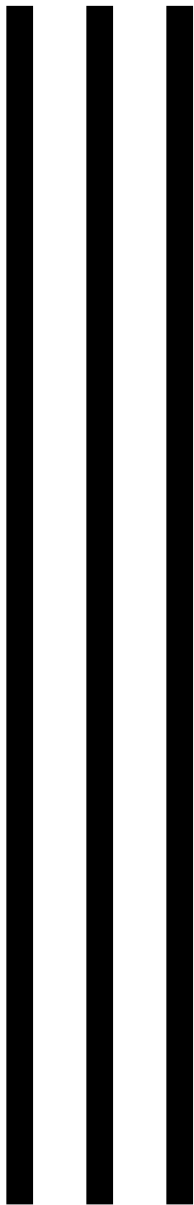


USDA



U.S. Department of Agriculture
Office of Inspector General
Southwest Region
Audit Report

FOOD AND NUTRITION SERVICE
FOOD STAMP PROGRAM
ELECTRONIC BENEFIT TRANSFER
SYSTEM DEVELOPMENT
STATE OF ARKANSAS



**Report No.
27099-11-Te
September 2002**



UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF INSPECTOR GENERAL
Southwest Region
101 South Main, Suite 324
Temple, Texas 76501



DATE: September 24, 2002

REPLY TO
ATTN OF: 27099-11-Te

SUBJECT: Arkansas EBT System Development

TO: Jerome A. Lindsay
Regional Administrator
Food and Nutrition Service
1100 Commerce Street, Room 5-A-6
Dallas, TX

ATTN: Albert McIlwain
Acting Regional Director
Food Stamp Program

This report presents the results of our audit of Food and Nutrition Service's (FNS) Arkansas EBT System. The FNS response to the draft report, dated July 10, 2002, is included in exhibit B, with excerpts and the Office of Inspector General's position incorporated into the relevant sections of the report.

We agree with your management decision on all recommendations. Please note that Departmental Regulation 1720-1 requires final actions to be taken within 1 year of the management decisions. Correspondence concerning final actions should be addressed to the Office of the Chief Financial Officer.

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

/s/ B. R. Engelke
for
ROBERT E. GRAY
Regional Inspector General
for Audit

EXECUTIVE SUMMARY

FOOD AND NUTRITION SERVICE FOOD STAMP PROGRAM ELECTRONIC BENEFIT TRANSFER SYSTEM DEVELOPMENT STATE OF ARKANSAS

REPORT NO. 27099-11-Te

RESULTS IN BRIEF

The Electronic Benefits Transfer (EBT) system represents a more effective method for delivery of Food Stamp Program (FSP) benefits to recipients than the food stamp coupons. We reviewed the Arkansas EBT system as part of our ongoing effort to monitor the establishment of EBT systems nationwide. The overall objectives were to assess established controls over the EBT system and determine whether the controls were functioning as designed.

Overall, the Arkansas Department of Human Services (ADHS) generally had sufficient controls and procedures to ensure that FSP benefits were issued in a timely manner, recipients were trained in the use of EBT cards, EBT transactions were processed on time, and retailers received their payments. Although the audit did not identify any fraudulent transactions, we found that ADHS needs to improve its controls in the following areas:

- Oversight of EBT system activity needs to be improved. ADHS had no policies and procedures for routine oversight of EBT system activity, including reviewing management reports. Instead of monitoring the EBT system, ADHS relied on complaints from county offices to indicate problems. Without adequate oversight the potential for fraudulent EBT activity to go undetected increases.
- ADHS did not reconcile its EBT system daily. ADHS cited a staff shortage in the accounting department as the reason why the EBT system was not reconciled daily and why procedures were not current. Conducting daily reconciliation reduces the risk that fraudulent activities will go undetected.

