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Office of Inspector General





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AUDIT
NUMBER: 27002-0010-13

TO: Audrey Rowe
Administrator
Food and Nutrition Service

ATTN: Edward Pauley
Acting Director
Office of Internal Control
Audits and Investigations

FROM: Gil H. Harden
Assistant Inspector General
for Audit

SUBJECT: Analysis of New York's Supplemental Nutrition Assistance Program (SNAP)
Eligibility Data

This report presents the results of the subject review. Your written response to the official draft is included at the end of this report. Excerpts of your June 5, 2012, response and the Office of Inspector General's position are incorporated into the applicable sections of the report.

Based on your response, we have reached management decision on all of the report's recommendations. Please follow your internal agency procedures in forwarding final action correspondence to the Office of the Chief Financial Officer.

Also, please note that Departmental Regulation 1720-1 requires final action to be taken within 1 year of each management decision to prevent being listed in the Department's annual Performance and Accountability Report.

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

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Analysis of New York's Supplemental Nutrition Assistance Program (SNAP) Eligibility Data – 27002-0010-13

Executive Summary

The Food and Nutrition Service's (FNS) Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food Stamp Program, provides monthly food assistance and nutrition for the health and wellbeing of more than 44 million low-income individuals.¹ The Office of Inspector General (OIG) initiated this audit in May 2011, to analyze the New York SNAP participant database to identify anomalies that may result in ineligible participants receiving SNAP benefits.

Of the 2,999,991 average monthly participants in New York during FY 2011, we estimate 8,533 recipients (0.28 percent) were deceased or were using a deceased individual's Social Security Number (SSN), were receiving duplicate benefits in New York, were receiving benefits simultaneously from one of two nearby States, or were listed in the Electronic Disqualified Recipient System (eDRS) as previously disqualified from receiving SNAP benefits.^{2,3,4} We also found individuals with invalid SSNs and individuals who did not have an SSN in the system for over one year.

While New York's Office of Temporary and Disability Assistance (OTDA) has taken numerous steps to safeguard against potential fraud, waste, and abuse, there is still some opportunity for improvement. OTDA, which administers SNAP, does not perform all checks necessary to ensure SNAP benefits go only to those eligible and in need. Specifically, it does not perform some edit checks that would help ensure that the participant information that is entered is accurate. OTDA participates in the Public Assistance Reporting Information System (PARIS). However, FNS does not require all States to participate in PARIS or a similar system to check for duplicate enrollment across States, and the information in PARIS is incomplete.⁵ FNS also does not require States to check eDRS to ensure that applicants have not been previously disqualified from receiving SNAP benefits, so OTDA does not regularly utilize this tool. OTDA has already taken steps to implement additional preventative controls and correct many of the discrepancies identified in this report.

In all, the estimated 8,533 participants whose eligibility should have been researched cause us to question approximately \$1,268,260 in benefits per month, based on the average monthly amount

¹ For fiscal year (FY) 2011 according to FNS' *SNAP: Average Monthly Participation*, dated April 30, 2012.

² OIG performed data matching and analysis and identified 11,061 cases which exhibited data anomalies. We asked OTDA to review a sample of 435 cases. Based on the sample results, we estimate that 8,533 cases have anomalies. We are 95 percent confident that between 7,864 and 9,204 cases we identified could have anomalies and should have been researched. For additional sample design information, see Exhibit B.

³ Nearby States included Massachusetts and New Jersey.

⁴ FNS maintains eDRS, which is a national internet-based application that tracks SNAP participants that have committed intentional program violations and have been disqualified from the program.

⁵ PARIS is a computer matching process by which the Social Security numbers of public assistance recipients are matched against various Federal databases and those of participating States to prevent simultaneous participation in benefit programs among multiple States.

a recipient receives in New York.⁶ With a 66 percent increase in participation since 2007, SNAP is a rapidly growing program in New York. If OTDA does not take measures to increase its fraud prevention and detection efforts, it risks making continued payments to individuals who are not eligible for SNAP benefits.

Recommendation Summary

FNS should provide guidance and require OTDA to utilize other sources of information and regular edit checks to verify that information in participant databases is accurate. FNS also needs to require OTDA to review the individuals identified in this report and determine if payments were improper and recover any improper payments as appropriate.

Agency Response

FNS concurs with our recommendations and is actively engaged in a dialogue with regional offices and with States regarding policies and technical assistance tools which can strengthen integrity to an even greater extent. FNS is processing final rules that will codify the requirements that States perform the Social Security Administration (SSA) death match, the prisoner match, and eDRS matching prior to certification. FNS expects to publish the final rules in June 2012. FNS also issued a November 15, 2011 policy memo reminding States of this requirement. The State has committed to following up on the 8,533 individuals identified and estimates completion by October 31, 2012.

OIG Position

OIG concurs with FNS' response. We reached management decision on the report's three recommendations.

