



United States Department of Agriculture

SNAP Employment and Training Pilot Projects



Audit 27601-0004-22

December 2019

OFFICE OF INSPECTOR GENERAL

SNAP Employment and Training Pilot Projects

Audit Report 27601-0004-22

OIG reviewed FNS' controls over States' E&T pilot projects to ensure their activities, funds, and performance are properly monitored.

OBJECTIVE

Our objective was to evaluate FNS' controls over States' SNAP E&T pilot projects ensuring activities, funds, and performance are properly monitored.

REVIEWED

We reviewed the FY 2013 to FY 2017 expenditures of the 10 States with SNAP E&T pilot projects, which included a review of their pilot project activities from FYs 2015–2017. We visited the FNS national office to review FNS' internal controls for administering, overseeing, and monitoring the SNAP E&T pilot projects. We also visited State agencies responsible for the administration and oversight of three non-statistically selected SNAP E&T pilot projects.

RECOMMENDS

We recommend FNS require States to substantiate their reduced regular E&T expenditures and seek recovery of grant funds when they are unable to do so.

WHAT OIG FOUND

The U.S. Department of Agriculture's (USDA) Supplemental Nutrition Assistance Program (SNAP) is a critical safety net for many families and individuals in financial need. SNAP is the largest of USDA's domestic nutrition assistance programs and is administered by the Food and Nutrition Service (FNS). In accordance with the 2014 Farm Bill, FNS selected grant proposals from 10 State agencies to develop, implement, and evaluate innovative SNAP employment and training (E&T) pilot projects intended to test and determine the most effective ways to help SNAP recipients gain and retain employment—thereby reducing their need for public assistance.

The 10 State agencies receiving E&T pilot program grants were required to maintain the same level of funding in their regular E&T programs as in fiscal year (FY) 2013 and to not replace this funding with Federal funding for the pilot projects. However, the Office of Inspector General (OIG) found that 6 of the 10 States spent almost \$38.7 million less on their regular programs from FYs 2015–2017 than their FY 2013 funding levels. FNS did not identify this issue because it only reviewed States' annual E&T plans—not the actual E&T expenditures. As a result, States may have replaced almost \$27.6 million of State funds with Federal funds.

FNS generally agreed with our recommendations, and we reached management decision on both recommendations.



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



DATE: December 23, 2019

AUDIT
NUMBER: 27601-0004-22

TO: Pamilyn Miller
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: SNAP Employment and Training Pilot Projects

This report presents the results of the subject review. Your written response to the official draft is included in its entirety at the end of the report. We have incorporated excerpts from your response, and the Office of Inspector General's (OIG) position, into the relevant sections of the report. Based on your written response, we are accepting management decision for both audit recommendations in the report, and no further response to this office is necessary. Please follow your internal agency procedures in forwarding final action correspondence to the Office of the Chief Financial Officer (OCFO).

In accordance with Departmental Regulation 1720-1, final action needs 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 our audit 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 U.S. Department of Agriculture's (USDA) nutrition assistance programs help provide children and low-income Americans with access to a nutritious diet with emphasis on those facing particular need due to unemployment, recession, disaster, age, or disability. The Food and Nutrition Service (FNS) manages and administers these domestic nutrition assistance programs.

The Nation's largest domestic nutrition assistance program, the Supplemental Nutrition Assistance Program (SNAP), is a critical safety net for many families and individuals in financial need. SNAP includes an employment and training (E&T) program to help recipients gain skills, training, or experience that will increase their ability to obtain regular employment, with the ultimate goal of becoming financially self-sufficient. SNAP E&T programs may assist unemployed and underemployed participants in job searches, job skills training, education, work experience, and provide support services like transportation and childcare to help reduce barriers to employment and training.¹

The Agricultural Act of 2014 (also known as the 2014 Farm Bill)² authorized up to \$200 million for FNS to develop, implement, and evaluate up to 10 innovative SNAP E&T pilot projects, each of which were to last no more than 3 years.³ As per the 2014 Farm Bill, the pilot projects should be designed to develop and test methods for E&T programs and services to increase the employment rate and incomes of SNAP recipients who are able to work (known as "work registrants"), thereby reducing their need for public assistance. These pilot projects give USDA and States the opportunity to build on existing SNAP E&T programs and test new strategies to determine the most effective ways to help SNAP recipients gain and retain employment that leads to self-sufficiency.

