



United States Department of Agriculture
Office of Inspector General





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



DATE: November 23, 2011

AUDIT
NUMBER: 27002-0001-13

TO: Audrey Rowe
Administrator
Food and Nutrition Service

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

FROM: Gil H. Harden
Assistant Inspector General for Audit

SUBJECT: Analysis of Kansas' Supplemental Nutrition Assistance Program (SNAP)
Eligibility Data

The report presents the results of our audit of Kansas' Supplemental Nutrition Assistance Program Eligibility Data. The response from the Food and Nutrition Service (FNS) is included in its entirety in an exhibit in this report.

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

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Analysis of Kansas' Supplemental Nutrition Assistance Program (SNAP) Eligibility Data (27002-0001-13)

Executive Summary

The Food and Nutrition Service's (FNS) Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food Stamp Program, provides monthly food assistance and nutrition for the health and well being of more than 40 million low-income individuals.¹ The Office of Inspector General (OIG) initiated this audit to analyze the Kansas SNAP participant database to identify anomalies that may result in ineligible participants receiving SNAP benefits.

Of the 269,710 SNAP recipients in Kansas as of September 2010, we found 883 recipients who were deceased, had invalid Social Security numbers (SSNs), were receiving duplicate benefits from the State of Kansas, or were receiving benefits simultaneously with the adjoining State of Missouri. The Kansas Department of Social and Rehabilitation Services (SRS) is responsible for administering SNAP and explained that these issues occurred because it uses a State data file and not a required, national Social Security Administration (SSA) database to identify deceased participants. Likewise, SRS does not perform some edit checks that would help ensure that the participant information that is entered is accurate to prevent errors such as invalid SSNs. Finally, though SRS uses the Public Assistance Reporting Information System (PARIS)² database to check for duplicate enrollment across States, this system does not include all participants nationwide because FNS does not require States to participate in PARIS or to check for dual participation.

In all, the 883 participants that should have been removed from program participation cause us to question approximately \$109,845 in benefits per month, based on the average monthly amount a recipient receives in Kansas.³ With a 48 percent increase in participation since 2007, SNAP is a rapidly growing program in Kansas. If SRS does not take measures to increase preventative and fraud detection efforts, it risks making continued payments to individuals who are not eligible for SNAP funds.

¹For FY 2010.

² PARIS is a computer matching process by which the Social Security numbers of public assistance recipients are matched against various Federal databases and those of participating States to prevent dual participation in benefit programs among States.

³ Potential improper payments are based upon the average amount a recipient receives in Kansas each month (\$124.40). We were not able to determine the actual amount because payments are calculated by household, not individual; therefore, even if one participant is ineligible—such as a deceased participant—it is possible that other members of the household are eligible to receive benefits at a lower amount. Additionally, because State agencies are not required to maintain records of some participant start dates, SRS does not store this information. As a result, it is uncertain how long these individuals had been receiving benefits, and, therefore, difficult to determine total payments made to that individual.

Recommendation Summary

FNS should provide guidance to ensure that SRS is using a comprehensive national SSA database to perform its death matches and SSN verifications. FNS needs to ensure that SRS regularly performs checks to verify information in participant databases is accurate. FNS also needs to require SRS to review the 883 individuals identified in this report and determine if those participants have received improper payments.

Agency Response

FNS is actively engaged in a dialogue with regional offices and with States regarding policies and technical assistance tools which can strengthen integrity to an even greater extent. FNS has final rules in process that will codify the requirement for the SSA death match and are expected to be published by early 2012. FNS also issued a policy memo on November 15, 2011, reminding States of this requirement.

According to the State, Kansas has the checks in place to monitor for duplicate benefits. Also, Kansas has corrected the problems with the State death match system. In addition, the State has already completed a review of a substantial number of the identified deceased individuals and has committed to continuing to follow up on the remainder, which is estimated to be complete by September 30, 2012.

