

FOLLOW-UP: SNAP BENEFITS SPENT
AFTER PARTICIPANTS' DEATHS

DEPARTMENT OF CHILDREN & FAMILY SERVICES



PERFORMANCE AUDIT SERVICES
ISSUED MARCH 21, 2018

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

March 21, 2018

The Honorable John A. Alario, Jr.,
President of the Senate
The Honorable Taylor F. Barras,
Speaker of the House of Representatives

Dear Senator Alario and Representative Barras:

This report provides the results of our follow-up on whether the Department Children and Family Services (DCFS) has improved its process to identify and remove deceased Supplemental Nutrition Assistance Program (SNAP) participants from the program. During this review, we identified \$42,599 in transactions that occurred after the date of death of a member in a single-person household. This is an improvement over our findings in a July 2014 report titled *SNAP Benefits Spent after Participants' Deaths*, which found approximately \$1.3 million in SNAP benefits for 3,938 single-person households that were spent after the participant's death between July 1, 2009, and June 30, 2013.

This report contains our finding, conclusion, and a recommendation. Appendix A contains DCFS's 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 DCFS for their assistance during this audit.

Sincerely,

A handwritten signature in blue ink that reads "Thomas H. Cole".

Thomas H. Cole, CPA
First Assistant Legislative Auditor

THC/aa

SNAP DECEASED FOLLOWUP

Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Follow-up: SNAP Benefits Spent After Participants' Deaths Department of Children and Family Services

March 2018

Audit Control # 40170022

Introduction

The Department of Children and Family Services (DCFS) administers the Supplemental Nutrition Assistance Program (SNAP) in Louisiana 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 applicants must meet various eligibility criteria including income, resources, and residency requirements. Once an applicant is approved for SNAP, benefits are automatically issued to the participant's SNAP account every month until the member is determined to be no longer eligible.

DCFS conducts required case reviews for eligibility renewals every six or 12 months depending upon the participant's eligibility type. SNAP participants can access their 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. The benefits on a single-person household's Louisiana Purchase card can only be used by or for the benefit of the person they were issued to and therefore should not be used after the participant's death.

This report provides the results of our follow-up to a report issued in July 2014 titled *SNAP Benefits Spent after Participants' Deaths*, which found that approximately \$1.3 million in SNAP benefits for 3,938 single-person households were spent after the participant's death between July 1, 2009, and June 30, 2013. The 2014 report recommended that DCFS use available sources, such as death records from the Louisiana Department of Health's (LDH) Center of State Registrar & Vital Records (Vital Records), to continuously monitor for deceased participants in single-person households. The purpose of our follow-up analysis was:

To determine if DCFS has improved its process to identify and remove deceased SNAP participants from the program between July 2013 and June 2017.

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

Objective: To determine if DCFS has improved its process to identify and remove deceased SNAP participants from the program between July 2013 and June 2017.

We found that DCFS has improved its process for identifying deceased SNAP participants,¹ as DCFS data checks identified 3,809 deceased participants. However, DCFS did not identify 108 deceased participants between July 1, 2013, and June 30, 2017, which allowed \$42,599 in SNAP benefits to be spent improperly. This represents an improvement from our report issued in July 2014 titled *SNAP Benefits Spent after Participants' Deaths*, which found that approximately \$1.3 million in SNAP benefits for 3,938 single-person households were spent after the participant's death between July 1, 2009, and June 30, 2013.

In response to the LLA's recommendation in that report, DCFS implemented an automated death match process in September 2014. As a result, DCFS now receives Vital Records information on a nightly basis. In addition, DCFS implemented a monthly process in May of 2016 to audit the automated, nightly match to determine if it worked correctly. DCFS staff manually removes additional deceased participants in the data identified through this audit process. However, DCFS' data match did not identify 108 deceased participants, resulting in 2,083 transactions totaling \$42,599 from fiscal years 2014 through 2017 that occurred after their dates of death. According to DCFS, these participants were not identified as being deceased because of issues with the execution of the nightly processing of death records from Vital Records. These deceased participants' benefits could have been spent by a family member, friend, or other person who was previously given access to the participant's card and Personal Identification Number. Since receiving the audit results from LLA, DCFS has worked with Vital Records to receive an updated file to confirm these participants were deceased. Exhibit 1 shows the number of participants, transactions, and amounts spent by fiscal year for deceased SNAP participants not identified by DCFS' process.

Exhibit 1 SNAP Transactions by Ineligible Members Fiscal Years 2014 through 2017			
Fiscal Year	Participants	Transactions	Total
2014	4	67	\$1,824
2015	68	781	16,761
2016	40	823	16,773
2017	24	412	7,241
Total	108*	2,083	\$42,599
* The totals for each year do not equal the overall total due to participants spanning over multiple years. Source: Prepared by legislative auditor's staff using DCFS and LDH Vital Records data.			

¹ Our analysis only included participants in single-person households. See the Scope and Methodology in Appendix B for further explanation.

According to DCFS, it is difficult to investigate or question these transactions for fraud because no other person in the household is linked to the case. 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 of time. However, DCFS plans to take all possible steps to identify the individuals who fraudulently spent SNAP benefits.

APPENDIX A: MANAGEMENT'S RESPONSE



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John Bel Edwards, Governor
Marketa Garner Walters, Secretary

March 20, 2018

Mr. Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Purpera:

The Department of Children and Family Services (DCFS) has reviewed your report on the progress DCFS has made in addressing the Supplemental Nutrition Assistance Program (SNAP) benefit issues identified by your office in July 2014. Since that time, DCFS has worked diligently to improve operational and monitoring processes and is pleased that you have reported the significant improvements.

As always, DCFS remains committed to serving the citizens of the State of Louisiana and we appreciate your office's role in helping to ensure that government is accountable, efficient, and effective. We appreciate the professionalism of your Performance Audit Services staff and look forward to working with you on future projects.

Sincerely,

Marketa Garner Walters
Secretary

cc: Terri Ricks, Deputy Secretary
Tammy Starnes, Audit Director



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 Nutrition Assistance Program (SNAP) transactions by single-person households between July 1, 2013, and June 30, 2017. The purpose of this analysis was to:

To determine if DCFS has improved its process to identify and remove deceased SNAP participants from the program between July 2013 and June 2017.

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 performed the following steps:

- Obtained electronic data of deceased individuals from the Louisiana Department of Health – Center of State Registrar & Vital Records (Vital Records).
- Obtained electronic data of SNAP participant and transaction data for single-person households.
- Obtained electronic data of death records used by DCFS to make eligibility determinations.
- Compared deceased individuals from Vital Records to spent SNAP benefits to determine if any monies were spent after the participant’s date of death.
 - Single-person households were analyzed because no benefits should be spent in that household after the death of the participant. Multiple-person households have various factors that must be considered if a participant dies, and each of those cases would have to be analyzed on an individual basis. In order to test whether the process improved since the last report, testing single-person households is sufficient.
- Considered a participant to be deceased if the Vital Records and SNAP data matched on various criteria, including Social Security number, date of birth, last name, first name, and middle initial.
- Obtained death certificates for a targeted selection of SNAP members identified through the data match to confirm their dates of death.
- Discussed the results of our analysis with DCFS management.