



U.S. Department of Agriculture  
Office of Inspector General



# Evaluation of New York's Use of Supplemental Nutrition Assistance Program Administrative Funds for Participants' Benefits

## Inspection Report 27801-0001-41

This report provides the results of Objective 1, in which we determined whether the State of New York used FNS SNAP administrative funds to provide benefits to participants.

### OBJECTIVES

Our first objective (Objective 1) was to determine whether the State of New York used SNAP administrative funds to provide benefits to participants. For our second objective (Objective 2), we planned to analyze SNAP participant data to evaluate its quality and integrity. However, the State of New York was unable to provide the requested data within a sufficient timeframe to include in this report. Therefore, we will report on Objective 2 at a later date (Inspection 27801-0002-18, *Evaluation of SNAP Participant Data for Selected States*).

### REVIEWED

We focused our inspection on FNS SNAP administrative funding for FY 2024. We reviewed applicable policies, procedures, and other published guidance; interviewed officials; and reviewed a nonstatistical sample of transactions from State and county/district systems to verify that administrative costs were supported.

### RECOMMENDS

We are not making any recommendations in this report.

### WHAT OIG FOUND

The U.S. Department of Agriculture (USDA) Food and Nutrition Service's (FNS) Supplemental Nutrition Assistance Program (SNAP) is the nation's largest nutrition assistance program. The State of New York is 1 of 10 States where the counties or districts administer the program. In fiscal year (FY) 2024, New York provided more than \$7.3 billion in SNAP benefits. In doing so, New York was reimbursed more than \$436.3 million in Federal funds for administrative costs. FNS reimburses each State agency an amount equal to 50 percent of administrative costs involved in each State agency's operation of SNAP.

We determined that FNS had designed adequate controls to ensure that the State of New York did not use SNAP administrative funds to provide benefits to participants in FY 2024 and that requests for reimbursements were supported.





## OFFICE OF INSPECTOR GENERAL

United States Department of Agriculture



**DATE:** July 28, 2025

**INSPECTION**

**NUMBER:** 27801-0001-41

**TO:** James C. Miller  
Administrator  
Food and Nutrition Service

**ATTN:** Amanda Musgrove  
Director  
Office of Internal Controls, Audits and Investigations

**FROM:** Yarisís Rivera-Rojas  
Acting Assistant Inspector General for Audit

**SUBJECT:** Evaluation of New York's Use of Supplemental Nutrition Assistance  
Program Administrative Funds for Participants' Benefits

This report presents the results of our inspection of Food and Nutrition Service: Evaluation of New York's Use of Supplemental Nutrition Assistance Program Administrative Funds for Participants' Benefits. We do not have any recommendations in the report and, therefore, no further response to this office is necessary.

In accordance with Departmental Regulation 1720-1, final action needs to be taken within 1 year of the date of each management decision. Please follow your internal agency procedures in forwarding final action correspondence to the Office of the Chief Financial Officer.

We appreciate the courtesies and cooperation extended to us by members of your staff during our fieldwork and subsequent discussions. This report contains publicly available information and will be posted in its entirety to our website (<https://usdaoig.oversight.gov>) in the near future.

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# Background and Objectives

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## National Background

The U.S. Department of Agriculture (USDA) Food and Nutrition Service's (FNS) Supplemental Nutrition Assistance Program (SNAP) is the nation's largest nutrition assistance program. SNAP provides food benefits to low-income families to supplement their grocery budget so they can afford the nutritious food essential to health and well-being. In fiscal year (FY) 2024, FNS provided more than \$94 billion in SNAP benefits to 41.7 million participants.<sup>1</sup>

SNAP is administered in accordance with the provisions of the Food and Nutrition Act of 2008 and the regulations in subchapter C of Title 7 of the Code of Federal Regulations. State agencies administer SNAP on behalf of FNS, and FNS reimburses these agencies for costs incurred to operate SNAP in their State. FNS funds the full cost of SNAP benefits and generally reimburses the States for 50 percent of administrative costs. State agencies have flexibility to adapt their organizational structure to administer SNAP according to their unique circumstances and the needs of their residents.

