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Legislative Audit Council

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S.C. DEPARTMENT OF SOCIAL SERVICES

A LIMITED REVIEW OF THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM AND CHILD AND ADULT CARE FOOD PROGRAM



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Introduction and Background

Audit Objectives

South Carolina Code of Laws §2-15-64 requires the Legislative Audit Council (LAC) to audit a program of the S.C. Department of Social Services (DSS) every three years. In 2016, we published an audit of the department's Adult Protective Services program. In 2020, after consultation with the members of the General Assembly, the LAC determined that it would review the department's Division of Economic Services. Upon a preliminary review of the economic services programs administered by this division, we developed the following audit objectives.

- Determine if DSS is effectively using program data to identify potential misuse of Supplemental Nutrition Assistance Program (SNAP) benefits.
- Review the staffing, retention, initial training, performance improvement strategies, and salaries of economic services workers, and DSS' organizational structure for economic services to determine the effect on the agency's ability to administer food assistance services.
- Review the consistency, timeliness, and effectiveness of DSS' investigation and appeal processes regarding alleged misuse of benefits and adverse decisions on eligibility and claims in the administration of food assistance programs.
- Determine the efficiency and effectiveness of the Child and Adult Care Food Program (CACFP) monitoring and reimbursement processes and DSS' compliance with laws and agency policies.

Scope and Methodology

The period of our review was generally federal fiscal year (FFY) 15-16 through FFY 19-20, with consideration of earlier or more recent periods when relevant. To conduct this audit, we used a variety of sources, including the following:

- Interviews with DSS staff and the staff of other South Carolina state agencies, agency officials responsible for administering food assistance programs from other states, and officials from the U.S. Department of Agriculture Food and Nutrition Service (USDA-FNS).
- Federal and state statutes and regulations.
- External management reviews of DSS' SNAP and CACFP programs.
- Federal and state audit reports.
- DSS contracts.
- SNAP beneficiary data, electronic benefit transfer (EBT) transaction data, and claims data.
- S.C. Department of Health and Environmental Control death data.
- S.C. Department of Corrections inmate data.
- S.C. Department of Employment and Workforce wage data.
- S.C. Education Lottery data on lottery winners.
- S.C. Revenue and Fiscal Affairs Office assistance with computing the total amount of questionable SNAP benefit expenditures, using the results of our data matching analysis and EBT transaction data.
- External evaluations of data matching systems.
- DSS human resources data.
- SNAP timeliness data.
- DSS information systems.
- CACFP monitoring review documents.

Criteria used to measure performance included federal and state laws, federal policy guidance, agency policies, best practices, and practices in other states. Throughout the report, SFY (state fiscal year), FFY (federal fiscal year), and CY (calendar year) are used to represent the relevant time frame. We interviewed DSS staff about the information systems they use. We determined how data is collected and maintained and the levels of controls. We reviewed internal controls of these systems in several areas and noted any identified weaknesses in our report.

In some cases, we relied on sampling to do our analysis. We relied on both random sampling and judgment sampling.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those generally accepted government auditing 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

S.C. Code §2-15-50(b)(2) requires us to review the effectiveness of an agency to determine if it should be continued, revised, or eliminated. We did not conclude from this review that DSS should be eliminated. However, our audit includes recommendations for improvement.

Background

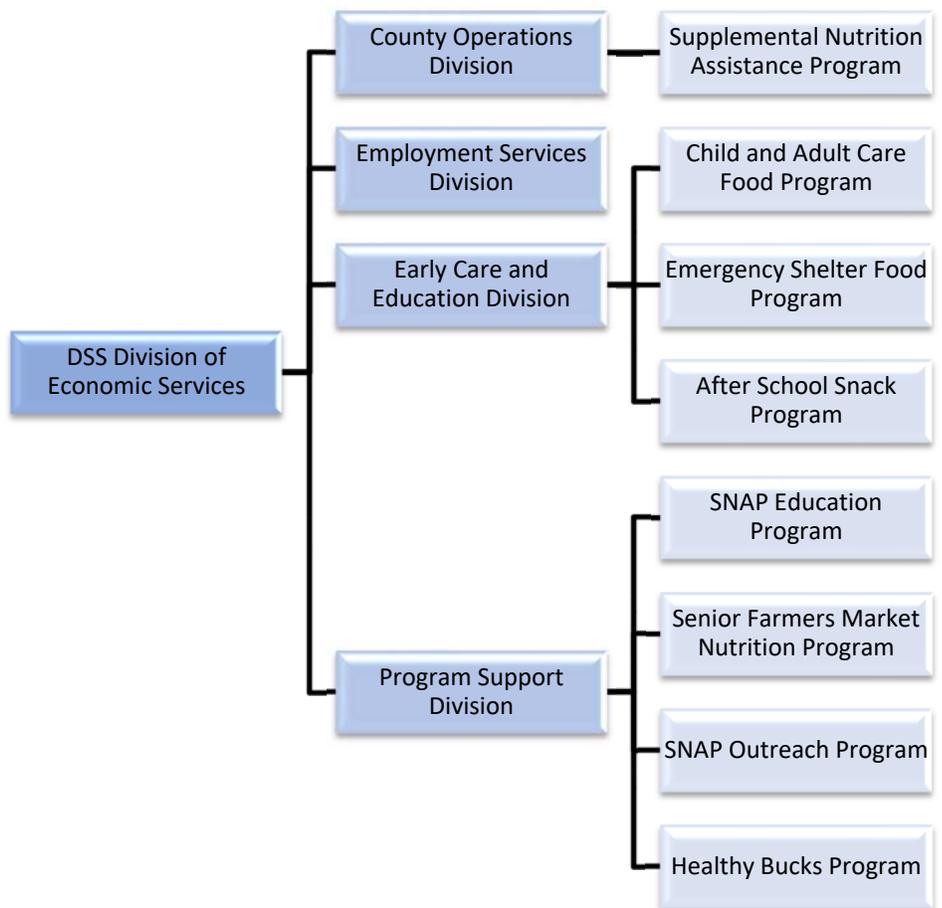
This audit addresses two of the agency's food assistance programs:

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP)

CHILD AND ADULT CARE FOOD PROGRAM (CACFP)

Through its Division of Economic Services (ES), DSS administers economic assistance programs. Chart 1.1 shows all the food assistance programs within each subdivision of ES as reported by DSS.

Chart 1.1: Food and Nutrition Programs within DSS' Division of Economic Services



Source: DSS

Supplemental Nutrition Assistance Program (SNAP)

SNAP is roughly a billion-dollar program in South Carolina ranging from \$1 billion to \$1.2 billion in total annual expenditures over the five-year period from FFY 15-16 through FFY 19-20. Administration and program support have ranged from \$24 million to \$33 million with the balance spent on program benefits.

SNAP is a federal program originating in the late 1930s to provide food to people suffering from unemployment while also providing a market for surplus agriculture commodities. The first iteration of the program ended in 1943. A pilot food stamp project was initiated in 1961 but the Food Stamp Act of 1964 officially created the program which, although modified by subsequent, multiple legislative enactments, is the program we have today. It is a means-tested program, for which benefit costs are paid by the federal government while administrative costs are divided between the federal government and the states. States develop their own application processes but, generally, people may apply for benefits in person, fax or mail their completed applications, or apply online. Applicants must participate in an eligibility interview which can usually be done by phone and must document such things as their identity, immigration status, household composition, income and resources, and deductible expenses. Eligible households receive an EBT card which is electronically loaded with a monthly benefit. SNAP recipients may purchase eligible products from retailers approved by the U.S. Department of Agriculture (USDA) to participate in SNAP. Eligible households must typically reapply for benefits every 6–12 months for most households and 12–24 months for seniors and people with disabilities.

In South Carolina, SNAP served between 549,000 and 758,000 people each month for calendar years 2016–2020, in approximately 255,000 to 358,000 households. Table 1.2 shows the average number of households and individuals receiving SNAP benefits each calendar year, as well as the average benefit amount per household. DSS had seen a steady decline in the average number of individuals served each month until calendar year 2020, when there was an influx of new recipients most likely due to COVID-19.

Table 1.2: Average Number of Households and Persons Enrolled in SNAP and Average Monthly Benefit, CY 2016 – 2020

CALENDAR YEAR	NUMBER OF		BENEFIT AMOUNT PER HOUSEHOLD
	HOUSEHOLDS	PERSONS	
2016	357,775	758,107	\$266
2017	330,658	706,409	\$260
2018	299,562	640,766	\$258
2019	255,089	548,725	\$276
2020	284,105	601,335	\$367
AVERAGE	309,951	660,562	\$281

Source: LAC analysis of DSS data

Table 1.3 shows the average number of months a household receives SNAP benefits. The typical SNAP household receives SNAP benefits an average of 12.5 – 14.2 months.

Table 1.3: Average Number of Months A Household Receives SNAP Benefits, FFY 15-16 – FFY 19-20

FFY	AVERAGE NUMBER OF MONTHS
15-16	13.5
16-17	13.4
17-18	14.1
18-19	14.2
19-20*	12.5

*May reflect incomplete data entry.

Source: S.C. Revenue and Fiscal Affairs' analysis of DSS data

From FFY 18-19 to FFY 19-20, SNAP benefit expenditures increased 34.28% after having experienced annual declines for the previous three years. The increased expenditures occurred during a year of economic dislocation associated with COVID-19. Table 1.4 shows the total SNAP expenditures for each federal fiscal year, over a five-year period.

Table 1.4: Total SNAP Expenditures, FFY 15-16 – FFY 19-20

FFY	EXPENDITURES	BENEFITS/CLAIMS	ADMIN
15-16	\$1,208,052,098	\$1,174,992,062	\$33,060,036
16-17	\$1,101,761,668	\$1,073,459,591	\$28,302,077
17-18	\$1,055,293,165	\$1,028,295,544	\$26,997,621
18-19	\$880,304,958	\$856,500,001	\$23,804,957
19-20	\$1,175,202,217	\$1,150,067,438	\$25,134,779

Source: LAC analysis of DSS data

With the influx of new SNAP applications, DSS pulled employees from other areas to assist with processing new applications.

To apply for SNAP in South Carolina, an individual must submit an application through the online benefits portal, in person at a county office, or mail/fax/email a completed application to a county office. The SNAP application should include as much information about the household income and expenses as possible, as well as information about each household member. Applicants need only provide name, address, and signature of a responsible household member or a household's authorized representative, in order to file an application. After the application has been received by DSS, the applicant will receive a phone number to call for a phone interview with DSS. Face-to-face interviews at a county office can be requested if desired by the applicant. In the interview, DSS will attempt to verify all information provided in the application. If something cannot be verified, additional documentation may be required. Once all information is verified and the application is approved, SNAP benefits will be available the next day.

During COVID-19, the U.S. Department of Agriculture Food and Nutrition Service (USDA-FNS) approved South Carolina to adjust the way it conducted SNAP interviews. More specifically, FNS allowed DSS to:

- Forgo the interview, provided the applicant's identity has been verified and all other mandatory verifications have been completed.
- Forgo offering or granting face-to-face interviews to any new applicant or recertifying applicant.
- Forgo the interview for households that are eligible for expedited service, provided that the applicant is identified, and an attempt has been made to contact the household for an interview.

These waivers were granted through June 30, 2021. USDA-FNS also approved South Carolina’s plan to issue pandemic-EBT benefits to both SNAP households and non-SNAP households whose children were eligible for free or reduced school lunches, for SFY 19-20 and SFY 20-21. Additionally, USDA-FNS approved DSS’ request to issue emergency SNAP allotments “until such a time as the Secretary for Health and Human Services rescinds the public health emergency declaration...or the State-issued emergency or disaster declaration expires.” The month of March 2020 saw DSS experience weekly increases in the number of initial SNAP applications as the economic impact of COVID-19 materialized. As shown in Table 1.5, in a little over one month, from early March to early April 2020, DSS received the following number of initial SNAP applications.

Table 1.5: SNAP Applications Received at the Start of the COVID-19 Pandemic

WEEK	SNAP APPLICATIONS
March 8, 2020	4,122
March 15, 2020	7,301
March 22, 2020	15,423
March 29, 2020	22,404
April 5, 2020	13,034

Source: DSS

Performance Bonuses

In 2016, ES was awarded a \$2.55 million high-performance bonus from USDA-FNS for food stamp payment accuracy in FFY 14-15. ES received another \$2.4 million high-performance bonus award for payment accuracy in FFY 16-17. In fact, DSS received bonus funds every year from 2011 through 2018, totaling more than \$13.1 million. The high-performance bonus is earned by reducing the error rate in benefit accuracy. South Carolina has consistently ranked among the top in the nation for payment accuracy. However, USDA-FNS no longer awards high-performance bonuses to states.

Child and Adult Care Food Program (CACFP)

CACFP is administered by the early care and education program area within ES. The CACFP budget is comprised of federal funds from the USDA and, as the program expands, the USDA makes those additional funds available to DSS. CACFP has approximately 300 providers with over 1,300 facilities participating in the program. The majority of CACFP providers serve children, exclusively; 12% of providers serve adults. Table 1.6 shows the total expenditures for each federal fiscal year for the past five completed federal fiscal years.

**Table 1.6: Total CACFP
Expenditures,
FFY 15-16 – FFY 19-20**

FFY	EXPENDITURES	CLAIMS REIMBURSEMENT	ADMIN
15-16	\$37,171,666	\$35,197,604	\$1,974,062
16-17	\$38,650,773	\$36,566,495	\$2,084,278
17-18	\$39,299,674	\$37,064,856	\$2,234,818
18-19	\$39,862,632	\$37,638,149	\$2,224,483
19-20	\$30,340,818	\$28,369,660	\$1,971,158

Source: LAC analysis of DSS data

Expenditures for claims reimbursements in CACFP declined by approximately 25% in FFY 19-20 from the previous year, after steady, modest increases over the previous three years. This could reflect the impact of COVID-19 as congregate centers where these meals are provided had to close or saw less activity.

Data Access Issues

While, for the most part, the agency was forthcoming in its willingness to respond to our information requests, we found areas where the agency required more time than would be expected to respond to a request and incurred additional data processing costs to generate the answers we needed. The agency relies on multiple information systems in connection with its administration of SNAP and CACFP, and at least one of those systems is more than 30 years old. We also encountered data inconsistencies due to human error and the parameters used in generating the reports we requested. In some cases, requests were overlooked by the agency in its effort to anticipate future requests. In one instance the agency responded with a report that we had not requested causing confusion and inadvertent delays. We discuss these issues throughout the report.

Impact of COVID-19 Pandemic

The audit was conducted during the global novel coronavirus (COVID-19) pandemic for which social distancing policies were implemented and many employees worked remotely. Conducting virtual interviews and receiving documentation electronically allowed the audit to proceed. We relied on aggregated information and basic case statistics of SNAP fraud investigations because federal investigative guidelines prohibited our review of criminal investigation files. In some cases, we did experience occasional delays receiving information; and during our fieldwork, we were unable to visit county offices because of the abnormal circumstances.

SNAP Benefit Misuse

Benefit Integrity Unit

We reviewed how DSS' benefit integrity (BI) unit identifies the misuse of SNAP benefits and found that the unit:

- Is reactive when identifying program misuse.
- Is not establishing claims to recover overpayments timely.
- Was awarded a \$683,000 grant from the U.S. Department of Agriculture (USDA) to combat SNAP recipient fraud.

The reactive nature of the BI unit does not allow it to effectively detect, prevent, and, ultimately, deter misuse of program benefits. However, the USDA grant may allow the BI unit to become more proactive through the use of new data analysis and case management software. DSS believes that the new software will improve its ability to identify and stop fraud in SNAP.

Background

According to DSS' SNAP/TANF program benefit integrity manual,

The purpose of the Benefit Integrity Program is to maintain program integrity by providing methods to ensure that benefit amounts provided to recipients in the SNAP and TANF Programs are accurate according to federal and state policies and based on the recipient's circumstances and that misuses of program benefits are detected, prevented and ultimately deterred.

If the BI unit finds that SNAP benefits have been overpaid or trafficked, it establishes a claim against the household. A claim is considered established when an initial demand letter or written notification has been provided to a household that collection action will begin on a claim. Trafficking is the buying or selling of SNAP benefits for cash or consideration other than eligible food. Trafficking may also mean the exchange of firearms, ammunition, explosives, or certain controlled substances for SNAP benefits.

According to the SNAP/TANF program policy manual, DSS will not establish, and subsequently collect, an overpayment if the claim referral is \$125 or less, unless:

- The household is currently participating in the Temporary Assistance for Needy Families program or SNAP.

or

- The overpayment results from an act of Intentional Program Violation.

or

- The Benefit Integrity employee has already established the claim.

or

- The overpayment was discovered in a quality control review.

As of FFY 19-20, the BI unit had 57 employees. The BI unit receives claim referrals from DSS staff, the USDA-FNS, DSS Office of the Inspector General (DSS OIG), and citizens. Based on referrals, the BI unit makes sure that a household's information (e.g. a household's composition, income, medical expenses, etc.) is correctly entered in the calculation of benefits for anyone who is issued SNAP benefits.

According to agency officials, the majority of claim referrals come from eligibility workers who process SNAP applications and recertifications at DSS. However, this is likely because eligibility workers are required to submit three claim referrals per month as part of the employee performance management system. The most common reasons for claim referrals are inaccurate income reporting and inaccurate household composition (e.g. a member of the household is left off the application).

Table 2.1 shows the total number of referrals received in FFY 15-16 through FFY 19-20 and the status of the referrals as of January 28, 2021.

**Table 2.1: Status of Referrals
Received by the BI Unit,
FFY 15-16 – FFY 19-20**

FFY	TOTAL REFERRALS	CLAIM REFERRAL STATUS*		
		ESTABLISHED	UNFOUNDED	PENDING
15-16	15,025	8,968	6,057	0
16-17	17,309	9,978	7,331	0
17-18	29,631	16,509	13,122	0
18-19	9,754	5,064	4,689	1
19-20	9,886	3,850	4,262	1,774

*As of January 28, 2021.

Source: DSS

SNAP claims are categorized into four types based on the reason for the over-issuance:

AGENCY ERROR

Any claim for an overpayment caused by an action or failure to take action by DSS, such as an incorrect computation of benefit amounts.

INADVERTENT HOUSEHOLD ERROR

Any claim resulting from a misunderstanding or unintended error on the part of a household who otherwise complies with program requirements.

INTENTIONAL PROGRAM VIOLATION

Occurs when a person intentionally:

- Makes a false or misleading statement, or misrepresents, conceals or withholds facts.

or

- Commits any act that constitutes a violation of the Food and Nutrition Act, SNAP Regulations, or any state statute relating to the use, presentation, transfer, acquisition, receipt, or possession or trafficking of SNAP benefits, coupons, authorization cards, or reusable documents.

SUSPECTED FRAUD/FRAUD

A false representation of facts by words or conduct, by false misleading allegations, or by concealment of that which should have been disclosed, which deceives and is intended to deceive another in order to obtain assistance illegally. A determination of fraud in SNAP can only be made through judicial proceedings in a criminal court and must be proven by evidence which is beyond a reasonable doubt.

The BI unit handles all claim types except claims involving a DSS employee, which are investigated by the DSS OIG. The BI unit is also responsible for forwarding claims classified as suspected fraud/fraud to the DSS OIG for criminal investigation. The BI unit cannot assign a claim as an intentional program violation, which leads to disqualification in SNAP participation, until:

- It has been determined through an administrative disqualification hearing that a household member has committed an intentional program violation.

or

- The individual waives his/her right to an administrative disqualification hearing by signing an administrative consent agreement.

or

- The individual receives approval to participate in a pretrial intervention program.

Before a BI worker can take a suspected intentional program violation claim before an administrative disqualification hearing, it must first go before a review board that meets monthly. The review board is comprised of other BI workers. At the monthly review board meeting, the BI worker reviewing the claim presents evidence to support the determination. If the review board agrees that there is sufficient evidence, the suspected intentional program violation claim moves forward to an administrative disqualification hearing. See Chapter 5 for a discussion of administrative disqualification hearings.

After claims are established, BI staff attempt to have the SNAP client sign a repayment agreement, regardless of the classification of the claim.

Acceptable forms of repayment include:

- Reducing benefits prior to issuance.
- Reducing benefits after issuance.
- Accepting cash or any of its generally accepted equivalents.
- Requiring the household to perform public service (by court order only).

Claims that are at least 90 days delinquent may be referred to the claims collection unit (CCU). This unit initiates collection on delinquent claims through the S.C. Department of Revenue debt offset program for claims that are, at least, 90 days delinquent, and through the federal treasury offset program for claims that are, at least, 180 days delinquent.

From FFY 15-16 through FFY 19-20, DSS recovered \$52 million in SNAP claims from cash repayments, voluntary reductions in SNAP benefits, SNAP benefit recoupment, and offsets of restored benefits. DSS is allowed by 7 CFR 273.18(k) to retain 35% of all intentional program violation claims and 20% of all inadvertent household error claims that it collects. DSS is not allowed to retain any of the agency error claims that it collects. From FFY 15-16 through FFY 19-20, DSS was able to retain \$11.3 million of the \$52 million. Funds that are not retained by the agency revert to the U.S. Department of Agriculture's Food and Nutrition Service. Table 2.2 shows the total number of claims collected by claim type and the total amount retained by the agency for the past five federal fiscal years.

Table 2.2: Collection and Retention of SNAP Claims by Claim Type, FFY 15-16 – FFY 19-20

CLAIM TYPE	FFY 15-16	FFY 16-17	FFY 17-18	FFY 18-19	FFY 19-20
Intentional Program Violation	\$2,697,291	\$3,003,001	\$4,559,111	\$5,887,175	\$3,259,018
Inadvertent Household Error	\$4,651,717	\$4,711,683	\$5,273,876	\$4,966,161	\$3,040,207
Agency Error	\$1,556,163	\$1,815,946	\$2,777,768	\$2,741,976	\$1,324,238
TOTAL Collected	\$8,905,171	\$9,530,630	\$12,610,755	\$13,595,312	\$7,623,463
TOTAL Retained by DSS	\$1,874,395	\$1,993,387	\$2,650,464	\$3,053,744	\$1,748,698

Source: DSS

As of April 5, 2021, the SNAP claims balance due to DSS is \$67,046,754. However, even if DSS were able to collect on this amount, DSS would only be able to retain a fraction of the funds since the vast majority of collections revert to USDA-FNS. According to DSS, the agency has written off \$1,181,702 in SNAP claims from FFY 15-16 through FFY 19-20. SNAP claims are written off when:

- It is determined that it was established in error.

or

- A debtor dies and there are no other members of the household to whom the claim can be transferred.

or

- A debtor files a successful petition for bankruptcy and the court discharges the debt.

or

- The claim balance falls to \$25 or less.

Data Analysis

Data analysis can be an effective tool to detect fraud; however, the BI unit conducts little data analysis to proactively identify suspicious transactions made by SNAP clients that may be indicative of electronic benefit transfer (EBT) trafficking. By relying almost solely on referrals, the BI unit is not able to proactively identify program misuse that would otherwise go unreported.