FNS developed a Request for Applications (RFA) for the SNAP E&T pilot projects based on legislative requirements, the Secretary of Agriculture's priorities, and consultation with other Federal agencies involved in employment, training, and workforce development. FNS released its RFA on August 25, 2014, and applications were due by November 24, 2014. In response, FNS received 46 applications for SNAP E&T pilot projects from 35 States and the District of Columbia. FNS convened an evaluation panel, consisting of three separate panels, of officials from FNS, the U.S. Department of Labor, and U.S. Department of Education to consider the merit of each grant application. Each panel shared the same panel chair and the same grant officer (both FNS officials) and reviewed and scored about 15 proposals using the criteria

¹ "Unemployed" refers to an individual who is jobless, looking for a job, and available for work. "Underemployed" refers to an individual who is working part-time, but desires full-time employment, or who is working in employment not commensurate with the individual's demonstrated education level.

² Agricultural Act of 2014, Pub. L. No. 113-79, 128 Stat. 649 (2014 Farm Bill).

³ Section 4022 of the Agricultural Act of 2014, "Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort Under Supplemental Nutrition Assistance Program," authorizes pilot projects that we refer to as SNAP E&T pilot projects throughout this audit report.

outlined in the RFA. Afterward, an evaluation contractor also provided a technical review of the pilot project applications for FNS.

In March 2015, FNS awarded grants, ranging from \$8.9 million to \$22.3 million, to 10 States through a competitive grants process, with the grants starting in April 2015. Collectively, the selected projects tested a range of job-driven strategies, included a mix of urban and rural areas, tested mandatory and voluntary programs,⁴ targeted a variety of work registrants,⁵ and reflected a diversity of geographic areas (see Table 1, below).

Table 1: Overview of SNAP E&T Pilot Projects

Grantee	Urban/Rural	Type of State E&T Program	Targeted Pilot Size ^(a)	FNS Region	Award Amount
California	urban & rural	voluntary	3,400	Western	\$12,166,778
Delaware	urban & rural	voluntary	5,292	Mid-Atlantic	\$18,765,069
Georgia	urban	mandatory	5,000	Southeast	\$15,011,438
Illinois	urban & rural	mandatory & voluntary ^(b)	5,000	Midwest	\$21,857,568
Kansas	urban & rural	voluntary	3,890	Mountain Plains	\$13,509,167
Kentucky	rural	voluntary	4,000	Southeast	\$19,987,148
Mississippi	urban & rural	mandatory	4,950	Southeast	\$20,505,890 ^(c)
Vermont	rural	voluntary	3,000	Northeast	\$8,959,379
Virginia	urban & rural	voluntary	5,386	Mid-Atlantic	\$22,329,952
Washington	urban & rural	voluntary	5,088 ^(d)	Western	\$22,000,000

(a) The targeted pilot size represents the total number of participants across the project’s treatment group (individuals who received pilot services) and control group (individuals that did not receive those services). For most State grantees, the number of participants was evenly split between these two groups.

(b) Illinois’ State E&T program is mandatory in 15 counties and voluntary in 18 counties. The pilot project did not exclusively serve mandatory participants because regular SNAP E&T services are not offered in 18 out of 33 counties included in the pilot.

(c) Mississippi’s E&T pilot project was initially funded at \$20,505,890. The final award amount for Mississippi was \$15,505,890, as surplus grant funds were identified and FNS recovered \$5 million after advising the State to retain a portion of funds to support any final costs associated with the grant’s close out.

(d) Washington revised its target pilot size from 14,000 to 5,088 participants in FY 2017.

⁴ Mandatory programs require nonexempt work registrants to participate in assigned E&T program activities or face disqualification from SNAP. Voluntary programs do not require participation, but offer individuals the opportunity to participate in activities if they choose. Voluntary programs do not impose disqualifications from SNAP for individuals failing to participate.

⁵ The E&T pilot projects target work registrants who are either unemployed or underemployed, and many also target subsets of this population who face significant barriers to employment, such as homelessness, criminal convictions, substance abuse, long-term unemployment, and noncustodial parents.

