



Food and
Nutrition
Service

Retailer Policy and Management Division, SNAP
RPMD Policy Memorandum 2020-02

1320
Braddock
Place
Alexandria
VA 22314

Subject: EBT – Separation of Duties

Legislation: N/A

Regulations: 7 CFR 274.1(h)(2), 272.4(c)(1)-(2)

Supersedes: Policy Memorandum 2010-01, “Separation of Duties at the Local Agency”

Implementation: Upon Publication

OVERVIEW: This memo clarifies the requirement regarding the separation of issuance functions and when State agencies may implement exceptions.

CLARIFICATION:

Combining Issuance Functions Only

Per Federal regulations at 274.1(h)(2), State agencies should divide issuance responsibilities between at least two persons to prevent any single individual from having complete control over the authorization of issuances and the issuances themselves. Issuance functions that should be divided include, but are not limited to, maintenance of inventory card records, over-the-counter card issuance, and card mailings from the local office. Local offices that have only one person to handle all issuance functions must conduct a second-party review to verify EBT card inventory, the reconciliation of the mail/issuance log, and the number of mailings prepared or cards issued. No waiver or exception is required as long as a second-party review is conducted.

Examples of a second-party review include:

1. On a bi-weekly basis, the Daily/Weekly Inventory and Issuance Logs will be reviewed against the physical count of working card stock. These reports will continue to be kept on file at the County office for review.
2. On a bi-monthly basis, the Bulk Card Inventory Log will be reviewed against the physical count of the bulk card inventory.
3. On a monthly basis, the local office will continue to submit the Monthly Bulk EBT Inventory Reconciliation report and the Bulk EBT Card Inventory record to the State office.

Combining Issuance and Certification Functions

Per Federal regulations at 272.4(c), a State agency shall establish an organizational structure which divides the responsibility for eligibility determinations and issuance among certification, data management, and issuance units to safeguard certification and issuance records from unauthorized creation or tampering.

However, the regulations at 272.4(c)(2) allow for an exception to the separation of certification and issuance duties requirements if a State is able to show that it is administratively infeasible to separate unit responsibilities in order to meet the internal control requirements of 272.4(c). *In this situation, State agencies must receive prior FNS approval before implementing an exception process.* Inadequate staff in and of itself will not be considered adequate justification. The State must be able to explain why they are not able to have adequate staff and why central issuance at a location different from where certification takes place is not a viable alternative.

To receive approval, States must, at a minimum, establish special review procedures as required in 272.4(c)(2). These requirements include a second-party review every other month.

As an example, a second-party review may involve the following:

Every two months, Second Party Reviewers are required to conduct a random review of seventy-five percent (75%) of the new cases processed during the previous 2 months. The review should be completed on a randomly selected date utilizing a variety of methods. Without causing hardship to the household and as a precautionary measure to ensure that each case reviewed is a valid household, the Second Party Reviewer will attempt to contact each household.

Within two weeks of completion of the bi-monthly review, a report including the case numbers of the cases reviewed will be submitted to the State attesting to the fact that this review was completed. The State will provide the format for the report.

Please note: While we have provided some examples of a second-party review above, a State may choose to develop other standards. Each individual State can and should propose alternatives which make the most sense in their situation. Although approval is not required, the State should notify FNS of where they plan to implement these procedures.

Any questions regarding this policy should be directed to: SM.FN.RPMDHQ-WEB@usda.gov.

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