28</sup>

7 CFR §272.6 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>29</sup> Both the State agency and FNS CRD must adhere to the same complaint processing requirements as described in the *FNS Instruction 113-1 Civil Rights Compliance and Enforcement – Nutrition Programs and Activities* manual. It should be noted that FNS Civil Rights Division (CRD) is revising the *FNS Instruction 113-1* manual and this report is based on the instructions in effect as of the dates the State reports were issued.

*FNS Instruction 113-1* requires that the Civil Rights Specialist acknowledge receipt of the complaint within five days and include within the acknowledgement letter actions planned or a request for additional information, if needed.<sup>30</sup> *FNS Instruction 113-1* also requires that all complaints, regardless of the originating office, be processed and closed within 90 days of receipt. A decision letter must also be sent to the complainant that contains: the name of the complainant, a review number, the date the complaint was received, a statement of the jurisdictional authority, a statement of each allegation and applicable regulation, if an investigation is warranted, the methodology on how the complaint was investigated, and the conclusions as well as the complainant's appeal rights to the Secretary of Agriculture.<sup>31</sup>

We identified findings in four States, as follows:

**a) GA Division of Family and Children Services (DFCS) did not maintain evidence that discrimination complaints were processed timely and did not provide complainants either a letter of acknowledgement or a decision letter** – In response to our request for a list of SNAP discrimination complaints received by the State during the scope period, we received a list of 24 cases identified by GA DFCS as discrimination complaints, and we selected a non-statistical sample of 10 cases for testing. We found 7 cases that were non-compliant as follows:

**Letter of Acknowledgement** – State policies and procedures<sup>32</sup> require that within 5 business days of receipt of a complaint, the State Civil Rights Coordinator (CRC) or his/her designee shall send an acknowledgment letter to the complainant. During our

---

<sup>28</sup> Nebraska did not receive any SNAP discrimination complaints during the scope period.

<sup>29</sup> 7 CFR §272.6 *Nondiscrimination Compliance*, (b), 2017

<sup>30</sup> *FNS 113-1 – Civil Rights Compliance and Enforcement – Nutrition Programs and Activities*, (XVII)(D)(1), 2005

<sup>31</sup> *FNS Instruction 113-1 – Civil Rights Compliance and Enforcement – Nutrition Programs and Activities*, (XVII)(D)(5), 2005

<sup>32</sup> Georgia Department of Human Services – Division of Family and Children Services (DHS – DFCS) *Civil Rights Complaint Process*, (II)(C)(1), December 2015

testing, we noted that for 5 of the 7 cases, GA DFCS did not maintain evidence that the CRC, or his/her designee, sent an acknowledgement letter to the complainant within 5 business days of receipt of the complaint or at any time thereafter.

We determined different causes for GA DFCS not sending a letter of acknowledgement as follows:

- In three cases, GA DFCS did not have an address on file to send a letter, and for two of these three cases the CRC's designee spoke with the complainants via telephone. Generally, the practice was to call the complainant and discuss the complaint over the telephone, rather than to send a letter of acknowledgement, as required by State policy and FNS guidance. For the third case with no address, the CRC indicated a letter of acknowledgement was not applicable.
- For one case, the CRC indicated a letter was not required by State policy.<sup>33</sup> However, CRC's interpretation of the policy was inconsistent with the written policy, which explicitly requires a letter of acknowledgement be sent to the complainant.
- In one case, the CRC's designee tried to contact the complainant several times, but they were unresponsive. Therefore, no letter was sent to the complainant.

**Resolving the Complaint and Decision Letter** – State policies and procedures<sup>34</sup> require that all complaints shall be processed and closed within 90 days of receipt of a written or verbal complaint. State policies do not require a decision letter be sent to the complainant.

During our testing, we identified 6 of the 7 cases where GA DFCS did not maintain evidence that complaints were processed within 90 days, as required by the GA DFCS *Civil Rights Complaint Process*. The cause was due to GA DFCS not recording the information necessary to determine if complaints were processed timely, including dates of closure or resolution. The primary source of documentation to record discrimination complaints was the complaints log, and the log did not include a date field for closure/resolution. Also, personnel did not consider it pertinent information to record in the comments field.

As a result, it was not possible to determine if complaints were processed timely. Further, since decision letters were not sent to complainants, they would not receive required documentation, including: the complaint review number, a statement on the jurisdictional authority, an indication of whether an investigation was warranted, and if so, the methodology on how the complaint was investigated, and their right to appeal to the Secretary of Agriculture.

---

<sup>33</sup> Ibid.

<sup>34</sup> Georgia Department of Human Services – Division of Family and Children Services (DHS – DFCS) *Civil Rights Complaint Process, (II)(E), December 2015*

**b) FNS did not send a letter of acknowledgement to a Pennsylvania complainant timely –**

In response to our request for a list of discrimination complaints received during the scope period, we received two SNAP cases of alleged discrimination by PA DHS. We 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 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.

**c) FNS CRD did not process four South Carolina complaints timely –** In response to our request for a list of discrimination complaints received during the scope period; we received 5 SNAP cases of alleged discrimination by SC DSS. Our testing disclosed two areas of potential non-compliance. Specifically, FNS CRD did not send letters of acknowledgement or decision letters to four complainants timely.

**Letter of Acknowledgement** – In the 5 cases tested, FNS CRD did not send an acknowledgement letter to the complainant within 5 business days of receipt of the complaint in 4 cases. In those 4 cases, letters of acknowledgement were sent between 12 and 27 days after the complaint was received. FNS CRD stated the letters of acknowledgement were not sent timely due to heavy caseloads and resource constraints.

As a result, individuals associated with these 4 cases would not have had documentation of, or possibly been aware of FNS' planned actions, the time period required to complete the investigation, or the possible need for additional information that may be required to complete the investigation timely.

**Resolving the Complaint and Decision Letter** – In four of the 5 cases tested, FNS CRD did not process complaints and send a decision letter to the complainant within 90 days of receipt of the written complaint. In those 4 cases, cases were processed and decision letters sent between 118 and 268 days after the complaint was received. FNS CRD stated the complaints were not processed timely due to heavy caseloads and resource constraints.

As a result, the 4 complainants were not notified timely of the details of how FNS CRD handled the complaint, including: the jurisdictional authority, the specific allegations and applicable regulations, whether an investigation was performed, the methodology of the investigation and final disposition of the investigation, and their appeal rights to the Secretary of Agriculture.

**d) WA Department of Social and Health Services (DSHS) did not send acknowledgement and decision letters related to two discrimination complaints –** In response to our request for a list of discrimination complaints received during the scope period, we received two SNAP



cases of alleged discrimination by the State agency. Our testing disclosed two areas of potential non-compliance. Specifically, WA DSHS did not send letters of acknowledgement or decision letters to complainants timely.

**Letter of Acknowledgement** – In the two cases tested, WA DSHS did not send an acknowledgement letter to the complainant. This occurred because WA DSHS *Administrative Policy No. 18.81, Nondiscrimination in Direct Client Services*, does not include guidance for providing complainants with any form of acknowledgement, either written or otherwise. Also, State agency personnel responsible for handling discrimination complaints were unfamiliar with, and do not prescribe to, the requirements of *FNS Instruction 113-1*.

As a result, the State agency did not process SNAP discrimination complaints in accordance with FNS authoritative guidance.

**Resolving the Complaint and Decision Letter** – For the two cases tested, WA DSHS did not process the complaint for one case within 90 days of receipt of the written complaint. For the second case, the evidence WA DSHS provided us does not support a determination of exactly how long the case took to process. In addition, WA DSHS did not send a decision letter to either complainant.

This occurred because WA DSHS *Administrative Policy No. 18.81, Nondiscrimination in Direct Client Services*, does not require that a decision letter be sent to the complainant. Also, State agency personnel responsible for handling discrimination complaints were unfamiliar with, and do not prescribe to, the requirements of *FNS Instruction 113-1*.

As a result, the two complainants were not notified of the details of how WA DSHS handled the complaint, including the jurisdictional authority, the specific allegations and applicable regulations, whether an investigation was performed, the methodology of the investigation, final disposition of the investigation, and their appeal rights to the Secretary of Agriculture.

### **Consolidated Analysis and Recommendation**

Four States were found non-compliant with the requirements of 7 *CFR* §272.6. The fifth State, Nebraska, did not receive SNAP discrimination complaints during the scope period. These findings provide strong indications that there may be more instances of non-compliance among States not reviewed.

