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AUDIT
NUMBER: 27601-0011-10

TO: Brandon Lipps
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: South Carolina's Compliance with SNAP Requirements for Participating State
Agencies (7 CFR, Part 272)

The attached report presents the results of an engagement to assess selected aspects of South Carolina's compliance with the Supplemental Nutrition Assistance Program (SNAP) regulations. The assessment focused on compliance with the Code of Federal Regulations Title 7, Part 272, *Requirements for Participating State Agencies* (7 C.F.R. 272).

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 South Carolina and provide the Food and Nutrition Service (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 South Carolina's overall compliance with 7 C.F.R. 272. TFC is responsible for the enclosed agreed-upon procedures and recommendations report, dated July 17, 2017. However, our review of TFC's audit documentation did not disclose instances in which TFC did not comply, in all material respects, with GAGAS.

TFC reported that South Carolina did not comply with SNAP regulations related to the Prisoner Verification System (PVS), Deceased Matching System (DMS), and maintaining an approved Automated Data Processing/Client Integrity Systems (ADP/CIS) model plan. In addition, TFC noted that FNS did not always process South Carolina's discrimination complaints within established timeframes. TFC recommended FNS review its discrimination process to address timeliness and incorporate those improvements into relevant FNS' guidance. TFC also recommended FNS require the State: review reported cases identified as having potential improper payments; implement PVS and DMS; and provide additional guidance or training to State employees to assist with compliance. FNS concurred with TFC's recommendations and OIG accepted management decision on the report's nine 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 appreciate 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
for the USDA Office of the Inspector General
to Assess the State of South Carolina's Compliance with
7 CFR, Part 272 – SNAP Requirements for Participating State
Agencies**

Final





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July 17, 2017

Independent Accountant's Report on Applying Agreed-upon Procedures

TFC Consulting, Inc. (TFC), an independent licensed Certified Public Accounting firm, was contracted by the U.S. Department of Agriculture (USDA), Office of Inspector General (OIG), to conduct an *agreed-upon procedures* engagement to assess selected aspects of the State of South Carolina's compliance with the Supplemental Nutrition Assistance Program (SNAP) regulations. The State of South Carolina (South Carolina or the State) was one of five States selected by the OIG for assessment during fiscal year (FY) 2017 based on the level of SNAP funding (small, medium or large), audit history, and geographic location (the States were selected so that different Food and Nutrition Service (FNS) regions were represented in the assessment). The assessment focused exclusively on compliance with *Title 7 Code of Federal Regulations (CFR), Part 272, Requirements for Participating State Agencies*. This report presents the results of our assessment of South Carolina.

TFC performed agreed-upon procedures specified by the OIG to evaluate compliance with *Title 7 CFR, Part 272*. 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 testing of targeted areas of *7 CFR, Part 272* using non-statistical samples; 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 272*. The Part 1 and Part 2 procedures performed are provided in Appendix A and B of this report, respectively. The sufficiency of the agreed-upon 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 opinion on South Carolina's overall compliance with *7 CFR, Part 272*. 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, 2015 through September 30, 2016 (Federal FY 2016 (FY16)).

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

1. Food and Nutrition Service Civil Rights Division (FNS CRD) did not process four South Carolina complaints timely – Federal regulation *7 CFR §272.6, Nondiscrimination Compliance*, states individuals who believe that they have been subject to discrimination may file a written complaint with the Secretary or the Administrator, FNS and/or with the State agency.¹ Once received, FNS processes complaints in accordance with *FNS Instruction 113-1 Civil Rights Compliance and Enforcement – Nutrition Programs and Activities* manual.² It should be noted, *FNS Instruction 113-1* is undergoing revision by

¹ *7 CFR §272.6 (b), 2017*

² *FNS 113-1 Civil Rights Compliance and Enforcement – Nutrition Programs and Activities, 2005*

CRD, but currently the manual requires the Civil Rights Specialist acknowledge receipt of the complaint within 5 days by sending the complainant an acknowledgement letter.³

There were five SNAP cases of civil rights (discrimination) complaints for alleged discrimination by the South Carolina Department of Social Services (SC DSS) during the scope period. FNS CRD received four of these cases and SC OCR received one case.

TFC identified four complaints where FNS CRD did not send an acknowledgement letter to the complainant within 5 business days.

FNS Instruction 113-1 also requires complaints to be processed and closed within 90 days of receipt and for a decision letter to be sent to the complainant.⁴ TFC identified four complaints where FNS CRD did not send a decision letter to the complainant within 90 days of receipt of the complaint.

2. SC DSS did not produce or maintain an FNS approved Automated Data Processing/Client Integrity Systems (ADP/CIS) Model Plan – Federal regulation 7 *CFR* §272.10, *ADP/CIS Model Plan*, states that each State agency shall develop an ADP/CIS plan. State agencies are required to submit the ADP/CIS plan so that FNS can make a determination of the sufficiency of the level of automation of the State's eligibility and benefits management system.⁵ If the State agency is sufficiently automated, FNS will approve the plan. If not, the State agency will submit to FNS a plan which describes their plan for sufficiently automating each area of their eligibility and benefits management system, including a timetable for doing so.⁶ TFC was unable to obtain evidence that the State produced or maintained an ADP/CIS plan or any comparable FNS approved documentation to support a determination of the sufficiency of the level of automation of the State's eligibility and benefits management system.
3. SC DSS has not properly implemented a 7 *CFR* 272.13 compliant Prisoner Verification System (PVS) - TFC tested a non-statistical sample of 15 cases⁷, and identified 15 cases that were non-compliant in 3 areas under *PVS*.

Federal regulation 7 *CFR* §272.13, *PVS* states that each State agency shall establish a system to monitor and prevent individuals who are incarcerated for more than 30 days from being included in a SNAP household.⁸ TFC identified 10 cases where individuals may have been incarcerated for over 30 days and included in a SNAP household which resulted in potential improper payments in the amount \$1,955.00.

³ *FNS Instruction 113-1 (XVII)(D)(1), 2005*

⁴ *FNS Instruction 113-1 (XVII)(D)(5), 2005*

⁵ 7 *CFR* §272.110, *ADP/CIS Model Plan, (a), 2017*

⁶ 7 *CFR* §272.110, *ADP/CIS Model Plan, (a)(2)(ii) 2017*

⁷ TFC selected a non-statistical sample from the universe of cases with a PVS match between the dates of February 16 and April 17, 2017. There were 2,649 cases.

⁸ 7 *CFR* §272.13, *PVS, (a), 2017*

7 CFR §272.13, PVS, states that each State's PVS shall provide for an independent verification of computer matches to determine their accuracy.⁹ In the same non-statistical sample of 15 cases, TFC identified 13 cases where there was no evidence that SC DSS performed an independent verification of computer matches.

