

STATE OF CONNECTICUT



*AUDITORS' REPORT
DEPARTMENT OF SOCIAL SERVICES
SPECIAL REVIEW OF CONNECTICUT'S
DISASTER SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM
2012*

AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN ❖ ROBERT M. WARD

Table of Contents

INTRODUCTION	1
BACKGROUND	2
Timeline of D-SNAP for Tropical Storm Irene	2
D-SNAP Program Overview.....	3
DSS’ Post-Disaster Reviews and Fraud Investigations	6
AUDIT OBJECTIVE AND SCOPE	8
METHODOLOGY AND RESULTS OF REVIEW	9
State D-SNAP Plan	9
Training.....	9
Post-Disaster Review Report	9
DSS’ Fraud Investigations and Eligibility Testing	9
Result’s of Review	11
Item No. 1 – Verification of Applicant Income	11
Item No. 2 – Errors Made by DSS Case Workers at the Time of Application	11
Item No. 3 – Identification of State Employees Receiving D-SNAP Benefits	12
Item No. 4 – DSS Unable to Locate Applications and Reviews	12
Item No. 5 – Recipients Found Ineligible for D-SNAP Benefits	12
Internal Controls Over Eligibility	13
CONCLUSION	14

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

State Capitol
210 Capitol Avenue
Hartford, Connecticut 06106-1559

JOHN C. GERAGOSIAN

ROBERT M. WARD

October 11, 2012

**AUDITORS' REPORT
DEPARTMENT OF SOCIAL SERVICES
SPECIAL REVIEW OF CONNECTICUT'S
DISASTER SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM
2012**

The Department of Social Services (DSS) administered a Disaster Supplemental Nutrition Assistance Program (D-SNAP) following Tropical Storm Irene, which struck the State of Connecticut in August of 2011. After several news accounts pointing to potential problems with the management and administration of Connecticut D-SNAP and claims of potential fraud associated with the program, our office thought it was important to conduct an independent review of the Connecticut D-SNAP. Our review was performed to evaluate DSS' compliance with laws and regulations applicable to the program and to evaluate the DSS investigation of applicant eligibility and fraud that was performed at the direction of Governor Dannel P. Malloy. Our review also attempted to address the specific concerns we received from Senator Joe Markley, ranking member of the Human Services Committee, in a letter sent to our office that asked us to "investigate claims of fraud in distribution of these relief funds by the Department of Social Services." Lastly, our office received several whistleblower complaints related to the Connecticut D-SNAP and our review looked at those complaints.

The conditions noted during our review and our recommendations are summarized in the Methodology and Results of Review section.

BACKGROUND:

Timeline of D-SNAP for Tropical Storm Irene

Date(s)	Description
August 27, 2011	Tropical Storm Irene struck the State of Connecticut causing statewide power outages and flooding.
September 2, 2011	President Barack Obama declared all Connecticut counties to be major disaster areas eligible for federal assistance.
September 13, 2011	DSS applied to the United States Department of Agriculture's (USDA) Food and Nutrition Services (FNS) division to operate a D-SNAP with the anticipation that 3,000 Connecticut residents would apply. This estimate was based on the number of applications for assistance received by the Federal Emergency Management Agency (FEMA) following Tropical Storm Irene.
September 16, 2011	DSS received approval from FNS to operate a D-SNAP for all Connecticut counties.
September 19, 2011	DSS issued a press release announcing the availability of D-SNAP benefits for Connecticut residents affected by Tropical Storm Irene, detailing the federal D-SNAP requirements and requesting that applicants "bring proof of identity, residency, income, assets and storm-related expenses for August 27 through September 25."
September 21 – 23, 2011 and September 26 – 27, 2011	DSS accepted applications for D-SNAP assistance. Over 25,000 households applied for D-SNAP benefits, of which, over 23,000 were approved and issued benefits totaling approximately \$12,500,000.
April 18, 2012	DSS submitted the required Post-Disaster Review Report to FNS.