Specifically, State agencies and CRD did not comply with the requirement to send complainants letters of acknowledgment or decision letters timely, or at all.

State specific recommendations to address these findings are provided in the individual State reports (Table 1.1). However, given the specific and recurring criteria identified in each of the four State's findings, we provide an additional recommendation to FNS:

## FNS Recommendation 1

Issue a clarification memorandum reiterating the importance of FNS and State agency compliance with *FNS Instruction 113-1 Civil Rights Compliance and Enforcement – Nutrition Programs and Activities*, with special emphasis on establishing requirements for timeliness and content of notifications to complainants for receipt and final decision of complaints.

### Agency Response

In its November 28, 2017 response, FNS stated:

FNS concurs with the intent of this recommendation. To address the issue raised by OIG in this finding, FNS proposes issuing a memorandum reiterating the importance of FNS and State agency compliance with FNS Instruction 113-1 after the update of FNS 113-1 has been completed.

**Estimated Completion Date:** November 5, 2018

### **Finding 2 – 7 CFR §272.10 Automated Data Processing/Client Integrity Systems (ADP/CIS) Model Plan – State Identified: SC**

7 CFR §272.10, *ADP/CIS Model Plan*, states that each State agency shall develop an ADP/CIS plan.<sup>35</sup> In testing compliance with 7 CFR §272.10, we identified one State with a finding: South Carolina.

**SC Department of Social Services (DSS) did not maintain an FNS approved ADP/CIS Model Plan** – During our review of State's compliance, we were unable to obtain evidence that the State submitted an ADP/CIS Model Plan to FNS for approval. We were also unable to obtain evidence of any comparable FNS approved documentation to support a determination of the sufficiency of the level of automation of the State's eligibility and benefits management system.

This occurred because the original submission deadline for the plan was likely over 20 years ago, but key stakeholders were uncertain exactly when that was. Once the original purpose of the document was satisfied, the document was not maintained. In the words of the FNS Director of the State Systems Office (SSO), "[w]e have always interpreted that section of the regulations to mean that States had to do that (create a "model plan") when that revision was first made to the statute." The Statute was last revised June 9, 1994.<sup>36</sup> However, FNS Handbook 901 states that State ADP/CIS Plans should be reconsidered and changed as States review their

---

<sup>35</sup> 7 CFR §272.10, *ADP/CIS Model Plan*, (a), 2017

<sup>36</sup> Ibid. Amdt. 284, 52 FR 35226, Sept. 18, 1987, as amended by Amdt. 356, 59 FR 29713, June 9, 1994

automation needs when undertaking new automation projects,<sup>37</sup> and in undertaking a new automation project, States must review their existing ADP/CIS Plans.<sup>38</sup>

We requested the plan document from the State agency, the FNS Southeast Regional Office (SERO) and FNS SSO. Neither the State nor FNS were able to retrieve the plan document for South Carolina, or any similar document that provided a determination of the sufficiency of the level of automation of SC DSS' eligibility and benefits management system.

SC DSS submitted to FNS the Planning Advance Planning Document, which is the precursor to the State's planned implementation of a new eligibility and benefits management system. Having an FNS approved ADP/CIS Model Plan document would facilitate planning for the new system implementation and provide a basis from which to move forward.

Without the ADP/CIS Model Plan document, and as SC DSS moves forward with plans to implement a new eligibility and benefit management system, they must re-perform the review process of their current system. They will need to assess the sufficiency of the level of automation as required by *7 CFR §272.10*, without the benefit of using a previous assessment as a starting point.

### **Consolidated Analysis**

Recommendations to address this specific finding are provided in the SC State report (Table 1.1). Although our testing of *7 CFR §272.10* only identified one State finding, FNS and many State agencies struggled to obtain documentation to evidence compliance with this regulation. FNS explained the reason for this was this requirement had been satisfied by States decades ago. Both the States and FNS had difficulty producing documentation, which provides a good indication that this regulatory requirement may be obsolete.

The root cause for this obsolescence is not unique to *7 CFR §272.10*. Several subsections of *7 CFR Part 272* have not been reviewed or revised in many years and in some cases several decades. Not only are subsections obsolete, but some are unclear, contradictory, or inconsistent with other authoritative guidance, laws, or regulations. Some examples highlighted throughout this report reference the below recommendation, and are included therein. Given the nature of the finding and the importance to SNAP, we provide FNS this additional recommendation to mitigate identified deficiencies.

#### **FNS Recommendation 2**

Review those *7 CFR Part 272* SNAP regulations identified in Appendix A of this report and related authoritative guidance to assess:

- Viability – some sections appear obsolete (e.g., *7 CFR §272.10*)

---

<sup>37</sup> *FNS Handbook 901, Chapter 4, Section 4030, 1997*

<sup>38</sup> *FNS Handbook 901, Chapter 4, Section 4031, 1997*

- Consistency – ensure FNS regulations, and other authoritative guidance are current, consistent, and do not contradict laws or one another (e.g., 7 CFR §272.10, *Handbook 901*)

Based on FNS' review, determine which sections and/or related guidance merit revision and initiate the process to revise, as deemed appropriate.

## Agency Response

In its November 28, 2017 response, FNS stated:

FNS concurs with the recommendation. FNS will review regulations at 7 CFR 272 where exceptions are noted in Appendix A (272.6, 272.10, 272.11, 272.13, 272.14), determine areas where revised guidance is merited, and initiate the process to revise guidance as appropriate. As previously explained in conversations with OIG on this recommendation, any outcomes of this review of 7 CFR 272 will be addressed through guidance, as appropriate. Guidance is the most efficient and effective means for addressing the intent of the recommendation.

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

### **Finding 3 – 7 CFR §272.11 Systematic Alien Verification for Entitlements (SAVE) Program – State Identified: WA**

*Public Law 113-79*, also known as the *Agriculture Act of 2014* or the *2014 Farm Bill*, requires State agencies participating in SNAP to use an immigration status verification system.<sup>39</sup> Further, Federal regulation 7 CFR §272.11, *SAVE Program*, states that State agencies shall use information obtained through the SAVE Program for the purpose of verifying the validity of documentation of alien status presented by an applicant.<sup>40 41</sup>

**WA DSHS did not implement a SAVE Program in accordance with the 2014 Farm Bill requirements** – Prior to the entrance conference for this engagement, WA DSHS acknowledged that it had not yet implemented the SAVE Program due to significant

---

<sup>39</sup> *Public Law 113-79, §4015, 2014*

<sup>40</sup> 7 CFR §272.11, *SAVE Program, (c)(1), 2017*

<sup>41</sup> Although 7 CFR §272.11 gives the State the option to participate in the SAVE Program, the regulations requiring the use of SAVE have not yet been finalized. However, since it is required by *section 4015* of *Public Law 113-79, the Agricultural Act of 2014*, the States shall use the SAVE information in accordance with the guidance articulated in 7 CFR §272.11. 7 CFR §272.11 has not been updated since enactment of the *Agricultural Act of 2014*, but there is a proposed rule that was published December 1, 2016 that includes relevant verification provisions of the *Agricultural Act of 2014*.

technological difficulties. This condition was verified during the performance of our on-site fieldwork.

WA DSHS explained that this occurred because of the complicated nature of implementing the SAVE Program with WA DSHS's benefits management system. Further, WA DSHS explained in communications with the FNS Western Regional Office, that the State had challenges getting the necessary guidance and technical support from the United States Citizenship and Immigration Service (USCIS).<sup>42</sup>

WA DSHS explained that the entire platform, consisting of approximately 122 change requests (including the SAVE functionality), and problem reports, was promoted to the testing region the weekend of August 26, 2016. Shortly thereafter the State agency experienced significant issues in the testing region that would have significantly and adversely affected the entire benefits management system if they performed a statewide implementation. WA DSHS decided to create an 'on/off' switch instead and that is what was promoted to production the weekend of October 16, 2016. Testing of the SAVE functionality did not start until May 30, 2017 and concluded July 7, 2017. WA DSHS stated that the July 2017 release was promoted over the weekend of July 16, and effective July 17, 2016, the new SAVE functionality became available statewide.