7 CFR §272.13, PVS, also states that each State's PVS shall provide for notice to the household of match results.¹⁰ TFC identified 14 cases where there was no evidence that SC DSS provided the household notice of match results.

4. SC DSS has not properly implemented a 7 CFR 272.14 compliant Deceased Matching System (DMS) – TFC tested a non-statistical sample of 10 cases with a DMS match¹¹, and identified 8 cases that were non-compliant in 3 areas under DMS.

Federal regulation 7 CFR §272.14, DMS, states that each State agency shall establish a system to verify and ensure that benefits are not issued to individuals who are deceased.¹² TFC identified 7 cases where individuals may have been deceased and continued to receive SNAP benefits. We identified potential improper payments in the amount of \$24,254.00 for 5 of the 7 cases.

7 CFR §272.14, DMS, states that each State's DMS shall provide a notice to the household of match results.¹³ For the 10 cases tested, TFC identified 3 cases where SC DSS did not provide the household notice of match results.

7 CFR §272.14, DMS, also states that each State's DMS shall provide for an independent verification of computer matches to determine their accuracy.¹⁴ For the 10 cases tested, TFC identified 5 cases where there was no evidence that SC DSS performed an independent verification of computer matches.

Our performance of Part 2 of the agreed-upon procedures, the testing of 100 randomly selected active cases, disclosed 100 cases as non-compliant in two findings as follows:

5. SC DSS did not perform a PVS match at the time of application or recertification for 97 cases - Federal regulation 7 CFR §272.13, PVS, states that State agencies shall establish a system to monitor and prevent individuals who are incarcerated for more than 30 days from being included in a SNAP household and that State agencies shall make a comparison of match data for adult household members at the time of

⁹ 7 CFR §272.13, PVS, (b)(3), 2017

¹⁰ 7 CFR §272.13, PVS, (b)(4), 2017

¹¹ TFC selected a non-statistical sample from the universe of cases with a DMS match between the dates of February 16 and April 17, 2017. There were 46 cases.

¹² 7 CFR §272.13, PVS, (a), 2017

¹³ 7 CFR §272.14, DMS, (c)(4), 2017

¹⁴ 7 CFR §272.14, DMS, (c)(3), 2017

application and at recertification.¹⁵ TFC identified 97 cases where there was no evidence that a comparison of match data was made at the time of application or recertification.

6. SC DSS did not perform a DMS match at the time of application or at least once during the year for 93 cases - Federal regulation 7 CFR §272.14, DMS, states that each State's DMS shall provide for the comparison of identifiable information about each household member against information from databases on deceased individuals, and State's shall make the comparison of matched data at the time of application and no less frequently than once a year.¹⁶ TFC identified 93 cases where there was no evidence that a comparison of match data was made at the time of application or at least once a year.

Additional details concerning these findings, along with associated recommendations are presented in Section 4 of this report. This report was prepared to present the results of our performance of the agreed-upon procedures specified by the OIG and is not suitable for other purposes. For any questions concerning this report, please contact Tashu Trivedi, TFC Engagement Partner at ttrivedi@tfcci.net.

Signed

TFC Consulting, Inc. /s/

¹⁵ 7 CFR §272.13, PVS, (a), (c), 2017

¹⁶ 7 CFR §272.14, DMS, (c)(1), 2017

1 Background

The Department of Agriculture's (USDA) Food and Nutrition Service (FNS) administers the Supplemental Nutrition Assistance Program (SNAP) providing nutrition assistance to about 44 million participants a month and paying benefits in excess of \$66.5 billion annually (FY16).¹⁷ 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, the 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.¹⁸ 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 272 – Requirements for Participating State Agencies*.

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 several different States, and may include U.S. territories.

State offices, in turn, are responsible for overseeing local SNAP offices where applicants can apply for SNAP benefits, and in 42 States, applicants can also apply online. Each State uses its own application form and determines household eligibility and calculates benefits. In South Carolina, the Department of Social Services (SC DSS) performs this function.

In FY 15, South Carolina issued \$1,208,604,782 in SNAP benefits (which nationally represents 1.74% of benefits and 1.76% of all SNAP participants) serving an average of 379,992 households or 804,572 individual participants per month, and ranked 20 out of 53 States and Territories in benefits issued.¹⁹

2 Objective and Purpose

The objective of this agreed-upon procedures engagement was to assess selected aspects of South Carolina's implementation of *Title 7 CFR, Part 272 – Requirements for Participating State Agencies*. The assessment procedures associated with this engagement were developed by the OIG and performed under contract by TFC Consulting, Inc. (TFC). The purpose of the assessment was to evaluate whether the State was properly administering the SNAP program in accordance with *Title 7 CFR, Part 272* requirements.

¹⁷ SNAP National View Summary, FY14 through FY17, FNS, June 9, 2017

¹⁸ SNAP was previously authorized by the *Food Stamp Act of 1964* and later amended by the *Food Stamp Act of 1977*.

¹⁹ SNAP State Activity Report Fiscal Year 2015, FNS SNAP Program Accountability and Administration Division, August 2016

3 Scope and Methodology

The scope of this engagement was to assess aspects of South Carolina's compliance with *Title 7 CFR, Part 272 – Requirements for Participating State Agencies*. The State of South Carolina was one of five States selected for testing by the OIG based on non-statistical sampling that considered three criteria: 1) size of the State based on level of SNAP funding (small, medium, or large), 2) audit history, and 3) geographic location (States were selected so that different FNS regions were represented in the testing). The South Carolina SNAP program is considered a medium program (between \$700 million and \$2 billion in SNAP payments annually) by the OIG and is located within FNS' Southeast 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 272*, specified detailed procedures to review the State's policies, procedures and processes and includes non-statistical testing of targeted areas of *7 CFR, Part 272* compliance;
- 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 272*.

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 and B 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 opinion on South Carolina's overall compliance with *7 CFR, Part 272*. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

The primary scope period for this engagement was October 1, 2015 through September 30, 2016 (FY16), although the period assessed varied for some tests performed. For example, PVS and DMS case reviews under Part 1 were selected from the two-month period February 16, 2017 through April 17, 2017, because of the State's legacy eligibility system only being able to retain matches performed within the last 60 days.

Various testing methods and techniques were employed primarily to:

- Obtain an understanding of the State agency, its operations, systems, and operating environment;
- Test the State's compliance with *7 CFR, Part 272* 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 headquarters of SC DSS in Columbia, South Carolina in April 2017. This agreed-upon procedures engagement was conducted in accordance with Generally Accepted Government Auditing Standards (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

Four exceptions were identified during performance of the review procedures in the Part 1 Checklist, as discussed in Findings 1 through 4 below.