D-SNAP Overview

State Agency D-SNAP Plan

FNS requires that DSS maintain a current D-SNAP plan. DSS is required to review the existing plan on an annual basis and submit to the FNS Northeast Regional Office (NERO) either a revised copy or a letter stating that the plan remains current. D-SNAP plans must include the following:

- Identification of county/local, state and federal government agencies with responsibilities for disaster assistance, including a description of responsibilities for each agency
- Names, positions, and phone numbers of county/local, state and federal government officials and their back-ups who are key contact persons during a disaster
- Identification of private disaster relief agencies within the state and a description of their role in D-SNAP implementation
- General description of the certification process
- Public information plan
- Procedures to reduce applicant hardship
- Fraud prevention plan
- Caseworker training plan
- Post-disaster review plan

Eligibility Requirements

D-SNAP provides a full month’s allotment to households who may not normally qualify for or participate in the Supplemental Nutrition Assistance Program (SNAP). A recipient of SNAP benefits is not eligible to receive D-SNAP benefits.

Application:

Clients must complete a simple D-SNAP application.

Eligibility Criteria for Tropical Storm Irene, as Approved by FNS:

Household Eligibility Requirements	
Requirement	The Household...
Residency	Must have lived in the disaster area at the time of the disaster.
Purchase Food	Must plan on purchasing food during the disaster benefit period.
Adverse Effect	Must have experienced at least one of the following adverse effects: <ul style="list-style-type: none"> • Damage to or destruction of the household's home or self-employment business. • Lost or inaccessible income, including reduction or termination of

