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Office of Inspector General

Missouri's Compliance with SNAP Certification of Eligible Households Requirements

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TO: Audrey Rowe
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: Missouri's Compliance with SNAP Certification of Eligible Households Requirements

The attached report presents the results of an engagement to assess selected aspects of Missouri's compliance with the Supplemental Nutrition Assistance Program (SNAP) regulations. The assessment focused on compliance with the Code of Federal Regulations Title 7 Part 273, *Certification of Eligible Households* (7 C.F.R. 273).

TFC Consulting, Inc. (TFC), an independent licensed Certified Public Accounting firm, was contracted by the Department of Agriculture (USDA), Office of Inspector General (OIG) to conduct an agreed-upon procedures engagement at Missouri and provide FNS with recommendations to enhance program efficiency and effectiveness. The contract required TFC to perform the engagement in accordance with U.S. generally accepted government auditing standards (GAGAS). In connection with the contract, we reviewed TFC's report and related documentation and inquired of its representatives. Our review of TFC's report was different from an audit in accordance with GAGAS and was not intended to enable us to express, and we do not express, an opinion on Missouri's compliance with 7 C.F.R. 273. TFC is responsible for the enclosed agreed-upon procedures and recommendations report, dated July 6, 2016. However, our review of TFC's audit documentation disclosed no instances in which TFC did not comply, in all material respects, with GAGAS.

TFC reported that Missouri did not always comply with SNAP regulations related to Office Operations and Application Processing, Students, Social Security Numbers, Disqualification for

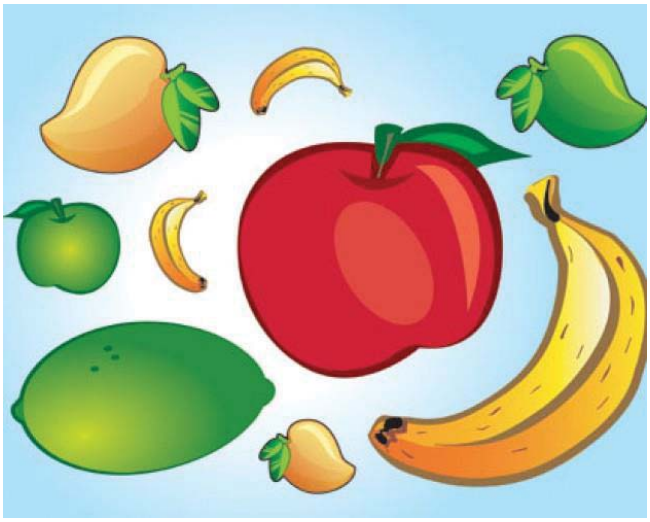
Intentional Program Violations, and Work Provisions. FNS concurred with TFC's recommendations and OIG accepted management decision on the report's 14 recommendations.

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

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

TFC Consulting, Inc. Report on Applying Agreed-upon Procedures Engagement for the USDA Office of the Inspector General to Assess the State of Missouri's Compliance with 7 CFR Part 273 Certification of Eligible Households

Final



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TFC Consulting, Inc.
9901 Belward Campus Dr., Suite 165
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July 6, 2016

Independent Accountant's Report on Applying Agreed-upon Procedures

TFC Consulting, Inc. (TFC), an independent licensed Certified Public Accounting firm, was contracted by the Department of Agriculture (USDA), Office of Inspector General (OIG) to conduct an *agreed-upon procedures* engagement to assess selected aspects of the State of Missouri's compliance with the Supplemental Nutrition Assistance Program (SNAP) regulations. The State of Missouri (Missouri or the State) was one of five States selected by the OIG for assessment during FY 2016 based on the level of SNAP funding (small, medium or large) and geographic location (the States were selected so that different Food and Nutrition Service regions were represented in the assessment).The assessment focused exclusively on compliance with the *Title 7 Code of Federal Regulations (CFR) Part 273*, *Certification of Eligible Households*. This report presents the results of our assessment of Missouri.

TFC performed agreed-upon procedures specified by the OIG to evaluate compliance with *Title 7 CFR Part 273*. The agreed-upon procedures were comprised of two parts. Part 1 specified detailed procedures to assess the State's policies, procedures, and processes and included non-statistical testing of targeted areas of *7 CFR Part 273* for compliance; Part 2 required a randomly selected statistical sample of 100 active case files and performance of specified procedures to test compliance with *7 CFR Part 273*. The Part 1 and Part 2 specified procedures performed are provided in Appendix A of this report. The sufficiency of the agreed-upon review procedures is the responsibility of the OIG. Consequently, we make no representation regarding the sufficiency of the procedures for which this report has been requested or for any other purpose, nor do we provide an overall opinion on Missouri's compliance with *7 CFR, Part 273*. Had we performed additional procedures other matters might have come to our attention that would have been reported. This agreed-upon procedures engagement was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). The scope period for this review was October 1, 2014 through September 30, 2015 (Federal Fiscal Year 2015 (FY15)).

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

1. <u>The Family Support Division (FSD) determined an ineligible student to be eligible</u> - Federal regulation *7 CFR §273.5, Students,* requires that an individual who is enrolled at least half-time in an institution of higher education shall be ineligible to participate in the SNAP Program unless the individual qualifies for one of the exemptions[1] and is enrolled in an institution of higher education such as a business, technical, trade, or vocational school. From a non-statistical sample of 15 students, our testing disclosed one case of non-compliance. Specifically, FSD incorrectly classified an individual as an eligible student when the individual was not enrolled in an institution of higher education and did not meet exemption requirements. This case resulted in potential improper payments of $900.

[1] *7 CFR §273.5* allows for 11 different exemption types (e.g., physically or mentally unfit, employed for 20 hours per week, responsible for a dependent under six, etc.)

2. FSD did not record or verify an SSN when provided - Federal regulations (*7 CFR §273.6, Social Security Numbers*) require, for those individuals who provide SSNs prior to certification, recertification or at any office contact, the State agency shall record the SSN and verify it.[2] Missouri's comprehensive benefits management system, FAMIS (Family Assistance Management Information System), disclosed 6,155 instances where individuals received benefits without having an SSN entered in the system. TFC tested a non-statistical sample of 15 cases, and identified two cases (neither were newborns) where individuals provided FSD an SSN but the SSN was not recorded in FAMIS or verified with the Social Security Administration (SSA).

3. The State agency did not report Intentional Program Violations (IPVs) to FNS timely - Federal regulation *7 CFR §273.16, Disqualification for Intentional Program Violation,* states that each State agency shall report to FNS information concerning individuals disqualified for an Intentional Program Violation, and this information shall be submitted to FNS so that it is received no more than 30 days after the date the disqualification took effect. State agencies report this information using the Electronic Disqualified Recipient System (eDRS). We identified three individuals[3] who were not reported in the eDRS system timely.

Our performance of Part 2 of the agreed-upon procedures, the testing of 100 randomly selected active cases, disclosed three findings as follows:[4]

4. FSD did not maintain recipient ID in a case file - Federal regulations (7 *CFR §273.2, Office Operations and Application Processing)* require that State agencies shall verify the identity of the person making application prior to certification for households initially applying. Further, case files must be documented to support eligibility, ineligibility, and benefit level determinations. Documentation shall be in sufficient detail to permit a reviewer to determine the reasonableness and accuracy of the determination. In our review of active cases, we identified one case where there was no identification documentation in the case file. FSD was moving from a manual to a digital document management system, but as of the last date of our on-site fieldwork was unable to provide the requested documentation electronically or in hard-copy..