Finding 1: FNS CRD did not process four South Carolina complaints timely

In response to our request for a list of discrimination complaints received during the scope period October 1, 2015 through September 30, 2016, we received 5 SNAP cases of alleged discrimination by SC DSS. Our testing of 7 CFR §272.6, *Nondiscrimination complaints* disclosed two areas of potential non-compliance. Specifically, FNS CRD did not send letters of acknowledgement or decision letters to four complainants timely.

Nondiscrimination Complaints Finding 1(a) Letter of Acknowledgement

Federal regulations state that individuals who believe that they have been subject to discrimination may file a written complaint with the Secretary or the Administrator, FNS and/or with the State agency.²⁰ Once received, both the State agency and FNS process complaints in accordance with the *FNS Instruction 113-1 Civil Rights Compliance and Enforcement* manual. *FNS Instruction 113-1* requires that the Civil Rights Specialist acknowledge receipt of the complaint within five days and include within the acknowledgement letter actions planned or a request for additional information, if needed.²¹ Acknowledgement letters are also to include the date the responding office received the complaint, and the date the letter was sent.

In the 5 cases tested, FNS Civil Rights Division (CRD) did not send an acknowledgement letter to the complainant within 5 business days of receipt of the complaint in 4 cases. Please see table 4.1.1 below for the timeliness of specific acknowledgment letters:

²⁰ 7 CFR §272.6 (d)(1), 2017

²¹ *FNS Instruction 113-1 (XVII)(D)(1), 2005*

Table 4.1.1: Acknowledgement Letter Timeliness

Sample Number	Date Complaint Received	Date Acknowledgement Letter Sent	Number of Days Late (> 5 days)	Processing Agency
1	10/1/2015	10/13/2015	7	FNS CRD
2	9/22/2016	10/6/2016	9	FNS CRD
3	7/19/2016	8/4/2016	11	FNS CRD
5	8/26/2016	9/22/2016	22	FNS CRD

FNS CRD stated the letters of acknowledgements were not sent timely due to heavy caseloads and resource constraints.

As a result, for the complaints where an acknowledgement letter was not sent within 5 days of the complaint being received, those individuals will not have documentation of, or possibly be aware of: FNS' planned actions, the time period required to complete the investigation, or the possible need for additional information that may be required to complete the investigation timely, if applicable.

Nondiscrimination Complaints Finding 1(b) Decision Letter

FNS Instruction 113-1 also requires that the all complaints, regardless of the originating office, shall be processed and closed within 90 days of receipt, and a decision letter shall be sent to the complainant that contains: the name of the complainant, a review number, the date the complaint was received, a statement of the jurisdictional authority, a statement of each allegation and applicable regulation, if an investigation is warranted, the methodology on how the complaint was investigated, and the conclusions as well as the complainant's appeal rights to the Secretary of Agriculture.²²

Of the 5 cases tested, FNS CRD did not process complaints within 90 days of receipt of the written complaint, and send a decision letter to the complainant timely in 4 cases. Please see table 4.1.2 below for timeliness of specific decision letters:

²² *FNS Instruction 113-1 (XVII)(D)(5), 2005*

Table 4.1.2: Decision Letter Timeliness

Sample Number	Date Complaint Received	Date Decision Letter Sent	Number of Days Late (> 90 days)	Processing Agency
1	10/1/2015	3/2/2016	63	FNS CRD
2	9/22/2016	5/3/2017	133	FNS CRD
3	7/19/2016	4/13/2017	178	FNS CRD
5	8/26/2016	12/22/2016	28	FNS CRD

FNS CRD stated the complaints were not processed timely due to heavy caseloads and resource constraints.

As a result, the 4 complainants were not notified timely of the details of how FNS CRD handled the complaint, including: the jurisdictional authority, the specific allegations and applicable regulations, whether an investigation was performed, the methodology of the investigation and final disposition of the investigation, and their appeal rights to the Secretary of Agriculture.

FNS CRD is currently revising the *FNS Instruction 113-1* manual, but that guidance was still in effect as of the date of this report.

FNS Recommendation 1

Require FNS CRD administration perform a review of the current discrimination complaint process, including workloads and processing times, to identify process improvements. Based on the results, incorporate those improvements into the revised *FNS Instruction 113-1* manual that is currently being drafted, to ensure future complaints are processed timely.

Agency Response

In its August 30, 2017, response FNS stated:

FNS concurs with the recommendation. We will amend FNS Instruction 113-1 to be consistent with the longer processing timeframes established in USDA Departmental Regulation 4330-002, and will institute any process improvements necessary to ensure FNS CRD meets those timeframes.

Estimated Completion Date: June 30, 2018

Finding 2: SC DSS did not produce or maintain an FNS approved Automated Data Processing/Client Integrity Systems (ADP/CIS) Model Plan

7 CFR §272.10, *ADP/CIS Model Plan*, states that each State agency shall develop an ADP/CIS plan.²³

During our review of State's compliance, we were unable to obtain evidence that the State submitted an ADP/CIS Model Plan to FNS for approval. We were also unable to obtain evidence of any comparable FNS approved documentation to support a determination of the sufficiency of the level of automation of the State's eligibility and benefits management system.

This occurred because the original submission deadline for the plan was likely over 20 years ago, but key players did not know exactly when that was. Once the original purpose for which the document was required was satisfied, the document disappeared over time. In the words of the FNS Director of the State Systems Office (SSO), "[w]e have always interpreted that section of the regulations to mean that States had to do that (create a "model plan") when that revision was first made to the statute." The Statute was last revised June 9, 1994.

We requested the plan document from the State agency, and the Southeast Regional Office (SERO) and FNS SSO also tried to assist. Neither the State, SERO, FNS HQ, or FNS SSO were able to retrieve the plan document for South Carolina, or anything similar that provided a determination of the sufficiency of the level of automation of SC DSS' eligibility and benefits management system.

SC DSS has submitted to FNS the Planning Advance Planning Document, which is the precursor to the State's planned implementation of a new eligibility and benefits management system. A Request for Proposal (RFP) and additional planning documents will be required in the near future. Having an FNS approved ADP/CIS Model Plan document would facilitate planning for the new system implementation and provide a basis from which to move forward. In fact, *FNS Handbook 901* states, State ADP/CIS Plans should be reconsidered and changed as States review their automation needs when undertaking new automation projects,²⁴ and in undertaking a new automation project, States must review their existing ADP/CIS Plans.²⁵

As a result, without the ADP/CIS Model Plan document, and as SC DSS moves forward with plans to implement a new eligibility and benefit management system, they must re-perform the costly and time-consuming review process of their current system. They will need to assess the sufficiency of the level of automation as required by 7 CFR 272.10, without the benefit of using a previous assessment as a starting point.

