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AUDIT
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TO: Brandon Lipps
Administrator
Food and Nutrition Service

ATTN: Mark Porter
Director
Office of Internal Controls, Audits and Investigations

FROM: Gil H. Harden
Assistant Inspector General for Audit

SUBJECT: Washington'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 Washington'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 Washington 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 Washington's overall compliance with 7 C.F.R. 272. TFC is responsible for the enclosed agreed-upon procedures and recommendations report, dated July 27, 2017. However, our review of TFC's audit documentation did not disclose instances in which TFC did not comply, in all material respects, with GAGAS.

TFC reported that Washington did not always comply with SNAP regulations related to Nondiscrimination Compliance, the Prisoner Verification System (PVS), and the Systematic Alien Verification for Entitlements (SAVE) Program. TFC recommended FNS require the State: update its policies and procedures to align with FNS discrimination complaints process; review reported cases identified as having potential improper payments; 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 eight 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 Washington's Compliance with
7 CFR, Part 272 – SNAP Requirements for Participating State
Agencies

Final





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July 27, 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 Washington's compliance with the Supplemental Nutrition Assistance Program (SNAP) regulations. The State of Washington (Washington 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 Washington.

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 Washington'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 three findings as follows:

1. The Washington Department of Social and Health Services (WA DSHS) did not send acknowledgement and decision letters related to two discrimination complaints – Federal regulation *7 CFR §272.6, Nondiscrimination Compliance*, states under *Right to file a complaint* that individuals may file a complaint with the USDA Secretary, or FNS Administrator and/or with the State agency.¹ Once received, the State agency must adhere to FNS guidance and process complaints in accordance with the *FNS Instruction 113-1 Civil Rights Compliance and Enforcement – Nutrition Programs and Activities*² manual. It should be noted, *FNS Instruction 113-1* is undergoing revision by FNS Civil Rights Division (CRD), but at the time of our fieldwork, the manual required the Civil

¹ *7 CFR §272.6 (b), 2017*

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

Rights Specialist acknowledge receipt of the complaint within 5 days by sending the complainant an acknowledgement letter.³

There were two SNAP cases of civil rights (discrimination) complaints received during the scope period by the State for alleged discrimination by WA DSHS. TFC tested both complaints, and WA DSHS did not send an acknowledgement letter to either complainant.

FNS Instruction 113-1 also requires complaints to be processed and closed within 90 days of receipt of the complaint and for a decision letter to be sent to the complainant.⁴ Again, for both complaints, WA DSHS did not send a decision letter to the complainant.

2. WA DSHS did not implement a Systematic Alien Verification for Entitlements (SAVE) Program in accordance with the 2014 Farm Bill requirements – Public Law 113-79, also known as the Agriculture Act of 2014 or the U.S. Farm Bill of 2014, requires State agencies participating in SNAP to use an immigration status verification system⁵ to verify the validity of documentation presented by an applicant with alien status.

Although WA DSHS has made efforts to implement a SAVE Program, due to technology challenges associated with the implementation, they failed to implement the program during the engagement scope period.

3. WA DSHS did not perform Prisoner Verification System (PVS) matches⁶ in accordance with 7 §CFR 272.13 requirements in three areas – Federal Regulation 7 CFR §272.13, PVS, states that each State agency shall establish a system to monitor and prevent individuals who are incarcerated for more than 30 days from being included in a SNAP household.⁷ In a non-statistical sample of 15 cases that were active during FY 16 with an incarceration match,⁸ TFC identified 1 case where an individual was incarcerated for over 30 days and included in a SNAP household. We identified potential improper payments for this case, and although WA DSHS issued a notice of overpayment to the household in October 2016 for failure to report a change in circumstance, there may have been additional improper payments.

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

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

⁵ *Public Law 113-79* (also known as the Agriculture Act of 2014 or the U.S. Farm Bill of 2014), Sec. 4015, 2014.

⁶ PVS matches SNAP applicant/recipient information against the Social Security Administration (SSA) database to determine if the individual has been held in a detention or correctional institution. A positive match indicates the individual has been incarcerated and additional information to determination the impact on eligibility is required.

⁷ *7 CFR §272.13, PVS, (a), 2017*

⁸ The universe of active cases during the scope period with a PVS match hit was 1,389.

7 CFR §272.13, PVS, also states that each State's PVS shall provide for notice to the household of match results.⁹ In the sample of 15 cases, TFC identified 4 cases where WA DSHS did not provide the household notice of match results.

