

SUPPLEMENTAL NUTRITIONAL ASSISTANCE PROGRAM
BENEFITS SPENT AFTER A PARTICIPANT'S DEATH

DEPARTMENT OF CHILDREN AND FAMILY SERVICES



PERFORMANCE AUDIT SERVICES
DATA ANALYTICS UNIT
ISSUED JULY 2, 2014

**LOUISIANA LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

**FIRST ASSISTANT LEGISLATIVE AUDITOR
AND STATE AUDIT SERVICES**
PAUL E. PENDAS, CPA

DIRECTOR OF PERFORMANCE AUDIT SERVICES
NICOLE B. EDMONSON, CIA, CGAP, MPA

**FOR QUESTIONS RELATED TO THIS PERFORMANCE AUDIT, CONTACT
MICHAEL BOUTTE, PERFORMANCE AUDIT MANAGER,
AT 225-339-3800.**

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

July 2, 2014

The Honorable John A. Alario, Jr.,
President of the Senate
The Honorable Charles E. "Chuck" Kleckley,
Speaker of the House of Representatives

Dear Senator Alario and Representative Kleckley:

This report provides the results of our analysis on Supplemental Nutritional Assistance Program benefits being spent after the participant in a single person household is deceased.

The report contains our finding, conclusion, and recommendation. Appendix A contains the Department of Children and Family Services' response to this report. I hope this report will benefit you in your legislative decision-making process.

We would like to express our appreciation to the management and staff of the Department of Children and Family Services for their assistance during this audit.

Sincerely,

A handwritten signature in blue ink that reads "Daryl G. Purpera".

Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP/ch

DCFS-SNAP 2014

Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE, Legislative Auditor



Supplemental Nutritional Assistance Program Benefits Spent After a Participant's Death Department of Children and Family Services

July 2014

Audit Control # 40130010

Introduction

The Supplemental Nutritional Assistance Program (SNAP) was authorized by the United States Congress in 1964 to alleviate hunger and malnutrition by allowing low-income households to obtain a more nutritious diet by increasing food purchasing power for eligible households.

SNAP is managed at the federal level by the United States Department of Agriculture's Food and Nutrition Service (FNS). FNS is responsible for promulgating program rules and ensuring that states administer the program in compliance with these rules. The Department of Children and Family Services (DCFS) administers the program in Louisiana. DCFS is responsible for establishing participant eligibility, periodically re-certifying households, and administering fraud and abuse detection activities for participants.

Households apply for SNAP benefits online or by submitting an application to the DCFS local office. SNAP participants must meet various eligibility criteria including income, resources, and residency requirements. Once a participant is approved for SNAP, benefits are automatically issued to the participant's SNAP account every month until the participant is determined no longer eligible for SNAP. DCFS conducts required case reviews every six or 12 months depending upon the participant's eligibility type. Participants can access SNAP benefits through Electronic Benefit Transfer using a "Louisiana Purchase" card. This card functions like a debit card, requiring the use of a Personal Identification Number to complete each transaction.

According to DCFS management, benefits on a single person household's Louisiana Purchase card can only be used by or for the benefit of the person to whom they were assigned.¹ Participants can authorize individuals to purchase eligible items on their behalf. According to DCFS, between July 1, 2009 and June 30, 2013, it provided approximately \$1.08 billion in SNAP benefits to eligible single person households.

The purpose of our analysis was to evaluate DCFS's process for identifying and removing deceased participants from SNAP. Our objective was as follows:

Determine if SNAP benefits, between July 1, 2009 and June 30, 2013, for a single person household were spent after the participant was deceased.

Appendix A contains DCFS's response to this report and Appendix B details our scope and methodology.

¹ A single person household is one in which only one person's income, expenses, and needs are included in the eligibility determination and the benefits are calculated for that one person.

Analysis Results

Between July 1, 2009 and June 30, 2013, approximately \$1.3 million in SNAP benefits for 3,938 single person households were spent after the participant's death.

We obtained SNAP participant data and Louisiana Purchase card data for single person households between July 1, 2009 and June 30, 2013. We then compared these households to the listing of deceased individuals obtained from the Social Security Administration Death Master File and the Louisiana Department of Health and Hospitals - Center of State Registrar & Vital Records. Overall, we found that between July 1, 2009 and June 30, 2013, \$1,290,557 in SNAP benefits for 3,938 single person households were spent after the participant's death. Exhibit 1 contains a breakdown of the number of months after a participant's death in which benefits were spent.

Exhibit 1 Number of Months after a Participant's Death in Which Benefits Were Spent	
Number of Months after Death	Amount
1 Month	\$272,951
2 Months	260,089
3 Months	201,258
4 or more Months	556,259
Total	\$1,290,557
Source: Prepared by legislative auditor's staff using DCFS, Social Security Administration, and Louisiana Department of Health and Hospitals Vital Records data.	