⁶ We are 95 percent confident that between \$1,168,761 and \$1,367,918 per month can be questioned. Potential improper payments are based upon the average amount a recipient receives in New York each month (\$148.63), according to FNS' *SNAP Average Monthly Benefit per Person*, dated April 30, 2012. We were not able to determine the actual amount because payments are calculated by household, not individual; therefore, even if one participant is ineligible—such as a deceased participant—it is possible that other members of the household are eligible to receive benefits at a lower amount.

Background and Objectives

Background

FNS' SNAP, formerly known as the Food Stamp Program, provides monthly food assistance and nutrition for the health and wellbeing of more than 44 million low-income individuals. New York had 2,999,991 individuals—or 15 percent of the State's population—enrolled in SNAP per month during FY 2011. Since 2007, the program has grown by 66 percent. While FNS pays the full cost of recipient benefits, both FNS and the States share the program's administrative costs.

For enrollment and eligibility procedures, SNAP regulations at the Federal level specify minimum guidelines, such as maximum income requirements, to be enforced by the State agencies; however, these regulations do not establish a standardized system of internal controls at the State level. FNS' policy is to allow State agencies the flexibility to establish control systems that meet the individual needs of each State. For example, Federal regulations allow State agencies to determine whether or not they will interview recipients face-to-face or via the telephone prior to granting benefits. In New York, OTDA performs interviews both via telephone and in person. Each State is also allowed to decide how it would like to organize the administration of SNAP. Each State agency develops and maintains its own eligibility system—including software and databases—which varies from State to State.

In New York, applicants submit documents to prove citizenship, residency, income, and expenses. To continue in the program, participants are required to recertify on a one-, two-, or four-year cycle, depending on the applicant's status.⁷ Participants are also required to complete an interim report during their certification period to update OTDA with any changes. Participants in SNAP are approved or denied by OTDA based on pre-established eligibility requirements.

State agencies also have the primary responsibility for monitoring recipients' compliance with program requirements and for detecting and investigating cases of alleged intentional program violations.⁸ Once applicants have submitted information for certification, OTDA performs several automated data checks to validate selected submitted information, including SSNs. State agencies are required to establish a system to ensure that certain prisoners do not receive benefits.⁹ State agencies must also check recipient data against a national SSA database, which can be accessed using SSA's State Verification Exchange System (SVES), to ensure that

⁷ Participants who receive Supplemental Security Income benefits and are enrolled in the New York State Nutrition Improvement Project recertify after four years. Participants who are aged or disabled need to recertify every two years. All other participants must report any changes in a six month interim report and recertify after one year.

⁸ An intentional program violation is defined as any act violating the Food Stamp Act, the Food Stamp Program regulations, or any State statute for the purpose of using, presenting, transferring, acquiring, receiving, possessing, or trafficking SNAP benefits. The definition includes any act that constitutes making a false or misleading statement or concealing or withholding facts.

⁹ Public Law (PL) 105-33, Balanced Budget Act of 1997, Section 1003(a)(1), August 5, 1997; and PL 114-246, the Food and Nutrition Act of 2008, Section 11(q), October 1, 2008.

deceased recipients do not receive benefits.^{10, 11} In addition, OTDA, like most other agencies who administer SNAP, utilizes additional national and State database systems to verify income and employment information provided by applicants.

Objectives

OIG initiated this audit to analyze the New York SNAP participant database to identify anomalies that may indicate ineligible participants receiving SNAP benefits.

¹⁰ Provided at no cost to State agencies, SVES matches against several national databases to check for death and SSN verification for every submitted individual. SSA's death master file also checks SSNs nationwide to search for deceased individuals.

¹¹ PL 105-379, An Act to Amend the Food Stamp Act of 1977, Section 1(a), November 12, 1998.

Section 1: SNAP Eligibility Oversight Needs Strengthening

Finding 1: FNS Should Strengthen its Oversight of OTDA's Eligibility Review for SNAP

We found that of the 2,999,991 average monthly participants in New York during FY 2011, 8,533 participants (0.28 percent) were deceased, were using a deceased individual's SSN, had invalid SSNs, were receiving duplicate benefits in New York, were receiving benefits simultaneously from one of two nearby States, or were listed in eDRS as previously disqualified from receiving SNAP benefits.¹² We also found individuals with invalid SSNs and individuals who did not have an SSN in the system for over one year. While OTDA has taken several steps to safeguard against potential fraud, waste, and abuse, there is some opportunity for improvement. Specifically, OTDA does not perform some edit checks that would ensure that participant information is entered accurately. Although OTDA participates in PARIS to check for duplicate enrollment across States, FNS does not require all States to participate in PARIS, and its information is incomplete. FNS also does not require States to check eDRS to ensure that applicants have not been previously disqualified from receiving SNAP benefits, so OTDA does not regularly utilize this tool. Not performing these checks increases the risk of improper payments. In all, the 8,533 participants whose eligibility should have been reviewed continued to receive approximately \$1,268,260 in benefits each month. OTDA has already taken steps to implement additional preventative controls and correct many of the discrepancies identified in this report.

