



United States Department of Agriculture

# Review of FNS' Nutrition Assistance Program Disaster Funding to Puerto Rico as a Result of Hurricanes Irma and Maria



Audit Report 27702-0001-22

October 2019

OFFICE OF INSPECTOR GENERAL

# Review of FNS' Nutrition Assistance Program Disaster Funding to Puerto Rico as a Result of Hurricanes Irma and Maria

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OIG performed an audit of the \$1.27 billion disaster nutrition assistance grant provided to Puerto Rico following the 2017 hurricanes.

### OBJECTIVE

Our objective was to evaluate FNS' and Puerto Rico's internal controls over the delivery of NAP disaster funding received as a result of Hurricanes Irma and Maria.

### REVIEWED

We reviewed FNS' oversight and ADSEF's administration of the disaster grant to Puerto Rico. We non-statistically selected three ADSEF regional and three local offices and reviewed the planning, implementation, and controls over the delivery of disaster nutrition assistance benefits to participants.

### RECOMMENDS

We recommend FNS document and present policy alternatives, including the potential for legislative change, to the Under Secretary to establish a permanent disaster NAP in Puerto Rico, evaluate future opportunities to coordinate with other agencies to deliver disaster nutrition assistance, and direct and monitor ADSEF in correcting its eligibility system errors.

### WHAT OIG FOUND

In September 2017, Hurricane Irma and Hurricane Maria devastated Puerto Rico—the survivors suffered power loss, extensive property damage, displacement, and food insecurity. The Food and Nutrition Service (FNS) provided some disaster nutrition assistance; however, because Puerto Rico does not have the legislative authority to operate a disaster nutrition assistance program (NAP), Congress passed disaster relief legislation, granting it \$1.27 billion in supplemental nutrition assistance funding in October 2017.

The Office of Inspector General (OIG) reviewed FNS' oversight and how Puerto Rico's Administration for Socioeconomic Development of the Family (ADSEF) used these funds. We found that FNS and ADSEF were not able to distribute essential disaster nutrition grant funding to survivors in Puerto Rico until 6 months after the hurricanes. Since Puerto Rico was unable to operate a disaster NAP, FNS and ADSEF were unable to adequately plan before the hurricanes. We also found that neither FNS nor ADSEF effectively coordinated with other agencies to quickly distribute the disaster grant funding to hurricane survivors.

Finally, we found that ADSEF's eligibility system did not always accurately determine benefits for households. Of the 4,805,234 regular benefit issuances between March and September 2018, we found 8,655 overpayments totaling over \$1.4 million and 8,907 underpayments totaling over \$1.5 million. In addition, of the 1,343,814 recipients as of August 2018, we found 6,341 recipients who were deceased, which caused us to question over \$1.2 million in total monthly benefits.

FNS generally agreed with most of our recommendations, and we were able to accept management decision for seven of the eight recommendations. Further action from the agency is needed before management decision can be reached for the remaining recommendation.





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



DATE: October 18, 2019

AUDIT  
NUMBER: 27702-0001-22

TO: Pamilyn Miller  
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: Review of FNS' Nutrition Assistance Program Disaster Funding to Puerto Rico as  
a Result of Hurricanes Irma and Maria

This report presents the results of the subject review. Your written response to the official draft is included in its entirety at the end of the report. We have incorporated excerpts from your response, and the Office of Inspector General's (OIG) position, into the relevant sections of the report. Based on your written response, we are accepting management decision on Recommendations 2, 3, 4, 5, 6, 7, and 8. Management decision has not been reached for Recommendation 1. The actions needed to reach management decision for this recommendation are described under the relevant OIG Position section.

In accordance with Departmental Regulation 1720-1, please furnish a reply within 60 days describing the corrective actions taken or planned, and timeframes for implementing the recommendation for which management decision has not been reached. Please note that the regulation requires management decision to be reached on all recommendations within 6 months from report issuance, and final action to be taken within 1 year of each management decision to prevent being listed in the Department's annual Agency Financial Report.

We appreciate the courtesies and cooperation extended to us by members of your staff during our audit 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.



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# Background and Objectives

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## Background

The Food and Nutrition Service's (FNS) mission is to provide children and needy families better access to food and a more healthful diet through its food assistance programs and comprehensive nutrition education efforts. FNS is the Federal agency responsible for administering the Supplemental Nutrition Assistance Program (SNAP) in all 50 States, the District of Columbia, Guam, and the Virgin Islands. SNAP is an entitlement program that provides nutrition assistance to eligible, low-income individuals and households.

In Puerto Rico, FNS provides and oversees annual funding for food assistance through a Nutrition Assistance Program (NAP) block grant. Prior to receiving the NAP block grant, Puerto Rico received Federal nutrition assistance under SNAP.<sup>1</sup> However, in 1982, Congress converted Puerto Rico to an annual block grant to provide food assistance through NAP. This change was intended to give Puerto Rico more authority to administer the program, while controlling costs. NAP permits low-income households to obtain a more nutritious diet by providing monthly food benefits to qualified participants. Through this block grant, Puerto Rico received over \$1.9 billion per year in nutrition assistance for fiscal years (FY) 2017 and 2018. In FY 2017, FNS estimated that an average of 1.26 million people were served each month.

NAP is administered by Puerto Rico's Administration for Socioeconomic Development of the Family (ADSEF) through 10 regional offices and 92 local offices. ADSEF establishes eligibility and benefit amounts, distributes benefits, detects and investigates fraud, and provides nutrition education to participants. The local offices directly serve NAP applicants and participants. Case technicians at these offices review relevant household information such as income, assets, household composition, and citizenship status, and input this information into the eligibility database. The local offices also verify the participants' information at the time of certification or recertification. ADSEF uses a case management system to determine eligibility and benefits for NAP participants.<sup>2</sup> To distribute benefits, ADSEF relies on an electronic benefits transfer (EBT) contractor to issue NAP benefits to participants through EBT cards.

FNS is responsible for providing technical expertise, oversight, and guidance to ensure compliance with the terms and conditions of the NAP grant. FNS' Mid-Atlantic Regional Office (MARO), in conjunction with its Caribbean Area Office located in Puerto Rico, is responsible for approving NAP plans and amendments, issuing program waivers, monitoring the accuracy of financial reporting, and conducting financial management reviews.<sup>3</sup>

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<sup>1</sup> Formerly the Food Stamp Program.

<sup>2</sup> Case Management and Information System (SAIC).

<sup>3</sup> Financial management reviews evaluate the use of Federal funds, reporting and recordkeeping, claims payment process, implementation of the State agency's monitoring responsibilities, and initiation and completion of corrective action.

## *2017 Hurricane Response*

On September 6, 2017, Hurricane Irma, a powerful Category 5 storm, hit Puerto Rico and significantly damaged the island's infrastructure. Then on September 20, 2017, Hurricane Maria, a Category 4 storm, caused more damage. After the hurricanes, Puerto Rico experienced ongoing power losses, extensive property damage, and large numbers of displaced residents.

