



United States Department of Agriculture

Timeliness of the Disbursement of the \$600 Million Disaster Nutrition Assistance Grant to Puerto Rico



Inspection Report 27801-0002-22

February 2020

OFFICE OF INSPECTOR GENERAL

Timeliness of the Disbursement of the \$600 Million Disaster Nutrition Assistance Grant to Puerto Rico

Inspection Report 27801-0002-22

OIG evaluated the timeliness of FNS' distribution of the \$600 million disaster nutrition assistance grant provided to Puerto Rico following Hurricanes Irma and Maria.

OBJECTIVE

We evaluated the timeliness of FNS' distribution of the \$600 million disaster nutrition assistance grant provided to Puerto Rico in Public Law No. 116-20.

REVIEWED

We interviewed agency officials at the FNS national and Mid-Atlantic regional offices, the Secretary of Puerto Rico's Department of the Family, and the relevant ADSEF officials and contractors; reviewed communications between FNS and ADSEF; and reviewed ADSEF's amended comprehensive plan for the disaster nutrition assistance grant.

RECOMMENDS

We make no recommendations in this report.

WHAT OIG FOUND

The Food and Nutrition Service (FNS) is the Federal agency responsible for administering the Supplemental Nutrition Assistance Program (SNAP) in all 50 States, the District of Columbia, Guam, and the Virgin Islands. In Puerto Rico, FNS provides and oversees annual funding through a Nutrition Assistance Program (NAP) block grant. NAP is administered by Puerto Rico's Administration for Socioeconomic Development of the Family (ADSEF). Following Hurricanes Irma and Maria in 2017, Congress passed disaster relief legislation granting Puerto Rico \$1.27 billion in supplemental nutrition assistance funding. FNS and ADSEF disbursed this funding from March 2018 to March 2019. On June 6, 2019, Public Law No. 116-20 provided an additional disaster assistance nutrition grant to Puerto Rico, totaling \$600 million, in response to these same hurricanes. On June 28, 2019, OIG received a Congressional request to determine why the distribution of the additional \$600 million disaster assistance was reportedly delayed.

We found that FNS was timely in the distribution of the \$600 million disaster nutrition grant to Puerto Rico. We found that Puerto Rico ADSEF issued benefits 53 days (36 working days) after the bill was signed into law. Additionally, FNS' guidance and assistance was clear and timely during the planning of the grant. While there are opportunities to accelerate the delivery of any future disaster nutrition assistance in Puerto Rico, we did not issue recommendations in this report due to the previous recommendations OIG has made related to this subject matter.



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



DATE: February 27, 2020

INSPECTION

NUMBER: 27801-0002-22

TO: Pamilyn Miller
Administrator
Food and Nutrition Service

ATTN: David Burr
Chief Financial Officer
Office of Internal Controls, Audits and Investigations

FROM: Gil H. Harden
Assistant Inspector General for Audit

SUBJECT: Timeliness of the Disbursement of the \$600 Million Disaster Nutrition Assistance Grant to Puerto Rico

This report presents the results of the subject review. We do not have any recommendations in the report, and therefore, no further response to this office is necessary.

We appreciate the courtesies and cooperation extended to us by members of your staff during our inspection 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.

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Background and Objectives

Background

The Food and Nutrition Service's (FNS) mission is to increase food security and reduce hunger by providing children and low-income people access to food, a healthful diet, and nutrition education in a way that supports American agriculture and inspires public confidence. FNS is responsible for administering the Supplemental Nutrition Assistance Program (SNAP) in all 50 States, the District of Columbia, Guam, and the Virgin Islands. SNAP is an entitlement program that provides nutrition assistance to eligible, low-income individuals and households.

In Puerto Rico, FNS provides and oversees annual funding through a Nutrition Assistance Program (NAP) block grant.¹ Prior to receiving the NAP block grant, Puerto Rico received Federal nutrition assistance under SNAP. However, in 1982, Congress converted assistance to Puerto Rico to an annual block grant to provide food assistance through NAP. This change was intended to give Puerto Rico more authority to administer the program while controlling costs. NAP permits low-income households to obtain a more nutritious diet by providing monthly food benefits to qualified participants. Through this block grant, Puerto Rico received over \$1.89 billion for nutrition assistance for fiscal year (FY) 2018 with an estimated average of 1.28 million people served each month.