To verify that benefits are not issued to individuals who are deceased, OTDA, like all agencies that administer SNAP, is required to compare the information in its SNAP participant database with national SSA death information. OTDA utilizes numerous matches with SSA to identify deceased recipients. However, when we used SSA's death master file to perform this check ourselves, we found that 1,415 current New York SNAP participants' SSNs were listed in SSA's death master file.¹³ If a match run by OTDA is verified, the participant should be removed from the program at the next interim reporting period or recertification. Many of these instances occurred because under simplified reporting rules, participants do not have to be removed until the recertification period.¹⁴ Of the 1,415 individuals identified, 748 had been enrolled in SNAP for 6 or more months after the date of death listed in the death master file and 463 of these had been enrolled for 12 or more months after the date of death listed in the death master file. OTDA reviewed a random sample of 91 of the 1,415 results contained in the universe. Of these 91 individuals reviewed, 75 were verified as deceased participants by OTDA. OTDA closed 68 of

¹² OIG performed data matching and analysis and identified 11,061 cases which exhibited data anomalies. We asked OTDA to review a sample of 435 cases. Based on the sample results, we estimate that 8,533 cases have anomalies. We are 95 percent confident that between 7,864 and 9,204 cases we identified could have anomalies and should have been researched. For additional sample design information, see Exhibit B.

¹³ The SSA death master file is used by leading government, financial, investigative, credit reporting organization, medical research and other industries to verify death information as well as to prevent fraud.

¹⁴ Simplified reporting is a method of approving households. Once a household is approved, the benefits do not change for that household until their eligibility time expires, at which time they re-certify and report all changes and reaffirm they are eligible for SNAP. Households are not required to report the majority of changes that occur during their current certification period.

these cases during our review, and will close 7 during the participant's next certification period under simplified reporting. The remaining 16 individuals identified were either input errors in the death master file, erroneous SSNs in OTDA's system, or not receiving SNAP benefits during the month reviewed. Projecting the sample out to the universe of 1,415 cases, we estimate that 1,166 of the 1,415 individuals are deceased participants receiving SNAP benefits. We also estimate that 233 are either input errors on the death master file or erroneous SSNs in OTDA's system that should be verified.^{15,16} Of the 1,415 individuals identified in our match, we noted that 78 of these individuals were enrolled as a one-person household and benefits on the account were used after the date of death.¹⁷

We also found 8,673 instances where individuals were potentially receiving SNAP benefits simultaneously under two separate households in New York. OTDA reviewed a random sample of 184 of these potential duplicates and found that in 111 instances, duplication of benefits occurred. Based on this sample result, we project that 6,287 participants may have received benefits on multiple accounts for the month reviewed.¹⁸ This occurred because although OTDA's system alerts caseworkers when an individual has possibly been entered into the system twice, it does not prevent the entry from occurring.¹⁹ Instead, OTDA leaves it up to the caseworker to determine if the individual is already enrolled in SNAP, which can cause timing delays leading to some overlap in benefits. Another cause for the duplication was due to OTDA using two systems for its SNAP participants. Participants in New York City are in one system and participants elsewhere in the State are in another. At the time of our review, there was no check between the two systems to identify duplicate SSNs. OTDA relied on its automated finger imaging system to check for duplicate participation between the two systems.²⁰ Since our review, they have implemented an alert that checks for duplication between the two systems based on SSN. The edit checks in OTDA's system corrected all but 2 of the 111 potential duplications it reviewed.

OTDA also had multiple instances of simultaneous enrollment with the States of New Jersey and Massachusetts. Each participant should only receive SNAP benefits from the State where the participant resides. We compared SNAP enrollment between New York and these nearby States and found that 631 individuals enrolled in SNAP in New York were simultaneously enrolled in one of the two nearby States for at least three consecutive months. OTDA researched a random sample of 85 of these 631 cases. OTDA runs a quarterly match using PARIS—an optional, multi-State database that stores social welfare program participant information—to detect and

¹⁵ Our point estimate is 1,166. We are 95 percent confident that between 1,057 and 1,275 cases are in fact deceased individuals, who at the time of review were receiving SNAP benefits.

¹⁶ We are 95 percent confident that between 127 and 340 cases are either input errors on the death master file or erroneous SSNs in OTDA's system.

¹⁷ This test could only be performed on one person households. When there are multiple people in a household, it is not possible to determine which member of the household is using the benefits. All members use benefits from the same account.

¹⁸ We are 95 percent confident that between 5,616 and 6,957 cases in our universe might have been duplicated.

¹⁹ Eligibility systems in other States reviewed by OIG have an edit check that prevents the entry of an SSN that already exists in the system.