According to DSS' SNAP/TANF benefit integrity manual, a principal way DSS tracks fraud is through analyzing EBT transactions with suspicious patterns. DSS contracts with Conduent State & Local Solutions, Inc. (Conduent), a private firm, to provide EBT services for SNAP. As part of the contract, Conduent is responsible for the authorization of SNAP client transactions. This includes ensuring that clients can access their SNAP benefits only at authorized food retailer locations.

Conduent also maintains an online application that allows staff to review a SNAP client's transaction history. Conduent is required to provide a "data warehousing" function for use by DSS staff that includes a fraud analysis tool. The fraud analysis tool contains several ready-made reports that the BI unit can use to identify unusual or suspicious transactions made by SNAP clients.

While the BI unit has a fraud analysis tool available for staff to use, an agency official affirmed that the BI unit awaits referrals rather than conduct data analysis to identify suspicious or unusual transactions. The BI unit appears to have only recently emphasized data analytics as a means to combat EBT trafficking. For example, in January 2020, the BI unit filled a newly created data analyst position. In September 2020, another BI staff member was assigned as the sole employee responsible for reviewing EBT trafficking. In addition to receiving trafficking referrals, this employee creates referrals by using the fraud analysis tool in the Conduent system. Trafficking referrals were previously assigned to BI workers on a rotational basis.

DSS has, heretofore, conducted little data analysis because of the time it takes to build a case against a SNAP household suspected of trafficking benefits. According to an agency official, there is no easy way for BI workers to see all of the suspicious transactions that a SNAP recipient may be making. A BI worker must manually pull multiple reports in the Conduent system and compare them, a process which is time-consuming when building a case against a SNAP recipient. Another agency official informed us that the BI unit has not had the time to best utilize suspicious transaction reports since the unit has been focusing on improving the timeliness of claims, a subject discussed on the following page.

To determine the extent of the BI unit’s use of data analytics, we attempted to obtain the claim referrals that were generated as a result of the BI unit’s own data analysis. However, a DSS official explained that there was no way to identify those claim referrals because the BI unit does not track claim referrals generated from its own transaction data analysis. Therefore, we used a different method to approximate how many trafficking referrals the BI unit generates via its own data analysis.

We obtained a list of all claim referrals from September 2020 through March 2021. Using the list of all claim referrals, we filtered all referrals assigned to the BI staff member appointed to review trafficking referrals. We identified only those claim referrals that were both detected by and assigned to the BI staff member assigned to review EBT trafficking. Doing this provides an estimate on the amount of data analysis the BI unit conducts to review EBT misuse that would otherwise go unreported.

Table 2.3 shows the overall number of SNAP claim referrals, the total number of trafficking referrals, and the estimated number of referrals generated through data analysis in the BI unit from September 2020 through March 2021.

Table 2.3: Total SNAP Claim Referrals by Type and Status, September 2020 – March 2021

STATUS*	TRAFFICKING		NON-TRAFFICKING	TOTAL
	DATA ANALYSIS	OTHER		
Established	48	48	2,374	2,470
Pending	72	9	7,629	7,710
Unfounded	90	102	2,301	2,493
TOTAL	210	159	12,304	12,673

* As of April 7, 2021

Source: LAC analysis of DSS data

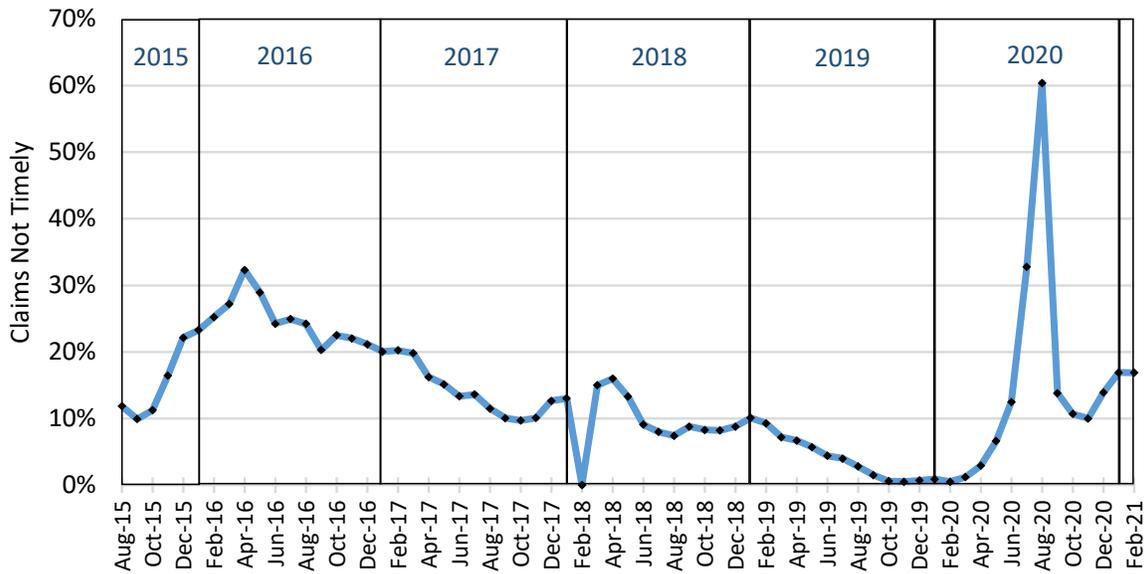
Timeliness of Establishing SNAP Claims

According to an agency official, ensuring that claims are established in a timely manner is a reason why the BI unit has not been able to dedicate time to combat EBT trafficking through data analysis. After being cited by USDA-FNS in 2017 for not establishing claims in a timely manner, DSS changed its claim prioritization policy to prioritize claims based on the date of detection instead of the percentage of recovered funds that could be retained by the agency. Shortly thereafter, the BI unit was able to reduce the percentage of claim referrals that were not established timely. However, the percent of claims not established timely spiked at the beginning of the COVID-19 pandemic and has remained high.

After being cited by USDA-FNS for not establishing claims timely in 2017, the BI unit was able to reduce the percentage of claims that were not established timely to near zero prior to the COVID-19 pandemic. During the first six months of the pandemic, BI workers were reassigned to process SNAP applications. Since claim referrals were not being processed, the percent of claims that were not established timely greatly increased. While the percent of claims not established timely has decreased from the pandemic highs, it remained higher than pre-pandemic levels through February 2021.

Graph 2.4 shows the percentage of claims that were not established timely from August 2015 through February 2021.

Graph 2.4: Percentage of Claims Not Established Timely, August 2015 – February 2021



Source: LAC analysis of DSS data

State agencies are required by 7 CFR 273.18(d)(1) to establish a claim before the last day of the quarter following the quarter in which the overpayment or trafficking incident was discovered. In essence, federal regulations give state agencies anywhere from three months-and-a-day to six months to establish a claim. However, DSS’ SNAP/TANF benefit integrity manual is more lenient. It gives all claims up to six months from the date of detection to be established. Federal regulations allow state agencies to develop their own standards and procedures to manage claim referrals, but 7 CFR 273.18(d)(2)(i) requires that they be justified to and approved by USDA-FNS. An agency official informed us that DSS sends its state plan, which includes its SNAP/TANF benefit integrity manual, to USDA-FNS every year for approval. Since USDA-FNS has not asked DSS to change its policy, the agency official has considered this as tacit approval of the six month claims establishment timeline.

Conduent Fraud Analysis Reports

We analyzed the data in three of Conduent's fraud analysis reports to identify transaction activity that may be indicative of program misuse.

Report #1: Out-of-State Over 50%

The first report we analyzed is intended to show the SNAP households that are spending a disproportionate amount of money outside of South Carolina. This could indicate that the households are no longer living in the state, household members are traveling, the household's EBT card has been stolen, or the household is receiving benefits in another state. We found that there were 8,786 SNAP households that spent over 50% of their benefits outside of South Carolina in FFY 19-20. Of those households, 2,582 spent all their benefits outside of South Carolina. Combined, these households spent \$11,629,701 and \$1,703,694, respectively, outside of the state in FFY 19-20.

We conducted further analysis that excluded transactions occurring in the bordering states of Georgia and North Carolina and transactions made in Arkansas and Washington state, home to Walmart.com and Amazon.com, respectively. The latter two states were excluded because the out-of-state transaction report recorded purchases made at Amazon.com and Walmart.com as having occurred in each companies' home state. After eliminating transactions in the bordering states and states with online retailers, we found that there were 3,380 households that spent over 50% of their benefits outside of South Carolina, with 1,229 of those spending all their benefits outside of the state.

Table 2.5 shows the top 10 SNAP households, by transaction amount, that spent 100% of their benefits outside of South Carolina and its border states.

Table 2.5: Top 10 Households Who Made All SNAP Transactions Outside of South Carolina, FFY 19-20

HOUSEHOLD	TRANSACTIONS		
	STATE	TOTAL COUNT	TOTAL AMOUNT
1	New York	138	\$10,646.41
2	Nevada	322	\$9,346.01
3	Michigan	198	\$7,571.24
4	New York	282	\$7,340.21
5	Mississippi	96	\$6,016.99
6	Virginia	181	\$5,951.17
7	Texas	109	\$5,910.69
8	Washington	37	\$5,710.00
9	Texas	173	\$5,004.99
10	New York	224	\$4,288.40

Source: LAC analysis of Conduent Fraud Analysis Report

During our audit, we brought the issue of what appeared to be excessive out-of-state transactions to the attention of DSS. The following month, we were informed that DSS assigned staff to review excessive out-of-state transactions. We were also informed that the only way DSS would know if a person was also receiving benefits in another state is if is the individual self-reports or if a DSS employee proactively sends an inquiry to another state, a subject which is discussed in later in this chapter.

Report #2: Card Activities in Two Cities in Ten Minutes

The second report we analyzed is intended to look at the feasibility of any two adjacent transactions made by a SNAP household that occurred in two different cities within a ten-minute time period. The report geocodes the merchants' addresses where the transactions took place and provides the straight-line miles between the addresses. Table 2.6 shows the total number of transactions that occurred in two different cities within a ten-minute period, grouped in 20-mile increments.

Table 2.6: Card Activity in Two Cities in Ten Minutes, FFY 19-20

ESTIMATED DISTANCE (IN MILES)	NUMBER OF RAPID TRANSACTIONS
2-21	1,354
22-41	201
42-61	147
62-81	17
82-101	17
102-121	6
122-141	7
142-161	3
162-181	5
182-201	8
>202	60
TOTAL	1,825

Note: Table does not include transactions made with online retailers.

Source: LAC analysis of Conduent Fraud Analysis Report

As shown in Table 2.6, after eliminating purchases made from online retailers, there were 1,825 instances where transactions occurred in locations that were at least two miles apart within a 10-minute period of time in FFY 19-20. The longest straight-line distance between any two locations where the same card account number was used was 2,368 miles. These transactions executed in unreasonably distant locations might be indicative of EBT trafficking.

Report #3: Early Morning, Manually-Keyed Transactions

The third, and final, report we analyzed is intended to pull a list of SNAP households that are performing transactions via manual keypunch between 12:00 am and 6:00 am. By default, the report excludes transactions made at large chain stores located within South Carolina.

Table 2.7 shows the top five merchants, by transaction count, with early morning, manually-keyed transactions in FFY 19-20.

Table 2.7: Top 5 Merchants, by Transaction Count, with Early Morning, Manually-Keyed Transactions, FFY 19-20

RETAILER	TRANSACTIONS	
	NUMBER	AVERAGE AMOUNT
1	97	\$201.14
2	38	\$20.82
3	35	\$16.07
4	33	\$17.88
5	32	\$15.38

Source: LAC analysis of Conduent Fraud Analysis Report

After reviewing the report, we found one retailer who made significantly more manually-keyed transactions in the early morning hours than any other retailer in the report. The average transaction amount made at this retailer was also significantly higher than other retailers in the report. Manually-keyed transactions that occur in the early morning hours might be indicative of EBT trafficking.

USDA State Fraud Framework Grant

On September 30, 2020, South Carolina was one of nine states selected to receive a SNAP Fraud Framework Implementation Grant from the USDA. South Carolina was awarded approximately \$683,000 for a two-year grant to purchase data analytics and case management software. On March 31, 2021, DSS awarded a contract with a maximum contract period of five years and a total potential value of \$1.7 million to Pondera Solutions to use its fraud detection and case management software. DSS believes that the new software will improve its ability to identify and stop fraud in SNAP.

In DSS' grant proposal, the agency stated that its "current system does not provide for a case management and monitoring system to support the detection of fraud or trafficking" and that it "recognizes more can and should be done to identify and monitor SNAP intentional program violations." According to DSS, even without the benefit of this system, the agency completed a total of 3,070 investigations in FY 17-18, and, of those, \$7.1 million in fraud dollars were determined by post-certification investigations. In FY 18-19, DSS completed 2,069 investigations and identified \$6,651,107 in fraud dollars.

Lofty goals were set by the proposal, including a projected three times increase in the number of identified cases of identity theft, and a projected five times increase in the number of identified cases of recipient trafficking. With the grant, DSS estimates that it will be able to increase total investigations by 150, an increase which will result in an additional financial savings of \$482,200 in the first year. In addition, according to DSS, increased efficiencies through cost avoidance would save \$655,066.

Recommendations

1. The S.C. Department of Social Services should take a more proactive approach to identify program misuse that would otherwise go unreported by dedicating staff resources to utilize Conduent State & Local Solutions, Inc.'s fraud analysis tool until new data analytics software is implemented.
2. The S.C. Department of Social Services should obtain written approval from the U.S. Department of Agriculture-Food and Nutrition Service for its current claims establishment timeframe since it deviates from the timeframe established in 7 CFR 273.18(d)(1).
3. The S.C. Department of Social Services should use the out-of-state over 50% report in Conduent State & Local Solutions, Inc.'s fraud analysis tool to determine if those households conducting an excessive amount of out-of-state EBT transactions meet the residency requirements to receive SNAP benefits in South Carolina and are not receiving benefits in another state.
4. The S.C. Department of Social Services should use the card activity in two cities in ten minutes report to determine if those households that made transactions in unreasonably distant locations in a short period of time are trafficking their SNAP benefits.
5. The S.C. Department of Social Services should use the early morning, manually-keyed report to determine whether SNAP retailers and households that have a high volume of high dollar transactions are trafficking SNAP benefits.

Testing for Suspected Fraud

The S.C. Department of Social Services' (DSS) tests for suspected fraud are inadequate. As a result, DSS has been less effective than it otherwise could be in reducing misuse of SNAP benefits. We tested the process by which the agency analyzes Supplemental Nutrition Assistance Program (SNAP) data to detect suspected fraud and found:

- \$2.3 million was spent on single-member SNAP households' EBT card accounts after the household member was recorded as being deceased.
- \$200,019 was spent on single-member SNAP households' EBT card accounts while the household member was recorded as being incarcerated.
- \$1.9 million was spent by SNAP households with reported incomes exceeding income eligibility standards.
- \$40,585 was spent by SNAP households despite winning substantial lottery prizes.

Only single-member households with one active member in FFY 18-19 and FFY 19-20 were reviewed for the deceased and incarcerated tests. We focused on single-member households because, once a single-member household becomes deceased or incarcerated, there is no one left in the household to use SNAP benefits. For the income test, we reviewed all SNAP households, regardless of household size, as of September 30, 2020 because DSS is required to use the income of all household members when determining eligibility for SNAP. Likewise, we also reviewed all SNAP households for the lottery test because, once one member of a household wins a substantial lottery prize, all members of that household lose SNAP eligibility.

Spending SNAP benefits on a single-member household's EBT account after the member is deceased or incarcerated amounts to an improper use of SNAP benefits, in alignment with S.C. Code §16-13-430. In addition, SNAP households that win substantial lottery prizes should not receive SNAP benefits after winning their lottery prizes, per 7 CFR 273.11(r). Further investigation by DSS is needed to determine whether the households with high incomes should have been approved for SNAP benefits.

We also reviewed the electronic case files of a sample of households whose SNAP benefits were used after death, while incarcerated, or after winning a lottery prize, and found:

- No evidence that DSS is taking action to recoup SNAP benefits that were improperly spent after the death of single-member households.
- Little evidence that DSS is establishing claims to recoup funds that were improperly spent by single-member households while incarcerated.
- No evidence that any of the lottery winning SNAP households reported their lottery winnings to DSS as required by 7 CFR 273.11(r).

By not taking action, DSS may be losing out on almost \$900,000 that the agency could retain if it recouped all improperly spent SNAP benefits.

SNAP Benefits Used After the Client Died

We found 8,955 single-member SNAP households remained on DSS' SNAP caseload at least one day after their deaths. After reviewing EBT transaction data, we found that the benefits of 5,085 of those deceased clients were used after their deaths. As of March 12, 2021, these expenditures totaled \$2,329,455.

DSS is required by 7 CFR 272.14(a) to “establish a system to verify and ensure that benefits are not issued to individuals who are deceased.” DSS is also required by 7 CFR 272.14(b) to use the Social Security Administration's (SSA) death master file obtained through the state verification and exchange system as the data source for its deceased matching system. Additionally, 7 CFR 272.14(c)(1) requires DSS to conduct a death match at the time of application and no less frequently than once a year for SNAP participants.

DSS has an agreement with SSA to use its death data to match against SNAP applicant/recipient information. According to DSS officials, matches against the SSA's death master file are only completed at the time of application and recertification for SNAP households. This means that an extended period of time could pass before DSS is made aware that a single-member household is deceased. According to a DSS official, no more than six months should pass before DSS is made aware of a single-member household's death, but we found single-member households who remained on DSS' SNAP caseload for up to 1,256 days after death.

To test whether DSS is effectively preventing SNAP benefits from being issued to deceased individuals and to determine if the agency is effective in detecting whether benefits have been used after the SNAP client has died, we obtained a list of all single-member SNAP households in FFY 18-19 and FFY 19-20. We compared that list to a list of all individuals recorded as being deceased by the S.C. Department of Health and Environmental Control (DHEC) from FFY 15-16 through FFY 19-20. Table 2.8 shows the length of time that single-member SNAP households remained on DSS' SNAP caseload after their death.

Table 2.8: Length of Time on SNAP Caseload After Death

LENGTH OF TIME AFTER DEATH	NUMBER OF SINGLE-MEMBER HOUSEHOLDS
1 day or more	8,955
>1 month	7,748
>2 months	5,685
>6 months	2,052

Source: LAC analysis of DSS SNAP data and DHEC death data

Of the single-member households that remained on DSS' SNAP caseload at least one month, 685 did not have any program end date, which is the date that a household's SNAP status becomes inactive, listed through January 31, 2021. The amount spent from each SNAP client's EBT card after the death of the client ranged from 25¢ to \$5,417, as of March 12, 2021.

To determine if DSS takes action to recoup SNAP benefits that are improperly spent after the death of single-member households, we selected a judgment sample of 25 deceased individuals whose benefits were used after their deaths and accumulated the most expenditures after death. Upon review of the 25 deceased individuals' files, we found that only two single-member households had claim referrals, which are completed when potential overpayments or instances of benefit misuse are identified, listed in their document folders. In both cases, the claim referrals were determined to be unfounded, a determination which meant that there was insufficient evidence to substantiate the claim referrals.

In one case, the claim referral was made because it was discovered that the household was making an excessive number of out-of-state transactions. EBT transaction data included in the household's electronic files verified that all transactions made over a more than one-year period had occurred in Pennsylvania. Furthermore, a benefit integrity (BI) employee verified the household's date of death and could see that all the transactions that occurred in Pennsylvania were made after the household member's death. Despite this evidence, a BI worker, nonetheless, determined that the claim referral was "unfounded." Ultimately, what triggered the suspicions of DSS was not that benefits issued to someone who was dead were being used, but that an excessive number of those transactions were occurring in another state.

In a second case, the reason for the claim referral was not stated. We could not verify whether a BI worker reviewed transaction data to determine if transactions occurred after death since no transaction data was included in the client's case file. Nevertheless, in the absence of any supporting evidence, a BI worker determined that the unreported death claim was "unfounded."

We asked about the legality of someone using the SNAP benefits on a deceased person's EBT card, even if that person was not a member of the deceased person's household and received conflicting answers from DSS officials. One agency official believed it was not illegal for someone to spend the SNAP benefits on a deceased person's EBT card. The official stated that the USDA-FNS had not given DSS guidance on how to handle cases in which a deceased person's EBT card is being used after death, except to close the case of a one-person household and remove the deceased person from the household if the deceased person is not the only household member. However, even if a household's case is closed, it only prevents more SNAP benefits from being issued. Benefits that have already been issued are still available to spend on the household's EBT account.

Another agency official believes it is a crime to use the SNAP benefits of a deceased person. The agency official cited S.C. Code §16-13-430, which states:

- (A) It is unlawful for a person to:
- (1) obtain, attempt to obtain, aid, abet, or assist any person to obtain, by means of a false statement or representation, false impersonation, fictitious transfer, conveyance, or other fraudulent device, food stamps or coupons to which an applicant is not entitled or a greater amount of food stamps or coupons than that which an applicant is justly entitled; or
 - (2) to acquire, possess, use, or transfer food stamps or coupons except as authorized by law and the rules and regulations of the United States Department of Agriculture relating to these matters.

The agency official explained that, for the purposes of criminal prosecution, the term “unauthorized” would mean that the person using the EBT card was not listed on the decedent’s SNAP application as a household member. The agency official also stated that it is unlawful for an unauthorized user to use a decedent’s EBT card to purchase food for any other household for which the benefits were not intended. Despite the DSS officials’ conflicting opinions, we found examples in other states where individuals had been criminally charged for using SNAP benefits of deceased recipients.

Concurrent with the question of legality is the issue of determining who can be held responsible for using the deceased recipient’s benefits. An agency official informed us that if a SNAP recipient, who is a part of a single-member household, dies, there is no one else on whom to place the responsibility of the debt and no way to ascertain who used the card, unless the client had appointed an authorized representative. Federal regulation 7 CFR 273.18(a)(4)(ii) makes “a person connected to the household, such as an authorized representative, who actually trafficks or otherwise causes an overpayment or trafficking” responsible for paying a claim. Nonetheless, assuming that it is illegal for others to use the SNAP benefits of a household for which they are not a member, DSS could turn evidence of the improper spending over to the agency’s Office of Inspector General for criminal investigation.

If all of the SNAP benefits spent after death represent intentional program violations, South Carolina may be able to retain up to \$815,309, if it is able to collect on the \$2,329,455 that was improperly spent. Proviso 38.8 of the FY 19-20 appropriations act allows DSS to keep the funds that are retained by the state due to SNAP fraud.

Federal law is silent on deactivating EBT cards for single-member households who become deceased. We contacted the USDA-FNS Southeast Regional Office to determine if other states deactivate EBT cards. A USDA-FNS official knew of one state, Mississippi, that deactivates cards of single-member households once the individual became deceased. We confirmed this with an official from the Mississippi Department of Human Services.