7 CFR §272.13, PVS, requires State agencies to make a comparison of match data for adult household members at the time of application and at recertification and State agencies are also required to enter into a computer matching agreement with SSA¹⁰ for that purpose.¹¹ WA DSHS performs matches of incarceration data with the State's Department of Corrections (DOC) database, but does not use SSA in accordance with PVS requirements.

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

4. WA DSHS did not use the SAVE Program to verify the validity of documentation of alien status presented by an applicant for five cases - Federal regulation 7 CFR §272.11, *SAVE Program*, states that State agencies shall use information obtained through the SAVE Program for the purpose of verifying the validity of documentation of alien status presented by an applicant.¹² The SAVE program is not required or applicable for applicants who are U.S. citizens. TFC identified five relevant cases where WA DSHS did not use information obtained through the SAVE Program to verify the validity of documentation of alien status presented by an applicant.

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

Signed

TFC Consulting, Inc. /s/

⁹ 7 CFR §272.13, PVS, (b)(4), 2017

¹⁰ 7 CFR §272.13, PVS, (c), 2017

¹¹ FNS also issued *Supplemental Nutrition Assistance Program: Disqualified Recipient Reporting and Computer Matching Rule, Questions and Answers* in 2012 that reiterates the requirement that States perform computer matches against SSA's database at application and recertification.

¹² 7 CFR §272.11, *SAVE Program*, (c)(1), 2017

1 Background

The Department of Agriculture's (USDA) Food and Nutrition Service (FNS) administers the Supplemental Nutrition Assistance Program (SNAP) providing nutrition assistance to about 44 million participants a month and paying benefits in excess of \$66.5 billion annually (FY16).¹³ 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.¹⁴ 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, determines household eligibility, and calculates benefits. In the State of Washington, the Department of Social and Health Services (WA DSHS) performs this function.

In FY 15, Washington issued \$1,527,741,099 in SNAP benefits (which nationally represents 2.19% of benefits and 2.34% of all SNAP participants) serving an average of 572,261 households or 1,070,933 individual participants per month, and ranked 12 out of 53 States and Territories in benefits issued.¹⁵

2 Objective and Purpose

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

¹³ SNAP National View Summary, FY14 through FY17, FNS, June 9, 2017

¹⁴ SNAP was previously authorized by the *Food Stamp Act of 1964* and later amended by the *Food Stamp Act of 1977*.

¹⁵ 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 Washington's compliance with *Title 7 CFR, Part 272 – Requirements for Participating State Agencies*. The State of Washington 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 Washington SNAP program is considered a medium program (between \$700 million and \$2 billion in SNAP payments annually) by the OIG and is located within FNS' Western 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 Washington's overall compliance with *7 CFR, Part 272*. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

The primary scope period for this engagement was October 1, 2015 through September 30, 2016 (FY16), although the period assessed varied for some tests performed.

Various testing methods and techniques were employed primarily to:

- Obtain an understanding of the State agency, its operations, systems, and operating environment;
- Test the State's compliance with *7 CFR, Part 272* at a high level (e.g., policies and procedures); and
- Test a statistically significant sample of active cases for compliance at a granular level.

Assessment fieldwork was performed at the headquarters of WA DSHS in Olympia, Washington in May 2017. This agreed-upon procedures engagement was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS).

4 Findings and Recommendations

This section presents deficiencies identified during our performance of Parts 1 and 2 of the agreed-upon procedures Checklists. Our recommendations to address each deficiency are also provided.

4.1 Part 1, Checklist for Review of State's Compliance

Three exceptions were identified during performance of the review procedures in the Part 1 Checklist, as discussed in Findings 1 through 3 below.

Finding 1: WA DSHS did not send acknowledgement and decision letters related to two discrimination complaints

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

Nondiscrimination Compliance Finding 1(a) Letter of Acknowledgement

Federal regulations state that individuals who believe that they have been subject to discrimination may file a written complaint with the Secretary or FNS Administrator and/or with the State agency.¹⁶ Once received, the State agency is required to process SNAP complaints in accordance with the *FNS Instruction 113-1 Civil Rights Compliance and Enforcement* manual. *FNS Instruction 113-1* requires that the Civil Rights Specialist acknowledge receipt of the complaint within five days and includes within the acknowledgement letter actions planned or a request for additional information, if needed.¹⁷ Acknowledgement letters are also to include the date the responding office received the complaint, and the date the letter was sent to the complainant.