²⁰ The automated finger imaging system uses fingerprinting to track dual participation. All adult members of a case are required to be finger imaged. Whenever an application is received, OTDA can check the fingerprint and match it up to the database to see if the person is already enrolled in another case.

prevent simultaneous interstate participation and ran these 85 participants through the match. Of the 85 participants, 42 were not in the PARIS system. Of the remaining 43 participants, OTDA removed 24 from SNAP, and sent 4 to the local district for investigation. Fourteen identified individuals were not investigated for various reasons, and one individual was not an active SNAP participant.²¹ Projecting the results of this sample to the universe, we estimate that 601 of the 631 individuals were simultaneously receiving benefits in another state.²² Because not all States participate in PARIS, the information in the database is incomplete. New York, New Jersey, and Massachusetts all participate in PARIS, but matches must be researched which takes time and can cause delays in duplicate recipients being removed from a State's rolls. Additionally, OTDA may not always receive notification that a participant has moved to another State and the receiving State may not perform the proper checks in PARIS to notify the State of New York. Also, not all States submit information to PARIS with the same regularity. As a result, State agencies may not discover all instances of dual participation despite properly using a PARIS match. With mandatory SNAP participation in PARIS or a similar system and a standard process for all States for performing a match with this system, OTDA—as well as other State agencies—would have access to a reliable, nationwide database, which could then be utilized in fraud detection efforts to minimize interstate duplicate enrollment.

Additionally, we found 342 active participants who were previously disqualified from receiving SNAP benefits. These individuals were listed in eDRS, which is a national system maintained by FNS that tracks SNAP participants who have been disqualified from the program due to intentional program violations. OTDA officials reviewed a random sample of 75 of these 342 participants. Of the 75 participants reviewed, OTDA verified that 54 were active in the month reviewed. This occurred because while FNS requires States to input information about individuals who have been disqualified, States are not required to check this system before allowing a person into the program unless they suspect the individual may be subject to disqualification. Accordingly, OTDA does not regularly check eDRS upon application. Further, State agencies are not allowed to rely solely on information in eDRS and must research the disqualification before they are able to remove a participant from the program. Projecting the results of this sample to the universe, we believe 246 of the 342 individuals should not have been allowed to receive SNAP benefits because of a previous disqualification.²³ We recommend that FNS require States to verify that individuals have not been disqualified from SNAP prior to allowing them into the program.

We also found individuals using invalid SSNs. OTDA's procedure is to verify that an applicant's SSN is valid when initially applying for SNAP. However, we found that 43 participants had SSNs that did not match the format of the SSA scheme for valid SSNs. Of this number, 20 have already been or will be corrected by matching processes ran by OTDA, 9 others were verified by SSA, and the remaining 14 have been removed from SNAP participation. We also found 1,404 individuals who did not have an SSN in the system for over one year. If an applicant does not have an SSN upon application, the household is required to cooperate with

²¹ Reasons included: the individual was already removed from SNAP or inactive, the individual was already the subject of a prior investigation, and the individual did not have the same name in both States.

²² We are 95 percent confident that between 574 and 628 cases were receiving SNAP benefits in another state.

²³ We are 95 percent confident that between 215 and 278 individuals should not have been allowed to receive SNAP benefits because of previous disqualification.

OTDA to obtain a valid SSN. If the individual fails to cooperate, then benefits would cease immediately. Individuals are required to provide a valid SSN during the next interim reporting or recertification period.

In all, the 8,533 participants whose eligibility should have been researched cause us to question approximately \$1,268,260 in benefits per month, based on the average benefit amount a recipient receives in New York.²⁴ We have forwarded these participants to OTDA for further research. Taken within the context of SNAP as a whole, our findings do not represent large monetary sums, but they do show areas where FNS and OTDA could make progress in reducing potential improper payments. We recognize that OTDA is in the process of researching and resolving many of these issues and has numerous controls in place that are currently working. However, we believe that by utilizing input edit checks and a process to check eDRS for disqualifications, OTDA can further improve its fraud detection and prevention. In addition, if FNS mandates that all States participate in PARIS or a similar national database, States would have a powerful resource to use in checking for—and ultimately reducing—interstate duplicate enrollment nationwide.

Recommendation 1

Require OTDA to regularly perform checks as described above to determine whether information in participant databases is accurate and complete.

Agency Response

To ensure participant information is accurate and complete, FNS is actively engaged in a dialogue with regional offices and with States regarding policies and technical assistance tools which can strengthen integrity to an even greater extent. FNS is processing final rules that will codify the requirement that States perform the SSA death match, the prisoner match, and eDRS matching prior to certification. This final rule is expected to be published by June 2012. FNS also issued a policy memo reminding States of the death and prisoner matching requirement, which went out to States on November 15, 2011.

OIG Position

OIG concurs with FNS' response that a policy be issued to codify the States' requirement to perform these matches. We reached management decision on this recommendation.

²⁴OIG performed data matching and analysis and identified 11,061 cases which exhibited data anomalies. We asked OTDA to review a sample of 435 cases. Based on the sample results, we estimate that 8,533 cases have anomalies. We are 95 percent confident that between 7,864 and 9,204 cases we identified could have anomalies and should have been researched. For additional sample design information, see Exhibit B.

Recommendation 2

Require OTDA to review the temporary SSNs and require the participant to acquire a valid SSN or terminate the benefit.

Agency Response

FNS agrees with this recommendation and estimates completion by October 31, 2012.

OIG Position

OIG concurs with FNS' response for this recommendation and we have reached management decision.