NAP is administered by Puerto Rico's Administration for Socioeconomic Development of the Family (ADSEF) through 10 regional offices and 92 local offices. ADSEF establishes eligibility and benefit amounts, distributes benefits, detects and investigates fraud, and provides nutrition education to participants. The ADSEF local offices directly serve NAP applicants and participants. ADSEF uses a case management system to determine eligibility and benefits for NAP participants.² To distribute benefits, ADSEF relies on an electronic benefits transfer (EBT) contractor to issue NAP benefits to participants through EBT cards.

Hurricane Response

In September 2017, Hurricanes Irma and Maria hit Puerto Rico and caused significant damage to the island's infrastructure. In October 2017, Congress passed disaster relief legislation granting Puerto Rico \$1.27 billion in supplemental nutrition assistance funding.³ ADSEF disbursed this funding from March 2018 to March 2019. The Office of Inspector General (OIG) completed an audit that evaluated Puerto Rico's internal controls over the delivery of NAP disaster funding in October 2019, making eight recommendations.⁴ On June 6, 2019, following the end of the \$1.27 billion disaster grant, Public Law No. 116-20 provided an additional disaster assistance nutrition

¹A block grant is a grant made by the U.S. Federal government to State and local governments to be used at their discretion to pay for social services that were formerly paid for through specific Federal programs.

²This system is called the Case Management and Information System, or SAIC.

³ Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2017, Pub. L. No. 115-72, 131 Stat. 1224, 1229.

⁴ Audit Report 27702-0001-22, *Review of FNS' Nutrition Assistance Program Disaster Funding to Puerto Rico as a Result of Hurricanes Irma and Maria*, Oct. 2019.

grant to Puerto Rico, totaling \$600 million, in response to these same hurricanes. Currently, this funding provides a supplemental benefit over a 12 month period to all households that participate in NAP; it began in July 2019 and runs through June 2020.

On June 28, 2019, OIG received a Congressional request to determine why the distribution of the additional \$600 million disaster assistance was reportedly delayed. The request indicated that ADSEF was unable to obtain clarity or guidance from USDA to secure this emergency funding. In further conversations between OIG and Congressional staff, we learned that Members of Congress were concerned with communication between USDA and ADSEF officials, if there were any means of speeding the distribution process, and whether there was additional guidance USDA could provide to Puerto Rico to hasten the process.

Objectives

We evaluated the timeliness of FNS' distribution of the \$600 million disaster nutrition assistance grant provided to Puerto Rico in Public Law No. 116-20.

Section 1: Timeliness of Disaster Nutrition Grant

Was FNS' distribution of the \$600 million disaster nutrition assistance grant provided timely to Puerto Rico?

We concluded that FNS was timely in the distribution of the \$600 million disaster nutrition grant to Puerto Rico. After the signature of the Act authorizing the new disaster grant, FNS was able to provide the disaster funding to ADSEF within 34 days (23 working days). In addition, we found that ADSEF was able to issue benefits to participants 19 days (13 working days) after FNS provided the funding. In total, the days elapsed between the passage of the Act and when the participants began receiving benefits totaled 53 days (36 working days). In comparison, the prior \$1.27 billion disaster nutrition funding was not distributed to participants until 144 days after the disaster relief bill was signed.⁵ FNS' guidance and assistance was clear and timely during the planning of this second grant, and while there are opportunities to expedite the delivery of any future disaster nutrition assistance in Puerto Rico, we have already recommended FNS address these opportunities in our prior audit.⁶

In October 2017, Congress passed disaster relief legislation granting Puerto Rico \$1.27 billion in supplemental nutrition assistance funding due to Hurricanes Irma and Maria.⁷ ADSEF distributed this funding to new and current NAP participants from March 2018 to March 2019. Following the end of this grant, Public Law No. 116-20 provided an additional disaster assistance nutrition grant to Puerto Rico on June 6, 2019, totaling \$600 million in response to these same hurricanes.

ADSEF originally planned to use the new disaster grant to extend the NAP relief program from March through September 2019, or an additional 6 months. However, the legislation authorizing the grant was not passed until June 2019, 3 months after the previous grant funding had been exhausted. Additionally, Puerto Rico officials decided to use the additional \$600 million over 12 months, instead of 6, so the funding would last longer. As a result of altering the funding usage, ADSEF had to amend its disaster plan and benefit tables.

Grant Timeline

In its first meeting with FNS on June 10, 2019, ADSEF decided to target August 2019 for the first distribution of the \$600 million funding. During that meeting, ADSEF stated that it would provide FNS a draft of the new plan amendment within 2 weeks, and ADSEF met this timeline when it provided the first draft of the amendment to FNS on June 24, 2019. Between June 24 and July 2, 2019, FNS and ADSEF worked collaboratively to edit and finalize the disaster plan amendment.