Following the hurricanes in Puerto Rico, FNS delivered nutrition assistance through multiple programs, including NAP, the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and Child Nutrition Programs.<sup>4</sup> The agency also distributed U.S. Department of Agriculture (USDA) foods directly to families affected by Hurricane Maria through the Disaster Household Distribution program. In an effort to provide additional benefits after the storms, FNS approved waivers to allow flexibility in how the different funding streams could be used. For example, FNS waived NAP requirements to allow hot foods to be purchased, provided financial reporting flexibilities, and increased the amount of NAP benefits allowed to be redeemed for cash from 15 to 20 percent through January 2018. For WIC, FNS approved waivers for food substitution as well as gave program participants flexibility by extending the time allowed to redeem WIC benefits by 1 month. For the Child Nutrition Programs, FNS issued waivers to allow schools and child care institutions to serve and claim meals at the free reimbursement rate and provide meals that do not meet nutritional requirements.<sup>5</sup>

States and territories participating in SNAP are able to request and operate a Disaster SNAP (D-SNAP) following disasters. However, since Puerto Rico does not operate under SNAP, it is not authorized to operate a D-SNAP. D-SNAP provides a full month's (or in some severe disasters, 2 months') benefit allotment to households that may not normally qualify for or participate in SNAP. The benefit allotment for a household is equal to the maximum monthly allotment for the household size provided under regular SNAP. The Virgin Islands were also affected by these hurricanes and operated D-SNAP in November 2017. Without the ability to operate a D-SNAP, Puerto Rico relied on Congress to authorize funding so it could provide additional benefits to participants.

In October 2017, Congress passed disaster relief legislation granting Puerto Rico \$1.27 billion in supplemental nutrition assistance funding.<sup>6</sup> The grant provided Puerto Rico the flexibility to create a plan to provide temporary benefits for survivors of the hurricanes in a way that best served its population. Puerto Rico used the additional disaster funding to increase the benefit amount of NAP participants and to serve more of the population by relaxing the eligibility requirements. In FY 2017, before the disaster relief legislation was passed, the average NAP benefit per participant was \$127 per month.<sup>7</sup> The disaster nutrition assistance grant increased the

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<sup>4</sup> Child Nutrition Programs include the National School Lunch Program, School Breakfast Program, Child and Adult Care Food Program, Summer Food Service Program, and Special Milk Program.

<sup>5</sup> The free reimbursement rate is the highest reimbursement rate paid for meals served free to eligible children in the school meal programs.

<sup>6</sup> Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2017, Pub. L. No. 115-72, 131 Stat. 1224, 1229.

<sup>7</sup> This amount is slightly higher than the average benefit of \$126 per participant for FY 2017 for States operating SNAP.

average NAP benefit to \$198 per participant.<sup>8</sup> In addition, NAP participation increased an average of 9 percent. The distribution of this temporary assistance through NAP started in March 2018 and was projected to last 12 months. To deliver the disaster nutrition assistance, ADSEF established temporary regional impacts, or application sites, in each of its 10 regions.<sup>9</sup> At each site, individuals could apply for assistance and present all the required information and documents needed to qualify.

The disaster grant provided Puerto Rico more total disaster funding per household than is typically provided through D-SNAP for other States and territories. However, the distribution of funding over 12 months resulted in those households receiving a lower benefit per month. For example, the average total D-SNAP benefit provided to households following Hurricanes Katrina, Rita, Sandy, Harvey, Irma (Florida), and Irma/Maria (Virgin Islands) was \$557.<sup>10</sup> This total benefit delivered over 1 or 2 months resulted in those households receiving an average monthly benefit of \$260. In contrast, the total amount of disaster nutrition grant funding provided per household for Puerto Rico was \$1,760.<sup>11</sup> This total benefit delivered over 12 months resulted in an average monthly benefit of \$147 (see Figure 1).

Figure 1: Disaster Benefits Provided Following Hurricanes

Hurricane	Location	Date	D-SNAP Issuance	Total Households	Total Disaster Benefit Per Household	Monthly Disaster Benefit Per Household
Katrina	AL, MS, LA	August 2005	\$467,269,783	1,041,095	\$449	\$224
Rita	LA, TX	September 2005	\$102,526,732	352,606	\$291	\$145
Sandy	MD, NY, NJ	October 2012	\$43,812,806	254,114	\$172	\$172
Harvey	Texas	August 2017	\$694,924,860	910,427	\$763	\$382
Irma	Florida	September 2017	\$1,374,592,812	2,270,233	\$605	\$303
Irma and Maria	Virgin Islands	September 2017	\$28,548,492	43,144	\$662	\$331
<b>Total D-SNAP</b>			<b>\$2,711,675,485</b>	<b>4,871,619</b>	<b>\$557</b>	<b>\$260</b>
Hurricane	Location	Date	Disaster Nutrition Assistance Grant	Average Households	Total Disaster Benefit Per Household	Monthly Disaster Benefit Per Household
Irma and Maria	Puerto Rico	September 2017	\$1,259,740,253	715,940	\$1,760	\$147

<sup>8</sup> Average benefit amount from March through September 2018.

<sup>9</sup> Each of the 10 regional offices are identified by the municipality where they are located. The regional offices are located in: Aguadilla, Arecibo, Bayamon, Caguas, Carolina, Guayama, Humacao, Mayaguez, Ponce, and San Juan.

<sup>10</sup> Hurricane Rita and Hurricane Katrina occurred in 2005, more than 10 years before the 2017 hurricanes hit Puerto Rico. The average benefit provided to households is \$616 if these two hurricanes are excluded.

<sup>11</sup> The disaster benefit per household for Puerto Rico was a result of the \$1.27 billion that was provided through the Disaster Relief Act. FNS was not responsible for determining the funding amount Puerto Rico received.

Federal regulations require that NAP include safeguards to prevent fraud, waste, and abuse concerning grant funds.<sup>12</sup> As part of the disaster grant, ADSEF was required to implement internal controls over the disaster funding to ensure access to benefits while protecting the integrity of the funding. In addition, FNS was required to provide program oversight of the disaster funding through administrative reviews and technical assistance to Puerto Rico as well as conduct quality control reviews to determine if corrective actions are needed to prevent payment errors. FNS also requires Puerto Rico to obtain an audit of supplemental disaster expenditures through the Single Audit requirements for FYs 2018 and 2019.<sup>13</sup>

## Objectives

We evaluated FNS' and Puerto Rico's internal controls over the delivery of NAP disaster funding received as a result of Hurricanes Irma and Maria.

Since ADSEF delivered the additional disaster benefits through the regular NAP distribution process, we also reviewed the internal controls related to NAP. Specifically, we reviewed controls outlined in ADSEF's internal control plan related to quality control, eligibility, benefit issuance, and reporting. In addition, we reviewed the efficiency and effectiveness of the delivery of the disaster benefits, including timeliness of delivery and coordination with other agencies. While we tested ADSEF's eligibility system, we did not test the EBT system the contractor uses to deliver benefits to participants' EBT cards. We also did not review EBT card security or NAP retailers.

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<sup>12</sup> 7 C.F.R. § 285.3(d)(5).

<sup>13</sup> Single Audit Act of 1984, Pub. L. No. 98-502, and the Single Audit Act Amendments of 1996, Pub. L. No. 104-156.