As a result, since WA DSHS did not have a fully implemented SAVE Program during the scope period, WA DSHS was not in compliance with Public Law 113-79 and was not able to verify the validity of documents provided by aliens applying for SNAP benefits against central data files maintained by USCIS. This increased the risk that aliens who were ineligible for SNAP benefits were determined eligible and may have received benefits.

### **Consolidated Analysis**

In our testing of States' compliance with 7 *CFR* §272.11, a finding was only identified in WA. Recommendations to address this specific finding are provided in the WA State report (Table 1.1).

We also noted that FNS regulations were not consistent with the *Farm Bill of 2014*, as SAVE was not required under 7 *CFR* §272.11. On July 28, 2017, FNS notified us that there was a proposed rule published in the Federal Register December 1, 2016, and the comment period for the Supplemental Nutrition Assistance Program: Student Eligibility, Convicted Felons, Lottery and Gambling, and State Verification Provisions of the Agricultural Act of 2014 had been extended. The comment period for the proposed rule was extended through a notice published March 1, 2017, that extended the comment period until March 31, 2017. This proposed rule included amendments to 7 *CFR Part* 272 to align verification compliance requirements with the *Agriculture Act of 2014*. We credit FNS for taking steps to address this misalignment and FNS has started the process to revise this section of the regulations, but this provides another example of inconsistencies in 7 *CFR Part* 272 with other laws and regulations. Given the

---

<sup>42</sup> 7 *CFR* §272.11, *SAVE Program*, (a), 2017, states that a State agency may participate in the SAVE Program established by the Immigration and Naturalization Service (INS), in order to verify the validity of documents provided by aliens applying for SNAP benefits with the central data files maintained by INS. INS ceased to exist on March 1, 2003 and jurisdiction for the SAVE Program is now under the USCIS.

occurrence of a finding in only one State and FNS' proposed rule to update regulations related to SAVE, we do not provide any additional recommendations.

**Finding 4 – 7 CFR §272.13 Prisoner Verification System (PVS) – States Identified: GA, NE, PA, SC, WA**

In testing compliance with 7 CFR §272.13, we selected non-statistical samples and identified findings in all five states tested: Georgia, Nebraska, Pennsylvania, South Carolina, and Washington.

Federal regulations 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>43</sup> Additionally, the PVS shall provide for an independent verification of match hits to determine their accuracy.<sup>44</sup> That is, the caseworker will attempt to obtain confirmation from another source (e.g., by calling the correctional facility).

State agencies are required by 7 CFR §272.13 (c) to make a comparison of match data for adult household members at the time of application and at recertification and to enter into a computer matching agreement with the Social Security Administration (SSA).<sup>45</sup>

Federal regulations also require that each State's PVS provide for a notice to the household of match results.<sup>46</sup>

We identified findings in all five States reviewed, as follows:

**a) GA DFCS did not maintain evidence that an independent verification was performed for PVS matches and did not provide households notice of match results** – We tested a non-statistical sample of 15 cases of PVS matches, and identified 13 cases that were non-compliant with 7 CFR §272.13. The 13 cases did not have evidence either that an independent verification was performed or that a notice of match results was provided to the household.

**Independent Verification and Payments to Individuals who may have been incarcerated over 30 days** – Of the 15 cases sampled, we identified 13 cases where there was a PVS match, but no evidence that an independent verification was performed to determine if the individual was still incarcerated. For 5 of these cases, there was a beginning incarceration date recorded in the case file, but not an ending date, and for 6

---

<sup>43</sup> 7 CFR §272.13, PVS, (a), 2017

<sup>44</sup> 7 CFR §272.13, PVS, (b)(3), 2017

<sup>45</sup> 7 CFR §272.13, PVS, (c), 2017. FNS issued *Supplemental Nutrition Assistance Program: Disqualified Recipient Reporting and Computer Matching Rule, Questions and Answers* in 2012, which clarified that States are required to perform matches against SSA's PVS at application and recertification.

<sup>46</sup> 7 CFR §272.13, PVS, (b) (4), 2016. During the engagement scope period (FY 16), the regulations required the State agency to provide notice to households of match results. On January 6, 2017, FNS revised 7 CFR §272.13(b) (4) so that notice to households of match results would only be required when the information from the PVS match was unclear. However, since our testing occurred during FY 16, the results of our testing were evaluated against FY 16 criteria (the regulations in effect at the time), and not the updated regulations.



cases, there was neither a beginning nor ending incarceration date recorded. Since the period of incarceration is unknown for these 11 cases, there is a possibility that an improper payment may exist, but further investigation is required by the State. For the 2 other cases where there was a PVS match and no independent verification, information in the case file indicates the individuals may have been incarcerated for over 30 days and continued to be included in a SNAP household.

For the first of these two cases, a caseworker determined that the recipient may have been incarcerated for over 30 days, and SNAP benefits were paid for one month before the case was closed. Data in this case file did not support the calculation of the amount of potential improper payment. For the second case, we calculated a potential improper payment in the amount of \$1,427.

We determined this condition occurred because the caseworkers failed to document whether an independent verification was performed for the 11 cases, or failed to have the two cases investigated for the possible establishment of a claim. The caseworkers did not have a proper understanding of PVS requirements, including documentation requirements. Without evidence of performance of an independent verification, we were unable to determine if verification was performed, or performed and not documented.

**Notice of Match Results** – In the 15 cases tested, GA DFCS failed to provide a notice of match results to 13 households with a PVS match.

This occurred because the caseworkers were not aware of PVS household notification requirements, as PVS requirements were not included in official DFCS guidance or training.

As a result, households who did not receive notice will not be 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.

**b) NE DHHS did not maintain evidence that an independent verification was performed for PVS matches and did not provide households notice of match results** – From a non-statistical sample of 15 PVS matches during the scope period, we identified 15 cases of non-compliance: 6 cases with no evidence that an independent verification was performed and 15 cases where no notice of match results was provided to the household.

**Independent Verification** – We identified six cases where a beginning incarceration date was listed, but not an ending date to indicate how long the individual was incarcerated. Since the amount of time the individual was incarcerated was unknown, we were unable to determine if the incarceration period exceeded 30 days and, if so, by how many days. In these cases, there was insufficient information to determine whether the payments were improper or to calculate the amounts of potential improper payments.

In addition, there was no evidence that an independent verification was performed to determine if the individual was still incarcerated. Of the six cases, one case had an individual who may have been incarcerated for over 30 days and continued receiving SNAP benefits.

This occurred because the caseworkers failed to document whether an independent verification was performed. We determined that caseworkers did not have a proper understanding of PVS documentation requirements. Without such documentation, we

were unable to determine if an independent verification was performed at all, or performed, but not documented.

As a result, SNAP recipients could potentially have received benefits while incarcerated or after being incarcerated for more than 30 days resulting in potential improper payments.

**Notice of Match Results** – In all 15 cases tested, the NE DHHS failed to provide a notice of match results to households with a PVS match. This occurred because the caseworkers were not aware of PVS household notification requirements.

As a result, households who did not receive notice were not aware that the State agency performed a Prisoner Verification System check on a member of the household or of the results of that check.

**c) PA DHS did not provide households notice of PVS match results, and continued to include individuals incarcerated for over 30 days in a SNAP household** – In our non-statistical sample of 15 cases, we identified all 15 cases as non-compliant. Three cases involved individuals incarcerated for over 30 days who continued to be members of SNAP households, and all 15 cases lacked evidence that notice of match results had been provided to the household.

**Notice of Match Results** – In the 15 cases tested, PA DHS failed to provide a notice of match results to each of the 15 households.

This occurred because the caseworkers 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 unaware 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.

**Payments to Individuals Incarcerated over 30 days** – Of the sample of 15 cases, we identified 3 cases where individuals were incarcerated for over 30 days but continued to be included in a SNAP household.

This occurred because the caseworkers 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 \$388,<sup>47</sup> and this individual was incarcerated for approximately 40 days. For the second case, we calculated a potential improper payment of \$193, 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, and this individual was

---

<sup>47</sup> PA DHS was non-compliant under 7 CFR §273 *Certification of Eligible Households* rather than 7 CFR §272.13 PVS.

incarcerated for approximately 77 days. This resulted in a total potential improper payment of \$969.

**d) SC DSS did not properly implement a 7 CFR §272.13 compliant PVS** – We tested a non-statistical sample of 15 cases, and all 15 cases were non-compliant with 7 CFR §272.13 requirements in 3 areas as follows:

**Payments to Individuals Incarcerated over 30 days** – We identified 10 cases where individuals may have been incarcerated for over 30 days and included in a SNAP household. Six cases where evidence indicated the individuals were incarcerated for over 30 days and 4 cases where the individuals may have been incarcerated over 30 days.