State agencies report their cumulative SNAP expenditures on the FNS-778 SNAP worksheet, which is then summarized and reported on the Federal Financial Report Standard Form (SF)-425. The States are reimbursed for their SNAP administrative expenditures based on the information reported on these reports. Costs claimed on FNS-778 are reported in various categories including Certification, Automated Data Processing, Employment and Training (E&T), and Fraud Control. In FY 2024, FNS provided more than \$6.5 billion to State agencies to administer SNAP.

Of the 53 States and territories participating in SNAP, 10 administer the program at the county/district level. These 10 states reimburse Federal SNAP administrative funds to the counties for program functions performed by county agencies. FNS oversees the States' implementation of SNAP to ensure they carry out the program in accordance with Federal laws and regulations.

## New York Background

The State of New York administers SNAP through the Office of Temporary and Disability Assistance (OTDA) and 58 local social services districts on behalf of FNS. New York is 1 of 10 States where the districts or counties perform program functions. Monthly, districts submit administrative expenditure information to the State via the Automated Claiming System (ACS). The ACS performs calculations using the data submitted to determine Federal, State, and local shares of expenditures. While districts are responsible for the program operations, such as household eligibility determinations and certifications, the State oversees the program by providing administrative support and overall financial management.

In FY 2024, New York provided over \$7.3 billion in SNAP benefits to more than 2.9 million people. In doing so, New York was reimbursed more than \$436.3 million in Federal

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<sup>1</sup> 41.7 million persons is the monthly average for SNAP participation in FY 2024.

administrative costs, with more than \$280 million specifically for certification costs related to determining program eligibility for participants.

## **Objectives**

Our first objective (Objective 1) was to determine whether the State of New York used SNAP administrative funds to provide benefits to participants. For our second objective (Objective 2), we planned to analyze SNAP participant data to evaluate its quality and integrity. However, the State of New York was unable to provide the requested data within a sufficient timeframe to include in this report. Therefore, we will report on Objective 2 at a later date (Inspection 27801-0002-18, *Evaluation of SNAP Participant Data for Selected States*).

## **Overall Conclusion: FNS Designed Adequate Controls Over SNAP Administrative Funds for the State of New York**

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We determined that FNS had designed adequate controls to ensure that the OTDA did not use SNAP administrative funds to provide benefits to participants in FY 2024 and that requests for reimbursements were supported.

### ***Assessment of Access Controls and Authorizations Over Administrative and Benefits Payments***

FNS' access controls and authorizations to request SNAP administrative and participant benefits payments are adequately designed to ensure that administrative funds are not used to provide benefits to SNAP participants. Specifically, FNS' controls at OTDA were to:

- establish two separate letters of credit (LOC) for New York's administrative funds and SNAP participant benefits,
- limit the U.S. Department of the Treasury's Automated Standard Application for Payments (ASAP) system access to New York's administrative<sup>2</sup> and SNAP participant benefits funds, and
- require supporting documentation for State agencies and Electronic Benefits Transfer (EBT) processors to request payments for administrative and SNAP participant benefits costs, respectively.

The U.S. Government and Accountability Office's Standards for Internal Control in the Federal Government require agencies to design appropriate control activities to limit access to program funds and to ensure transactions are authorized and executed only by officials acting within the scope of their authority.<sup>3</sup>

FNS National Office officials explained that the flows of funds for administrative and benefit payments are distinct, and separately managed. To ensure controlled access and proper authorizations for FNS SNAP reimbursements, FNS established two separate LOC. FNS designated one LOC for administrative cost reimbursements, while the other is allocated for payments related to SNAP benefits transactions. These two LOC specify the funds available for:

1. State agencies to request reimbursement for costs incurred while administering SNAP,<sup>4</sup> and

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<sup>2</sup> FNS only granted OTDA employees 'payment requestor' access in ASAP to initiate payment requests from New York's administrative funds.

