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OFFICE OF INSPECTOR GENERAL



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Office of Inspector General  
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DATE: March 30, 2017

AUDIT  
NUMBER: 27601-0009-10

TO: Jessica Shahin  
Acting 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: Nebraska'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 Nebraska'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 Nebraska 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 Nebraska's overall compliance with 7 C.F.R. 272. TFC is responsible for the enclosed agreed-upon procedures and recommendations report, dated February 16, 2017. However, our review of TFC's audit documentation disclosed no instances in which TFC did not comply, in all material respects, with GAGAS.

TFC reported that Nebraska did not always comply with SNAP regulations related to the Prisoner Verification System, Deceased Matching System, and Income and Eligibility

Verification System activities. TFC recommended FNS require the State perform a review of six questionable cases, 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 three 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 appreciated 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 Nebraska's Compliance with  
7 CFR, Part 272 – SNAP Requirements for Participating State  
Agencies**

**Final**







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February 16, 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 Nebraska's compliance with the Supplemental Nutrition Assistance Program (SNAP) regulations. The State of Nebraska (Nebraska 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 Nebraska.

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 Nebraska'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 two findings as follows:

1. The Nebraska Department of Health and Human Services (NE DHHS) did not maintain evidence that an independent verification was performed for Prisoner Verification System (PVS) matches<sup>1</sup> and did not provide households notice of match results - Federal regulation *7 CFR §272.13, PVS*, states that each State's PVS shall provide for an independent verification of match hits to determine accuracy.<sup>2</sup> In a non-statistical sample of 15 cases that were active during FY 16 with a positive PVS match,<sup>3</sup> we

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<sup>1</sup> PVS matches the social security number (SSN) of the SNAP applicant against the Social Security Administration (SSA) database to determine if the individual has been incarcerated. A match indicates the individual has been incarcerated.

<sup>2</sup> *7 CFR §272.13, PVS, (b)(3), 2017*

<sup>3</sup> The universe of active cases during the scope period with a positive PVS match was 16,753.

identified 6 cases where there was no evidence that an independent verification was performed.

7 CFR §272.13, PVS, also states that each State's PVS shall provide a notice to the household of match results.<sup>4</sup> In the same non-statistical sample of 15 cases that were active during FY 16 with a positive PVS match, NE DHHS did not provide the household notice of match results for all 15 cases.

2. NE DHHS did not provide a notice of deceased matching system results – Federal regulation 7 CFR §272.14, *Deceased Matching System*, states that each State's deceased matching system shall provide for a notice to the household of match results.<sup>5</sup> In a non-statistical sample of 15 cases that were active during FY 16 with a deceased match, NE DHHS did not provide a notice of match results for 1 case.<sup>6</sup>

Our performance of Part 2 of the agreed-upon procedures, the testing of 100 randomly selected active cases, disclosed one finding as follows:

3. NE DHHS did not maintain evidence an Income and Eligibility Verification System (IEVS) check was performed - Federal regulations 7 CFR §272.8, *State Income and Eligibility Verification System*, requires the State agency to document information obtained through the IEVS both when an adverse action is and is not instituted.<sup>7</sup> We identified six cases where there was no evidence an IEVS check was performed.

Additional details concerning these findings and recommendations are presented in Section 4 of this report. This report is intended solely for the information and use of the OIG, FNS, and the State of Nebraska. For any questions concerning this report, please contact Tashu Trivedi, TFC Engagement Partner at [ttrivedi@tfcci.net](mailto:ttrivedi@tfcci.net).

Signed

TFC Consulting, Inc. /s/

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<sup>4</sup> 7 CFR §272.13, PVS, (b)(4), 2017

<sup>5</sup> 7 CFR §272.14, *Deceased Matching System*, (c)(4), 2017

<sup>6</sup> The universe of cases with a deceased match during the scope period was 872.

<sup>7</sup> 7 CFR §272.8, *State IEVS*, (e), 2017

## 1 Background

The U.S. Department of Agriculture (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 \$61 billion annually (FY16).<sup>8</sup> 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.<sup>9</sup> 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 Nebraska, the Department of Health and Human Services (DHHS) performs this function.

In FY 16, NE DHHS expenditures were \$3,214,794,549.<sup>10</sup> In FY 15, the State issued \$242,092,503 in SNAP benefits (which nationally represents 0.35% of benefits and 0.38% of all SNAP participants) serving an average of 77,755 households or 174,092 individual participants per month, and ranked 42 out of 53 States and Territories in benefits issued.<sup>11</sup>

## 2 Objective and Purpose

The objective of this agreed-upon procedures engagement was to assess selected aspects of Nebraska'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. 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.