We determined there were two causes that led to the above condition; caseworker error and the non-compliant business process DSS employs to process case files.

As a result, SC DSS did not properly perform PVS monitoring procedures to prevent individuals who may have been incarcerated for over 30 days from being included in a SNAP household. Of the 10 cases we identified, 2 cases received potential improper payments in the amount \$1,955. For the remaining 8 cases, the existence and amount of potential improper payment are unknown or indeterminate because either no incarceration end date was recorded in the case file or household composition or other details of the case prevented calculation of a specific dollar amount of potential improper payment.

In addition, for the above cases, there was no evidence that DSS reviewed the cases to determine if an improper payment was made and warrants the establishment of a claim.

**Independent Verification** – In the 15 cases tested, there was no evidence of independent verification for 13 individuals. This occurred for the reasons articulated under *Payments to Individuals Incarcerated over 30 days* above: SC DSS implemented a non-compliant business process and provided insufficient training to caseworkers on PVS requirements.

Since there was no independent verification for the 13 cases, the information in the case file cannot be considered verified.

**Notice of Match Results** – In the 15 cases tested, SC DSS did not provide a notice of match results to 14 households. This occurred for the reasons articulated under *Payments to Individuals Incarcerated over 30 days* above: SC DSS implemented a non-compliant business process and provided insufficient training to caseworkers on PVS requirements.

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

The areas of non-compliance are due in part to the non-compliant business process the State implemented several years ago. It should be noted that the State communicated on several occasions with SERO about the planned business process redesign. SC DSS management informed us that SERO suggested in December 2013 that the State request a waiver from FNS to act on PVS matches after certification. The waiver request was submitted in early May 2014

and the State informed us that despite several inquiries regarding the status of the request, the State was not informed until March 30, 2016 that the waiver was denied. FNS denied the waiver request stating that DSS's application processing procedures do not meet the requirements of 7 *CFR* §272.13 and 7 *CFR* §272.14. FNS went on to say that while DSS's efforts to process cases during first contact were admirable, it was not allowable by current policy.

**e) WA DSHS did not perform PVS matches in accordance with 7 *CFR* §272.13 requirements in three areas**

– We tested a non-statistical sample of 15 cases, and all 15 cases were non-compliant with 7 *CFR* §272.13 in 3 areas as follows:

**Payments to Individuals Incarcerated over 30 days** – In the sample of 15 cases, we identified 1 case where an individual was incarcerated for over 30 days and included in the SNAP household. This occurred because there were two previous incarceration match alerts for this case that indicated the individual was incarcerated, and the caseworkers erroneously cleared the alerts after they were unable to confirm the incarceration.

As a result, the household received benefits for the individual who was incarcerated and may have received potential improper payments. In October 2016, WA DSHS sent a notice of overpayment to the household for overpayments due to a failure to report a change in circumstances at recertification.

**Notice of Match Results** – In the 15 cases tested, WA DSHS failed to provide a notice of match results for 4 cases. This occurred because the caseworkers verified the incarceration matches and determined that no action was needed on the cases. Also, WA DSHS policy does not require notices to be provided to households when no other action is required.

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

**Use of SSA's database** – During our testing, WA DSHS acknowledged that the State agency does not perform PVS matches against SSA's database at application and recertification. This occurred because WA DSHS believes the data from SSA's database is neither current nor reliable and instead uses data from the State's Department of Corrections database to identify individuals who are incarcerated, which the State believes is more reliable.

As a result, WA DSHS is not in compliance with 7 *CFR* §272.13 requirements and would not be able to ensure that applicants or recipients are not listed in SSA's database.

**Consolidated Analysis and Recommendation**

All five States reviewed did not always comply with the requirement to notify SNAP households of PVS match results.

Three of the States reviewed –Georgia, Nebraska, and South Carolina – generally failed to comply with the requirement to perform and document independent verification of PVS matches.

The cases in these States share a common factor: caseworkers were generally not fully trained in the requirements of 7 *CFR* §272.13.

As part of our review procedures, we also requested and received recent Management Evaluations (MEs) for each of the selected States. We reviewed the MEs and there were no indications of non-compliance with 7 CFR §272.13 requirements for any of the selected States. Therefore, there is an opportunity here for FNS to strengthen their ME of PVS requirements.

Recommendations to address the specific State findings are provided in the individual State reports (Table 1.1). However, given the recurring nature of findings in all five States reviewed, we provide the following additional recommendation to FNS:

### FNS Recommendation 3

Issue a clarification memorandum reiterating the importance of State compliance with 7 CFR §272.13, *Prisoner Verification System*, with an emphasis on the requirements associated with:

- Monitoring and preventing individuals incarcerated for over 30 days from being included in a SNAP household (7 CFR §272.13 (a))
- Performing and documenting independent verification of PVS matches (7 CFR §272.13(b)(3))
- Notifying households of PVS match results (7 CFR §272.13(b)(4) and 7 CFR §273.12(c)(3)(iii)).

### Agency Response

In its November 28, 2017 response, FNS stated:

FNS concurs with the recommendation. FNS will issue guidance clarifying the Federal regulations about the Prisoner Verification System (7 CFR §272.13). The guidance will focus on the areas of concerns as part of this audit.

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

### FNS Recommendation 4

Strengthen the 7 CFR §272.13 requirements in the FNS Management Evaluations, to ensure State agencies are properly performing PVS matches in compliance with 7 CFR §272.13 requirements.

## Agency Response

In its November 28, 2017 response, FNS stated:

FNS concurs with the recommendation. FNS will update their management evaluation module to strengthen review of State compliance with the federal regulations about the Prisoner Verification System (7 CFR §272.13).

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

### **Finding 5 – 7 CFR §272.14 Deceased Matching System (DMS) – States Identified: GA, NE, SC**

In testing compliance with 7 CFR §272.14, we selected non-statistical samples and identified findings in 3 of the 5 states tested: Georgia, Nebraska, and South Carolina.

Federal regulations require that each State agency establish a system to verify and ensure that benefits are not issued to individuals who are deceased.<sup>48</sup> The deceased matching system shall provide for an independent verification of system matches to determine their accuracy.<sup>49</sup> That is, the caseworker will attempt to obtain confirmation from another source (e.g., by calling the individual or household).

Federal regulations additionally require that each State's deceased matching system provide a notice to the household of match results.<sup>50</sup>

**a) GA DFCS did not maintain evidence that an independent verification was performed for deceased matches and did not provide households notice of match results** – We tested a non-statistical sample of 15 cases, and identified 15 cases that were non-compliant with the requirement for independent verification and 4 cases that were non-compliant for failure to provide notice to the household of match results.<sup>51</sup>

**Independent Verification** – We identified 15 cases where there was no evidence that an independent verification was performed to determine if the individual was deceased. Moreover, of the 15 cases, 4 cases continued receiving SNAP benefits after the deceased matching system's reported date of death resulting in potential improper payments.

This occurred because the caseworkers failed to document whether an independent verification of system matches was performed. We determined that caseworkers did not have a proper understanding of deceased matching or related documentation

---

<sup>48</sup> 7 CFR §272.14, *Deceased Matching System, (a)*, 2017

<sup>49</sup> 7 CFR §272.14, *Deceased Matching System, (c)(3)*, 2017

<sup>50</sup> 7 CFR §272.14, *Deceased Matching System, (c)(4)*, 2017

<sup>51</sup> No notice was provided to the household in any of the 15 cases; 11 cases were single person households where no notification is required when the single person passes.

requirements. Without such documentation, we were unable to determine if an independent verification was performed, or performed, but not documented.

Regarding improper payments, of the 4 cases identified, 3 were single person households that continued to receive monthly SNAP benefits deposited into the Electronic Benefits Transfer (EBT) card accounts, and continued to make EBT card purchases after the reported date of death. The amount of potential improper payments for these 3 cases was \$969, and the corresponding EBT card purchases could potentially have been fraudulent. Upon notifying SNAP program management, we were immediately notified the cases would be referred to the State OIG for further investigation. When we followed-up with SNAP program management, this referral was confirmed.