Recommendation 3

Require OTDA to review the individuals identified in this report and determine if participants have received improper payments. Recover improper payments as appropriate.

Agency Response

FNS agrees with this recommendation and estimates completion by October 31, 2012.

OIG Position

OIG concurs with FNS' response for this recommendation and we have reached management decision.

Scope and Methodology

We analyzed the participants in the New York SNAP program for the timeframe of January 2011 through March 2011. New York was selected because it had the third highest number of SNAP participants during FY 2010. We selected the timeframe of January 2011 through March 2011 because, at the time of our audit, it was the latest information available.

We obtained SSA's death master file and extracts of key SNAP participant data from OTDA officials. We also obtained SNAP participant data from the nearby States of New Jersey and Massachusetts. We further obtained the March 2011 eDRS extract of disqualified SNAP individuals from FNS and compared it to the March 2011 SNAP participant data. We analyzed these data using Audit Command Language. Our tests were developed to identify anomalies that may result in ineligible participants receiving SNAP benefits and to determine whether FNS provided adequate program guidance and oversight. Our tests determined whether:

- Active SNAP participants were using deceased individuals' SSNs,
- Invalid SSNs were used,
- Duplicate payments were received,
- Recipients were receiving benefits simultaneously from one of two nearby States, and
- Individuals listed on eDRS were receiving benefits.

As appropriate, the anomalies identified were sent to OTDA officials for research and verification. For the majority of the anomalies, OTDA was sent a random statistical sample to minimize the amount of resources required to research the results.

We reviewed public laws, FNS regulations, policies, and other controls governing the administration of SNAP to ensure OTDA complied with Federal guidelines. We evaluated reports that resulted from reviews relating to SNAP, the Federal Manager's Financial Integrity Act Report for FY 2011, and Government Accountability Office reports. We interviewed OTDA officials and obtained an extract of the eligibility database.

We conducted our audit work with OTDA in Albany, New York and FNS' national office in Alexandria, Virginia. We also coordinated our audit with FNS' northeast regional office in Boston, Massachusetts. Our audit period was June 2010 through May 2012.

We conducted this review in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Abbreviations

eDRS	Electronic Disqualified Recipient System
FNS	Food and Nutrition Service
FY	Fiscal Year
OIG	Office of Inspector General
OTDA	Office of Temporary and Disability Assistance
PARIS	Public Assistance Reporting Information System
PL	Public Law
SNAP	Supplemental Nutrition Assistance Program
SSA	Social Security Administration
SSN	Social Security Number
SVES	State Verification Exchange System
USDA.....	Department of Agriculture

Exhibit A: Summary of Projected Monetary Results

FINDING NUMBER	RECOMMENDATION NUMBER	DESCRIPTION	AMOUNT	CATEGORY
1	3	1,399 Individuals identified on the Death Master File	\$207,933 average per month	Questioned Cost, Recovery Recommended
1	3	601 Individuals participating in SNAP in both New York and Massachusetts or New Jersey	\$89,327 average per month	Questioned Cost, Recovery Recommended
1	3	6,287 Individuals receiving duplicate benefits in New York	\$934,437 average per month	Questioned Cost, Recovery Recommended
1	3	246 Individuals listed in eDRS system	\$36,563 average per month	Questioned Cost, Recovery Recommended
TOTAL			\$1,268,260 average per month	

The table above represents the \$1,268,260 in average questioned costs per month, recovery recommended.

Exhibit B: Sampling Methodology and Projections

Objective:

The sample designs described below were developed to support OIG audit number 27002-0010-13. OIG initiated this audit in May 2011 to analyze the New York SNAP participant database to identify anomalies that may result in ineligible participants receiving SNAP benefits.

Audit Universes and Sample Designs:

The audit team analyzed the New York SNAP participant database to identify anomalies that may result in ineligible participants receiving SNAP benefits. Universes used for statistical sampling in this audit were limited to include only cases which had previously been flagged by that analysis. Hence, projections only apply to those limited universes.

The audit team developed criteria by which they identified participants with potential anomalies. We placed those cases in a set of five mutually exclusive universes. Since SNAP recipients could be flagged as potentially problematic based on more than one criterion, it was theoretically possible for individuals to be in more than one universe. To identify and exclude duplicates, each universe was matched with all preceding universes. The audit team sequentially developed and structured each universe as described below:

- The audit team ran a set of criteria A through the entire set of the New York SNAP recipients' database. This identified cases with a potential issue, which the audit team placed in Universe A.
- They ran a second set of criteria through the entire set of SNAP recipients' data. This produced Universe B. The audit team matched Universe B with Universe A, which allowed the team to identify and remove duplicate cases from Universe B. Hence, Universe B consists of all recipients identified based on a set of criteria, who may or may not also be listed in Universe A. i.e., Universe B cases are unique (not on list A) and can have at least one error.
- The audit team developed Universe C by the same method as Universe B above. Universe C cases are unique (not on list A nor B) and can potentially have at least one error.