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<sup>8</sup> SNAP National View Summary, FY13 through FY16, FNS, November 10, 2016

<sup>9</sup> SNAP was previously authorized by the *Food Stamp Act of 1964* and later amended by the *Food Stamp Act of 1977*.

<sup>10</sup> State of Nebraska Annual Budgetary Report for the year ended June 30, 2016, Administrative Services State Accounting Division. This figure is provided to give context and represents all program and operational expenditures, including capital outlays.

<sup>11</sup> 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 Nebraska's compliance with *Title 7 CFR, Part 272, Requirements for Participating State Agencies*. The State of Nebraska 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 Nebraska SNAP program is considered a small program (under \$700 million in SNAP payments annually) by OIG and is located within FNS' Mountain Plains 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 Nebraska'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 (Federal Fiscal Year 2016 (FY16)), although the period assessed varied for some tests performed.

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 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 Nebraska headquarters of DHHS in Lincoln, Nebraska in late November and early December 2016. This agreed-upon procedures engagement was conducted in accordance with 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

Two exceptions were identified during performance of the review procedures in the Part 1 Checklist, as discussed in Finding 1 and Finding 2 below.

#### **Finding 1: NE DHHS did not maintain evidence that an independent verification was performed for PVS matches and did not provide households notice of match results**

Our testing of 7 CFR §272.13, *Prisoner Verification System*, disclosed two instances of non-compliance. Specifically, NE DHHS did not maintain evidence that an independent verification was performed for PVS matches and did not provide households notice of match results.

We requested NE DHHS provide a list of PVS matches performed during FY 2016 and received a file containing 16,753 cases that were active during the scope period and had a positive PVS match. TFC tested a non-statistical sample of 15 cases, and identified 15 cases that were non-compliant; 6 cases with no evidence that an independent verification was performed and 15 cases where no notice of match results was provided to the household.

**Prisoner Verification System Finding 1(a) Independent Verification** – Federal regulations require that each State agency establish a system to monitor and prevent individuals who are being held in any Federal, State, and/or local detention or correctional institutions for more than 30 days, from being included in a SNAP household.<sup>12</sup> Additionally, the PVS shall provide for an independent verification of match hits to determine their accuracy.<sup>13</sup> That is, the case worker will attempt to obtain confirmation from another source (e.g., by calling the correctional facility).

We identified six cases where a beginning incarceration date was listed, but not an ending date to indicate how long the individual was incarcerated.<sup>14</sup> There was no evidence that an independent verification was performed to determine if the individual was still incarcerated. Of the six cases, one case had an individual who was incarcerated for over 30 days and continued receiving SNAP benefits.

This occurred because the case workers failed to document whether an independent verification was performed. We determined that case workers did not have a proper understanding of PVS documentation requirements. Without such documentation, we

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<sup>12</sup> 7 CFR §272.13, *PVS*, (a), 2017

<sup>13</sup> 7 CFR §272.13, *PVS*, (b)(3), 2017

<sup>14</sup> Since the amount of time the individual was incarcerated was unknown, we were unable to determine if the incarceration period exceeded 30 days. If the incarceration period had exceeded 30 days, we would have known that payments were potentially improper, and we would have been able to calculate the amount of potential improper payment.

were unable to determine if an independent verification was performed at all, or performed, but not documented.

As a result, SNAP recipients could potentially have received benefits while incarcerated or after being incarcerated for more than 30 days resulting in potential improper payments.

**Prisoner Verification System Finding 1(b) Notice of Match Results** – Federal regulation requires that each State’s PVS shall provide a notice to the household of match results.<sup>15</sup>

We identified for the 15 cases tested that NE DHHS failed to provide a notice of match results to households with a PVS match.

This occurred because the case workers were not aware of PVS household notification requirements.

As a result, households who did not receive notice will not be aware that the State agency performed a Prisoner Verification System check on a member of the household and the results of that check.

### **FNS Recommendation 1**

Require NE DHHS to review the six identified cases with no evidence of an independent verification to determine if payments were improper and warrant establishment of a claim.

### **Agency Response**

In its March 22, 2017, response FNS stated:

FNS concurs with this recommendation. NE DHHS will review all six cases identified in the audit and determine whether each case was within regulatory compliance. The State agency shall address any over or under-issuances identified in accordance with federal regulations.

