

On December 23, 2015 the Department of Workforce Services submitted our responses to the Performance Audit of Data Analytics Techniques to Detect SNAP Abuse. The following is included in current intent language:

The Legislature intends that the Department of Workforce Services report to the Office of the Legislative Fiscal Analyst by August 15, 2016 what it has done in response to each of the recommendations in "A Performance Audit of Data Analytics Techniques to Detect SNAP Abuse." The report shall further include what the impacts current and projected, financial and otherwise of the changes have been and will be.

Included in this update are Intentional Program Violation (IPV) SNAP overpayment results for the previous two fiscal years as well as information about each individual recommendation. While we do not believe it wise to share the exact data analytic efforts being used by the department, we hope the information is sufficient. We have discussed in detail our efforts with the Office of Inspector General and they believe the department response is both quick and sufficient.

Intentional Program Violation (IPV) SNAP Overpayment Results

Fiscal Year 2015

- IPV SNAP Overpayments Referred for Adjudication – 491
- Dollar Amount of IPV SNAP Debts Referred for Adjudications - \$1,206,818.38
- Amount Collected on IPV SNAP Debts - \$824,489.02

Fiscal Year 2016

- IPV SNAP Overpayments Referred for Adjudication – 794
- Dollar Amount of IPV SNAP Debts Referred for Adjudications - \$2,098,691.05
- Amount Collected on IPV SNAP Debts - \$821,584.11

The amount of collected debts in the fiscal year is not directly associated with the amount of debts referred for adjudications in the same fiscal year. Meaning, the \$821,584.11 is the amount collected in FY16 regardless of what fiscal year the debt was referred for adjudications. The collection process is lengthy and will lag behind the other statistical improvements.

Update on Department Responses to Audit Recommendations

Finding 1 Recommendations

1 – We recommend that DWS strengthen the data analytics used to identify and prioritize high-risk recipient behavior to guide proactive investigations.

- DWS has enhanced our existing data analytic approaches by applying the audit findings. We will further refine these efforts as we work with Accenture, an FNS vendor that works with states to evaluate their current approaches and suggest ways to refine and improve in data analytics.

2 – We recommend that DWS ensure that transaction data is captured, reflected, and analyzed accurately in the alert reports to make investigation determinations.

- DWS has reviewed all transaction data in the existing alert reports to ensure accuracy and try to improve their usefulness

3 – We recommend that DWS consider the magnitude of transactions and the historical behavior of SNAP recipients when prioritizing cases to refer for investigations.

- DWS is currently looking at the magnitude of transactions as well as historical behavior of SNAP recipients, in addition to many other indicators of potential fraud in our data analytic efforts.

4 – We recommend that DWS Investigations Unit combine transactions within the same minute that draw from separate grants in order to more accurately identify potential misuse of SNAP benefits.

- DWS has made these changes to the report.

Finding 2 Recommendations

1 - We recommend that DWS review all 636 cases identified as making purchases exclusively outside of Utah to determine if the recipients are simultaneously receiving SNAP benefits from other states.

- Prior to the audit being released, 63% of the 636 cases had already been closed. The remaining cases have each been looked at to ensure the individuals are not receiving benefits from another state.

2 – We recommend that DWS Investigations Unit identify and review SNAP recipients who make the majority of their purchases outside of the state to verify residency requirements and ensure appropriate use of SNAP benefits.

- While DWS does not want to publish the exact strategies being used, out of state purchases are one of many elements researched and captured in our ongoing data analytic efforts

3 – We recommend that DWS, upon recertification, ensure that SNAP recipients are not enrolled in the program in other states.

- DWS continues to run the Public Assistance Reporting Information System (PARIS) for every application and recertification prior to approval of any SNAP benefits.

4 – We recommend that the DWS Investigations Unit review algorithms designed to detect out-of-state purchases to ensure that it identifies SNAP recipients that do not appear to reside in Utah.

- DWS has reviewed all transaction data in the existing alert reports to ensure accuracy and try to improve their usefulness

Finding 3 Recommendations

1 – We recommend that DWS send FNS-required notices to recipients who request more than four replacement EBT cards in a 12-month period to notify recipients that they are being monitored for potential trafficking.

- Using the audit findings, DWS was able to discover the system issue resulting in the notices not being sent in every case. The system fix was applied to the eREP system in April 2016 and quality control has been completed in subsequent months. The system fix has been validated and notices are being sent.

2 – We recommend that DWS revise algorithms to identify the historical frequency of EBT card replacements for recipients who have trends and behaviors consistent with benefit trafficking.

- While DWS does not want to publish the exact strategies being used, EBT replacement is one of many elements researched and captured in our ongoing data analytic efforts

3 – We recommend that DWS correct automated system errors so that replacement EBT card notices are only sent after the fourth card replacement in 12 months or when trafficking is suspected.

- Using the audit findings, DWS was able to discover the system issue resulting in the notices not being sent at the correct frequency. The system fix was applied to the eREP system in April 2016 and quality control has been completed in subsequent months. The system fix has been validated and notices are being sent.

4 – We recommend that DWS consider withholding excessive replacement EBT cards until the participants make contact with DWS and verbally explain why they need a new card, as allowed by the U.S. Code of Federal Regulations.

- DWS is currently contacting every customer that receives five or more EBT cards within a 12 month period and will monitor efforts to determine if more needs to be done.

5 – We recommend that DWS consider revising the notices sent to SNAP recipients requesting four or more replacement EBT cards to better reflect:

- a) The exact number of cards the participant has requested
- b) The actual time period that the notice is referencing
- c) A more inclusive list of potential trafficking behaviors

- All changes were made to the notice in April 2016

Finding 4 Recommendations

1 – We recommend that the DWS Investigations Unit consider the following, with respect to rapid successive transactions, when prioritizing cases to investigate:

- a) The number of rapid successive transactions made in short intervals
- b) The amount of the transactions
- c) The sum total of rapid successive transactions
- d) Abnormal purchase patterns and trends

- While DWS does not want to publish the exact strategies being used, rapid successive transaction is one of many elements researched and captured in our ongoing data analytic efforts

2 – We recommend that DWS explore electronic capabilities to detect rapid successive transactions and other abnormal recipient behavior in real-time.

- DWS is currently working with FNS in the Predictive Analytics Model Project, DWS agrees to explore such electronic capabilities as the project continues.

3 – We recommend that DWS coordinate with the state’s Office of the Attorney General or the USDA Office of Inspector General to prioritize for investigation merchants who (1) receive excessive rapid successive transactions (2) receive high transaction totals through rapid successive transactions.

- DWS was and continues to coordinate with both the state’s Office of the Attorney General and the USDA Office of Inspector General to prioritize the investigation of merchants.

Finding 5 Recommendations

1 – We recommend that DWS weigh even dollar transactions by number of purchases and total purchase amount to focus investigative efforts on recipients of the highest risk.

- While DWS does not want to publish the exact strategies being used, even dollar transactions is one of many elements researched and captured in our ongoing data analytic efforts

2 – We recommend that DWS expand the criteria by which it evaluates even dollar transactions to include recipients who:

- a) Make multiple even dollar transactions of any amount
 - b) Make even dollar transactions exceeding a given threshold.
 - c) Have a history of even dollar transactions of any amount.
- While DWS does not want to publish the exact strategies being used, even dollar transactions is one of many elements researched and captured in our ongoing data analytic efforts. Thresholds, history and frequency are some of many considerations in our existing data analytic reports.