The method for developing each next universe continued in the same manner. Each set is further defined and analyzed separately below. The total number of unique SNAP recipients flagged on the basis of at least one potential issue is 11,061. To be able to project to this entire set of 11,061 cases, we viewed each universe as a separate stratum of one whole set of flagged cases. The final analysis table included in this document shows additional details and results for the aggregation of the individual strata.

1. Death Master File Check

Universe:

To verify that benefits are not issued to individuals who are deceased, OTDA, like all agencies that administer SNAP, is required to compare the information in its SNAP participant database with national SSA death information. The audit team used SSA's death master file to perform this check. They found that 1,415 current New York SNAP participants' SSNs were listed in SSA's death master file. These 1,415 cases comprise the universe for this sample.

Sample Design:

We selected a simple random sample of 91 of out 1,415 cases for review. The sample size was based on an expected error rate of 50 percent, a desired precision of +/- 10 percent, a universe size of 1415, and a confidence level of 95 percent.²⁵

Results:

Results are projected to the audit universe of 1,415 cases. Achieved precision, relative to the universe of 1,415 cases, is reflected by the confidence interval for a 95 percent confidence level.

Projections are shown in Table 1. Narrative interpretation of the results is presented below the table.

Table 1: Death Master File check projections

Criterion tested	Estimate	Standard Error	95% Confidence Interval		Coefficient of Variation	Achieved precision ²⁶	Actual number of exceptions observed in sample
			Lower	Upper			
<i>There was an error with a participant's SSN (either with the agency or SSA).</i>	233	53.53	127	340	.230	8%	15
<i>Participant was deceased and should be removed.</i>	1,166	54.92	1,057	1,275	.047	8%	75
<i>A SSN error or the person was deceased and should have been removed.</i>	1,399	15.04	1,370	1,415	.011	2%	90

Based on our sample of previously flagged cases, we estimate that:

- 233 have an error with a participant's SSN. We are 95 percent confident that between 127 and 340 cases in our universe will have a SSN error.
- 1,166 participants are deceased and should be removed from the SNAP benefits database. We are 95 percent confident that between 1,057 and 1,275 cases should be removed from the benefits database.

²⁵ We had no prior information on which to base our expected error rate. We chose the most conservative measure of 50 percent, i.e. each case would have a 50/50 chance of being ineligible.

²⁶ Achieved precision equals one-half the difference between the lower bound and the upper bound of the confidence interval. For example, $(340 - 127) / 2 = 105.5$. Expressed as a fraction of the universe, this is $105.5 / 1415 = 7.52$ percent.

- 1,399 participants either have a SSN error or are deceased and should be removed from SNAP’s benefits database. We are 95 percent confident that between 1,370 and 1,415 cases should be removed from SNAP’s benefits database.

2. Participants who might be receiving SNAP benefits under two households in New York

Universe:

Our audit team identified cases which showed individuals who might potentially be receiving SNAP benefits simultaneously under two separate households in New York (a total of 8,673). The team detected two groups—one group was based on a social security number appearing on multiple accounts, and the other was for what appeared to be the same individual (name, DOB) listed with two addresses. Each group was placed in a separate stratum. The total sample size for both strata was 184 cases. The audit team asked OTDA to review the sample. The projections below are made based on OTDA’s response.

Sample Design:

We selected a stratified sample of 184 cases for review: 96 in stratum 1 and 88 in stratum 2. The sample sizes were based on an expected error rate of 50 percent, a desired precision of +/- 10 percent, a confidence level of 95 percent for each stratum, and a universe size of 7,734 and 939 respectively.²⁷

Results:

Results are projected to the audit universe of 8,673 cases. Achieved precision, relative to the universe of 8,673 is reflected by the confidence interval for a 95 percent confidence level.

Projections are shown in Table 2. Narrative interpretation of the results is presented below the table.

Table 2: Projections for cases potentially receiving benefits under two households in New York

Criterion tested	Estimate	Standard Error	95% Confidence Interval		Coefficient of Variation	Achieved precision	Actual number of exceptions observed in sample
			Lower	Upper			
<i>Participants who might be receiving SNAP benefits simultaneously under two separate households in New York.</i>	6,287	339.908	5,616	6,957	.054	8%	111 [73 in stratum 1; 38 in stratum 2]

Based on our sample of previously flagged cases, we estimate that 6,287 participants receiving benefits may have been duplicated for at least the month reviewed. We are 95 percent confident that between 5,616 and 6,957 cases in our universe might have been duplicated.

²⁷ We had no prior information on which to base our expected error rate. We chose the most conservative measure of 50 percent, i.e. each case would have a 50/50 chance of being ineligible.

3. Participants simultaneously receive SNAP benefits in the States of New Jersey and New York or in Massachusetts and New York

Universe:

Each participant should only receive SNAP benefits from the State where the participant resides. If a participant indicates prior participation in another State, the caseworker contacts the other State to determine their current status. The audit team compared SNAP enrollment between New York and these nearby States and found that 631 individuals enrolled in SNAP in New York were simultaneously enrolled in one of the two nearby States for at least three consecutive months. Our universe was comprised of those 631 flagged cases.

