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NEWS RELEASE

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FOR RELEASE

April 5, 2018

Auditor of State Mary Mosiman today released a report on the Food Assistance Program (FA Program) administered by the Department of Human Services (DHS) for the period January 1, 2013 through June 30, 2016. The review was conducted to determine whether individuals' eligibility for food assistance is properly evaluated and whether changes in recipient eligibility are properly monitored and documented. In addition, the administration of the FA Program was reviewed to determine what, if any, procedures are in place to detect and/or prevent fraud or abuse.

The FA Program provides food assistance for families and individuals with low incomes and resources. Benefits awarded under the FA Program are provided on Electronic Benefit Transfer (EBT) cards which are used by recipients to purchase groceries at supermarkets, grocery stores, and certain farmers markets. Individuals must apply to receive food assistance and qualify if they:

- meet income guidelines,
- are a citizen or legal immigrant, or
- are a child born in the United States whose parents are not citizens.

The FA Program is funded primarily through federal appropriations. Federal funding is received through the Supplemental Nutrition Assistance Program (SNAP) administered by the Food and Nutrition Service within the U.S. Department of Agriculture (USDA-FNS).

Eligibility requirements for the FA Program address both income and resource limitations, as well as considering the expenses for which the household is responsible. Individuals seeking food assistance complete an application specifying the number of individuals in the household, reporting income from any employment, and summarizing available resources, such as bank account balances, and primary household expenses. A DHS case worker reviews the application and verifies the accuracy of the information reported by the applicant. In addition, the applicant is required to participate in an interview with the assigned case worker to ensure the accuracy of the information provided. Recipients are awarded benefits for a 6-month period and must reapply to continue to receive food assistance, except for disabled and elderly individuals who are awarded food assistance on an annual basis.

To verify any income reported by the applicants, the DHS case worker reviews Employer Statements of Earnings, individuals' pay stubs, or employment ledgers for self-employed individuals. However, supporting documentation for available resources, such as bank account balances, and household expenses, such as rent and utilities, is not requested. In addition, proof of residency is not required. Because not all information reported by the applicant is independently verified, an individual could receive food assistance benefits for which he or she is not eligible. If DHS case workers identify any concerns during the application process regarding an individual's eligibility, they notify investigators with the Department of Inspections and Appeals (DIA).

Mosiman reported there are various reports available to DHS to be used to prevent program misuse, such as reports of even dollar transactions, multiple consecutive transactions, or depletion of the monthly benefit amount in a single transaction. However, according to representatives of DHS, these reports are not very helpful and the data is overwhelming. They further stated the reports had to be looked at in conjunction with other information to identify any potentially inappropriate use of food assistance benefits. When asked to provide specific circumstances or criteria which could be applied to identify misuse, the DHS representatives provided no response. In addition to the available reports, DIA investigators also respond to tips received regarding potential misuse of food assistance benefits, such as selling EBT cards for cash.

No monitoring of improper vendor practices or improper purchases is done at the State level. Any concerns regarding potential misspending by the recipients or improper vendor practices are reviewed by the USDA-FNS. Transaction detail is not captured at the State level. The only transaction information reviewed is the purchase date, retailer location, and total dollar amount of the transaction. The individual items purchased are not reviewed because there are no federal restrictions on the items which can be purchased, other than tobacco and alcohol products.

Mosiman reported DHS is in compliance with federal regulations. However, Mosiman also recommended DHS strengthen independent verification procedures performed to ensure the accuracy of all information reported by FA Program applicants when determining eligibility for benefits and monitoring procedures to ensure incarcerated individuals receiving food assistance benefits are identified in a timely manner. In addition, DHS should identify and implement proactive controls to prevent program misuse rather than continue to utilize the reactive system currently in place.

A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1560-4010-B0P1>.

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**A REVIEW OF
THE FOOD ASSISTANCE PROGRAM
ADMINISTERED BY THE
DEPARTMENT OF HUMAN SERVICES**

**FOR THE PERIOD
JANUARY 1, 2013 THROUGH JUNE 30, 2016**

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Auditor's Transmittal Letter


To the Governor, Members of the General Assembly and the
Director of the Department of Human Services:

In conjunction with our audit of the financial statements of the State of Iowa and in accordance with Chapter 11 of the *Code of Iowa*, we conducted a review of the Food Assistance Program (FA Program) administered by the Department of Human Services (DHS) for the period January 1, 2013 through June 30, 2016. Specifically, we determined whether individuals' eligibility for food assistance is properly evaluated and whether changes in recipient eligibility are properly monitored and documented. We also determined what, if any, procedures are in place to detect and/or prevent fraud or abuse. In conducting our review, we performed the following procedures:

1. Interviewed DHS personnel responsible for administering the FA Program to obtain an understanding of the administration, policies and procedures, eligibility requirements, and monitoring of the FA Program.
2. Interviewed personnel from the Department of Inspections and Appeals to obtain an understanding of the monitoring of the FA Program.
3. Reviewed applicable laws, rules, and guidelines to obtain an understanding of the requirements for program administration.
4. Obtained a database from DHS listing all FA Program recipients and reviewed selected recipient records to determine whether established eligibility requirements were complied with and whether sufficient supporting documentation was obtained by DHS personnel to verify the information reported by applicants.
5. Obtained a detailed transaction report listing the benefit amounts uploaded to recipients' Electronic Benefit Transfer (EBT) cards and reviewed selected recipient records to determine whether the benefit amount awarded was properly uploaded.
6. Reviewed a listing of FA Program recipients with multiple EBT cards issued to determine whether issuance of multiple EBT cards was reasonable.
7. Examined current EBT card balances to determine whether balances appeared excessive.
8. Obtained a detailed transaction report listing refunds issued to EBT cards to determine the reasonableness of the activity. Also, identified recipients with multiple refunds issued to their EBT cards and reviewed the propriety of the activity.
9. Reviewed the cross-match performed to identify FA Program recipients which were incarcerated during their period of eligibility to determine whether food assistance benefits awarded were properly extended and/or terminated based on the individuals' dates of incarceration.
10. Obtained a detailed transaction report of vendors used by FA Program recipients to identify the vendors most commonly used, determine whether there were out-of-state purchases, and determine whether there were transactions at any vendors which did not appear to meet the purposes of food assistance.