According to DCFS, it would be difficult to prevent all improper spending in the first month after death because of the amount of time it takes for a death record to become available to DCFS. It should also be noted that there is no federal program rule that allows DCFS to expunge the benefits it loaded onto a card until the benefits have been on the card for one year. This could lead to misspending by others after the participant's death.

Conclusion

Based on the results of our analysis, DCFS may be able to prevent this type of fraudulent spending in the future by continuously comparing participants in single person households to available death sources. As part of its required case review, DCFS receives a federally mandated death match for deceased participants either every six months or yearly depending upon the participant's eligibility type. However, by using other sources such as Vital Records, DCFS can monitor deaths in single person households on a continuous basis. DCFS entered into an agreement with Vital Records on April 10, 2014, to start electronically receiving available death information on a daily basis.

According to DCFS because these are single person households, once the person is deceased there is no other person in the household to investigate or question for fraud. DCFS stated the likelihood of recovering these funds is very low because DCFS does not know who spent the funds and retailers usually only maintain surveillance videos for a very short period. However, DCFS plans to take all possible steps to identify the individuals who fraudulently spent SNAP benefits.

Recommendation 1: DCFS should attempt to recover SNAP benefits identified in this report.

Recommendation 2: DCFS should use available death sources, such as Vital Records, to continuously monitor for deceased participants in single person households.

Summary of Management's Response: DCFS agrees with these recommendations. See Appendix A for DCFS's full response.

APPENDIX A: MANAGEMENT'S RESPONSE

June 25, 2014

Daryl G. Purpera, CPA, CFE
Legislative Auditor
Office of the Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Attn: Nicole B. Edmonson, CIA, CGAP, MPA
Director of Performance Audit Services

RE: DCFS Supplemental Nutrition Assistance Program (SNAP)

Dear Mr. Purpera:

The following is submitted in response to the aforementioned audit. The Department of Children AND Family Services (DCFS) concurs with the recommendations and has included additional information below:

Finding 1:

DCFS concurs with this finding, recognizing that during this four-year audit period, the Department issued approximately \$1.08 billion in SNAP benefits to single person households of which 99.88% of those benefits were spent timely according to the context of this audit.

Recommendation 1:

DCFS concurs with this recommendation and has already submitted the identified cases to the Department's Fraud and Recovery Unit for investigation. Recoupment may be difficult as the only member of the participating household is now deceased. However the department will coordinate with law enforcement and retailers to investigate who may have used the benefits improperly and will pursue appropriate recoupment, disqualification and prosecution.

Recommendation 2:

DCFS concurs with this recommendation and prior to this report entered into a formal Memorandum of Understanding (MOU) with the Department of Health and Hospitals (DHH) to receive a daily death match file for use in addition to the required Social Security Administration records. DCFS is currently working with the state's Office of Information Technology staff to automate the process of matching SNAP records daily against the vital records death file. This will further reduce the time it currently takes for a death record to become available and certified in order for the household to be determined no longer eligible and the benefits expunged.



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June 25, 2014

We appreciate the opportunity to work with your staff. Please advise in the event that additional clarification or information is required.

Sincerely,



Suzy Sonnier
Secretary

cc: Lisa Andry, Assistant Deputy Assistant Secretary – Programs
Sammy Guillory, Transformation Project Director
Sharon Tucker, Deputy Secretary – Operations
Sandra Broussard, Deputy Assistant Secretary – Operations
Etta Harris, Undersecretary
Kaaren Hebert, Policy Advisor
Charlie Dirks, Executive Council
Tia Embaugh, Chief of Staff
Bridget Depland, Acting Director, Bureau of Audit & Compliance Services



APPENDIX B: SCOPE AND METHODOLOGY

We conducted this analysis under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended. This analysis focused on the Supplemental Nutritional Assistance Program (SNAP) transactions by single person households between July 1, 2009 and June 30, 2013. The purpose of this analysis was to:

Determine if SNAP benefits, between July 1, 2009 and June 30, 2013, for a single person household were spent after the participant was deceased.

The scope of our audit was significantly less than that required by *Government Auditing Standards*. We believe the evidence obtained provides a reasonable basis for our findings and conclusions. To conduct this analysis, we:

- Obtained an electronic copy of the following:
 - Deceased individuals from the Social Security Administration - Death Master file (SSA-DMF)
 - Deceased individuals from the Department of Health and Hospitals - Center of State Registrar & Vital Records (Vital Records)
 - SNAP data for single person households
 - Louisiana Purchase card transactions between July 1, 2009 and June 30, 2013.
- Compared the deceased individuals from SSA-DMF and Vital Records to the SNAP benefits spent to determine if any monies were spent after the participant's death.
- Considered a participant to be deceased if he/she met the following criteria:
 - SSA-DMF or Vital Records data matched the SNAP benefit data on social security number, date of birth, last name and first name; or social security number, date of birth, and first name; or social security number, date of birth and last name; or social security number, first name and last name.
- Determined the reliability of the Vital Records death information by obtaining death certificates for 29 individuals. Based on this testing, the data was reliable.
- Discussed the results of our analysis with DCFS management.