Sample Design:

We selected a simple random sample of 85 of the 631 cases for review. The sample size was based on an expected error rate of 50 percent, a desired precision of +/- 10 percent, a universe size of 631, and a confidence level of 95 percent.²⁸

Results:

Results are projected to the audit universe of 631 cases. Achieved precision, relative to the universe is reflected by the confidence interval for a 95 percent confidence level.

Projections are shown in Table 3. Narrative interpretation of the results is presented below the table.

Table 3: Projections for SNAP participants who might simultaneously be receiving benefits in two states: New Jersey and New York, or Massachusetts and New York

Criterion tested	Estimate	Standard Error	95% Confidence Interval		Coefficient of Variation	Achieved precision	Actual number of exceptions observed in sample
			Lower	Upper			
<i>Participants who are potentially receiving SNAP benefits in two States: New Jersey and New York, or Massachusetts and New York.</i>	601	13.562	574	628	.023	4%	81

Based on our sample of previously flagged cases, we estimate that 601 participants might be receiving SNAP benefits simultaneously in two States: New York and Massachusetts, or in New York and New Jersey. We are 95 percent confident that between 574 and 628 cases exhibit the same issue.

²⁸ We had no prior information on which to base our expected error rate. We chose the most conservative measure of 50 percent, i.e. each case would have a 50/50 chance of being ineligible.

4. Participants previously disqualified from receiving SNAP benefits

Universe:

Our audit team found 342 active participants who were previously disqualified from receiving SNAP benefits. FNS maintains eDRS, which is a national system that tracks SNAP participants who have been disqualified from the program due to intentional program violations. States are required by FNS to input individuals who have been disqualified, but they are not required to check this system before allowing a person in the program. Our universe comprises of those 342 cases.

Sample Design:

We selected a simple random sample of 75 of out 342 cases for OTDA review. The sample size was based on an expected error rate of 50 percent, a desired precision of +/- 10 percent, a universe size of 342, and a confidence level of 95 percent.²⁹

Results:

Results are projected to the audit universe of 342 cases. Achieved precision, relative to the universe is reflected by the confidence interval for a 95 percent confidence level.

Projections are shown in Table 4. Narrative interpretation of the results is presented below the table.

Table 4: Projections for SNAP participants who were previously disqualified

Criterion tested	Estimate	Standard Error	95% Confidence Interval		Coefficient of Variation	Achieved precision	Actual number of exceptions observed in sample
			Lower	Upper			
<i>Participants who are potentially receiving SNAP benefits, even though they had previously been disqualified.</i>	246	15.772	215	278	.064	9%	54

Based on our sample of previously flagged cases, we estimate that 246 participants might be receiving SNAP benefits even though they had previously been disqualified. We are 95 percent confident that between 215 and 278 cases exhibit this same issue.

5. Composite results

Universe:

The audit team was interested in making a projection to the entire set of data matches identified. We combined the mutually exclusive universes listed above into one composite universe. Our universe size was 11,061 unique matches.

²⁹ We had no prior information on which to base our expected error rate. We chose the most conservative measure of 50 percent, i.e. each case would have a 50/50 chance of being ineligible.

Sample Design:

We created a composite sample from the four categorized samples listed above. The analysis was done using stratification to identify what set of criteria the sampled unit was associated with. This approach produced the following strata:

Stratum	Stratum Description	Universe size	Sample size
1	Based on the Death Master File check.	1,415	91
2	Developed based on participants who might be receiving SNAP benefits under two households in New York (same SSN appearing on multiple accounts)	7,734	96
3	Developed for participants who might be receiving SNAP benefits under two households in New York (what appeared to be the same individual - same name, DOB - listed with two addresses)	939	88
4	Participants who might simultaneously be receiving benefits in two states.	631	85
5	Participants previously disqualified from receiving SNAP benefits.	342	75
Total:		11,061	435

Additionally, a dollar value projection of questioned SNAP benefits is calculated. The estimate is based on the average monthly dollar amount of \$148.63 that SNAP recipients receive in the state of New York. This average value was calculated by the audit team and provided to the statistician for making the projection.

Results:

Results are projected to the audit universe of 11,061 cases. Achieved precision, relative to the universe is reflected by the confidence interval for a 95 percent confidence level. Relative precision to the estimate is shown for the dollar value estimate and is reflected by the confidence interval for a 95 percent confidence level.

Projections are shown in Table 5. Narrative interpretation of the results is presented below the table.

Table 5: Composite projections for SNAP participants who were flagged based on database matching

Criterion tested	Estimate	Standard Error	95% Confidence Interval		Coefficient of Variation	Precision	Actual number of exceptions observed in sample
			Lower	Upper			
<i>Participants whose eligibility should have been researched.</i>	8,534 ³⁰	340.876	7,864	9,204	.040	6% ³¹	336
<i>Average dollar amount of monthly SNAP benefits questioned.</i>	\$ 1,268,339.49	50,664.40	\$ 1,168,761.40	\$ 1,367,917.57	.040	8% ³²	\$ 49,939.68

Based on our sample of previously flagged cases, we estimate that:

- 8,534 hits are valid, hence their eligibility should have been researched. We are 95 percent confident that between 7,864 and 9,204 of cases flagged in our universe are valid hits.
- \$1.3 million in benefits per month can be questioned. We are 95 percent confident that between \$1.2 million and \$1.4 million in monthly benefits can be questioned in the State of New York.