In the two cases tested, WA DSHS did not send an acknowledgement letter to the complainant, either within five days of receipt of the complaint, or at any time thereafter.

This occurred because *WA DSHS Administrative Policy No. 18.81, Nondiscrimination in Direct Client Services*, does not include guidance for providing complainants with any form of acknowledgement, either written or otherwise. Also, State agency personnel responsible for handling discrimination complaints are unfamiliar with, and do not prescribe to, the requirements of *FNS Instruction 113-1*.

As a result, the State agency is not processing SNAP discrimination complaints as required.

¹⁶ 7 CFR §272.6 (b), 2017

¹⁷ *FNS Instruction 113-1 – Civil Rights Compliance and Enforcement – Nutrition Programs and Activities, (XVII) (D) (1), 2005.*

Nondiscrimination Compliance Finding 1(b) Decision Letter

FNS Instruction 113-1 also requires that all complaints be processed and closed within 90 days of receipt of the complaint by the processing office, and a decision letter shall be sent to the complainant. The decision letter must contain the name of the complainant, a review number, the date the complaint was received, a statement of the jurisdictional authority, a statement of each allegation and applicable regulation, if an investigation is warranted, the methodology on how the complaint was investigated, and the conclusions as well as the complainant's appeal rights to the Secretary of Agriculture.¹⁸

For the two cases tested, WA DSHS did not process the complaint for one case within 90 days of receipt of the written complaint. For the second case, the evidence WA DSHS provided does not support a determination of exactly how long the case took to process. In addition, WA DSHS did not send a decision letter to either complainant.

This occurred because *WA DSHS Administrative Policy No. 18.81, Nondiscrimination in Direct Client Services*, does not require that a decision letter must be sent to the complainant. Also, State agency personnel responsible for handling discrimination complaints are unfamiliar with, and do not prescribe to, the requirements of *FNS Instruction 113-1*.

As a result, the two complainants were not notified of the details of how WA DSHS handled the complaint, including:

- (1) The jurisdictional authority,
- (2) The specific allegations and applicable regulations,
- (3) Whether an investigation was performed, and the methodology of the investigation,
- (4) Final disposition of the investigation, and
- (5) Their appeal rights to the Secretary of Agriculture.

FNS Civil Rights Division (CRD) is currently revising the *FNS Instruction 113-1* manual, but that guidance was still in effect as of the date of our fieldwork.

FNS Recommendation 1

Require WA DSHS review the two cases identified to determine if a decision letter, including the required elements, should still be sent to complainants in accordance with *FNS-113* guidance.

¹⁸ *FNS 113-1 (XVII)(D)(5), 2005*

Agency Response

In its September 26, 2017 response, FNS stated:

FNS concurs with the recommendation. The Washington Department of Social and Health Services (WA DSHS) is reviewing the two identified cases and will determine if a decision letter should be sent.

Estimated Completion Date: November 30, 2017

FNS Recommendation 2

Require WA DSHS review *FNS-113* guidance and coordinate with FNS CRD to update State agency policies, procedures, and processes for handling discrimination complaints to ensure complaints are processed in accordance with *FNS-113* requirements, including timely sending of acknowledgement and decision letters to complainants.

Agency Response

In its September 26, 2017 response, FNS stated:

FNS concurs with the recommendation. The WA DSHS will review *FNS-113* guidance and coordinate with FNS Civil Rights Division (CRD) to identify areas where the State's policies, procedures, and processes for handling discrimination complaints may need to be updated.

Estimated Completion Date: August 31, 2018

Finding 2: WA DSHS did not implement a Systematic Alien Verification for Entitlements (SAVE) Program in accordance with the 2014 Farm Bill requirements

Public Law 113-79, also known as the Agriculture Act of 2014 or the U.S. Farm Bill of 2014, requires State agencies participating in SNAP to use an immigration status verification system.¹⁹ Further, Federal regulation *7 CFR §272.11, SAVE Program*, states that State agencies shall use information obtained through the SAVE Program for the purpose of verifying the validity of documentation of alien status presented by an applicant.^{20 21}

Prior to the entrance conference for this engagement, WA DSHS acknowledged that it had not yet implemented the SAVE Program due to significant technological difficulties. This condition was verified during the performance of on-site fieldwork.