**Estimated Completion Date:** June 1, 2017

### **FNS Recommendation 2**

Require NE DHHS provide guidance and/or training to case workers and new employees to ensure an independent verification is performed on cases where an end date for an incarceration is not present, and to provide notice to households of all PVS match results.

### **Agency Response**

In its March 22, 2017, response FNS stated:

FNS concurs with this recommendation. NE DHHS will conduct statewide training to case workers and new employees to ensure an independent verification is performed on

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<sup>15</sup> 7 CFR §272.13, PVS, (b)(4), 2017

cases where an end date for incarceration is not present, and to provide notice to households of all PVS match results.

**Estimated Completion Date:** September 1, 2017

**Finding 2: NE DHHS did not provide a notice of deceased matching system results**

We requested NE DHHS provide a list of all deceased matches during FY 16 and we received a file of 872 individuals. TFC tested a non-statistical sample of 15 cases, and our testing identified one case that did not meet compliance requirements under *7 CFR §272.14, Deceased Matching System*. Specifically, NE DHHS did not provide a notice of match results to the household. Federal regulations require that each State's deceased matching system shall provide for a notice to the household of match results.<sup>16</sup>

We determined the cause was attributable to the case worker not being aware of Death Matching System household notification requirements. Thus, the SNAP household that did not receive notice will not be aware that the State agency performed a deceased matching system verification on a member of the household.<sup>17</sup> Since this was a single occurrence in a non-statistical sample, we do not believe this to be a widespread occurrence and thus are not providing a formal recommendation.

**4.2 Part 2, Checklist for Review of Active Cases**

Our review of 100 randomly selected active cases<sup>18</sup> followed the review procedures specified in the Part 2 Checklist for Review of Active Cases, and disclosed six cases of non-compliance as detailed in Finding 3 below. This resulted in an error rate of six percent in our sample, enabling us with a 95 percent confidence level, to project an error rate of 11.85 percent or less in the population.<sup>19</sup>

**Finding 3: NE DHHS did not maintain evidence an Income and Eligibility Verification System (IEVS) check was performed**

We identified six cases where NE DHHS was not in compliance with *7 CFR §272.8, State IEVS*. Specifically, NE DHHS did not maintain evidence an IEVS check was performed. Also, during our review, we saw no evidence of potential improper payments.

Federal regulations require that each State agency must document information obtained through the IEVS both when an adverse action is and is not instituted.<sup>20</sup>

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<sup>16</sup> *7 CFR §272.13, Deceased Matching System, (c)(4), 2017*

<sup>17</sup> The household did receive a Notice of Action that informed them that benefits would be reduced. There was no evidence of improper payments.

<sup>18</sup> The universe of active cases during the scope period (October 2015 - September 2016) was 111,986.

<sup>19</sup> The error rate means that we can state with a high level of likelihood that the rate of non-compliance is somewhere under approximately 11.85 percent for the entire population.

<sup>20</sup> *7 CFR §272.8 State IEVS, (e), 2017*

We determined the cause was attributable to case workers lack of understanding of IEVS documentation requirements for case files in the benefits management system.

As a result, for the six identified cases, we were unable to determine whether an IEVS check was performed.

### **FNS Recommendation 3**

Require NE DHHS provide guidance and/or training to case workers and new employees to ensure a proper understanding of IVES check documentation requirements.

### **Agency Response**

In its March 22, 2017, response FNS stated:

FNS concurs with this recommendation. NE DHHS will conduct statewide training to case workers and new employees that will ensure a proper understanding of IEVS check documentation requirements.

**Estimated Completion Date:** September 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"> <li>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.</li> <li>b) Determine if all SNAP recipient records are kept electronically or on paper.</li> </ul>	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"> <li>a) Quality Control Sampling Plan as required by §275.11(a)(4);</li> <li>b) Plan for the State Income and Eligibility Verification System required by §272.8</li> <li>c) Employment and Training Plan as required in §273.7 (c)(6)</li> <li>d) A plan for the Systematic Alien Verification for Entitlements (SAVE) Program as required by §272.11(e)</li> <li>e) Claims Management Plan as required by §273.18(a)(3)</li> <li>f) Disqualification Plan in accordance with §273.7(f)(4)</li> </ul>	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"> <li>a) Verify for the Scope period that FNS has timely approved the State's Operating Procedures</li> <li>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.</li> </ul>	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.	No
§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.	No
§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
§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"> <li>a) Determine if FNS has reviewed and/or approved the State's PVS.</li> <li>b) For the Scope period, determine and document how often the State does a PVS match and the results of those matches.</li> </ul>	Exception noted, reference finding #1