SNAP E&T pilot projects operated as partnerships between FNS, State and local organizations, and a contractor selected by FNS to conduct an independent evaluation of each pilot project. At the State level, States voluntarily enter into cooperative agreements with the Federal government to operate SNAP programs in exchange for program funds. In receiving an E&T pilot project grant, each State agency assumed the overall responsibility for planning, implementing, and operating its pilot project and must work closely with the evaluation contractor throughout the duration of the cooperative agreement. State agencies were required to submit to FNS timely quarterly progress and financial reports throughout the grant award period. The quarterly progress report described the project's progress, tasks completed, any problems encountered, budget and costs, key activities planned for the next reporting period, and activities that may require changes in the project's schedule. The financial reports are submitted via Form SF-425 (*Federal Financial Report*).

At the Federal level, FNS' Office of Employment and Training (OET) administers the E&T program nationwide, provides technical assistance to State agencies, monitors the effectiveness of States' E&T programs, and increases collaboration with other Federal training programs. OET monitored the E&T pilot projects to ensure they meet their intent and comply with program rules and regulations. As part of this oversight, OET initially participated in bi-weekly phone calls with the pilot States and the evaluation contractor and accompanied the evaluation team on implementation site visits to the pilot projects. In addition, OET performed monitoring visits from June 2016 to April 2017 to ensure each pilot project were complying with applicable laws and regulations, requirements in the cooperative agreement and RFA, and the proposal included in each State's pilot project application. These evaluations included interviews, observations, and case file reviews at the State agencies and their pilot project partners. OET also reviews State agencies' quarterly progress reports and financial reports (SF-425) for their pilot project activities. Finally, OET acts as a liaison between the evaluation contractor and the State agencies. FNS' Grants Management Operations Branch is responsible for the financial management of the pilot project grants and monitors the expenditures of the pilot projects through the SF-425 financial reports.⁶

Lastly, the 2014 Farm Bill called for an independent, longitudinal evaluation of all pilot projects to measure the effectiveness of the E&T programs and services on the ability of participants to obtain and retain employment.⁷ FNS contracted with an evaluation contractor in December 2014 to conduct the required independent evaluation of the 10 SNAP E&T pilot projects. The independent evaluation, which examines both the short-term and long-term impacts of the pilot projects, will help USDA identify which approaches are most effective at helping SNAP recipients find and keep work and reduce their reliance on food assistance. The evaluation

⁶ The Grants Management Operations Branch, located within FNS' Grants and Fiscal Policy Division, is responsible for ensuring fair and open competition, and that proper controls are in place for all discretionary grant programs. FNS' Grants and Fiscal Policy Division is responsible for discretionary grants functions and grants management and policy functions.

⁷ The longitudinal evaluation will examine both the short-term results and long-term impacts of the pilot projects. By comparing the outcomes of the pilot participants over time, the evaluation will measure the extent to which the new SNAP E&T pilot services help more than the usual SNAP E&T services and determine whom the new services help most. An interim report with short-term results of the pilot projects is scheduled for release in 2019 and a final report with the long-term impacts of the pilot projects is scheduled for release in 2021.

contractor will prepare annual reports to Congress that provide details on the implementation status of the pilots, activities of the evaluations, and early results (if available) of the process and impact evaluations of each pilot project. Meaningful results of the pilot projects will not be available until the evaluation is complete; the final report is scheduled for release in mid-2021.

The Agriculture Improvement Act of 2018 increased funding for SNAP E&T programs, from \$90 million to \$103.9 million annually.⁸ As part of this funding increase, the Secretary of Agriculture can reallocate any remaining available E&T program funds based on the results from the independent evaluation of the pilot projects to those State agencies that have demonstrated the most impact on the ability of participants to find and retain employment.⁹ If the results of the independent evaluation are not yet available, then the Secretary of Agriculture can base the reallocation of funds on the information related to the performance of the E&T programs and activities of the pilot projects.

Objectives

Our audit objective was to evaluate FNS' controls over States' SNAP E&T pilot projects ensuring activities, funds, and performance are properly monitored.

We had no reportable findings for FNS' controls over properly monitoring the activities and performance of States' SNAP E&T pilot projects. FNS used an evaluation contractor to monitor the pilot projects for the independent evaluation. This contractor will report on both the short-term and long-term outcomes of the pilot projects.

⁸ Agriculture Improvement Act of 2018, Pub. L. No. 115-334 (2018 Farm Bill).

⁹ The amount of remaining E&T program funds is determined based on the anticipated expenditures by State agencies.