Alabama and Florida received waivers from USDA-FNS to expunge SNAP benefits from a single-member household's account once it is verified that the household member has died. Starting in September 2021, states will be required by 7 CFR 274.2(i)(4) to expunge SNAP benefits once it is verified that a single-member household has died.

DSS previously had two contracts with DHEC to receive its death data. The first contract, which went into effect in December 2011, stipulated that DSS would receive data files that included deaths that occurred in South Carolina for the years 2005 through 2011. This contract also required DHEC to provide monthly death data files from January 2012 through January 2013. A second contract, effective in March 2013, required DHEC to provide monthly death data files during calendar year 2013. In exchange for the death data, DSS paid DHEC \$10,000 for the first contract and \$3,000 for the second contract.

According to a DSS official, the agency determined that since it already received death data from the SSA, an agreement with DHEC was unnecessary. Another DSS official stated that DHEC's death data was inaccurate. Specifically, the official said that SNAP clients' dates of death would sometimes be inaccurate. In other instances, notices would be sent to SNAP clients about a death match, but the client was not dead. Nonetheless, according to DHEC, the SSA receives its death data from DHEC. DHEC and SSA should have the same death data for South Carolina residents.

If DSS was able to conduct death matches more frequently, such as monthly, the agency could reduce some, if not most, of the improperly spent benefits on deceased SNAP households' EBT accounts. In addition, DSS could avoid some, if not most, of the cost of investigating the EBT accounts of households where SNAP benefits were spent after the household member was recorded as being deceased.

SNAP Benefits Used While Incarcerated

We compared SNAP enrollment data with inmate data and found 1,170 single-member households that remained on DSS' SNAP caseload at least one day during their incarceration at the S.C. Department of Corrections (SCDC). Of those remaining on DSS' caseload, we found 253 individuals whose benefits were used to make purchases, even though they were incarcerated. As of March 12, 2021, these purchases totaled \$200,019.

According to 7 CFR 272.13(a), "Each State agency shall establish a system to monitor and prevent individuals who are being held in any Federal, State and/or local detention or correctional institutions for more than 30 days from being included in a SNAP household." Also, 7 CFR 272.13(c) states, "State agencies shall make a comparison of match data for adult household members at the time of application and at recertification... States shall enter into a computer matching agreement with the SSA under authority contained in 42 U.S.C. 405(r)(3)."

DSS has an agreement with the SSA to use its prisoner data to match against SNAP applicant/recipient information. According to DSS officials, matches against the SSA's prisoner data are only completed at the time of application and recertification for SNAP households. This means that an extended period could pass before DSS is made aware that a single-member household has become incarcerated.

To test whether DSS is effectively preventing benefits being issued to, and subsequently used by, incarcerated individuals, we obtained a list from DSS of all single-member SNAP households in FFY 18-19 and FFY 19-20. We compared that list to a list of all individuals recorded as being incarcerated at SCDC during the same period. Table 2.9 shows the length of time that single-member SNAP households remained on DSS' SNAP caseload after they were recorded as being incarcerated.

Table 2.9: Length of Time on SNAP Caseload While Incarcerated

LENGTH OF TIME WHILE INCARCERATED	NUMBER OF SINGLE-MEMBER HOUSEHOLDS
1 day or more	1,170
>1 month	255
>2 months	209
>6 months	124

Source: LAC analysis of DSS SNAP data and SCDC inmate data

The longest any single-member household remained on the SNAP caseload while incarcerated at SCDC during the audit scope was 2,723 days. Of the single-member households that remained on DSS' SNAP caseload at least one month, 74 did not have any program end date listed through January 31, 2021.

The amount spent from each SNAP recipient's EBT card while the recipient was recorded as being incarcerated ranged from \$2.45 to \$9,131, as of March 12, 2021. As previously stated, S.C. Code §16-13-430(A) makes it unlawful for a person "to acquire, possess, use, or transfer food stamps or coupons except as authorized by law and the rules and regulations of the United States Department of Agriculture...." Federal regulations, specifically 7 CFR 274.7(a), state that "[p]rogram benefits may be used only by the household, or other persons the household selects, *to purchase eligible food for the household* [emphasis added]." Consequently, benefits spent while a single-member SNAP household is incarcerated, and unable to purchase food for the household, likely represents an unauthorized use of SNAP benefits.

This analysis does not include inmates in county/local jails, federal prisons, or other states' prisons. If that data is reviewed, more incarcerated single-member SNAP households on DSS' SNAP caseload might be found.

To determine if DSS has made any claims against households whose SNAP benefits were used while the sole household member was recorded as being incarcerated at SCDC, we took a judgment sample of the top 25 "while incarcerated" spenders. Upon review of the incarcerated individuals' files, we found 10 of the 25 top spenders had claim referrals listed in their documents. Eight of the ten claim referrals were made because it was discovered that the sole household member was incarcerated. As of April 21, 2021, five of the claim referrals were unfounded, two were still pending, and only one claim referral has been established, a determination which means that DSS verified that SNAP benefits were overissued in that case.

Within the eight claims that related to the household member's incarceration, there appeared to be an inconsistency in how the claim referrals were ultimately decided.

CASE EXAMPLE #1

The BI worker verified that the client was using benefits while he was incarcerated at SCDC and subsequently established a claim against the household as a client error for failure to report his absence from the home for more than 30 days and for using his card while incarcerated.

CASE EXAMPLE #2

A BI worker determined that a claim referral was unfounded for a SNAP client who was actively receiving SNAP benefits while incarcerated because he did not have to report his incarceration status until he came up again for recertification.

CASE EXAMPLE #3

A SNAP client contacted DSS and said that someone with whom the client was formerly in a relationship had assumed the client's identity and filed multiple applications for benefits on the client's behalf. The person stated that DSS would not cooperate when attempting to press charges. A DSS BI worker obtained verification that the person was incarcerated at SCDC while receiving SNAP benefits. Nonetheless, the DSS BI worker determined that the claim was unfounded because the worker was unable to verify information. The BI worker pulled information on the client, such as the client's wage data and 10-year driving record, and information on the person with whom the client was formerly in a relationship, but it is unclear why the BI worker was unable to verify the client's statement. It should also be noted that the person who was accused of fraudulently filing applications was also a SNAP client. We found no evidence that this individual had been investigated by DSS.

Assuming that all SNAP benefits spent while a single-member household is incarcerated represent intentional program violations, DSS could retain up to \$70,007, if it is able to collect on the \$200,019 that was improperly spent.

Federal law is silent on the question of deactivating EBT cards of incarcerated individuals. An official with USDA-FNS Southeast Regional Office was unaware of any state that did this. Nonetheless, deactivating the EBT card of an incarcerated, single-member household could help prevent unlawful use of SNAP benefits.

SCDC sends data on its inmates to the SSA on a monthly basis. If DSS was able to conduct inmate matches more frequently, such as monthly, the agency could reduce some, if not most, of the improperly spent benefits on incarcerated SNAP households' EBT accounts. In addition, DSS could avoid some, if not most, of the cost of investigating the EBT accounts of households where SNAP benefits were spent during incarceration.

Household Income

We compared SNAP enrollment data to the S.C. Department of Employment and Workforce’s (DEW) quarterly wage data and found that, of the 301,749 active households on DSS’ SNAP caseload as of September 30, 2020, 575 SNAP households made over \$50,000 in FFY 19-20 and had fewer than 7 household members. These households spent a combined \$1,949,465 in SNAP benefits in FFY 19-20.

Federal regulation 7 CFR 273.9(a)(1)(i) sets gross income eligibility standards for the SNAP program at 130% of the federal income poverty level; however, federal law gives states an option to set higher income limits for households that are deemed categorically eligible for SNAP. Nonetheless, DSS maintains the 130% gross income limit for all households. Table 2.10 shows the income eligibility standards for SNAP applicants/recipients in South Carolina in FFY 19-20.

Table 2.10: SNAP Income Eligibility Standards for SNAP Applicants/Recipients in South Carolina, by Household Size, FFY 19-20

HOUSEHOLD SIZE	MONTHLY INCOME	
	GROSS	NET
1	\$1,354	\$1,041
2	\$1,832	\$1,410
3	\$2,311	\$1,778
4	\$2,790	\$2,146
5	\$3,269	\$2,515
6	\$3,748	\$2,883
7	\$4,227	\$3,251
8	\$4,705	\$3,620

Source: USDA-FNS

To test whether there are SNAP households whose reported incomes exceeded income eligibility standards, we compared SNAP enrollment data with wage data available through DEW. Of the 301,749 active households on DSS’ SNAP caseload as of September 30, 2020, we found that there were 649 households that made over \$50,000, 77 households that made over \$75,000, and 21 households that made over \$100,000 in FFY 19-20. It is relatively rare for a household to make over \$50,000 and still be eligible to receive SNAP benefits. For example, a household would need to have at least 7 household members to make over \$50,000 and still be eligible for SNAP.

DEW's wage data only includes earned income from employers (i.e. salaries, bonuses, etc.). It does not include self-employment income and unearned income (i.e. child support payments, pensions, social security benefits, etc.), which also count towards a household's gross income. Consequently, there might be more SNAP households that made \$50,000 or more in gross income in FFY 19-20. Examples of income excluded for purposes of determining SNAP eligibility include education assistance, infrequent or irregular income less than \$31 in a quarter, and income tax refunds.

We recognize that circumstances exist that could make high-income households eligible for SNAP. For example, if a household who previously earned a high income (e.g. \$100,000) experienced unemployment and a sudden decline in earnings, the household could, potentially, be eligible for SNAP as soon as the month after it received its last paycheck. Nonetheless, once an active SNAP household's income exceeds 130% of the federal poverty level for its household size, the household is required to report that change to DSS. If a household fails to report the change within the first ten days of the month after occurrence, DSS might have grounds for a benefit overpayment claim against the household.

Lottery Winners

Federal law dictates that households lose SNAP eligibility immediately upon receipt of substantial lottery winnings. Of the 301,749 active households on DSS' SNAP caseload as of September 30, 2020, we found 15 SNAP households that had substantial lottery winnings from June 14, 2019 through September 30, 2020. Upon further review, we found that only 13 of the 15 households were actively receiving SNAP benefits at the time their lottery prizes were claimed. The 13 households spent a combined \$40,585 in SNAP benefits after the substantial lottery winnings were claimed, as of March 12, 2021.

To test whether households remained on DSS' SNAP caseload after winning a substantial lottery prize, we obtained a list of all active SNAP clients on DSS' caseload as of September 30, 2020. Since the lottery provisions went into effect on June 14, 2019, we compared that list to a list of all lottery winners who won prizes of \$3,500 or more in South Carolina from June 14, 2019 through September 30, 2020.

7 CFR 273.11(r) states:

Any household certified to receive benefits shall lose eligibility for benefits immediately upon receipt by any individual in the household of substantial lottery or gambling winnings, as defined in paragraph (r)(2) of this section. The household shall report the receipt of substantial winnings to the State agency in accordance with the reporting requirements contained in §273.12(a)(5)(iii)(G)(3) and within the time-frames described in §273.12(a)(2). The State agency shall also take action to disqualify any household identified as including a member with substantial winnings in accordance with §272.17.

According to 7 CFR 273.11(r)(2), “Substantial lottery or gambling winnings is defined as a cash prize equal to or greater than the maximum allowable financial resource limit for elderly or disabled households... won in a single game before taxes or other withholdings.” In FFY 18-19 and FFY 19-20, the maximum allowable financial resource limit for elderly or disabled households was \$3,500.

Federal law does not set a specific timeframe that lottery winning households must wait before reapplying for SNAP benefits. In fact, 7 CFR 273.11(r)(1) says, “Such households shall remain ineligible until they meet the allowable resources and income eligibility requirements described in §§ 273.8 and 273.9, respectively.” In theory, the lottery winning households could spend the entirety of their winnings at once and meet the SNAP resource requirements shortly after claiming their lottery prize. This may disincentivize responsible spending.

We found no evidence that any of the households had reported their substantial lottery winnings to DSS. We also reviewed the households’ files to determine if DSS had any claims against the households where benefits were spent after the SNAP household claimed a substantial lottery prize. We found that two of the households had claim referrals, but neither related to the households’ lottery prizes.

We contacted DSS in December 2020 to determine whether it had a cooperative agreement with the S.C. Education Lottery (SCEL) in accordance with 7 CFR 272.17(a). This section of federal regulations states:

Each State agency, to the maximum extent practicable, shall establish cooperative agreements with gaming entities within their State to identify members of certified households who have won substantial lottery or gambling winnings as defined in §273.11(r).

At that time, we were informed by an agency official that DSS attempted to establish a cooperative agreement around October 2019, but the agencies could not “get together” on what information could be shared.

We contacted SCEL to determine why an agreement with DSS was not reached when DSS first contacted SCEL in 2019. We were informed by an agency official that “...any restrictions the federal government has placed on DSS about the amount and specificity of information DSS can share with SCEL might limit the chances of any workable agreement.”

The restrictions to which the SCEL official referred are found in 7 CFR 272.17(b), which states, “...Cooperative agreements shall also include safeguards to prevent release or disclosure of personally identifiable information of SNAP recipients who are the subject of data matches in accordance with 272.1(c).” Guidance issued by the USDA says that “...cooperative agreements are to solely allow for the gaming entities to transmit information to State agencies; State agencies are prohibited from sharing any information about SNAP households with gaming entities.” Consequently, the only way that DSS could verify whether a SNAP client won a substantial lottery prize is if SCEL provided information on its lottery winners to DSS.

During our audit, agency officials from DSS and SCEL informed us that they had resumed discussions about a cooperative agreement between the two agencies.

Recommendations

6. The S.C. Department of Social Services should always investigate whether the SNAP benefits of a single-member household were used after the death of the only household member so that it can recoup the unlawfully spent SNAP benefits.
7. The S.C. Department of Social Services should implement policies on when to make referrals to the S.C. Department of Social Services Office of Inspector General or law enforcement when SNAP benefits are used after the death of all household members.
8. The S.C. Department of Social Services should expunge SNAP benefits and deactivate the electronic benefit transfer card once it verifies a death match for all certified members of the household.
9. The S.C. Department of Social Services should enter into an agreement with the S.C. Department of Health and Environmental Control to receive and review death data on a monthly basis.
10. The S.C. Department of Social Services should always investigate whether the SNAP benefits of a single-person household were used while the only household member was incarcerated so that it can recoup the unlawfully spent SNAP benefits.
11. The S.C. Department of Social Services should implement policies on when to make referrals to the S.C. Department of Social Services Office of Inspector General or law enforcement when SNAP benefits are used during the incarceration of a single-member household.
12. The S.C. Department of Social Services should enter into an agreement with the S.C. Department of Corrections to receive and review inmate data on a monthly basis.
13. The S.C. Department of Social Services should deactivate the electronic benefit transfer cards for SNAP households once it verifies a prisoner match for all certified members of the household.
14. The S.C. Department of Social Services should review households making over \$50,000 with fewer than seven household members in FFY 19-20 to determine whether an overpayment of benefits occurred.
15. The S.C. Department of Social Services should ensure that households lose eligibility for SNAP when it is discovered that the household has won a substantial lottery prize, as required by 7 CFR 273.11(r).
16. The S.C. Department of Social Services should continue to seek a cooperative agreement with the S.C. Education Lottery to receive information on lottery winners to satisfy 7 CFR 272.17(a).

Receiving Benefits in Two or More States

We reviewed how DSS determines whether a SNAP recipient is receiving benefits in another state and found that, unless it is self-reported or if an eligibility worker would proactively send an inquiry to another state, DSS would not know if a SNAP recipient is receiving benefits in another state. This could cause households to receive more SNAP benefits than they would otherwise be entitled to receive.

PARIS and NAC Systems

While there are two systems used by states to determine whether someone is receiving SNAP benefits in two or more states, DSS does not participate in either system. Consequently, DSS has no way to verify whether an applicant or active SNAP recipient is receiving benefits in another state unless it is self-reported or an eligibility worker proactively sends an inquiry to another state.

Federal law prohibits individuals from being included in a household that receives benefits in more than one state within the same month, with one exception. Specifically, 7 CFR 273.3(a) states:

No individual may participate as a member of more than one household or in more than one project area, in any month, unless an individual is a resident of a shelter for battered women and children...and was a member of a household containing the person who had abused him or her.

The two systems currently used by states to determine whether someone is receiving SNAP benefits in another state are the Public Assistance Reporting Information System (PARIS) and the National Accuracy Clearinghouse (NAC). PARIS is the older of the two, with its origins dating back to 1993, and is more widely used than the NAC. The NAC started in 2011 as a pilot project led by Mississippi and included four neighboring Southeastern states (Alabama, Florida, Georgia, and Louisiana). Both systems work by matching an individual's information against data submitted by participating states to identify individuals who are receiving benefits in another state. However, the NAC provides several benefits over PARIS.

As outlined in a 2015 evaluation by Public Consulting Group, Inc., a consulting firm contracted by Mississippi to evaluate the NAC, these benefits include:

FREQUENCY OF DATA MATCHES

PARIS matches are conducted on a quarterly basis while the NAC matches may be queried at any time.

PREVENTION VS. PAY-AND-CHASE

PARIS only identifies potential dual participation after it occurs. The NAC allows states to prevent dual participation before it occurs.

ADMINISTRATIVE COST AVOIDANCE

The NAC allows states to reduce costs associated with fraud/overpayment investigations, processing claims, and recovering benefits, because the improper payment never occurs in the first place.

DEMOGRAPHIC MATCHING POINTS

PARIS uses only an individual's SSN in a match to identify possible dual participation. The NAC uses multiple demographic elements and public records to establish matches. By using multiple data elements, the NAC is able to provide a greater level of confidence that a match truly represents the same individual.

In 2018, a consulting firm, with whom USDA-FNS had contracted to provide a comprehensive picture of SNAP data matching efforts across the nation, conducted a survey of state data matching practices. Forty-eight states, the District of Columbia, Guam, and the U.S. Virgin Islands completed the survey. Table 2.11 includes an overview of the survey findings on the PARIS and NAC systems.

Table 2.11: Findings from USDA-FNS Survey of State Data Matching Practices

	PARIS	NAC
System Host*	U.S. DHHS, Administration for Children and Families	LexisNexis
Number of States Using System**	42	5
HOW STATES RATED THE EFFECTIVENESS OF THE SYSTEMS		
Very Effective	24%	80%
Effective	67%	20%
Not Very Effective	10%	0%

* PARIS is administered by the Administration for Children and Families, a division of the U.S. Department of Health and Human Services. The NAC was designed by LexisNexis, and the company continues to host and provide ongoing support for the system.

** Out of the 48 states, and 3 jurisdictions (the District of Columbia, Guam, and the U.S. Virgin Islands) that responded to the survey.

Source: USDA-FNS "Assessment of States' Use of Computer Matching Protocols in SNAP" August 2020

While both systems were overwhelming rated as “effective” or “very effective,” a DSS official informed us that the agency does not use PARIS because the matches are not always up-to-date and are often old. In addition to potential issues with outdated data in PARIS are concerns over cost-effectiveness. As noted in a 2007 evaluation of PARIS conducted by a contractor for the U.S. Department of Health and Human Services’ Administration for Children and Families (DHHS-ACF), only 4 of the 14 states interviewed had methods by which they could track the state-level cost of PARIS. The previously mentioned 2020 USDA-FNS report on state data matching had a similar finding, noting that “most states, in general, lack the ability to track costs in a way that enables them to link costs to their data matching efforts.”

Costs for administering PARIS include:

START-UP COSTS

Costs that include incorporating follow-up activities into policy and procedure manuals and training staff on how to conduct follow-up.

ONGOING COSTS

Costs that include creating files for submission and preparing/filtering files once results are returned to the state.

STAFF TIME

Costs that include following-up on matches and trying to recapture overpaid benefits.

According to the 2007 DHHS-ACF evaluation report, calculating the benefits of PARIS is similarly difficult because of the diversity in approaches used by states to implement PARIS. For example, some states only close cases based upon unreported moves, while others use PARIS as an income verification system to verify eligibility. In addition, of the five states that calculated cost savings due to PARIS in the report's study, the cost savings varied widely by state, from \$62,611 in Colorado to \$45,644,400 in New York in FY 05-06.

Unlike PARIS, in which states can use across multiple public assistance programs (i.e. Temporary Assistance for Needy Families Program, SNAP, and Medicaid), the NAC was specifically designed to curb dual participation in SNAP. However, like PARIS, the NAC has a cost to states. A 2015 evaluation of the NAC pilot program in five of our neighboring Southeastern states found that the total cost ranged from a high of \$21,763 per month in Georgia to a low of \$5,499 per month in Mississippi.

The costs of using the NAC include staff time to act on each dual participation match found, staff time to act on each out-of-state request, and the monthly amount paid to LexisNexis for use of the NAC, which is based on the number of individuals receiving SNAP in each state. Not included in the monthly costs for states is the start-up cost of implementing the NAC. These costs ranged from \$29,200 in Alabama to \$330,000 in Mississippi.

While the NAC can have a sizeable ongoing cost for states, the 2015 evaluation of the NAC found that the cost savings per month far exceeded the total cost of using the system. Cost savings come in the form of SNAP overpayment avoidance, which assumes that each states' use of the NAC was able to prevent dual participation. Not included in the cost savings calculation were the recoupment of overpayment due to dual participation. Nonetheless, the 2015 evaluation found that the cost savings ranged from \$40,265 per month in Louisiana to \$176,774 in Florida. Table 2.12 shows the net impact of the NAC in the five pilot states.

Table 2.12: Net Impact of NAC in Five Pilot States

	AL	FL	GA	LA	MS
Monthly Savings	\$93,519	\$176,774	\$159,546	\$40,265	\$78,232
Monthly Costs	\$19,156	\$20,890	\$21,763	\$14,605	\$5,499
NET MONTHLY SAVINGS	\$74,363	\$155,885	\$137,783	\$25,660	\$72,733
NET ANNUAL SAVINGS	\$892,360	\$1,870,616	\$1,653,396	\$307,920	\$872,792

Note: Numbers are rounded.

Source: National Accuracy Clearinghouse Evaluation: Final Report (October 2015)

Although the monthly savings listed above are characterized as being realized by the states, the 2015 evaluation report notes that “...the SNAP overpayment avoidance that the NAC supports are 100 percent federally-funded benefits.” Consequently, the federal government, not the states, will experience the greatest cost savings. This might be why DSS may soon be required by federal law to participate in the NAC. In the Agriculture Improvement Act of 2018 (a/k/a 2018 Farm Bill), there is a requirement for the USDA to implement the NAC nationwide for SNAP. Specifically, Section 4011 of the 2018 Farm Bill says that:

The Secretary [of Agriculture] shall establish an interstate data system, to be known as the ‘National Accuracy Clearinghouse,’ to prevent multiple issuances of supplemental nutrition assistance program benefits to an individual by more than 1 State agency simultaneously.