OIG Position

OIG concurs with the response from FNS that a policy will be issued to ensure that States use a national death file to identify deceased participants receiving SNAP benefits. OIG also concurs with Kansas' response concerning its follow-up for the 883 individuals identified in the report to determine if they received improper payments.

Based on FNS' response, we were able to reach management decision on two of the report's three recommendations. Management decision on Recommendation 2 can be reached once FNS provides the timeframe for Kansas to implement regular checks to verify that data in its participant databases is accurate and complete.

Background and Objectives

Background

The Food and Nutrition Service's (FNS) Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food Stamp Program, provides monthly food assistance and nutrition for the health and well being of more than 40 million low-income individuals.⁴ Kansas had 269,710 individuals—or 9 percent of the State's population—enrolled in SNAP as of September 2010. Since 2007, the program has grown by 48 percent. While FNS pays the full cost of recipient benefits, both FNS and State agencies share the program's administrative costs.

For enrollment and eligibility procedures, SNAP regulations at the Federal level specify minimum guidelines, such as maximum income requirements, to be enforced by the State agencies; however, these regulations did not establish a standardized system of internal control at the State level. FNS' policy is to allow State agencies the flexibility to establish control systems that meet the individual needs of each State. For example, Federal regulations allow State agencies to determine whether or not they will interview recipients face-to-face or on the telephone prior to granting benefits. In Kansas, like in most States, SRS opts to only perform telephone interviews upon application. Each State agency owns and maintains its own eligibility system—including software and databases—which vary from State to State.

In Kansas, applicants submit documents to prove citizenship, residency, income, and expenses. To continue in the program, participants are required to verify their need for SNAP benefits during an interim review period every 6 to 12 months, depending on the applicant's status.⁵ Participants in SNAP apply, and are approved or denied by SRS, based on pre-established eligibility requirements.

State agencies also have the primary responsibility for monitoring recipients' compliance with program requirements and for detecting and investigating cases of alleged intentional program violation.⁶ Once applicants have submitted information, either during enrollment or the interim review process, SRS performs automated data checks to validate selected information submitted, including SSNs. State agencies are required to establish a system to ensure that certain prisoners do not receive benefits.⁷ State agencies must also check recipient data against a national SSA database,

⁴For FY 2010.

⁵ Participants who are aged or disabled and receive Supplemental Security Income only need to verify their information every 12 months. All other participants must verify every 6 months.

⁶ An intentional program violation is defined as any act violating the Food Stamp Act, the Food Stamp Program regulations, or any State statute for the purpose of using, presenting, transferring, acquiring, receiving, possessing, or trafficking SNAP benefits. The definition includes any act that constitutes making a false or misleading statement or concealing or withholding facts.

⁷ PL 105-33, Balanced Budget Act of 1997, Section 1003 (a) (1), August 5, 1997; and the Food and Nutrition Act of 2008, as amended by PL 110-246, Section 11(r), October 1, 2008.

such as the State Verification Exchange System (SVES)⁸, to ensure that deceased recipients do not receive benefits.⁹ In addition, SRS, like most other State agencies, utilizes additional database systems, such as The Work Number, a national database which verifies participant income.¹⁰

Objectives

The Office of Inspector General (OIG) initiated this audit to analyze the Kansas SNAP participant database to identify anomalies that may result in ineligible participants receiving SNAP benefits.

⁸ Provided at no cost to State agencies, SVES matches against several national databases to check for death and SSN verification for every submitted individual. SSA's Death Master File can also be used to check SSNs nationwide for deceased individuals.

⁹ PL 105-379, An Act to Amend the Food Stamp Act of 1997, Section 1(a), November 12, 1998.

¹⁰ SRS checks against information in the following databases: Kansas Department of Corrections, the Federal Systematic Alien Verification for Entitlements, Public Assistance Reporting Information System (PARIS), State Child Support Enforcement, the Federal Food Distribution Program on Indian Reservations, Kansas Department of Labor, State Birth and Death Records, and the Federal Beneficiary and Earnings Data Exchange database.