FNS Recommendation 2

Review the guidance in *FNS Handbook 901* specific to the ADP/CIS Model Plan and determine if updates are required.

²³ 7 CFR §272.110, *ADP/CIS Model Plan*, (a), 2017

²⁴ *FNS Handbook 901*, Chapter 4, Section 4030, 1997

²⁵ *FNS Handbook 901*, Chapter 4, Section 4031, 1997

Agency Response

In its August 30, 2017, response FNS stated:

FNS concurs with the recommendation. A review of the current wording in Handbook 901 will be conducted, and revisions, as appropriate, will be published.

Estimated Completion Date: March 31, 2018

FNS Recommendation 3

Issue an updated policy clarification memorandum to provide guidance on complying with the requirements of *7 CFR §272.10, ADP/CIS Model Plan*.

Agency Response

In its August 30, 2017, response FNS stated:

FNS concurs with the recommendation. Clarifying guidance on compliance with the regulation will be provided.

Estimated Completion Date: March 31, 2018

Finding 3: SC DSS has not properly implemented a 7 CFR 272.13 compliant Prisoner Verification System (PVS)

Our testing of *7 CFR §272.13, Prisoner Verification System*, disclosed three areas of non-compliance. Specifically, SC DSS did not prevent individuals incarcerated over 30 days from being included in a SNAP household, they did not perform independent verification of PVS computer matches, and they did not provide households notice of PVS match results

We requested SC DSS provide a list of cases where a PVS match was performed between February 16 and April 17, 2017,²⁶ and we received a file containing 2,639 active SNAP cases with a PVS match. A match indicates there was an automated response in the benefits management system that identified the individual's ID number as matching an ID number of an incarcerated individual from another computer system interface (in this case the Social Security Administration (SSA)). TFC tested a non-statistical sample of 15 cases, and identified 15 cases that were non-compliant with *7 CFR §272.13* requirements in 3 areas as follows:

Prisoner Verification System Finding 3(a) Prisoners may have been included in a SNAP Household

Federal regulations require that each State agency establish a system to monitor and prevent individuals who are incarcerated for more than 30 days from being included in a SNAP household.²⁷

²⁶ SC DSS eligibility system maintains PVS matches for 60 days.

²⁷ *7 CFR §272.13, PVS, (a) 2017*

We identified 10 cases where individuals may have been incarcerated for over 30 days and included in a SNAP household. We identified 6 cases where individuals were incarcerated for over 30 days and 4 cases where individuals may have been incarcerated over 30 days, based on documentation in the case file.

We determined there were two causes that led to the above condition; caseworker error and the “first contact resolution” business process DSS employs to process case files.

Caseworkers did not have a proper understanding of *PVS* requirements, including *PVS* documentation requirements, which led to caseworker error. SC SNAP program management informed us the reason for this was only new employees hired between regularly scheduled training events and assigned a performance coach would receive only a brief overview of the *PVS* requirements prior to attending the basic training. Those employees hired in time to attend basic training and not assigned a performance coach would not receive any training for *PVS* procedures and compliance requirements since that instruction was not included in the basic training curriculum covered by the State agency’s training provider. As the staff were not properly trained, they were not aware of the responsibilities associated with 7 *CFR* 272.13.

In addition, since SC employs a “first contact resolution” business process, they are not able to properly perform *PVS* matches. The goal of the “first contact resolution” business process is to reduce the amount of time that elapses between the client’s initial contact with the agency and the eligibility determination. The case workers are trained to process the application using the DSS approved “pend-Less” rules to pend cases when they are unable to obtain verification using electronic sources and/or collateral contacts. However, *PVS* matches are not real-time, and in order to properly perform a *PVS* match, the case worker needs 1-2 days minimum, which would require pending the cases (which is not consistent with their “first contact resolution” business process). So SC DSS will initiate a *PVS* match and certify the case before they receive the *PVS* match results assuming all other verification has been received. If the caseworker was unable to verify all other information during the interview and the case must be pended, the caseworker who processes the case when the information is returned (days later) will access the match results and take appropriate action on any matches prior to certification. For cases that are not pended, when DSS receives the match results, they will defer any action on the case until the next recertification or other instance that requires the household budget be recalculated. DSS asserts that is a requirement under 7 *CFR* 273 since they are a Simplified Reporting State.

However, FNS stated Simplified Reporting only limits action on information reported during the certification period that indicates a change in household circumstances. According to FNS, South Carolina could have acted on this information as a change if it had selected the option under Simplified Reporting to act on all changes (273.12(a) (5) (vi)).

As a result, SC DSS has not properly performed *PVS* monitoring procedures to prevent individuals who may have been incarcerated for over 30 days from being included in a SNAP household. Of the 10 cases we identified, 2 cases received potential improper payments in the amount \$1,955.00. For the remaining 8 cases, the existence or amount of potential improper payment is unknown or indeterminate because either no incarceration end date was recorded in the case file or household composition or other

details of the case prevented calculation of a specific dollar amount of potential improper payment.

In addition, for the above cases, there was no evidence that DSS reviewed the cases to determine if an improper payment was made and warrants the establishment of a claim.

Prisoner Verification System Finding 3(b) Independent Verification

Federal regulation requires that each State's PVS shall provide for the independent verification of computer matches to determine their accuracy.²⁸ This is required because the PVS match results are not considered verified upon receipt. That means that although the data provided is helpful, it is not guaranteed to be accurate, and caseworkers must verify the PVS results are accurate by confirming that information through another source (e.g., a State Department of Corrections).

In the 15 cases tested, there was no evidence of independent verification for 13 individuals.

This occurred for the reasons articulated in finding 3(a) above, the "first contact resolution" business process and the failure of the State agency's training provider to train caseworkers on PVS requirements.

Since there was no independent verification for the 13 cases, the information in the case file cannot be considered verified.

Prisoner Verification System Finding 3(c) Notice to Household of Match Results

Federal regulation requires that each State's PVS shall provide a notice to the household of match results.²⁹

In the 15 cases tested, SC DSS failed to provide a notice of match results to 14 households.

This occurred for the reasons articulated in finding 3(a) above, the "first contact resolution" business process and the failure of the State agency's training provider to train caseworkers on PVS requirements.

As a result, households who did not receive notice will not be aware that the State agency performed a PVS check on a member of the household, or the results of that check, in accordance with 7 *CFR* §272.13 requirements.