Section 4011 also establishes a timeline for the implementation of new regulations and the initial matches for the NAC:

Not later than 18 months after the date of enactment of the Agriculture Improvement Act of 2018, the Secretary shall promulgate regulations...to carry out this subsection...The initial match and corresponding actions...shall occur within 3 years after the date of the enactment of the Agriculture Improvement Act of 2018.

Although regulations were required to be promulgated within 18 months, no regulations currently exist for the NAC as of April 2021. A DSS official stated that she was unaware of DSS' having been contacted for comment on proposed regulations, but once guidance is issued, the agency will comply. We contacted the USDA-FNS Southeast Regional Office and learned that the NAC regulations are still under development.

Since DSS does not use the PARIS or NAC data matching systems to verify whether an applicant or active recipient is receiving SNAP benefits in another state, it is difficult to know how much of an issue dual participation is in South Carolina. However, the number of dual participants in five of South Carolina's neighboring states in the Southeast were evaluated by a national organization during the pre-pilot and pilot periods of the NAC. Table 2.13 shows the number of dual participants in the five Southeastern states in May 2014, the month before the states implemented the NAC pilot project and May 2015, the last month of the NAC pilot project.

Table 2.13: Dual Participation in NAC Pilot Program States, May 2014 and May 2015

	MAY 2014			MAY 2015		
	SNAP PARTICIPANTS	DUAL PARTICIPANTS	PERCENT	SNAP PARTICIPANTS	DUAL PARTICIPANTS	PERCENT
AL	898,301	1,534	0.171%	881,147	310	0.035%
FL	3,487,797	3,534	0.101%	3,630,463	2,424	0.067%
GA	1,847,395	3,464	0.188%	1,785,403	2,354	0.132%
LA	866,941	755	0.087%	854,073	230	0.027%
MS	650,853	789	0.121%	628,737	146	0.023%

Source: National Accuracy Clearinghouse Evaluation: Final Report (October 2015)

As shown in Table 2.13, the number of dual participation cases is small compared to the SNAP population, as a whole, in each state. However, the number of dual participants identified by the Southeastern states only include individuals who were receiving benefits from the five states that participated in the pilot project. If data from the other 45 states, Washington, D.C., and U.S. territories were included in the evaluation, the number of dual participants would likely be higher. Nonetheless, the data shows that the states that participated in the NAC pilot project were able to reduce the number of dual participants in each of their respective states.

Since DSS does not currently have a system in place to verify whether a SNAP recipient is receiving benefits in another state and the NAC has shown that it can reduce dual participation in five neighboring Southeastern states, DSS may see similar results even if it joins the NAC prior to federal regulations requiring the agency to do so. Currently, DSS would need a waiver from USDA-FNS prior to joining the NAC project.

Recommendations

17. The S.C. Department of Social Services should consider requesting a waiver from the U.S. Department of Agriculture Food and Nutrition Service to use the National Accuracy Clearinghouse system prior to the system's nationwide implementation.
18. The S.C. Department of Social Services should comply with federal regulations on the National Accuracy Clearinghouse once the federal regulations are promulgated by the U.S. Department of Agriculture.

Inaccurate Information on DSS Website

DSS' Frequently Asked Questions (FAQ) webpage contains inaccurate income information that could dissuade a household from applying to participate in SNAP. The FAQ webpage also contains inaccurate resource information that could cause a household to believe it is eligible to receive SNAP benefits when it may not meet the program's resource standards.

Income Eligibility Standard

DSS has not updated the income eligibility standards on its FAQ webpage since FFY 17-18. Since DSS' last update, USDA-FNS has updated the income standards for SNAP three times, in FFY 18-19, FFY 19-20, and FFY 20-21. Each time, the income standards were revised higher. Table 2.14 shows the gross monthly income standards shown on DSS' FAQ webpage as of March 9, 2021, compared to the current gross monthly income standards for SNAP.

Table 2.14: Outdated Gross Monthly Income Standards on DSS Website as of March 9, 2021

HOUSEHOLD SIZE	DSS WEBSITE AS OF MARCH 9, 2021	CURRENT GROSS MONTHLY INCOME STANDARDS
1	\$1,307	\$1,383
2	\$1,760	\$1,868
3	\$2,213	\$2,353
4	\$2,665	\$2,839
5	\$3,118	\$3,324
6	\$3,571	\$3,809
7	\$4,024	\$4,295
8	\$4,477	\$4,780
Each Additional Member	\$453	\$486

Source: DSS website and FNS

Resource Eligibility Standard

Since September 2016, DSS' FAQ webpage has stated that there is no resource limit in South Carolina. However, this is not entirely true. Federal law allows certain categories of households to receive SNAP benefits without having to meet some of the eligibility requirements, such as the resource requirement. These households are deemed to be "categorically eligible" for SNAP. While almost all households in South Carolina who apply for SNAP fall into one of the eligible categories, there are certain households that are excluded from being categorically eligible for SNAP and, therefore, must meet resource eligibility standards.

Households that are categorically eligible for SNAP include those where all members receive, or are authorized to receive, Temporary Assistance for Needy Families or Supplemental Security Income benefits. DSS has also enacted broad based categorical eligibility for SNAP in South Carolina.

Broad-based categorical eligibility allows any household whose income does not exceed 130% of the federal poverty level and who meets other non-financial eligibility factors, such as residency and social security number requirements, to receive SNAP benefits without having to meet the national resource standards.

Nonetheless, there are households prohibited from being considered categorically eligible. These include households where:

- Any member is disqualified for an intentional SNAP violation.
- The head of household is disqualified for failure to comply with work requirements.
- Any member is ineligible by virtue of a conviction for a drug-related felony.
- The household is ineligible under striker provisions.
- The household has refused to cooperate with DSS in providing information necessary for making a determination of its eligibility or for completing any subsequent review of its eligibility.
- The household knowingly transferred resources for the purpose of qualifying or attempting to qualify for SNAP.

In addition, there are individuals prohibited from being considered categorically eligible. These include individuals who are:

- Ineligible non-citizens.
- Ineligible under student provisions.
- Disqualified for failure to provide or apply for a social security number.
- Institutionalized in a nonexempt facility.
- Ineligible because of failure to comply with work requirements.
- Disqualified for intentional program violations.

For households and individuals who are not categorically eligible, DSS is required to follow 7 CFR 273.8(a), which states:

The State agency shall apply the uniform national resource standards of eligibility to all applicant households, including those households in which members are recipients of federally aided public assistance, general assistance, or supplemental security income. Households which are categorically eligible as defined in 273.2(j)(2) or 273.2(j)(4) do not have to meet the resource limits or definitions in this section.

Currently, the maximum allowable financial resource limit for a household that is not categorically eligible is \$2,250, or, if the household has an elderly or disabled member, \$3,500. Examples of resources that count toward a household's financial resource limit include:

- Checking and savings accounts.
- Cash on hand.
- Individual retirement accounts.
- Stocks and bonds.
- Certain licensed and unlicensed vehicles.

Recommendations

19. The S.C. Department of Social Services should immediately update and maintain its Frequently Asked Question webpage to include the income eligibility standards for the current federal fiscal year.
20. The S.C. Department of Social Services should immediately update and maintain its Frequently Asked Question webpage to reflect the accurate resource eligibility standards for the current federal fiscal year.

SNAP Frontline Workforce

Salaries, Staffing, and Retention

We reviewed salaries, staffing, and retention of SNAP frontline economic services (ES) workers responsible for processing Supplemental Nutrition Assistance Program (SNAP) applications and found that:

- The average salary has decreased for SNAP frontline workers.
- Exit interview participation rates are low and have fallen from calendar year 2018 to 2020.
- Frontline worker positions have remained vacant for an average of 146 days for January 1, 2018 to March 25, 2021.
- The agency's website lacks information on the availability of positions in the ES division.

The current SNAP frontline worker has fewer years of experience on the job, makes a lower salary, and faces a slightly higher workload than the SNAP frontline worker of five years ago. Operating from county DSS offices throughout the state, SNAP frontline workers interact with clients through processing initial applications for SNAP benefits, periodic benefit recertifications, and processing household changes.

Employees earning entry-level wages have contributed to a decline in the average salary over the last five years. The starting salary of ES workers in South Carolina falls thousands below that of neighboring states.

What we have defined as a SNAP frontline worker is, in fact, an ES worker, a class which includes more than just the SNAP frontline workers. SNAP frontline workers comprise approximately 60% of all ES staff. The Division of Economic Services has a higher turnover rate than the agency as a whole; and workers identified by the agency as SNAP frontline ES staff have an even higher turnover rate.

Salaries, Years of Service, and Applications Processed by Frontline Workers

To identify the population of SNAP frontline workers, we analyzed job descriptions and consulted with DSS. Broadly defined, a SNAP frontline worker is anyone who interacts with clients in processing SNAP applications or renewals. This includes processing changes reported by clients through phone contact, mail, and computer generated messages. As of September 2020, we found 395 SNAP frontline workers as seen in Table 3.1. The number of SNAP frontline workers decreased from September 2015 to September 2020 by 108, a 21.5% reduction.

For SNAP frontline workers:

- Median years of service fell from 8 years in 2015 to 2 years in 2020.
- Median salary increased from \$22,558 to \$23,756, an increase of 5.31%, but the average salary fell from \$25,510 to \$25,239, or \$271.

Table 3.1: Salary and Years of Service for Frontline Workers, September 2015 – September 2020

YEAR	SALARY			YEARS OF SERVICE		
	AVERAGE	MEDIAN	MODE	AVERAGE	MEDIAN	MODE
2015	\$25,510	\$22,558	\$22,558	11	8	5
2016	\$26,047	\$23,291	\$23,291	10	6	4
2017	\$25,841	\$23,291	\$23,291	9	6	3
2018	\$25,214	\$23,291	\$23,291	7	4	2
2019	\$25,524	\$23,756	\$23,756	6	3	2
2020	\$25,239	\$23,756	\$23,756	5	2	1

Note: Salary data is from September of each year.

Source: LAC analysis of DSS data

The main role of a SNAP frontline worker is to conduct eligibility interviews and process applications. We found that the total number of initial SNAP applications fluctuated over time, from FFY 15-16 through FFY 19-20, with application volume rising in some years and falling in others. The percentage of approved applications averaged 55% for all years of the analysis. When DSS denied benefits, the most frequent reasons were failure to provide information necessary to determine eligibility or complete an interview, or having earned income greater than the set limit.

Table 3.2 shows the number of initial SNAP applications received from FFY 15-16 through FFY 19-20 and the percentages approved/disapproved.

Table 3.2: Percent of SNAP Applications Approved and Denied, FFY 15-16 – FFY 19-20

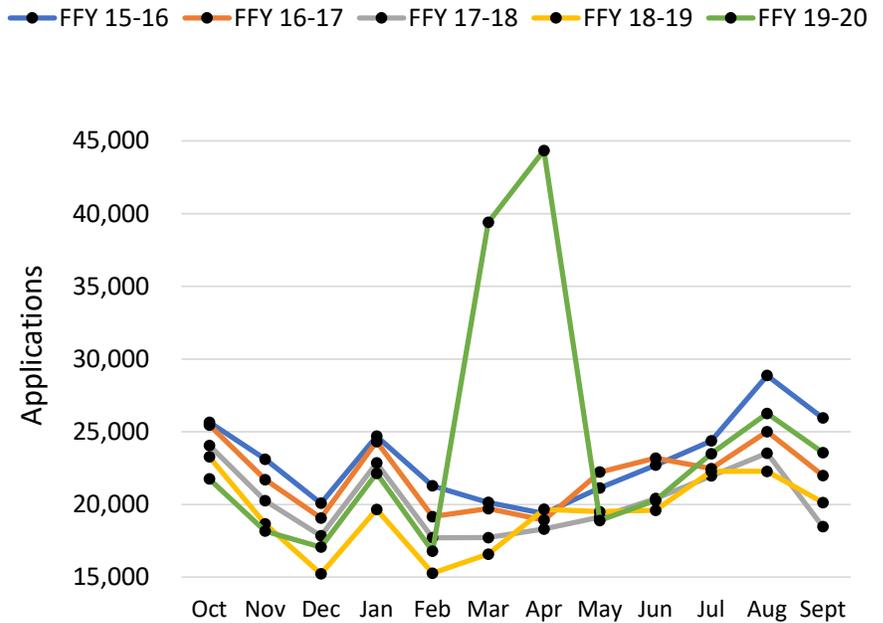
FFY	APPLICATIONS RECEIVED	PERCENT*	
		APPROVED	DENIED
15-16	277,331	59%	41%
16-17	263,219	57%	43%
17-18	242,223	54%	46%
18-19	232,098	56%	44%
19-20	292,140	53%	47%

*Numbers are rounded.

Source: LAC analysis of DSS data

During our audit, the application volume increased. Chart 3.3 highlights the sharp spike in applications in March and April of FFY 19-20 coincident with the COVID-19 pandemic. In the remaining months of FFY 19-20, the number of applications returned to a number consistent with previous years. Chart 3.3 suggests a consistent volume in the number of applications for the last five federal fiscal years.

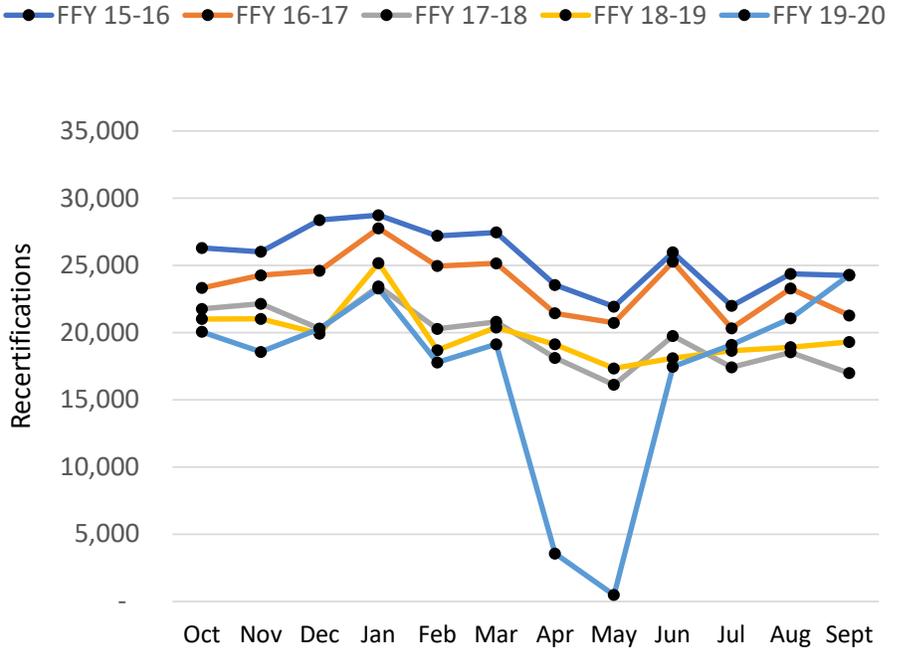
Chart 3.3: Number of SNAP Applications by Month, FFY 15-16 – FFY 19-20



Source: LAC analysis of DSS data

We also analyzed the volume of recertifications which are periodic reviews with beneficiaries. Recertifications require the agency to notify households of expiration dates, provide an application form for renewal, complete an interview (telephone or face-to-face), at least once a year, and recertify eligible households prior to the expiration of certification periods.

Chart 3.4: Number of SNAP Recertifications by Month, FFY 15-16 – FFY 19-20



Source: LAC analysis of DSS data

Table 3.5: SNAP Applications and Recertifications, FFY 15-16 – FFY 19-20

FFY	APPLICATIONS RECEIVED	RECERTIFICATIONS
15-16	277,331	306,133
16-17	263,219	282,349
17-18	242,223	235,615
18-19	232,098	237,620
19-20	292,140	205,051

Source: LAC analysis of DSS data

As shown in Table 3.5, SNAP recertifications were the highest in FFY 15-16 and lowest in FFY 19-20. There was a dramatic drop in nonannual recertification in April and May of FFY 19-20. Because of layoffs that resulted from the COVID-19 pandemic, DSS experienced a very large number of applications. To prioritize processing these applications, DSS requested and received a waiver to delay recertifications for two months from the USDA-FNS.

While we focused on SNAP, a SNAP frontline worker also needs knowledge of the Temporary Aid for Needy Families, Elderly Simplified Application Program, the South Carolina Combined Application Project, as well as pertinent federal and state regulations. The minimum requirement for this frontline position is a high school diploma and three years of experience or an associate degree and one year of experience.

Throughout the audit process, multiple agency officials reported that the salary for economic services workers is insufficient. We received information about new SNAP frontline workers being hired in at the same salary as tenured staff. We found an example of a SNAP frontline worker with less than one year at the agency and another SNAP frontline worker with 13 years at the agency both making the starting annual salary. An official also mentioned the difficulties workers face with the increasing cost of living in different areas of the state.

FNS Salaries in Other States

We reviewed the salaries of SNAP frontline workers in neighboring states who, along with South Carolina, comprise the USDA-FNS Southeast region—Alabama, Georgia, Florida, Kentucky, Mississippi, North Carolina, and Tennessee. We reviewed job descriptions from each state.

Table 3.6: Salary for ES Workers in the Southeast Region as of FY 20-21

STATE	SALARY	REQUIREMENTS
Alabama	\$31,469 – \$47,806	Bachelor’s
Florida	\$26,541	60 semester hours or experience equivalent
Georgia	\$27,000	High school diploma or GED and 1 year of experience or 60 semester hours
North Carolina*	\$38,313 – \$49,816	Associate or high school diploma and equivalent experience
Tennessee	\$ 28,716 – \$ 45,924	Bachelor’s or year for year of experience substitution
South Carolina	\$23,756 – \$32,245	High school diploma +3 years of experience or associate +1 year of experience

*North Carolina is a completely county-based system, and therefore, is not always comparable. Information is for Brunswick County.

Source: Other states human service agencies

The current median salary for ES workers in South Carolina of \$23,756 falls thousands of dollars below all starting salaries of other states reviewed. This further supports agency officials’ claims for the need to raise current starting salaries offered to ES workers.

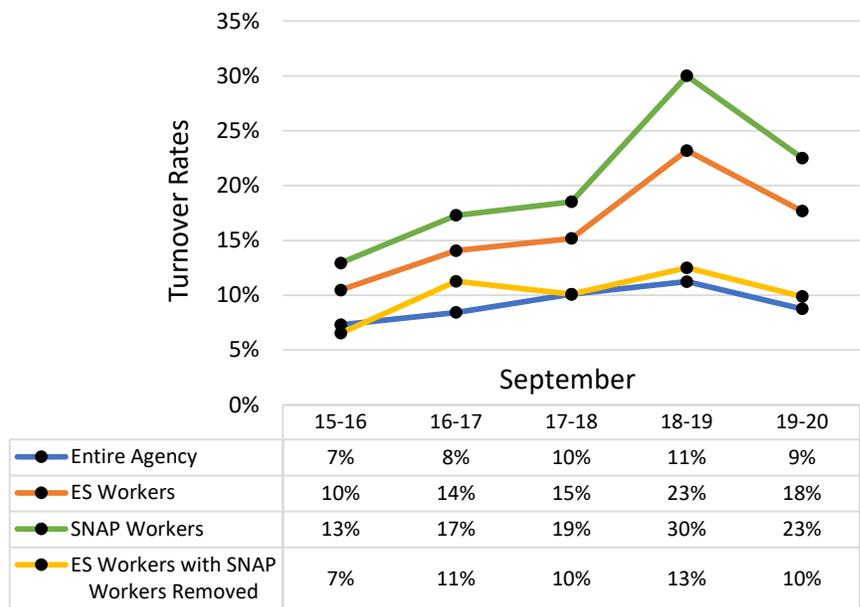
DSS Workers on SNAP

We received reports from agency officials that salaries for workers in the Division of ES were so low in some cases that employees could be eligible for the program they administer. Therefore, we requested a roster of all DSS employees as of September 2020. We matched this data against SNAP household data and found that of the 4,304 total employees at the agency, 160 employees received SNAP benefits. This equates to 3.72% of the agency’s workforce. Of the 160 employees who receive SNAP, 43.75% of the employees worked in economic services. More could be eligible but might simply not have applied at all or were not receiving SNAP benefits at the point in time we analyzed.

Turnover Analysis

SNAP frontline workers have the highest turnover rate, exceeding that of all ES workers and the agency as a whole as seen in Chart 3.7. The ES workforce is made up of several divisions including benefits integrity, management, and administrative support staff. SNAP frontline workers represent much of the ES workforce, comprising an average of 61% of all ES employees over the past five years from September to September of each year.

Chart 3.7: Turnover Rates by Employee Type, September 2015 – September 2020



Source: LAC analysis of SCEIS data

In September of 2015, the average years of service for SNAP frontline workers was 11 years. In just five years, the median years of service has decreased by more than half, to just five years. Employee turnover, rather than an increase in the overall number of new SNAP frontline positions, has contributed to the decreasing median years of service among SNAP frontline workers. Understanding how to correctly process applications effectively and efficiently and adapt to changing federal administrative directives emphasizes the importance of tenure at the agency.

Exit Interviews

We reviewed exit interviews of all ES workers from calendar year 2017 to 2020 and found the main reason for leaving was inadequate salary. Table 3.8 shows the response rate to exit interviews.

Table 3.8: Total Response Rate by ES Workers to Exit Survey, 2017 – 2020

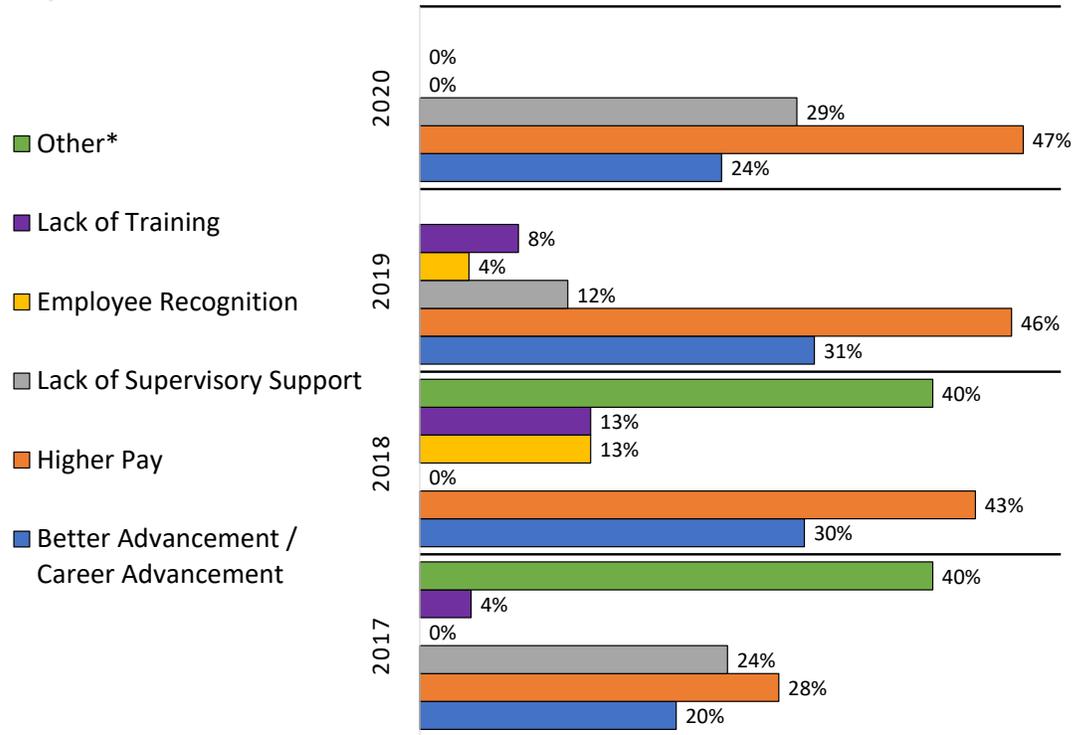
CALENDAR YEAR	RESPONSE PERCENTAGE *
2020	14%
2019	15%
2018	16%
2017	13%

*Percentages are rounded.