WA DSHS explained that this occurred because of the complicated nature of implementing the SAVE Program with WA DSHS' benefits management system. Further, WA DSHS explained in

¹⁹ *Public Law 113-79, Sec. 4015, 2014*

²⁰ *7 CFR §272.11, SAVE Program, (c)(1), 2017*

²¹ Although the CFR gives the State the option to participate in the SAVE Program, the regulations requiring the use of SAVE have not yet been finalized. However, since it is required by Public Law, the States shall use the SAVE information in accordance with the guidance articulated in *7 CFR §272.11*.

communications with the FNS Western Regional Office, that the State had challenges getting the necessary guidance and technical support from the United States Citizenship and Immigration Service (USCIS).²²

WA DSHS explained that the entire platform, consisting of approximately 122 change requests (including the SAVE functionality), and problem reports, was promoted to the testing region the weekend of August 26, 2016. It was shortly thereafter the State agency experienced significant issues in the testing region that would have significantly and adversely effected the entire benefits management system if they performed a Statewide implementation. WA DSHS decided to create an 'on/off' switch instead and that is what was promoted to production the weekend of October 16, 2016. Testing of the SAVE functionality did not start until May 30, 2017 and concluded July 7, 2017. WA DSHS stated that the July 2017 release was promoted over the weekend of July 16, and effective July 17 the new SAVE functionality became available statewide.

As a result, since WA DSHS did not have a fully implemented SAVE Program during the scope period, WA DSHS was not in compliance with *Public Law 113-79* and was not able to verify the validity of documents provided by aliens applying for SNAP benefits against central data files maintained by USCIS. This increased the risk that aliens who were ineligible for SNAP benefits were determined eligible and may have received benefits.

FNS Recommendation 3

Review WA DSHS' SAVE Program after implementation to ensure WA DSHS has a fully implemented and operational immigration status verification system in place to satisfy the requirements of *Public Law 113-79* and to ensure the documents provided by aliens applying for SNAP are verified for validity.

Agency Response

In its September 26, 2017 response, FNS stated:

FNS concurs with the recommendation. The WA DSHS implemented their Systematic Alien Verification for Entitlements (SAVE) Program on July 17, 2017. FNS will review WA DSHS' operation of their SAVE Program and ensure it satisfies SNAP requirements.

Estimated Completion Date: July 31, 2018

FNS Recommendation 4

Require WA DSHS provide guidance and/or training to caseworkers and new employees to ensure compliance with *7 CFR §272.11 SAVE Program* requirements.

²² *7 CFR §272.11, SAVE Program, (a), 2017*, states that a State agency may participate in the SAVE Program established by the Immigration and Naturalization Service (INS), in order to verify the validity of documents provided by aliens applying for SNAP benefits with the central data files maintained by INS. INS ceased to exist on March 1, 2003 and jurisdiction for the SAVE Program is now under the USCIS.

Agency Response

In its September 26, 2017 response, FNS stated:

FNS concurs with the recommendation. The WA DSHS trained staff to ensure compliance with 7 CFR 272.11 SAVE Program requirements.

Estimated Completion Date: Complete as of July 31, 2017

Finding 3: WA DSHS did not perform PVS matches in accordance with 7 CFR §272.13 requirements in three areas

Our testing of 7 CFR §272.13, *Prisoner Verification System*, disclosed three areas of non-compliance. Specifically, WA DSHS included an individual who was incarcerated for over 30 days in a SNAP household, did not provide households notice of match results for incarceration matches, and did not perform matches against SSA's PVS at application and recertification.

We requested WA DSHS provide a list of prisoner matches performed during FY16 and received a file containing 1,389 active cases during our scope period with an incarceration match. A match indicates there was an automated response in the benefits management system that identified the individual's ID number as matching an ID number of an incarcerated individual from another computer system interface (in this case the State's Department of Corrections (DOC) database).

TFC tested a non-statistical sample of 15 cases, and identified 5 cases that were non-compliant with 7 CFR §272.13 in 3 areas as follows:

Prisoner Verification System Finding 3(a) Prisoner included in a SNAP Household

Federal regulations require that each State agency establish a system to monitor and prevent individuals who are incarcerated for more than 30 days from being included in a SNAP household.²³

In the sample of 15 cases, TFC identified 1 case where an individual was incarcerated for over 30 days and included in the SNAP household.

This occurred because there were two previous incarceration match alerts for this case that indicated the individual was incarcerated, and the alerts were erroneously cleared by the caseworkers after they were unable to confirm the incarceration.