⁵ Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2017, Pub. L. No. 115-72, 131 Stat. 1224, 1229.

⁶ Audit Report 27702-0001-22, *Review of FNS' Nutrition Assistance Program Disaster Funding to Puerto Rico as a Result of Hurricanes Irma and Maria*, Oct. 2019.

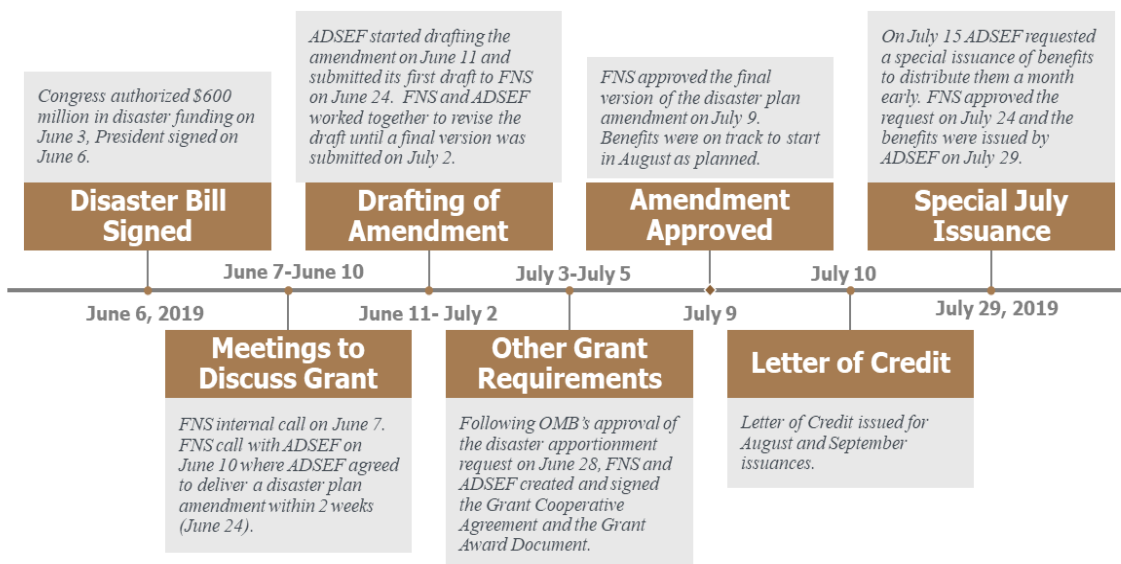
⁷ Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2017, Pub. L. No. 115-72, 131 Stat. 1229.

In addition to approving a new disaster plan amendment, there were other requirements FNS and ADSEF had to meet before they could issue the grant funding. FNS was required to submit and receive approval from the Office of Management and Budget (OMB) for the disaster grant apportionment request.⁸ This disaster apportionment request was submitted on June 25, 2019, and was approved by OMB 3 days later, on June 28. Following the approval of the apportionment, FNS and ADSEF had to also complete the Grant Cooperative agreement⁹ and Grant Award Document,¹⁰ and issue the Letter of Credit.¹¹ On July 3, 2019, FNS and ADSEF signed the Grant Cooperative Agreement. On July 5, 2019, FNS signed the Grant Award Document, which awarded grant funding to ADSEF. On July 9, 2019, FNS signed the final version of the disaster plan amendment and then issued the Letter of Credit to ADSEF on July 10, 2019.

ADSEF was on track to start disbursing benefits in August, as originally planned. However, shortly after the issuance of the Letter of Credit on July 10, 2019, ADSEF decided that it wanted to provide a special issuance of benefits for July in order to disburse funding even sooner. This special issuance would essentially move the 12 months of benefit issuances forward by 1 month and start in July instead of August 2019. ADSEF requested authority for this special issuance on July 15, and FNS approved the request on July 24, 2019. ADSEF was able to disburse this special issuance 5 days later, on July 29.

Figure 1: Timeline of \$600 Million Disaster Grant

Overall Timetable: June 6, 2019 to July 29, 2019 (53 calendar days/36 working days)



⁸ An apportionment is an OMB-approved plan to use budgetary resources.

⁹ The cooperative agreement is an agreement between FNS and ADSEF that outlines the terms and conditions of the disaster funding.

¹⁰ The Grant Award Document officially obligates funds for the grant.