- EBT system access controls need to be improved. ADHS did not maintain adequate documentation for user authorizations, remove terminated employees' access in a timely manner, assign appropriate access levels to users, and review continued need for EBT system access. This occurred because ADHS had not established a formalized policy or written procedures to protect the EBT system from unauthorized access. As a result, there was a greater risk that unauthorized individuals could access the EBT system.
- Expunged-benefits reporting needs to be improved. ADHS did not label expunged benefits properly on its FNS-46, Issuance Reconciliation Report, which is submitted to the Food and Nutrition Service (FNS) each quarter. This occurred because ADHS employees did not have a clear understanding of the expungement process. As a result, FNS-46 reports did not clearly identify the amount expunged.

KEY RECOMMENDATIONS

We recommend that FNS instruct ADHS to implement control procedures to require that: (1) adequate policies are implemented for routine oversight of the EBT system, (2) appropriate reconciliations are completed in a timely manner, (3) reconciliation procedures and FNS-46 report procedures are current, (4) EBT system access policy is formalized, (5) adequate documentation is maintained on requests and approvals for access to the EBT system, and (6) EBT system access reports are reviewed frequently for continued need to access the system. We also recommended that FNS conduct a follow-up review of ADHS to ensure that system access controls are in place and functioning. Further, we recommended ADHS personnel be trained on the proper reporting of expungements and that expungements be labeled correctly on the FNS-46 reports.

AGENCY RESPONSE

FNS provided a written response to the draft report (see exhibit B) concurring with all recommendations. Additionally, FNS' response contained general comments concerning findings nos. 1 and 4. FNS believes the report should indicate that no fraud was found as a result of finding no. 1, and that finding no. 4 should more clearly indicate that the expungements issue was a labeling problem, not an issue reflecting the accuracy or inaccuracy of the data.

OIG POSITION

We also agree with the management decision by FNS for all the recommendations. We agree with FNS' general comments regarding finding nos. 1 and 4. Therefore, we edited the report to clarify intended meaning. The documentation needed for final action is described in the "OIG Position" section for each recommendation.

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INTRODUCTION

BACKGROUND

The United States Department of Agriculture's FNS administers the FSP through a joint Federal-State partnership. The Federal Government pays the full cost of recipient benefits and shares the cost to administer the FSP with the States. Congress funds the FSP through the direct appropriation of funds. Through this joint Federal-State partnership, FNS is pursuing EBT implementation by each State for the FSP nationwide.

The FSP assists low-income households by increasing their ability to purchase food. Once a month, each participating household receives a benefit allotment determined by the number of individuals in the family, household income, and other related factors. The FSP recipients use the benefits to pay for food items at approved participating food retailers.

Before EBT, the basic method of FSP benefit delivery was the food stamp coupon. EBT was developed to replace paper coupons with a computerized version of the food benefit delivery process. Using plastic cards, much like debit cards, along with a personal identification number (PIN), recipients gain access to their benefits through point-of-sale (POS) terminals located at approved food retailers. The retailers are reimbursed for food purchased by the FSP.

In fiscal year (FY) 2000, FSP benefits were approximately \$15 billion and increased to approximately \$15.5 billion for FY 2001. FSP benefits issued through EBT totaled approximately \$11 billion in FY 2000 and are expected to increase annually.

The Food Stamp Act of 1977, Public Law 88-525, authorized FNS to experiment with alternative methods for the delivery of FSP benefits using electronic data processing and computer technology. With this authorization, FNS allowed State agencies to begin issuing FSP benefits using an EBT system. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193, requires all States to implement EBT systems before October 1, 2002.

On May 1, 1996, the State of Arkansas contracted with Citibank to establish an online EBT system in which the benefit authorizations are maintained in a central computer, and recipient benefits are processed through POS terminals located at authorized retailers. The online system uses plastic benefit cards that are distributed to FSP households. The

cards have a magnetic strip containing basic identifying information for the recipient to make food purchases. At the retailer, FSP recipients present their card and enter a unique PIN into the POS terminal. The POS terminal communicates with a central database that verifies the amount of benefits available, authorizes the transaction, and debits the household account for the amount of the purchase. The EBT system also calculates each retailer's cumulative daily FSP sales and authorizes payment by electronic funds transfer.

