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Report Highlights

Supplemental Nutrition Assistance Program

Department of Children and Family Services

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Why We Conducted This Audit

We evaluated the Department of Children and Family Services' (DCFS) management of the Supplemental Nutrition Assistance Program (SNAP) in the areas of participant eligibility and participant fraud and made recommendations for improvement. We also assessed possible indicators of retailer fraud.

What We Found

Accuracy of SNAP Eligibility Determinations

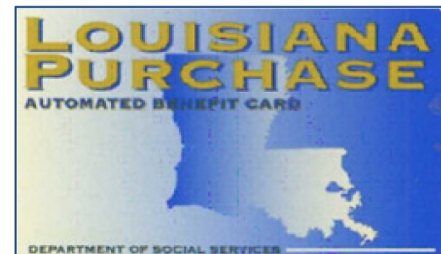
DCFS is responsible for determining and verifying eligibility of participants. However, not all individuals who received SNAP benefits were eligible during 2010 to 2012. Specifically:

- We found that 84 drug felons redeemed over \$100,000 in benefits in fiscal years 2011 and 2012 that they were not eligible to receive.
- A January 2012 U.S. Department of Agriculture Office of Inspector General report identified 1,573 recipients who were receiving duplicate benefits in Louisiana and other states from March 2010 to March 2011 for three consecutive months. According to DCFS, it is only responsible for 605 of these cases. Other states are responsible for the remainder.
- DCFS identified 1,157 cases with \$841,615 in overpaid benefits because of agency errors in federal fiscal years 2010 and 2011.

Participant Fraud

The DCFS Fraud and Recovery Unit's efforts to identify potential participant fraud could be improved by using data mining and matching of existing data and external databases. For example, we found the following:

- A total of 3,060 SNAP participants used all of their fiscal year 2012 benefits totaling over \$2 million in other states even though they were certified in Louisiana.
- SNAP benefits totaling \$1,107,740 were used for 1,761 incarcerated participants during fiscal years 2011 and 2012.
- In fiscal year 2012, a total of 322 SNAP participants with wages in excess of \$50,000 (per Louisiana Workforce Commission data) also received approximately \$750,000 in SNAP benefits during the same timeframe.
- There were 312 participants who spent 100% of their benefits at a single retailer. These participants made 7,322 transactions at 154 retailers for \$195,909.
- There were 154 instances totaling approximately \$10,000 where benefits were redeemed in Louisiana and a non-neighboring state within the same hour.



Retailer Fraud

The U.S. Department of Agriculture's Food and Nutrition Service (FNS) is responsible for monitoring and investigating retailers nationally to ensure that they follow program rules. FNS analyzes retailer transaction data to look for suspicious patterns. We analyzed SNAP transaction data from fiscal year 2012 to look for these patterns and found the following:

- Excluding large grocery stores and superstores, there were 237,661 single purchases that were at least \$100 in fiscal year 2012, including nearly 40,000 transactions at convenience stores. Convenience stores had 1,805 single purchases exceeding \$300 and 92 single purchases in excess of \$500. Convenience stores do not typically offer the same variation of allowable food items that grocery stores carry.
- There were 698,745 even dollar transactions over \$20 and 27,832 transactions for exactly \$100. Even dollar transactions may indicate that participants received cash instead of allowable food items.
- There were 1,064 instances of more than four transactions conducted within a one-hour period by 941 SNAP participants. Participants and/or retailers may conduct multiple small transactions instead of larger single transactions which may appear suspicious.