## Section 1: Disaster Preparedness

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### **Finding 1: Puerto Rico Could Benefit from a Permanent Disaster Nutrition Assistance Program and Improved Disaster Planning**

Essential disaster nutrition assistance grant funding was not distributed to Irma and Maria hurricane survivors until 6 months after Puerto Rico was hit. This occurred because, unlike States and territories operating SNAP, Puerto Rico does not have legislative authority to operate a disaster nutrition assistance program in times of disaster. This lack of authority poses challenges in planning before disasters, as officials do not know whether Puerto Rico will receive funding, how much funding it will receive, or what requirements will be enacted. As such, FNS and ADSEF were not able to adequately plan before the hurricanes to provide disaster nutrition assistance benefits to survivors. The lack of an adequate disaster plan before the storm coupled with the lack of a permanent disaster program resulted in delays in providing disaster nutrition assistance benefits to those most impacted by the disaster.

The Stafford Act directs Federal agencies to alleviate the suffering and damage that result from disasters by encouraging the development of comprehensive disaster preparedness and assistance plans, programs, capabilities, and organizations by the States and by local governments.<sup>14</sup> States and territories participating in SNAP are able to request and operate a Disaster SNAP (D-SNAP) following disasters. For example, following the hurricanes, the Virgin Islands operated D-SNAP in November 2017. Since Puerto Rico does not operate under SNAP, it does not have the legislative authority to request D-SNAP. In order for Puerto Rico to operate a disaster nutrition assistance program similar to D-SNAP, it must receive additional disaster funding through legislative action. In the case of Hurricanes Irma and Maria, the Disaster Relief Act provided Puerto Rico a 2-year grant totaling \$1.27 billion to fund disaster nutrition assistance.<sup>15, 16</sup>

During our audit, we found that Puerto Rico and FNS could benefit from being included in a permanent disaster nutrition assistance program. If ADSEF had statutory authority to request and operate a disaster nutrition assistance program in times of disaster, it could more timely deliver disaster benefits to survivors and better identify and assist those most affected by the disaster.

#### *Quicker Delivery of Disaster Assistance*

Before it could use the disaster funds authorized by the Disaster Relief Act, ADSEF had to create and receive approval for a comprehensive disaster plan outlining how it will utilize the disaster funding. While FNS and ADSEF had developed a disaster plan before the hurricanes, this plan was designed to operate similar to D-SNAP, which provides a smaller amount of funding over a shorter timeframe. This plan was not designed to

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<sup>14</sup> Robert T. Stafford Disaster Relief and Emergency Assistance Act, Pub. L. No. 93-288, as amended, Title I, § 101(b)(2).

<sup>15</sup> Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2017, Pub. L. No. 115-72, 131 Stat. 1224, 1229.

<sup>16</sup> The \$1.27 billion in disaster funding came from the SNAP contingency reserve fund.

distribute such a large amount of funding over the 2-year period ultimately authorized by the Act. As such, ADSEF had to create a new comprehensive plan that accounted for these factors. This new plan used the additional disaster funding to increase the benefit amount for NAP participants and to relax eligibility requirements by increasing the allowable income thresholds for applicants.

Having an effective plan in place before a disaster occurs could spare FNS and ADSEF the burden of planning, creating, documenting, and receiving approval for a new plan while simultaneously operating in disaster conditions. Such preparedness could have resulted in benefits reaching survivors much more quickly. However, since ADSEF was unaware of the amount and conditions that would be tied to funding that Congress would ultimately authorize, it could not effectively create an advance plan for funding.

ADSEF could better plan for future disasters if it had permanent statutory authority to operate a disaster nutrition assistance program. As described in Figure 2 below, without a permanent disaster program, ADSEF had to overcome many barriers before it could issue benefits. Before delivering disaster nutrition assistance, FNS and ADSEF had to wait for the passage of supplemental funding, complete the grant cooperative agreement,<sup>17</sup> and complete the internal control plan.<sup>18</sup> In addition, ADSEF had to create and receive approval for a comprehensive plan,<sup>19</sup> a communications plan, and a regional impact plan.<sup>20</sup> Had ADSEF been included in a planned disaster nutrition program, many of these steps would not have been necessary. For instance, established disaster nutrition programs already have policies, procedures, and internal controls in place that would eliminate the need for ADSEF to create and document a new internal control environment following a disaster.

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<sup>17</sup> The cooperative agreement is an agreement between FNS and ADSEF that outlines the terms and conditions of the disaster funding.

<sup>18</sup> The Disaster Relief Act required FNS to submit an internal control plan that outlines the internal controls over the funds provided by the Act.

<sup>19</sup> Prior to the release of disaster funding, ADSEF was required to create a comprehensive plan outlining the manner in which it will use the funds to enhance the existing nutrition assistance program to address the increased need resulting from the disaster.

<sup>20</sup> To enroll new NAP participants, ADSEF established temporary application sites in the 10 regions throughout Puerto Rico. The regional impact plan outlines the operation of these sites.

Figure 2: Timeline Related to the Disaster Nutrition Assistance Grant

Action	Date	Days Elapsed Since Maria
Hurricane Irma Hits Puerto Rico	September 6, 2017	N/A
Hurricane Maria Makes Landfall and Puerto Rico Declared Disaster Area Under the Stafford Act	September 20, 2017	0
All Puerto Rico Towns had Retailers Processing EBT Transactions	October 25, 2017	35
Passage of Disaster Relief Act	October 26, 2017	36
Other U.S. Territory (Virgin Islands) Begins D-SNAP	November 6, 2017	47
Grant Cooperative Agreement Completed	December 7, 2017	78
Internal Control Plan Completed	January 5, 2018	107
Comprehensive Plan Completed	February 9, 2018	142
Comprehensive Plan Approved	February 14, 2018	147
Regional Impact Plan Approved	March 12, 2018	173
Communications Plan Approved	March 13, 2018	174
Regional Application Sites Started	March 19, 2018	180
Regional Application Sites Ended	April 27, 2018	219

After being struck by the same hurricanes, the nearby U.S. Virgin Islands was able to provide nutrition assistance under D-SNAP in November 2017, only 47 days after it was hit by Hurricane Maria. Had Puerto Rico also been included in a permanent disaster nutrition assistance program, it is likely that it would have accelerated the delivery of disaster assistance much like the Virgin Islands. According to Puerto Rico Department of Family officials, the disaster grant funding could have been distributed and used by survivors as soon as all of the towns in Puerto Rico had communications restored to allow the processing of EBT transactions. We found that by October 25, 2017, all of Puerto Rico’s towns had at least one food retailer processing EBT transactions. However, ADSEF was unable to start delivering the disaster assistance benefit provided under the Disaster Relief Act until March 2018—nearly 6 months after the hurricanes made landfall.

ADSEF officials stated that part of the delay in developing the comprehensive plan for the disaster funding involved determining how to best use the specific \$1.27 billion from the grant. ADSEF officials had to analyze how to best adjust eligibility standards and funding amounts to exhaust all of the grant funding within the 2-year time period. In contrast, as an entitlement program, D-SNAP funding is for an indeterminate amount provided for only 1 or 2 months. Every household that qualifies receives the D-SNAP benefit amounts that FNS predetermines each year. Therefore, States operating a D-SNAP do not need to plan for how to adjust benefit amounts and eligibility requirements.

### *Better Targeting Disaster Survivors*

In addition to a more timely delivery of assistance, including ADSEF in a permanent disaster nutrition assistance program could allow it to better target those most affected by the disaster. Under D-SNAP, households not normally eligible for SNAP may qualify for D-SNAP as a result of disaster-related expenses, such as damage to property, relocation expenses, and, in some cases, loss of food due to power outages. Since ADSEF does not have a separate disaster nutrition assistance program, ADSEF had to operate under its current NAP regulations for the distribution of disaster assistance. Under these regulations, ADSEF is not allowed to include disaster expenses in its determination of benefits.