ADHS administers the EBT system for the State of Arkansas and administers the contract with Citibank to operate the EBT system. Citibank subcontracted the central computer processing to e-Funds Corporation (processor). The contract was effective May 1, 1996, and the current contract expires on June 30, 2003.

The FNS National Office is responsible for establishing overall program regulations, EBT policy, approval of State EBT systems, and coordinating with Federal, State, commercial, and private interest groups. A National office FSP account executive is assigned to work with each State. FNS' policy allows States the flexibility to establish controls that meet the needs of the State; however, the State remains financially liable to the Federal Government for actions of its EBT processor. FNS has established approval rules for the delivery of FSP benefits using EBT systems in Title 7, Code of Federal Regulation (CFR) section 274.12 and for approving automated data processing systems in Title 7, CFR section 277.18. FNS Regional Offices (FNSRO) serve as liaisons between the States and the FNS National Office.

OBJECTIVE

The objectives of this audit were to provide an evaluation of the adequacy of established controls and an assessment on whether controls functioned as designed.

SCOPE

As of June 2002, 45 States, the District of Columbia, and Puerto Rico used EBT systems to deliver FSP benefits. Forty-one of these systems have been implemented Statewide.

Arkansas was judgmentally selected for review as a result of our efforts to continue monitoring EBT systems that have been implemented Statewide. Arkansas delivered approximately \$206 million in FSP benefits for FY 2000. Our fieldwork was performed during the period March through October 2001 and included coverage for FY 2001.

Audit coverage included the FNSRO in Dallas, Texas; ADHS' EBT operations in Little Rock, Arkansas; and subcontractor Lockheed Martin, Inc., in Atlanta, Georgia. The Atlanta Lockheed Martin facility is responsible for returned EBT benefit cards. For FY 2001, we reviewed controls and procedures established by FNS, ADHS, Citibank, and appropriate subcontractors including drawdown and settlement, authorization and logon access to the EBT system, reconciliation, conversion of EBT benefits to food stamp coupons, routine oversight, expungement reporting, and recoupment of benefits.

The audit was conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States. Accordingly, the audit included such tests of program and accounting records as considered necessary to meet the audit objectives.

METHODOLOGY

To accomplish the audit objectives, we relied on documentary, analytical, and testimonial evidence. We compared the State's EBT operation with requirements of the Food Stamp Act of 1977, as amended, and Title 7, CFR sections 271 through 277, revised January 1, 2001. We interviewed FNSRO and ADHS officials and reviewed program policies and procedures. We assessed key control areas including the FNSRO's and ADHS' utilization of EBT management reports and examined the physical security of returned EBT cards.

FINDINGS AND RECOMMENDATIONS

CHAPTER 1	ADHS NEEDS TO IMPROVE CERTAIN CONTROLS OVER THE EBT SYSTEM
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Overall, ADHS generally had sufficient controls to provide reasonable assurance that FSP benefits were available to program participants, benefit redemptions were settled in a timely manner (including the contractor's drawdowns of Federal funds), and participants were trained regarding the use of EBT cards. However, we found that ADHS controls over routine oversight, reconciliation, EBT system access, and expungement reporting needed improvement.

FINDING NO. 1 –
OVERSIGHT OF ADHS' EBT
SYSTEM NEEDS IMPROVEMENT

ADHS' oversight over EBT system activity needs to be improved, including the review of management reports. This occurred because ADHS did not have policies requiring routine oversight of the EBT system. Instead ADHS relied on complaints from county offices to indicate problems. As a result, the potential

that fraudulent FSP activity might go undetected was increased.