Finding 1: FNS Should Ensure Pilot Project States Maintain Funding Efforts

We found that 6 of the 10 States in the SNAP E&T pilot program spent almost \$38.7 million less from FYs 2015–2017 than their FY 2013 funding levels. FNS did not identify this issue because it only reviewed States’ annual plans—not their actual E&T expenditures. As a result, these six States may have replaced nearly as much as \$27.6 million of the \$38.7 million of State funds with Federal pilot grant funds they were not entitled to spend in their existing E&T programs.

The 2014 Farm Bill requires States eligible to participate in an E&T pilot project to commit to maintain at least the amount of State funding for regular E&T programs and services expended for FY 2013 for each year of the pilot.¹⁰ In addition, State agencies could not shift the cost of existing E&T programs and services to their pilot projects, as grant funds could only be used to supplement or expand, not replace, non-Federal funds.¹¹

Maintaining the FY 2013 level of E&T program funding was a priority for FNS while selecting which pilot projects to fund. FNS issued an RFA, in August 2014, which required States to include in their application a commitment to maintain at least the same level of State funding for SNAP E&T programs and services that they expended in FY 2013. In fact, FNS rejected some States’ highly-ranked project proposals because they did not include a commitment in their applications to maintain their required FY 2013 funding levels. However, despite this important requirement, we found that of the 10 SNAP E&T pilot projects, 6 States did not maintain at least the same amount of State funds spent in FY 2013 for their E&T programs.¹² Instead, the six States collectively spent almost \$38.7 million less of their own funds from FYs 2015–2017 than their FY 2013 funding level (see Table 2, below).

Table 2: Overview of States’ E&T Program Expenditures compared to FY 2013 Spending Levels¹³

State	FY 2013 Spending (Baseline)	FY 2015 Underspent Funds	FY 2016 Underspent Funds	FY 2017 Underspent Funds	Total Regular Program Underspending
California	\$41,832,138	\$5,962,140	\$8,735,889	\$8,596,467	\$23,294,496
Delaware	\$73,778	\$28,700	\$0	\$49,721	\$78,421
Illinois	\$10,242,036	\$2,409,578	\$1,996,074	\$1,879,812	\$6,285,464
Kansas	\$41,182	\$0	\$29,549	\$17,373	\$46,922
Vermont	\$4,958,023	\$879,513	\$2,787,368	\$4,594,813	\$8,261,694

¹⁰ Agricultural Act of 2014, Pub. L. No. 113-79, 128 Stat. 649 § 4022 (2014 Farm Bill).

¹¹ Ibid.

¹² Four States (Georgia, Kentucky, Mississippi, and Washington) complied in meeting or exceeding the amount of State dollars they spent for E&T programs in FY 2013 from FYs 2015–2017.

¹³ The E&T program expenditures presented in Table 2 were reported on each State’s SF-425. This table lists those six States that did not maintain their FY 2013 levels of E&T program funding. A \$0 amount indicates that a State spent more than its FY 2013 level in that fiscal year.

Virginia	\$1,259,570	\$204,933	\$345,859	\$164,561	\$715,353
Total		\$9,484,864	\$13,894,739	\$15,302,747	\$38,682,350

A State that does not abide by the requirements of the grant, such as the maintenance of effort provision for pilot projects, may have all or part of the grant's costs disallowed.¹⁴ In comparing the 10 States' pilot grant awards to their related regular E&T program underspent funding levels, we determined that 9 of 10 States were awarded pilot grant funds that exceeded the level of their underspent funding. California is the only State participating in the E&T pilot projects where its underspent amount is greater than the grant award amount. Since violators of the terms of the pilot can only have those grant costs disallowed, maximum recovery would be limited to the grant funds States received (see Table 3, below).

Table 3: States' Underspent Funds Compared to Award Amounts

Grantee	Award Amount	Underspent Funds (FY 2015-2017)	Maximum Recovery
California	\$12,166,778	\$23,294,496	\$12,166,778
Delaware	\$18,765,069	\$78,421	\$78,421
Georgia	\$15,011,438	\$0	\$0
Illinois	\$21,857,568	\$6,285,464	\$6,285,464
Kansas	\$13,509,167	\$46,922	\$46,922
Kentucky	\$19,987,148	\$0	\$0
Mississippi	\$20,505,890	\$0	\$0
Vermont	\$8,959,379	\$8,261,694	\$8,261,694
Virginia	\$22,329,952	\$715,353	\$715,353
Washington	\$22,000,000	\$0	\$0
Total		\$38,682,350	\$27,554,632

¹⁴ 2 C.F.R. § 200.338 Remedies for noncompliance.

