



MAR 02 2018

**United States
Department of
Agriculture**

Food and
Nutrition
Service

Northeast Region

10 Causeway St.
Room 501
Boston, MA 02222

Courtney Hawkins, Director
Department of Human Services
Louis Pasteur Building
57 Howard Avenue
Cranston, R.I. 02920

Dear Director Hawkins:

This is to advise your office of the results of our Fiscal Year 2017 Electronic Benefits Transfer (EBT) review of the Rhode Island (RI) Department of Human Services (DHS). The purpose of the review was to evaluate your Agency's operations and compliance with established Supplemental Nutrition Assistance Program (SNAP) policies, regulatory requirements, and quality standards. The Food and Nutrition Service reviewers examined the following SNAP EBT areas:

- EBT card/PIN issuance and replacement
- System security
- Financial activity reconciliation
- Reporting requirements
- Client and retailer adjustments

For the functional areas covered during this review, the evaluation found that there are many critical deficiencies within the State agency for the administration of the program and is out of compliance with applicable regulations and policies. The report contains 14 findings and 2 observations.

A finding is the identification of non-compliance with regulations, FNS Instructions, and/or policy memoranda, and/or other authoritative documents. Each finding is associated with a required corrective action. The term 'required corrective action' is the element of the report that conveys action(s) that must be taken by the State agency to correct noncompliance with Federal requirements and policy.

An observation is the identification of a weakness in program operations or management that does not rise to the level of a finding. Each observation is associated with a suggestion. A suggestion is a statement of actions that should be considered by the State agency to correct an observation of a weakness. Suggestions are intended to assist the State agency in operating more effectively, and the State may or may not choose to adopt them.

Enclosed you will find the full report that includes a detailed description of the above referenced findings/recommendations and observations/suggestions. Please submit a written response to the corrective actions required in our Management Evaluation report within sixty calendar days of your receipt of this letter. The response must address each required corrective action including implementation time frames and supporting documentation as needed. In addition, the response must meet the requirements outlined in 7 CFR 275.16. Upon receipt and review of the information requested to address these findings, we will advise your Agency if additional actions are needed to resolve the issues. A finding will not be closed until FNS validates that all required corrective actions addresses the violation and the required corrective action has been implemented by the State agency.

We wish to thank you and your staff for the courtesies extended to our representatives during the course of this review process. We look forward to the continuation of the productive work relationship between FNS and the RI DHS.

Sincerely,



Bonnie Brathwaite, Director
Supplemental Nutrition Assistance Program
Northeast Region

Enclosure

cc: Iwona Ramian, RI DHS
Kimberly Nikolaidis, RI DHS
William O'Donnell, RI DHS
Susan DeStefanis, RI DHS

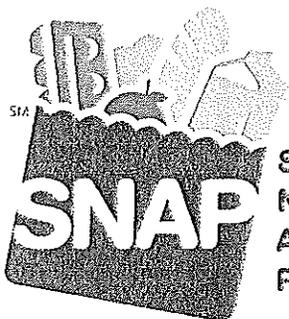
2017

Rhode Island Department of Health
and Human Services

Electronic Benefit
Transfer
Management
Evaluation Report

September

2017



Supplemental
Nutrition
Assistance
Program

Putting Healthy Food
Within Reach

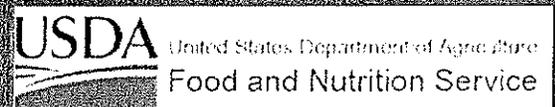


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I. Executive Summary

Electronic Benefit Transfer Supplemental Nutrition Assistance Program Rhode Island September 2017

The Supplemental Nutrition Assistance Program (SNAP) Electronic Benefits Transfer (EBT) review is an ongoing assessment of your agency's administration of SNAP. The review provides the Food and Nutrition Service (FNS) Regional Office staff the opportunity to observe and evaluate the State agency's (SA) processes and procedures for complying with the requirements outlined in FNS regulations, handbooks, and FNS policy. Additionally, the review is an opportunity for regional staff to provide technical assistance regarding regulations and policy interpretations that may be needed.

FNS conducted a SNAP EBT review at the Rhode Island (RI) Department of Human Services (DHS) in Cranston, RI, during the week of September 11, 2017. Details on the areas selected for review are explained in the Scope and Methodology sections of the report. Additional information and correspondence was obtained from the State agency through October 18, 2017.

An Exit Conference was held on Friday, October 20, 2017, to provide a summary of the work performed at the State agency and to discuss any anticipated findings and required corrective actions.

Information included in this report is the result of observations, interviews, case reviews, and assessment of documents provided to FNS. This report details the findings, required corrective actions, observations and recommendations of NERO. The review team also evaluated the State's progress in addressing findings from prior fiscal year MEs. Open findings, which are findings from previous fiscal years that have not been corrected by the State, warrant immediate attention and corrective action.