SC DSS has not properly implemented a Prisoner Verification System: they do not monitor and prevent individuals incarcerated for over 30 days from being included in a SNAP household; they do not provide for the proper use of match data; and they do not adhere to the required frequency with which matches must be performed.

²⁸ 7 *CFR* §272.13, PVS, (b)(3), 2017

²⁹ 7 *CFR* §272.13, PVS, (b)(4), 2017

As discussed, this is in part due to the “first contact resolution” business process the State implemented several years ago as part of their business process redesign. It should be noted that the State communicated on several occasions with SERO about the planned business process redesign. SC DSS management informed us that SERO suggested in December 2013 that the State request a waiver from FNS to act on PVS matches after certification (in contradiction to 7 CFR 272.13 requirements). The waiver request was submitted in early May 2014 and the State informed us that despite several inquiries regarding the status of the request, the State was not informed until March 30, 2016 that the waiver was denied. FNS denied the waiver request stating that DSS’s application processing procedures do not meet the requirements of 7 CFR 272.13 and 7 CFR 272.14. FNS went on to say that while DSS’s efforts to process cases during first contact were admirable, it was not allowable by current policy.

FNS Recommendation 4

Require SC DSS to review the 10 cases where individuals may have been incarcerated for over 30 days and included in a SNAP household to determine if payments were improper and warrant the establishment of a claim.

Agency Response

In its August 30, 2017, response FNS stated:

FNS concurs with the recommendation. South Carolina Department of Social Services (SC DSS) will review the 10 cases identified in the audit and determine whether each case was within regulatory compliance. The State agency shall address any over or under-issuance identified in accordance with federal regulations.

Estimated Completion Date: September 30, 2017

FNS Recommendation 5

Require SC DSS to implement a functioning Prisoner Verification System that satisfies the requirements under 7 CFR 272.13, including:

- Monitoring and preventing individuals incarcerated for over 30 days from being included in a SNAP household
- Providing for the proper use of match data
- Making a comparison of match data in the case file to the PVS match results data for adult household members at the time of application and recertification.

Agency Response

In its August 30, 2017, response FNS stated:

FNS concurs with the recommendation. SC DSS has requested additional guidance from FNS on 7 CFR 272.13 and will work with FNS to revise their business model in accordance with federal regulations.

Estimated Completion Date: August 31, 2018

FNS Recommendation 6

Require SC DSS provide guidance and/or training to caseworkers and new employees to ensure compliance with 7 *CFR* 272.13 PVS, with emphasis on the requirements associated with independent verification, case file documentation, and providing notice to households of PVS match results.

Agency Response

In its August 30, 2017, response FNS stated:

FNS concurs with the recommendation. SC DSS will train staff to ensure compliance with 7 *CFR* 272.13 and emphasize requirements on independent verification, case file documentation, and providing notice of match results to households.

Estimated Completion Date: August 31, 2018

Finding 4: SC DSS has not properly implemented a 7 *CFR* 272.14 compliant Deceased Matching System (DMS)

Our testing of 7 *CFR* §272.13, DMS, disclosed three areas of non-compliance. Specifically, SC DSS issued benefits to individuals who were deceased, they did not perform independent verification of DMS computer matches, and they did not provide households notice of DMS match results.

We requested SC DSS provide a list of cases where a DMS match was performed between February 16, and April 17, 2017,³⁰ and we received a file containing 46 active SNAP cases with a DMS match. A match indicates there was an automated response in the benefits management system that identified the individual's ID number as matching an ID number of a deceased individual from another computer system interface (in this case the Social Security Administration (SSA)).

TFC tested a non-statistical sample of 10 cases. We identified 8 cases that were non-compliant with 7 *CFR* §272.14 requirements in 3 areas as follows:

Deceased Matching System Finding 4(a) Benefits may have been issued to deceased persons

Federal regulations require that each State agency shall establish a system to verify and ensure that benefits are not issued to individuals who are deceased.³¹

We identified 7 cases where individuals who may have been deceased were issued SNAP benefits.

We determined there were two causes that led to the above condition, and they are the same causes as discussed under finding 3(a) above, the "first contact resolution"

³⁰ SC DSS eligibility system maintains DMS matches for 60 days.

³¹ 7 *CFR* §272.14, DMS, (a) 2017

business process and the failure of the State agency's training provider to train caseworkers on DMS requirements.

As a result, in these 7 cases, individuals who may have been deceased continued receiving SNAP benefits after the month of their documented passing. For 5 of these cases we were able to calculate potential improper payments in the amount of \$24,254, and for the 2 remaining cases, the amount of potential improper payment was indeterminate. Finally, for the above cases, there was no evidence that DSS reviewed the cases to determine if an improper payment was made and warrants the establishment of a claim.

Deceased Matching System Finding 4(b) Independent Verification

Federal regulation requires that each State's *DMS* shall provide for the independent verification of computer matches to determine their accuracy.³²

In the 10 cases tested, there was no evidence of independent verification for 5 individuals.

This occurred for the reasons articulated in finding 3(a) above; the "first contact resolution" business process and the failure of the State agency's training provider to train caseworkers on DMS requirements.

Since there was no independent verification for the 5 cases, the information in the case file cannot be considered verified.

Deceased Matching System Finding 4(c) Notice to Household of Match Results

Federal regulation requires that each State's *DMS* shall provide a notice to the household of match results.³³

In the 10 cases tested, SC DSS failed to provide a notice of match results to 3 households.

This occurred for the reasons articulated in finding 3(a) above; the "first contact resolution" business process and the failure of the State agency's training provider to train caseworkers on DMS requirements.

As a result, households who did not receive notice will not be aware that the State agency performed a *DMS* check on a member of the household, or the results of that check, in accordance with 7 *CFR* §272.14 requirements.

SC DSS has not properly implemented a Deceased Matching System: they do not verify and ensure that benefits are not issued to individuals who may be deceased; they do not provide for the proper use of match data; and they do not adhere to the required frequency with which matches must be performed.

³² 7 *CFR* §272.14, *DMS*, (b)(3), 2017

³³ 7 *CFR* §272.14, *DMS*, (b)(4), 2017

FNS Recommendation 7

Require SC DSS to review the 7 cases identified where an individual who may have been deceased was issued benefits to determine if payments were improper and warrant the establishment of a claim.

Agency Response

In its August 30, 2017, response FNS stated:

FNS concurs with the recommendation. SC DSS will review the 7 cases identified in the audit and determine whether each case was within regulatory compliance. The State agency shall address any over or under-issuance identified in accordance with federal regulations.