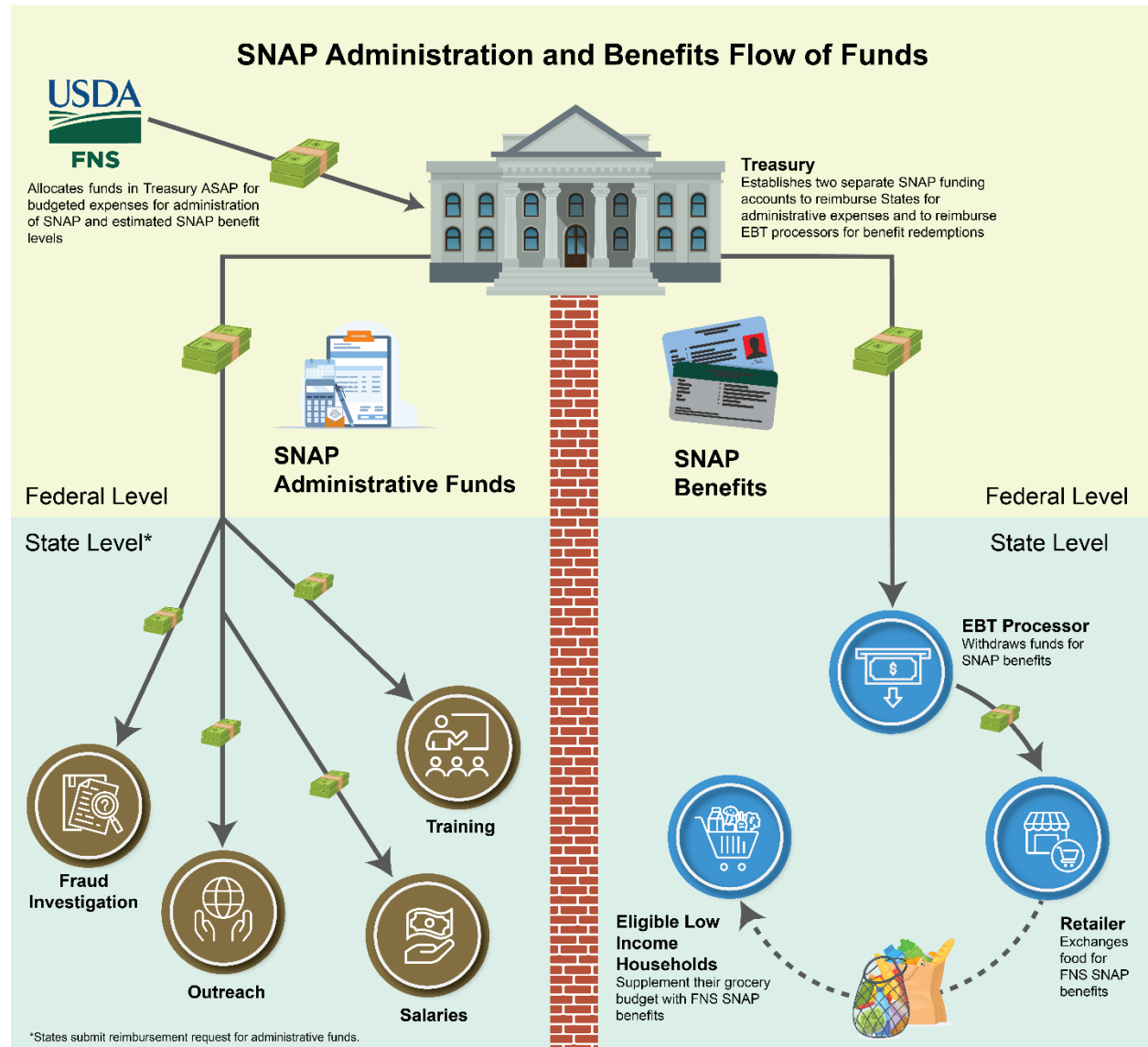
<sup>3</sup> According to USDA regulation, agencies are responsible for establishing and maintaining an internal control system based on the U.S. Government Accountability Office's Standards for Internal Control in the Federal Government. USDA Departmental Regulation 1110-002, *Management's Responsibility for Internal Control* (March 5, 2021).