Section 1: SNAP Eligibility Oversight Needs Strengthening

Finding 1: FNS Should Strengthen its Oversight of SRS' Eligibility Review for SNAP

We analyzed the SNAP participant database to identify anomalies that may result in ineligible participants receiving SNAP benefits. We found 883 recipients who were deceased, had invalid SSNs, were receiving duplicate benefits from the State of Kansas, or were receiving benefits simultaneously from the adjoining State of Missouri. This occurred because SRS does not use a required comprehensive, national SSA database to identify deceased participants, but instead relies on limited SSA and State databases. SRS also does not perform edit checks that would ensure that the participant information that is entered is accurate. Additionally, although SRS uses the PARIS database to check for duplicate enrollment across States, this system does not include all participants nationwide because FNS does not require States to participate in PARIS or check for dual participation.¹¹ Not performing these checks increases the risk of improper payments. In all, the 883 participants that should have been removed from the program continued to receive approximately \$109,845 in benefits each month.

To verify that benefits are not issued to individuals who are deceased, SRS, like all State agencies, is required to compare the information in the SNAP participant database with national SSA death information. When we used SSA's Death Master File to perform this check ourselves, we found that 71 current Kansas SNAP participants were deceased.¹² This occurred because SRS was running a match using only the State's death records—which do not include participants who may have died in a different State. Additionally, SRS officials explained that the State death match program they use was down for 9 months in 2010 without their knowledge, which caused 45 individuals to remain on the list. This occurred because the death match program was administered by their IT department, who did not notify SRS officials of the issue. SRS officials explained that they are aware of the problem and will work on communication with the IT office and that, on the whole, they feel that the State file is timelier and more reliable. While Kansas' State file may be helpful as a supporting matching program, a comprehensive, national SSA database—such as SVES—is a valuable and required resource, which SRS needs to utilize.

We also found individuals using invalid SSNs. SRS' procedure is to verify that the SSN is valid and complete when an applicant initially applies for SNAP.¹³ If participants cannot provide a valid SSN at the time of enrollment, they are assigned a temporary, non-valid SSN starting with "000" or "999." If by the interim review period (within 6 months or 12 months of enrollment)¹⁴ participants still cannot produce a valid SSN, they should be terminated from the program.¹⁵

¹¹ The Food and Nutrition Act of 2008, as amended by PL 110-246, Section 6(j), October 1, 2008.

¹² The SSA Death Master File is used by leading government, financial, investigative, credit reporting, and medical research organizations, as well as other industries, to verify individuals who have died.

¹³ *Kansas Economic and Employment Support Manual*, "2131 Verification of SSN," revised May 2011.

¹⁴ Participants who are aged or disabled and receive Supplemental Security Income only need to verify their information every 12 months. All other participants must verify every 6 months.

¹⁵ *Kansas Economic and Employment Support Manual*. "2132 Participation Without a SSN," revised May 2011.

However, we found that 14 participants had SSNs that did not match the format of the SSA scheme and 706 participants had been enrolled in the program for over 12 months without a valid SSN. This occurred because SRS does not currently check for input errors caused when personnel entered the number into the system, or for SSNs following invalid schemes, such as those starting with “000” or “999” that have been present for more than 6 or 12 months in the system. SRS officials stated that they have recently started a SSN cleanup process, which will no longer allow the use of invalid SSN schemes. They will also send out semi-annual reports of invalid SSNs to research. We accept these measures and encourage SRS to perform regular edit checks for input errors.

We also found that two individuals received SNAP benefits simultaneously under two separate accounts. Normally, SRS performs an edit check to identify and prevent a person already in the system from being entered into the system twice. However, this occurred because the individuals were either in the process of being put into or closed out of the system at the time the duplicate application went through. When we notified the agency of the duplicate accounts, they deleted them. Because this type of error is rare and does not pose a great risk, we accept this response.