Source: LAC analysis of DSS data

Employees were asked to rank their top reasons for leaving their positions with the agency. We graphed the employees' most prominent reasons for leaving. Response rates have also not improved.

Chart 3.9: Exit Interview Top Reasons for Leaving Position, 2017 – 2020



*The agency stopped using “other” as a reason in 2019.

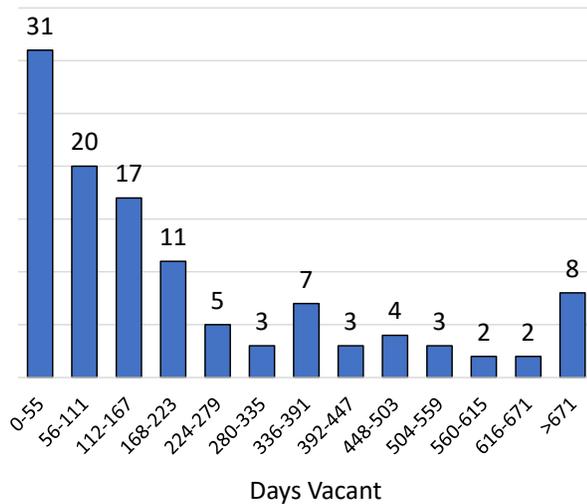
Source: LAC analysis of DSS data

When reviewing the handwritten information corresponding to the “other” option employees listed, many employees commented that low pay played an important role in their decision to leave the agency. In 2019 and 2020, nearly half of the employees responding to this survey cited higher pay as the top reason for leaving the agency.

Vacancy Rates

We reviewed vacancies of SNAP frontline worker positions from January 1, 2018 to March 25, 2021. The largest group of vacant positions have been open from 0 to 55 days. Eight positions were open more than 671 days. Three of four positions, open more than 1,000 days, were in Charleston County.

Chart 3.10: Vacant Positions for SNAP Frontline Workers, January 1, 2018 – March 25, 2021

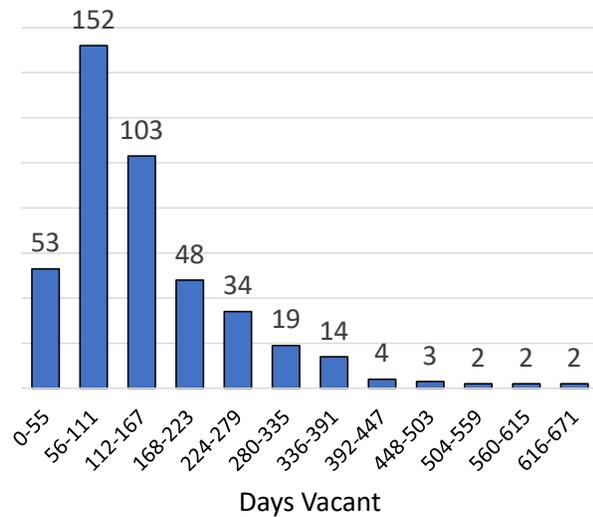


Source: LAC analysis of SCEIS data

We also reviewed the positions that were filled within the timeframe of January 1, 2018 to March 25, 2021 for SNAP workers. The largest group of filled SNAP frontline positions took between 56 to 111 days to fill. From January 1, 2018 to March 25, 2021, it took an average of 146 days to fill SNAP frontline worker positions.

We examined where most of the outstanding vacant positions are located. Charleston County, Orangeburg County, and Richland County had the most vacancies. The counties that filled the most positions over the same period were Spartanburg County, Charleston County, and Florence County.

Chart 3.11: Time to Fill SNAP Frontline Worker Positions, January 1, 2018 – March 25, 2021



Source: LAC analysis of SCEIS data

**Food and Nutrition
Service Southeast
Regional Office
Region Websites**

DSS does not make any mention of ES workers on its careers page. We reviewed the websites of the other states in the USDA-FNS Southeast region. Georgia and Alabama list employees who work in what could be considered economic services while Tennessee, North Carolina, and Florida do not. Mississippi mentions a variety of positions but does not specifically mention ES workers. By not highlighting the availability of job positions in the Division of Economic Services, the agency is potentially missing an opportunity to recruit individuals.

Recommendations

-
21. The S.C. Department of Social Services should evaluate the salaries of current SNAP frontline workers and make adjustments to ensure salaries are competitive.
 22. The S.C. Department of Social Services should evaluate strategies for improving the participation rate for exit interviews.
 23. The S.C. Department of Social Services should determine why positions for SNAP frontline employees have remained unfilled and implement procedures to remedy the situation.
 24. The S.C. Department of Social Services should highlight job opportunities in the Division of Economic Services on the agency website.

Training for SNAP Frontline Workers

We reviewed training for frontline Economic Services (ES) workers in county offices processing SNAP applications and recertifications and found that DSS has not:

- Formalized training policies for most of the required training for ES workers.
- Established a time frame for completing ES basic training.
- Tracked the time for newly-hired employees from date of hire to the date of enrollment in ES basic training.
- Formalized a minimum test score to determine the effectiveness of the training program at UofSC.
- Retested or retrained to ensure that employees understand the material before beginning their job duties.
- Required online courses to be completed before an employee begins their job duties.
- Reviewed test score data to ensure the effectiveness of the current training program.
- Housed its own training data or tracked training data by employee identification number.

Overview of Training

When hired into a SNAP frontline worker position, an employee is expected to attend a ten-day ES basic training provided by the University of South Carolina (UofSC) Center for Child and Family Studies (CCFS) held in Columbia, South Carolina. The curriculum is created by the instructional design and production (IDP) team at UofSC CCFS. IDP works with internal and external subject matter experts to design, write, and produce training materials. The training addresses issues identified through supervisory, quality assurance, management evaluation, and federal reviews; to deliver training on new and changed policy and procedures. In addition to this ten-day basic training, frontline employees are expected to complete 24 online courses.

DSS is currently in the process of transitioning training for ES workers from UofSC CCFS to in-house. According to agency officials, this transition will allow the agency to update curriculum faster in response to changing administrative directives, be more cost effective, as well as allow new hires to understand the agency's culture because they will be trained by agency staff. Training was originally done in-house but was contracted out to UofSC CCFS as the result of a reduction in force.

Funding for ES workers to attend training provided by UofSC CCFS is currently paid with 60% Temporary Aid for Needy Families funding and 40% SNAP State Administrative Expense funding. The net cost of training has significantly increased from FY 16-17 to FY 19-20. Table 3.12 shows the increased net payments to UofSC by the agency.

**Table 3.12 Net Cost for Training,
FFY 16-17 – FFY 19-20**

FFY	NET COST
16-17	\$672,441
17-18	\$808,013
18-19	\$987,872
19-20	\$1,002,261

Source: LAC analysis of DSS data

The agency estimates it costs between \$5,000 to \$7,000 to send each employee to training. The agency has conducted an analysis and found that it would save the agency approximately \$159,000 by moving the training in-house. Much of the savings comes from the current expenses included in the contract, such as travel and related costs for DSS staff. Most of these costs should be eliminated under the regional training structure the agency is implementing.

Lack of Training Policies

Currently, DSS does not have a policy manual outlining all required trainings and time frames for the completion of trainings for new frontline SNAP workers. Only 1 of 24 training courses had a documented policy on the curricula requirement and the time frame to complete the training. This training pertained to information technology. Where there is no clearly defined and easily accessible policy document, the risk of confusion about what training is required and the time frame within which to complete it could be needlessly high.

Tracking the Time Between Hire and Training Completion Dates

DSS does not track the time frame between the date of hire and the date the employee completes basic training. We received reports that employees were being hired and were not attending training for four months. We documented circumstances where employees were hired but did not attend ES basic training for over one year. This might have resulted from the absence of a tracking system.

One agency official stated that delays could result from training sessions being generally capped at 24 seats per session. However, from FFY 14-15 and FFY 18-19, there was only one training class that exceeded the limit of 24 employees. By not tracking the time frame between the date of hire and the start of training, valuable time and money could be wasted on employees who are unable to process applications.

No Minimum Test Score Requirement

DSS has not established a minimum test score that newly-hired ES workers must earn on their exams prior to beginning work. During the ten-day basic training, employees must complete an exam on keying information into the CHIP system. According to an agency official, a score of 85 is the informal minimal test score. During our audit, DSS informed us that it intends to change this policy to include additional training or retesting when a score below 85 is received by an employee. Table 3.13 shows the CHIP test scores that scored less than an 85 from FFY 14-15 to FFY 19-20, the average test score has been 95 out of 100.

Table 3.13: Number of CHIP Test Scores Less Than 85, FFY 14-15 – FFY 20-21

FFY	SCORE LESS THAN 85	TOTAL EXAMS TAKEN	PERCENT NOT PASSING*
14-15	15	139	11%
15-16	6	107	6%
16-17	16	132	12%
17-18	6	115	5%
18-19	10	187	5%
19-20	2	42	5%
20-21	2	28	7%

*Percentages are rounded.

Source: LAC analysis of DSS data

The agency does not provide any additional training or retesting. Despite not passing the exam, employees are expected to assume their roles processing applications. Elsewhere we discuss CHIP and other agency systems used by frontline workers. By not requiring a minimum score, DSS has not ensured that newly-hired employees are adequately prepared to process applications.

Online Courses

DSS does not require its newly-hired ES workers to complete several online training courses that appear to be useful when working with clients and processing cases prior to beginning work. Newly-hired employees are assigned 24 online courses. The only automated report of mandatory training for ES workers is a course on voter registration. Despite this, several of these trainings appear to be necessary to complete before working with clients and processing applications. Examples of these courses include:

- Using an Interpreter, Introduction.
- IRS Safeguards Disclosure Awareness Training.
- DSS Acceptable Use Policy.

By not completing these trainings before beginning work, an employee could be unprepared for situations involved in processing SNAP applications; therefore, providing a lower level of service to SNAP clients.

Lack of Monitoring

DSS does not monitor employees' basic training test scores. Test score data is sent only to the employee's direct supervisor and is not reviewed by the state office. As such, the agency cannot measure the effectiveness of the training or adequately oversee the training that is provided by UofSC. During our audit, an agency official began reviewing this data.

Issues with Data Records

UofSC currently stores DSS training test score data. When requesting training data, the agency took two weeks to respond to the request. This was a result of recording employee test score data by name or nickname, not a unique identifier. DSS does not store employee training data by their personnel numbers. We found that not all personnel numbers were listed on a report of new hires and identification was further complicated by some training participants using nicknames instead of the name that appears on the employee report. By DSS not housing its own data, it can result in a lack of oversight on record keeping practices.

The agency intends on changing its protocols to request that the name of employee on the employee records be used on registration and include a space for employee's personnel number. As a result of not storing the test score data, the agency has been unable to ensure that data is stored accurately.

Recommendations

25. The S.C. Department of Social Services should create and maintain a policy manual clearly outlining what trainings are required for a new hire to complete.
26. The S.C. Department of Social Services should evaluate and set a time frame for the completion of Economic Services Basic Training.
27. The S.C. Department of Social Services should formalize a required minimum test score for the test provided during Economic Services Basic Training and follow up with additional training and testing if the minimum score is not achieved by newly-hired employees.
28. The S.C. Department of Social Services should create a system to ensure employees are attending basic training within a reasonable time frame from their hire date.
29. The S.C. Department of Social Services should reevaluate whether online courses relevant to processing SNAP applications should be completed prior to beginning work.
30. The S.C. Department of Social Services should reevaluate the completion of online courses relevant to processing SNAP applications.
31. The S.C. Department of Social Services should ensure the agency stores the test score data for new frontline workers following each training class.
32. The S.C. Department of Social Services should ensure senior management reviews the test score data for new frontline workers to evaluate the effectiveness of training curriculum.
33. The S.C. Department of Social Services should store and track training records by employee identification number.

Timeliness in Application Processing and Antiquated System

While DSS collects data on the amount of time taken to process an initial SNAP benefit application, the agency is unable to demonstrate how it has used timeliness reports to improve agency performance. Low timeliness rates impact families who struggle to put food on the table while their SNAP applications linger in the state system. FNS requires SNAP applications be processed within 30 days or, in the case of expedited applications, 7 days.

From the Client History Information Profile (CHIP) system, DSS generates a monthly timeliness report that goes to SNAP county supervisors, county directors, and state office staff. It is a detailed report that contains data which shows the timeliness of processing applications each month by employee. The timeliness rate is calculated by dividing the number of applications approved timely by the total number of applications approved, then multiplying by 100 to return a percent.

The data system used to process SNAP applications is antiquated and cumbersome to use. As a result, monitoring data produced from this system remains difficult and prohibitive for easy analysis over a period of time.

Timeliness Report

DSS collects this data because it is a measure that ensures people are not waiting too long for benefits to be issued and is required by federal guidelines. However, DSS was unable to provide any examples of using timeliness data to make management decisions. For example, this data could be used to evaluate staffing levels, the effectiveness of training, and employee performance. The goal for each worker is 95% or higher each month. The goal for the state agency is the same. In other words, 95% of the applications should be completely processed within 30 days. Despite the importance of this measure, the current report sent to county and state level officials is approximately 1,300 pages each month. While the agency does convert the timeliness report into a condensed MS Word® document, the process is performed manually, which may allow errors to occur. Additionally, an MS Word® document does not allow for analysis. As a result, this metric is unsuitable to be used to make data driven decisions.

Timeliness Correlation

We received one-year’s worth of timeliness data from DSS to determine whether experienced workers were more likely than less experienced colleagues to meet the timeliness standard. We found minimal correlation between timeliness and years of experience.

Timeliness for FFY 19-20

We analyzed counties’ timeliness rates for FFY 19-20. The agency average timeliness rate was 85%. Only two counties met the prescribed 95% timeliness rate as seen in Table 3.14.

Table 3.14: Average Timeliness Rate for FFY 19-20

NUMBER OF COUNTIES	AVERAGE TIMELINESS RATE
2	95% – 100%
11	89% – 94%
17	83% – 88%
15	77% – 82%
1	71% – 76%
AVERAGE	85%

Source: LAC analysis of DSS data

Timeliness and Staffing Levels

We reviewed timeliness in relation to the total number of applications each employee processed per year, as well as per month. The workflow used to process applications has changed several times over the last five years. Before the COVID-19 pandemic, workflow was divided across the state into three categories—expedited centers, interview centers, and maintenance centers. As reflected in Table 3.15, we observed an increase every year in the number of applications per worker. In April 2020, with federal approval during the COVID-19 pandemic, DSS suspended most interviews with applicants, a customary part of the application process. During the COVID-19 pandemic, the agency equalized the workflow across workers.

Table 3.15: Timeliness Rates and Staffing Levels, FFY 16-17 – FFY 19-20

FFY	STAFFING LEVEL	TIMELINESS RATE	APPLICATIONS		
			SNAP	PER WORKER	PER MONTH
16-17	502	92%	263,219	524	44
17-18	447	90%	242,223	542	45
18-19	395	85%	232,098	588	49
19-20	378	85%	292,140	773	64

Note: Number are rounded.

Source: LAC analysis of DSS data

We ran a correlation between staffing levels and timeliness, excluding FFY 19-20 because of the waivers provided during the pandemic and changes in workflow. We found a high correlation between the decreasing level of staff and the decreasing timeliness rates. While correlation does not equate to causation, one could infer the number of employees processing applications plays a part in the timeliness rate.

U.S. Department of Agriculture Food and Nutrition Services Study on SNAP Application Processing Timeliness Rates

We reviewed a study conducted by USDA-FNS on program components and practices that influence SNAP application processing timeliness rates. USDA-FNS found that some states used strategies to prioritize timeliness including:

- Establishing clear performance targets.
- Holding workers accountable for overdue cases in workers’ performance reviews.
- Training staff about new application processing procedures.
- Monitoring timeliness weekly or monthly.

Additionally, the study found states reported that modernization initiatives could improve timeliness rates. While DSS currently practices these strategies as part of its management protocol, the agency should continue to use these strategies to improve timeliness.

Client History Information Profile (CHIP) System

When requesting data from DSS, we encountered a problem in accessing timeliness data in a workable format for analysis. CHIP is a mainframe system and has been used by DSS since 1989. The agency reports that it had to hire retired employees to maintain this system. Currently, the agency is in the process of developing a Request for Proposal (RFP) to replace this system. The agency estimates it will take 24 months before it can issue an RFP. The CHIP system tracks employee information by a different identification number from other information systems, a practice which results from limitations and prioritization of the agency's information technology systems. This leads to high levels of difficulty in monitoring and analyzing data.

Recommendations

34. The S.C. Department of Social Services should use timeliness data as a metric to make data-driven management decisions.
35. The S.C. Department of Social Services should investigate why the agency is not meeting timeliness standards as outlined by the U.S. Department of Agriculture Food and Nutrition Service.
36. The S.C. Department of Social Services should continue to practice strategies emphasized by the U.S. Department of Agriculture Food and Nutrition Service to improve timeliness as a part of the agency's management protocol.
37. The S.C. Department of Social Services should complete the Request for Proposal process and proceed with replacing the Client History Information Profile System.

Performance Coaching

Within DSS Division of ES, performance coaches provide trainings to the ES workers. We reviewed the performance coach program, and found DSS:

- Does not maintain performance coach data in a consolidated, electronic format. Gathering data for review was a time-consuming, manual process.
- Does not catalogue performance coaching data for each employee by a unique identifier, such as an employee personnel number, a practice that could result in recording errors.
- Has not established criteria for referring employees to a performance coach.
- Does not evaluate or maintain performance measures to determine success or effectiveness of the performance coaching sessions.
- Offers most performance coaching sessions for new hire basic training or in response to management evaluations.
- Did not increase employees' timeliness numbers to the federally mandated level after receiving performance coaching.
- Does not allow performance coaches to follow-up with an employee after training to ensure effectiveness or improvement.

Overview of Performance Coaching

Performance coaching at DSS is synonymous with training. All newly-hired ES employees receive basic training from performance coaches in addition to basic training conducted by UofSC. The need for additional performance coach assistance is determined by county management, ES senior consultants, and the employee's supervisor. There are no set criteria for referring an employee to a performance coach; referrals are based on management perception or interpretation of an employee's performance. Performance coaching is requested for employees who have frequent case processing errors, other process deficiencies, such as the number of interviews completed daily, and/or those who fail to meet timeliness requirements.

Each coaching session is different based on individual needs. Prior to conducting a coaching session, performance coaches observe and assess the employee to ensure all necessary training is provided. Performance coaching sessions are also conducted as a corrective action as a result of a state management evaluation (ME) review.

After an employee has received performance coaching, the employee's supervisor is responsible for monitoring improvement in processing and handling workload. It is not common for performance coaches to train an employee on the same topic more than once. After an employee has received assistance from a performance coach, the employee's supervisor is responsible for determining if a follow-up is necessary. It is up to an employee's supervisor and county director to take further action or disciplinary measures, if needed, after an employee has worked with a performance coach.

DSS does not track the effectiveness of performance coaching sessions. County management is responsible for reviewing data to ensure a worker has retained information learned from a performance coaching session. After a performance coaching session, improvement would be reflected in reports and case accuracy, but county management is responsible for ensuring that employees maintain improved performance.

There are eight performance coaches located regionally, in various county offices. They travel to the county office of the employee receiving the training. Performance coaches are assigned based on a rotation or availability. Two performance coaches are specifically assigned to administrative staff trainings. From FFY 15-16 to FFY 19-20, performance coaching sessions were conducted by 16 DSS employees. Since March 2020, performance coaches have provided training via MS Teams®, and no in-person training has been offered for safety reasons. Performance coaches plan to continue conducting trainings virtually until instructed to do otherwise. From March 2020 through August 2020, performance coaches also assisted with processing the influx of new SNAP cases.

We analyzed the number of days between a request for training and the training occurring for FFY 15-16 to FFY 19-20. Trainings occurred within one month of the date of the request, ranging from 30 to 40 days. According to a DSS official, performance coaches observe and assess workers prior to providing training assistance by reviewing data showing deficiencies in accuracy and/or processing timeliness.

Maintenance of Data

DSS' performance coach data is not maintained in a consolidated, electronic format, such as an MS Excel® spreadsheet. Performance coach data is stored in MS SharePoint®, Outlook®, and Teams®. The request for and recap of every performance coaching session is maintained in hard copy. As a result, in order to provide information for this audit, DSS had to manually review every document and enter the employee names, dates of trainings, dates of requests, and type of training, among other fields, into a spreadsheet.

The performance coach data does not include the employee personnel number. Typos in the manually-entered data, or nicknames, could result in mismatched or missing training entries. Using the employee personnel number, DSS would be able to more accurately track all trainings provided to each employee. During the course of our audit, DSS officials announced the agency is considering options for tracking agency training data electronically.

Types of Performance Coaching

There are eight types of performance coaching sessions.

ME RESPONSE—Trainings conducted based on findings from MEs conducted by state ME reviewers.

NEW HIRE BASIC—Overview trainings provided to newly-hired ES employees.

NEW HIRE FOLLOW-UP—Additional training for new hires, when needed.

OBSERVATION & ASSISTANCE—Trainings where a performance coach observes and assists the worker as deficiencies arise.

PERFORMANCE ASSISTANCE—One-on-one trainings requested by an employee's supervisor to address pre-identified performance issues.

REFRESHER—Group trainings as a reminder to staff regarding policies and procedures.

SUPERVISORY DUTIES—Trainings provided to newly-hired/promoted supervisors.

SYSTEMS—Trainings focused on maneuvering in agency information systems.

We reviewed performance coaching sessions conducted for FFY 15-16 through FFY 19-20 to determine the topics covered in the coaching sessions. Table 3.16 shows the number of employees served by each performance coaching type, for each federal fiscal year.

