



PA 15-04: A Performance Audit of Data Analytics Techniques to Detect SNAP Abuse

	Recommendation	Implementation Status (Check one)				Comments
		Fully Implemented	Partially Implemented	Not Implemented	No Longer Applicable	Agency Comments
Finding 1: The Investigations Unit Does Not Effectively Use Data Analytics to Prioritize High Risk Recipient Behavior	1.1 We recommend that DWS strengthen the data analytics used to identify and prioritize high-risk recipient behavior to guide proactive investigations.	X				DWS has enhanced our existing data analytic approaches by applying the audit findings. We have further refined our efforts in working as a pilot state with Accenture, an FNS vendor that works with states to evaluate their current approaches and suggest ways to refine and improve in data analytics. This analysis and subsequent implementations have been completed with great success. In the 16 months since implementing changes recommended by the audit, and from help with Accenture our investigations referrals have increased by 50.54%, our completed investigations have increased by 49.39%, our overpayment referrals (where we establish the recipient owes back money) have increased by 61% in SNAP and 75.12% overall for all programs. Since implementing the recommended changes, SNAP disqualifications have increased by 53% and we are collecting 47.4% more in overpayment monies owed for improper use of benefits. DWS in FY17 will collect overall 80% more in benefit recovery than in any year in the past.
	1.2 We recommend that DWS ensure that transaction data is captured, reflected, and analyzed accurately in the alert reports to make investigation determinations.	X				DWS has reviewed all transaction data in the existing alert reports to ensure accuracy and try to improve their usefulness. On October 22, 2016 DWS converted successfully to Xerox (Newly named Conduent), a new EBT vendor, this has impacted some of the implemented reports. We worked with the vendor and the reports have been corrected so that we are obtaining and acting on the data consistent with the audit finding.
	1.3 We recommend that DWS consider the magnitude of transactions and the historical behavior of SNAP recipients when prioritizing cases to refer for investigation.	X				DWS reviewed 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. This report takes many suspicious indicators into consideration for prioritization and has been implemented and is being worked weekly.
	1.4 We recommend that the 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.	X				DWS has made these changes to the report and is being worked by our analytics team and investigators.

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Finding 2: Analyzing Out-of-State Transactions Could Identify Ineligible Recipients	2.1	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	X				Prior to the audit being released, 63% of the 636 cases had already been closed. The remaining cases were reviewed to ensure the individuals are not receiving benefits from another state. Our analytics and investigator teams review our Out of State usage report monthly, close any cases where benefits are used exclusively out of state. We contact the other state and if duplicate benefits are being received we work with the other state on imposing sanctions, overpayment collections, and criminal prosecution when appropriate.
	2.2	We recommend that the 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.	X				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
	2.3	We recommend that DWS, upon recertification, ensure that SNAP recipients are not enrolled in the program in other states.	X				DWS continues to run the Public Assistance Reporting Information System (PARIS) for every application and recertification prior to approval of any SNAP benefits. PARIS has been automated as an electronic verification that notifies workers of PARIS hits and staff have received additional training on how to manage PARIS hits.
	2.4	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.	X				DWS has reviewed all transaction data in the existing alert reports to ensure accuracy and try to improve their usefulness. On October 22, 2016 DWS converted successfully to Conduent a new EBT vendor, this initially impacted some of the implemented reports. These issues have been corrected and this report is being worked regularly and we engage in the steps outlined in our response to recommendation 2.1

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Finding 3: DWS Could Limit EBT Card Trafficking by Conforming to Federal Requirements	3.1	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.	X				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. Households with suspicious card issuances are investigated.
	3.2	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.	X				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
	3.3	We recommend that DWS correct automated system errors so that replacement EBT card notices are sent only after the fourth card replacement in 12 months or when trafficking is suspected.	X				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. Our analytics and investigator teams contact customers when appropriate.
	3.4	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.	X				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.
	3.5	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.	X				All changes were made to the notice in April 2016

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Finding 4: Investigating Rapid Successive Transactions Could Limit SNAP Fraud	4.1	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 amounts of the transactions. c. The sum total of rapid successive transactions. d. Abnormal purchase patterns and trends.	X				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. This is sometimes indicative of both recipient and retailer fraud and thus we work with our federal partners in joint prevention and prosecution efforts.
	4.2	We recommend that DWS explore electronic capabilities to detect rapid successive transactions and other abnormal recipient behavior in real-time.	X				DWS is currently working with FNS in the Predictive Analytics Model Project, DWS has implemented such electronic capabilities to the extent possible with technology which has yielded positive outcomes in combating trafficking.
	4.3	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 and (2) receive high transaction totals through rapid successive transactions.	X				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. DWS also received approval from FNS on a waiver customers can sign in our joint endeavors which has yielded positive outcomes in compelling recipients to admit guilt which helps us also build stronger cases against retailers.

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Finding 5: DWS Does not Identify and Investigate Some High Risk Even Dollar Transactions	5.1	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.	X				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
	5.2	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.	X				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.