In order to modify program eligibility to account for disaster expenses, ADSEF would be required to go through the process of amending its NAP regulations and eligibility system, but this could have further delayed the issuance of disaster benefits. Those individuals who were most affected by the storms and had severe disaster-related damages might not qualify if they could not include the disaster expenses in their eligibility determination. For example, individuals might have income too high to qualify for NAP, but might have suffered significant hurricane-related damage to their house or vehicle that exhausts their income. These persons would not be able to deduct the expenses spent on repairing the storm damage, and thus would not qualify for NAP assistance.

In addition, under D-SNAP, recipients must have lived in the disaster area at the time of the disaster. However, this is not the case for the disaster nutrition assistance provided to Puerto Rico through the grant. Since disaster funds were used to augment the current NAP benefits, the NAP eligibility criteria apply and participants who moved to Puerto Rico after the disaster are receiving disaster grant funding. Under current NAP regulations, ADSEF could not disqualify individuals who moved to Puerto Rico after the disaster occurred. As such, while these individuals did not suffer any damage from the disaster, they are receiving the higher NAP benefit amounts the disaster grant provided. If ADSEF had permanent statutory authority to operate a separate disaster nutrition program, it could design the program regulations of this disaster program to better identify those who experienced actual losses due to the hurricanes and assist those most affected by the disaster.

When we spoke to the Secretary for the Puerto Rico Department of Family (who oversees ADSEF) about the issues described in this finding, she expressed concerns about the time it took to distribute the disaster nutrition assistance. The Secretary stated that if Puerto Rico is going to receive funds, then the territory should receive those funds more timely and have a comprehensive plan ready for the disaster.

FNS officials stated that it is not FNS' responsibility to recommend legislative change to Congress. However, given the concerns we identified, we believe FNS should consider changes to improve this program. The inclusion of Puerto Rico in a permanent disaster nutrition assistance program would give it certainty as to the amount of funding and the conditions tied to

that funding that will be provided following disasters, which will greatly assist in planning for future disasters. This would allow FNS and ADSEF to provide more timely disaster assistance and design the program to focus on actual disaster victims.

## **Recommendation 1**

Document and present policy alternatives, including the potential for legislative change, to the Under Secretary for Food, Nutrition and Consumer Services that would allow ADSEF to operate a permanent disaster assistance program when Puerto Rico is declared a disaster area under authority of the Stafford Act.

### **Agency Response**

USDA respectfully requests that OIG transmit any recommended legislative changes directly to Congress under the authorities provided for in the Inspector General Act. 5 U.S.C. App. Section 4(a). Should Congress choose to pursue any recommendation, USDA will provide Congress with any needed technical assistance.

### **OIG Position**

We do not accept management decision for this recommendation. To reach management decision, FNS needs to document and present policy alternatives, including the potential for legislative change, to the Under Secretary for Food, Nutrition and Consumer Services that would allow ADSEF to operate a permanent disaster assistance program when Puerto Rico is declared a disaster area under authority of the Stafford Act.

## **Recommendation 2**

Until ADSEF is allowed to operate a permanent disaster nutrition assistance program, require ADSEF to create and receive FNS approval for a comprehensive disaster nutrition assistance plan that plans for varying funding levels and timelines in the event that ADSEF is authorized supplemental disaster nutrition funding after future disasters. In this plan, outline how ADSEF will amend NAP regulations to better identify and assist those most affected by the disaster.

### **Agency Response**

FNS concurs with this recommendation. FNS will instruct Puerto Rico's ADSEF to include plans for varying scenarios in their NAP Disaster Plan. ADSEF has information from operating a temporary island-wide disaster relief program, based on two different disaster supplemental funding levels, which will inform their decisions on how to plan for varying funding levels and timelines. FNS will also instruct ADSEF to include in their annual State Plan of Operations that a NAP Disaster Plan is due for submission to FNS every July 1. The NAP Disaster Plan will also include eligibility criteria for directly impacted Puerto Rico residents who are not currently NAP participants. The estimated completion date is September 1, 2020.

## **OIG Position**

We accept management decision for this recommendation.

## Section 2: Disaster Coordination

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### **Finding 2: FNS and ADSEF Could Improve Coordination with Federal Agencies When Delivering Disaster Nutrition Assistance**

FNS and ADSEF did not effectively coordinate to quickly distribute disaster nutrition assistance grant funding to hurricane survivors. This occurred because FNS and ADSEF did not adequately pursue opportunities for coordinating with other Federal agencies and plan for delivering the disaster nutrition assistance. Potential areas for coordination include sharing application data with other Federal agencies, creating joint applications with other Federal disaster programs, or sharing disaster application sites. Without better coordination, FNS and other Federal agencies may be duplicating efforts, which results in an extra burden on applicants and potential delays in the issuance of disaster assistance.

The Stafford Act states that it is the intent of Congress to alleviate the suffering and damage that result from disasters by achieving greater coordination and responsiveness of disaster preparedness and relief programs.<sup>21</sup> The Food and Nutrition Act of 2008 states that the State agency shall specify a plan of operations for providing, among other things, coordination with Federal and private disaster relief agencies and local government officials, application procedures to reduce hardship and inconvenience and deter fraud, and instruction for caseworkers as they implement and operate the disaster program.<sup>22</sup>

According to the National Response Framework, all Federal departments and agencies must cooperate with one another and with local, State, tribal, territorial, and insular area governments, community members, and the private sector to the maximum extent possible.<sup>23</sup> Unity of effort provides coordination through cooperation and common interests and does not interfere with Federal departments' and agencies' supervisory, command, or statutory authorities. Including a broad range of partners in the planning process helps ensure that the needs and potential contributions of all elements are integrated into workable plans.<sup>24</sup>

As discussed in Finding 1, ADSEF and FNS spent several months developing and reviewing a disaster nutrition assistance comprehensive plan, which resulted in delays in making arrangements to set up temporary application sites in ADSEF's 10 regions. These impact sites are where individuals could apply and present all the required information and documents needed to qualify for NAP. We determined that these impact sites were not established until March 2018 and were operational through April 2018, 6–7 months after the storms hit. Meanwhile, other Federal assistance programs were already operating application sites throughout Puerto Rico. For example, the Federal Emergency Management Agency (FEMA)

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<sup>21</sup> Robert T. Stafford Disaster Relief and Emergency Assistance Act, Pub. L. No. 93-288, as amended, Title I, § 101(b)(3).

<sup>22</sup> Food and Nutrition Act of 2008, as amended through Pub. L. No. 115-334, Section 11(e)(14).

<sup>23</sup> The National Response Framework is a guide to how the Nation responds to all types of disasters and emergencies. It describes the principles, roles and responsibilities, and coordinating structures for delivering the core capabilities required to respond to an incident and further describes how response efforts integrate with those of the other mission areas.

<sup>24</sup> U.S. Department of Homeland Security, National Response Framework, Third Edition (June 2016).

started to disburse funds under its Individual Assistance Program by early October 2017. By the end of October, FEMA had eight disaster recovery centers open in Puerto Rico.