Household Eligibility Requirements																																																																		
	<p>income, or a delay in receipt of income for a substantial portion of the benefit period.</p> <ul style="list-style-type: none"> • Inaccessible liquid resources for a substantial portion of the benefit period. • Disaster-related expenses not expected to be reimbursed during the 30 day benefit period. Eligible expenses may include the following plus any reasonable disaster-related expenses as determined by DSS: <ul style="list-style-type: none"> ○ Home or business repairs ○ Temporary shelter expenses ○ Evacuation expenses ○ Home/business property protection ○ Medical expenses due to personal injury ○ Disaster-related funeral expenses ○ Disaster-related pet boarding fees ○ Expenses related to replacing necessary personal and household items, such as clothing, appliances, tools, and educational materials ○ Fuel for primary heating source ○ Clean-up items expense ○ Disaster-damaged vehicle expenses ○ Storage expenses 																																																																	
Income and Resource Test	<p>Total net (take-home) income received during the benefit period, plus accessible liquid resources shall not exceed the D-SNAP income limit.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Household Size¹</th> <th style="text-align: center;">SNAP Income Limit</th> <th style="text-align: center;">Standard Deduction</th> <th style="text-align: center;">Max Shelter Deduction</th> <th style="text-align: center;">Disaster Standard Expense Deduction</th> <th style="text-align: center;">D-SNAP Income Limit²</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">\$903</td> <td style="text-align: center;">\$142</td> <td style="text-align: center;">\$458</td> <td style="text-align: center;">\$683</td> <td style="text-align: center;">\$2,186</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">\$1215</td> <td style="text-align: center;">\$142</td> <td style="text-align: center;">\$458</td> <td style="text-align: center;">\$1,032</td> <td style="text-align: center;">\$2,847</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">\$1526</td> <td style="text-align: center;">\$142</td> <td style="text-align: center;">\$458</td> <td style="text-align: center;">\$1,146</td> <td style="text-align: center;">\$3,272</td> </tr> <tr> <td style="text-align: center;">4</td> <td style="text-align: center;">\$1838</td> <td style="text-align: center;">\$153</td> <td style="text-align: center;">\$458</td> <td style="text-align: center;">\$1,410</td> <td style="text-align: center;">\$3,859</td> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">\$2150</td> <td style="text-align: center;">\$179</td> <td style="text-align: center;">\$458</td> <td style="text-align: center;">\$1,467</td> <td style="text-align: center;">\$4,254</td> </tr> <tr> <td style="text-align: center;">6</td> <td style="text-align: center;">\$2461</td> <td style="text-align: center;">\$205</td> <td style="text-align: center;">\$458</td> <td style="text-align: center;">\$1,629</td> <td style="text-align: center;">\$4,753</td> </tr> <tr> <td style="text-align: center;">7</td> <td style="text-align: center;">\$2773</td> <td style="text-align: center;">\$205</td> <td style="text-align: center;">\$458</td> <td style="text-align: center;">\$1,680</td> <td style="text-align: center;">\$5,116</td> </tr> <tr> <td style="text-align: center;">8</td> <td style="text-align: center;">\$3085</td> <td style="text-align: center;">\$205</td> <td style="text-align: center;">\$458</td> <td style="text-align: center;">\$1,731</td> <td style="text-align: center;">\$5,479</td> </tr> <tr> <td style="text-align: center;">Additional</td> <td style="text-align: center;">\$312</td> <td></td> <td></td> <td style="text-align: center;">\$51</td> <td style="text-align: center;">\$363</td> </tr> </tbody> </table>						Household Size ¹	SNAP Income Limit	Standard Deduction	Max Shelter Deduction	Disaster Standard Expense Deduction	D-SNAP Income Limit ²	1	\$903	\$142	\$458	\$683	\$2,186	2	\$1215	\$142	\$458	\$1,032	\$2,847	3	\$1526	\$142	\$458	\$1,146	\$3,272	4	\$1838	\$153	\$458	\$1,410	\$3,859	5	\$2150	\$179	\$458	\$1,467	\$4,254	6	\$2461	\$205	\$458	\$1,629	\$4,753	7	\$2773	\$205	\$458	\$1,680	\$5,116	8	\$3085	\$205	\$458	\$1,731	\$5,479	Additional	\$312			\$51	\$363
Household Size ¹	SNAP Income Limit	Standard Deduction	Max Shelter Deduction	Disaster Standard Expense Deduction	D-SNAP Income Limit ²																																																													
1	\$903	\$142	\$458	\$683	\$2,186																																																													
2	\$1215	\$142	\$458	\$1,032	\$2,847																																																													
3	\$1526	\$142	\$458	\$1,146	\$3,272																																																													
4	\$1838	\$153	\$458	\$1,410	\$3,859																																																													
5	\$2150	\$179	\$458	\$1,467	\$4,254																																																													
6	\$2461	\$205	\$458	\$1,629	\$4,753																																																													
7	\$2773	\$205	\$458	\$1,680	\$5,116																																																													
8	\$3085	\$205	\$458	\$1,731	\$5,479																																																													
Additional	\$312			\$51	\$363																																																													

¹ Household composition as of August 27, 2011, was used in determining household size.

² The D-SNAP income limit is based on the SNAP income limit plus a standard deduction, a maximum shelter deduction, and a standard disaster expense deduction for household size.

Verification Requirements

FNS eases verification rules during a disaster to reduce administrative burdens and to reflect the reality that households and eligibility workers may not have access to usual verification sources.

Applicant's Information	Verification as Defined by FNS
Identity	Mandatory
Residency	Where possible
Household composition	If questionable
Liquid resources	Where possible
Loss or inaccessibility of liquid resources or of income	Where possible

Training

DSS is required to provide introductory and ongoing training on disaster eligibility, application, and issuance procedures to relevant employees. Eligibility staff that work at D-SNAP sites should be given introductory or refresher training before beginning to work at the sites. FNS suggests covering the following information as part of the D-SNAP training:

- Overview of the D-SNAP certification process
- Roles and responsibilities for each position and lines of supervision
- Eligibility, including:
 - Eligibility criteria
 - Calculating eligibility
 - Approved D-SNAP waivers that affect eligibility
- Verification requirements and acceptable documentation
- Applications and other forms
- Issuance of benefits, including:
 - Use of allotment tables, if applicable
 - Any onsite card/PIN issuance activities, if applicable
 - Client training on card usage, lost card replacement, PIN changes, etc.
- Use of automation
- Fraud prevention, including:
 - Formal fraud control measures in place
 - Duplicate participation checks
 - Special procedures for employee applications, including that 100 percent reviews will be conducted of employee applications
- Public information:
 - Who is authorized to issue statements to the media
- Personnel matters
 - Transportation to sites
 - Hours