Estimated Completion Date: September 30, 2017

FNS Recommendation 8

Require SC DSS to properly implement a Deceased Matching System that satisfies the requirements under 7 *CFR 272.14*, including:

- Verifying and ensuring that benefits are not issued to individuals who are deceased.
- Providing for the proper use of match data.
- Making a comparison of match data in the case file to the DMS match results data for each household member at the time of application and at least once a year.

Agency Response

In its August 30, 2017, response FNS stated:

FNS concurs with the recommendation. SC DSS has requested additional guidance from FNS on 7 *CFR 272.14* and will work with FNS to revise their business model in accordance with federal regulations.

Estimated Completion Date: August 31, 2018

FNS Recommendation 9

Require SC DSS provide guidance and/or training to caseworkers and new employees to ensure compliance with 7 *CFR 272.14 Deceased Matching System (DMS)*, with emphasis on the requirements associated with independent verification, case file documentation, and providing notice to households of DMS match results.

Agency Response

In its August 30, 2017, response FNS stated:

FNS concurs with the recommendation. SC DSS will train staff to ensure compliance with 7 *CFR 272.14* and emphasize requirements on independent verification, case file documentation, and providing notice of match results to households.

Estimated Completion Date: August 31, 2018

4.2 Part 2, Checklist for Review of Active Cases

Our review of 100 randomly selected active cases³⁴ followed the review procedures specified in the Part 2 Checklist for Review of Active Cases, and disclosed 100 cases of non-compliance as detailed in Findings 5 and 6 below.

Finding 5: SC DSS did not perform a PVS match at the time of application or recertification for 97 cases

During our review of 100 statistically selected active cases, TFC identified 97 cases that were non-compliant with 7 CFR §272.13 *Prisoner Verification System (PVS)*.

Federal regulations require that State agencies shall provide for the comparison of identifying information about each household member, excluding minors, as that term is defined by each State, and one-person households in States where a face-to-face interview is conducted, against identifying information about inmates of institutions at Federal, State and local levels.³⁵ Further, State agencies shall make a comparison of match data for adult household members at the time of application and at recertification.³⁶

SC DSS did not perform a comparison of PVS match data at the time of application or recertification for 97 cases. When the caseworker performs a PVS match, there are a series of steps that must be followed in a specific order and at a specific time, and each one leaves an indication in the eligibility data fields of what was actually performed (as opposed to what should have been performed). Our testing revealed that the instances of noncompliance fell into a combination of the following categories:

- 77 cases, there was no evidence a PVS match was performed.
- 3 cases, the data fields indicated a caseworker evaluated a PVS match; however, there was no evidence that a match was performed.
- 13 cases, the data fields indicated a caseworker initiated a PVS match but did not evaluate the results.
- 4 cases, the data fields indicated a caseworker initiated a PVS match but prematurely checked the results before the results were available.

We determined the cause was due to caseworkers not having a proper understanding of PVS procedures or requirements. SC DSS management informed us the reason for this was the State's training provider, who is responsible for training SC DSS caseworkers, did not include PVS procedures and compliance requirements in their training module. Since the staff were not properly trained, they were not aware of the duties and responsibilities associated with PVS requirements.

³⁴ The universe of active cases during the scope period (October 2015 - September 2016) was 1,247,852.

³⁵ 7 CFR §272.13, *PVS, (b)(1) 2017*

³⁶ 7 CFR §272.13, *PVS, (c) 2017*

SC DSS has not been properly performing PVS matching procedures at application and recertification and therefore has failed to monitor and prevent individuals incarcerated for over 30 days from being included in a SNAP household. This could have led to individuals incarcerated for more than 30 days receiving SNAP benefits, resulting in potential improper payments.

Recommendation #6 in the State's compliance section is applicable to this finding and should mitigate this finding as well.

Finding 6: SC DSS did not perform a DMS match at the time of application or at least once during the year for 93 cases

During our review of 100 statistically selected active cases, TFC identified 93 cases that were non-compliant with 7 CFR §272.14 DMS.

Federal regulations require that State agencies shall establish a system to verify and ensure that benefits are not issued to individuals who are deceased.³⁷ Further, State agencies shall provide a system for comparing identifiable information about each household member against information from databases on deceased individuals. States shall make the comparison of matched data at the time of application and no less frequently than once a year.³⁸

SC DSS did not perform a comparison of DMS match data at the time of application or at least once a year for 93 cases. Our testing revealed that the instances of noncompliance fell into a combination of the following categories:

- 78 cases, there was no evidence a DMS match was performed
- 6 cases, the data fields indicated a caseworker evaluated a DMS match, however there is no evidence that a match was ever initiated
- 9 cases, the evidence indicated a caseworker initiated a DMS match but did not evaluate the results

We determined the cause was due to caseworkers not having a proper understanding of DMS procedures or requirements. SC DSS management informed us the reason for this was the State's training provider, who is responsible for training SC DSS caseworkers, did not include DMS procedures and compliance requirements in their training module. Since the staff were not properly trained, they were not aware of the duties and responsibilities associated with DMS requirements.

SC DSS has not been properly performing DMS matching procedures at application and at least once a year and therefore has failed to verify and ensure benefits are not being issued to deceased individuals. This could have led to deceased individuals being issued SNAP benefits, resulting in potential improper payments.

Recommendation #9 in the State's compliance section is applicable to this finding and should mitigate this finding as well.

³⁷ 7 CFR §272.14, DMS, (a) 2017

³⁸ 7 CFR §272.14, DMS, (c)(1) 2017

Appendix A: Summary of Test Procedures and Results of Testing for Part 1 – Review of State Compliance

Part 1, Checklist for Review of State's Compliance Results from Testing 7 CFR, Part 272		
7 CFR Subsection	Review Procedures	Were exceptions found as a result of applying the procedure?
§272.1 General Terms and Conditions	<p>For the Scope period:</p> <ul style="list-style-type: none"> a) Determine whether the State has documented retention records for SNAP recipients in accordance with the regulations. Include records related to Intentional Program Violations and to disqualification records for disqualified recipients. b) Determine if all SNAP recipient records are kept electronically or on paper. 	No
§272.2 Plan of Operation	<p>For the Scope period determine if the following plans have been completed by the State and have been approved by FNS, and are current:</p> <ul style="list-style-type: none"> a) Quality Control Sampling Plan as required by §275.11(a)(4); b) Plan for the State Income and Eligibility Verification System required by §272.8 c) Employment and Training Plan as required in §273.7 (c)(6) d) A plan for the Systematic Alien Verification for Entitlements (SAVE) Program as required by §272.11(e) e) Claims Management Plan as required by §273.18(a)(3) f) Disqualification Plan in accordance with §273.7(f)(4) 	No
§272.3 Operating Guidelines and Forms	<p>Determine if the State has developed and distributed to its entire Staff the operating guidelines that are required to be documented in its Operating Procedures:</p> <ul style="list-style-type: none"> a) Verify for the Scope period that FNS has timely approved the State's Operating Procedures b) If FNS has granted any waivers to the State for any of the required operating procedures, determine which procedures, when the waiver was granted, and obtain a copy of the FNS waiver letter. 	No