Based on these procedures, we identified certain internal control weaknesses at DHS, including lack of independent verification of information reported by FA Program applicants affecting their eligibility and insufficient procedures to identify incarcerated individuals receiving food assistance benefits in a timely manner. In addition, we determined there is a strong reliance on reactive controls for the detection of potential program abuse. Although there are numerous reports available which could be used to proactively identify program abuse, DHS representatives were unable to provide a definitive response regarding how these reports are currently utilized or what information is reviewed to identify potential misuse. We have developed certain recommendations and other relevant information we believe should be considered by officials of the Department of Human Services.

We extend our appreciation to the management and staff of the Department of Human Services for the courtesy, cooperation, and assistance provided to us during this review.


MARY MOSIMAN, CPA
Auditor of State

November 20, 2017

Introduction

Iowa's Food Assistance Program (FA Program) is administered by the Department of Human Services (DHS) and was created to promote better health and wellness through an increase in nutrition among families with low income and limited resources. All households participating in the FA Program receive their monthly benefits through an Electronic Benefit Transfer (EBT) card, which replaced paper coupons in 2003. The EBT cards are "interstate interoperable," which means they can be used in states other than Iowa if the vendor is authorized by the Food and Nutrition Service within the U.S. Department of Agriculture (USDA-FNS).

The FA Program is funded primarily through federal appropriations. Federal funding is received through the Supplemental Nutrition Assistance Program (SNAP) administered by the USDA-FNS. **Table 1** summarizes the amount received and expended by DHS by fiscal year for fiscal years 2013 through 2016.

Table 1

Fiscal Year	Amount
2013	\$ 589,280,017.35
2014	548,444,269.30
2015	520,365,862.93
2016	507,255,854.92
Total	\$ 2,165,346,004.50

The USDA-FNS determines the guidelines for food assistance eligibility, which are administered by each state. USDA-FNS has determined individuals meeting the following criteria are eligible to receive benefits under the FA Program:

- Be a U.S. citizen or a qualified alien,
- Live in Iowa,
- Meet income and resources limits,
- Provide a social security number or proof of application for a social security number, and
- Provide all information needed to determine eligibility and benefit level.

Individuals seeking food assistance complete applications available at their local DHS County Office or electronically. The DHS office personnel then use the completed applications along with any additional supporting documentation regarding income and resource levels, such as W-2s and pay stubs, to determine if the individuals are eligible to receive food assistance. Each applicant is also required to complete a phone or in-person interview after their application is received and reviewed. Once individuals have been identified as eligible for food assistance, they receive their food assistance benefits within 30 days.

DHS staff utilize 4 different computer systems:

- EPPIC™ system,
- Electronic Case Files,
- Iowa Automated Benefits Calculation (IABC), and
- Worker Information System Exchange (WISE).

A Review of the Food Assistance Program

This review focused on the eligibility requirements of the FA Program. In addition, we reviewed administration of the FA Program to determine what, if any, procedures are in place to detect and/or prevent fraud or abuse, including potential misuse of food assistance benefits.

Objectives, Scope, and Methodology

Objectives

Our review was conducted to determine:

- the adequacy of policies and procedures established and documentation maintained to determine eligibility,
- whether recipient status is monitored for changes in income affecting eligibility and if any overpayments occurred due to failure of monitoring,
- whether DHS has sufficient procedures in place to identify and resolve potential FA Program fraud or abuse by recipients and/or vendors, and
- whether recipient applications are complete and case files contain sufficient supporting documentation.

Scope and Methodology

We reviewed DHS' program operations and monitoring of FA Program eligibility requirements. We also tested compliance with significant laws, rules, and guidelines. In addition, we reviewed selected FA Program recipient records to test eligibility requirements for the period January 1, 2013 through June 30, 2016.

To gain an understanding of program operations, procedures, and controls related to food assistance eligibility requirements, we interviewed personnel from DHS and the Department of Inspections and Appeals (DIA) and reviewed applicable sections of the *Code of Iowa*, Iowa Administrative Code (IAC), and DHS policy manuals. Specifically, we reviewed Chapter 234 of the *Code* and Chapters 65 and 66 of the IAC.

To determine if DHS properly applied the eligibility requirements for FA Program applicants, we obtained a spreadsheet from DHS listing all individuals approved or denied food assistance for the months of November 2013, December 2013, May 2016, and June 2016. We judgmentally selected 35 applicants for testing from both approved cases and denied cases. We compiled a list of the 70 applicants selected, which was provided to DHS to obtain access to the applicable electronic case files for our review.

For each individual record selected, we determined whether the information reported by the applicants was properly verified, sufficient information and supporting documentation was obtained and maintained in the electronic case files, and the applicant was properly approved or denied food assistance benefits. We also compared the information documented in the electronic case file for the approved applicants to the established guidelines for the household size to determine if the recipients were awarded the correct benefit amount.

In addition, we reviewed the monthly upload authorizations for the EBT cards to ensure the benefit amounts were properly uploaded. We also reviewed a listing of FA Program recipients who were issued multiple EBT cards, examined current EBT card balances, and reviewed a detailed transaction report listing refunds issued to EBT cards to determine the propriety of the activity.

To determine the procedures implemented by DHS to detect or prevent fraud or abuse, we interviewed DHS and DIA personnel to determine what, if any, reports are routinely generated and reviewed to identify unusual activity. We also reviewed a detailed transaction report listing the vendors from which FA Program recipients purchased groceries and the amount spent at each to

A Review of the Food Assistance Program

identify any unusual vendors. In addition, we reviewed the quarterly Public Assistance Reporting Information System (PARIS) Interstate Match report DHS receives from the U.S. Department of Defense (USDOD) documenting individuals receiving food assistance benefits in multiple states. We also reviewed the prisoner's match report (PUPS report) and notifications DHS receives from the U.S. Social Security Administration (SSA) documenting the individuals receiving food assistance benefits while incarcerated to determine whether benefits were properly extended and/or terminated based on the individuals' dates of incarceration.

Food Assistance Program

Eligibility – To obtain benefits under the FA Program, individuals must complete a Financial Support Application. Information required for the application includes:

- full names and social security numbers (SSNs) for all individuals within the household,
- all income to the home from any household member, including child support and alimony,
- household assets, such as investments, vehicles, and bank accounts, and
- household expenses.

DHS also requests documentation of citizenship, pay stubs for the last 30 days for employed individuals or federal income tax records for self-employed individuals, bank statements, and proof of the expenses listed on the application. Individuals not residing in Iowa or receiving food assistance benefits in another state are not eligible for benefits under the FA Program.