- Breaks
- Pay
- Safety
- Stress management
- Communication with disaster victims

Post-Disaster Review

DSS is required to conduct both a comprehensive review of general program performance and reviews of individual cases, conduct a problem analysis on the review findings, and compile and transmit to FNS a post-disaster review report. The report shall contain the results of the comprehensive review and the individual reviews within six months of the close of each D-SNAP operation.

DSS' Post-Disaster Reviews and Fraud Investigations

DSS' Office of Quality Assurance was responsible for determining eligibility for all D-SNAP recipients selected for review. The Quality Control (QC) Unit was responsible for determining eligibility related to the Post-Disaster Review and the Fraud and Recoveries (F&R) Division was responsible for determining eligibility related to the fraud investigations. DSS contracted with Craig J. Lubitski Consulting LLC (Lubitski) to conduct the reviews of non-state employee D-SNAP recipient cases.

Post-Disaster Review

FNS requires DSS to conduct a comprehensive review of general program performance and reviews of individual cases. The individual case reviews must consist of a random sample of 0.5 percent of D-SNAP cases and 100 percent of DSS employee cases that were approved and received benefits, which totaled 120 and 64 cases, respectively, for the Tropical Storm Irene D-SNAP operation. DSS determined eligibility based on the D-SNAP income limit for the applicable household size (see the Household Eligibility Requirements table above). The results of DSS' review for the 0.5 percent sample found 46 cases ineligible for any benefits because the information provided by the recipients was inaccurate, three cases in which the benefit amount was overpaid due to client overstatement of household size, seven undetermined cases, and three cases with DSS caseworker computation errors. The results of DSS' review of DSS employees who received D-SNAP benefits found 28 cases that were ineligible.

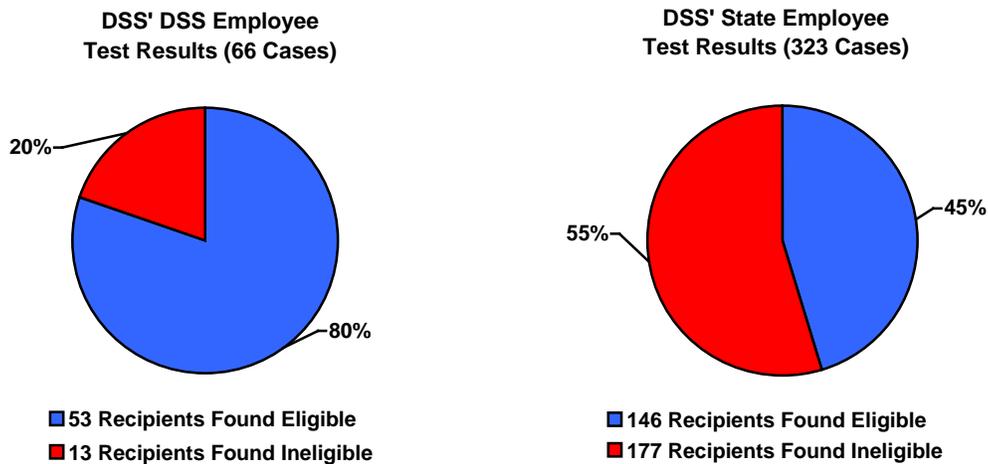
DSS submitted the following recommendations to FNS in their Post-Disaster Review Report:

- To assist with planning for future D-SNAP operations, DSS respectfully requests that FNS assist states with developing estimates of the number of potentially-eligible households by project area.
- DSS recommends that FNS consider allowing states to require D-SNAP applicants to verify income, assets and other household circumstances and that exceptions be provided only for households that are truly unable to provide verifications.