The fourth case was a two-person household that continued to receive the same amount of SNAP benefits after the date the head-of-household was reported deceased. This case also may have received potential improper payments, but the amount was indeterminate.

**Notice of Match Results** – In the 15 cases tested, we identified 4 cases where GA DFCS failed to provide notice of match results.<sup>52</sup> This occurred because the caseworkers were not aware of the household notification requirements associated with 7 CFR §272.14.

As a result, households who did not receive notice would be unaware that the State agency performed a deceased matching system check, and the results of that check, in accordance with 7 CFR §272.14 requirements.

**b) NE DHHS did not provide a household notice of match results** – We tested a non-statistical sample of 15 cases, and our testing identified one non-compliant case. Specifically, NE DHHS did not provide a notice of match results to the household.

We determined the cause was attributable to the caseworker not being aware of Death Matching System household notification requirements. Thus, the SNAP household that did not receive notice will not be aware that the State agency performed a deceased matching system verification on a member of the household.<sup>53</sup>

**c) SC DSS has not properly implemented a 7 CFR §272.14 compliant DMS** – We tested a non-statistical sample of 10 cases. We identified 8 cases that were non-compliant with 7 CFR §272.14 requirements in 3 areas: (1) benefits may have been issued to deceased persons in 7 cases, (2) independent verifications were not performed or documented in 5 cases, and (3) no notice of a DMS match was provided to the household in 3 cases.

**Benefits Potentially Issued to Deceased Persons** – We identified 7 cases where individuals who may have been deceased were issued SNAP benefits. We determined there were two causes that led to the above condition: SC DSS's implementation of a

---

<sup>52</sup> See Footnote 51.

<sup>53</sup> The household did receive a Notice of Adverse Action that informed them that benefits would be reduced. There was no evidence of improper payments.



non-compliant business process and insufficient training to caseworkers on DMS requirements.

As a result, in these 7 cases, individuals who may have been deceased continued receiving SNAP benefits after the month of their documented passing. For 5 of these cases we were able to calculate potential improper payments in the amount of \$24,254, and for the 2 remaining cases, the amount of potential improper payment was indeterminate. Finally, for the above cases, there was no evidence that DSS reviewed the cases to determine if an improper payment was made and warranted the establishment of a claim.

**Independent Verification** – We identified five cases where there was no evidence of independent verification. This occurred because SC DSS implemented a non-compliant business process and did not train caseworkers on DMS requirements.

Since there was no independent verification for the 5 cases, the information in the case file could not be considered verified.

**Notice of Match Results** – We identified 3 cases where SC DSS did not provide a notice of match results to the household. Again, SC DSS implementation of a non-compliant business process and insufficient training to caseworkers on DMS requirements caused this non-compliance.

As a result, households who did not receive notice were unaware that the State agency performed a DMS check on a member of the household, or of the results of that check, in accordance with 7 *CFR* §272.14 requirements.

### **Consolidated Analysis and Recommendation**

Three of the five States reviewed exhibited non-compliance with the requirements of 7 *CFR* §272.14 *DMS*: Georgia, Nebraska, and South Carolina. The reviews indicated an isolated incident of non-compliance in Nebraska and significant problems with compliance in Georgia and South Carolina.

What these States have in common is that they encompass the same general areas of non-compliance, such as not performing independent verification of match results and not providing notification to households of match results. This resulted from inadequate caseworker training and caseworker error.

As part of our review procedures, we also requested and received recent MEs for each of the selected States. We reviewed the MEs and there were no indications of non-compliance with 7 *CFR* §272.14 requirements for any of the States selected. Therefore, there is an opportunity here for FNS to strengthen their ME of DMS requirements.

Specific recommendations to address the individual State findings are provided in the individual State reports (Table 1.1). However, given the recurring nature of the findings in three of the five States reviewed, we provide the following additional recommendations to FNS:

### FNS Recommendation 5

Issue a clarification memorandum reiterating the importance of State compliance with 7 *CFR* §272.14, *Deceased Matching System*, with an emphasis on the requirements associated with:

- Performing and documenting independent verification (7 *CFR* §272.14(c)(3))
- Notifying households of DMS match results (7 *CFR* §272.14(c)(4) and 7 *CFR* §273.12(c)(3)(iii)).

### Agency Response

In its November 28, 2017 response, FNS stated:

FNS concurs with the recommendation. FNS will issue guidance clarifying the Federal regulations about the Deceased Matching System (7 *CFR* §272.14). The guidance will focus on the areas of concerns identified as part of this audit.

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

### FNS Recommendation 6

Strengthen the 7 *CFR* §272.14 requirements in the FNS Management Evaluations, to ensure State agencies are properly performing DMS matches in compliance with 7 *CFR* §272.14 requirements.

### Agency Response

In its November 28, 2017 response, FNS stated:

FNS concurs with the recommendation. FNS will update their management evaluation module to strengthen review of State compliance with the federal regulations about the Deceased Matching System (7 *CFR* §272.14).

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

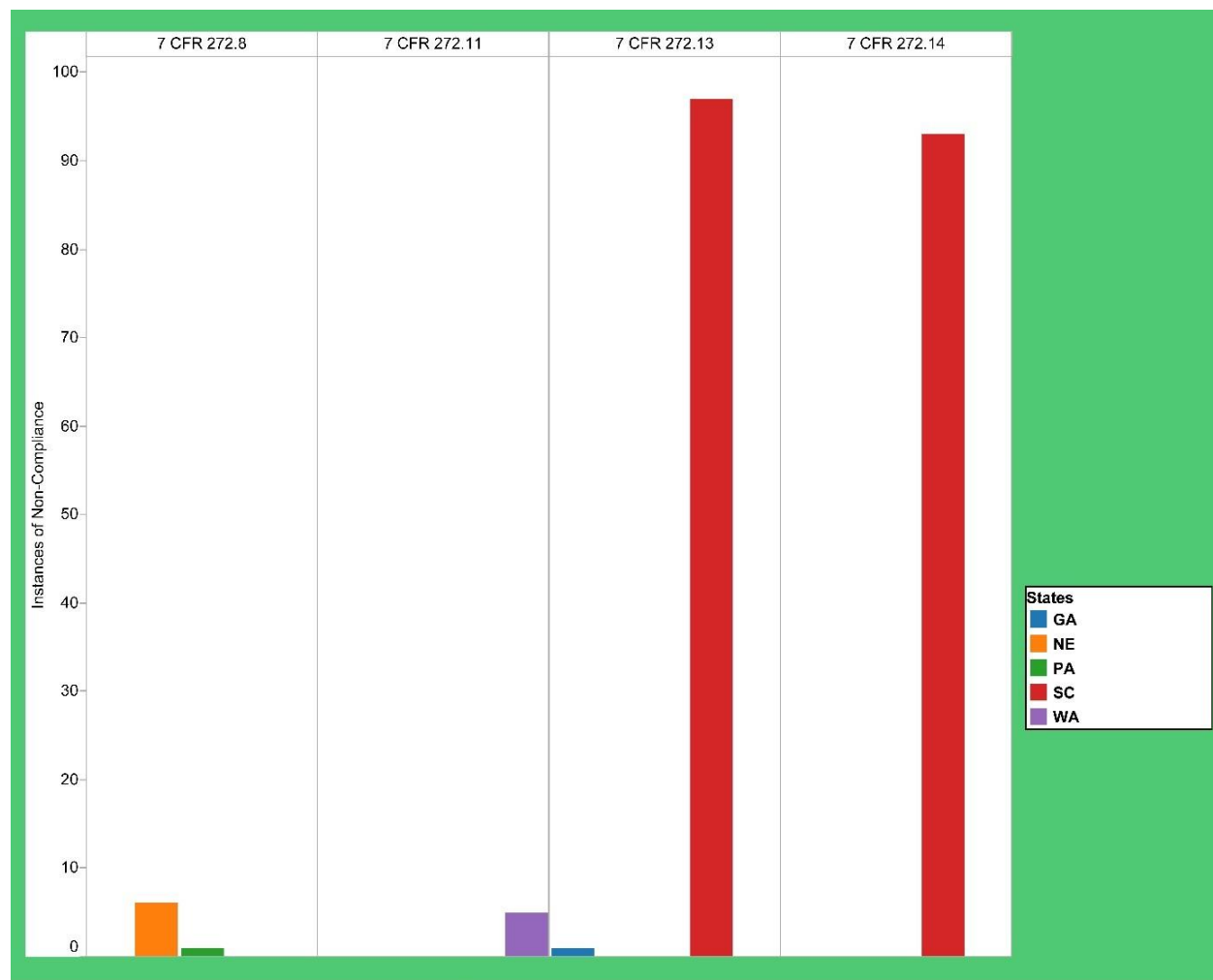
### 5.3 Part 2, Checklist for Review of Active Cases

This section presents the results of performance of Checklist 2 *agreed-upon procedures* for the five States (see Appendix B for specific procedures and summary of results).