FNS officials stated that the base year for measuring expenditures should begin in FY 2016 when projects were fully operational—not FY 2015, when the States first received their funding. It was the agency’s view that it was inappropriate to judge the projects when they were first starting. Additionally, FNS officials said that the State expenditures should be measured as an annual average over the duration of the grant, and not by each individual year. FNS stated since the law was silent as to the method to be used, it was within FNS’ authority to select the year in which the commitment to maintain effort started. FNS also stated that since Congress envisioned this to be a multi-year pilot, FNS was not required to enforce the maintenance of effort requirement each and every year, but rather across several years.

However, we maintain that it is appropriate to look at each individual year, starting with FY 2015, the first year grants were made. Since the intent of the requirement to maintain effort was to disallow States to substitute Federal funding for State funding in the regular E&T program, the requirement must apply in any year grants were made, including FY 2015. We also note that subsequent to the enactment of the statute, FNS published its RFA in August 2014, which required that States commit to maintain their FY 2013 funding levels on an annual basis. The RFA stated, “[t]he Act requires that State agencies interested in applying must commit to maintain at least the amount of State funding for SNAP E&T programs that they expended in FY 2013 for each year of the pilot.” Since States applying for the program made a decision based on this commitment to maintain funding at the FY 2013 levels, FNS needs to enforce such requirement. Otherwise, States not accepted in the pilot program because of their uncertainty about maintaining FY 2013 spending levels could challenge FNS’ grant decision. Thus, FNS should obtain a justification and/or recover funds from those States that did not maintain spending at the level required for each and every year the State received funding, including FY 2015.

FNS officials also noted that State E&T programs and expenditures are fluid, which could affect States’ ability to spend E&T funds or result in fewer expenditures than anticipated. For example, States may have spent less on their E&T programs because of decreased program participation due to enrolling participants in the pilot projects or improvements in the States’ unemployment and economic conditions. While we acknowledge there may be legitimate reasons why States could not maintain their required funding levels, we contend that FNS needs to ensure that States annually maintained their FY 2013 funding levels or if not that there is a valid reason why this did not occur. Instead of limiting its review to the States’ E&T plans and budgets, FNS should expand its review to the SF-425s, which show States’ actual annual expenditures. If States did not maintain their required FY 2013 funding levels in FYs 2015–2017, States should provide justification to FNS.

Additionally, we found one instance where FNS took steps to enforce a State’s commitment to maintain its FY 2013 funding level requirement. When reviewing one State’s E&T plan to determine the State’s commitment, FNS identified that the State agency’s FY 2018 budget was approximately 90 percent less than its FY 2013 funding level. Further, the State agency’s FY 2017 regular SNAP E&T program expenditures had decreased significantly from its FY 2013 level. FNS notified the State agency that it was not in compliance with the requirement to maintain its FY 2013 funding level and informed the agency that FNS may unilaterally terminate the grant agreement or disallow up to 100 percent of the costs if the State failed to comply with

any term of the agreement.¹⁵ Had FNS reviewed the actual expenditures for this State in addition to the plan's budget, FNS would have discovered that in FY 2016, the State was also out of compliance, as it had spent less than 60 percent of the required regular SNAP E&T program amount. FNS fully resolved this matter when the State demonstrated that it was spending funds for E&T costs but not seeking reimbursement from FNS due to a unique funding authority for the State. We encourage FNS to apply these measures more consistently and to notify all State agencies that do not maintain their required FY 2013 funding levels.

Recommendation 1

Require States to substantiate that the reductions in their regular E&T expenditures occurred for reasons other than the receipt or expected receipt of their Federal pilot funds.

Agency Response

The Food and Nutrition Act, the Request for Applications, and the grant agreement signed by the grantees, required States to commit to maintain at least as much State funding for SNAP E&T programs and optional workfare as the State expended in FY 2013. USDA will review each State's expenditures over the period of performance of the grant and ask States to substantiate that the reductions in expenditures in their regular E&T program occurred for reasons other than the receipt or expected receipt of the Federal Pilot funds. The expected completion date is March 31, 2020.

OIG Position

We accept management decision for this recommendation.