¹¹ A Letter of Credit is a document by which an official of FNS authorizes a State agency to draw funds from the United States Treasury.

FNS Guidance

We did not observe any deficiencies with FNS' guidance during this process. As noted in Figure 1, FNS instructed ADSEF about the grant process and requirements in a call 4 days after the President signed the law that provided the funding. FNS provided technical assistance the week of June 24, 2019, to help ADSEF amend its disaster plan. In our interviews, the Secretary of the Department of Family and ADSEF officials stated that they did not have any issues or concerns with guidance or instructions from FNS. In addition, in reviewing the guidance and emails between FNS and ADSEF, it appears that FNS guidance was timely and ADSEF appeared to understand its responsibilities.

Opportunities to Improve Timeliness of Future Disaster Nutrition Assistance

While we found that FNS was timely in its disbursement of the funding, opportunities exist for FNS and ADSEF to distribute disaster nutrition assistance even more timely in the event of future disasters.

In our prior audit of disaster nutrition assistance in Puerto Rico, we found that FNS and ADSEF could more timely distribute nutrition assistance and made a recommendation to address this issue.¹² We believe once FNS implements this recommendation, the agency should have additional opportunities to improve the timeliness of any future disaster nutrition assistance.

¹² Audit Report 27702-0001-22, *Review of FNS' Nutrition Assistance Program Disaster Funding to Puerto Rico as a Result of Hurricanes Irma and Maria*, Oct. 2019.

Scope and Methodology

We conducted an inspection of FNS to evaluate the timeliness of the distribution of a \$600 million disaster nutrition assistance grant to Puerto Rico. Unlike an audit, which is conducted in accordance with Generally Accepted Government Auditing Standards,¹³ an inspection follows the Council of the Inspectors General on Integrity and Efficiency (CIGIE) *Quality Standards for Inspection and Evaluation*.¹⁴

Our inspection scope covered the actions FNS took to distribute the disaster nutrition assistance grant to ADSEF after Public Law No. 116-20 was signed by the President on June 6, 2019. To properly assess the requirements for the distribution of the disaster nutrition assistance grant, we reviewed Public Law No. 116-20. We also reviewed sections 120 through 124 of OMB Circular A-11, *Preparation, Submission, and Execution of the Budget*, to review the process agencies must follow for the apportionment of funds. In addition, we reviewed a news article that was the basis for the Congressional request.¹⁵ Our scope did not include a review of post-award actions or decisions made by FNS. We performed fieldwork for this inspection from September 2019 through January 2020.

To accomplish our inspection objectives, we:

- interviewed key agency officials at the FNS national office responsible for the appropriation and apportionment of the disaster nutrition assistance grant;
- interviewed key agency officials at the FNS Mid-Atlantic regional office responsible for the monitoring of the grant awarded to Puerto Rico;
- interviewed the Secretary of Puerto Rico's Department of the Family to identify her role in the planning of the \$600 million disaster nutrition assistance grant;
- interviewed the ADSEF Administrator and contractors involved in the process to establish the new approach for the use of the disaster nutrition assistance grant and draft the new amended disaster plan;
- obtained and reviewed communication (electronic and written) between FNS and ADSEF about the process to develop a plan over the use of the new disaster nutrition assistance grant; and
- obtained and reviewed ADSEF's amended comprehensive plan for the use of the new disaster nutrition assistance grant.

We conducted this inspection in accordance with CIGIE's *Quality Standards for Inspection and Evaluation*. These standards require that we plan and perform the inspection to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions and recommendations based on our review objectives. We determined that the evidence obtained provides a reasonable basis for our conclusions based on our review.

¹³ Generally Accepted Government Auditing Standards are issued by the Government Accountability Office.

¹⁴ CIGIE, *Quality Standards for Inspection and Evaluation* (Jan. 2012).

¹⁵ Stein, Jeff and Hernández, Arelis R. (2019, June 24). Despite new law, Trump administration has not given Puerto Rico emergency food stamp aid, *The Washington Post*. Retrieved from <https://www.washingtonpost.com>.

Abbreviations

ADSEF	Administration for Socioeconomic Development of the Family
CIGIE	Council of the Inspectors General on Integrity and Efficiency
EBT	electronic benefits transfer
FNS	Food and Nutrition Service
FY	fiscal year
NAP	Nutrition Assistance Program
OIG.....	Office of Inspector General
OMB.....	Office of Management and Budget
SAIC.....	Case Management Information System
SNAP	Supplemental Nutrition Assistance Program

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