Table 3.16 Number of Employees Served by Performance Coaching Sessions, FFY 15-16 – FFY 19-20

	15-16	16-17	17-18	18-19	19-20	TOTAL
ME Response	31	108	17	192	38	386
New Hire Basic	48	121	87	170	140	566
New Hire Follow-Up	4	30	10	12	1	57
Observation & Assistance	7	23	11	22		63
Performance Assistance	9	17	9	16	5	56
Refresher	25	110	70	54	53	312
Supervisory Duties	4	9	2	4		19
Information Systems	3	3	2			8
TOTAL	131	421	208	470	237	1,467

Source: LAC analysis of DSS data

Over the five FFYs, most performance coaching trainings were for new hire basic training sessions. New hire basic training is when performance coaches assist with the application of what is learned in the UofSC training, policies, and procedures, and address any unclear information along with providing hands-on and monitored case processing. With new hire basic training, the performance coach guides workers through performing actual work and processing cases.

According to a DSS official, DSS is planning to assume responsibility for all ES training materials and curriculum, including what is currently provided by UofSC, and have all ES training conducted in-house. DSS hopes that by having all trainings conducted in-house, the agency will be able to improve its ability to track and document the training each employee has completed.

The second most common performance coaching training is in response to the ME conducted by state ME reviewers. There is a large increase in the number of employees served by ME response trainings in FFY 16-17 and FFY 18-19 that cannot be explained simply. According to a DSS official, MEs are conducted at the county level, on a recurring basis based on county size. However, counties are not required to request a performance coach to assist with findings in an ME; and county management may choose to train employees without the use of performance coaches.

We also reviewed the number of unique training days for each training type. Table 3.17 shows how many employees were served by performance coaches and the unique number of training days for each training type, for all FFYs, combined.

Table 3.17: Number of Training Days, by Training Type, as of September 30, 2020

TYPE OF TRAINING	NUMBER OF	
	UNIQUE DAYS	EMPLOYEES SERVED
ME Response	31	386
New Hire Basic	222	566
New Hire Follow-Up	37	57
Observation & Assistance	52	63
Performance Assistance	41	56
Refresher	63	63
Supervisory Duties	17	19
Information Systems	4	8

Source: LAC analysis of DSS data

In comparison to the total employees served for each training type, the number of unique days is significantly lower for most training types. Most trainings provided were conducted in a group setting. Employee specific trainings, such as observation and assistance, performance assistance, and supervisory duties were generally conducted in one-on-one settings.

No Referral Criteria

There are no set criteria for referring an employee to a performance coach for assistance. The “request” form for a performance coach has check boxes for type of training needed, open-ended sections for additional details, and is left up to the employee’s supervisor to complete. One-on-one performance assistance sessions are not common and there are no specific criteria for someone to be referred to performance coaches for assistance. One-on-one performance assistance can only be requested by a worker’s supervisor. A supervisor will complete a request form, indicating the specific problem areas and the type of training requested. Without set criteria, training needs or under-performing workers may not be identified and addressed timely.

Content of Performance Assistance Sessions

We reviewed the “request” and “recap” documents for the five performance assistance sessions conducted in FFY 19-20 to determine the content and result of each session. We found that none of these documents contained measures on the effectiveness of these sessions.

The “request” document is completed by the employee’s supervisor and sent to the performance coaching section. The “request” includes what type of training the employee needs, why they need the requested training, and when they were hired by DSS. The “recap” document for each training details what was reviewed with the employee during the session and any observations and/or recommendations the performance coach has made, as a result.

Of the five performance assistance sessions reviewed:

- Five included a review of managing the caseload and organizing the work items to ensure they are completed timely.
- Four included a review of procedures for processing expedited SNAP cases.
- Three included a review of able-bodied adults without dependents information; and coding information in the various systems.
- Two included notes that the employee provided excellent customer service, and one of the two noted the employee should continue to work on improving and gaining a better understanding of their assigned duties.
- Two included notes that the employee had a hard time retaining the information from the session.

None of these, however, measure the effectiveness of a performance coaching session. Without such measures, it is unclear whether these sessions are beneficial.

Performance Coaching Measures

There are no established measurements or criteria used to determine effectiveness of a performance coaching session. A DSS official stated effectiveness is typically determined from improvements in timeliness, workload numbers, and case accuracy. However, according to a DSS official, the effectiveness of coaching sessions is not tracked, because performance coaches do not control the outcome of the trainings.

The employee's supervisor or county director is responsible for monitoring and tracking improvements in timeliness rates, reduction in case errors, and/or ability to manage caseloads after receiving coaching. The employee's supervisor or county director is responsible for reviewing data and ensuring the worker is retaining the information and maintaining improved performance. DSS does not authorize performance coaches to determine when further actions are taken after coaching workers. Further action is determined by the employee's supervisor or county director.

It is not DSS' practice for performance coaches to conduct follow-ups with the employees unless the need for more training is obvious during the session. Allowing performance coaches to provide regular feedback to coached employees will likely foster relationships and, in turn, a more effective coaching program.

Effectiveness of Performance Assistance Sessions

To evaluate the effectiveness of performance assistance sessions, we reviewed the timeliness report for each of the employees who received one-on-one performance assistance in FFY 19-20. Timeliness is defined as SNAP cases being processed within 30 days of receipt or 7 days of receipt for expedited cases. FNS considers employees processing at least 95% of cases timely as acceptable performance. Table 3.18 shows the timeliness percentages for a few months prior to, the month of, and a few months after performance assistance for the five employees who received one-on-one performance assistance sessions.

Table 3.18: Timeliness Rate for Employees Before and After Performance Assistance Sessions, FFY 19-20

	EMPLOYEE				
	1	2	3	4	5
Three months prior	84%	84%	**	85%	70%
Two months prior	82%	83%	**	97%	100%
One month prior	77%	77%	91%	78%	82%
MONTH OF TRAINING	76%	76%	83%	72%	86%
One month after	98%	82%	85%	86%	100%
Two months after	93%	92%	92%	*	100%
Three months after	96%	50%	91%	*	92%

Note: Percentages rounded to nearest whole percent.

*This data was outside the scope of the review.

**This data was unavailable.

Source: DSS

Performance coaching sessions temporarily increased timeliness percentages for all employees after attending a performance coaching session. However, the timeliness percentages are still below the federally mandated 95% for most of the employees. From this data, performance coaching is inadequate in addressing the federal timeliness issue. With only five performance assistance sessions in FFY 19-20, it is hard to determine if these results are indicative of an inadequate performance assistance program.

Effective Use of Performance Coaching

Research conducted in 2014 found that organizations with excellent cultural support for coaching have a 75 percent higher rating for talent management results than those with no or weak support for coaching. For the biggest organizational impact, research suggests coaching be used liberally, more frequently and with more employees. Currently, performance coaches are only used when a supervisor requests them for an employee. Using performance coaches more frequently and widespread could increase productivity, accuracy, and timeliness.

Research also suggests performance coaches should conduct monthly sessions with employees and provide actionable feedback. Performance coaches are responsible for observing employee behavior and results and providing continuous feedback on performance. After coaching, the employee's supervisor or county director should reinforce positive progress and develop alternative action plans when the process is not going well. A successful coaching program requires effectively managing, tracking, and measuring progress. Wide-scale coaching programs require regular administrative oversight to ensure effective management.

At DSS, after a coaching session, the employee's supervisor or county director is responsible for assessing improvement. The performance coach does not follow-up or have the opportunity to provide feedback to the employee. Effective coaching hinges on a strong relationship based on respect and trust between the coach and the employee. If the performance coach could provide regular feedback, a relationship would be developed allowing for a more effective coaching program.

Additionally, the coach would be able to utilize successes and accomplishments to foster a collaborative partnership with the employee. Sharing success stories is the most effective way of motivating and inspiring others. Success stories also help expand the program reach, ensure leadership commitment, and strengthen the reputation of the coaching program.

Recommendations

38. The S.C. Department of Social Services should maintain performance coach data in a consolidated, electronic format.
39. The S.C. Department of Social Services should maintain performance coach data by employee personnel number.
40. The S.C. Department of Social Services should develop criteria for requesting a performance coach for an employee.
41. The S.C. Department of Social Services should develop criteria for determining the success and effectiveness of performance coaching sessions.
42. The S.C. Department of Social Services should develop criteria for determining effectiveness and performance improvement after coaching sessions.
43. The S.C. Department of Social Services should develop a system to conduct recurring sessions with employees to increase employee productivity, accuracy, and timeliness.
44. The S.C. Department of Social Services should have performance coaches conduct follow-ups with employees and provide feedback after coaching sessions.
45. The S.C. Department of Social Services should utilize performance coaches to determine employee improvement and success after coaching sessions and provide feedback to the employee.

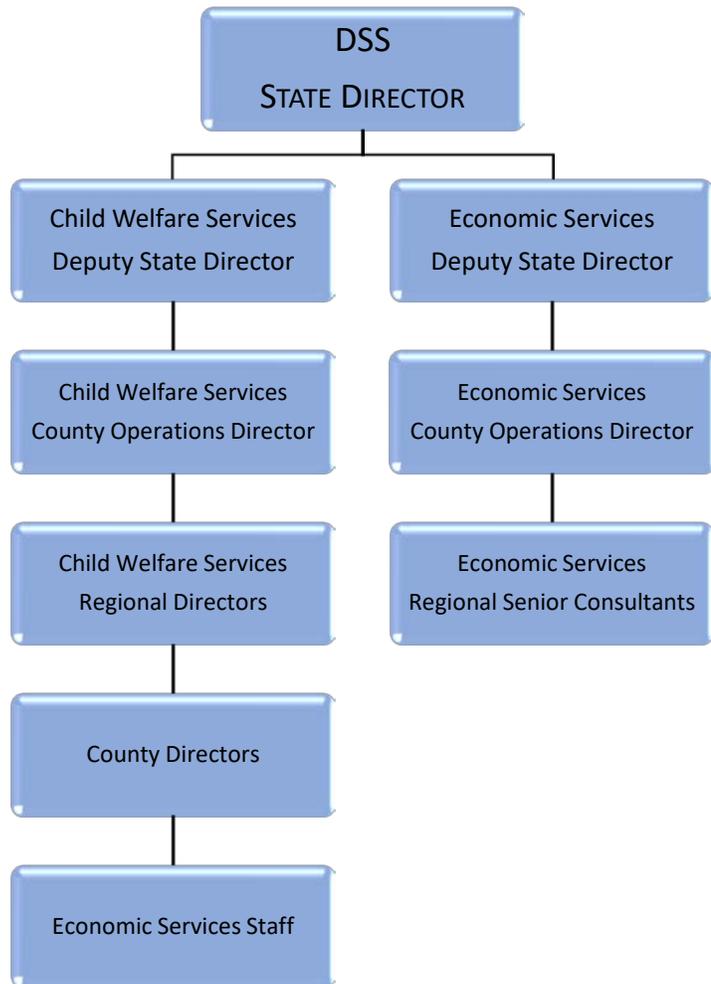
Organizational Structure of Economic Services

We reviewed the organizational structure of DSS' economic services (ES) division and found:

- The deputy state director of ES is responsible for, but does not have any authority over, the employees processing ES cases.
- All ES employees report up the chain of command for the child welfare services division rather than the ES division.
- County directors are not always responsive to addressing issues with ES.
- County directors spend the majority of their time focused on child welfare rather than ES.
- County directors have limited, to no, experience working with ES prior to taking the director position.
- DSS is planning to change the structure of ES to report through the deputy state director of ES.

We reviewed the organizational structure and chain of command in the division of ES from the state office down to the counties using organizational charts provided by DSS. SNAP eligibility workers report through supervisors up to the deputy state director of child welfare services rather than the deputy state director of ES. The Chart 3.19 shows the reporting structure of all ES employees.

Chart 3.19: ES Employee Reporting Structure as of March 5, 2021



Source: DSS

ES staff and their duties include:

CLERICAL WORKERS

Register SNAP applications, recertifications, and changes, and assign them to eligibility workers; answer phones; process mail and faxes; and assist walk-in clients.

ELIGIBILITY WORKERS

Approve/deny applications; conduct eligibility interviews; send notices; and process renewals, alerts, and changes.

SUPERVISORS

Directly supervise eligibility workers; conduct case reviews and monitor workload of eligibility workers; and assist with case processing.

PROGRAM COORDINATORS

Supervise frontline supervisors; complete case reviews on eligibility workers and supervisors; monitor management reports; and assist in resolving client complaints.

The county directors have direct authority over all ES staff members and all child welfare services staff members. The county directors report directly to the child welfare services' regional directors with no formal reporting obligation to ES management.

The ES regional senior consultants provide technical assistance and policy guidance to ES staff in their assigned counties; utilizes performance management reports to identify underperforming staff and challenges; develop improvement strategies; and conduct program accountability visits in each county office in their regions. As shown in Chart 3.19, the ES regional senior consultant does not have any reporting or organizational authority over ES staff.

Prior to 2015, the organizational structure included team leads for child welfare and teams leads for ES, who had equal duties. In 2015, the team leads for child welfare were elevated to regional directors and the county directors were assigned under them; no changes were made to the team leads for ES, other than a title change to regional senior consultants. A DSS official stated this change caused more challenges with enforcing accountability in ES.

According to a DSS official, there have not been any changes to the organizational structure of ES for the past five years. In January 2017 and January 2018, several subsections of ES were consolidated to improve accountability and consistency and strengthen the ties between policy and service delivery. Since the consolidation, DSS has seen improvement with better coordination, consistent service delivery, and alignment with the agency mission.

Problems with the Current Structure

According to a DSS official, the division of ES has limited ability to reallocate resources as needed or hold staff accountable for job performance. With the current structure, a county director is faced with immediate child welfare issues and SNAP issues concurrently, child welfare would take obvious precedence over the other. The DSS official stated SNAP is a large program that needs to be run well with someone in the county offices handling management, supervision, and personnel issues.

According to a DSS official, from a workflow perspective, timeliness percentages and interview center wait times are impacted by a lack of accountability. ES upper management faces pushback from some frontline workers because the workers understand they do not report up that chain of command.

Another DSS official stated any work or assignment given to county directors dealing with ES gets diverted to the ES senior consultant. DSS upper management reminded the county directors that ES was part of their job duties. For example, when COVID-19 started, the eligibility workers' caseload levels were increasing, and timeliness was decreasing. Some county directors were not creating a plan to reduce the caseload levels but relied, instead, on the ES senior consultants to address the issues. However, as previously discussed, the ES senior consultants do not have the authority to hold the staff members accountable.

When an ES senior consultant does identify an issue with an employee, the county director is not always responsive in assisting in correcting the problem. With ES supervisors and program coordinators not directly accountable to ES management, if they are not consistently holding the ES staff members accountable, disciplinary action cannot be initiated by ES management.

We asked DSS officials for examples of disciplinary action that was needed but not initiated. A DSS official stated there is one county with a few experienced workers whose cases are continuously reassigned to other workers because they do not process the same volume of cases. These workers know how to process the cases, so this is not a result of a training issue. However, instead of addressing the performance issues and taking necessary disciplinary action, the supervisor just reassigns the work to other employees. Those supervisors are also not being held accountable for failing to hold their employees to similar standards. Other supervisors identify underperforming workers but, rather than speaking with the employee about staying focused to process the cases, the supervisor helps the employee by processing the cases for them.

Survey of County Directors

To gauge the opinion of the current organizational structure, we surveyed 13 county directors and received 8 responses. Of the remaining five county directors contacted, four did not respond to the request to meet and one did not show up to the meeting. Table 3.20 summarizes the details of the survey responses.

Table 3.20: Summary of County Director Survey Responses

COUNTY DIRECTOR	YEARS OF EXPERIENCE		CHILD WELFARE SERVICES (CWS)		THINK STRUCTURE SHOULD CHANGE
	20+ YEARS AT DSS	ES	HIRED BY CWS	MOST TIME SPENT ON CWS	
1	Yes	<5	YES	YES	YES
2	No	0	YES	YES	YES
3	Yes	0	YES	YES	YES
4	No	0	YES	YES	YES/NO
5	Yes	>5	YES	YES	NO
6	Yes	0	YES	YES	YES
7	Yes	0	YES	YES	NO
8	No	0	YES	YES	NO

Source: LAC analysis of DSS responses

Of the eight county director responses, only two had experience with ES prior to being hired into the county director position. All county directors surveyed were hired by child welfare services management and noted they spend the majority of their time focused on child welfare services.

We asked the county directors their opinions on changing the structure and chain of command for ES employees. Four county directors stated changing the structure of ES would lessen their job responsibilities as the county director and provide the ES staff direct supervision by someone focused solely on their work. Three county directors do not think DSS should change the structure of ES. One county director could see the advantage of changing the structure of ES but did not think the change was fully necessary or beneficial.

Changes to Structure

A DSS official stated changing the organizational structure and chain of command would directly affect only the regional senior consultants, county directors, and program coordinators. All other ES staff would not be affected by a structural change. The regional senior consultants would serve as regional directors and the program coordinators would report directly to them, rather than to the county director. According to a DSS official, to correct the reporting structure, ES would bypass the county directors, so the chain of command does not lead to the director of child welfare services.

According to the DSS official, changing the structure of ES would improve accountability and overall ability to meet federally-mandated performance standards. Addressing the ES structure would result in improvements to timeliness and accuracy, reduce the number of customer service complaints, and decrease call center wait times. Another DSS official stated if restructured correctly, the change would be a long-term help to the staff and clients.

Shifting the organizational structure and chain of command to flow through ES would allow ES direct supervisory authority to include personnel and employee performance related matters, or necessary disciplinary action. A DSS official stated the need for an organizational structure change is about driving overall program performance, maintaining consistency in how services are delivered across the state, and successfully implementing process improvements. Without direct supervisory authority over the staff who deliver the services, it is difficult to accomplish those goals.

During our audit, DSS informed us it is working on a plan to change the organizational structure and chain of command for ES.

Agency Structure in Other States

According to a DSS official, South Carolina is uniquely structured, and no other jurisdiction is set up the same way. Most other states have reporting separations between ES, child welfare services, and adult advocacy programs all the way up to the agency head.

We surveyed seven Southeastern state agencies that administer food and nutrition programs to determine the organizational structure of their ES divisions and received responses from three states. In Tennessee, the SNAP eligibility workers report to the operation director for field services. In Alabama, financial support workers report up through county management. In North Carolina, the food and nutrition program (including SNAP) is administered at the county level.

A 2018 report published by USDA indicates only 10 states share SNAP administration with county agencies. The remaining 40 states, D.C., Virgin Islands, and Guam administer SNAP at the state level. Of the three states who responded to our survey, North Carolina is the only state with county-level administration.

Recommendations

46. The S.C. Department of Social Services should ensure its organizational structure assigns state office staff the authority, commensurate with their responsibilities, over county-level employees administering Economic Services programs.
47. The S.C. Department of Social Services should ensure the leadership of Economic Services staff have Economic Services experience.

Review of CACFP

We reviewed the Child and Adult Care Food Program (CACFP) at S.C. Department of Social Services (DSS) and found:

- For the past five federal fiscal years (FFY), there have been over 300 providers participating in the CACFP, including independent and sponsoring organizations.
- DSS approved 75% of FFY 19-20 CACFP applications within the 30-day timeframe, as required in federal regulations.
- Over the past three FFYs, the number of CACFP facilities has increased from 1,218 to 1,314.
- Every county in South Carolina had at least one CACFP facility in FFY 19-20.
- CACFP monitoring reviews are conducted in accordance with the federal requirement.
- DSS has built-in system validations to ensure the accuracy of CACFP claims for reimbursement.
- DSS successfully implemented corrective actions for the findings of the 2018 federal management evaluation.
- DSS utilizes the United States Department of Agriculture (USDA) national disqualification list to ensure terminated providers do not return to the CACFP.

However, we also found areas to be improved:

- CACFP monitoring reviews are completed and maintained in hardcopy files rather than electronic files.
- DSS does not have a system to track and maintain CACFP complaints.
- DSS does not have a system for CACFP complaints to be submitted.
- DSS does not provide parents and guardians information about how to submit CACFP complaints.

Overview of CACFP

The CACFP is a federal program that reimburses child and adult care operators and group homes for providing meals to eligible children and adults. Eligible participants include:

- Persons from a family meeting the income standards for free school meals.
- Foster children.
- Children covered by Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families, or Food Distribution Program on Indian Reservations (FDPIR) benefits.
- Children in a Head Start program.
- Children receiving temporary housing and meals from an approved emergency shelter.
- Children in an approved at-risk afterschool program.
- Adults covered by SNAP or FDPIR benefits.
- Adults who are Supplemental Security Income or Medicaid participants.

CACFP providers can be independent or sponsoring organizations. Independent organizations are child care centers, at-risk afterschool care centers, emergency shelters, outside-school-hours care centers, or adult care centers which enter into agreements with DSS to assume final administrative and financial responsibility for CACFP operations. Sponsoring organizations are public or nonprofit private organizations that are entirely responsible for the administration of the CACFP in any combination of child care centers, emergency shelters, at-risk afterschool care centers, outside-school-hours care centers, adult day care centers, and day care homes.

To participate in the CACFP, new providers must submit an application to DSS including, but not limited to, the following information:

- Participant eligibility information.
- Enrollment information.
- Nondiscrimination statement.
- Management plan.
- Budget.
- Documentation of licensing/approval.

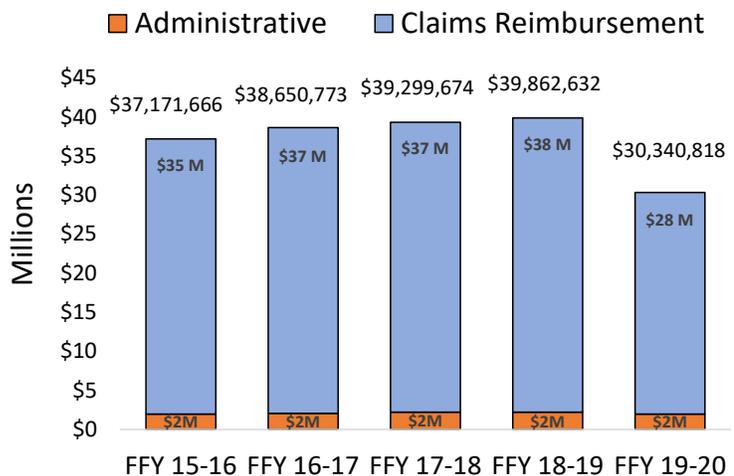
Renewing participants must reapply or submit updates to their application on an annual basis. According to DSS policy, CACFP providers must annually submit updated licensing information and certify that previously submitted information to support eligibility is current.

The policy also states sponsoring organizations must submit a new budget when renewing their participation in the CACFP.