In order to assess the opportunity for coordination, we met with FNS, ADSEF, and FEMA officials responsible for providing hurricane assistance in Puerto Rico. We found that, to participate in the FEMA assistance program, individuals were able to apply for assistance through an application using their smartphones, the internet, or by visiting any of the Disaster Recovery Centers (DRC) throughout Puerto Rico. At a DRC, in addition to applying for FEMA assistance, survivors could learn about other disaster assistance programs or get referrals to agencies that may offer other assistance. We believe that having joint application sites with other Federal agencies could prevent potential applicants from being required to visit multiple locations on separate days to apply for Federal aid from various programs.

Also, we noted that, prior to ADSEF's issuance of the disaster nutrition assistance, FEMA and the Small Business Administration (SBA) had already obtained a significant amount of information from individuals who were affected by the hurricanes. FEMA requires individuals to provide information similar to what ADSEF requires to apply for disaster nutrition assistance. For example, FEMA requires that individuals registering for disaster assistance provide the name and social security number of applicants, citizenship status, current and pre-disaster address, name of all occupants of the household, current contact information, household pre-disaster annual gross income, losses caused by the disaster, and banking information for direct deposit of financial assistance. In addition, as part of its disaster loan application, SBA verifies income through Puerto Rico's Internal Revenue Bureau.<sup>25</sup> If ADSEF were able to obtain applicant information from other agencies, it could allow ADSEF to automatically sign up eligible NAP participants to ensure that nutrition assistance benefits are provided to eligible participants more quickly.

FEMA officials stated that possibilities for coordination with FNS exist, but it would require several discussions between FNS, ADSEF, and FEMA. They stated that it might be possible for them to provide ADSEF with a data set from the FEMA Individual Assistance Program applications. However, in order to integrate the nutrition assistance program application with FEMA's individual assistance application, they explained that any proposal would require a review by FEMA's policy branch and the Office of Management and Budget to determine whether integration is a viable option.

We also discussed with ADSEF and FNS officials how they can better coordinate with FEMA and other agencies who operate disaster assistance programs in Puerto Rico and expedite the process of providing disaster nutrition assistance. ADSEF officials stated that it would be beneficial to use the application data FEMA already collects to automatically sign up those participants for the nutrition assistance program. They added that having this information could help to expedite the process and deliver the disaster assistance more quickly. FNS officials stated that FEMA's data regarding disaster damage would be very helpful in locating the greatest need; however, FNS does not see the value in sharing other information. An FNS official stated

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<sup>25</sup> The SBA Office of Disaster Assistance provided low-interest disaster loans to individuals and businesses impacted in Puerto Rico. These loans were offered to homeowners to repair or replace real estate or personal property that had been damaged or destroyed in a declared disaster area.

that more than 10 years ago the agency attempted to develop a system in which victims could apply for benefits and that information could be shared with other programs in the area. The official explained that this effort was not successful because information varied too much between States and programs. Another FNS official stated there are issues with interfacing with other entities that need the information. For example, each agency may have different definitions of income and household membership.

We understand that coordinating with FEMA and other Federal agencies who operate disaster assistance programs may not be a simple task. Also, such coordination will require advanced planning and discussion with these other agencies to create a cohesive plan for how best to coordinate in future disasters. However, leveraging other Federal agencies' efforts could allow FNS and ADSEF to better expedite the delivery of nutrition assistance in future disasters. This coordination could be accomplished through many methods including data sharing, joint applications, or shared application sites. These efforts could eliminate the duplication involved in two agencies separately planning for and enrolling a large population during times of disaster. In addition, survivors could be spared traveling to multiple locations to apply for different Federal assistance in the direct aftermath of a disaster.

### **Recommendation 3**

FNS and ADSEF should evaluate opportunities to leverage other agencies' data and resources to assist in delivering disaster nutrition assistance for future disasters, including coordinating with FEMA to qualify households for disaster nutrition assistance.

### **Agency Response**

FNS concurs with this recommendation. FNS has and will continue to evaluate opportunities to leverage other agencies' data and resources to assist in delivering disaster nutrition assistance for future disasters. To date the following actions have been completed or are in progress:

- New FNS Disaster Dashboards that incorporate FEMA, NOAA, NWS and other data resources, which will assist with cross-coordination and program delivery;
- OEM is working with American Red Cross (ARC) to 1) access Red Cross' ARCView GIS system, which includes real-time sheltering, mobile kitchen, damage and feeding information, and 2) to provide FNS publically-available data to ARC and FEMA for cross-coordination;
- OEM is a member of the multi-agency Disaster Feeding Working Group (FEMA, ARC, Salvation Army, Southern Baptists, GWU, World Central Kitchen) to review disaster feeding and identify healthier and more culturally-appropriate food;
- OEM has developed a variety of tools to improve coordination with FEMA and voluntary feeding organizations, including a revised infant formula/baby food (IFF) ordering calculator and a USDA Foods 'bulk-size to ounces' conversion chart;
- FNS OEM has developed a reporting process with FEMA to identify the location of USDA Infant Formula and Food while in transit;
- FNS has added handling and nutrition information (appropriate storage, serving and transportation information) on the IFF ordering form for FEMA.

The estimated completion date is September 1, 2020.

### **OIG Position**

We accept management decision for this recommendation.

### **Recommendation 4**

Based on the outcome of Recommendation 3, FNS and ADSEF should incorporate the coordination with other agencies in yearly disaster plans for Puerto Rico.

### **Agency Response**

FNS concurs with this recommendation. FNS will direct ADSEF in writing to update their disaster plan to incorporate the coordination with FNS and other Puerto Rico agencies based on the outcomes of Recommendation 3. The estimated completion date is September 1, 2020.

### **OIG Position**

We accept management decision for this recommendation.

## Section 3: Internal Controls Over Benefit Issuance

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### Finding 3: FNS Should Strengthen Its Oversight of ADSEF's Eligibility System

ADSEF's eligibility system does not always accurately determine benefit allotments for some households.<sup>26</sup> This occurs because of an error ADSEF made when updating the NAP eligibility system in April 2014. This error caused one of the Case Management and Information System (SAIC) modules to overwrite data in another module and replace case data with incorrect fields. In addition, ADSEF does not always timely remove deceased participants from the program. This occurs because FNS does not require ADSEF to compare information in the NAP participant database with national Social Security Administration (SSA) death information. As a result, some households are receiving incorrect benefit allotments. Of the 4,805,234 regular benefit issuances between March and September 2018, we found 8,655 overpayments totaling over \$1.4 million and 8,907 underpayments totaling over \$1.5 million (0.37 percent error rate). In addition, of the 1,343,814 recipients in Puerto Rico as of August 2018, we found that 6,341 (0.47 percent) recipients were deceased, which caused us to question over \$1.2 million in benefits per month.

Federal regulations require that NAP include safeguards to prevent fraud, waste, and abuse of grant funds.<sup>27</sup> As part of the terms of the disaster grant, ADSEF is required to implement internal controls over the disaster funding to ensure access to benefits while protecting the integrity of the funding. The Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government* requires sufficient controls to be in place over the integrity of information systems to ensure that information is safeguarded from improper modifications.<sup>28</sup>

#### *Inaccurate Benefit Allotments*

Using SAIC data provided by ADSEF, we recalculated benefit amounts for each household for each month from March through September 2018 to identify over and under payments.<sup>29</sup> As a result, we identified 17,562 benefit issuances in which the benefit amount was calculated incorrectly. Of the 4,805,234 benefit issuances between March and September 2018, we found 8,655 overpayments totaling over \$1.4 million and 8,907 underpayments totaling over \$1.5 million.