FNS program regulations require the EBT processor to provide management reports to enable State agencies to monitor the EBT system.¹ However, ADHS did not utilize management reports that were available for monitoring EBT system activity. ADHS had specified 19 management reports as tools for monitoring the EBT system. ADHS personnel stated that these reports were usually reviewed only when the county office had reported a problem.

At the time of this audit, the management reports that ADHS was not reviewing included coupon conversions and manual transactions reports to monitor EBT system activity. The coupon conversions report lists the clients who requested to have their EBT benefits converted to coupons. EBT benefits can be converted to coupons when a client is leaving the EBT program area and needs access to their benefits. However, ADHS policy prohibits conversion of EBT benefits to coupons when clients do not provide proper relocation information. ADHS converted \$9,659 of

¹ Title 7, CFR 274.12(j), Reconciliation and Management Reporting, dated January 2000.

EBT benefits to coupons in March 2001. Monitoring conversion of EBT benefits is necessary in the prevention and detection of fraudulent food stamp activity. Consequently, the lack of monitoring increased the risk that fraudulent activity within the food stamp program would go undetected.

In addition, ADHS did not review management reports for manual transactions (manual card entry and manual voucher activity). The manual card entry report and manual voucher tracking report lists EBT cards that were not swiped (the card number was manually entered) and provides statistical information for manual vouchers, respectively. Manual vouchers are used when the EBT system is not available and by retailers that do not have POS terminals such as vegetable markets and meal delivery services. Manual transactions are a vulnerable area. For example, manual vouchers do not require the use of a PIN and may result in unauthorized use of benefits. Review and follow-up on unusual activity noted in management reports would increase the chance of detecting fraudulent activity.

Although ADHS did not routinely review all management reports that were available for monitoring EBT system activity, some management reports were reviewed. For example, the aged benefits report that is used to determine if benefits are available for restoration was reviewed; however, the report which shows additional benefits posted to EBT accounts from which aged benefits are removed was not.

Although the audit did not identify any fraudulent transactions, we believe that ADHS' EBT system activity should be monitored on a routine basis. A written procedure manual that describes the oversight to be performed by ADHS staff, such as the review and follow-up on unusual activity noted in management reports, would increase the chance of detecting fraudulent FSP activity within the EBT system.

RECOMMENDATION NO. 1

Direct ADHS to establish internal controls that require routine oversight of EBT system activities. The controls should include requirements for periodic review of management reports.

FNS Response

FNS concurs with this recommendation and plans to issue a letter directing the State to implement the recommendation by September 20, 2002. FNS noted that OIG did not find evidence of fraud within the Arkansas EBT system.

OIG Position

We agree with the management decision and edited the finding to clarify that no fraudulent transactions were found. For final action, provide OCFO documentation indicating ADHS has established and implemented internal controls that require routine oversight of EBT system activities.

FINDING NO. 2 – DAILY RECONCILIATION NOT PERFORMED

ADHS did not perform daily reconciliation of the EBT system. ADHS also has outdated reconciliation procedures that do not reflect the actual reconciliation procedures. This occurred because there was a staff shortage in ADHS' accounting section. Consequently, there was an increased risk that fraudulent

activities would not be detected in a timely manner.

FNS program regulations² state that the following reconciliations shall be conducted on a daily basis: (1) reconciliation of individual household account balances against account activities, (2) reconciliation of individual retailer food stamp transactions per POS terminal and in total to deposits, and (3) reconciliation of total funds entering into, exiting from, and remaining in the system. Current procedures need to be maintained to ensure reconciliations are performed as mandated in FNS regulations.

ADHS personnel stated that daily reconciliations, outlined above, were not always performed. The personnel try to have reconciliations up to date by the 15th and the end of each month. During an interview, ADHS staff stated that reconciliations were delayed because there was a staffing shortage in the accounting department; however, they have authority to fill the vacant position. We also noted that the daily reconciliation procedures as well as procedures for completing Form FNS-46, Issuance Reconciliation Report, were outdated. For example, the procedure contained a listing of reports to be used during the reconciliation that was no longer accurate. After our onsite fieldwork at ADHS offices, FNS conducted a review that also noted reconciliation procedures were outdated.