Federal regulations require DSS to notify the provider applying to the CACFP in writing of its approval or disapproval within 30 days of receipt of a complete application. An application is considered complete when all required and acceptable documentation is submitted by the provider. Federal regulations also state DSS must require the approved providers to enter into a permanent agreement governing the rights and responsibilities of each party. Administrative staff monitor the SC CACFP system daily for submission of new applications and assign them to employees for processing.

DSS administers the CACFP within the Division of Economic Services. There are eight employees (with four additional vacancies) who are responsible for general management of the program, including processing CACFP applications and renewals. There are ten employees (with no additional vacancies) who are responsible for conducting monitoring reviews of CACFP providers. We reviewed actual expenditures of the CACFP for FFY 15-16 through FFY 19-20. Chart 4.1 details those expenditures for each FFY.

**Chart 4.1: CACFP
Actual Expenditures,
FFY 15-16 – FFY 19-20**



Source: LAC analysis of DSS data

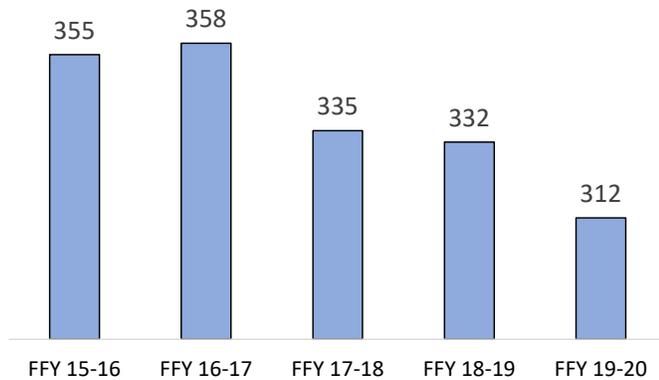
Claims reimbursement comprises the majority of CACFP expenditures. As the program grows, USDA makes additional funds available for DSS to reimburse providers. State administrative expenses utilize approximately \$2 million of the annual funds expended.

CACFP Providers

There are over 300 CACFP providers in South Carolina. Most CACFP providers serve children exclusively. DSS approved 75% of all FFY 19-20 completed applications within the 30-day timeframe, as required by federal regulations and DSS policy.

We reviewed the approved CACFP providers (independent and sponsoring organizations) in South Carolina for FFY 15-16 through FFY 19-20. Chart 4.2 shows how many providers had active agreements for each FFY.

Chart 4.2: Providers With Active Agreements, FFY 15-16 – FFY 19-20



Source: LAC analysis of DSS data

For each year, there were over 300 providers participating in the CACFP. There are seven different types of providers. Table 4.3 shows how many of each provider type participated in the CACFP for each federal fiscal year.

Table 4.3: Participation by Each Provider Type, FFY 15-16 – FFY 19-20

TYPE OF PROVIDER	FFY				
	15-16	16-17	17-18	18-19	19-20
Adult Care Centers	42	43	40	39	38
At-Risk Afterschool Care Centers	63	68	58	57	53
Child Care Centers	237	230	194	195	185
Day Care Homes	10	9	9	9	8
Emergency Shelters	3	8	7	7	5
Head Start Centers	*	*	21	20	20
Outside-School-Hours Care Centers	*	*	6	5	3
TOTAL	355	358	335	332	312

* These provider types were included in child care centers.

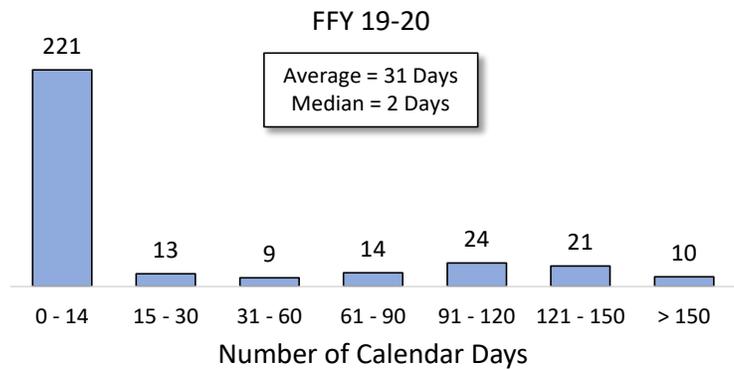
Source: LAC analysis of DSS data

Child care centers comprise the majority of the CACFP providers. For all years reviewed, adult care centers constituted approximately 12% of the participating providers.

DSS uses the SC CACFP web-based information system with its built-in checklist for processing applications. CACFP applications undergo two reviews by two different staff members before approval. The first review includes requesting additional documentation, if needed, and, upon receipt and approval, the application undergoes a second review before the final approval is sent to the provider. According to DSS policy, application packages must be reviewed, and additional information requested, if necessary, within 15 days. DSS policy and 7 CFR 226.6 require completed applications be reviewed and the provider notified of its approval/disapproval status within 30 calendar days.

To determine if DSS was in compliance with federal requirements, we reviewed the number of days to approve completed applications submitted in FFY 19-20. Chart 4.4 shows the number of completed applications approved in each range of calendar days.

Chart 4.4: Applications Completed and Approved, FFY 19-20



Source: LAC analysis of DSS data

DSS approved 75% of all FFY 19-20 CACFP applications within 30 days of receipt of a complete application. The average number of calendar days to approve an application in FFY 19-20 was 31 days, but the median number of calendar days to approve an application in FFY 19-20 was 2 days.

CACFP Facilities

CACFP providers can be either an independent facility or a member of a sponsoring organization. A sponsoring organization can have many facilities under them. Only one application is required from a sponsoring provider to receive approval for all its facilities. Due to limitations in the CACFP legacy system used in FFY 15-16 and FFY 16-17, Table 4.5 shows the number of participating facilities for FFY 17-18 through FFY 19-20.

Table 4.5: Participating CACFP Facilities, FFY 17-18 – FFY 19-20

	FFY 17-18	FFY 18-19	FFY 19-20
Adult Care	72	74	77
At-Risk Afterschool	378	373	372
Child Care	269	282	278
Daycare Home	344	392	432
Emergency Shelter	8	8	6
Head Start	139	140	143
Outside-School-Hours	8	7	6
TOTAL	1,218	1,276	1,314

Source: LAC analysis of DSS data

Most approved facilities are at-risk afterschool care and daycare homes. Overall, the number of approved facilities has increased over the fiscal years reviewed.

Map 4.6 shows the number of total facilities and number of each type of facility in each county for FFY 19-20.

Map 4.6: CACFP Facilities by County



Type of Facility	Abbeville	Aiken	Allendale	Anderson	Bamberg	Barnwell	Beaufort	Berkeley	Calhoun	Charleston	Cherokee	Chester	Chesterfield	Clarendon	Colleton	Darlington	Dillon	Dorchester	Edgefield	Fairfield	Florence	Georgetown	Greenville	Greenwood	Hampton	Horry	Jasper	Kershaw	Lancaster	Laurens	Lee	Lexington	Marion	Marlboro	McCormick	Newberry	Oconee	Orangeburg	Pickens	Richland	Saluda	Spartanburg	Sumter	Union	Williamsburg	York	TOTAL
Adult Care Center	1		1	2			1	2		2	1	1	2	2		1				2	4	2	3	3		5		1	1	2	1	9	2	1			1	2	1	6	1	5	3	3	5	77	
At-Risk Afterschool Program	2	17		10			17	2	62	5			5	8	1	1	5	1		28	3	26	19	1	1	2	1				13	2				7	1	7	57	33	13	1	7	14	372		
Child Care Center		9	1	4	1	1	6	11		21	4				2	1	2	7	1	2	8	8	23	4	1	21	1	4	3	3		14	7			4	1	6	6	45	20	14	1	4	7	278	
Child Care Home	3	4		10			19	18		18	3	6	3	9	11	11	14	10	4	6	62	12	20	2	2	12	8	2		1	2	13	11	7			5	7	6	45	1	9	15	2	22	17	432
Emergency Shelter		1					1																									1													6		
Head Start	1	4	1	5	3	3	6		1	11	3	2	4	3	2	3	2		1		9	3	12	2	1	3	3	1		2	1	3	4	2	1	1	1	7	4	5	1	6	8	1	2	5	143
Outside School Hours							2														1																										6
TOTAL	7	35	3	31	4	4	51	32	1	114	15	9	8	19	25	16	20	22	7	10	112	28	84	30	5	42	14	9	4	8	4	53	26	10	1	5	15	23	24	162	3	74	54	5	38	48	1,314

Source: LAC analysis of DSS data

Every county in South Carolina has at least one CACFP facility. The counties with the most CACFP facilities are Richland, Charleston, and Florence with 162 facilities, 114 facilities, and 112 facilities, respectively. The counties with the fewest number of facilities are Calhoun and McCormick, with only one facility in each county.

We reviewed the license capacity of CACFP facilities to determine how many individuals these facilities were able to serve. Table 4.7 shows the license capacity of approved facilities for each FFY.

Table 4.7: License Capacity of Approved Facilities, FFY 17-18 – FFY 19-20

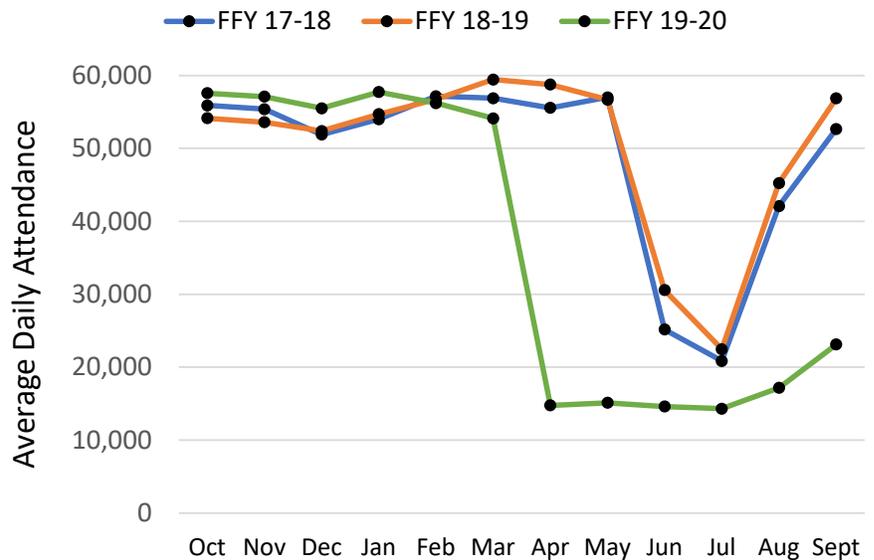
	FFY 17-18	FFY 18-19	FFY 19-20
Adult Care	7,263	7,519	7,678
At-Risk Afterschool	132,988	119,444	115,269
Child Care	30,030	31,903	32,013
Daycare Home	2,455	2,754	2,989
Emergency Shelter	*	330	285
Head Start	16,324	17,156	17,703
Outside-School-Hours	1,050	895	797
TOTAL	190,110	180,001	176,734

* The licensing information for Emergency Shelters in FFY 17-18 was not recorded in the South Carolina CACFP system.

Source: LAC analysis of DSS data

The license capacity of facilities is not indicative of how many individuals the CACFP actually served. Chart 4.8 shows the average daily attendance (ADA), by month, for FFY 17-18 through FFY 19-20.

Chart 4.8: Average Daily Attendance at CACFP Facilities, FFY 17-18 – FFY 19-20



Source: LAC analysis of DSS data

In a regular (non-COVID) fiscal year, such as FFY 18-19, the ADA varied from 22,469 to 59,432 individuals. The lowest attendance is during the summer months because at-risk afterschool facilities do not have programs during the summer months. In the typical school year of September to May, the ADA varied from 52,380 to 59,432 individuals. In FFY 19-20, COVID-19 impacted the ADA from April through September.

Monitoring of CACFP Providers

DSS conducts monitoring reviews of CACFP providers according to federal requirements. Federal regulation 7 CFR 226.6 requires states to monitor all participating institutions to ensure compliance with meal pattern, recordkeeping, and other program requirements. DSS must review at least one-third of all participating institutions annually. When conducting monitoring reviews of sponsoring organizations, DSS must select a sample of facilities to review.

By August 15th of each year, DSS develops the CACFP monitoring workplan of institution reviews to be performed during the upcoming FFY. The workplan is subject to change due to closures/terminations, new sponsoring organizations with five or more facilities, complaints, and special requests. Additionally, factors beyond the control of the monitoring unit could affect the plan. The plan listing the reviews must be completed by September 15th of each FFY. For a review to be considered complete, all fieldwork and the exit conference must be completed by September 30th of the corresponding FFY. The plan must be constantly monitored and adjusted to ensure successful completion.

We examined the monitoring reviews conducted between October 1, 2015 and September 30, 2020. Table 4.9 shows the number of reviews conducted, by federal fiscal year.

**Table 4.9: Monitoring
Reviews Conducted,
FFY 15-16 – FFY 19-20**

FFY	NUMBER OF		% OF PROVIDERS REVIEWED
	PROVIDERS	MONITORING REVIEWS	
15-16	355	107	30%
16-17	358	107	30%
17-18	335	115	34%
18-19	332	119	36%
19-20	312	87*	28%*

* Monitoring reviews for 2020 do not have to be completed until September 30, 2021. DSS plans to conduct 26 more reviews, which will result in 36% of providers reviewed.

Source: LAC analysis of DSS data

In FFY 15-16 and FFY 16-17, DSS did not conduct monitoring reviews of one-third of providers, as required. However, in FFY 17-18 and FFY 18-19, DSS exceeded the required percent of monitoring reviews.

The deadline to complete monitoring reviews for FFY 19-20 was extended to September 30, 2021 due to the COVID-19 pandemic. With the extended deadline for FFY 19-20 monitoring reviews, DSS is on track to exceed the federal monitoring requirement.

In addition to reviewing one-third of providers annually, CACFP participating providers generally must be reviewed at least every three years or within the first three years of participation. We analyzed a randomly-selected sample of FFY 18-19 and FFY 19-20 monitoring reviews that was large enough to ensure a maximum margin of error of ± 10 percentage points at a 95% confidence level. Table 4.10 shows the number of providers in the sample that were reviewed at least every three years or within the first three years of participation.

Table 4.10: Sample Review of Providers, FFY 18-19 – FFY 19-20

FFY	NUMBER OF REVIEWS		
	SAMPLED	LAST 3 YEARS	STARTED PROGRAM IN LAST 3 YEARS
18-19	35	31	4
19-20	33	24	9

Source: LAC analysis of DSS data

All providers in the sample were reviewed within the previous three years or the first three years of participating in the program. Our sample strongly suggests DSS successfully completes monitoring reviews on CACFP providers at least every three years or within the first three years of participation in the program.

DSS utilizes standard questionnaires to monitor CACFP providers. These questionnaires address many aspects of the CACFP, such as: meal pattern requirements, meal counts, enrollment verification, and records maintenance and retention. To ensure DSS is utilizing the standard forms to monitor CACFP providers, we examined the review files of 10% of the monitoring reviews conducted in FFY 18-19. The 12 sample files were randomly selected from the list of all FFY 18-19 monitoring reviews. From our examination of the files, we found that all required documents were utilized and included in the monitoring review files.

The monitoring review forms are completed by hand and DSS maintains the monitoring review files in hardcopy. The monitoring review process would be more efficient if DSS utilized an electronic method of completing and maintaining monitoring review forms. Monitoring reviews are conducted onsite by DSS employees. For FFY 19-20, due to COVID-19, DSS began conducting desk reviews off-site.

Claims Reimbursement

Federal regulation 7 CFR 226.10 requires claims for reimbursement be submitted within 60 days after the end of the claim month. DSS requires all original claims for reimbursement be submitted by the 15th of the month following the claim month. Claims submitted to DSS after the 15th are considered late but will still be paid if submitted within the 60-day claim period dictated by federal regulation.

Providers that submit original claims after the 15th are not in compliance with program requirements and continuous late submissions might result in contract termination. According to a DSS official, 14 providers have been terminated from the CACFP in FFY 15-16 through FFY 19-20, but only 3 providers were terminated due to failing to submit claims.

We contacted a national research organization to request information about other states and their CACFP claims' deadlines. We received information on 13 states. Most of these states utilize the federal standard allowing claims to be submitted up to 60 days after the end of the claim month. Three states have shortened deadlines for submitting claims. Georgia requires submission within 30 days from the end of the claim month but allows 60 days for revised claims. Florida requires electronic claims be submitted within 30 days from the end of the claim month and 60 days for paper claims. Ohio requires submission within 45 days from the end of the claim month.

CACFP claims for reimbursements are received electronically and released for processing daily. Starting FFY 17-18, claims are keyed and submitted by the providers and sponsors according to their contracts. Once submitted to DSS accounts payable, claims are verified, released from review, batched, and sorted into two categories—at-risk and emergency shelters and child and adult care feeding.

The SC CACFP system has 31 built-in validations that determine the accuracy of a claim without having to review physical records from the providers. The validations assess when the claim is submitted, if the provider is allowed to submit claims, if the claim does not exceed pre-determined thresholds, and whether the meal types match the approved meal types.

Table 4.11 summarizes the claims submitted by CACFP providers for each of the last five completed federal fiscal years.

Table 4.11: Claims Submitted by CACFP Providers, FFY 15-16 – FFY19-20

FFY	TOTAL *	MONTHLY CLAIMS			
		AVERAGE		MEDIAN	
		NUMBER	AMOUNT	NUMBER	AMOUNT
15-16	\$35,737,505	304	\$2,978,125	310	\$3,145,264
16-17	\$37,039,317	322	\$3,086,610	332	\$3,265,208
17-18	\$37,668,343	298	\$3,139,029	306	\$3,355,656
18-19	\$38,025,882	291	\$3,168,824	296	\$3,555,196
19-20	\$28,745,077	234	\$2,395,423	254	\$2,107,386

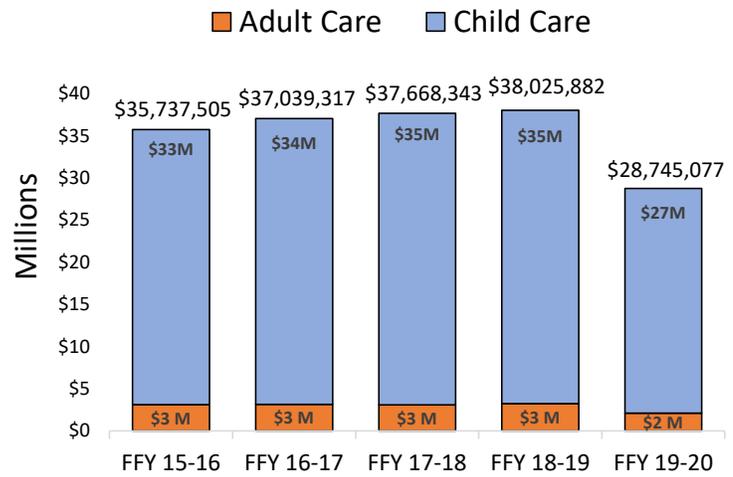
*Numbers are rounded.

Source: LAC analysis of DSS data

In years not affected by COVID-19, CACFP claims for a FFY totaled between \$35 million and \$38 million. In FFY 19-20, with COVID-19 forcing many facilities to close, the CACFP claims totaled less than \$29 million. As shown in Table 4.11, the average number of monthly claims is lower than the median number of monthly claims because at-risk afterschool programs are not in operation during the summer, and, therefore, have no claims to submit.

There are more providers for child care than adult care. Therefore, the amount for child care provider claims is much higher than adult care providers. Chart 4.12 shows the total amount of claims for adult care providers and child care providers for each federal fiscal year.

Chart 4.12: Adult Care and Child Care Provider Claims, FFY 15-16 – FFY 19-20



Source: LAC analysis of DSS data

Complaints Against CACFP Providers

We reviewed DSS' process for handling CACFP complaints and found DSS does not:

- Have a tracking or maintenance system for CACFP complaints.
- Have a system for CACFP complaints to be submitted.
- Provide parents and guardians information about how to submit CACFP complaints.

State agencies are required by 7 CFR 226.6 to promptly investigate complaints received in connection with the operation of the CACFP and to maintain evidence of such investigations.

There are two types of complaints.

PROGRAM COMPLAINT

Alleging violations of CACFP requirements which must be promptly investigated by DSS.

CIVIL RIGHTS COMPLAINT

Alleging discrimination which must be forwarded to the USDA Office of Civil Rights.

According to a DSS official, CACFP complaints can be submitted via paper form, telephone, or email. Complaints submitted via paper are maintained in a manual file for three years past the fiscal year of the complaint; complaints received via email are maintained on the CACFP group drive. According to a CACFP official with DSS, providers are required to provide an informational flyer to parents and guardians. The flyer includes DSS' contact information if the parent or guardian has questions, but the flyer does not specifically mention complaints or how to submit a complaint.

We requested CACFP complaints submitted to DSS between October 1, 2015 and September 30, 2020. A CACFP official at DSS stated there is no system to track and maintain complaints received, but complaints are maintained using email threads. To provide the complaints data, a CACFP official stated DSS would have to create a spreadsheet to respond to the request.

Additionally, the CACFP official stated the current SC CACFP system has a function for complaint tracking but does not capture the information CACFP staff needed. A DSS IT developer has been working on creating a system for CACFP complaint tracking. Due to other priorities, the new system had not yet been finalized and implemented as of May 19, 2021.

In our five-year timeframe, DSS received nine program complaints against CACFP providers. The nine complaints were adjudicated as follows:

- Six complaints were closed the same day as received.
 - Four complaints were referred to licensing for further review.
 - Two complaints were resolved within the provider.
- One complaint was closed after four days and resolved within the provider.
- One complaint was closed after 49 days, a monitoring investigation, and resulted in termination of the provider's program agreement.
- One complaint was against a non-CACFP provider and did not require immediate action.

In our five-year timeframe, DSS did not receive any civil rights complaints against CACFP providers.

Federal Review of DSS' Administration of CACFP

DSS successfully addressed all findings from the 2018 federal management evaluation. A federal review of DSS' administration of the CACFP is conducted approximately every three years. The review, also known as management evaluation, is conducted on-site and announced. The review is based on a sample of information rather than the full population, and the main objective is to determine compliance with federal regulations, policies, laws, contracts, grant agreements, and other requirements applicable to the CACFP.

The most recent management evaluation was completed in 2018 by USDA-FNS Southeast Regional Office. The scope of the review was split into five categories. The review resulted in 14 findings, 2 of which were repeat findings from separate, prior FNS reviews, and 2 noteworthy initiatives.

DSS responded to the 2018 management evaluation with all the applicable policies and trainings FNS indicated were needed as corrective action to the findings.

**Table 4.13: 2018 Management
Evaluation Corrective Action
Findings**

FINDINGS	MANAGEMENT EVALUATION SCOPE CATEGORY
4	Application, Management Plan and Budget Approval, and Renewal Process
4*	Monitoring of Institutions and Oversight of Institution Monitoring Requirements
1	Implementation of Serious Deficiency and Appeals Processes
1	Implementation of the Civil Rights Requirements
4	Local Level Component

* Both repeat findings were in this category, from reviews conducted in FFY 11-12 and FFY 14-15.