Based on our review of the cases, we found that the eligibility system used incorrect data—such as incorrect net income and number of household members—to calculate the benefit amount. The most common reason for the improper payments was due to a difference in the number of members in the household that SAIC uses to calculate the benefits versus the number of eligible members that the data indicate are actually part of

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<sup>26</sup> ADSEF's Case Management and Information System (SAIC) is the eligibility system used to determine eligibility and benefit amounts for NAP participants.

<sup>27</sup> 7 C.F.R. §285.3(d)(5).

<sup>28</sup> GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Sep. 2014), Design of Security Management, para. 11.11.

<sup>29</sup> March is the first month NAP disaster relief funding was provided to participants.

the household. SAIC includes a field titled “members,” which represents the number of participants per case. In addition, SAIC also keeps a separate participant database that records all members tied to each benefit issuance for each case. The number of eligible members listed on a case in the participant database did not always match the number of members who received benefits. This occurred in 13,304 of the 17,562 (over 75 percent) over/underpayments we identified.

The incorrect data in SAIC resulted from an error ADSEF made when updating the NAP eligibility system in April 2014. At that time, ADSEF made changes to SAIC to allow caseworkers to view data in the budget module of the system while working in the retroactive/claims module<sup>30, 31</sup> However, ADSEF did not include a command in the coding to prevent the data entered in the retroactive/claims module from overwriting data in the budget module. As a result, the data entered in the retroactive/claims module of the eligibility system overwrote data in the budget module of the system and replaced crucial case data—such as household size and net income amounts—with incorrect fields.

For example, we found one household that was receiving benefits as a household of nine members. However, based on our review, we determined the household had just two eligible members and the case only qualified for \$47 a month.<sup>32</sup> However, this household actually received benefit amounts that varied between \$716 and \$1,215 from March through September 2018. We determined that the retroactive/claims module caused this error.

As we analyzed this error more fully, we determined that, in 2016, ADSEF used the retroactive/claims module to file a claim totaling \$18,520 against the household to obtain payment for overpayments made from February 2012 to November 2014. During 2012–2014, the household did contain nine members. However, when the claim was completed in 2016, the household only contained two members. When completing the claim, the retroactive/claims module overwrote the data in the budget module and caused the household members size to revert back to nine. Therefore, while ADSEF was attempting to obtain payment for overpayments made to the household, it inadvertently resulted in the household receiving additional overpayments. As a result, we determined that the household was overpaid by \$6,706 from March through September 2018 (see Figure 3).

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<sup>30</sup> The budget module is used by the caseworker to determine eligibility and benefit amounts for NAP participants.

<sup>31</sup> The retroactive/claims module is used by the caseworker to process a retroactive payment or a claim on a case. A retroactive case is filed when a participant receives a benefit amount that is less than what the participant is eligible for. A claim case is filed when a participant receives a benefit amount that is higher than what the participant is eligible for.

<sup>32</sup> \$47 is the benefit amount prior to applying the varying monthly benefit increases.

Figure 3: Example of Overpayments to a Household

Month	Members identified in SAIC	Eligible Members	Benefit Amount Issued	Benefit Amount Eligible For	Overpayment
March 2018	9	2	\$ 813	\$ 58	\$ 755
April 2018	9	2	\$ 783	\$ 56	\$ 727
May 2018	9	2	\$ 716	\$ 51	\$ 665
June 2018	9	2	\$ 1,188	\$ 56	\$ 1,132
July 2018	9	2	\$ 1,174	\$ 55	\$ 1,119
August 2018	9	2	\$ 1,206	\$ 56	\$ 1,150
September 2018	9	2	\$ 1,215	\$ 57	\$ 1,158
<b>Total of overpayments March through September 2018</b>					<b>\$ 6,706</b>

An ADSEF official stated that 78,408 active cases in FY 2018 have been modified using the retroactive/claims module since the April 2014 eligibility system update. This is the potential number of active cases that could have had case data overwritten by the retroactive/claims module. As such, it is imperative that ADSEF review all of these cases and verify that the data contained in SAIC match the data contained in the paper case files.

ADSEF officials have already started to take action correcting the eligibility system errors and reviewing cases that were over or under paid. Meanwhile, FNS has not conducted a stand-alone review of the SAIC eligibility system. Based on the issues we identified, we believe FNS should perform a periodic review of the SAIC eligibility system to ensure the accuracy and reliability of eligibility data and benefit allotments.

#### *Deceased Individuals on NAP*

In addition to the improper payments attributable to the module overwrite error, we also found that of the 1,343,814 NAP participants in Puerto Rico, 6,341 (0.47 percent) are deceased and continue to receive benefits.<sup>33</sup> We used SSA death information to perform a match against people listed as receiving NAP benefits in SAIC. Based on the average benefit amount a recipient receives in Puerto Rico, the 6,341 participants who were deceased and should have been removed from the program caused us to question over \$1.2 million in benefits per month.<sup>34</sup>

Currently, ADSEF does not use the SSA death information to identify deceased participants. Instead, ADSEF uses information from the Puerto Rico Department of Health Vital Records for individuals who died between 2000 and 2015. However, this

<sup>33</sup> Total NAP participants as of August 2018.

<sup>34</sup> The average monthly NAP benefit per person from March through September 2018 was \$198.44.

information has not been updated since 2015 and does not include dates of death prior to 2000. ADSEF is currently working with the Puerto Rico Department of Health to continue receiving death information and with SSA to establish a data matching agreement. While ADSEF reviews cases using this partial historical death data, performing these checks with updated and complete data would decrease the risk of improper payments.

Under SNAP, FNS currently requires State agencies to compare information in the SNAP participant database with SSA national death information. However, FNS currently does not have this same requirement for ADSEF and NAP. By requiring ADSEF to match NAP participant data to SSA national death information, FNS could ensure deceased individuals are removed from the program timely and consequently do not continue to receive benefits.

## **Recommendation 5**

Require ADSEF to correct its eligibility system to prevent the retroactive/claims module from overwriting the budget module going forward.

### **Agency Response**

FNS concurs with this recommendation. During a June 2019 on-site technical assistance visit, FNS verbally directed ADSEF to modify its eligibility system to prevent the retroactive/claims module from overwriting the budget module. FNS will direct ADSEF in writing to take action on this recommendation. The estimated completion date is November 30, 2019.

### **OIG Position**

We accept management decision for this recommendation.

## **Recommendation 6**

Perform and document a review of ADSEF's eligibility system to verify that the retroactive/claims module is no longer modifying data in the budget module.

### **Agency Response**

FNS concurs with this recommendation. FNS will conduct a review of the eligibility system to verify that the retroactive/claims module is no longer modifying data in the budget module. The estimated completion date is March 31, 2020.

### **OIG Position**

We accept management decision for this recommendation.

## **Recommendation 7**

Require ADSEF to review all active cases that have been through the retroactive/claims module since April 2014 and correct any inaccurate case data including benefit amounts, household size, and net income.

### **Agency Response**

FNS concurs with this recommendation. During a June 2019 on-site technical assistance visit, FNS verbally instructed ADSEF to review all active cases that have been affected by the retroactive/claims module. FNS will direct ADSEF in writing to correct any inaccurate case data including benefit amounts, household size, and net income for the cases identified through ADSEF's review. The estimated completion date is July 31, 2020.