In our review of 500 randomly selected active cases (100 cases in each State), we identified 4 findings.

**Exhibit 5.3** below summarizes Checklist 2 findings by State, number of instances of non-compliance identified for each finding, and 7 *CFR Part 272* subsection.

**Exhibit 5.3 – Summary Results of Checklist 2: Review of Active Cases**



Below we provide discussion of the 4 findings (Findings 6 through 9), including a consolidated analysis of the findings. FNS recommendations previously presented in Part 1 will mitigate instances of non-compliance in Part 2, and are referenced accordingly.

## **Finding 6 – 7 CFR §272.8, State Income and Eligibility Verification System (IEVS) – States Identified: NE, PA**

In our review of 100 active cases at each State, we identified 2 States with findings under 7 CFR §272.8: Nebraska and Pennsylvania.

Federal regulations require that each State agency must document information obtained through the IEVS both when an adverse action is and is not instituted.<sup>54</sup> Federal regulations further 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>55</sup>

We identified two States with findings, as follows:

**a) NE DHHS did not maintain evidence an IEVS check was performed** – In our review of 100 active cases, we identified six cases where NE DHHS was not in compliance with 7 CFR §272.8, State IEVS. Specifically, NE DHHS did not maintain evidence an IEVS check was performed.

We determined the cause was attributable to caseworker’s lack of understanding of IEVS documentation requirements for case files in the benefits management system.

As a result, for the six identified cases, we were unable to determine whether an IEVS check was performed.

**b) PA DHS did not maintain evidence that action was taken on an IEVS check within 45 days of receipt of the information** – In our review of 100 active cases, we 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<sup>56</sup> 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>57</sup>). SSA opens these cases, 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.

### **Consolidated Analysis**

---

<sup>54</sup> 7 CFR §272.8, State IEVS, (e), 2017

<sup>55</sup> 7 CFR §272.8, State IEVS, (c)(2), 2017

<sup>56</sup> “Exchange status” is the name of the data field in the benefits management system that provides the status of whether a computer matching system alert has been reviewed by a case worker or not.

<sup>57</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.

In our testing of States' compliance with 7 *CFR* §272.8 using Checklist 2 procedures, we identified findings in NE and PA. Recommendations to address these specific findings are provided in the State reports (Table 1.1). Given the occurrence of a finding in only two states and the unrelated natures of those findings, we do not provide any additional recommendations for FNS consideration.

### **Finding 7 – 7 *CFR* §272.11, SAVE Program – State Identified: WA**

In our review of 500 active cases, we identified one State with a finding under 7 *CFR* §272.11: Washington.

Federal regulations cited and footnoted in section 5.2, Part 1, Checklist for Review of States' Compliance, Finding 3, of this report are consistent with this finding as well.

**WA DSHS did not use the SAVE Program to verify the validity of documentation of alien status presented by an applicant for five cases** – In our review of 100 active cases, we identified five applicable cases where WA DSHS did not use information obtained through the SAVE Program to verify the validity of alien status in documentation provided by an applicant. This occurred because WA DSHS did not have a SAVE Program implemented.

As a result, these five cases could potentially have included individuals in a SNAP household and determined them as eligible when the documentation they provided could have been invalid. Therefore, these individuals could have been determined eligible and received SNAP benefits to which they were not entitled.

As mentioned in Finding 3, Washington has reported that it has implemented the SAVE program as of July 2017.

### **Consolidated Analysis**

This finding is consistent with the finding identified in Part 1, Checklist for Review of State's Compliance, Finding 3. A recommendation to address these five cases is provided in the individual State report (Table 1.1). This finding applies to only the State of Washington, therefore no further recommendations other than as provided in FNS Recommendation 2 above, are provided.

### **Finding 8 – 7 *CFR* §272.13 PVS – States Identified: GA, SC**

In our review of 100 active cases at each State, we identified 2 States with findings under 7 *CFR* §272.13; Georgia and South Carolina.<sup>58</sup>

Federal regulations 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

---

<sup>58</sup> Note that all five States reviewed were identified with findings under 7 *CFR* §272.13 during our Checklist 1 testing. This discrepancy results primarily from the low incidence of PVS matches in our 500 randomly sampled active cases.

household.<sup>59</sup> Additionally, the PVS shall provide for an independent verification of match hits to determine their accuracy.<sup>60</sup>

State agencies are required by 7 *CFR* §272.13 (c) to make a comparison of match data for adult household members at the time of application and at recertification and to enter into a computer matching agreement with the Social Security Administration (SSA).<sup>61</sup>

Federal regulations also require that each State's PVS provide for a notice to the household of match results.<sup>62</sup>

**a) GA DFCS did not maintain evidence that an independent verification was performed for a PVS match and did not provide the household notice of match results** – In our review of 100 active cases, we identified one case where GA DFCS was not in compliance with 7 *CFR* §272.13, PVS. Specifically, GA DFCS did not maintain evidence an independent verification was performed and did not provide the household with notice of match results.

We identified one case where there was no evidence that an independent verification was performed to determine if the individual was still incarcerated, and no notice provided to the household of match results. Also, this case did not have incarceration data available in the system to indicate how long the individual was incarcerated.

We determined that caseworkers did not have a proper understanding of PVS documentation or notification requirements. Without such documentation, we were unable to determine if an independent verification was performed, or performed, but not documented, or whether the household was provided proper notice of match results.

As a result, this SNAP recipient could potentially have received benefits after being incarcerated for more than 30 days resulting in potential improper payments. As mentioned, since the incarceration data was missing, no determination or calculation of potential improper payment was possible. Also, the household will not be aware that the State agency performed a PVS check on a member of the household or of the results of that check.

**b) SC DSS did not perform a PVS match at the time of application or recertification for 97 cases** – In our review of 100 active cases, we identified 97 cases that were non-compliant with 7 *CFR* §272.13 PVS; in particular, SC DSS did not perform a comparison of PVS match data at the time of application or recertification for 97 cases. When the caseworker performs a PVS

---

<sup>59</sup> 7 *CFR* §272.13, PVS, (a), 2017

<sup>60</sup> 7 *CFR* §272.13, PVS, (b)(3), 2017

<sup>61</sup> 7 *CFR* §272.13, PVS, (c), 2017. FNS issued *Supplemental Nutrition Assistance Program: Disqualified Recipient Reporting and Computer Matching Rule, Questions and Answers* in 2012, which clarified that States are required to perform matches against SSA's PVS at application and recertification.

<sup>62</sup> 7 *CFR* §272.13, PVS, (b) (4), 2016. During the engagement scope period (FY 16), the regulations required the State agency to provide notice to households of match results. On January 6, 2017, FNS revised 7 *CFR* §272.13(b) (4) so that notice to households of match results would only be required when the information from the PVS match was unclear. However, since our testing occurred during FY 16, the results of our testing were evaluated against FY 16 criteria (the regulations in effect at the time), and not the updated regulations.

match, there are a series of steps that must be followed in a specific order and at a specific time, and each one leaves an indication in the eligibility data fields of what was actually performed (as opposed to what should have been performed). Our testing revealed that the instances of non-compliance fell into a combination of the following categories:

- 77 cases, there was no evidence a PVS match was performed.
- 3 cases, the data fields indicated a caseworker evaluated a PVS match; however, there was no evidence that a match was performed.
- 13 cases, the data fields indicated a caseworker initiated a PVS match but did not evaluate the results.
- 4 cases, the data fields indicated a caseworker initiated a PVS match but prematurely checked the results before the results were available.

We determined the cause was due to caseworkers not having a proper understanding of PVS procedures or requirements. SC DSS management informed us the reason for this was the State's training provider, who is responsible for training SC DSS caseworkers, did not include PVS procedures and compliance requirements in their training module. Since the staff were not properly trained, they were not aware of the duties and responsibilities associated with PVS requirements.