The application is submitted to and processed by the DHS County Office in the applicant's county of residence or online. Once an individual applies for food assistance, the assigned DHS case worker reviews and verifies the information provided on the application using pay stubs for the last 30 days, an Employer's Statement of Earnings, federal income tax returns, or employment ledgers for self-employed applicants. If the applicant does not provide pay stubs with the application, the DHS case worker verifies the income reported by accessing Iowa Workforce Development's database using the SSNs of the household members.

In addition, all personal information, including SSNs, is entered in DHS' IABC system, which automatically queries the SSA database to ensure the names provided match the SSNs and birthdates included on the applications. If any information is incorrect, the DHS case worker receives an error report and follows up with the applicant. In addition, an interview is conducted with each applicant, either via telephone or in person, to review the information provided and ensure it is accurate and complete. According to DHS personnel, should any concerns regarding an applicant arise when determining eligibility, the individual's case file is referred to DIA for further investigation.

The USDA-FNS updates the income limits and maximum food assistance benefit amount by household size annually based on the most recent year's federal poverty level. Household size is based on a group of individuals residing together who meet certain requirements. Household size may include individuals not eligible to receive food assistance benefits but who reside in the household. Both earned income and unearned income, such as alimony and child support, are considered when determining initial and continuing food assistance eligibility.

FA Program eligibility requirements address both income and resource limits. Resources considered by DHS include the cash balance in an applicant's checking account or the cash value of an applicant's life insurance policy. The resource limit for a household is \$2,250, unless the household includes eligible individuals who are either disabled or are at least 60 years of age. Households including an individual who is disabled or elderly have a resource limit of \$3,250.

A Review of the Food Assistance Program

Table 2 summarizes the applicable monthly income limits per household size for the period October 2012 to September 2017.

Household Size	Monthly Income Limit				
	October 2012	December 2013	September 2014	October 2015	October 2016
1	\$ 1,490.00	1,533.00	1,557.00	1,570.00	1,584.00
2	2,018.00	2,069.00	2,098.00	2,215.00	2,136.00
3	2,546.00	2,605.00	2,640.00	2,680.00	2,688.00
4	3,074.00	3,141.00	3,181.00	3,234.00	3,240.00
5	3,602.00	3,677.00	3,722.00	3,789.00	3,792.00
6	4,130.00	4,213.00	4,264.00	4,344.00	4,344.00
7	4,658.00	4,749.00	4,805.00	4,898.00	4,898.00
8	5,186.00	5,285.00	5,346.00	5,453.00	5,453.00
Each Extra Person	528.00	536.00	543.00	556.00	556.00

Table 3 summarizes the applicable maximum monthly benefit per household size for the period of October 2012 to September 2017.

Household Size	Maximum Food Assistance Benefit Amount				
	October 2012	December 2013	September 2014	October 2015	October 2016
1	\$ 200.00	189.00	194.00	194.00	194.00
2	367.00	347.00	357.00	357.00	357.00
3	526.00	497.00	511.00	511.00	511.00
4	668.00	632.00	649.00	649.00	649.00
5	793.00	750.00	771.00	771.00	771.00
6	952.00	900.00	925.00	925.00	925.00
7	1,052.00	995.00	1,022.00	1,022.00	1,022.00
8	1,202.00	1,137.00	1,169.00	1,169.00	1,169.00
Each Extra Person	150.00	142.00	146.00	146.00	146.00

Once all necessary information is verified, the DHS case worker assigned determines the appropriate benefit amount based on the applicant's income and household composition, and a Notice of Decision is sent to the applicant within 30 days notifying him/her whether food assistance benefits were awarded. Recipients' food assistance benefits are awarded for a 6-month period. To continue receiving food assistance benefits at the end of that 6-month period, individuals must reapply, except for disabled or elderly individuals who are awarded food assistance benefits in 1-year increments. In addition, if an FA Program recipient experiences an income change while receiving benefits, it is the recipient's responsibility to report the change to DHS to determine the effect, if any, on his/her eligibility. However, there is no incentive for a recipient to report an income change prior to the end of the 6-month benefit period.

A Review of the Food Assistance Program

As previously stated, we selected 70 applicants from the months of November 2013, December 2013, May 2016, and June 2016 to determine if the applicant's food assistance eligibility was properly evaluated. Of the 70 applicants selected, 35 were approved to receive food assistance benefits and 35 were denied benefits.

We reviewed the 35 approved cases to determine whether all required information was provided, the DHS case worker assigned independently verified the information provided on the application, and the correct benefit amount was awarded based on the income level and household size of the applicant. As a result of our review, we determined all 35 applicants were properly approved and the monthly benefit amount awarded complied with the guidelines of the FA Program. However, we identified certain concerns related to the independent verification of the information provided by the applicants to DHS on their applications. See **Finding A**. The concerns identified include:

- 25 instances where expenses listed on an application were not verified by DHS.
- 10 instances where an applicant's residency was not verified.
- 9 instances where a claimant's SSN was electronically verified against the SSA's system; however, the verification was not documented. In addition, although DHS receives an alert when the SSN provided does not match the SSA system, this comparison is not done immediately. As a result, the applicant may be approved before an error is detected.
- 6 instances where bank accounts or other liquid assets listed on the application were not verified by DHS.
- 3 instances where an applicant's residency was verified on a previous application submitted 2 years prior; however, no verification was performed to ensure the claimant was still residing at that location.
- an instance where employment income reported on an application was verified within DHS; however, the verification was not documented.
- an instance where other income listed by an applicant was verified using another DHS database; however, the verification was not documented.
- an instance where an applicant's residency was verified using another state agency database; however, the verification was not documented.

We also identified numerous instances where sections of the applications were not completed by the applicants, which implies the individuals applying did not have information to provide, such as a bank account balance or earned income amount. However, there was no follow-up or independent verification performed by DHS to ensure sections not completed were appropriate.

As previously stated, we also reviewed 35 denied cases to determine whether all required information was provided, the DHS case worker assigned independently verified the information provided on the application, and the applicant was properly denied food assistance benefits. As a result of our review, we determined all 35 applicants were properly denied food assistance benefits in accordance with the guidelines of the FA Program. Of the 35 denied cases reviewed, 26 were denied for the following reasons:

- 7 were denied because the applicant missed the scheduled interview and/or 30 days had passed from the time the application was submitted without additional information requested by DHS being received.
- 6 were denied because the applicant did not provide information requested by DHS.
- 4 were denied because the applicant was receiving food assistance benefits from another state.
- 4 were denied because the applicant requested to withdraw the application.