5. FSD did not verify student exemption for one student – Per Federal regulation *7 CFR §273.5, Students,* cited above, a student exemption type is required to be eligible for SNAP benefits. We identified one case where FSD did not verify the student qualified for an exemption requirement. As a result, the household received benefits on behalf of a member that may not have been eligible and may have received improper payments.

6. FSD did not comply with *work provisions* for three cases - Per Federal regulation *7 CFR §273.7, Work Provisions*, when a household files an application for participation, or when

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[2] *7 Code of Federal Regulations (CFR) §273.6 Social Security Numbers, (b)(1)*

[3] The universe of IPVs during the scope period was 610 and a non-statistical sample of 15 was selected for testing.

[4] Our review of 100 randomly selected active cases disclosed four cases with five instances of non-compliance as detailed in Findings 4 through 6. This resulted in an error rate of four percent in our sample, enabling us with a 95 percent confidence level, to project an error rate of 9.16 percent or less in the population of 532,969 cases.

a participating household reports the loss of a source of income or a reduction in household earnings, the State agency must determine whether any household member voluntarily quit his or her job or reduced his or her work effort. We identified two cases where recipients submitted applications that indicated they had “quit or been laid off” from their job within the last 60 days, and the job quit date was recorded in the benefits management system, but no evidence of verification was obtained to determine the reason for termination.

7 CFR §273.7, Work Provisions, also states that persons who lose their exemption due to a change in circumstances that is not subject to the reporting requirements of §273.12 must register for employment at their household's next recertification. We identified one case that was recertified when there was a change of circumstance for one member of the household who was determined to be eligible when they failed to register for employment or demonstrate exemption, in accordance with work provision requirements.

Additional details concerning these findings, along with our recommendations for improvement, are presented in Section V of this report. This report is intended solely for the information and use of the OIG, the Food and Nutrition Service, and the State of Missouri. For any questions concerning this report, please contact Tashu Trivedi, TFC Engagement Partner at (301) 792-2401 or at ttrivedi@tfcci.net.

Signed

TFC Consulting, Inc. /s/

1 Background

The Department of Agriculture (USDA) Food and Nutrition Service (FNS) administers the SNAP program providing nutrition assistance to some 45.76 million participants a month and economic benefits of approximately $74 billion annually (FY15).[5] SNAP is the largest domestic hunger safety net program in the United States. FNS works with State agencies to ensure that those eligible for nutrition assistance can make informed decisions about applying for the program and can access benefits. FNS also works with State partners, USDA's Office of Inspector General (OIG), and others to improve program administration and ensure program integrity.

SNAP is authorized by the Food and Nutrition Act of 2008, as amended.[6] Regulatory authority for SNAP resides in the *Code of Federal Regulations (CFR), Title 7 CFR, Parts 271 through 283.* The focus of this agreed-upon procedures engagement was on *7 CFR, Part 273*, which addresses Certification of Eligible Households.

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

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

In FY 14, FSD managed an $8.2 billion budget and issued SNAP benefits to an average of 879,122 low-income Missourians per month.[7] In the same year, FSD issued $1,236,444,630 in SNAP benefits (which nationally represents 1.77% of benefits and 1.84% of all SNAP participants) serving an average of 403,913 households per month, and ranked 20 out of 53 States and territories in benefits issued.[8]

FAMIS is the comprehensive internet based benefits management system that FSD uses to manage several State and Federal programs. This legacy system is menu driven and uses the classic "green screen."[9] FSD leadership indicated the agency is preparing to draft an RFP for a

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[5] SNAP National Level Annual Summary, Participation and Costs, 1969-2015, FNS.

[6] SNAP was previously authorized by the *Food Stamp Act of 1964* and later amended by the *Food Stamp Act of 1977*.

[7] Missouri Department of Social Services 2014 Annual Report, p.5-6.

[8] SNAP State Activity Report Fiscal Year 2014, FNS SNAP Program Accountability and Administration Division, October 2015.

[9] "Green Screen" is a term used by many in State and local Government communities to identify the legacy technology that generally employs monitors that display text in green dots (pixels) which form the letters. These systems typically employed an IBM 400 main frame computer, dot matrix printers with green-bar paper, and rarely used a mouse as part of the graphical user interface.

new benefits management system, and in FY 15, the FAMIS system was reduced $0.5 million in anticipation of the transition to a new eligibility and enrollment system.[10]

Since late 2013 to early 2014, FSD has been undergoing a comprehensive transformation/reorganization. Significant features of this reorganization include:

- Upgrading technologies,
- Converting paper based systems to electronic,
- Modernizing case processing workflows,
- Changing approaches to customer service to provide greater access, and
- Changing roles and responsibilities for employees.[11]

As part of this reorganization, FSD has moved from a more traditional system and developed a more centralized system employing a centralized call center and regional processing centers. FSD leadership indicated the reorganization has been accompanied by a change in senior leadership and a considerable loss of front line staff.

2 Objective and Purpose

The objective of this agreed-upon procedures engagement was to assess selected aspects of Missouri's implementation of *Title 7 CFR, Part 273, Certification of Eligible Households*. The assessment procedures associated with this engagement were developed by the OIG and performed under contract by TFC. The purpose of the assessment was to evaluate whether the State was properly administering the SNAP program, determining eligible households, and monitoring the issuance and use of program benefits in accordance with *Title 7 CFR, Part 273,* and also to provide recommendations to enhance program efficiency, effectiveness, and success.

3 Scope and Methodology

The scope of this engagement was to assess selected aspects of Missouri's compliance with *Title 7 CFR Part 273, Certification of Eligible Household*s. The State of Missouri was one of five states selected for testing by the OIG based on non-statistical sampling that considered two criteria: 1) size of the State based on the level of SNAP funding (small, medium or large), and 2) geographic location (States were selected so that different FNS regions were represented in the testing). The Missouri SNAP program is considered a "medium" program (between $700 million and $2 billion) and is located within FNS' Mountain Plains Region.

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

- Part 1, Checklist for Review of State's Compliance with *7 CFR Part 273*, specified procedures to assess the State's policies, procedures and processes and included non-statistical testing for compliance with targeted areas of *7 CFR Part 273*;

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[10] Missouri Department of Social Services 2014 Annual Report, p.9.

[11] PowerPoint slide presentation to the Budget Committee, House Appropriations Committee on Health, Mental Health, and Social Services, September 29, 2014, prepared by Missouri Department of Social Services.

- Part 2, Checklist for Review of Active Cases, required a statistical random sample of 100 active case files and performance of specified procedures to test compliance with *7 CFR Part 273*.

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

The Part 1 and Part 2 Checklists are provided in Appendix A of this report along with findings noted for each applicable procedure. The sufficiency of the review procedures is the responsibility of the OIG. Consequently, we make no representation regarding the sufficiency of the procedures for which this report has been requested or for any other purposes, nor do we provide an overall opinion on Missouri's compliance with *7 CFR* Part 273. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

The scope period for this engagement was October 1, 2014 through September 30, 2015 (Federal Fiscal Year 2015 (FY15)), although the period assessed varied for some tests performed.

Various testing methods and techniques were employed primarily in order to:

- Obtain an understanding of the State agency, its operations, systems, and operating environment;
- Test the State's compliance with *7 CFR 273* at a high level (e.g., policies and procedures); and
- Test a statistically significant sample of active cases for compliance at a granular level.

Assessment fieldwork was performed at the Missouri headquarters of FSD in Jefferson City between mid-April and mid-May 2016. This agreed-upon procedures engagement was conducted in accordance with GAGAS.