Part 1, Checklist for Review of State's Compliance Results from Testing 7 CFR, Part 272		
7 CFR Subsection	Review Procedures	Were exceptions found as a result of applying the procedure?
§272.4 Program Administration and Personnel Requirements	Determine if the State has established a system to assure that no individual SNAP participant participates more than once in a month, in more than one jurisdiction, or in more than one household within the State. Also, determine whether the State has established fraud detection units in project areas in which more than 5000 households participate in SNAP.	No
§272.5 Program Informational Activities	Determine whether FNS has approved costs for State activities designed to inform low-income households about the availability, eligibility requirements, application procedures, and benefits of the Food Stamp Program. If so, determine the amount of costs approved for the Scope period.	No
§272.6 Nondiscrimination Compliance	For the Scope period, determine the number of SNAP recipient discrimination complaints received by the State, and/or from the State that were sent to FNS or the USDA Secretary. For the complaints received, determine if they were timely addressed.	Exception noted, reference finding #1
§272.8 State Income and Eligibility Verification System	Determine if the State has implemented and uses an income and eligibility verification system (IEVS).	No
§272.9 Approval of Homeless Meal Providers	Determine how many homeless meal providers are approved and participate in the State's SNAP.	No
§272.10 ADP/CIS Model Plan	Determine if the State has an FNS-approved ADP/CIS Plan and whether the State has timely implemented that Plan.	Exception noted, reference finding #2
§272.11 Systematic Alien Verification for Entitlements (SAVE) Program	Determine whether the State has implemented a Systematic Alien Verification for Entitlements (SAVE) Program. Also, determine whether State written procedures require that SAVE is used on every SNAP application in the State, as needed when aliens apply for SNAP.	No
§272.12 Computer Matching Requirements	Determine whether the State has implemented computer matching programs in its State to verify the SNAP applicant's eligibility or for re-verification purposes.	No

Part 1, Checklist for Review of State's Compliance Results from Testing 7 CFR, Part 272		
7 CFR Subsection	Review Procedures	Were exceptions found as a result of applying the procedure?
§272.13 Prisoner Verification System (PVS)	<p>Determine whether the State has implemented a Prisoner Verification System (PVS) and has documented procedures:</p> <ul style="list-style-type: none"> a) Determine if FNS has reviewed and/or approved the State's PVS. b) For the Scope period, determine and document how often the State does a PVS match and the results of those matches. 	Exception noted, reference finding #3
§272.14 Deceased Matching System	<p>Determine whether the State has implemented a deceased matching system and has documented procedures.</p> <ul style="list-style-type: none"> a) Determine if FNS has reviewed and/or approved the State's deceased matching system. b) For the Scope period, determine and document how often the State does a deceased match and the results of those matches. 	Exception noted, reference finding #4

Appendix B: Summary of Test Procedures and Results of Testing for Part 2 – Review of Active Cases

Part 2, Checklist for Review of Active Cases Results from Testing 7 CFR, Part 272		
7 CFR Subsection	Review Procedures	Were exceptions found as a result of applying the procedure?
§272.1 General Terms and Conditions	Determine if the recipient record is stored in compliance with the State agency's documented record retention plan.	No
§272.8 State Income and Eligibility Verification System	Determine if an IEVS check was performed in accordance with the State agency's operating guidance	No
§272.11 Systematic Alien Verification for Entitlements (SAVE) Program	Determine if SAVE was used on the case during the initial application.	No
§272.11 Systematic Alien Verification for Entitlements (SAVE) Program	If SAVE was used, determine whether it was done in accordance with the State agency's written procedures (i.e., was a SAVE check appropriate for the household based upon the State's written procedures).	No
§272.12 Computer Matching Requirements	Did the State agency utilize computer matching to obtain information for eligibility determination purposes?	No
§272.12 Computer Matching Requirements	If computer matching was used, determine whether the State agency used the information found in accordance with the State agency's plan.	No
§272.13 Prisoner Verification System (PVS)	Did the State agency check a Prisoner Verification System to verify eligibility?	Exception noted, reference finding #5
§272.13 Prisoner Verification System (PVS)	Was the use of the Prisoner Verification System to verify eligibility in accordance with the State agency's documented procedures?	Exception noted, reference finding #5
§272.14 Deceased Matching System	Did the State agency check a deceased matching system within the last year or at the time of application, whichever was sooner?	Exception noted, reference finding #6

Appendix C: Summary of Monetary Results

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

Finding	Recommendation	Description	Amount	Code/Category
3	4	SC DSS continued to provide benefits to individuals who may have been incarcerated for more than 30 days	\$1,955	Questioned Costs, Potential Recovery
4	7	SC DSS continued to provide benefits to an individual who may have been deceased	\$24,254	Questioned Costs, Potential Recovery
Total Monetary Result			\$26,209	

Appendix D: Leading Practices/Performance Improvement Opportunities

Our engagement was focused on reviewing South Carolina's compliance with *7 CFR Part 272* in accordance with the agreed-upon procedures specified in Appendix A. However, in performing our work, we also observed some leading practices in use by other States that may be beneficial to South Carolina, and TFC offers the following for the State's consideration:

- *7 CFR 272.8 State income and eligibility verification system (IEVS)* is an optional computer matching system that States can use that requires four information provider agencies, at a minimum:
 - a. State Wage Information Collection Agency (SWICA) for wage information
 - b. Social Security Administration (SSA) for information about net earnings from self-employment, wages, payments of retirement income, Federal retirement, and survivors, disability, SSI and related benefits;
 - c. Internal Revenue Service (IRS) for unearned income information
 - d. The agency administering Unemployment Insurance Benefits (UIB).

Although South Carolina does use the other interfaces, it should be noted it does not use the IRS as an information provider agency. We understand the information provided by the IRS is not furnished as timely as the other sources, however, we believe it provides an additional information source the State can leverage to contribute to a more vigorous computer matching system.

- We identified a few areas where the State's eligibility and benefits management system did not maintain an appropriate audit trail. Those areas include:
 - a. The system does not provide a date/time record of when a PVS or DMS match was initiated.
 - b. When a system alert is cleared from the system, the system will not allow you to see or determine later what alert was cleared.
 - c. We were unable to obtain a population of PVS or DMS matches during the scope period beyond the most recent 60 days.

We believe the State would be well served by including this functionality in the State's next generation benefits management system.