- DSS suggests that FNS allow states to select a minimum amount of disaster expenses that would trigger the use of the disaster standard expense deduction.

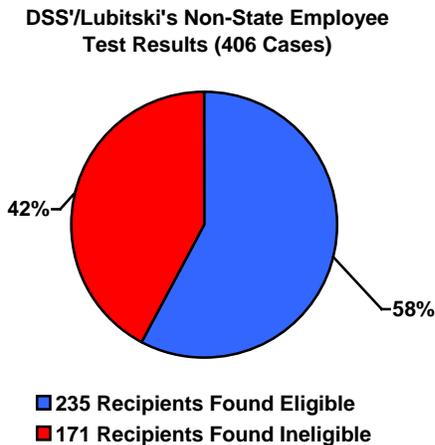
Fraud Investigations

The number of state employees identified to have received D-SNAP benefits totaled 1,044 (see Item No. 3 in the Results of Review section below). DSS performed a desk review of each applicant’s annual salary, as provided by the Office of the State Comptroller, and the applicants’ cash on hand, in the employees Connecticut State Employee Credit Union³ (CSECU) account balances, if applicable. A detailed application review was performed on 389 state employees (including 66 DSS employees) selected because the desk review revealed the applicant’s annual salary to be greater than \$75,000; the applicant’s CSECU account balance appeared high, or the employee worked for DSS. DSS determined eligibility based on the D-SNAP income and liquid asset limit (see the Household Eligibility Requirements table above) for the applicable household size plus \$500. Using this method, DSS determined that 190 state employees (including 13 DSS employees) who received D-SNAP benefits were ineligible. These employees were referred to the Office of Labor Relations (OLR) for disciplinary action at the direction of Governor Dannel P. Malloy.



³ In accordance with Section 17b-137 of the Connecticut General Statutes, the Commissioner of Social Services may subpoena the financial records of any financial institution concerning property of any person applying for or presently or formerly receiving aid or care from the state. The desk reviews of state employees included reviews of only CSECU account balances as opposed to other financial institutions because it was determined by DSS that the CSECU would have: (1) a quicker response time relative to other financial institutions, and (2) a high proportion of state employees as account holders. Account records from other financial institutions were requested and examined as part of DSS’ post disaster review and DSS’ fraud investigations and eligibility testing (see those reviews under the “Methodology and Results of Review” section below).

The number of non-state employee applicants whose annual salaries were greater than \$75,000, as determined by utilizing the Connecticut Department of Labor's Wage Match System, totaled 406. A detailed application review was performed by Lubitski on all 406 recipients. Lubitski determined eligibility based on the D-SNAP income limit (see the Household Eligibility Requirements table above) for the applicable household size plus \$500. Using this method, Lubitski determined that 171 non-state employees who received D-SNAP benefits were ineligible. These employees were referred to the Office of the Chief State's Attorney for possible prosecution.



AUDIT OBJECTIVE AND SCOPE:

Our audit objectives were to determine whether DSS complied with the laws and regulations applicable to the program and to evaluate the accuracy of the reviews performed by DSS and Lubitski regarding eligibility. In addition, our office is required to review any whistleblower matters reported pursuant to Section 4-61dd of the General Statutes and report any findings and recommendations to the Attorney General.

The scope of our review included the following areas:

- The state's D-SNAP plan,
- DSS' training of employees involved with the application/issuance process,
- DSS' Post-Disaster Review Report,
- DSS' fraud investigations including:
 - non-state employees
 - state employees
 - DSS employees
 - whistleblower complaints
- Individual eligibility and application testing for a sample of D-SNAP recipients

METHODOLOGY AND RESULTS OF REVIEW:

State D-SNAP Plan:

We examined the state's D-SNAP Plan as approved by FNS to determine whether the plan met the requirements as listed in the State Agency D-SNAP Plan section above.

DSS' D-SNAP plan met the requirements as listed in the State Agency D-SNAP Plan. Also, the plan was submitted to and approved by FNS.