4 Findings and Recommendations

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

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

Three exceptions were identified during performance of the review procedures in the Part 1 Checklist, as discussed in Findings 1, 2 and 3 below.

Finding 1: FSD determined an ineligible student to be eligible

Our testing identified one case that did not meet compliance requirements under *7 CFR §273.5, Students.*

Federal statute[12] and regulations state, an individual who is enrolled at least half-time in an institution of higher education shall be ineligible to participate in the Food Stamp Program unless the individual qualifies for one of the exemptions. An individual is considered to be enrolled in an institution of higher education if the individual is enrolled in a business, technical, trade, or vocational school that normally requires a high school diploma or equivalency certificate for enrollment in the curriculum or if the individual is enrolled in a regular curriculum at a college or university that offers degree programs regardless of whether a high school diploma is required.[13]

In response to our request for a list of all SNAP recipients who were also students during the scope period, and the exemption type that each was attributable to, we received a file of 9,052 students. We non-statistically selected a sample of 15 students to review.

As noted, we identified one case of non-compliance. Specifically, FSD incorrectly classified an individual as an eligible student when the individual was not enrolled in an institution of higher education and did not meet exemption requirements. We did not see evidence in the case file to indicate the individual would have been otherwise eligible.

There were a couple of factors that caused the non-compliance. First, the case comments cited "OT Review," which program management explained was a period of time in 2015 when FSD was offering overtime to eligibility specialists to clear a large backlog of applications. During this period, there may have been cases that did not receive the time and attention needed, in order to process the backlog timely. Additionally, the State agency was undergoing an organizational realignment and restructuring where the application processing and determination of eligibility went from a decentralized process to a more centralized one, as previously described. We determined that based on these factors the individual was incorrectly classified as a student.

As a result, the household received $150 per month in benefits for 6 months without being enrolled in an institution of higher education or having a verified exemption resulting in potential improper payments of $900.

FNS Recommendation 1

Require Missouri FSD to review the identified case and verify exemption to determine if payments were improper and warrant establishment of a claim.

Agency Response

In its August 22, 2016, response FNS stated:

> Upon review by FSD, this SNAP recipient was misidentified as a student and was not enrolled in higher education. This correction had no impact on the amount of benefits received for this review period. FSD has added this verification to the client record. Therefore, a claim is not warranted since an overpayment did not occur. No further action is needed for this case.
>
> **Estimated Completion Date:** Completed as of July 31, 2016

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[12] *USC, Title 7, Chapter 51 § 2015 (e)*

[13] *7 CFR §273.5*(a), 2016

FNS Recommendation 2

Recommend Missouri FSD establish a process in the benefit management system to ensure education information (both verification of enrollment in an appropriate institution and proper exemption) is recorded prior to certification as an eligible student.

Agency Response

In its August 22, 2016, response FNS stated:

> FSD does not believe programming changes are needed at this time; however, the next benefit determination system is currently being procured and will be designed to support processors and cross reference information known to the agency.
>
> Rather, FSD is committed to enhancing all communications with SNAP processors in order to ensure the consistent and accurate application of student policies. This will include, but not be limited to, the development of training, written communications (memorandum, email, etcetera) and statewide conference calls. Job aids will be updated and/or created to support staff as needed and be available on the intranet for ease of reference. In addition to the interactive interview, education information will be thoroughly reviewed with each SNAP recipient to ensure exemptions are applied as appropriate on a case-by-case basis. FSD will perform targeted case reviews to ensure the proper application of this policy.
>
> FNS supports FSD with the aforementioned proposed strategies to ensure the consistent application of the student policy.
>
> **Estimated Completion Date:** June 30, 2017

Finding 2: FSD did not record or verify an SSN when provided

Our testing disclosed two cases that did not meet compliance requirements under *7 CFR §273.6, Social Security Numbers.*

Federal regulations (*7 CFR §273.6, Social Security Numbers*) require, for those individuals who provide SSNs prior to certification, recertification or at any office contact, the State agency shall record the SSN and verify it.[14]

We requested from FSD a list of individuals who received SNAP benefits during FY15 and did not have an SSN entered in FAMIS. We received a file of 6,155 recipients. Many of the recipients were newborns and as such, are permitted six months or until the next certification, which ever was longer, before they were required to provide an SSN or good cause for not doing so. TFC tested a non-statistical sample of 15 cases, and identified two cases (neither were newborns) where individuals provided FSD an SSN but the SSN was not recorded in FAMIS or verified with the Social Security Administration (SSA).

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[14] *7 Code of Federal Regulations (CFR) §273.6 Social Security Numbers, (b)(1)*

We determined the cause was FSD case workers not following up with recipients and recording the SSN in FAMIS when the SSN was provided. During the certification process caseworkers rely on the "flow," which is FAMIS's data entry screen progression for updating recipient files. When in the flow, key data screens have a "mandatory stop" where you can't continue until you have entered information. Since good cause had previously been determined, the system did not require a "mandatory stop" to update the SSN. Therefore, the case worker skipped this screen and failed to enter the SSN into FAMIS.

As a result of not entering the recipients SSN into FAMIS, FSD was not able to verify the individuals SSN with SSA and may have improperly issued benefits to an individual who should not have received them.

FNS Recommendation 3

Require FSD to enter the SSN for the two cases identified into the benefits management system and verify the SSN with SSA to ensure the recipients were eligible to receive benefits, or if otherwise, to take appropriate action.

Agency Response

In its August 22, 2016, response FNS stated:

> The State of Missouri assigns unique identifiers (DCNs) for multiple programs. One of the SNAP recipients had multiple DCNs, even though their actual SSN was verified with the Social Security Administration (SSA) yet not visible during the time of this review within the client record. The DCNs have been combined for this client record upon discovery. The SSNs for both of the identified cases were verified with the SSA. This is recorded in FSD's benefits management system. FNS concurs with actions taken to ensure integrity of federal funds for these SNAP recipients and there are no further actions needed for these cases.
>
> **Estimated Completion Date:** Completed as of July 31, 2016

FNS Recommendation 4

Recommend FSD update its record keeping process to ensure SSNs are recorded in the benefits management system when provided by the recipient.

Agency Response

In its August 22, 2016, response FNS stated:

> All FSD staff are expected to enter the SSN into the benefit determination system for all applicants as well as their household members. Refusal or failure without good cause to provide or apply for an SSN results in ineligibility of the individual for whom an SSN is not provided. FSD's policies support this regulation. FSD will re-train staff statewide to ensure this policy is consistently applied. FSD's action plan for OIG recommendation 5 supports the consistent application of this policy.
>
> **Estimated Completion Date:** March 31, 2017

FNS Recommendation 5

Recommend FSD perform periodic reviews of SNAP recipients who have not provided an SSN to ensure records are maintained accurately and SSNs are recorded and verified in accordance with 7 *CFR 273.6* requirements.

Agency Response

In its August 22, 2016, response FNS stated:

> FSD will perform monthly reviews of cases that contain household members without SSNs to ensure records are maintained and that FSD is in compliance with 7 CFR §273.6. Additionally, FSD is preparing to implement a daily interface with the Social Security Administration (via BENDEX) as a means to verify identity and SSNs. FNS has supported FSD with implementing the use of BENDEX and concurs periodic reviews will enhance program integrity and overall access for SNAP applicants.
>
> **Estimated Completion Date:** March 31, 2017

Finding 3: The State agency did not report IPVs to FNS timely

Our testing of *7 CFR §273.16, Disqualification for Intentional Program Violation,* disclosed three cases of non-compliance.[15] Specifically, the State agency did not enter three individuals with IPVs into FNS' Electronic Disqualified Recipient System (eDRS) within 30 days after the decision date.