SC DSS did not properly perform PVS matching procedures at application and recertification to prevent individuals incarcerated for over 30 days from being included in a SNAP household. This could have led to individuals incarcerated for more than 30 days receiving SNAP benefits, resulting in potential improper payments.

### **Consolidated Analysis**

Finding 8 is generally consistent with Finding 4 identified in Part 1, Checklist for Review of State's Compliance. Recommendations specific to GA and SC are provided in each individual State report (Table 1.1). FNS Recommendations 3 and 4 presented in this report are also designed to mitigate this finding.

### **Finding 9 – 7 CFR §272.14 DMS – State Identified: SC**

In our review of 100 active cases at each State, we identified one State with findings under 7 CFR §272.14: South Carolina.

Federal regulations require that each State agency establish a system to verify and ensure that benefits are not issued to individuals who are deceased.<sup>63</sup> The deceased matching system shall provide for an independent verification of system matches to determine their accuracy.<sup>64</sup> That is, the caseworker will attempt to obtain confirmation from another source (e.g., by calling the individual or household).

---

<sup>63</sup> 7 CFR §272.14, *Deceased Matching System*, (a), 2017

<sup>64</sup> 7 CFR §272.14, *Deceased Matching System*, (c)(3), 2017

Federal regulations additionally require that each State shall make the match at the time of application and no less frequently than once a year.<sup>65</sup> Further, the State's deceased matching system shall provide a notice to the household of match results.<sup>66</sup>

**SC DSS did not perform a DMS match at the time of application or at least once during the year for 93 cases** – In our review of 100 active cases, we identified 93 cases that were non-compliant with 7 CFR §272.14 DMS because SC DSS did not perform a comparison of DMS match data at the time of application or at least once a year for 93 cases. Our testing revealed that the instances of non-compliance fell into a combination of the following categories:

- 78 cases, there was no evidence a DMS match was performed.
- 6 cases, the data fields indicated a caseworker evaluated a DMS match, however there is no evidence that a match was ever initiated.
- 9 cases, the evidence indicated a caseworker initiated a DMS match but did not evaluate the results.

We determined the cause was due to caseworkers not having a proper understanding of DMS procedures or requirements. SC DSS management informed us the reason for this was the State's training provider, who is responsible for training SC DSS caseworkers, did not include DMS procedures and compliance requirements in their training module. Since the staff were not properly trained, they were not aware of the duties and responsibilities associated with DMS requirements.

SC DSS did not properly perform DMS matching procedures at application and at least once a year to ensure benefits are not being issued to deceased individuals. This could have led to deceased individuals being issued SNAP benefits, resulting in potential improper payments.

### **Consolidated Analysis**

Finding 9 is consistent with Finding 5 identified in Part 1, Checklist for Review of State's Compliance of this report. Recommendations specific to SC are addressed in the SC Report (Table 1.1). Additionally, FNS Recommendations 5 and 6 above are also designed to mitigate this finding.

---

<sup>65</sup> 7 CFR §272.14, *Deceased Matching System*, (c)(1), 2017

<sup>66</sup> 7 CFR §272.14, *Deceased Matching System*, (c)(4), 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 identified 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 (Five States Tested)
§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 (Five States Tested)
§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 (Five States Tested)

Part 1, Checklist for Review of State's Compliance Results from Testing 7 CFR Part 272		
7 CFR Subsection	Review Procedures	Were exceptions identified 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 (Five States Tested)
§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 (Five States Tested)
§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 (GA, PA, SC, WA)  No (NE)
§272.8 State Income and Eligibility Verification System	Determine if the State has implemented and uses an income and eligibility verification system (IEVS).	No (Five States Tested)
§272.9 Approval of Homeless Meal Providers	Determine how many homeless meal providers are approved and participate in the State's SNAP.	No (Five States Tested)
§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.	Exception noted, reference Finding #2 (SC)  No (GA, NE, PA, WA)
§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.	Exception noted, reference finding #3 (WA)  No (GA, NE, PA, SC)
§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 (Five States Tested)

Part 1, Checklist for Review of State's Compliance Results from Testing 7 CFR Part 272		
7 CFR Subsection	Review Procedures	Were exceptions identified 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>	<p>Exception noted, reference finding #4 (GA, NE, PA, SC, WA)</p>
§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>	<p>Exception noted, reference finding #5 (GA, NE, SC)</p> <p>No (PA, WA)</p>

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

Part 2, Checklist for Review of Active Cases Results from Testing 7 CFR Part 272		
7 CFR Subsection	Review Procedures	Were exceptions identified as a result of applying the procedure?
§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 (Five States Tested)
§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 #6 (NE, PA)  No (GA, SC, WA)
§272.11 Systematic Alien Verification for Entitlements (SAVE) Program	Determine if SAVE was used on the case during the initial application.	Exception noted, reference finding #7 (WA)  No (GA, NE, PA, SC)
§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 (Five States Tested)
§272.12 Computer Matching Requirements	Did the State agency utilize computer matching to obtain information for eligibility determination purposes?	No (Five States Tested)
§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 (Five States Tested)
§272.13 Prisoner Verification System (PVS)	Did the State agency check a Prisoner Verification System to verify eligibility?	Exception noted, reference finding #8 (GA, SC)  No (NE, PA, WA)
§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?	Exception noted, reference finding #8 (GA, SC)  No (NE, PA, WA)

Part 2, Checklist for Review of Active Cases Results from Testing 7 CFR Part 272		
7 CFR Subsection	Review Procedures	Were exceptions identified as a result of applying the procedure?
§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?	Exception noted, reference finding #9 (SC)  No (GA, NE, PA, WA)

## Appendix C: Summary of Monetary Results

This exhibit lists findings by State and report number that had a determinable monetary result, and includes the type and amount of the monetary result. The findings and potential improper payments below were identified during the site visits to each State and were previously reported in the individual State reports identified.

State/ Report #	CFR Reference	Consolidated Report Finding #	Description	Amount	Code/Category
Georgia/ 27601-0008-10	7 CFR §272.13	4	DFCS continued to provide benefits to an individual who may have been incarcerated for more than 30 days	\$1,427	Questioned Costs, Potential Recovery
	7 CFR §272.14	5	DFCS continued to provide benefits to individuals who may have been deceased	\$969	Questioned Costs, Potential Recovery
Pennsylvania/ 27601-0010-10	7 CFR §272.13	4	PA DHS continued to provide benefits to individuals who may have been incarcerated for more than 30 days	\$969	Questioned Costs, Potential Recovery
South Carolina/ 27601-0011-10	7 CFR §272.13	4	SC DSS continued to provide benefits to individuals who may have been incarcerated for more than 30 days	\$1,955	Questioned Costs, Potential Recovery
	7 CFR §272.14	5	SC DSS continued to provide benefits to individuals who may have been deceased	\$24,254	Questioned Costs, Potential Recovery
<b>Total Monetary Result</b>				<b>\$29,574</b>	

## Appendix D: Glossary of Acronyms and Abbreviations

Acronym/Abbreviation	Definition
ADP/CIS	Automated Data Processing/Client Integrity Systems
CAP	Combined Application Project
CFR	Code of Federal Regulation
CPA	Certified Public Accounting/Accountant
CRD	Civil Rights Division
CY	Calendar Year
DFCS	Division of Family and Children Services
DHHS	Department of Health and Human Services
DMS	Deceased Matching System
DSHS	Department of Social and Health Services
DSS	Department of Social Services
EBT	Electronic Benefit Transfer
FNS	Food and Nutrition Service
FY	Fiscal Year
GA	Georgia
GAGAS	Generally Accepted Government Auditing Standards
IEVS	Income and Eligibility Verification System
INS	Immigration and Naturalization Service
MD	Maryland
ME	Management Evaluation
NE	Nebraska
OIG	Office of Inspector General
PA	Pennsylvania
PVS	Prisoner Verification System
RO	Regional Office
SAVE	Systematic Alien Verification for Entitlements
SC	South Carolina
SERO	Southeast Regional Office
SNAP	Supplemental Nutrition Assistance Program
SSA	Social Security Administration
SSO	State Systems Office
TBD	To Be Determined
TFC	TFC Consulting, Inc.
USCIS	United States Citizenship and Immigration Services
USDA	United States Department of Agriculture
WA	Washington State