### **OIG Position**

We accept management decision for this recommendation.

## **Recommendation 8**

Require ADSEF to regularly perform checks against SSA national death information to ensure deceased individuals are not receiving benefits. Review cases identified through the audit and establish claims for overpayments, as appropriate.

### **Agency Response**

FNS concurs with this recommendation. During a June 2019 on-site technical assistance visit, FNS verbally instructed ADSEF to pursue an agreement with the Social Security Administration for deceased matching data.

FNS will direct ADSEF in writing to take action on this recommendation. FNS will confirm that ADSEF has executed an agreement with the Social Security Administration. FNS will also require ADSEF to provide evidence that the identified deceased NAP participant cases have been corrected and appropriate claims for overpayments have been established. The estimated completion date is September 1, 2020.

### **OIG Position**

We accept management decision for this recommendation.

## Scope and Methodology

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Prior to engaging in our audit, we conducted a survey to evaluate FNS' oversight of disaster relief providing nutrition assistance to U.S. Territories as a result of Hurricane Irma and Hurricane Maria. During the survey, we visited the U.S. Virgin Islands and Puerto Rico. We reviewed all disaster assistance FNS provided following the hurricanes including congregate feeding,<sup>35</sup> WIC, household food distribution programs, D-SNAP (Virgin Islands), and NAP (Puerto Rico). Based on the results of our survey work, we narrowed our audit scope to focus on the \$1.27 billion disaster nutrition assistance grant provided to Puerto Rico ADSEF. We focused on Puerto Rico due to the high level of funding received. We conducted this audit to evaluate FNS' and ADSEF's internal controls over the use of this disaster nutrition assistance grant. Hurricanes Irma and Maria hit Puerto Rico on September 6 and September 20, 2017, respectively. Following these hurricanes, the disaster relief grant was authorized on October 26, 2017, and expires September 30, 2019. We performed fieldwork for this audit from May 2018 through May 2019.

We conducted audit fieldwork at the FNS national office in Alexandria, Virginia; the Mid-Atlantic Regional Office (MARO) in Robbinsville, New Jersey; the Caribbean Area Office in San Juan, Puerto Rico; and the Administration of the Socioeconomic Development of the Family (ADSEF) in San Juan, Puerto Rico. We non-statistically selected three ADSEF regional offices and three local offices to evaluate the implementation of NAP disaster relief. For the regional offices, we selected a small, medium, and large region based on population. In addition, to obtain a diverse geographic representation of the territory, we selected one region close to San Juan and two regions away from the San Juan area. Based on this criteria, we selected the regional offices of Aguadilla, Carolina, and San Juan. Additionally, we selected one local office within each of these three regions that had a high average caseload per caseworker: Aguada, Rio Grande, and San Juan I.

To accomplish our objectives, we performed the following audit procedures:

At FNS, we:

- Reviewed applicable laws, regulations, management evaluations, financial management reviews, and prior audits;
- Evaluated FNS' internal control plan over NAP disaster funding;
- Reviewed NAP disaster guidance and waivers provided to ADSEF by FNS' national and regional office; and
- Interviewed relevant FNS personnel from the national, regional, and Caribbean area offices to gain an understanding of their monitoring, reporting, and implementing responsibilities regarding ADSEF's use of the grant for nutrition assistance in Puerto Rico.

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<sup>35</sup> Congregate feeding is when meals are provided in a group setting.

At ADSEF, we:

- Reviewed applicable laws, regulations, and prior audits related to NAP and the disaster grant;
- Interviewed ADSEF personnel at the headquarters, regional, and local offices to obtain an understanding of the process used to provide the disaster grant to current and new NAP participants;
- Reviewed ADSEF’s planning for the delivery of NAP disaster benefits, including a review of the NAP State Plan of Operations for FY 2018 and the NAP Relief for Puerto Rico Comprehensive Plan;
- Reviewed the timeliness of delivery of disaster benefits and the coordination of disaster assistance with other agencies;
- Reviewed internal controls over the reporting of disaster funds. Specifically, we reviewed ADSEF’s NAP disaster funding financial reports submitted to FNS and traced these reports to ADSEF and Puerto Rico Treasury’s accounting system;
- Evaluated internal controls over the NAP eligibility process. This included a review of NAP case files at local offices to evaluate if benefit determinations were appropriately documented and determined; and
- Reviewed ADSEF’s quality control process used to evaluate the accessibility, accuracy, and timeliness of services provided by NAP.<sup>36</sup>

We relied on the work of specialists to review EBT transactions and test NAP eligibility data. We obtained documentation to ensure these specialists were qualified professionally, competent in the work we relied upon, and met independence standards. With the assistance of the specialists, we performed testing of ADSEF’s eligibility system (SAIC) through review of the system’s NAP eligibility data. Using data from this system, we tested 4,805,234 NAP benefit issuances from March 2018 through September 2018 to determine if the system accurately determines and issues benefit amounts. We also reviewed 1,343,814 NAP participants as of August 2018 to identify deceased individuals receiving NAP benefits. We did not perform testing of the EBT system, which is used by a contractor to deliver NAP benefits to EBT participants through EBT cards. However, we did review Puerto Rico EBT data from July 2017 through June 2018 to identify trends and variances.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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<sup>36</sup> Each quarter ADSEF conducts quality control reviews of a sample of NAP cases to measure the accuracy and timeliness of eligibility and benefit determinations and determine a NAP payment error rate.

## Abbreviations

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ADSEF .....	Administration for Socioeconomic Development of the Family (translated from Spanish)
DRC .....	Disaster Recovery Center
D-SNAP .....	Disaster Supplemental Nutrition Assistance Program
EBT .....	electronic benefits transfer
FEMA .....	Federal Emergency Management Agency
FNS .....	Food and Nutrition Service
FY .....	fiscal year
GAO .....	Government Accountability Office
MARO .....	Mid-Atlantic Regional Office
NAP .....	Nutrition Assistance Program
OIG .....	Office of Inspector General
SAIC .....	Case Management and Information System (translated from Spanish)
SBA .....	U.S. Small Business Administration
SNAP .....	Supplemental Nutrition Assistance Program
SSA .....	Social Security Administration
USDA .....	U.S. Department of Agriculture
WIC .....	Special Supplemental Nutrition Program for Women, Infants, and Children

## Exhibit A: Summary of Monetary Results

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This exhibit lists findings and recommendations that had a monetary result and includes the type and amount of the monetary result.

<b>Finding</b>	<b>Recommendation</b>	<b>Description</b>	<b>Amount</b>	<b>Category</b>
3	7	Overpayments issued to participants	\$1,455,891	Questioned Costs, No Recovery
3	7	Underpayments issued to participants	\$1,518,558	Underpayments and Overcollections
3	8	Benefits issued to deceased participants per month	\$1,258,308	Questioned Costs, Recovery Recommended
<b>Total Monetary Results</b>			<b>\$4,232,757</b>	

## **Exhibit B: Audit Sites Visited**

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This exhibit shows the name and location of audit sites visited.