Federal regulations state that each State agency shall report to FNS information concerning individuals disqualified for an Intentional Program Violation. This information shall be submitted to FNS so that it is received no more than 30 days after the date the disqualification took effect.[16]

Further, State agencies shall report information concerning each individual disqualified for an Intentional Program Violation to FNS. FNS will maintain this information and establish the format for its use,[17] and State agencies shall report information to the disqualified recipient database in accordance with procedures specified by FNS.[18] The disqualified recipient database is eDRS.

We determined the cause was due to Missouri's implementation of a new real-time web based reporting system on January 9, 2015. The old system was a three month batch reporting system. The three cases we noted with exceptions had a decision date prior to January 9, 2015, resulting in the cases not being recorded in eDRS in accordance with *7 CFR §273.16.* In addition, personnel with eDRS access left the State agency in 2014. Also, based on discussions with FSD leadership, the process for acquiring access to eDRS for new personnel is time-consuming and prevented IPVs from being reconciled and entered into eDRS in accordance with *7 CFR 273* requirements.

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[15] The universe of IPVs tested was 610.

[16] *7 CFR §273.16(i)(1)*, 2016

[17] *7 CFR §273.16(i)(2)*, 2016

[18] *7 CFR §273.16(i)(2)(i)*, 2016

As a result, the three individuals were not entered into eDRS timely and would not have been identified by other States or Territories that may have checked the system for those individuals at that time. This is a repeat finding and is included in the November 2015 Corrective Action Plan (CAP).[19]

FNS Recommendation 6

Recommend Missouri FSD ensure the proper operation of the benefits management system and eDRS interface to effectively communicate correct IPV data to eDRS in a timely manner.

Agency Response

In its August 22, 2016, response FNS stated:

> FSD chose to automate the exchange of information between its benefit management system (FAMIS) and eDRS in January 2015 in order to ensure that all disqualified recipients records are updated before the required 30 day timeframe. Necessary additions, modifications and deletions are updated between FSD's benefit management system and eDRS through a nightly batch process or upon request in real time. FNS has validated this timely interface through onsite reviews during this audit review period to date. No additional action is needed for this recommendation.
>
> **Estimated Completion Date:** Completed as of March 23, 2016

FNS Recommendation 7

Recommend FSD institute a succession plan for personnel with eDRS access to include a process to grant State personnel expedited access to prevent future coverage gaps.

Agency Response

In its August 22, 2016, response FNS stated:

> Multiple FSD staff from different units (SNAP, Welfare Investigations Unit, System Processors) have established and maintain eDRS access in order to plan for succession and coverage gaps. FNS routinely facilitates access to eDRS for FSD as requested. No additional action is needed for this recommendation.
>
> **Estimated Completion Date:** No additional action needed as of August 17, 2016.

FNS Recommendation 8

Recommend Missouri FSD perform periodic reconciliations of IPVs in its benefits management system and eDRS to ensure compliance with *7 CFR §273.16*.

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[19] This finding originally reported in the 2013 Recipient Integrity Report.

Agency Response

In its August 22, 2016, response FNS stated:

> In order to reconcile the IPVs and ensure compliance with 7 CFR §273.16, a monthly report began being generated and worked collaboratively between the benefit management system and FSD's Welfare Investigations Unit (WIU) in July 2014. This report is routinely reviewed to reconcile disqualifications. Each disqualification is reviewed in order to ensure accurate and consistent records are up-to-date between the WIU database, the benefit determination system and eDRS. Any discrepancies between these records are immediately addressed by FSD. FNS concurs that no additional action is needed for this recommendation.
>
> **Estimated Completion Date:** No additional action needed as of August 17, 2016.

FNS Recommendation 9

Recommend the three cases identified above be reconciled with other State/Territory eDRS queries performed during the coverage gap period to identify disqualified individuals who may have attempted to receive benefits in another State/Territory.

Agency Response

In its August 22, 2016, response FNS stated:

> The identified cases were reviewed and each customer has not received SNAP in another state during and since the review period. FNS and FSD concur that no further action is needed.
>
> **Estimated Completion Date:** Completed as of July 27, 2016

4.2 Part 2, Checklist for Review of Active Cases

Our review of 100 randomly selected active cases[20] followed the review procedures specified in the Part 2 Checklist for Review of Active Cases, and disclosed four cases with five instances of non-compliance as detailed in Findings 4 through 6 below. This resulted in an error rate of four percent in our sample, enabling us with a 95 percent confidence level, to project an error rate of 9.16 percent or less in the population.

Finding 4: FSD did not maintain recipient ID in a case file

We identified one case where FSD was not in compliance with *7 CFR §273.2, Office Operations and Application Processing.* FSD did not maintain required documentation in the benefits management system. Specifically, FSD did not maintain proper Identification Documentation for a household's initial application.

[20] The universe of active cases during the scope period (October 2014 - September 2015) was 532,969.

Federal regulations (*7 CFR §273.2, Office Operations and Application Processing)* require that State agencies shall verify the identity of the person making application prior to certification for households initially applying.[21] Further, case files must be documented to support eligibility, ineligibility, and benefit level determinations. Documentation shall be in sufficient detail to permit a reviewer to determine the reasonableness and accuracy of the determination.[22]
We determined the cause was attributable to Missouri's implementation of a new digital document imaging and filing system. The State was maintaining the documentation physically and when most documentation was digitized and uploaded into the State's virtual file room, the identification for this case was not included. After the documentation was uploaded it was moved to a warehouse and as of the last date of on-site fieldwork was not provided to us electronically or in hard-copy.

As a result, reviewers who may subsequently review the case will not have the required documentation on file that verifies the individuals identity in accordance with *7 CFR §273.2*.

FNS Recommendation 10

Require Missouri FSD obtain documentation to verify the identity of the individual identified and upload the required documentation into the case file of the virtual file room in accordance with *7 CFR §273.2*.

Agency Response

In its August 22, 2016, response FNS stated:

> The identified case was reviewed by FSD and a hard copy of this SNAP recipient's identity verification was located in a paper file under a different last name and has been added to the electronic record. FNS concurs that current FSD policies and practices require staff to verify an applicant's identity per 7 §CFR 273.2. FNS concurs that no additional action is needed for the recommendation.
>
> **Estimated Completion Date:** Completed as of July 31, 2016

Finding 5: FSD did not verify student exemption for one student

We identified one case where FSD was not in compliance with *7 CFR §273.5, Students.* Specifically, FSD did not verify the student qualified for exemption requirement.

Federal statute[23] and regulations state, an individual who is enrolled at least half-time in an institution of higher education shall be ineligible to participate in the Food Stamp Program (SNAP) unless the individual qualifies for an exemption.

We determined the cause was that the FSD case worker did not record student exemption information in the benefits management system during the certification/recertification process

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[21] *7 CFR §273.2(f)(1)* and *(vii)*

[22] *7 CFR §273.2(f)(6)*

[23] *USC, Title 7, Chapter 51 § 2015 (e)*

since that information is not generally required for most cases. The "flow" (FAMIS's data entry screen progression for updating recipient files) did not include a "mandatory stop" (a stop in the application process that requires data to be entered) for the case worker to enter the student's exemption type.

As a result, the household received benefits on behalf of a member that may not have been eligible and may have received improper payments. This case also reported in Finding # 6(b) below.

Recommendations #2 in the State's compliance section is applicable to this finding and should also mitigate here as well.