Training:

Our review of DSS' training of employees involved in the D-SNAP application and issuance process included reviewing the D-SNAP training documents and list of all attendees of the formal training course. During our reviews of applications, the approving caseworker names were matched to the formal D-SNAP training list to determine whether the caseworker received the appropriate training. Other DSS employees with eligibility backgrounds were provided less formal training by managerial or Organizational and Skills Development personnel located on-site in order to provide immediate assistance in response to the large number of applicants. When training was conducted in this less formal setting, it was often conducted on a one-on-one basis.

DSS' D-SNAP training materials included all FNS suggested topics as listed in the Training section above. However, our reviews disclosed matters of concern requiring disclosure as noted in Item No. 1 in the Results of Review section below.

Post-Disaster Review Report:

Our review of the Post-Disaster Review Report included examining the report to determine whether it included the information required by FNS for the comprehensive and individual reviews. Also, as part of our eligibility testing, we analyzed a sample of the individual reviews performed by DSS' Quality Control Unit that did not result in referrals to the Office of Labor Relations for disciplinary action by DSS' Fraud & Recoveries Division, including ten recipients from the required 0.5 percent sample of new D-SNAP cases and 51 of the 64 DSS employees.

DSS' D-SNAP Post-Disaster Review Report met the requirements as listed in the Post-Disaster Review sections above.

DSS' Fraud Investigations and Eligibility Testing:

Our examination of DSS' fraud investigations and eligibility reviews included scrutinizing applications, DSS' own Office of Quality Assurance's application reviews, recipient bank statements and recipient wage information to determine if the application was processed properly by the DSS caseworker, if the applicant was eligible to receive D-SNAP benefits, and the accuracy of the results of the reviews as performed by DSS' F&R Division, DSS' QC Unit or Lubitski, as follows:

Number of Applicants Sampled by the Auditors of Public Accounts

<i>Sample Category</i>	<i>Number</i>
Non-State Employees Not Reviewed	60
Non-State Employees Reviewed by Lubitski	20
Post-Disaster Review 0.5% Sample	10
State Employees: Detailed Application Review by DSS	10
State Employees: Desk Review Only by DSS	42
DSS Employees	55
Whistleblower Complaint Cases ⁴	<u>22</u>
Total	<u>219</u>

Our review of non-state employees included examining a sample of cases found to be eligible by Lubitski to determine the accuracy of the results and a sample of cases that had not been previously reviewed by DSS or Lubitski to determine recipients' eligibility.

Our review of state employee recipients included a sample of cases found to be eligible by DSS' F&R Division to determine the accuracy of the results and a sample of cases that received a desk review by DSS' F&R Division to determine recipients' eligibility.

Our review of DSS employees who received D-SNAP benefits included all cases that were found eligible by DSS' F&R Division and the application reviews of these cases as performed by the DSS' F&R Division during their fraud investigations and the DSS' QC Unit Post-Disaster Review cases to determine the accuracy of the results of each process.

Our review of whistleblower complaints submitted to our office included all cases to confirm whether the alleged recipients received D-SNAP benefits and examining all cases that were found eligible by DSS' F&R Division to determine the accuracy of the results.

Our review of eligibility was performed on a sample of non-state employees and a sample of state employees that did not receive a detailed application review by DSS' F&R Division or Lubitski.

Our reviews disclosed the following matters of concern requiring disclosure as noted in Item Nos. 2 thru 5 in the Results of Review section below.

⁴ The Auditors of Public Accounts received 36 whistleblower complaints regarding D-SNAP recipients. Of the 36 cases, 14 of the individuals referred could not be confirmed as having received D-SNAP benefits, seven cases were referred by DSS to OLR, and DSS was unable to locate four applications and seven reviews performed by DSS' F&R Division.

Results of Review:

Item No. 1 – Verification of Applicant Income

FNS provides that a D-SNAP applicant's income should be verified if possible. FNS eases verification rules during a disaster to reduce administrative burdens and to reflect the reality that households and eligibility workers may not have access to usual verification sources. Although DSS could not deny D-SNAP benefits to an applicant if income verification was not provided, it appears that in the case of Tropical Storm Irene, the majority of households would have had access to such verification sources because the application period was nearly one month after the declared disaster occurred, and therefore, applicants could have provided such verifications in most instances.