A Review of the Food Assistance Program

- 3 were denied because the applicant did not qualify as a separate household.
- a case was denied because concerns were identified during the initial interview, which resulted in the application being referred to DIA.
- a case was denied because the applicant did not meet the requirements to receive benefits as a student.

The remaining 9 cases were denied because the individuals' monthly income exceeded the established income limit for the FA Program. However, we identified certain concerns related to the independent verification of the information provided by the applicants to DHS on their applications. See **Finding A**. The concerns identified include:

- 5 instances where expenses listed on an application were not verified by DHS.
- 3 instances where a claimant's SSN was electronically verified against the SSA's system; however, the verification was not documented. In addition, although DHS receives an alert when the SSN provided does not match the SSA system, this comparison is not done immediately. As a result, the applicant may be approved before an error is detected.
- an instance where an applicant's residency was not verified.

We also identified numerous instances where sections of the applications were not completed by applicants, which implies the individuals applying did not have information to provide, such as a bank account or earned income amount. However, there was no follow-up or independent verification performed by DHS to ensure sections not completed were appropriate.

Overall, based on our review of the FA Program, DHS has implemented some controls within the eligibility process in order to provide assistance to those in need. However, we have identified certain areas in which improvement could be made and have developed recommendations accordingly.

EBT Cards – As previously stated, we reviewed the monthly upload authorizations for the FA Program EBT cards to ensure the amount awarded through the IABC system was properly uploaded on the designated date the recipient was to receive his/her monthly benefit payment. We also reviewed a listing of FA Program recipients who were issued multiple EBT cards, examined current EBT card balances, and reviewed a detailed transaction report listing refunds issued to EBT cards to determine the propriety of the activity.

Monthly authorizations – Food assistance benefits are issued to approved recipients' EBT cards on the same date each month, even if the date is on a weekend or a holiday. The monthly uploads are scheduled based on the first letter of the last name of the recipients. For example, recipients whose last name begins with A or B receive their benefits on the 1st of each month. This pattern continues through the alphabet with the last date of benefit uploads being the 10th of the month for last names beginning with W through Z.

We tested the upload of the approved monthly benefit amounts for the 35 approved cases selected in the eligibility testing for the period January 1, 2013 through June 30, 2016. Using detailed transaction reports provided by the third-party administrator of the EBT cards, we determined the date each recipient's benefits were uploaded to the individual EBT cards, as well as the benefit amount. We compared the benefit amount uploaded to the individual's Notice of Decision and the maximum food assistance benefit amount per household size for each recipient.

Although each recipient tested received the correct benefit amount and the benefit amounts did not exceed the maximum food assistance benefit allowed, we identified several recipients who appeared to receive their benefits on an incorrect date. We reviewed the recipients identified with DHS personnel who were able to provide additional explanations for a number of the discrepancies identified. Of the recipients reviewed, we identified 6 recipients who received a

A Review of the Food Assistance Program

pro-rated benefit amount on the same date as their Notice of Decision and the next month's benefit amount on the first of the subsequent month rather than the date specified by DHS policy. According to DHS personnel we spoke with, applicants identified as "emergency service" cases are awarded their full food assistance benefit amount within 7 days of their application. "Emergency service" cases are defined on the food assistance application as households with:

- gross monthly income less than \$150 and assets, such as cash or bank accounts, of \$100 or less,
- rent, mortgage, and utilities exceeding the household's gross monthly income and assets, or
- a migrant or seasonal farm worker and assets of \$100 or less whose income is stopping or starting.

However, as previously stated, little to no verification is performed for income and/or expense amounts self-reported by the applicants. As a result, emergency food assistance benefits could be awarded to an applicant who is not eligible. See **Finding A**.

Multiple EBT cards – Based on a review of reports issued in other states on food assistance and discussions with representatives of DHS and DIA, we determined a potential area of abuse of food assistance benefits was recipients who sell their EBT cards at a reduced rate for cash. After the EBT card is sold but prior to the next monthly upload, the recipient reports the EBT card as lost, stolen, or damaged to receive a new EBT card. Once an EBT card is reported as lost, stolen, or damaged, the card is disabled and becomes unusable, and DHS immediately mails a new EBT card ready for use to the recipient. According to representatives of DHS and DIA, a recipient who has received multiple EBT cards is not an error, but it can be an indicator of misuse.

Prior to August 2014, there was no limit on the number of replacement EBT cards a recipient could request. However, beginning in August 2014, the State implemented a federal regulation stating a recipient can only receive 4 EBT cards in a rolling 12-month period, except for recipients who are disabled or elderly. There are no restrictions on the number of replacement EBT cards disabled or elderly recipients can receive.

Once a recipient requests a 4th card, DHS sends a letter to the recipient informing him/her the 4th card is being held and they need to contact a DHS Customer Service Call Center. When the recipient calls, a DHS customer service representative reviews the following information with the recipient:

- social security number, address, and phone number,
- whether the recipient is currently homeless, and if so, where he/she is living, and
- an explanation for ordering 4 or more EBT cards in the past 12 months.

If the recipient confirms he/she is currently homeless, the on-screen instructions provided to the DHS customer service representative state not to pursue an explanation for the number of EBT cards requested in accordance with federal regulations. The recipient's responses are forwarded to a specific e-mail inbox for a DHS manager to review for inconsistencies or potential red flags. If anything unusual is identified, such as the transaction history, the length of time between replacement EBT cards, or the recipient's responses to the questionnaire, the electronic case file is referred to DIA for further investigation. According to DHS representatives, each recipient is reviewed using various criteria. However, when asked for examples of the criteria used or examples of what is considered unusual activity, the DHS representatives we spoke with did not provide a response.

Using detailed transaction reports provided by the third-party administrator of the EBT cards, we determined there were 8,931 FA Program recipients who received EBT cards during the period

A Review of the Food Assistance Program

January 1, 2013 through December 31, 2014. **Table 4** summarizes the number of EBT cards issued to recipients in increments of 5 up to the first 10 and then in increments of 10.

Table 4

Number of EBT Cards Issued	Recipients
2 – 4	4,470
5 – 10	3,203
11 – 20	1,012
21 – 30	190
31 – 40	43
41 – 50	8
51+	5

As illustrated by the **Table**, the majority of recipients received 2 to 4 EBT cards in accordance with DHS policy. According to DHS representatives when asked about recipients with more than 4 EBT cards, they stated the data provided includes all cards issued to each recipient from the inception of EBT cards in 2003. Because no other information or supporting documentation was available, we were unable to determine whether any of these recipients received EBT cards to which they were not entitled.