FNS Recommendation 11

Require Missouri FSD review the identified case to determine if payments were improper and warrant establishment of a claim.

Agency Response

In its August 22, 2016, response FNS stated:

> The identified case was reviewed by FSD which confirmed that the student status for one of the household members was unverified and entered inaccurately into the benefit management system. Therefore, FSD has registered a claim to establish if a SNAP overpayment occurred. FNS agrees with FSD with this course of action for this SNAP recipient.
>
> **Estimated Completion Date:** November 30, 2016

Finding 6: FSD did not comply with work provisions for three cases

During the testing of *7 CFR §273.7, Work provisions,* we identified three cases where FSD was noncompliant; two related to verification of voluntary quit, and one related to a change in circumstance and work registration.

> **Work Provisions Finding 6 (a) Voluntary Quit** - Per Federal regulation *7 CFR §273.7, Work Provisions*, when a household files an application for participation, or when a participating household reports the loss of a source of income or a reduction in household earnings, the State agency must determine whether any household member voluntarily quit his or her job or reduced his or her work effort.[24]
>
> We identified two cases where recipients submitted applications that indicated they had "quit or been laid off" from their job within the last 60 days, and the job quit date was recorded in the benefits management system, but there was no evidence that verification was performed to determine the reason for termination.
>
> We determined the cause was due to FSD's effort to clear the backlog of applications previously mentioned. During this period, there may have been cases that did not receive the time and attention needed, in order to process the backlog timely. Also, the

[24] *7 CFR §273.7 (j)(3)*

State agency was undergoing an organizational realignment and restructuring where the application processing and determination of eligibility went from a decentralized process to a more centralized one, as previously described. Since benefits must not be delayed pending the outcome of voluntary quit, we determined the priority to meet processing times prevented the outcome of a voluntary quit determination.

Work Provisions Finding 6 (b) Work Registration – Per Federal regulation *7 CFR §273.7, Work Provisions*, those persons who lose their exemption due to a change in circumstances that is not subject to the reporting requirements of *7 CFR §273.12* must register for employment at their household's next recertification.

We identified one case that was recertified when one member of the household was determined to be eligible as a child, but they should have been subject to work provision requirements or determined eligible under another exemption type.

The case involved a household member who was determined eligible as a child in high school, but aged out and the records were not updated. Specifically, the cause was the work provision screen in the benefits management system included a code for one household member that indicated she was eligible as a "16-18 year old in high school" but at the time of re-certification, the individual was actually 19 years of age and in college. Further, there was no indication that the individual qualified for any of the student exemption types. This case also reported in Finding #5 above.

As a result, the information in the three case files in the benefits management system did not contain complete and accurate information required to make a determination of eligibility in accordance with *7 CFR §273.7* and therefore the individuals may have been incorrectly determined eligible and the households potentially received improper payments.

FNS Recommendation 12

Require for the voluntary quit cases that Missouri FSD review the cases and verify the reason for termination of employment for each applicant and perform a redetermination of eligibility and if warranted, establish a claim.

Agency Response

In its August 22, 2016, response FNS stated:

> The identified cases were reviewed by FSD and no overpayment occurred for either SNAP recipient. One of cases was eligible for a work exemption even though this individual had an unverified job quit. The second SNAP recipient returned the re-application for benefits more than 60 days before her recertification period. Even though she reported the job quit on this early re-application, FSD investigated the job quit to confirm that she had misreported the timeframe of her job quit. Therefore, FSD reviewed and documented information associated with this case in Federal Fiscal Year (FFY) 2015. No further action is needed for these recommendations.
>
> **Estimated Completion Date:** Completed as of June 14, 2016

FNS Recommendation 13

Require Missouri FSD to review the work provision case to determine if improper payments were made and warrant establishment of a claim.

Agency Response

In its August 22, 2016, response FNS stated:

> The identified case was reviewed by FSD. This SNAP recipient should have been exempt at the time of application. The incorrect work provision code was applied by FSD staff. Since this review, the proper work provision code was applied by FSD staff. Since this review, the proper work provision code was corrected within the benefit management system. FSD has determined that no overpayment occurred. No further action is needed for this recommendation.
>
> **Estimated Completion Date:** Completed as of August 16, 2016

FNS Recommendation 14

Require FSD to establish a process in the benefit management system to ensure work provision requirements are met prior to certification/recertification.

Agency Response

In its August 22, 2016, response FNS stated:

> FSD does not believe programming changes are needed at this time; however, the next benefit determination system is currently being procured and will be designed to support processors and cross reference information known to the agency.
>
> Rather, FSD is committed to enhancing all communications with SNAP processors in order to ensure the consistent and accurate application of work provisions. This will include, but not be limited to, the development of training, written communications (memorandum, email, etcetera) and statewide conference calls. Job aids will be updated and/or created to support staff as needed and be available on the intranet for ease of reference. In addition to the interactive interview, work provision requirements will be thoroughly reviewed with each SNAP recipient to ensure exemptions are applied as appropriate on a case-by-case basis. FSD will perform targeted case reviews to spot check the application of this policy.
>
> FNS supports FSD with the aforementioned proposed strategies to ensure the consistent application of the student policy.
>
> **Estimated Completion Date:** June 30, 2017

5 Best Practices/Performance Improvement Opportunities

We avoid being overly prescriptive in our recommendations in recognition of FSD and FNS' roles and responsibilities under Federal Statute and SNAP regulations. However, recommendations #2, 4, and 14 pertain to areas where findings could have been mitigated if the "flow" contained a mandatory stop specific to each of these areas. This was briefly discussed at the State agency close out meeting, and we would encourage FSD to include revisions to its next generation benefits management system such that if the "flow" is maintained, it is adapted to accommodate these *7 CFR 273* requirements.

Also, during testing of active cases, we noted one case where a disqualification had been recorded for a drug conviction that the judge subsequently overturned. We noted the case worker/eligibility specialist had deleted the disqualification in FAMIS. Although the deletion was justified, we would recommend that case worker access to the disqualification screen be changed to read only to prevent unauthorized access and to assign these duties to the appropriate division/office.

Appendix A: Summary of Test Procedures and Results of Testing

Part 1, Checklist for Review of State's Compliance Results from Testing 7 CFR 273		
7 CFR Subsection	**Review Procedures**	**Were exceptions found as a result of applying the procedure?**
§273.1 Household Concept	Inquire whether the State has any definitions of SNAP "Households" that deviate from the regulations. If so, determine why and if FNS has approved the deviation.	No
§273.2 Office Operations and Applications Processing	For the scope period, determine whether the State's documented operating procedures for SNAP application processing are in accordance with the regulations. Specifically, determine whether the State has maintained information to document the following: a) Households that have failed to cooperate with eligibility determination or re-verification of eligibility, and if so, if those Households were refused benefits. Please capture the number of Households involved. b) Households that have failed to cooperate with the State's Quality Control (QC) reviews, and if so, if those Households were refused benefits. Please capture the number of Households involved.	No
§273.3 Residency	Determine what type of residency documentation the State uses to verify that SNAP applicants reside in the State where they have submitted a SNAP application, and how often it is re-verified.	No
§273.5 Students	Determine whether the State has support for the number of "students' participating in SNAP and the exemption type that each has been designated. If so, obtain copies of the support documentation.	Exception noted, reference finding #1
§273.6 Social Security Numbers	Determine whether the State has support for the number of SNAP recipients who are participating that have not provided an SSN, and if all of them have proper justification for not doing so. Obtain copies of the support documentation.	Exception noted, reference finding #2
§273.7 Work Provisions	Determine whether the State has support for the number of SNAP recipients who are also working and adequately meeting the SNAP Work provisions. If so, obtain copies of the support documentation.	No
§273.7 Work Provisions	Also, determine the number of SNAP recipients who are required to meet the SNAP work provisions, but for some reason (State waiver, etc.) have not done so.	No