RECOMMENDATION NO. 2

Direct ADHS to complete the appropriate reconciliations in compliance with Federal regulations.

² Title 7, CFR 274.12(j), Reconciliation and Management Reporting, dated January 2000.

FNS Response

FNS concurs with this recommendation and plans to issue a letter to the State by September 20, 2002, directing that recommendation be implemented.

OIG Position

We agree with the management decision. For final action, provide OCFO documentation indicating ADHS is completing the appropriate reconciliations in compliance with Federal regulations.

RECOMMENDATION NO. 3

Direct ADHS to establish controls to ensure that reconciliation procedures and FNS-46 procedures are current.

FNS Response

FNS concurs with this recommendation and plans to issue a letter to the State by September 20, 2002, directing the implementation of the recommendation.

OIG Position

We concur with the management decision. For final action, provide OCFO documentation indicating ADHS has established and implemented controls ensuring reconciliation procedures and FNS-46 procedures are current.

FINDING NO. 3 – CONTROLS OVER EBT SYSTEM ACCESS NOT ADEQUATE

with written procedures.
access the EBT system.

ADHS did not maintain adequate documentation for user authorizations, remove terminated employees' access in a timely manner, assign appropriate access levels to users, and review continued need for EBT system access. The condition occurred because ADHS had not formalized its policy As a result, unauthorized individuals could

FNS program regulations require the State to have system security procedures, including passwords or identity codes.³

³ Title 7, CFR 274.12 (h) (3), System Security, dated January 2000.

There were 1,329 user identifications (ID) with access to the EBT system as of May 2001. We identified eight of these users that had inappropriate profiles. The profiles granted to these users gave them authority to issue EBT cards and authorize benefits. An Arkansas State Legislative audit of ADHS in June 2000 found that ADHS had inappropriate profiles. ADHS stated that some of the inappropriate profiles had been eliminated prior to our fieldwork. ADHS also stated that the inappropriate profiles that we noted have been changed to ensure that no user can issue EBT cards and authorize benefits.

In addition to the 8 users that were granted inappropriate profiles, there were 60 ADHS employees, within the FSP operational area, that terminated their employment in the 12 months prior to May 2001. We reviewed 8 of 60 and identified 5 employees that still had active user ID's. We also identified that four of these five employees had terminated employment more than 90 days prior to May 2001. A system user cannot access the system if 90 days have passed with no access. A user can access the system any time within the 90-day window unless the user ID has been deleted. ADHS stated that the user ID's of the five terminated had not been deleted because the EBT unit had not received a request to delete the users.

ADHS does not have controls to ensure that adequate documentation is maintained for users who are authorized to access the EBT system. The process for approving and deleting users' access to the EBT system was conducted by telephone and e-mail. ADHS did not maintain any access authorization documentation for users who were granted access to the EBT system nor did ADHS conduct reviews to determine if users continued to have a need for EBT system access.

FNS needs to ensure that ADHS reviews user access reports and corrects any exceptions, such as terminated employees with active user ID's, and the continued need for system access. FNS also needs to ensure that ADHS maintains adequate documentation of requests and approvals for user access to the EBT system.

RECOMMENDATION NO. 4

Direct ADHS to formalize and document its policy for review of EBT system access to minimize the possibility of unauthorized access.

FNS Response

FNS concurs with this recommendation and plans to issue a letter to the State by September 20, 2002, directing the implementation of the recommendation.

OIG Position

We concur with the management decision. For final action, provide OCFO documentation indicating ADHS has formalized and documented its policy for review of EBT system access.

RECOMMENDATION NO. 5

Direct ADHS to maintain adequate documentation of requests and approvals for user access to the EBT system.