<sup>4</sup> Activities to administer FNS SNAP could include, but are not limited to, costs for investigating and prosecuting SNAP fraud activity, costs for SNAP information activities or outreach, salaries for accepting and processing applications, and costs to provide SNAP participants training to enter or move up in the workforce.

2. EBT processors to settle SNAP participant benefits transactions with retailers.

Authorized officials from State agencies and EBT processors can request payments up to the authorized amount specified in the LOC through the ASAP system.

Once the payment requests are processed, funds are deposited into separate bank accounts for administrative costs and SNAP participant benefits. This approach ensures that there is no commingling of administrative and SNAP participant benefits funds. Figure 1 below illustrates the separate flows of administrative and SNAP participant benefits funds.



**Figure 1: This diagram depicts the separate flows of funds from FNS to the State agency for the Federal share of administrative expenses, and to the host processor to reimburse retailers for daily transactions of SNAP benefits. States do not have access to benefit funding. Figure by the Office of Inspector General (OIG).**



### ***Review of Supporting Documentation for Selected New York Administrative Cost Expenditures***

Based on FNS' control requiring supporting documentation for claimed administrative costs, we reviewed documentation for selected administrative expenditures and determined that OTDA's requests for reimbursements were supported and that none were used to provide SNAP benefits to participants.

Federal regulations require State agencies to maintain source documents to support any costs claimed for program administration.<sup>5</sup> These source documents, such as invoices, cost determination and allocations procedures, and accounting procedures, provide evidence of when and how the State of New York used these funds to administer SNAP. Additionally, FNS performs Financial Management Reviews to oversee State agency operations of SNAP. These reviews include examining supporting documentation for administrative expenditures.

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<sup>5</sup> 7 C.F.R. § 277.6 (b)(7).

## Scope and Methodology

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We conducted this inspection by examining whether the State of New York used SNAP administrative funds to provide benefits to participants (Objective 1). We focused our inspection on FNS SNAP administrative funds for FY 2024 and conducted fieldwork from March 2025 through June 2025. We conducted in-person fieldwork in Albany and New York City, New York and conducted interviews with FNS officials. We discussed the results of our inspection with agency officials on July 2, 2025. FNS management agreed with our inspection conclusion and did not have any comments.

We intended to analyze SNAP participant data to evaluate its quality and integrity (Objective 2). However, the State of New York was unable to provide the requested data within a sufficient timeframe to include in this report. Therefore, we will report on Objective 2 at a later date (Inspection 27801-0002-18, *Evaluation of SNAP Participant Data for Selected States*).

To accomplish Objective 1—to determine whether the State of New York used SNAP administrative funds to provide benefits to participants—we:

- Reviewed Federal laws and regulations and agency policy and procedures related to costs for State agencies to administer SNAP;
- Interviewed FNS National Office, FNS Northeastern Regional Office, and OTDA officials to gain an understanding of controls over SNAP administrative and participant benefits funds;
- Reviewed applicable OTDA policies and procedures for SNAP administrative costs;
- Gained an understanding of financial and benefits eligibility systems used by New York to help operate and manage SNAP, through provided walkthroughs;
- Reviewed OTDA and EBT processor user roles and access to the U.S. Department of the Treasury’s ASAP system to determine whether access to New York’s administrative and SNAP participant benefit funds was appropriate;
- Reviewed all FY 2024 requests for payments from New York’s administrative and participant benefit accounts to assess whether authorized individuals initiated payments; and
- Reviewed selected transactions to confirm whether FNS’ controls ensured that reimbursements for SNAP administrative costs were supported.

### Transaction Selection Methodology

We reviewed New York’s FY 2024 SF-425, FNS-778, and identified the five administrative cost categories with the highest total Federal share of outlays and unliquidated obligations. For each of the top five categories, we selected and tested one transaction to confirm whether FNS’ controls ensured that SNAP administrative reimbursements were supported. The categories and their expenditures are shown in Table 1 below.