Part 1, Checklist for Review of State's Compliance Results from Testing 7 CFR 273		
7 CFR Subsection	**Review Procedures**	**Were exceptions found as a result of applying the procedure?**
§273.8 Resource Eligibility Standards	Determine whether the State has support documentation for the number of SNAP Recipients that have been excluded from the Resource Eligibility standards because of Categorical Eligibility or Broad Based categorical Eligibility. For those SNAP recipients that are subject to the Resource eligibility standards, has the State maintained support documentation to verify that they have met the resource eligibility standards?	No
§273.9 Income and Deductions	Determine whether the State has support documentation to demonstrate how many of the State's SNAP recipients fall under either the a) 130 percent of the Federal poverty level income limit or b) categorical or broad based categorical eligibility	No
§273.10 Determining Household Eligibility and Benefit Levels	Determine whether the State certification of eligibility, including income, deductions, and resources is a) Accomplished using third party documentation or whether these amounts are self-certified by the applicant. b) Affected by the payment(s) of Low Income Energy Assistance Act subsidies to the applicant.	No
§273.11 Action on Households with Special Circumstances	Determine whether the State has support documentation to identify those SNAP Households where one or more members have been disqualified from SNAP, and if so, identify the exact number of disqualified individuals and households compared to the State's total SNAP recipients and Households.	No
§273.12 Requirements for Change Reporting Households	Determine for each of the following eligibility factors whether the State requires SNAP Household changes that trigger reporting to be reported when they happen (or usually within 10 days) or at the next recertification, or never, and what regulations they use to justify those procedural guidelines: a) Earned income b) Unearned income c) Deductions/expenses d) Low Income Heating and Energy Program (LIHEAP) subsidy e) Resources f) Assets g) Household size h) Work provision compliance	No

Part 1, Checklist for Review of State's Compliance Results from Testing 7 CFR 273		
7 CFR Subsection	**Review Procedures**	**Were exceptions found as a result of applying the procedure?**
§273.13 Notice of Adverse Action	Determine the number of adverse action notices sent out in the State for the last two Fiscal Years, the number of these that were successfully appealed, and the resulting number of adverse actions that actually were implemented.	No
§273.14 Recertification	Determine the following for the current months' (or select a consistent sample month for all State contracted reviews) SNAP caseload (participating Households): a) How often the entire caseload of Households are recertified; b) How many recertifications involve face-to face interviews; c) How many recertifications require a household's authorized signature; and d) How many include re-verification of eligibility information. For example, 50 percent are recertified every six months and 50 percent are recertified every 12 months.	No
§273.14 Recertification	Also, determine if the State has procedures to ensure that: a) An adequate Notice of Expiration has been developed by the State; and b) Applicant eligibility information is maintained by the authorizing SNAP office.	No
§273.16 Disqualification for Intentional Program Violation	For the Scope period, determine the following: a) The number of Intentional Program Violations (IPV) identified by the State for the last three FYs; b) The number of IPVs reported to FNS by the State; c) The number of IPVs the State has classified as inadvertent household errors using the regulation passage cited in the criteria below; and d) Whether all IPV cases reported to FNS were entered onto the disqualified recipient database in accordance with procedures specified by FNS.	Exception noted, reference finding #3

Part 1, Checklist for Review of State's Compliance Results from Testing 7 CFR 273		
7 CFR Subsection	**Review Procedures**	**Were exceptions found as a result of applying the procedure?**
§273.18 Claims Against Households	Identify for the Scope period: a) The number of claims against Households broken down by IPV, IHE, and AE, and if they were all reported to FNS accurately and for the correct period; b) Whether all types of errors can result in claims against Households; c) The dollar value of claims established against Households; d) The dollar value of claims actually recovered, whether recovered in part or in full; e) A breakdown of the amounts recovered by recovery method (reduction in benefits, cash, Treasury offset, etc.); f) The number and dollar value of claims against Households written off by the State; and g) A breakdown of the claims written off by the justification for the write-offs.	No
§273.18 Claims Against Households	Also, determine if the State has documented Claims Against Households policy and procedures, the date of the last update or current date of those policy/procedures, and whether those policies and procedures were: a) Approved by FNS; and b) Timely and consistently disseminated to all of the State's local (Welfare) offices	No
§273.20 SSI Cash-Out	For the State of California, determine the following: a) If the State has policy and procedures to ensure that those who receive CA SSI benefits do not also receive SNAP benefits in CA for the same period; b) If the State has policy and procedures to ensure that those that receive CA SSI benefits do not also receive SNAP benefits in other States for the same period; and c) The number and dollar value of recipients on (a) the SNAP program and (b) the CA SSI program	N/A for the State of Missouri

Part 1, Checklist for Review of State's Compliance Results from Testing 7 CFR 273		
7 CFR Subsection	**Review Procedures**	**Were exceptions found as a result of applying the procedure?**
§273.21 Monthly Reporting and Retrospective Budgeting (MRRB)	For the Scope period, determine the following: a) How much of the State's SNAP caseload (both in number of Households and SNAP dollars) are on the one or two-month MRRB reporting system; b) If the State has accurate policies and procedures for the inclusion and exclusion of SNAP recipients from the MRRB process; and c) If the State no longer uses MRRB, have they received an official written waiver from the FNS Administrator to no longer use it	N/A for the State of Missouri
§273.23 Simplified Application and Standardized Benefit Projects	For the Scope period, determine the following: a) How many (Households and SNAP dollar value) SNAP recipient are on the Simplified Application and Standardized Benefit Project program versus the State's entire SNAP Household caseload; b) If FNS has approved the State's Official Work Plan for this Program; c) If the Work Plan accurately defines "Project-eligible households" and "Determining Food Stamp Program eligibility" in accordance with the regulations; and d) If the State monitored compliance with the Official Work Plan approved by FNS	N/A for the State of Missouri
§273.24 Time Limit for Able-Bodied Adults	For the Scope period, determine the following: a) If the State has an FNS approved Workfare Program. If not, does the State have a waiver from FNS or is there other authorizing statute or regulation that eliminates the need for a State Workfare Program? b) If the Workfare Program State Plan has a definition of SNAP "Able-bodied adults." c) If the State has information which identifies all able-bodied adults in its entire SNAP caseload. If so, obtain the number of able-bodied adults and their relative SNAP benefits authorized versus the entire SNAP Household caseload and SNAP benefits authorized Statewide. d) The number of Households and related SNAP benefit dollars of those Households that actively participate in any (a) a State approved work related employment and training program or (b) that actually work versus the entire SNAP caseload of Households and SNAP benefit dollars. e) If the State can identify in its entire SNAP Household caseload how many Households	No