Although DSS' D-SNAP press release, dated September 19, 2011, requested that applicants bring proof of income for the period of August 27 through September 25, DSS informed us that DSS caseworkers were not required to request verification of income from D-SNAP applicants. Our review of DSS' training of employees involved in the application and issuance process of D-SNAP, which included the documents used to train eligibility workers on the procedures and requirements relevant to the program, concluded that DSS did not train eligibility workers to request verification of income during the application interview process. If DSS caseworkers had requested verification of assets from all D-SNAP applicants, the number of approved cases which were later determined to be ineligible, and the amount of fraud associated with the program could potentially have been lessened.

Recommendation: DSS should institute a requirement, as part of the training of employees involved in any D-SNAP application and issuance process, that eligibility workers request verification of income during D-SNAP intake.

Item No. 2 – Errors Made by DSS Caseworkers at the Time of Application

Our examination of DSS' fraud investigations and eligibility determinations included sampling 219 recipients of D-SNAP benefits (see the Number of Applicants Sampled by the Auditors of Public Accounts table above). However, DSS' loss of applications and application reviews resulted in our office reviewing a total of 194 D-SNAP applications. As a result of our review, we noted the following errors that occurred at the time the application and were **approved** by a DSS caseworker:

- Eight applications were not signed by a DSS caseworker;
- Three applicants did not report any disaster-related expenses;
- Ten applicants did not report any disaster-related expenses other than food loss;
- Four applications in which no eligibility computation was performed or an error was made while performing the eligibility calculation;
- Six applications in which there was no form of identification and/or residency on file with the application;
- Twenty-six applications in which the disaster related expenses were erroneously deducted from the applicant's income and assets when determining eligibility; and

- Twenty-nine applications in which the disaster-related expenses column of the application appears to be incomplete.

Recommendation: Despite the application having been approved by FNS, DSS should create an application that is consistent with D-SNAP guidelines and consider requiring the application to be approved by a second caseworker.

Item No. 3 – Identification of State Employees Receiving D-SNAP Benefits

Governor Dannel P. Malloy directed DSS to “review eligibility requirements for the program and measure them against...applications filed with DSS by governmental employees.” DSS performed a match of Social Security numbers (SSN) of all recipients of D-SNAP benefits to the state employees identified in the Connecticut Department of Labor Wage Inquiry System. This method identified 913 state employees who received D-SNAP benefits.

Our review of state employees included using a state accounting system (Core-CT) query to identify all state employees who received a paycheck from the State of Connecticut during the D-SNAP benefit period. A match was performed between the list of all recipients of D-SNAP benefits and the Core-CT query by SSN, and by name and date of birth. These comparisons identified 131 state employees who received D-SNAP benefits in addition to the 913 identified by DSS.

Recommendation: DSS should consider all sources of information available and all methods possible when attempting to identify recipients of benefits.

Item No. 4 – DSS Unable to Locate Applications and Reviews

Our review of D-SNAP eligibility included a sample of 219 recipients of benefits, of which 107 recipients were reviewed by DSS’ F&R Division or Lubitski. Of the 219 recipients sampled, DSS was unable to locate applications for 18 of the recipients⁵. In addition, of the 107 recipients in our sample for which application reviews were performed by DSS’ F&R Division or Lubitski, DSS was unable to locate those application reviews for 10 of the recipients. This appears to have been the result of a large number of unanticipated applications being received.

Recommendation: DSS should implement a system that allows them to better manage applications received for D-SNAP and any subsequent reviews performed on those applications.