<b>Audit Site</b>	<b>Location</b>
FNS National Office	Alexandria, Virginia
FNS Mid-Atlantic Regional Office	Robbinsville, New Jersey
FNS Caribbean Area Office	San Juan, Puerto Rico
Puerto Rico Department of the Family	Hato Rey, Puerto Rico
Puerto Rico Administration for Socioeconomic Development of the Family (ADSEF)	San Juan, Puerto Rico
San Juan ADSEF Regional Office	San Juan, Puerto Rico
Carolina ADSEF Regional Office	Carolina, Puerto Rico
Aguadilla ADSEF Regional Office	Aguadilla, Puerto Rico
San Juan I ADSEF Local Office	San Juan, Puerto Rico
Rio Grande ADSEF Local Office	Rio Grande, Puerto Rico
Aguada ADSEF Local Office	Aguada, Puerto Rico

**AGENCY'S  
RESPONSE TO AUDIT REPORT**



**United States  
Department of  
Agriculture**

Food and  
Nutrition  
Service

3101 Park  
Center Drive

Alexandria, VA  
22302-1500

**DATE:** October 2, 2019

**AUDIT  
NUMBER:** 27702-0001-22

**TO:** Gil H. Harden  
Assistant Inspector General for Audit

**FROM:** Pamilyn Miller /s/  
Administrator  
Food and Nutrition Service

**SUBJECT:** Review of FNS' Nutrition Assistance Program Disaster Funding to  
Puerto Rico as a Result of Hurricanes Irma and Maria

This letter responds to the official draft report for audit number 27702-0001-22, Review of FNS' Nutrition Assistance Program Disaster Funding to Puerto Rico as a Result of Hurricanes Irma and Maria. Specifically, the Food and Nutrition Service (FNS) is responding to the eight recommendations in the report.

**OIG Recommendation 1:**

Document and present policy alternatives, including the potential for legislative change, to the Under Secretary for Food, Nutrition and Consumer Services that would allow ADSEF to operate a permanent disaster assistance program when Puerto Rico is declared a disaster area under authority of the Stafford Act.

**FNS Response:**

USDA respectfully requests that OIG transmit any recommended legislative changes directly to Congress under the authorities provided for in the Inspector General Act. 5 U.S.C. App. Section 4(a). Should Congress choose to pursue any recommendation, USDA will provide Congress with any needed technical assistance.

**OIG Recommendation 2:**

Until ADSEF is allowed to operate a permanent disaster nutrition assistance program, require ADSEF to create and receive FNS approval for a comprehensive disaster nutrition assistance plan that plans for varying funding levels and timelines in the event that ADSEF is authorized supplemental disaster nutrition funding after future disasters. In this plan, outline how ADSEF will amend NAP regulations to better identify and assist those most affected by the disaster.

**FNS Response:**

FNS concurs with this recommendation. FNS will instruct Puerto Rico's Administration for Socioeconomic Development of the Family (ADSEF) to include plans for varying scenarios in their Nutrition Assistance Program (NAP) Disaster Plan. ADSEF has information from operating a temporary island-wide disaster relief program, based on two different disaster supplemental funding levels, which will inform their decisions on how to plan for varying funding levels and timelines. FNS will also instruct ADSEF to include in their annual State Plan of Operations that a NAP Disaster Plan is due for submission to FNS every July 1. The NAP Disaster Plan will also include eligibility criteria for directly impacted Puerto Rico residents who are not currently NAP participants.

**Estimated Completion Date:**

September 1, 2020

**OIG Recommendation 3:**

FNS and ADSEF should evaluate opportunities to leverage other agencies' data and resources to assist in delivering disaster nutrition assistance for future disasters, including coordinating with FEMA to qualify households for disaster nutrition assistance.

**FNS Response:**

FNS concurs with this recommendation. FNS has and will continue to evaluate opportunities to leverage other agencies' data and resources to assist in delivering disaster nutrition assistance for future disasters. To date the following actions have been completed or are in progress:

- New FNS Disaster Dashboards that incorporate FEMA, NOAA, NWS and other data resources, which will assist with cross-coordination and program delivery;
- OEM is working with American Red Cross (ARC) to 1) access Red Cross' ARCView GIS system, which includes real-time sheltering, mobile kitchen, damage and feeding information, and 2) to provide FNS publically-available data to ARC and FEMA for cross-coordination;
- OEM is a member of the multi-agency Disaster Feeding Working Group (FEMA, ARC, Salvation Army, Southern Baptists, GWU, World Central Kitchen) to review disaster feeding and identify healthier and more culturally-appropriate food;
- OEM has developed a variety of tools to improve coordination with FEMA and voluntary feeding organizations, including a revised infant formula/baby food

(IFF) ordering calculator and a USDA Foods ‘bulk-size to ounces’ conversion chart;

- FNS OEM has developed a reporting process with FEMA to identify the location of USDA Infant Formula and Food while in transit;
- FNS has added handling and nutrition information (appropriate storage, serving and transportation information) on the IFF ordering form for FEMA.

**Estimated Completion Date:**

September 1, 2020

**OIG Recommendation 4:**

Based on the outcome of Recommendation 3, FNS and ADSEF should incorporate the coordination with other agencies in yearly disaster plans for Puerto Rico.

**FNS Response:**

FNS concurs with this recommendation. FNS will direct ADSEF in writing to update their disaster plan to incorporate the coordination with FNS and other Puerto Rico agencies based on the outcomes of Recommendation 3.

**Estimated Completion Date:**

September 1, 2020

**OIG Recommendation 5:**

Require ADSEF to correct its eligibility system to prevent the retroactive/claims module from overwriting the budget module going forward.

**FNS Response:**

FNS concurs with this recommendation. During a June 2019 on-site technical assistance visit, FNS verbally directed ADSEF to modify its eligibility system to prevent the retroactive/claims module from overwriting the budget module. FNS will direct ADSEF in writing to take action on this recommendation.

**Estimated Completion Date:**

November 30, 2019

**OIG Recommendation 6:**

Perform and document a review of ADSEF's eligibility system to verify that the retroactive/claims module is no longer modifying data in the budget module.

**FNS Response:**

FNS concurs with this recommendation. FNS will conduct a review of the eligibility system to verify that the retroactive/claims module is no longer modifying data in the budget module.

**Estimated Completion Date:**

March 31, 2020

**OIG Recommendation 7:**

Require ADSEF to review all active cases that have been through the retroactive/claims module since April 2014 and correct any inaccurate case data including benefit amounts, household size, and net income.

**FNS Response:**

FNS concurs with this recommendation. During a June 2019 on-site technical assistance visit, FNS verbally instructed ADSEF to review all active cases that have been affected by the retroactive/claims module. FNS will direct ADSEF in writing to correct any inaccurate case data including benefit amounts, household size, and net income for the cases identified through ADSEF's review.

**Estimated Completion Date:**

July 31, 2020

**OIG Recommendation 8:**

Require ADSEF to regularly perform checks against SSA national death information to ensure deceased individuals are not receiving benefits. Review cases identified through the audit and establish claims for overpayments, as appropriate.

**FNS Response:**

FNS concurs with this recommendation. During a June 2019 on-site technical assistance visit, FNS verbally instructed ADSEF to pursue an agreement with the Social Security Administration for deceased matching data.

FNS will direct ADSEF in writing to take action on this recommendation. FNS will confirm that ADSEF has executed an agreement with the Social Security Administration. FNS will also require ADSEF to provide evidence that the identified deceased NAP participant cases have been corrected and appropriate claims for overpayments have been established.

**Estimated Completion Date:**

September 1, 2020

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Outside DC 800-424-9121  
TDD (Call Collect) 202-690-1202

Bribery / Assault  
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