FNS Response

FNS concurs with this recommendation and plans to issue a letter to the State by September 20, 2002, directing the implementation of the recommendation.

OIG Position

We concur with the management decision. For final action, provide OCFO documentation indicating ADHS is maintaining adequate documentation of requests and approvals for user access to the EBT system.

RECOMMENDATION NO. 6

Direct ADHS to perform frequent reviews of user access reports for continued need for system access and correct any exceptions (such as terminated employees with active user ID's).

FNS Response

FNS concurs with this recommendation and plans to issue a letter to the State by September 20, 2002, directing the implementation of the recommendation.

OIG Position

We concur with the management decision. For final action, provide OCFO documentation indicating ADHS is performing frequent reviews of user access reports for continued need for system access and correcting any exceptions.

RECOMMENDATION NO. 7

Conduct a follow-up review of ADHS to ensure all access controls for the EBT system are in place and functioning.

FNS Response

FNS concurs with this recommendation and plans to perform the follow-up review as a part of FNSRO's FY 2003 Work Plan.

OIG Position

We concur with the management decision. For final action, provide OCFO documentation indicating a follow-up review has been performed and access controls for the EBT system are in place and functioning. Provide this documentation prior to September 30, 2003.

**FINDING NO. 4 –
EXPUNGED BENEFITS NOT
LABELED PROPERLY**

ADHS did not properly label expungements on its FNS-46 reports. This occurred because ADHS employees preparing the FNS-46 report did not have a clear understanding of the expungement process. Therefore, the FNS-46 reports submitted by ADHS did not clearly identify the amount of monthly

FSP expungements.

Form FNS-46, Issuance Reconciliation Report, shows the total food stamp benefit returns for the current month, including expungements, on line 7 of the report. Although total returns reported on line 7 of the FNS-46 reports were accurate for the reports we reviewed, the "Remarks" section of the reports that explained the content of line 7 erroneously listed expungements as "aged cancellations" and showed "zero balance" expungements.

Benefits not accessed within 3 months are removed from the processor's computer system and expunged from available food stamp funding. However, expunged benefits are available for restoration to the recipient's accounts for an additional 9 months. ADHS was reporting expungements in a category labeled "aged cancellations" because that is how the category was labeled on the processor's report. During an interview, ADHS staff stated that they did not have a clear understanding of the expungement process. The expungements continued to be miscategorized because FNS had not questioned ADHS' FNS-46 reports. The expungement category has reflected a zero balance since ADHS began listing the category in July 1998. The aged cancellation category was added to the report in August 1999 and used to report

expungements. As a result, expunged benefits are not clearly identified on the FNS-46 reports submitted by ADHS.

RECOMMENDATION NO. 8

Direct ADHS to provide training to employees regarding the proper labeling of expungements.

FNS Response

FNS concurs with this recommendation and plans to issue a letter to the State by September 20, 2002, directing the implementation of the recommendation.

OIG Position

We concur with the management decision. For final action, provide OCFO documentation indicating ADHS has provided training to employees regarding the proper labeling of expungements.

RECOMMENDATION NO. 9

Direct ADHS to label expungements correctly on the FNS-46 report.

FNS Response

FNS concurs with this recommendation and has discussed the issue with State agency officials. Beginning with the July FNS-46 report, which is due in November 2002, expungements will be correctly labeled. Also, FNS indicated it viewed the issue as a labeling or terminology issue, not an issue reflecting the accuracy or inaccuracy of the data.

OIG Position

We concur with the management decision and edited the finding to clarify our intended meaning. For final action, provide OCFO documentation indicating expungements are properly labeled on FNS-46 reports.