As a result, the household received benefits for the individual who was incarcerated and may have received potential improper payments. In October 2016, WA DSHS sent a notice of overpayment to the household for overpayments due to a failure to report a change in circumstances at recertification. The State may have erred in their calculation, as there were 4 months where the individual was included in the SNAP household after being incarcerated for over 30 days, and those months were not included in the notice. Therefore, we determined that there might have been additional improper payments.

²³ 7 CFR §272.13, PVS, (a), 2017

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

Federal regulations also require that each State's PVS shall provide for a notice to the household of match results.^{24 25}

In the 15 cases tested, WA DSHS failed to provide a notice of match results for 4 cases.

This occurred because the caseworkers verified the incarceration matches and determined that no action was needed on the cases. Also, WA DSHS policy does not require notices to be provided to households when no other action is required.

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

Prisoner Verification System Finding 3(c) SSA's Prisoner Verification System

Federal regulations require that State agencies make a comparison of match data for adult household members at the time of application and at recertification and State agencies shall enter into a computer matching agreement with the SSA.²⁶ Also, FNS issued *Supplemental Nutrition Assistance Program: Disqualified Recipient Reporting and Computer Matching Rule, Questions and Answers* in 2012 that requires States to perform matches against SSA's PVS at application and recertification.

During our testing, WA DSHS acknowledged that the State agency does not perform matches against SSA's PVS at application and recertification.

This occurred because WA DSHS believes the data from SSA's PVS is neither current nor reliable and instead uses data from the State's DOC database to identify individuals who are incarcerated, which the State believes is more reliable.

As a result, WA DSHS is not in compliance with 7 *CFR* §272.13 requirements and would not be able to ensure that applicants or recipients are not listed in SSA's PVS.

FNS Recommendation 5

Require WA DSHS to review the case identified where the individual was incarcerated for over 30 days to determine if additional improper payments exist and warrant establishment of a claim.

²⁴ 7 *CFR* §272.13, *PVS, (b)(4), 2017*

²⁵ During the engagement scope period (FY 16), the regulations required the State agency to provide notice to households of match results. On January 6, 2017, FNS revised 7 *CFR* §272.13(b) (4) so that notice to households of match results would only be required when the information from the PVS match was unclear. However, since our testing occurred during FY 16, the results of our testing were evaluated against FY 16 criteria (the regulations in effect at the time), and not the updated regulations.

²⁶ 7 *CFR* §272.13, *PVS, (c), 2017*

Agency Response

In its September 26, 2017 response, FNS stated:

FNS concurs with the recommendation. The WA DSHS reviewed the identified case and determined no improper payment exists beyond one the State agency had previously identified. Therefore, establishment of a new claim for this case is not warranted.

Estimated Completion Date: Complete as of June 30, 2017

FNS Recommendation 6

Require WA DSHS provide guidance and/or training to case workers and new employees to ensure compliance with 7 CFR §272.13 requirements, with emphasis on the requirements associated with providing notice to the household of PVS match results and establishment of claims for individuals who have been incarcerated for over 30 days.

Agency Response

In its September 26, 2017 response, FNS stated:

FNS concurs with the recommendation. FNS is working with the WA DSHS to clarify requirements for sending notice of match results and taking appropriate corrective action, to include providing guidance and/or training, as needed.

Estimated Completion Date: March 31, 2018

FNS Recommendation 7

Require WA DSHS to include the SSA database in their prisoner verification system to comply with 7 CFR §272.13 and ensure applicants or recipients are not also listed in the SSA PVS.

Agency Response

In its September 26, 2017 response, FNS stated:

FNS concurs with the recommendation. The WA DSHS will include the Social Security Administration (SSA) database in their prisoner verification system to comply with 7 CFR 272.13.

Estimated Completion Date: September 30, 2018

4.2 Part 2, Checklist for Review of Active Cases

Our review of 100 randomly selected active cases²⁷ followed the review procedures specified in the Part 2 Checklist for Review of Active Cases, and disclosed five cases of non-compliance as detailed in Finding 4 below. This resulted in an error rate of five percent in our sample, enabling us with a 95 percent confidence level, to project an error rate of 10.52 percent or less in the population.²⁸

Finding 4: WA DSHS did not use the SAVE Program to verify the validity of documentation of alien status presented by an applicant for five cases

Federal regulation *7 CFR §272.11, SAVE Program*, states that State agencies shall use information obtained through the SAVE Program for the purpose of verifying the validity of documentation of alien status presented by an applicant.²⁹

TFC identified five cases where WA DSHS did not use information obtained through the SAVE Program to verify the validity of alien status in documentation provided by an applicant.