SRS also had multiple instances of duplicate enrollment with the adjoining State of Missouri. Each participant should only receive SNAP benefits from one State at a time. To safeguard against duplicate enrollment and potential fraud, Kansas’ SNAP application form asks applicants if they are receiving or have received benefits from another State. Likewise, personnel are also trained to ask this question during initial interviews with applicants. We compared SNAP enrollment between Kansas and Missouri using the participant databases from each State and found that 90 individuals enrolled in Kansas were simultaneously enrolled in both States for three consecutive months. Of these, 58 were enrolled in both States for 6 months or longer, and one was a dual participant for a year and a half. This occurred because FNS does not have a nationwide database of all SNAP participants for SRS to check. While the agency does utilize PARIS—an optional, multi-State database that stores social welfare program participant information—not all State agencies input their SNAP participant information in PARIS. As a result, PARIS’ information is incomplete. With mandatory SNAP participation in PARIS, or a similar system, SRS—as well as other State agencies—would have access to a reliable, nationwide database, which they could then utilize in their fraud detection efforts.

Additionally, we found other anomalies which, while not violations, may indicate areas of concern:

- 121 individuals receiving benefits from Kansas had mailing addresses outside the State of Kansas.
- 5,000 individuals receiving benefits from Kansas reported themselves to be non-U.S. citizens.

SRS could not provide residence addresses, net monthly incomes, or participant start date information for SNAP participants. State agencies are not required to store this information. SRS officials stated that the final calculation for net income and the participant start date were not stored in the system and the residence address was overlaid by the mailing address in the

extract program. Therefore, we were unable to analyze the system to determine if SNAP participants exceeded income limitations, resided in a State other than Kansas, or determine how long a participant had received benefits from SNAP.

In all, the 883 participants that should have been removed cause us to question approximately \$109,845 in benefits per month, based on the average amount a recipient receives in Kansas. We have forwarded these participants to SRS for further research and investigation. We acknowledge that SRS is in the process of researching and resolving several of these issues and believe that by utilizing a comprehensive national SSA database, manual input edit checks, and a system to check nationwide participation, such as PARIS, SRS can improve its fraud detection and prevention. Additionally, Kansas can increase its fraud detection and prevention staff, utilizing the 50 percent-matched Federal funding in administrative resources that SRS received.

Recommendation 1

Provide guidance to ensure that SRS is using a comprehensive national SSA database to perform its death matches and SSN verifications.

Agency Response

FNS has final rules in process that will codify the requirement for the SSA death match. These rules are expected to be published by early 2012. FNS also issued a policy memo on November 15, 2011, reminding States of this requirement.

OIG Position

We concur with the FNS' response for this recommendation and have reached management decision.

Recommendation 2

Ensure that SRS regularly performs checks to ensure information in participant databases is accurate and complete.

Agency Response

According to the State, Kansas has a number of checks in place to monitor for duplicate benefits.

OIG Position

OIG recognizes Kansas' efforts to identify interstate dual participation. However, this recommendation is specifically for Kansas to regularly perform checks to ensure information in participant databases is accurate and complete. To reach management decision, the timeframe for implementing regular checks of the data in the participant databases is needed.

Recommendation 3

Require SRS to review the 883 individuals identified in this report and determine if participants have received improper payments. Recover improper payments, as appropriate.

Agency Response

According to the State, Kansas has corrected the problems with the State death match system. In addition, the State has already completed a review of a substantial number of the identified deceased individuals and has committed to continuing to follow up on the remainder and plans to finish this review by September 30, 2012.

FNS noted that many non-citizens are eligible for SNAP. FNS asserts that the report reference to non-citizens is confusing and misleading. The fact that 5,000 individuals receiving benefits in Kansas reported themselves to be non U.S. citizens is neither an area of concern nor an anomaly. Additionally, the State commented that the 5,000 individuals identified are not receiving benefits.