EBT card balances – During our review of the detailed transaction reports provided by DHS, we identified numerous EBT cards with significant account balances. Due to the nature of the assistance being provided, it did not seem reasonable recipients would carry significant account balances on their EBT cards. According to representatives of DHS, there are no federal regulations regarding EBT card account balances. However, they further stated DHS personnel will periodically call recipients with significant account balances to ensure they understand the FA Program and how to access their EBT card and food assistance benefits. **Table 5** summarizes the account balances as of December 31, 2014 and the corresponding number of EBT cards.

Table 5

Account Balance	Number of EBT Cards
No balance	1,075
\$0.01 – 10.00	1,799
10.01 – 50.00	787
50.01 – 100.00	523
100.01 – 200.00	1,828
200.01 – 500.00	1,818
500.01 – 1,000.00	1,025
1,000.01 +	76

As illustrated by the **Table**, 787 EBT cards had a balance between \$10.01 and \$50.00. Of those, we determined 211 of the 787 EBT cards had an account balance of \$16.00. According to a representative of DHS, this is the minimum monthly benefit amount awarded to categorically eligible recipients regardless of their income in accordance with federal regulations. The DHS

A Review of the Food Assistance Program

representative further stated there are numerous recipients who receive this minimum amount, even if they are not currently using their food assistance benefits. We also determined, of the 8,931 EBT cards summarized in the **Table**, 1,081 had an account balance at December 31, 2014 which corresponded to the maximum monthly benefit amount for their respective household size. Specifically, we determined:

- 689 of the 1,828 EBT cards with a balance between \$100.01 and \$200.00 had a balance of \$194.00 for a household size of 1.
- 183 of the 1,818 EBT cards with a balance between \$200.01 and \$500.00 had a balance of \$357.00 for a household size of 2.
- 209 of the 1,025 EBT cards with a balance between \$500.01 and \$1,000.00 had a balance of \$511.00 or \$649.00 for a household size of 3 or 4, respectively.

Because no additional information or supporting documentation was available, we were unable to determine additional explanations for the EBT card account balances. See **Finding B**. According to DHS representatives, if a recipient has not accessed the EBT card after 365 days, the EBT card account balance is expunged and the funds are reverted to the USDA-FNS.

Refunds posted to EBT cards – We obtained a detailed transaction report from the third-party administrator of the EBT cards listing all refunds posted to recipients' EBT cards for the period November 1, 2013 through December 31, 2013. According to representatives of DHS, all refunds are to be uploaded to the recipients' EBT cards in accordance with the Federal Food Stamp Act of 2015. However, they further stated there is a potential concern regarding recipients purchasing approved items which are then returned for in-store credit or cash to be used for non-approved items. The DHS representatives also stated both the recipient and the vendor would have to disregard established regulations for this to occur. Because this activity is not reflected on the recipients' EBT cards, it is not possible to determine the extent to which this occurs or the length of time between the original purchase and the return.

We asked DHS personnel what, if any, monitoring or follow-up is performed for recipients and/or vendors which have significant refunds processed. They responded the USDA-FNS is responsible for all monitoring and follow-up with vendors, which was confirmed by USDA-FNS representatives. In addition, they stated they do not receive sufficient detail to determine the items purchased by recipients, the quantity purchased, or any items which are returned. The detailed transaction report provided was based on a special query processed for our review and is not a report which is regularly generated or reviewed. However, the DHS representatives stated, if any unusual activity is identified or presented to them, the recipients identified are referred to DIA for further investigation.

For the period November 1, 2013 to December 31, 2013, we identified \$190,455.44 of refunds received from vendors posted to individual EBT cards. Of this amount, \$189,439.57 was refunded from 299 vendors, such as Wal-Mart, Target, Fareway, and Hy-Vee. However, we were unable to determine the vendor(s) refunding the remaining \$1,015.87 because the description on the detailed transaction report was not sufficient. In addition, we identified 133 recipients with more than 3 refunds on their EBT cards. Of those, we determined 50 recipients had 4 or more returns on their EBT cards totaling \$13,888.40. However, because additional information was not available, we were unable to determine the items being purchased and returned.

Vendor Analysis – We also reviewed the detailed transaction reports provided by DHS to determine the vendors used by the 35 recipients selected for eligibility testing for the period January 1, 2013 through December 31, 2014. In total, the recipients selected expended \$155,578.76 during the period reviewed. Of that, we determined \$150,478.69, or 96.72%, was expended at vendors located within the State, while the remaining \$5,100.07, or 3.28%, was expended at out-of-state vendors.

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We determined there were 5 vendors which accounted for \$124,451.69, or 80.0%, of the \$155,578.76 of food assistance benefit expenses reviewed, including:

- \$60,193.68, or 38.7%, at Wal-Mart,
- \$35,818.63, or 23.0%, at Hy-Vee,
- \$15,666.84, or 10.1%, at Fareway,
- \$6,704.73, or 4.3%, at Aldi, and
- \$6,067.81, or 3.9%, at Casey's.

We interviewed personnel from DHS and DIA regarding vendor oversight and monitoring. According to the representatives we spoke with, the vendors are largely self-policing and utilize the UPC codes entered into their systems to implement the regulations regarding approved and non-approved items. In addition, they stated the USDA-FNS is responsible for ensuring vendors adhere to the federal rules and regulations regarding UPC coding and processing of EBT card purchases. While DHS and/or DIA personnel may refer any concerns they may receive via tips, any investigation or follow-up is performed at the federal level by the USDA-FNS.

Other Monitoring – As previously stated, we reviewed the quarterly PARIS Interstate Match report DHS receives from the USDOD. This report lists any individuals receiving assistance benefits, including food assistance, from multiple states. Specifically, we reviewed the report for the quarter ending March 31, 2016.

On a quarterly basis, each state submits the SSNs of all active recipients of food assistance benefits, Medicaid, and benefits received under the Temporary Assistance for Needy Families (TANF) program to the USDOD. The USDOD then compiles a report of any duplicate SSNs from state to state and provides the combined report to each state. When DHS receives its copy of this report, the data is filtered as follows to identify any recipients which may require further investigation:

- Comparing recipients included on the report to active recipients in the subsequent month. As previously stated, food assistance benefits are awarded in 6-month or 12-month increments depending on the recipient. As a result, individuals may appear on the report if they received benefits from another state which ended in February, for example, and their benefits began in Iowa in March.
- Eliminating all recipients who received other assistance benefits during the quarter but did not receive food assistance.
- Identifying SSNs receiving benefits under multiple programs and sorting the recipients identified by priority level. Recipients receiving multiple benefits are a higher priority for further investigation.