Item No. 5 – Recipients Found Ineligible for D-SNAP Benefits

Our review of DSS’ fraud investigations of non-state employee recipients performed by Lubitski and reviewed by DSS’ F&R Division included 20 D-SNAP recipients. Of the 20 reviews sampled, four recipients that were found to be eligible by Lubitski were determined to be

⁵ Seven of the 18 applications DSS was unable to locate were a result of DSS’ F&R Division being unable to locate the application reviews they performed.

ineligible during our review and a list of these recipients was provided to DSS for further review and possible disciplinary action.

Our review of DSS' fraud investigations of DSS employees performed by DSS' F&R Division included 55 D-SNAP recipients. Of the 55 recipients, three that were found to be eligible by DSS' F&R Division were determined to be ineligible during our review and a list of these recipients was provided to DSS for further review and possible disciplinary action.

Our review of DSS' fraud investigations, which included a total of 107 recipients, noted 16 cases in which, although it was determined that the recipient of D-SNAP benefits was ineligible, a referral for prosecution or disciplinary action was not made by DSS because information on the application was deemed by DSS to be questionable or indeterminable. Our review determined that the judgments made by DSS not to refer these recipients appear reasonable.

Our review of eligibility was performed on a sample of 60 non-state employees and a sample of 40 state employees that did not receive a detailed application review by either DSS' F&R Division or Lubitski. Of the 100 reviews performed, eight non-state employees and six state employees were determined to be ineligible and a list of these recipients was provided to DSS for review and possible disciplinary action. In addition, our review noted 3 cases in which, although it was determined that the recipient of D-SNAP benefits was ineligible, these cases were not provided to DSS for further review and possible disciplinary action because information on the application was questionable.

Recommendation: DSS' F&R Division should institute procedures to ensure that all eligibility reviews are performed in a consistent manner and are complete and accurate.

Internal Controls over Eligibility:

In planning and performing our audit, we considered DSS' internal control over eligibility determinations as a basis for designing related auditing procedures, but not for the purpose of providing assurance on the effectiveness of DSS' internal control over this control objective.

As part of our review of DSS' compliance with eligibility determinations, we considered the functionality of the application used to determine eligibility of clients applying for D-SNAP. Our review disclosed that the application was not consistent with D-SNAP requirements. For example, in the eligibility computation section of the application, the DSS caseworker is instructed to deduct total actual disaster-related expenses from the applicant's total income and assets. However, since DSS opted to use the Disaster Standards Expense Deduction (DSED) in lieu of actual disaster-related expenses in making eligibility determinations, actual disaster-related expenses should not be deducted from the applicant's total income and assets. Our review noted 26 applications in which actual disaster-related expenses were erroneously deducted from the applicants' total income and assets. Other deficiencies and inconsistencies we noted with the application included DSS not identifying the disaster benefit period and including food loss as a disaster-related expense when such an expense alone would not have qualified the applicant for D-SNAP.

Program requirements, as established by FNS, only allow states to verify income and assets where possible. Therefore, states would not be able to deny D-SNAP benefits to applicants who do not provide verification of income or assets. While this requirement may be necessary in certain types of disasters, given that the application period was a month after Tropical Storm Irene affected the state and much of this documentation should have been available to applicants during the application period, the requirement to not deny benefits did not seem to be appropriate in this instance. Without a mandatory requirement for wage verification, it appears to be difficult for DSS caseworkers to accurately determine eligibility at the time of application.

It appears that the majority of the errors noted were due to deficiencies and inconsistencies with the application and FNS' requirements that only allow income and asset verification where possible. Also, errors made during application intake and subsequent reviews can be attributed in part to the overwhelming number of individuals who were approved for D-SNAP benefits. DSS estimated that 3,000 residents would apply for D-SNAP based on the number of residents who applied for assistance from FEMA following Tropical Storm Irene. However, over 25,000 residents applied for D-SNAP assistance.

CONCLUSION:

In conclusion, we wish to express our appreciation for the cooperation and courtesies extended to our representatives by the personnel of the Department of Social Services during the course of our examination.



Vincent Filippa
Principal Auditor

Approved:



John C. Geragosian
Auditor of Public Accounts



Robert M. Ward
Auditor of Public Accounts