EXHIBIT A – SITES VISITED

TYPE	ENTITY	LOCATION
Federal	FNS Regional Office	Dallas, TX
State	ADHS	Little Rock, AR
Citibank Subcontractor	Lockheed Martin, Inc.	Atlanta, GA

EXHIBIT B – FNS’ RESPONSE TO THE DRAFT REPORT



United States Department of Agriculture
Food and Nutrition Service
Southwest Region

Reply to
Attn of:

AUG 28 2002

Subject: FSP – 27099-11-Te-Arkansas EBT System Development

To: Frederick F. San Buenaventura
Acting Regional Inspector General
for Audit

In response to your official draft report of subject audit dated July 10, 2002, we provide the following comments.

Recommendation No. 1

“Direct ADHS to establish internal controls that require routine oversight of EBT system activities. The controls should include requirements for periodic review of management reports.”

We partially concur with your narrative. As discussed on the July 8, 2002, exit conference and in reviewing the contents of the official draft report, no evidence was presented by OIG auditors that fraud, in fact, occurred on the Arkansas EBT system as a result of Finding No. 1. However, we concur that management reports should be utilized. By September 20, 2002, this office will issue a letter, with a copy to you, so directing the State agency.

Recommendation No. 2

“Direct ADHS to complete the appropriate reconciliations in compliance with Federal regulations.”

We concur with your recommendation. By September 20, 2002, this office will issue a letter, with a copy to you, so directing the State agency.

Recommendation No. 3

“Direct ADHS to establish controls to ensure that reconciliation procedures and FNS-46 procedures are current.”

We concur with your recommendation. By September 20, 2002, this office will issue a letter, with a copy to you, so directing the State agency.

Recommendation No. 4

“Direct ADHS to formalize and document its policy for review of EBT system access to minimize the possibility of unauthorized access.”

We concur with your recommendation. By September 20, 2002, this office will issue a letter, with a copy to you, so directing the State agency.

Recommendation No. 5

“Direct ADHS to maintain adequate documentation of requests and approvals for user access to the EBT system.”

We concur with your recommendation. By September 20, 2002, this office will issue a letter, with a copy to you, so directing the State agency.

Recommendation No. 6

“Direct ADHS to perform frequent reviews of user access reports for continued need for system access and correct any exceptions (such as terminated employees with active user ID’s).”

We concur with your recommendation. By September 20, 2002, this office will issue a letter, with a copy to you, so directing the State agency.

Recommendation No. 7

“Conduct a follow-up review of ADHS to ensure all access controls for the EBT system are in place and functioning.”

We concur with your recommendation. The follow-up review will be part of this office’s FY 2003 Work Plan.

Finding No. 4 – Comment

The opening paragraph of Finding No. 4 states, “Therefore, the FNS-46 reports submitted by ADHS could not be relied on to determine the amount of monthly FSP expungements.” We have no evidence nor reason to believe that the amounts reported on line 7 of the FNS-46 reports and currently labeled “aged cancellations” are not an accurate summarization of returned benefits, otherwise known as expungements. We view this as nothing more than a simple labeling or terminology issue, not an issue reflecting the accuracy or inaccuracy of the data.

Recommendation No. 8

“Direct ADHS to provide training to employees regarding the proper labeling of expungements.”

We concur with your recommendation. By September 20, 2002, this office will issue a letter, with a copy to you, so directing the State agency.

Recommendation No. 9

“Direct ADHS to label expungements correctly on the FNS-46 report.”

We concur with your recommendation. Based on discussions with the State agency, beginning with the July FNS-46 report, expungements will be correctly labeled. Therefore, we consider this recommendation closed.

If you have any questions, please contact Phil Swain or Kathy Yarbrough, of the Food Stamp Program, at (214) 290-9804.


ESTHER PHILLIPS
Acting Regional Administrator

ABBREVIATIONS

ADHS	Arkansas Department of Human Services
CFR	Code of Federal Regulations
EBT	Electronic Benefits Transfer
FNS	Food and Nutrition Service
FNSRO	Food and Nutrition Service Regional Office
FSP	Food Stamp Program
FY	Fiscal Year
ID	Identification
PIN	Personal Identification Number
POS	Point of Sale