- Caseworker narration – During our testing, we noticed caseworkers used minimal folder notes and case notes. Case narration is important to provide a proper understanding of a case, and had there been more widespread use, particularly when documentation was added to a case file, it would have made our testing more efficient and allowed us to gain a better understanding of the cases in a more timely manner. We believe there is an opportunity for improvement in this area as well.

Appendix E: Glossary of Acronyms and Abbreviations

Acronym/Abbreviation	Definition
ADP	Automation of Data Processing
CIS	Computerization of Information Systems
CFR	Code of Federal Regulation
CRC	Civil Rights Coordinator
CRD	Civil Rights Division
DMS	Deceased Matching System
DSS	Department of Social Services
FNS	Food and Nutrition Service
FY	Fiscal Year
GAGAS	Generally Accepted Government Auditing Standards
IEVS	Income and Eligibility Verification System
IPV	Intentional Program Violation
OCR	Office of Civil Rights
OIG	Office of Inspector General
PAPD	Planning Advance Planning Document
PVS	Prisoner Verification System
RFP	Request for Proposal
RO	Regional Office
SC	South Carolina
SERO	Southeast Regional Office
SNAP	Supplemental Nutrition Assistance Program
SSA	Social Security Administration
SSN	Social Security Number
SSO	State Systems Office
TFC	TFC Consulting, Inc.
USDA	U.S. Department of Agriculture

Appendix F: Agency Response

**USDA'S
FNS
RESPONSE TO AUP REPORT**



**United States
Department of
Agriculture**

Food and
Nutrition
Service

3101 Park
Center Drive

Alexandria, VA
22302-1500

DATE: August 30, 2017

AUDIT
NUMBER: 27601-0011-10

TO: Gil H. Harden
Assistant Inspector General for Audit

FROM: Brandon Lipps /s/
Administrator
Food and Nutrition Service

SUBJECT: South Carolina's Compliance with 7 CFR Part 272 – SNAP
Requirements for Participating State Agencies

This letter responds to the official draft report for audit number 27601-0011-10, South Carolina's Compliance with 7 CFR Part 272, Supplemental Nutrition Assistance Program (SNAP) Requirements for Participating State Agencies. Specifically, the Food and Nutrition Service (FNS) is responding to the nine recommendations in the report.

OIG Recommendation 1:

Require FNS CRD administration perform a review of the current discrimination complaint process, including workloads and processing times, to identify process improvements. Based on the results, incorporate those improvements into the revised *FNS Instruction 113-1* manual that is currently being drafted, to ensure future complaints are processed timely.

FNS Response:

FNS concurs with the recommendation. We will amend FNS Instruction 113-1 to be consistent with the longer processing timeframes established in USDA Departmental Regulation 4330-002, and will institute any process improvements necessary to ensure FNS CRD meets those timeframes.

Estimated Completion Date:

June 30, 2018

OIG Recommendation 2:

Review the guidance in FNS Handbook 901 specific to the ADP/CIS Model Plan and determine if updates are required.

FNS Response:

FNS concurs with the recommendation. A review of the current wording in Handbook 901 will be conducted, and revisions, as appropriate, will be published.

Estimated Completion Date:

March 31, 2018

OIG Recommendation 3:

Issue an updated policy clarification memorandum to provide guidance on complying with the requirements of 7 *CFR* §272.10, *ADP/CIS Model Plan*.

FNS Response:

FNS concurs with the recommendation. Clarifying guidance on compliance with the regulation will be provided.

Estimated Completion Date:

March 31, 2018

OIG Recommendation 4:

Require SC DSS to review the 10 cases where individuals may have been incarcerated for over 30 days and included in a SNAP household to determine if payments were improper and warrant the establishment of a claim.

FNS Response:

FNS concurs with the recommendation. South Carolina Department of Social Services (SC DSS) will review the 10 cases identified in the audit and determine whether each case was within regulatory compliance. The State agency shall address any over or under-issuance identified in accordance with federal regulations.

Estimated Completion Date:

September 30, 2017

OIG Recommendation 5:

Require SC DSS to implement a functioning Prisoner Verification System that satisfies the requirements under 7 CFR 272.13, including:

- Monitoring and preventing individuals incarcerated for over 30 days from being included in a SNAP household
- Providing for the proper use of match data
- Making a comparison of match data in the case file to the PVS match results data for adult household members at the time of application and recertification.

FNS Response:

FNS concurs with the recommendation. SC DSS has requested additional guidance from FNS on 7 CFR 272.13 and will work with FNS to revise their business model in accordance with federal regulations.

Estimated Completion Date:

August 31, 2018

OIG Recommendation 6:

Require SC DSS provide guidance and/or training to caseworkers and new employees to ensure compliance with 7 CFR 272.13 PVS, with emphasis on the requirements associated with independent verification, case file documentation, and providing notice to households of PVS match results.

FNS Response:

FNS concurs with the recommendation. SC DSS will train staff to ensure compliance with 7 CFR 272.13 and emphasize requirements on independent verification, case file documentation, and providing notice of match results to households.

Estimated Completion Date:

August 31, 2018

OIG Recommendation 7:

Require SC DSS to review the 7 cases identified where an individual who may have been deceased was issued benefits to determine if payments were improper and warrant the establishment of a claim.

FNS Response:

FNS concurs with the recommendation. SC DSS will review the 7 cases identified in the audit and determine whether each case was within regulatory compliance. The State agency shall address any over or under-issuance identified in accordance with federal regulations.

Estimated Completion Date:

September 30, 2017

OIG Recommendation 8:

Require SC DSS to properly implement a Deceased Matching System that satisfies the requirements under 7 CFR 272.14, including:

- Verifying and ensuring that benefits are not issued to individuals who are deceased.
- Providing for the proper use of match data.
- Making a comparison of match data in the case file to the DMS match results data for each household member at the time of application and at least once a year.

FNS Response:

FNS concurs with the recommendation. SC DSS has requested additional guidance from FNS on 7 CFR 272.14 and will work with FNS to revise their business model in accordance with federal regulations.

Estimated Completion Date:

August 31, 2018

OIG Recommendation 9:

Require SC DSS provide guidance and/or training to caseworkers and new employees to ensure compliance with 7 CFR 272.14 *Deceased Matching System (DMS)*, with emphasis on the requirements associated with independent verification, case file documentation, and providing notice to households of DMS match results.

FNS Response:

FNS concurs with the recommendation. SC DSS will train staff to ensure compliance with 7 CFR 272.14 and emphasize requirements on independent verification, case file documentation, and providing notice of match results to households.

Estimated Completion Date:

August 31, 2018

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To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at How to File a Program Discrimination Complaint and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov.

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