This occurred because WA DSHS did not have a SAVE Program implemented.

As a result, these five cases could potentially have included individuals in a SNAP household and determined them as eligible when the documentation they provided could have been invalid. Therefore, these individuals could have been determined eligible and received SNAP benefits to which they were not entitled.

As mentioned in finding #2 above, the State has scheduled the SAVE program implementation for July 2017.

FNS Recommendation 8

Require WA DSHS review the five cases identified and determine if the alien documents provided are valid or if payments were improper and warrant establishment of a claim.

Agency Response

In its September 26, 2017 response, FNS stated:

FNS concurs with the recommendation. The WA DSHS will review the five cases identified in the audit and determine whether each case was appropriately processed. The State agency shall address any over and under-issuance identified in accordance with federal regulations.

Estimated Completion Date: November 30, 2017

²⁷ The universe of active cases during the scope period (October 2015 - September 2016) was 755,136.

²⁸ The error rate means that we can state with a high level of likelihood that the rate of non-compliance is somewhere under approximately 10.52 percent for the entire population.

²⁹ *7 CFR §272.11, SAVE Program, (c)(1), 2017*

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

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

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

Part 1, Checklist for Review of State's Compliance		
§272.13 Prisoner Verification System (PVS)	<p>Determine whether the State has implemented a Prisoner Verification System (PVS) and has documented procedures:</p> <ul style="list-style-type: none"> a) Determine if FNS has reviewed and/or approved the State's PVS. b) For the Scope period, determine and document how often the State does a PVS match and the results of those matches. 	Exception noted, reference finding #3
§272.14 Deceased Matching System	<p>Determine whether the State has implemented a deceased matching system and has documented procedures.</p> <ul style="list-style-type: none"> a) Determine if FNS has reviewed and/or approved the State's deceased matching system. b) For the Scope period, determine and document how often the State does a deceased match and the results of those matches. 	No

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

Part 2, Checklist for Review of Active Cases Results from Testing 7 CFR, Part 272		
7 CFR Subsection	Review Procedures	Were exceptions found as a result of applying the procedure?
§272.1 General Terms and Conditions	Determine if the recipient record is stored in compliance with the State agency's documented record retention plan.	No
§272.8 State Income and Eligibility Verification System	Determine if an IEVS check was performed in accordance with the State agency's operating guidance	No
§272.11 Systematic Alien Verification for Entitlements (SAVE) Program	Determine if SAVE was used on the case during the initial application.	Exception noted, reference finding #4
§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).	Exception noted, reference finding #4
§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 and Potential 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, in performing our work, we also observed some leading practices in use by other States that may be beneficial to Washington, and TFC offers the following for the State agency's consideration:

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

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

We also identified some leading practices in use by Washington that warrant reporting:

- Caseworker narration – During our review of case files, TFC noted that extensive case narration was included at each touch point. Case narration is important to provide a proper understanding of a case, and the extensive narration by caseworkers in Washington facilitated a more effective and efficient review of cases. This also allows supervisors who review cases as well as different caseworkers to have a better understanding of what was discussed during interviews, what actions the caseworker performed, and what follow up, if any, is required for a case. Among the ten States reviewed by our team, Washington's use of case narration was exemplary.
- Instruction with Alerts – During interviews and observations, TFC noted that Washington's eligibility system allowed for instructions to be included with alerts, such as incarceration and death match alerts. By including guidance for caseworkers and eligibility specialist with these alerts, the State agency promotes efficiency in operations and helps prevent caseworker error caused by policy misinterpretation.