Recommendation 2

For any State unable to provide adequate substantiation for Recommendation 1, use agency authorities under 2 C.F.R. § 200.338 and agency policies over grants to seek recovery of pilot funds, as appropriate.

Agency Response

FNS will review the responses submitted by each State agency, carefully consider the circumstances that resulted in the decreased expenditures, and determine next steps including potential recovery of pilot funds, if appropriate. The expected completion date is June 30, 2020.

OIG Position

We accept management decision for this recommendation.

¹⁵ The State agency, after meeting with FNS, provided a letter substantiating the reductions in regular employment and training expenditures.

Scope and Methodology

We conducted an audit of the SNAP E&T pilot projects. The scope of our audit work covered the activities of the pilot projects from FYs 2013 through 2017. We conducted our audit work from July 2018 through April 2019.

To accomplish our objective, we performed fieldwork at the FNS national office in Alexandria, Virginia, in order review the agency's internal controls for administering, overseeing, and monitoring the SNAP E&T pilot projects. We also performed audit work at three non-statistically selected SNAP E&T pilot projects, which included site visits to the State agencies responsible for the administration and oversight of the States' pilot projects and selected partners and community organizations that provided services for the States' pilot projects.¹⁶

The SNAP E&T pilot projects from Georgia, Vermont, and Washington were non-statistically selected based on such factors as geography, coverage within the States (Statewide or county administered), service locations, target populations of SNAP participants, sample size, type of State E&T program, and grant amount.¹⁷ We also selected pilot projects from States that neither OIG nor the Government Accountability Office were visiting at the time of our fieldwork selections as part of other ongoing SNAP audit work.

At the FNS national office, we:

- Reviewed applicable laws, regulations, policies, and procedures regarding FNS' administration of the SNAP E&T pilot projects;
- Determined FNS' administrative and oversight responsibilities for the 10 pilot projects, the officials responsible for each pilot project, and the interaction with the State agencies and the independent evaluation contractor;
- Determined the criteria, methodology, and ranking system FNS used to select the pilot projects;
- Compared FNS' methodology and ranking system with the selection criteria in the Agricultural Act of 2014 and the RFA;
- Reviewed each State agency's quarterly progress reports to determine FNS' reporting requirements for State agencies to report on the progress of their pilot projects to both FNS and the evaluation contractor;
- Evaluated how FNS verifies the performance data on the States agencies' quarterly progress reports;

¹⁶ For a list of sites visited, see Exhibit B.

¹⁷ The selected pilot projects are referred to as SNAP Works 2.0 in Georgia, Jobs for Independence in Vermont, and Resources to Initiate Successful Employment in Washington.

- Reviewed each State agency's quarterly financial reports (SF-425) to determine FNS' requirements for State agencies to report their expenditures for the pilot projects and regular E&T activities;
- Compared each State agency's grant budget to the financial reports to determine if there were any significant variances;
- Determined FNS' process to evaluate the pilot projects to ensure the State agencies are meeting their project goals, which included a determination of how FNS uses management evaluations and the independent evaluation contractor in its oversight of the pilot projects; and
- Interviewed the evaluation contractor officials to discuss the contractor's role in the independent evaluations of the pilot projects.

At the State agencies, we:

- Interviewed officials responsible for the administration of the SNAP E&T program and pilot projects, identified partnerships with outside entities, identified the scope and characteristics of the pilot projects, and identified any reviews related to the States' SNAP E&T programs and pilot projects;
- Determined if the State agencies submitted to FNS quarterly financial reports (SF-425) and progress reports and if the State agencies had any requirements for local agencies or partners to report on their progress and financial status of pilot project activities;
- Reviewed the State agencies' FY 2017 cost allocation plans and obtained States' approved plans of operations to ensure compliance with the cost allocation plans;
- Determined and documented the controls for monitoring pilot project funds and for confirming State agencies' maintenance of their FY 2013 SNAP E&T program funding levels;
- Determined and documented whether the State agencies maintained their FY 2013 funding levels for each year of their pilot projects and whether they used State funds or funds from other sources to administer the pilot projects;
- Reviewed a non-statistical sample of State agencies' administrative expense transactions and participant cost reimbursement expense transactions; and
- Determined how performance data were collected and evaluated for States' regular SNAP E&T programs and the pilot projects, documented the collaboration with the independent evaluation contractor for evaluating the States' pilot projects, and determined how the State agencies monitored their partners' performance and compliance.