Part 1, Checklist for Review of State's Compliance Results from Testing 7 CFR 273		
7 CFR Subsection	**Review Procedures**	**Were exceptions found as a result of applying the procedure?**
	have been receiving SNAP for three years or less and for more than three years. Obtain from the State an "aging" profile of their entire SNAP caseload, broken down by how many months (on average or actual by each Household) Households have (continually) received SNAP benefits. f) If SNAP (average or actual) duration of participation in SNAP is not maintained or summarized or available from the State, what information the State provides to FNS so that FNS may publicize the "average" participation time of SNAP Households (as in Performance Reports and Hearings). If SNAP (average or actual) duration of participation in SNAP is not maintained or summarized or available from the State, for a current month to be selected, perform an aging analysis on the month's total SNAP caseload. If that information is too unwieldy or excessive for a reasonable time for summarization, obtain the electronic information necessary from the State to be able to perform that analysis.	
§273.25 Simplified Food Stamp Program (SFSP)	Determine if the State has an FNS approved SFSP Plan and the date it was approved.	N/A for the State of Missouri
273.25 Simplified Food Stamp Program (SFSP)	The State provided an opportunity for public input on the proposed SFSP plans (with special attention to changes in benefit amounts that are necessary in order to ensure that the overall proposal not increase Federal costs) through a public comment period, public hearings, or meetings with groups representing participants' interests. Final FNS approval will be given after the State informs the Department about the comments received from the public.	N/A for the State of Missouri
273.25 Simplified Food Stamp Program (SFSP)	Also, determine for the Scope period the number of SNAP Households and their related SNAP benefit dollars that are on the SFSP as compared to the State's entire SNAP Household caseload.	N/A for the State of Missouri

Part 2, Checklist for Review of Active Cases Results from Testing 7 CFR 273		
7 CFR Subsection	**Review Procedures**	**Were exceptions found as a result of applying the procedure?**
§273.1 Household Concept	Determine if each member of the SNAP household is an eligible household member as defined by 7 CFR 273.1.	No
§273.2 Office Operations and Applications Processing	Was the application or re-certification processed in accordance with the State's documented operating procedures?	Exception noted reference finding #4
§273.2 Office Operations and Applications Processing	Did the household fail to cooperate during the eligibility determination process or with the State's QC review process? If so, was the household refused benefits?	No
§273.3 Residency	Determine if the recipient's residency was evaluated and that the case was certified based upon appropriate residency documentation.	No
§273.5 Students	Determine if the State agency appropriately identified the student status of the household members in accordance with 7 CFR 273.5.	Exception noted reference finding #5
§273.6 Social Security Numbers	Determine if the SNAP household provided social security numbers in accordance with 7 CFR 273.6.	No
§273.7 Work Provisions	Was the determination on whether the household was required to participate or exempt from work requirements appropriate as defined in 7 CFR 273.7? Ensure that the verification used to make this determination was appropriate.	Exception noted reference ending #6
§273.8 Resource Eligibility Standards	Was the household required to meet resource eligibility standards? If not, document the reason.	No
§273.8 Resource Eligibility Standards	If the household is required to meet resource eligibility standards, determine if the State agency appropriately verified the household's resources in accordance with 7 CFR 273.8.	No
§273.9 Income and Deductions	Determine if the State agency appropriately determined and verified the household's gross income in accordance with 7 CFR 273.9.	No
§273.10 Determining Household Eligibility and Benefit Levels	Was the household eligibility and benefit level determinations made with documentation verified by a third party? If not, describe the circumstances that caused the State agency to determine eligibility and benefit level through self-certification. Also, was the household's eligibility and benefit level determination affected by Low Income Energy Assistance Act subsidies received by the household?	No
§273.11 Action on Households with Special Circumstances	Does the household contain one or more members who are disqualified from SNAP?	No

Part 2, Checklist for Review of Active Cases Results from Testing 7 CFR 273		
7 CFR Subsection	**Review Procedures**	**Were exceptions found as a result of applying the procedure?**
§273.12 Requirements for Change Reporting Households	If a change occurred that was required to be reported by the household, document if the household reported the change and the State agency handled it appropriately in accordance with the regulations.	No
§273.14 Recertification	For the Scope period, document the number of times the household was recertified, whether a face-to-face interview was conducted, whether the State agency required the household's authorized signature, and whether the household's eligibility information was maintained and re-verified in accordance with 7 CFR 273.14.	No
§273.16 Disqualification for Intentional Program Violation.	Was any member of the household disqualified through an Intentional Program Violation (IPV)? If so, how many?	No
§273.16 Disqualification for Intentional Program Violation.	Was the recipient who was disqualified through an IPV reported to FNS?	No
§273.16 Disqualification for Intentional Program Violation.	Was the recipient who was disqualified through an IPV classified as an inadvertent household error?	No
§273.16 Disqualification for Intentional Program Violation.	Was the recipient who was disqualified through an IPV entered onto the disqualified recipient database in accordance with procedures specified by FNS?	No
§273.18 Claims Against Households	Has a claim ever been established against this household? If so, what was the reason for the claim and its dollar value? Was it recovered? If so, how was it recovered? If not, why not? If it was ultimately written off, what was the justification for the write-off?	No
§273.24 Time Limit for Able-Bodied Adults	Are there any able-bodied adults as defined in 7 CFR 273.24 contained in the household? If so, how many? (All adults are considered able-bodied unless they meet the exceptions described in CFR 273.24 (c).)	No
§273.24 Time Limit for Able-Bodied Adults	Was the household treated appropriately with respect to the requirements placed on able-bodied adults, as described in 7 CFR 273.24?	No

Appendix B: Summary of Monetary Results

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

Finding	Recommendation	Description	Amount	Code/Category
1	1	FSD determined an ineligible student to be eligible	$900	Questioned Costs, Potential Recovery
Total Monetary Result			**$900**	

Appendix C: FNS Response to AUP Report

USDA'S
FNS
RESPONSE TO AUP REPORT

United States Department of Agriculture

Food and Nutrition Service

3101 Park Center Drive
Room 712

Alexandria, VA 22302-1500

DATE: August 22, 2016

AUDIT NUMBER: 27601-0006-10

TO: Gil H. Harden
Assistant Inspector General for Audit

FROM: Audrey Rowe /s/
Administrator
Food and Nutrition Service

SUBJECT: Missouri's Compliance with SNAP Certification of Eligible Households

This letter responds to the official draft report for audit number 27601-0006-10, Missouri's Compliance with Supplemental Nutrition Assistance Program (SNAP) Certification of Eligible Households. Specifically, the Food and Nutrition Service (FNS) is responding to the fourteen recommendations in the report.

OIG Recommendation 1:

Require Missouri FSD to review the identified case and verify exemption to determine if payments were improper and warrant establishment of a claim.

FNS Response:

Upon review by FSD, this SNAP recipient was misidentified as a student and was not enrolled in higher education. This correction had no impact on the amount of benefits received for this review period. FSD has added this verification to the client record. Therefore, a claim is not warranted since an overpayment did not occur. No further action is needed for this case.

Estimated Completion Date: Completed as of July 31, 2016

OIG Recommendation 2:

Recommend Missouri FSD establish a process in the benefit management system to ensure education information (both verification of enrollment in an appropriate institution and proper exemption) is recorded prior to certification as an eligible student.

FNS Response:

FSD does not believe programming changes are needed at this time; however, the next benefit determination system is currently being procured and will be designed to support processors and cross reference information known to the agency.

Rather, FSD is committed to enhancing all communications with SNAP processors in order to ensure the consistent and accurate application of student policies. This will include, but not be limited to, the development of training, written communications (memorandum, email, etcetera) and statewide conference calls. Job aids will be updated and/or created to support staff as needed and be available on the intranet for ease of reference. In addition to the interactive interview, education information will be thoroughly reviewed with each SNAP recipient to ensure exemptions are applied as appropriate on a case-by-case basis. FSD will perform targeted case reviews to ensure the proper application of this policy.

FNS supports FSD with the aforementioned proposed strategies to ensure the consistent application of the student policy.