After the data is filtered, the Integrated Claims Recovery Unit (ICRU) within DHS investigates those recipients appearing to have received benefits in multiple states for the quarter reported. ICRU follows detailed procedures for its investigations, including how to properly address amounts to be recouped. If Iowa is the second state to award benefits, any recoupment received from the recipient is remitted to Iowa. However, if Iowa was the first state to award benefits and any non-compliance identified was not an Intentional Program Violation by the recipient, only the second state where benefits were awarded receives the recoupment.

In addition, as previously stated, we reviewed the PUPS report and notifications DHS receives from the SSA regarding any individuals receiving assistance benefits, including food assistance, during incarceration. Specifically, we reviewed the PUPS report dated July 6, 2016. In accordance with federal regulations, if an individual is incarcerated for more than 30 days while receiving food assistance, benefits are to be terminated.

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Each month, DHS reviews the PUPS report to determine if any individuals received food assistance benefits while they were incarcerated. According to representatives of DHS, although there is a rule in the IAC requiring county jails to report incarcerated individuals for Medicaid eligibility, this rule does not apply to the FA Program. There is a federal guideline requiring correctional facilities to report inmate intake and release dates; however, according to representatives of DHS, only a few counties comply with this reporting requirement. They further stated there are currently no repercussions if a county does not report this information. Because inconsistent information is received, DHS relies primarily on the PUPS report received from SSA.

Using the July 6, 2016 PUPS report, we compared the dates of certain food assistance benefit payments to the individuals' dates of incarceration to determine whether food assistance benefits were properly awarded and paid. To do this, we separated the individuals listed into 2 categories, open/approved and denied. We then calculated the number of days each individual was incarcerated based on the start and release dates listed on the PUPS report. During our calculation, we identified a significant number of the individuals listed on the PUPS report did not have a specified release date. According to representatives of DHS, this is a deficiency in the reporting. See **Finding C**.

We selected 6 individuals who had each been incarcerated for less than 30 days, for more than 30 days, or for whom we were unable to determine the length of incarceration due to the reporting deficiency discussed previously. As a result of our testing, we identified certain concerns related to the verification of individuals' eligibility during incarceration. See **Finding C**. The concerns identified include:

- DHS personnel do not regularly review the PUPs report due to limited availability of personnel and the arduous nature of filtering the report given the numerous individuals with short incarceration periods. In addition, regular information is not received from the county jails. Rather, DHS relies primarily on individuals' self-reporting and the SSA notifications received through the WISE system, resulting in individuals who are incarcerated for more than 30 days remaining eligible for food assistance benefits.
- We identified an open and approved case for which the information provided on the PUPs report did not match the information provided on the SSA notification received through the WISE system. As a result, we were unable to determine whether this individual was incarcerated during the period in which they were receiving food assistance benefits.
- We identified an open and approved case for which the individual was incarcerated more than 30 days during the period he/she was receiving food assistance benefits. Because the recipient was incarcerated for more than 30 days, the food assistance benefits should have been terminated. However, the information regarding the individual's incarceration was not confirmed until after the benefits expired.

Based on our review of the FA Program, there are certain risks associated with the awarding of food assistance benefits, including:

- inaccurate information provided by applicants which result in an incorrect assessment of eligibility,
- ability for recipients to obtain up to 4 EBT cards in a rolling 12-month period,
- no restrictions on the number of replacement EBT cards disabled or elderly recipients can receive,
- no explanation of multiple EBT cards requested from recipients who are homeless,
- inconsistent monitoring of EBT card account balances,
- no review of EBT card use or refunds applied to EBT cards, and
- insufficient reporting to allow for review of incarcerated recipients' eligibility.

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There are various reports available which could be used by DHS to proactively prevent program misuse, such as reports of even dollar transactions, multiple consecutive transactions, or depletion of the monthly benefit in a single transaction. Based on a review of performance audit reports issued in other states, these reports are common tools used nationwide to monitor program activity. However, the DHS representatives we spoke with indicated these reports are not very helpful and the data is overwhelming. They further stated the reports should be used in conjunction with other information to identify any potentially inappropriate use of food assistance benefits. When asked, the DHS representatives we spoke with were unable to define the criteria used or provide examples of what is considered to be unusual activity.

The DIA representatives we spoke with stated routine monitoring of out-of-state transactions is performed. However, the parameters have been expanded from 2 consecutive months to 6 consecutive months. As previously stated, recipients must reapply at the end of their 6-month benefits period, except for disabled or elderly individuals who are awarded food assistance benefits in 1-year increments. Because food assistance benefits are awarded in 6-month increments, potentially ineligible recipients could receive and expend all benefits awarded out-of-state prior to detection. As a result, it does not appear this process is designed in a manner to detect potential program abuse in a timely manner.

Also, although DHS is in compliance with federal regulations, significant reliance is placed on reactive controls, such as the procedures performed by the USDA-FNS and tips received from outside sources after the determination of eligibility and award of benefits. A DHS representative we spoke with stated the FA Program is designed as a “pay and chase” system. As previously stated, DHS does not receive sufficient detail to determine the items purchased by recipients, the quantity purchased, or any items which are returned. The detailed transaction reports provided for our review were generated based on a special query and are not routinely generated or provided to DHS. See **Finding D**.

Findings and Recommendations

For the period January 1, 2013 through June 30, 2016, we reviewed whether individuals’ eligibility for food assistance is properly evaluated in compliance with applicable federal regulations. We also determined if the applications for assistance and recipients’ case files were complete and included sufficient supporting documentation. In addition, we reviewed DHS’ monitoring procedures to determine if any changes affecting eligibility were properly identified and documented. We also reviewed the administration of the Food Assistance Program to determine what, if any, procedures are in place to detect and/or prevent fraud or abuse. As a result, we identified certain findings and recommendations relating to internal control weaknesses, such as inconsistent independent verification of information reported by FA Program applicants and insufficient procedures to identify incarcerated individuals receiving food assistance benefits in a timely manner, which should be considered by DHS.

FINDING A – Independent verification

Once a food assistance application is submitted, the assigned DHS case worker reviews and verifies the information provided on the application using documentation, such as pay stubs, Employer Statements of Earning, and federal income tax returns. We reviewed 35 approved cases and 35 denied cases to determine whether applicant information was properly verified and identified the following concerns:

- (1) 30 instances where expenses listed on an application were not verified by DHS.
- (2) 12 instances where a claimant’s SSN was electronically verified against the SSA’s system; however, the verification was not documented. In addition, although DHS receives an alert when the SSN does not match the SSA system, this comparison is not done immediately. As a result, the applicant may be approved before an error is detected.