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?
§272.14 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"> <li>a) Determine if FNS has reviewed and/or approved the State's deceased matching system.</li> <li>b) For the Scope period, determine and document how often the State does a deceased match and the results of those matches.</li> </ul>	Exception noted, reference finding #2

## 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	Exception noted, reference finding #3
§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?	No
§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?	No
§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?	No

## Appendix C: Leading Practices/Performance Improvement Opportunities

Our engagement was focused on reviewing the State's compliance with *7 CFR, Part 272* requirements, and our formal recommendations only pertain to the aforementioned regulations. However, when we observe an area where program efficiencies could be gained and/or effectiveness improved, we feel obliged to include that for FNS and State agency consideration.

NE DHHS and/or the benefits management system do not have a standardized process for case workers to enter case file information into the benefits management system while processing SNAP applications. While conducting our walkthroughs with caseworkers, we observed that case workers had different methods of processing SNAP applications and entering case file information into the benefits management system. One caseworker had developed a guide and relied on it for processing case files, while another case worker generally just followed the application in the order data elements were recorded. We observed that this variance in case file processing led to inconsistencies in application processing and allowed for the increased likelihood of human error.

We understand NE DHHS has Standard Operating Procedures for application processing, but we suggest the State agency consider adopting, implementing, or retraining staff on a more standardized approach for case file processing to include proper use of narration/case comments. Although a costlier option, we have observed some States that use a pre-programmed script in the benefits management system that makes it easier for the case worker to record all required information and provides the caseworker a "flow" that they may follow when conducting interviews. The script or "flow" provides the caseworker a predetermined sequence of data entry screens that cannot be bypassed until all required information has been recorded, and prompts the case worker on other potentially required data elements. For example, if a death match was returned on a single person household, the system would notify the case worker that notification to the household of match results was not required in the case of single person households. We believe there is room for improvement in the method in which NE DHHS case workers process SNAP applications, and a standardized approach coupled with enhanced narration or use of case comments may prevent some of the issues identified during this engagement from recurring.

## Appendix D: Glossary of Acronyms and Abbreviations

Acronym/Abbreviation	Definition
AUP	Agreed-upon Procedures
CFR	Code of Federal Regulation
DHHS	Department of Health and Human Services
FNS	Food and Nutrition Service
FY	Fiscal Year
GAGAS	Generally Accepted Government Auditing Standards
IEVS	Income and Eligibility Verification System
MD	Maryland
NE	Nebraska
OIG	Office of Inspector General
PVS	Prisoner Verification System
RO	Regional Office
SNAP	Supplemental Nutrition Assistance Program
TFC	TFC Consulting, Inc.
USDA	U.S. Department of Agriculture

**Appendix E: Agency Response**

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





**United States  
Department of  
Agriculture**

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Alexandria, VA  
22302-1500

DATE: March 22, 2017

AUDIT  
NUMBER: 27601-0009-10

TO: Gil H. Harden  
Assistant Inspector General for Audit

FROM: Jessica Shahin /s/  
Acting Administrator  
Food and Nutrition Service

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

This letter responds to the official draft report for audit number 27601-0009-10, Nebraska'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 three recommendations in the report.

**OIG Recommendation 1:**

Require NE DHHS to review the six identified cases with no evidence of an independent verification to determine if payments were improper and warrant establishment of a claim.

**FNS Response:**

FNS concurs with this recommendation. NE DHHS will review all six cases identified in the audit and determine whether each case was within regulatory compliance. The State agency shall address any over or under-issuances identified in accordance with federal regulations.

**Estimated Completion Date:** June 1, 2017

**OIG Recommendation 2:**

Require NE DHHS provide guidance and/or training to case workers and new employees to ensure an independent verification is performed on cases where an end date for an incarceration is not present, and to provide notice to households of all PVS match results.

**FNS Response:**

FNS concurs with this recommendation. NE DHHS will conduct statewide training to case workers and new employees to ensure an independent verification is performed on cases where an end date for incarceration is not present, and to provide notice to households of all PVS match results.

**Estimated Completion Date:** September 1, 2017

**OIG Recommendation 3:**

Require NE DHHS provide guidance and/or training to case workers and new employees to ensure a proper understanding of IEVS check documentation requirements.

**FNS Response:**

FNS concurs with this recommendation. NE DHHS will conduct statewide training to case workers and new employees that will ensure a proper understanding of IEVS check documentation requirements.

**Estimated Completion Date:**

September 1, 2017

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