Estimated Completion Date: June 30, 2017

OIG Recommendation 3:

Require FSD to enter the SSN for the two cases identified into the benefits management system and verify the SSN with SSA to ensure the recipients were eligible to receive benefits, or if otherwise, to take appropriate action.

FNS Response:

The State of Missouri assigns unique identifiers (DCNs) for multiple programs. One of the SNAP recipients had multiple DCNs, even though their actual SSN was verified with the Social Security Administration (SSA) yet not visible during the time of this review within the client record. The DCNs have been combined for this client record upon discovery. The SSNs for both of the identified cases were verified with the SSA. This is recorded in FSD's benefits management system. FNS concurs with actions taken to ensure integrity of federal funds for these SNAP recipients and there are no further actions needed for these cases.

Estimated Completion Date: Completed as of July 31, 2016

OIG Recommendation 4:

Recommend FSD update its record keeping process to ensure SSNs are recorded in the benefits management system when provided by the recipient.

FNS Response:

All FSD staff are expected to enter the SSN into the benefit determination system for all applicants as well as their household members. Refusal or failure without good cause to provide or apply for an SSN results in ineligibility of the individual for whom an SSN is not provided. FSD's policies support this regulation. FSD will re-train staff statewide to ensure this policy is consistently applied. FSD's action plan for OIG recommendation 5 supports the consistent application of this policy.

Estimated Completion Date: March 31, 2017

OIG Recommendation 5:

Recommend FSD perform periodic reviews of SNAP recipients who have not provided a SSN to ensure records are maintained accurately and SSNs are recorded and verified in accordance with 7 CFR §273.6 requirements.

FNS Response:

FSD will perform monthly reviews of cases that contain household members without SSNs to ensure records are maintained and that FSD is in compliance with 7 CFR §273.6. Additionally, FSD is preparing to implement a daily interface with the Social Security Administration (via BENDEX) as a means to verify identity and SSNs. FNS has supported FSD with implementing the use of BENDEX and concurs periodic reviews will enhance program integrity and overall access for SNAP applicants.

Estimated Completion Date: March 31, 2017

OIG Recommendation 6:

Recommend Missouri FSD ensure the proper operation of the benefits management system and eDRS interface to effectively communicate correct IPV data to eDRS in a timely manner.

FNS Response:

FSD chose to automate the exchange of information between its benefit management system (FAMIS) and eDRS in January 2015 in order to ensure that all disqualified recipients records are updated before the required 30 day timeframe. Necessary additions, modifications and deletions are updated between FSD's benefit management system and eDRS through a nightly batch process or upon request in real time. FNS has validated this timely interface through onsite reviews during this audit review period to date. No additional action is needed for this recommendation.

Estimated Completion Date: Completed as of March 23, 2016

OIG Recommendation 7:

Recommend FSD institute a succession plan for personnel with eDRS access to include a process to grant State personnel expedited access to prevent future coverage gaps.

FNS Response:

Multiple FSD staff from different units (SNAP, Welfare Investigations Unit, System Processors) have established and maintain eDRS access in order to plan for succession and coverage gaps. FNS routinely facilitates access to eDRS for FSD as requested. No additional action is needed for this recommendation.

Estimated Completion Date: No additional action needed as of August 17, 2016.

OIG Recommendation 8:

Recommend Missouri FSD perform periodic reconciliations of IPVs in its benefits management system and eDRS to ensure compliance with 7 CFR §273.16.

FNS Response:

In order to reconcile the IPVs and ensure compliance with 7 CFR §273.16, a monthly report began being generated and worked collaboratively between the benefit management system and FSD's Welfare Investigations Unit (WIU) in July 2014. This report is routinely reviewed to reconcile disqualifications. Each disqualification is reviewed in order to ensure accurate and consistent records are up-to-date between the WIU database, the benefit determination system and eDRS. Any discrepancies between these records are immediately addressed by FSD. FNS concurs that no additional action is needed for this recommendation.

Estimated Completion Date: No additional action needed as of August 17, 2016.

OIG Recommendation 9:

Recommend the three cases identified above be reconciled with other State/Territory eDRS queries performed during the coverage gap period to identify disqualified individuals who may have attempted to receive benefits in another State/Territory.

FNS Response:

The identified cases were reviewed and each customer has not received SNAP in another state during and since the review period. FNS and FSD concur that no further action is needed.

Estimated Completion Date: Completed as of July 27, 2016

OIG Recommendation 10:

Require Missouri FSD obtain documentation to verify the identity of the individual identified and upload the required documentation into the case file of the virtual file room in accordance with 7 CFR §273.2.

FNS Response:

The identified case was reviewed by FSD and a hard copy of this SNAP recipient's identity verification was located in a paper file under a different last name and has been added to the electronic record. FNS concurs that current FSD policies and practices require staff to verify an applicant's identity per 7 §CFR 273.2. FNS concurs that no additional action is needed for the recommendation.

Estimated Completion Date: Completed as of July 31, 2016

OIG Recommendation 11:

Require Missouri FSD review the identified case to determine if payments were improper and warrant establishment of a claim.

FNS Response:

The identified case was reviewed by FSD which confirmed that the student status for one of the household members was unverified and entered inaccurately into the benefit management system. Therefore, FSD has registered a claim to establish if a SNAP overpayment occurred. FNS agrees with FSD with this course of action for this SNAP recipient.

Estimated Completion Date: November 30, 2016

OIG Recommendation 12:

Require for the voluntary quit cases that Missouri FSD review the cases and verify the reason for termination of employment for each applicant and perform a redetermination of eligibility and if warranted, establish a claim.

FNS Response:

The identified cases were reviewed by FSD and no overpayment occurred for either SNAP recipient. One of cases was eligible for a work exemption even though this individual had an unverified job quit. The second SNAP recipient returned the re-application for benefits more than 60 days before her recertification period. Even though she reported the job quit on this early re-application, FSD investigated the job quit to confirm that she had misreported the timeframe of her job quit. Therefore, FSD reviewed and documented information associated with this case in Federal Fiscal Year (FFY) 2015. No further action is needed for these recommendations.

Estimated Completion Date: Completed as of June 14, 2016

OIG Recommendation 13:

Require Missouri FSD to review the work provision case to determine if improper payments were made and warrant establishment of a claim.

FNS Response:

The identified case was reviewed by FSD. This SNAP recipient should have been exempt at the time of application. The incorrect work provision code was applied by FSD staff. Since this review, the proper work provision code was applied by FSD staff. Since this review, the proper work provision code was corrected within the benefit management system. FSD has determined that no overpayment occurred. No further action is needed for this recommendation.

Estimated Completion Date: Completed as of August 16, 2016

OIG Recommendation 14:

Require FSD to establish a process in the benefit management system to ensure work provision requirements are met prior to certification/recertification.

FNS Response:

FSD does not believe programming changes are needed at this time; however, the next benefit determination system is currently being procured and will be designed to support processors and cross reference information known to the agency.

Rather, FSD is committed to enhancing all communications with SNAP processors in order to ensure the consistent and accurate application of work provisions. This will include, but not be limited to, the development of training, written communications (memorandum, email, etcetera) and statewide conference calls. Job aids will be updated and/or created to support staff as needed and be available on the intranet for ease of reference. In addition to the interactive interview, work provision requirements will be thoroughly reviewed with each SNAP recipient to ensure exemptions are applied as appropriate on a case-by-case basis. FSD will perform targeted case reviews to spot check the application of this policy.

FNS supports FSD with the aforementioned proposed strategies to ensure the consistent application of the student policy.

Estimated Completion Date: June 30, 2017

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