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- (3) 11 instances where an applicant's residency was not verified.
- (4) 6 instances where bank accounts or other liquid assets listed on the application were not verified by DHS.
- (5) 3 instances where an applicant's residency was verified on a previous application submitted 2 years prior; however, no verification was performed to ensure the claimant was still residing at that location.
- (6) an instance where employment income reported on an application was verified within DHS; however, the verification was not documented.
- (7) an instance where other income listed by an applicant was verified using another DHS database; however, the verification was not documented.
- (8) an instance where an applicant's residency was verified using another state agency database; however, the verification was not documented.

In addition, we determined the gross income and/or expenses self-reported by applicants are used to evaluate whether an applicant qualifies for emergency services. However, neither gross income nor expenses are required to be verified prior to determining the applicants' eligibility.

Recommendation – DHS should implement procedures to ensure all information reported on the food assistance application and any subsequent changes which affect eligibility is either independently verified or supported by sufficient documentation to prevent an ineligible individual from receiving benefits under the FA Program.

Response – The Department has addressed the individual recommendations below.

- (1) Federal regulations at 7 CFR 273.2(f)(1) list the items that are required to be verified by applicants at the time of application. The 30 instances noted as unverified were for shelter, utility, and childcare expenses. Shelter, utility and childcare expenses are not required to be verified.
- (2) Federal regulations at 7 CFR 273.2(f)(1)(v) *Social security numbers* state, "The State agency shall verify the social security number(s) (SSN) reported by the household by submitting them to the Social Security Administration (SSA) for verification according to procedures established by SSA. The State agency shall not delay the certification for or issuance of benefits to an otherwise eligible household solely to verify the SSN of a household member."

The Department uses the procedures established by the SSA to verify SSNs as required by the regulation. When an application is received for benefits, the SSN is entered in the eligibility system and a file is sent nightly to SSA for verification. DHS is not allowed to delay benefits while waiting for SSA to respond.

When the SSN matches, verification of the match appears on the WISE system. The documentation of the match is in the vital statistics section and appears as:

SSN Verification (Date it was verified)

SSN Match Results Successful

If the SSN is not verified by SSA, a report is sent to the Department and further action is taken by the worker to rectify the issue.

- (3) Federal regulations at 7 CFR 273.3 and 273.2(f)(1)(vi) state, "Any documents or collateral contact which reasonably establish the applicant's residency must be accepted and no requirement for a specific type of verification may be imposed." Of the

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11 instances cited, 7 case files contained documents and/or collateral contacts which established the applicant's residency. For the remaining 4 cases, the Department acknowledges that verification of residency was not readily identifiable. The Department subsequently reviewed these cases and determined benefits were appropriately issued. Additional training regarding residency regulations will be provided at the next available statewide worker training.

- (4) The 6 cases cited in this recommendation are categorically eligible households. Federal regulations at 7 CFR 273.2(j) and Iowa Administrative Code at 441-47.1 (234) explain Categorical Eligibility. In part, federal regulations state, "The provision in §273.10(b) regarding resources available the time of the interview does not apply to categorically eligible households." In Iowa, categorical eligibility is conferred to households whose countable income is at or below 160% of the federal poverty level. Therefore, resource limits are considered to be met and not to be verified. Verification of bank accounts or other liquid assets is expressly in conflict with federal regulations.
- (5) Residency is required by regulations to be verified at application. Iowa is one project area, therefore to verify residency the department must only establish that the participant resides in Iowa. Once residency has been verified, it is only required to be re-verified if questionable. Participants attest to the validity of their statements on the recertification document every 6 or 12 months, depending on their eligibility status. As long as a participant attests that they are still a resident of Iowa, they may receive benefits if otherwise eligible. If a participant has moved out of state, their recertification document would not be forwarded to them per Department mailing rules, and their case would close. Those persons would be eligible to apply for benefits in their new state.

The federal regulations at 7 CFR 273.2(h)(1) and 7 CFR 273.2(h)(4) specifically prohibit the department from delaying approval of an emergency/expedited application to verify income/expenses.

Conclusion – Response acknowledged. We concur DHS is in compliance with federal regulations. However, as previously stated, significant reliance is placed on reactive controls. DHS should implement procedures to ensure all information used to determine an applicant's eligibility is accurate and supported by adequate documentation. If certain information included on the application is not necessary for determining an applicant's eligibility, DHS should review the current application and consider whether any revisions may be warranted. The recommendation does not suggest benefits should be delayed. Rather, the recommendation is focused on independent verification of information self-reported by the applicants and how that independent verification is documented in the recipient case files and will remain as stated.

FINDING B – Significant account balances

According to DHS personnel, there are no federal regulations regarding EBT card account balances. Although DHS personnel will periodically call recipients with significant account balances to ensure they understand the FA Program and how to access their EBT card and food assistance benefits, DHS has not implemented formal procedures to monitor outstanding EBT card account balances and ensure food assistance benefits were properly awarded.

Recommendation – DHS should implement procedures to monitor outstanding EBT card account balances to ensure the propriety of food assistance benefits awarded.

Response – There are no federal regulations regarding high balances on electronic benefit transfer (EBT) cards. Participants are entitled to retain any benefits they are eligible to receive. Food Assistance benefits remain in an EBT account for 12 months after a household stops spending benefits. From that point forward a month's worth of benefits are expunged from the card each month.

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While there are no federal regulations mandating a department to act on cases that have a high benefit balance, the Department has reviewed high benefit balance cases since 2012. The process that has been in place since December 2015 includes mailing a standard, personalized letter in the first quarter of every federal fiscal year to those households appearing on the list of cards with high balances. A copy of each letter is retained by the EBT Director.

High balance EBT accounts do not have any correlation to whether benefits were properly awarded. High benefit balances accrue for a variety of reasons. For example, one of the high balance households reported that, as a large farming family, they use EBT benefits to purchase seeds and plants to grow their own food, affording them great savings. Other reasons why a household may have a high balance include:

- Utilizing coupons and sales to maximum advantage,
- Purchasing the most minimal and inexpensive products available, and
- Purchasing only in bulk.