Source: LAC analysis of DSS data

The two noteworthy initiatives were for:

- Recognizing providers with a Certificate of Achievement when a monitoring review resulted in no findings.
- Developing and maintaining reports capturing outreach activities to increase participating in the CACFP.

Legal Proceedings

According to a DSS official, the department's most significant litigation involving a food assistance program arose from the CACFP. The case involved a dispute arising from the agency's decision to disqualify a provider from further participation in the CACFP and a dispute over the department's decision to refuse reimbursement claims. DSS terminated the provider from further participation in the CACFP and denied claims for financial reimbursement due to:

- Failure to operate the program in accordance with compliance standards.
- Failure to maintain financial viability.
- Termination from another federally-funded program.

Following an internal hearing which affirmed the agency's decision, the matter was appealed to the Administrative Law Court (ALC). In two separate decisions, the ALC upheld DSS' decision.

The provider was terminated in FFY 18-19 and, per our review of participating providers, has not participated in the program since termination. We asked DSS how the agency ensures the same provider does not return to the program under a different name or with the same owners/operators. According to a DSS official, when new applications are received to participate in the CACFP, DSS checks the USDA national disqualification list to confirm the provider and principals are not included on the list. If found on the list, the application is denied.

Recommendations

48. The S.C. Department of Social Services should ensure it processes all Child and Adult Care Food Program applications within the federally required 30-day timeframe.
49. The S.C. Department of Social Services should implement an electronic method of completing and maintaining Child and Adult Care Food Program monitoring review forms.
50. The S.C. Department of Social Services should amend the information flyer for the Child and Adult Care Food Program to include guidance on submitting complaints against providers.
51. The S.C. Department of Social Services should develop and implement a system for Child and Adult Care Food Program complaints to be submitted.
52. The S.C. Department of Social Services should finalize and implement the Child and Adult Care Food Program Complaint Tracking System.

Claim Referrals, Investigations, and Hearings

We reviewed S.C. Department of Social Services' (DSS) claim referrals, investigations, and hearing processes regarding alleged misuse of benefits and found that:

- DSS is unable to retrieve a list of claims referred for internal investigation in a timely, accurate manner.
- DSS Office of Inspector General (DSS OIG) is unable to retrieve information on claim referrals its office received prior to 2018.
- DSS OIG is unable to provide information on Supplemental Nutrition Assistance Program (SNAP) fraud investigations prior to 2018.
- DSS OIG policies do not specifically account for receiving referrals to DSS OIG from the agency's Benefit Integrity (BI) unit or provide for tracking referrals that do not result in an investigation.
- DSS relies on information systems that do not allow agency officials to track referrals not selected for investigation or claims that result in disqualification hearings in a timely and cost-effective manner.

DSS has been unable to monitor its programs as cost-effectively as it could and incurs additional costs in terms of time and money to process data necessary to respond to basic management questions.

Data Inconsistency

We tried to trace claims of suspected violations of SNAP law and benefit misuse from the BI unit through the criminal investigation phase by DSS OIG, if selected for investigation, and action taken through the hearing process. We were unsuccessful because we could not match case data across all three phases, "referral," "investigation," and "hearing," for the years for which data was available. We requested:

- A list of referrals from the BI unit to DSS OIG.
- Information on monthly, quarterly, and annual reports that purportedly contain information on DSS OIG investigations.
- Information on investigations arising from information received from DSS, including county offices.

We reviewed the process by which claims are referred to DSS OIG for investigation. DSS OIG accepts external SNAP fraud complaint referrals from numerous sources, including the BI unit within DSS.

Claims Referred to DSS Office of Inspector General

Data we received on claims referred from the BI unit to DSS OIG contained duplicates because the information we requested had to be extracted from multiple reports and compiled into a single document.

We requested a roster of claims referred to DSS OIG from 2016–2020. The process for obtaining a roster of claim referrals to DSS OIG involved multiple communications with the BI unit and the submission of two separate lists of claim referrals for the same period. According to a DSS official, compiling a roster of claims referred to DSS OIG required agency staff to extract data from multiple reports. DSS could not provide a roster of referrals for any period without pulling claims, individually, from separate quarterly reports over a five-year period. This process contributed to our receiving a list of referrals with duplicates that had to be resolved before we were able to use the data.

We found that from September 2016 through September 2020, the BI unit referred 523 claims to DSS OIG of alleged program violations in the SNAP program.

According to a DSS official, when claims are referred to DSS OIG, they are sent via e-mail. According to DSS policy, DSS OIG has two years from the date the claim is referred to act on that referral by initiating an investigation or returning the claim to the BI unit for administrative action. According to a DSS official, BI supervisors monitor the status of all referrals to DSS OIG.

An agency official told us that all allegations of misuse of SNAP benefits received by DSS OIG, no matter the source, are forwarded to the BI program for review. A BI specialist investigates the complaint by accumulating documentation to determine if a claim exists and whether it should be referred to DSS OIG for criminal investigation or handled administratively. This process can result in a disqualification hearing.

We asked DSS how to access agency reports of investigations conducted by DSS OIG and whether these reports included investigations arising from referrals from the BI unit. In response, we received aggregated case data on the number of SNAP fraud investigations opened and closed from 2018–2020. DSS told us that data prior to 2018 is unavailable because a case management and tracking system of the unit managing that data crashed due to technical difficulties and could not be retrieved. As of 2018, data on DSS OIG investigations have been entered into a new information system.

DSS OIG SNAP Fraud Cases

According to the aggregated data we received from DSS for the period from September 2018 through September 2020, DSS OIG opened 646 SNAP fraud investigations. Of those 646 investigations, 96 were opened because of information referred to DSS OIG from within the agency. The document on which the aggregated data was reported to us displayed 9 sources of information that led to the 646 cases being opened. The BI unit was not specifically named as a source. However, one of those sources, “internal DSS division/county,” was the source of 96 open investigations. The document we received containing this information was entitled “2019-2020 SNAP Fraud Statistics.” However, the statistics provided on this document covered a two-year period that began September 2018. The aggregated data were organized for two years “9/1-9/19” and “9/19-9/20.” The two-year categories were not mutually exclusive because “9/19” was listed as the end of the first year and the start of the second year.

We then requested information on those 96, to include the claim number, the specific source of the referral from within DSS or county, the nature of the allegation under investigation, the amount of the alleged fraud, and the case status (i.e., whether it was open, closed and, if closed, the disposition).

We received a spreadsheet that included a list of 128 SNAP fraud investigations covering the period September 2018 through September 2020, rather than 96. The spreadsheet contained a list of cases detailing the source, claim number (if available), and the dollar amount of fraud.

Of the 128 investigations, 122 were fraud cases; 6 involved misconduct investigations that were “administratively closed,” a disposition that occurs when the agency decides to forego further investigation or refers the case to federal authorities.

Of the 122 fraud investigations, 17 resulted in arrests. Another 49 were administratively closed, and 21 were “exceptionally” cleared, a disposition that means the case was closed for reasons beyond the control of the investigator such as the death of the alleged offender or refusal by a prosecutor to pursue the case. Sixteen were listed as unfounded, and the rest of the investigations remained open.

Policies and Procedures

DSS OIG provided three policy documents governing intake and assessments of complaints, general investigative procedures, and fraud investigations.

The BI unit is only one source of complaints of alleged fraud and intentional program violations that could result in criminal investigations by DSS OIG. DSS OIG also relies on a hotline and tips from a variety of sources from within and outside the agency.

Complaints of suspected fraud or other intentional program violations that come to the inspector general are reviewed to determine whether the claim is within the jurisdiction of DSS OIG and whether a criminal investigation should be initiated. Factors considered when deciding to accept a referral include:

- The amount and credibility of the evidence.
- The dollar amount involved.
- The age of the referral.
- The egregiousness of the offense.
- Whether some additional type of criminal activity is also involved, such as forgery or identity theft.
- Whether the person involved has been the subject of previous fraud allegations.

The assessment could result in an investigation, referral back to some other division within DSS for management to handle, a referral to another government agency, or a decision to close the matter altogether. The special agent in charge is responsible for monitoring the progress of all investigations that are undertaken.

Tracking Referrals Not Investigated

DSS OIG does not track cases the office declines to investigate. DSS OIG does not retain data on the claims that are not selected for investigation. As a result, DSS OIG and the BI unit are foregoing an opportunity to determine with valid documentation, tracked over time, the reasons for not investigating and whether those reasons include a lack of staff resources, quality of evidence, or some other reason. This approach could be helpful in management decision-making and enhance the claim referral process.

Early in our audit, we were told that DSS OIG does not maintain a record of referrals not accepted for investigation. Referrals not accepted for investigation due to mitigating evidentiary circumstances are returned to the BI program supervisor for administrative review.

When we requested additional information on a sample of those cases, DSS told us that agency policy, based on federal investigative guidelines, prohibited us from examining investigative files.

During our audit, we were informed that DSS OIG had developed a process for tracking referrals from the BI unit that are not selected for investigation. Earlier in our audit, we were informed that DSS OIG does not maintain a database of cases not accepted for investigation. Later, we were informed that DSS OIG has implemented a process for tracking referrals not accepted for criminal investigation and that DSS OIG will maintain a database record of this data. DSS OIG also submitted a form that will be completed by DSS OIG which includes pre-coded options for the reasons for not selecting the referral for investigation but fails to include an option to enter reasons other than those that were pre-coded. Nothing about this tracking form appears in any of DSS OIG's policy and procedure documents.

Administrative Hearing Process

We reviewed the process for fair hearings, which a SNAP applicant or client may request if DSS denies a benefit or alters a client's benefit amount, and administrative disqualification hearings which DSS initiates if the agency believes that a client violated SNAP rules. We found a few errors in the data retrieved from an older information system caused by human error in data entry.

A SNAP client may request a fair hearing if the client is adversely affected by an agency decision regarding SNAP benefits. Hearings arising from Child and Adult Care Food Program might result if DSS denies an application to participate in the program or if DSS denies a provider's reimbursement.

On the other hand, an administrative disqualification hearing might be held when the agency determines that a client has violated SNAP rules and received benefits to which the client was not entitled. The agency notifies the client of that determination and allows the client the opportunity to waive a right to a hearing. If the client refuses to waive that right, a disqualification hearing is held to determine whether the client should be disqualified from receiving future benefits because of an intentional program violation. A SNAP client might have received an overpayment demand letter because the client received SNAP benefits to which the client was not entitled after committing an intentional program violation. That, too, can result in a hearing if the client challenges the amount to be repaid.

DSS was able to provide us with data on the number of hearings from January 2018 through September 2020. A majority of the hearings were administrative disqualification hearings involving fraud and trafficking. In a majority of those cases, the hearing officer upheld the agency's original determination that the client had committed fraud or a trafficking violation.

We encountered data problems when we reviewed the hearing data. We found duplication and miscoded data. While the number of cases was not large, data anomalies indicate problems with data quality. DSS attributed the problems to human error in data entry and, in one case of duplication, the fact that the case was listed on two separate reports because it occurred during a transition period during which the agency was converting to a new information system. With the implementation of a new information system in 2021, DSS believes that the risk of data error can be minimized.

DSS began scanning entire hearing files into a new information system in May 2020. Hearing files for prior years are archived and, while they were available for review, required from two to four days of agency staff time to retrieve. According to DSS, saving case files electronically allows for easier access to hearing files, saves money by eliminating the need to pay outside entities to store hearing files, and provides for data safety and security.

Recommendations

53. The S.C. Department of Social Services should organize and maintain its data on claim referrals, investigations, and hearings to ensure that claims are tracked effectively, and that data can be retrieved timely and cost-effectively.
54. The S.C. Department of Social Services should implement a system for tracking claims that are not investigated.
55. The S.C. Department of Social Services should ensure that this tracking process is specifically provided for in the policies and procedures of the S.C. Department of Social Services Office of Inspector General.
56. The S.C. Department of Social Services should ensure that data on hearings are accurately recorded and retrievable, timely and cost-effectively, so that management can trace the types of cases, basis for appeals, claim amounts, and outcomes.

Agency Comments

Appendix
Agency Comments



HENRY McMASTER, GOVERNOR

MICHAEL LEACH, STATE DIRECTOR

August 5, 2021

Mr. K. Earle Powell, Director
Legislative Audit Council
1331 Elmwood Avenue, Suite 315
Columbia, South Carolina 29201

Dear Mr. Powell:

The Department of Social Services (DSS) appreciates the Legislative Audit Council's (LAC) efforts during the recently completed review of the SNAP and CACFP programs administered by our Economic Services division. With the economic impact of the COVID-19 pandemic, DSS values the review and feedback resulting from this audit, and we commit to leveraging the LAC's observations and recommendations in the most effective manner for the benefit of our employees and for the citizens and businesses of South Carolina that receive assistance under these programs. We appreciate the LAC's acknowledgement in many areas of DSS' efforts to improve various operating areas of our programs that were planned and underway prior to this review being scheduled and were pleased to see many of those previously initiated projects included in the LAC's recommendations. We are appreciative of the opportunity to provide our responses to the findings and recommendations in the report, which are detailed below, organized by chapter of the final report.

Chapter 2: SNAP Benefit Misuse

The purpose of the Benefit Integrity program is to maintain program integrity by providing methods to ensure that federal benefit amounts provided to recipients in the SNAP and TANF Programs are accurate according to federal and state policies, and that misuses of program benefits are detected, prevented and ultimately deterred. DSS agrees with the LAC's recommendations to enhance efforts in preventing, detecting and recovering improper benefit payments. As recognized in the report, on September 30, 2020, South Carolina was one of nine states selected to receive a SNAP Fraud Framework Implementation Grant from the U.S. Department of Agriculture, Food and Nutrition Service (FNS). This two-year grant for approximately \$683,000 has been allocated via a contract awarded to Pondera Solutions, and work is underway to customize Pondera's fraud detection solution for South Carolina. This new software will improve our ability to identify and prevent improper payments of SNAP benefits.

DSS respectfully disagrees with the LAC's recommendation to obtain written approval from FNS for its current claims timeframe since it deviates from the timeframe established in 7 CFR 273.18(d)(1). DSS' Benefit Integrity State Plan is approved by FNS as part of every federal Management Evaluation review. The Benefit Integrity State Plan outlines the timeframe to be six months from the date of detection. FNS accepts the Benefit Integrity State Plan as the operating policy for South Carolina's Benefit Integrity program. As DSS explained to the LAC during its review, there is no other formal mechanism for FNS to approve the time-frames and other operational thresholds established and approved via the state's Benefit Integrity State Plan.

DSS already receives the same data from Social Security Administration (SSA) that the LAC recommends should also be requested from the S.C. Department of Corrections and the S.C. Department of Health and Environmental Control. There is no cost to receive the information from SSA and DSS is in compliance with Federal Regulations. The LAC's recommendations do not include well-supported and DSS-vetted estimates of the initial and ongoing incremental costs and benefits associated with initiating these additional data-sharing relationships and reviewing that data more frequently, nor does it recognize the risks and barriers from an information security standpoint of additional sharing of personally identifiable information. With the limitations of the agency's legacy benefits system, additional staffing and more frequent and extensive data sharing could allow the agency to review incarceration and death data more frequently than the Federal government requires. The agency will have to evaluate the costs of additional staffing and other data sharing expenditures compared to the probable amount of net recoveries in order to determine whether the combined impact would likely have an adverse impact on the agency's budget, particularly given that SNAP benefit payments are 100% federally funded, but SNAP administrative costs for staffing and services require a 50% state match. DSS intends to include the need for enhanced, automated data-matching within the scope of its system modernization efforts.

DSS is not out of compliance with federal law regarding SNAP households losing/regaining eligibility as a result of substantial lottery or gambling winnings. DSS has the policies, procedures, and reporting requirements in place; however, SNAP households are responsible for reporting this information. When a household reports substantial lottery or gambling winnings, DSS takes all required actions to ensure continued compliance with federal requirements. DSS does not have any open Management Evaluation findings or corrective action plans in place with FNS regarding the implementation of the lottery and gambling provision. FNS is aware of the unsuccessful attempts by DSS to establish a cooperative agreement with the South Carolina Education Lottery (SCEL) to receive information on substantial lottery or gambling wins. The LAC identified minimal instances (13) of households they believe were actively receiving SNAP benefits at the time substantial lottery winnings were claimed. While DSS commits to continue to explore the potential value-add to be gained from entering into additional data sharing agreements to continue to minimize improper payments, the report does not fully consider whether a probable net budgetary impact exists after exploring the costs and risks associated with such an agreement as compared to the potential returns. DSS and SCEL have resumed discussions that were started in October 2019 about a cooperative agreement between the two agencies, but as the LAC states in its report, the only allowable means to share the data is for SCEL to provide information on lottery winners to DSS.

DSS appreciates the LAC's recommendation regarding reviewing households making over \$50,000 with fewer than seven household members to determine whether an overpayment of benefits has occurred. Federal Regulations require DSS to verify income at the time of initial application and as part of the recertification process. Wage and unemployment data are displayed in our online tool during the initial application and recertification interviews. Given our current eligibility system limitations and the way the information is received from the S.C. Department of Employment and Workforce, retrieving this information at times other than when Federal Regulations dictate would require a manual process, which would be very labor intensive and requiring the hiring of additional staff. DSS will continue to explore methods that will aid in the efficiency of this process and intends to include this need within the scope of its system modernization efforts.

DSS acknowledges the need to strengthen policies related to making referrals to the DSS Office of the Inspector General when SNAP benefits are used after the death of all household members. DSS will also explore process efficiencies regarding expunging SNAP benefits and deactivating the electronic benefit transfer (EBT) card once a death match for all certified household members has been confirmed and intends to include this need within the scope of its system modernization efforts.

The Benefit Integrity Unit does investigate instances of fraud that are reported when the benefits of a single-member household were used after the death of the only household member. However, the outcome is almost always unfounded as DSS OIG would need to have reasonably new knowledge of the deceased individual to investigate and obtain video evidence of who may be using the EBT card in order to properly identify the suspected individual(s).

While DSS appreciates the recommendation to investigate whether the SNAP benefits of a single-person household were used while incarcerated, this information is not readily accessible. Every adult household member is required to have incarceration data accessed during every recertification. Given current system limitations, a more frequent review would be a substantial workload addition. However, DSS will continue to explore methods that will aid in the efficiency of the process and intends to include this need within the of its system modernization efforts.

DSS concurs that there is not a system currently in place to verify whether a SNAP recipient is receiving benefits in another state. Participation in the National Accuracy Clearinghouse has proven that it can reduce the number of dual participation in five neighboring pilot states. DSS will consider requesting a waiver from FNS to use the National Accuracy Clearinghouse system prior to joining the NAC project and will comply with federal regulations once the regulations are promulgated by FNS.

DSS acknowledges that the Frequently Asked Questions webpages needed updating to include eligibility standards and resource standards for the current year. Both pages have been updated and a process has been implemented to ensure updates are completed timely when federal standards are revised.

Chapter 3: SNAP Frontline Workforce

DSS acknowledges that SNAP frontline workers are some of the lowest paid employees within the agency and within state government as a whole. Recruitment and retention is a challenge given the low starting pay. DSS will continue to explore opportunities to increase salaries and reduce turnover where possible. DSS will also look to add opportunities and job highlights to the agency website.

During the Fall of 2019, DSS made the decision to bring Economic Services training fully in-house. Mapping this process began in August 2020 with training being fully integrated into the Staff Development & Training division on July 1, 2021. DSS concurs with the LAC's recommendations regarding training; the agency had previously identified these opportunities and taken steps to implement them when the new training process was rolled out.

DSS recognizes the fact that the Client History Information Profile (CHIP) system is a mainframe system that has been in use since 1989. Given the age and limitations of the system, timeliness data is difficult to pull and prohibits easy analysis. The age of the system also inhibits our ability to integrate automated data matching with information from outside sources. DSS is actively working with FNS' State System Unit and the S.C. Department of Administration to develop and issue a Request for Proposal for modernization/replacement of the CHIP system. DSS recently received federal approval to hire a third-party consultant contractor to conduct an independent feasibility study and cost benefit analysis which is a pre-requisite from FNS before a RFP is issued. FNS will be funding approximately 50% of this modernization project. As DSS works through the RFP and system modernization process, we will continue to look for ways to improve data analysis capabilities that will greatly assist in improving our administration of the federal programs reviewed by the LAC.

DSS concurs with the LAC recommendations regarding strengthening the Economic Services performance coach program. This includes formalizing the procedure for requesting a coaching session, how the session is documented, how success is determined, and criteria for follow up sessions. As DSS transitions ES training in-house, performance coaches will partner with DSS Staff Development & Training to identify areas where ES training can be further improved.

DSS agrees with the LAC's recommendation to change the reporting structure of the Economic Services staff to positions that have state office authority, commensurate with their responsibilities as opposed to county level employees. This will improve lines of communication and accountability, and improve our ability to meet and exceed federal program performance mandates. DSS executive management identified this opportunity and began putting steps into place to appropriately realign the reporting structure, prior the LAC review being announced. With the pandemic and the rise in SNAP applications, implementation planning was put on hold so as not to risk a delay in issuing federal benefits to South Carolina citizens. This effort will again be prioritized following the resolution of the various public assistance programs and issuance of significant supplemental COVID-19 assistance payments to South Carolinians.

Chapter 4: Review of CACFP

DSS agrees with the LAC's recommendations for the Child and Adult Care Food Program. Steps have been taken to update the flyer, digitalize forms and enhancing the complaint tracking system.

Chapter 5: Claim Referrals, Investigations, and Hearing

The Benefit Integrity, Office of Individual and Providers Right and OIG areas within DSS have a role in the claims referrals, investigations and hearings. These areas are in discussion on how to better streamline and track claim referrals, investigations and hearings in an effective and efficient manner.

DSS concurs with the LAC's recommendations, and as mentioned in the report, the Office of Inspector General (OIG) has implemented a dedicated tracking system for claim referrals that do not meet the investigative acceptance criteria established for the office. OIG is currently reviewing policy and procedures for additional updates needed to ensure continuous quality improvement in this area.

In closing, DSS appreciates the extensive time and effort by LAC and agency staff over the last year in working together to gather information and produce recommendations that will be used in continuing to improve the quality of services to 1 out of every 6 citizens of South Carolina. As noted in the LAC's report, the DSS staff who support the SNAP and CACFP programs earn disproportionately low salaries, and continue to rely on extremely antiquated information systems to provide critical services and benefits to South Carolina's citizens and businesses that desperately need these resources. As State Director, I will continue to advocate for the funding necessary in these and other DSS program areas that will allow for long-term, structural transformation, while continuing to implement creative solutions to make incremental improvements until those resources are made available.

Sincerely,



Mike Leach, State Director
South Carolina Department of Social Services

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