During the course of our audit, we did not solely rely on any agency information systems. We conducted limited verification of the data related to our objective by: (1) reviewing the data for obvious errors and completeness by comparing the data to supporting documents we obtained from the three States we visited, and (2) interviewing agency officials knowledgeable about the data. We make no representation regarding the adequacy of any agency computer systems, or the information generated from them because the fundamental processes related to the audit objective did not rely on information systems or information technology.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Abbreviations

E&T.....	employment and training
FNS.....	Food and Nutrition Service
FY.....	fiscal year
OET.....	Office of Employment and Training
OIG.....	Office of Inspector General
RFA.....	Request for Applications
SNAP.....	Supplemental Nutrition Assistance Program
USDA.....	U.S. Department of Agriculture

Exhibit A: Summary of Monetary Results

Exhibit A summarizes the monetary results for our audit report by finding and recommendation number.

Finding	Recommendation	Description	Amount	Category
1	2	For any State unable to adequately substantiate reductions in its regular employment and training expenditures, use agency authorities and policies to seek recovery of pilot grant funds, as appropriate	\$27,554,632	Questioned Costs, Recovery Recommended

Exhibit B: Audit Sites Visited

This exhibit shows the name and location of all sites visited during the audit, including the FNS national office, State agencies, and State agency partners that provide oversight and services for the SNAP E&T pilot projects in Georgia, Vermont, and Washington.

AUDIT SITE	LOCATION
FNS national office	Alexandria, VA
<u>State Agency (Georgia):</u> Georgia Division of Family and Children Services <u>Partners/Service Providers:</u> Georgia Department of Labor DeKalb County Division of Family and Children Services Gwinnett County Division of Family and Children Services	Atlanta, GA Decatur, GA Decatur, GA Lawrenceville, GA
<u>State Agency (Vermont):</u> Vermont Department for Children and Families <u>Partners/Service Providers:</u> Vermont Department of Labor (Burlington Resource Center) Vermont Department of Labor (Rutland Resource Center) Vermont Division of Vocational Rehabilitation Employee Assistance Program Community College of Vermont	Waterbury, VT Burlington, VT Rutland, VT Rutland, VT Winooski, VT
<u>State Agency (Washington):</u> Washington Department of Social and Health Services <u>Partners/Service Providers:</u> Career Path Services North Seattle College People for People	Olympia, WA Federal Way, WA Seattle, WA Yakima, WA

**AGENCY'S
RESPONSE TO AUDIT REPORT**



**United States
Department of
Agriculture**

Food and
Nutrition
Service

3101 Park
Center Drive

Alexandria, VA
22302-1500

DATE: December 9, 2019

AUDIT
NUMBER: 27601-0004-22

TO: Gil H. Harden
Assistant Inspector General for Audit

FROM: Pamilyn Miller /s/
Administrator
Food and Nutrition Service

SUBJECT: SNAP Employment and Training Pilot Projects

This letter responds to the official draft report for audit number 27601-0004-22, SNAP Employment and Training (SNAP E&T) Pilot Projects. Specifically, the Food and Nutrition Service (FNS) is responding to the two recommendations in the report.

OIG Recommendation 1:

Require States to substantiate that the reductions in the regular employment and training expenditures occurred for reasons other than the receipt or expected receipt of the Federal pilot funds.

FNS Response:

The Food and Nutrition Act (the Act), the Request for Applications, and the grant agreement signed by the grantees, required States to commit to maintain at least as much State funding for SNAP E&T programs and optional workfare as the State expended in Fiscal Year (FY) 2013. USDA will review each State's expenditures over the period of performance of the grant and ask States to substantiate that the reductions in expenditures in their regular E&T program occurred for reasons other than the receipt or expected receipt of the Federal Pilot funds.

Estimated Completion Date:

March 31, 2020

OIG Recommendation 2:

For any State unable to provide adequate substantiation for Recommendation 1, use agency authorities under 2 C.F.R. § 200.338 and agency policies over grants to seek recovery of pilot funds, as appropriate.

Gil Harden
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FNS Response:

FNS will review the responses submitted by each State agency, carefully consider the circumstances that resulted in the decreased expenditures, and determine next steps including potential recovery of pilot funds, if appropriate.

Estimated Completion Date:

June 30, 2020

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