OIG Position

We concur with the FNS' response for this recommendation and have reached management decision. However, as noted in the report, the information concerning non-citizens does not constitute a program violation and is included to indicate an area of concern that Kansas may want to monitor. Additionally, OIG takes exception to the statement "the State commented that the 5,000 individuals are not receiving benefits." According to our analysis of Kansas' participant data, these 5,000 individuals are receiving benefits.

Scope and Methodology

We analyzed the participants in the Kansas SNAP program for the timeframe of August 2009 through August 2010. To maximize limited travel funds, the State of Kansas was selected for review because of its close proximity to our regional office. We selected the timeframe of August 2009 to August 2010 because, at the time of our audit, it was the latest information available.

We obtained the Social Security Death Master File and extracts of key SNAP participant data from Kansas and Missouri State officials. We analyzed this data using Audit Command Language. Our tests were developed to identify anomalies that may result in ineligible participants receiving SNAP program benefits and to determine whether FNS provided adequate program guidance and oversight. Our tests determined whether

- active SNAP participants were using deceased individuals' SSNs,
- valid SSNs were used,
- duplicate payments were received, and
- recipients were receiving benefits simultaneously from the adjoining State of Missouri.

As appropriate, the anomalies identified were verified by Kansas and Missouri State officials.

We reviewed public laws and FNS regulations, policies, procedures, and other controls governing the administration of SNAP to ensure SRS complied with guidelines. We examined Kansas' SNAP policies, procedures, and internal controls to ensure SRS complied with FNS guidelines. We evaluated reports that resulted from reviews relating to SNAP, Federal Manager's Financial Integrity Report for fiscal year 2010, and Government Accountability Office reports. We interviewed Kansas State officials and obtained supporting documentation.

We conducted our audit work at the Kansas Department of Social and Rehabilitation Services in Topeka, Kansas, and FNS' National Office in Alexandria, Virginia. Our audit period was June 2010 through September 2011.

We conducted this review 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.

Abbreviations

FNS	Food and Nutrition Service
OIG	Office of Inspector General
PARIS	Public Assistance Reporting Information System
SNAP	Supplemental Nutrition Assistance Program
SRS	Kansas Department of Social and Rehabilitation Services
SSA	Social Security Administration
SSN	Social Security number
SVES.....	State Verification Exchange System
USDA.....	Department of Agriculture

Exhibit A: Summary of Monetary Results

FINDING NUMBER	RECOMMENDATION NUMBER	DESCRIPTION	AMOUNT	CATEGORY
1	3	Clients identified on the Death Master File	\$8,832 per month	Questioned Cost, Recovery Recommended
1	3	Clients participating in SNAP in both MO and KS	\$11,196 per month	Questioned Cost, Recovery Recommended
1	3	Clients receiving duplicate benefits in KS	\$249 per month	Questioned Cost, Recovery Recommended
1	3	Invalid SSN's	\$89,568 per month	Questioned Cost, Recovery Recommended
TOTAL			\$109,845 per month	

The table above represents the \$109,845 in questioned costs per month, recovery recommended.

**USDA'S
FOOD AND NUTRITION SERVICE'S
RESPONSE TO AUDIT REPORT**



**United States
Department of
Agriculture**

Food and
Nutrition
Service

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Alexandria, VA
22302-1500

DATE: November 16, 2011

AUDIT
NUMBER: 27002-01-13

TO: Gil H. Harden
Assistant Inspector General for Audit

FROM: /s/ <Stacey Brayboy> (for): Audrey Rowe
Administrator
Food and Nutrition Service

SUBJECT: Analysis of Kansas' Supplemental Nutrition Assistance Program
(SNAP) Eligibility Data

This letter responds to the official draft report for audit report number 27002-01-13, Analysis of Kansas' Supplemental Nutrition Assistance Program (SNAP) Eligibility Data. Specifically, the Food and Nutrition Service (FNS) is responding to the three recommendations within the report.