## Appendix E: Leading Practices and Performance Improvement Opportunities

Our engagement was focused on reviewing State compliance with 7 *CFR* §272 requirements and our formal recommendations only pertain to the aforementioned regulations. However, in performing our work, we also observed some leading practices in use that may be beneficial to other States. TFC offers the following observations for consideration:

- **Caseworker narration** – During our review of case files in Washington State, we noted that extensive case narration was included at each touch point. Case narration is important to provide proper understanding of a case, and the extensive narration by caseworkers in Washington facilitated a more effective and efficient review of cases. This also allows supervisors who review cases as well as different caseworkers to have a better understanding of what was discussed during interviews, what actions the caseworker performed, and what follow up, if any, is required for a case. Among the ten States reviewed by our team over two years, Washington’s use of case narration was exemplary and should be considered a leading practice for use by other States and Territories.
- **Instructions with Alerts** – During interviews and observations, we noted that Washington’s eligibility system allowed for instructions to be included with alerts, such as incarceration and death match alerts. By including guidance for caseworkers and eligibility specialists with these alerts, the State agency promotes efficiency in operations and helps prevent caseworker error caused by policy misinterpretation or misunderstanding. Other States may benefit from the implementation of similar processes to allow the inclusion of detailed instructions with alerts.
- **Improving the effectiveness of IEVS** – During our review of IEVS in South Carolina and Washington, we noted the States did not include the IRS national database in the performance of their IEVS checks. IEVS is an optional computer matching system. 7 *CFR* §272.8 (a)(1) states that States may use IEVS to verify wage and benefits information from the agencies identified. The section goes on to say, “[t]he information provider agencies, at a minimum, are:
  - i. The State Wage Information Collection Agency (SWICA) [for] wage information;
  - ii. The Social Security Administration (SSA) [for] information about net earnings from self-employment, wages, . . . payments of retirement income, [and] Federal retirement, and survivors, disability, SSI and related benefits;
  - iii. The Internal Revenue Service (IRS) [for] unearned income information;
  - iv. The agency administering Unemployment Insurance Benefits (UIB).”

The language is confusing in that some interpret the regulation as all four information provider agencies “at a minimum” must be used. This is not the case. There is no “minimum” and States may select from information provider agencies, as they deem appropriate. We believe there is an opportunity to clarify the language in this regulation to prevent misinterpretation.

With regards to South Carolina and Washington, we understand the information provided by the IRS is not furnished in as timely a manner as comparable State information provider agencies. Other States have also stated this. However, it is reasonable to assume that a Federal Government national central database would provide the opportunity for additional data points and computer matches over a singular



State database. Therefore, including the IRS as an information provider agency likely increases the rigor of the States IEVS system and enhances its effectiveness. The other three States reviewed did use the IRS as an information provider agency as part of their IEVS system.



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





**United States  
Department of  
Agriculture**

Food and  
Nutrition  
Service

3101 Park  
Center Drive

Alexandria, VA  
22302-1500

DATE: November 28, 2017

AUDIT  
NUMBER: 27601-0013-10

TO: Gil H. Harden  
Assistant Inspector General for Audit

FROM: Brandon Lipps /s/  
Administrator  
Food and Nutrition Service

SUBJECT: Consolidated Report on States' Compliance with SNAP Requirements  
for Participating State Agencies (7 CFR 272)

This letter responds to the official draft report for audit number 27601-0013-10, Consolidated Report on States' Compliance with SNAP Requirements for Participating State Agencies (7 CFR 272). Specifically, the Food and Nutrition Service (FNS) is responding to the six recommendations in the report.

#### **OIG Recommendation 1:**

Issue a clarification memorandum reiterating the importance of FNS and State agency compliance with FNS Instruction 113-1 Civil Rights Compliance and Enforcement – Nutrition Programs and Activities, with special emphasis on establishing requirements for timeliness and content of notifications to complainants for receipt and final decision of complaints.

#### **FNS Response:**

FNS concurs with the intent of this recommendation. To address the issue raised by OIG in this finding, FNS proposes issuing a memorandum reiterating the importance of FNS and State agency compliance with FNS Instruction 113-1 after the update of FNS 113-1 has been completed.

#### **Estimated Completion Date:**

November 5, 2018

#### **OIG Recommendation 2:**

Review those 7 CFR 272 SNAP regulations identified in Appendix A of this report and related authoritative guidance to assess:

- Viability – some sections appear obsolete (e.g., 7 CFR §272.10)
- Consistency – ensure FNS regulations, and other authoritative guidance are current, consistent, and do not contradict with laws or one another (e.g., 7 CFR §272.10, Handbook 901)

Based on FNS' review, determine which sections and/or related guidance merit revision and initiate the process to revise, as deemed appropriate.

**FNS Response:**

FNS concurs with the recommendation. FNS will review regulations at 7 CFR 272 where exceptions are noted in Appendix A (272.6, 272.10, 272.11, 272.13, 272.14), determine areas where revised guidance is merited, and initiate the process to revise guidance as appropriate. As previously explained in conversations with OIG on this recommendation, any outcomes of this review of 7 CFR 272 will be addressed through guidance, as appropriate. Guidance is the most efficient and effective means for addressing the intent of the recommendation.

**Estimated Completion Date:**

October 30, 2018

**OIG Recommendation 3:**

Issue a clarification memorandum reiterating the importance of State compliance with 7 CFR §272.13, Prisoner Verification System, with an emphasis on the requirements associated with:

- Monitoring and preventing individuals incarcerated for over 30 days from being included in a SNAP household (7 CFR §272.13 (a))
- Performing and documenting independent verification of PVS matches (7 CFR §272.13(b)(3))
- Notifying households of PVS match results (7 CFR §272.13(b) (4) and 7 CFR §273.12(c)(3)(iii)).

**FNS Response:**

FNS concurs with the recommendation. FNS will issue guidance clarifying the Federal regulations about the Prisoner Verification System (7 CFR §272.13). The guidance will focus on the areas of concerns as part of this audit.

**Estimated Completion Date:**

October 30, 2018

**OIG Recommendation 4:**

Strengthen the 7 CFR §272.13 requirements in the FNS Management Evaluations, to ensure State agencies are properly performing PVS matches in compliance with 7 CFR §272.13 requirements.

**FNS Response:**

FNS concurs with the recommendation. FNS will update their management evaluation module to strengthen review of State compliance with the federal regulations about the Prisoner Verification System (7 CFR §272.13).

**Estimated Completion Date:**

October 30, 2018

**OIG Recommendation 5:**

Issue a clarification memorandum reiterating the importance of State compliance with 7 CFR §272.14, Deceased Matching System, with an emphasis on the requirements associated with:

- Performing and documenting independent verification (7 CFR §272.14(c)(3))
- Notifying households of DMS match results (7 CFR §272.14(c) (4) and 7 CFR §273.12(c)(3)(iii)).

**FNS Response:**

FNS concurs with the recommendation. FNS will issue guidance clarifying the Federal regulations about the Deceased Matching System (7 CFR §272.14). The guidance will focus on the areas of concerns identified as part of this audit.

**Estimated Completion Date:**

October 30, 2018



**OIG Recommendation 6:**

Strengthen the 7 CFR §272.14 requirements in the FNS Management Evaluations, to ensure State agencies are properly performing DMS matches in compliance with 7 CFR §272.14 requirements.

**FNS Response:**

FNS concurs with the recommendation. FNS will update their management evaluation module to strengthen review of State compliance with the federal regulations about the Deceased Matching System (7 CFR §272.14).

**Estimated Completion Date:**

October 30, 2018

**Learn more about USDA OIG**

Visit our website: [www.usda.gov/oig/index.htm](http://www.usda.gov/oig/index.htm)

Follow us on Twitter: @OIGUSDA

**How to Report Suspected Wrongdoing in USDA Programs****Fraud, Waste, and Abuse**

File complaint online: [www.usda.gov/oig/hotline.htm](http://www.usda.gov/oig/hotline.htm)

**Monday–Friday, 9:00 a.m.– 3:00 p.m. ET**

In Washington, DC 202-690-1622

Outside DC 800-424-9121

TDD (Call Collect) 202-690-1202

**Bribes or Gratuities**

202-720-7257 (24 hours)



In accordance with Federal civil rights law and U.S. Department of Agriculture (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, gender identity (including gender expression), 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, audiotope, 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](mailto:program.intake@usda.gov).

USDA is an equal opportunity provider, employer, and lender.