³⁰ This number is 8,533 in the report. Rounding the statistical projections produces a total of 8,534. The dollar amount is determined by multiplying the statistical projections by \$148.63 as defined in the report. A value of \$1,268,339 is derived when using the statistical projection versus \$1,268,260 in the report (a difference of \$79).

³¹ Achieved precision shown. Calculated as: (upper bound – lower bound) / 2 / universe size = (9,204 – 7,864) / 2 / 11,061 = 0.06, or 6 percent.

³² Relative precision shown. Calculated as: (upper bound – estimate) / estimate = (\$ 1,367,917.57 - 1,268,339.49) / 1,268,339.49 = 0.08, or 8 percent.

**USDA'S
FOOD AND NUTRITION SERVICE'S
RESPONSE TO AUDIT REPORT**



**United States
Department of
Agriculture**

Food and
Nutrition
Service

3101 Park
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Alexandria, VA
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DATE: June 5, 2012

AUDIT
NUMBER: 27002-0010-13

TO: Gil H. Harden
Assistant Inspector General for Audit

FROM: /s/ <Robin Bailey> (for): Audrey Rowe
Administrator
Food and Nutrition Service

SUBJECT: Analysis of New York's Supplemental Nutrition Assistance Program
(SNAP) Eligibility Data

This letter responds to the official draft report for audit report number 27002-0010-13, Analysis of New York's Supplemental Nutrition Assistance Program (SNAP) Eligibility Data. Specifically, the Food and Nutrition Service (FNS) is responding to the three recommendations in the report.

OIG Recommendation 1:

Require New York's Office of Temporary and Disability Assistance (OTDA) to regularly perform checks to determine whether information in participant databases is accurate and complete.

Food and Nutrition Service Response:

FNS takes program integrity very seriously. Any errors are of concern; however, FNS notes that the findings in this report constitute about 0.31 percent of the New York caseload suggesting that while current processes can always be improved, they are, in fact, working. Pursuant to the critical importance of integrity to ensure that people in need receive nutrition assistance to which they are entitled, FNS is actively engaged in a dialogue with our regional offices and with States regarding policies and technical assistance tools which can strengthen integrity to an even greater extent.

FNS already has a number of activities in place that will address the situations found in this report. Per SNAP regulations at 7 CFR 272.4(e)(1), each State agency shall establish a system to assure that no individual participates more than once in a month, in more than one jurisdiction, or in more than one household within the State. FNS further encourages States to have processes in place to check data with neighboring States to prevent duplicate participation across State lines.

FNS recently awarded a grant through the Office of Management and Budget (OMB) Partnership Fund for Program Integrity. This grant will fund development of a pilot clearinghouse database with information from five States in the Southeast and Southwest for detecting duplicate participation in SNAP and disaster SNAP (D-SNAP) across State boundaries. FNS supports the States that were part of this audit, Alabama, Mississippi, Florida and Louisiana's participation in the coalition of States, along with Georgia, that will use grant funds from the OMB Partnership Project to develop the interstate clearinghouse.

The Public Assistance Reporting Information System (PARIS) is available to States as an additional tool to identify interstate duplicate participation but it is not mandatory for States to use PARIS. Some States have expressed concerns that the information in PARIS is not timely due to quarterly matches. FNS notes that NY, MA, and NJ all participate in PARIS and duplicates participants from those States were found in this audit, which may demonstrate the issues regarding timeliness of the PARIS match.

FNS requires States to input individuals who have been disqualified from SNAP into the Electronic Disqualified Recipient System (eDRS). States are currently required to check eDRS if they suspect the client is in a disqualified status and to determine the penalty length for a person who was found guilty of an intentional Program violation. However, FNS has final rules in process which will require all applicants to be checked against the eDRS system prior to certification. This final rule is expected to be published by June 2012.

FNS also has final rules in process that will codify the existing requirement that States perform the SSA death match, expected to be published by June 2012. FNS has issued a policy memo reminding States of this requirement, which went out to States on November 15, 2011.

Estimated Completion Date: July 1, 2012

OIG Recommendation 2:

Require OTDA to review the temporary SSNs and require the participant to acquire a valid SSN or terminate the benefit.

Food and Nutrition Service Response:

FNS agrees with this recommendation.

Estimated Completion Date: October 31, 2012

OIG Recommendation 3:

Require OTDA to review the individuals identified in this report and determine if participants have received improper payments. Recover improper payments as appropriate.

Food and Nutrition Service Response:

FNS agrees with this recommendation.

Estimated Completion Date: October 31, 2012

Informational copies of this report have been distributed to:

Government Accountability Office (1)

Office of Management and Budget (1)

Office of the Chief Financial Officer (1)
Director, Planning and Accountability Division

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