OIG Recommendation 1:

Provide guidance to ensure that SRS is using a comprehensive national SSA database to perform its death matches and SSN verifications.

Food and Nutrition Service Response:

FNS takes program integrity very seriously and any errors are of concern. However, FNS notes that the errors found in this report constitute a minute portion of the Kansas caseload (0.3 percent), suggesting that while current processes can always be improved, they are, in fact, working. Pursuant to the critical importance the Agency places on integrity and to ensuring that people in need receive nutrition assistance to which they are entitled, FNS is actively engaged in a dialogue with our regional offices and with States regarding policies and technical assistance tools which can strengthen integrity to an even greater extent.

FNS already has a number of activities in place that will address the situations found in this report. First, FNS has final rules in process that will codify the requirement for the SSA death match. These rules are expected to be published by early 2012. FNS also issued a policy memo on November 15, 2011, reminding States of this requirement.

Additionally, FNS is currently in the process of awarding a grant through the OMB Partnership Fund for Program Integrity. This grant will fund development of a pilot

clearinghouse database with information from up to six States in the Southeast and Southwest for detecting duplicate participation in SNAP and disaster SNAP (D-SNAP) across state boundaries.

FNS disagrees with the report statement that FNS does not require States to check for duplicate participation. The regulations at 7 CFR 272.4(e)(1) state that each State agency shall establish a system to assure that no individual participates more than once in a month, in more than one jurisdiction, or in more than one household within the State. FNS encourages States to have processes in place to check data with neighboring States to prevent duplicate participation. The PARIS system is available to States as an additional tool, but it is not mandatory for States to use PARIS; however, some States have expressed concerns that the information in PARIS is not timely.

Completion Date: November 15, 2011

OIG Recommendation 2:

Ensure that SRS regularly performs checks to ensure information in participant databases is accurate and complete.

Food and Nutrition Service Response:

According to the State, Kansas has the following checks in place to monitor for duplicate benefits.

- 1) The application asks whether the recipient has been receiving benefits in another State. If the recipient reports it, Kansas staff coordinates the start and stop of benefits.
- 2) Case workers are trained to ask recipients if they have been receiving assistance in another State, even if the application question does not indicate receipt of such benefits.
- 3) A number of Kansas City staff have access to the Missouri eligibility system, and can check for dual participation with Missouri prior to approval of benefits.
- 4) In addition, Kansas participates in PARIS (Public Assistance Reporting Information System) and that reporting is used to terminate benefits as appropriate, and determines any necessary overpayments after the fact. Missouri does participate in the PARIS reporting.
- 5) Often an overpayment is not appropriate due to policies concerning whether moving to another State is a reporting requirement. Kansas follows simplified reporting rules, in which these rules do not require the person to report that they have moved, either in State or out-of-State. Cases would require careful investigation to

determine which State has the overpayment and if fraud should be pursued if a consumer received benefits in two States.

OIG Recommendation 3:

Require SRS to review the 883 individuals identified in this report and determine if participants have received improper payments. Recover improper payments as appropriate.

Food and Nutrition Service Response:

According to the State, Kansas has corrected the problems with the State death match system. In addition, the State has already completed a review of a substantial number of the identified deceased individuals and has committed to continuing to follow up on the remainder.

FNS notes that many non-citizens are eligible for SNAP. FNS asserts that the report reference to non-citizens is confusing and misleading. The fact that 5,000 individuals receiving benefits in Kansas reported themselves to be non US citizens is neither an area of concern nor an anomaly. Additionally, the State commented that the 5,000 individuals identified are not receiving benefits. These individuals are included in the case planning to ensure their income is countable for the remaining household members.

Estimated Completion Date: September 30, 2012

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