Food Assistance allotments are not based on how much a person consumes or spends. The benefits are based solely on the amount of income a household has in relation to the household size and the amount the household pays for approved deductible expenses. Income limits and benefit allotments are set by the United States Department of Agriculture based on the Thrifty Food Plan as explained in federal regulations at 7 CFR 273.10.

Conclusion – Response acknowledged. We concur DHS is in compliance with federal regulations. However, as previously stated, significant reliance is placed on reactive controls. During our fieldwork, DHS personnel informed us periodic telephone calls were made to recipients with high balance accounts to ensure they understood how to use their benefits and their EBT cards. We inquired if there was any documentation we could observe related to these contacts and were informed there was not. At the end of fieldwork when reviewing the findings identified, we were informed beginning in December 2015 DHS began mailing letters to high balance accounts with copies retained by the EBT Director. However, upon further inquiry, we determined no response is required or expected to the letters sent and no additional follow-up is performed to ensure the recipients received the letters and understood their contents. DHS should continue to review its procedures regarding high balance accounts to ensure propriety of food assistance benefits awarded.

FINDING C – Incarcerated recipients

In accordance with federal regulations, if an individual is incarcerated for more than 30 days while receiving food assistance, benefits are to be terminated. DHS receives a PUPS report and notifications from SSA listing any individuals receiving assistance benefits, including food assistance, during incarceration. In addition, there is a reporting mechanism for county jails; however, very few counties utilize it. During our review of the PUPS report, we identified a significant number of individuals for whom no release date was specified. According to representatives of DHS, this is a deficiency in the reporting.

We also selected 6 individuals who had been incarcerated during the period they received food assistance benefits to determine if their eligibility was properly evaluated and identified the following:

- DHS personnel do not regularly review the PUPS report due to limited availability of personnel and the arduous nature of filtering the report given the numerous individuals with short incarceration periods. In addition, regular information is not received from the county jails. Rather, DHS relies primarily on individuals' self-reporting and the SSA notifications received through the WISE system, resulting in individuals who are incarcerated for more than 30 days remaining eligible for food assistance benefits.

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- We identified an open and approved case for which the information provided on the PUPs report did not match the information provided on the SSA notification received through the WISE system. As a result, we were unable to determine whether this individual was incarcerated during the period in which they were receiving food assistance benefits.
- We identified an open and approved case for which the individual was incarcerated more than 30 days during the period he/she was receiving food assistance benefits. Because the recipient was incarcerated for more than 30 days, the food assistance benefits should have been terminated. However, the information regarding the individual's incarceration was not confirmed until after the benefits expired.

Recommendation – DHS should implement procedures to ensure the eligibility of recipients who have been incarcerated is properly evaluated in a timely manner and food assistance benefits are awarded or terminated accordingly.

Response – The Department has addressed the individual findings and recommendations below.

DHS eligibility workers receive alerts for the federal Prisoner Update Processing System (PUPS). Information from PUPS is automatically filtered through a rules-based engine prior to the system pushing the alert to the workers. Therefore, workers are only alerted to those cases that need follow-up. It is not a manual process. The information regarding incarceration is not considered verified because the report is compiled by a third party with data received from multiple federal facilities. Verified information is only considered as such if it comes directly from the source. Therefore, once an alert is received, workers must verify the participant's status. There are numerous ways workers can verify a participant's status, including:

- Call the institution name and phone number listed on the alert to verify incarceration status and length of stay.
- Look up information on approved websites including:
 - www.doc.iowa.gov
 - www.bop.gov/inmateloc
 - www.vinelink.com
 - [Iowa Courts Online](#)
 - County jail websites
- Contacting the participant directly.

The department is unable to specifically address the findings regarding the open and approved cases as case identifiers were not provided.

A Food Assistance participant incarcerated for more than 30 days is not eligible to receive benefits. Incarceration information is available to the workers during the first week of every month from the following sources:

- Iowa Department of Corrections (IDOC) – A report is generated by IDOC with information on individuals in state prison facilities.
- Prisoner Update Processing System (PUPS) – A report is generated by the federal government with information on individuals in federal prison facilities.
- Reporting of Inmates in Public Institutions (RIPI) – Formerly known as the Iowa County Prisoners Report, this report is generated with information submitted by Iowa County Sheriff departments about individuals incarcerated in county jails.

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Depending on the date of incarceration and the timing of reporting, an individual may be incarcerated for a period of time before the Department receives notice. The Department is also required to provide timely notice of 10 days prior to termination of benefits. Recoupment is initiated when appropriate.

Conclusion – Response acknowledged. We discussed the process for verifying incarcerated recipients on 5 different occasions with DHS personnel throughout fieldwork. At each meeting, DHS personnel stressed the county jails are not required to, nor do they, regularly complete the RIPI report. The information presented in the finding summarizes the information provided to us during fieldwork.

For the 2 open and approved cases identified in the finding, case identifiers were purposely not included in the finding as this report is publicly issued. However, during fieldwork, we reviewed the specific cases identified with DHS personnel and no explanation was provided for the discrepancies identified.

As a result, the recommendation remains as stated.

FINDING D – Program monitoring

There are certain risks associated with the awarding of food assistance benefits affecting eligibility and use of the benefits awarded. However, there are various reports available which could be used by DHS to proactively prevent program misuse. Based on a review of performance audit reports issued in other states, the various reports are common tools used nationwide to monitor program activity. According to the DHS representatives we spoke with, these reports are not very helpful and the data presented is overwhelming. In addition, they stated the reports should be used in conjunction with other information to identify any potentially inappropriate uses; however, they were unable to define the criteria used or provide examples of unusual activity upon inquiry.

Overall, although DHS is in compliance with federal regulations, significant reliance is placed on reactive controls, such as the procedures performed by the USDA-FNS and tips received from outside sources after benefits are awarded.

Recommendation – DHS should consider whether additional monitoring for potential program abuse would be beneficial and identify available mechanisms and reports which would be helpful. In addition, DHS should consider formalizing or defining the criteria or circumstances to be used when attempting to identify potentially inappropriate use of food assistance benefits.

Response – The Department continually reviews the program for process improvements and meets with federal and state counterparts to discuss the program and program compliance. The Department has reviewed the recommendations provided by the State Auditor’s Office and will consider process improvements within the constraints of the applicable federal regulations.


Conclusion – Response acknowledged. We concur with DHS’ response; however, DHS should also consider implementation of additional monitoring for potential program abuse above and beyond federal requirements to ensure the best interests of taxpayers are served.

A Review of the Food Assistance Program
Administered by the Department of Human Services

Staff

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