<b>FNS-778 Category Name</b>	<b>Total Federal Share of Outlays and Unliquidated Obligations</b>	<b>Description</b>
Certification	\$280,088,345	Certification activity, including accepting and processing the application—includes salaries, benefits, travel expenses, supervisory, clerical, and other support costs.
E&T 50% Grant	\$38,800,214	Amount in excess of E&T allocation (E&T 100% Grant) expended to operate the E&T program.
50% Unspecified Other	\$31,208,187	Other activities not specifically identified in the other categories.
Automated Data Processing Operations	\$15,966,455	Operational costs of computer systems.
Fraud Control	\$28,321,795	Qualified employees engaged specifically in the investigation and prosecution of SNAP fraud activity.
Fair Hearing	\$11,367,305	Costs for Fair Hearing activities.
Automated Data Processing Development	\$10,096,234	Costs of computer system development.
E&T 100% Grant	\$6,071,002	Unmatched Federal grant expended on administrative costs of the E&T program.
Outreach	\$5,314,467	Outreach costs included in the FNS approved plan for Program informational activities.
E&T Transportation and Other	\$2,905,971	Reimbursement of E&T participants for costs of transportation and other reasonable and necessary costs incurred as a result of E&T participation.
EBT Issuance	\$2,189,788	All EBT operational and equipment costs, except indirect EBT issuance costs charged through an indirect cost rate.
Quality Control	\$2,004,576	Costs for Quality Control activity, including travel expenses.
Management Evaluation	\$2,004,576	Costs for Management Evaluation activities.
100% State Exchange	\$12,735	Travel costs and costs for printed materials and electronic or other media related to the exchange of ideas and experience for improving program management among States that are approved by FNS and reimbursed with 100% State Exchange funds.
<b>Total</b>	<b>\$436,351,650</b>	

**Table 1: This table presents the reimbursed administrative SNAP functions/activities on the SNAP Financial Status Report (FNS-778) for New York in FY 2024 as of February 26, 2025. Table by OIG.**

Since New York administers the program at the district level and the FNS-778 combines both State and county administrative costs, we selected five SNAP administrative expenses from OTDA and a district (New York City’s Human Resource Administration (NYC HRA)). We

selected our district based on the highest caseload volume. To identify the top five SNAP functions/activities for both the State and district, we based our selection on the provided data from the Central Office Cost Allocation pages for the State, and the general ledger for the district. We reviewed the documentation provided by OTDA and NYC HRA officials for these 10 expenditures.

We conducted this inspection as one of a series of 10 for the top SNAP-participating State agencies, each with similar objectives. Table 2 shows these 10 States listed in descending order by the number of persons participating in SNAP within each State.

**FY 2024 SNAP Data**

State	Persons	Cost
California	5,379,575	\$12,377,175,489
Texas	3,193,009	\$7,210,895,950
Florida	2,975,789	\$6,604,797,454
New York	2,926,213	\$7,353,983,677
Pennsylvania	2,000,018	\$4,268,081,855
Illinois	1,935,645	\$4,469,341,818
Michigan	1,474,427	\$3,061,361,572
North Carolina	1,415,607	\$2,939,826,574
Georgia	1,411,357	\$3,269,318,111
Ohio	1,386,865	\$3,177,571,738

**Table 2: This table presents the top 10 States, by number of persons, participating in SNAP in FY 2024 based on FNS' data as of February 26, 2025. Table by OIG.**

We conducted this inspection in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*. We did not independently review or assess the agency's information systems; therefore, we make no representation regarding the adequacy of the agency's computer systems, or the information generated from it.

## Abbreviations

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ACS.....	Automated Claiming System
ASAP.....	Automated Standard Application for Payments
C.F.R.....	Code of Federal Regulations
EBT.....	Electronic Benefits Transfer
E&T.....	Employment and Training
FNS .....	Food and Nutrition Service
FY.....	fiscal year
HRA.....	Human Resource Administration
LOC.....	letters of credit
NYC.....	New York City
OIG .....	Office of Inspector General
OTDA.....	Office of Temporary and Disability Assistance
SF.....	Standard Form
SNAP .....	Supplemental Nutrition Assistance Program
USDA.....	U.S. Department of Agriculture



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