Appendix D: Glossary of Acronyms and Abbreviations

Acronym/Abbreviation	Definition
CFR	Code of Federal Regulations
CRD	Civil Rights Division
DOC	Department of Corrections
DSHS	Department of Social and Health Services
FNS	Food and Nutrition Service
FY	Fiscal Year
GAGAS	Generally Accepted Government Auditing Standards
INS	Immigration and Naturalization Services
OIG	Office of Inspector General
PVS	Prisoner Verification System
RO	Regional Office
SAVE	Systematic Alien Verification for Entitlements
SNAP	Supplemental Nutrition Assistance Program
SSA	Social Security Administration
SSN	Social Security Number
TFC	TFC Consulting, Inc.
USCIS	United States Citizenship and Immigration Services
USDA	U.S. Department of Agriculture
WA	Washington

Appendix E: Agency Response

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



**United States
Department of
Agriculture**

Food and
Nutrition
Service

3101 Park
Center Drive

Alexandria, VA
22302-1500

DATE: September 26, 2017

AUDIT
NUMBER: 27601-0012-10

TO: Gil H. Harden
Assistant Inspector General for Audit

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

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

This letter responds to the official draft report for audit number 27601-0012-10, Washington'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 eight recommendations in the report.

OIG Recommendation 1:

Require WA DSHS review the two cases identified to determine if a decision letter, including the required elements, should still be sent to complainants in accordance with FNS-113 guidance.

FNS Response:

FNS concurs with the recommendation. The Washington Department of Social and Health Services (WA DSHS) is reviewing the two identified cases and will determine if a decision letter should be sent.

Estimated Completion Date:

November 30, 2017

OIG Recommendation 2:

Require WA DSHS review FNS-113 guidance and coordinate with FNS CRD to update State agency policies, procedures, and processes for handling discrimination complaints to ensure complaints are processed in accordance with FNS-113 requirements, including timely sending of acknowledgement and decision letters to complainants.

FNS Response:

FNS concurs with the recommendation. The WA DSHS will review FNS-113 guidance and coordinate with FNS Civil Rights Division (CRD) to identify areas where the State's policies, procedures, and processes for handling discrimination complaints may need to be updated.

Estimated Completion Date:

August 31, 2018

OIG Recommendation 3:

Review WA DSHS' SAVE Program after implementation to ensure WA DSHS has a fully implemented and operational immigration status verification system in place to satisfy the requirements of Public Law 113-79 and to ensure the documents provided by aliens applying for SNAP are verified for validity.

FNS Response:

FNS concurs with the recommendation. The WA DSHS implemented their Systematic Alien Verification for Entitlements (SAVE) Program on July 17, 2017. FNS will review WA DSHS' operation of their SAVE Program and ensure it satisfies SNAP requirements.

Estimated Completion Date:

July 31, 2018

OIG Recommendation 4:

Require WA DSHS provide guidance and/or training to caseworkers and new employees to ensure compliance with 7 CFR §272.11 SAVE Program requirements.

FNS Response:

FNS concurs with the recommendation. The WA DSHS trained staff to ensure compliance with 7 CFR 272.11 SAVE Program requirements.

Estimated Completion Date:

Complete as of July 31, 2017

OIG Recommendation 5:

Require WA DSHS to review the case identified where the individual was incarcerated for over 30 days to determine if additional improper payments exist and warrant establishment of a claim.

FNS Response:

FNS concurs with the recommendation. The WA DSHS reviewed the identified case and determined no improper payment exists beyond one the State agency had previously identified. Therefore, establishment of a new claim for this case is not warranted.

Estimated Completion Date:

Complete as of June 30, 2017

OIG Recommendation 6:

Require WA DSHS provide guidance and/or training to case workers and new employees to ensure compliance with 7 CFR §272.13 requirements, with emphasis on the requirements associated with providing notice to the household of PVS match results and establishment of claims for individuals who have been incarcerated for over 30 days.

FNS Response:

FNS concurs with the recommendation. FNS is working with the WA DSHS to clarify requirements for sending notice of match results and taking appropriate corrective action, to include providing guidance and/or training, as needed.

Estimated Completion Date:

March 31, 2018

OIG Recommendation 7:

Require WA DSHS to include the SSA database in their prisoner verification system to comply with 7 CFR §272.13 and ensure applicants or recipients are not also listed in the SSA PVS.

FNS Response:

FNS concurs with the recommendation. The WA DSHS will include the Social Security Administration (SSA) database in their prisoner verification system to comply with 7 CFR 272.13.

Estimated Completion Date:

September 30, 2018

OIG Recommendation 8:

Require WA DSHS review the five cases identified and determine if the alien documents provided are valid or if payments were improper and warrant establishment of a claim.

FNS Response:

FNS concurs with the recommendation. The WA DSHS will review the five cases identified in the audit and determine whether each case was appropriately processed. The State agency shall address any over and under-issuance identified in accordance with federal regulations.

Estimated Completion Date:

November 30, 2017

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