A written response to the corrective actions detailed in the report must be submitted within sixty calendar days of receipt of the report. The response must include a description of the corrective action plan for the findings including implementation time frames and supporting documentation as necessary. Please refer to Section X of this report for additional details on the requirements for the CAR. Although not regulatory in nature, a written response to the suggestions for each of the two observations is required.

We wish to thank the entire State agency staff for the time and assistance extended to our office during the course of the year and in the development of this report.

II. Definitions

Corrective Action Response (CAR): Actions that are proposed or taken by a State agency to respond to a finding of noncompliance with Federal regulations, FNS instructions, and/or policy memoranda. The term 'Required Corrective Action' is the element of the Management Evaluation (ME) report that conveys the action(s) that must be taken by the State agency to correct the noncompliance with Federal regulations, FNS instructions, and/or policy memoranda and prescribed by FNS for the State agency to move into compliance with Federal requirements and policy.

Finding: Identification of non-compliance with program regulations, FNS instructions, and/or policy memoranda, and/or other authoritative documents that must be corrected by the State agency. Each finding is associated with a required corrective action.

Functional Areas: Specific areas or components of program operations and administration performed by the State agency that are examined and evaluated in a ME/FMR such as certification and eligibility, program access, financial management, and local agency oversight.

Management Evaluation (ME): Periodic compliance assessment of State agency or local program operations and administration resulting in a report of findings, observations, and noteworthy initiatives.

ME Report: Formal, comprehensive report of the ME review that typically includes findings, required corrective actions, observations, suggestions, and noteworthy initiatives.

Noteworthy Initiatives: Projects, processes, and practices worthy of recognition and sharing with other States agencies for replication in an effort to improve program operations.

Observation: Identification of a weakness in program operations or management that is not in violation of program regulations, FNS instructions, and/or policy memoranda, and/or authoritative documents. Each observation is associated with a suggestion.

Open Finding: A finding in which the corrective action has not been implemented by the State agency and/or validated by FNS.

Repeat Finding: A finding that is identical to a previously cited, closed finding that is discovered at the same State agency in at least one of the reviews conducted within the continuous six-year period immediately preceding the ME.

Required Corrective Action: A statement in the ME report that conveys the action(s) that must be taken by the State agency to correct noncompliance with Federal regulations, FNS instructions, and/or policy memoranda. Required corrective actions are prescribed by FNS but may have input by the State agency. The State agency is required to provide a Corrective Action Response to FNS' required corrective action. All required corrective actions must be validated by FNS to ensure the State agency has implemented the corrective action and that the corrective action has addressed the violation prior to closing the applicable finding(s).

Suggestion: A statement of actions that should be considered by the State agency to correct an observation of a weakness.

III. Acronyms

AMA	Account Management Agent
ASAP	Automated Standard Application for Payment
CAP	Corrective Action Plan
CAR	Corrective Action Response
CFR	Code of Federal Regulations
DHS	Rhode Island Department of Human Services
EBT	Electronic Benefit Transfer
FDD	Functional Design Document
FIS	DHS' EBT processor
FFY	Federal Fiscal Year. The FFY runs from October 1 st to September 30 th
FNS	Food and Nutrition Service
FPRS	Food Programs Reporting System
LEP	Limited English Proficiency
ME	Management Evaluation
NERO	Northeast Regional Office
RI	Rhode Island
RIBridges	DHS' integrated eligibility system that supports multiple program operations including SNAP eligibility
SA	State Agency
SNAP	Supplemental Nutrition Assistance Program
USDA	United States Department of Agriculture

IV. Introduction

FNS NERO conducted a review of the RI DHS SNAP EBT operations from September 11 to September 14, 2017.

An entrance conference was conducted on Monday, September 11, 2017. The review was conducted at the central office of DHS located in Cranston, RI. This report is based on the results of the on-site review of files and discussions with members of the State agency SNAP staff. An exit conference was held on Friday, October 20, 2017 to provide a summary of the work performed at the State agency and to discuss any additional documentation needed, anticipated findings, observations and required corrective actions.

The following table identifies the DHS staff supporting the review and the FNS review team members:

Table 1

Review Participants	
Title	Organization
Management Assistance Supervisor	RI DHS
Principal Human Services Policy and System Specialist	RI DHS
EBT Coordinator	FNS
EBT Coordinator	FNS
Senior Program Analyst	FNS
Team Lead	FNS

V. Objective

The main objective of this review was to determine State agency compliance with Federal statutory law and implementing regulations, and policies and directives applicable to the federally funded SNAP. The review aims to monitor and examine efforts related to EBT to ensure that State agencies are administering and operating SNAP in accordance with program requirements. The objectives of the EBT review are:

- To determine compliance with Federal regulations;
- Ensure functionality of the EBT system; and
- Review compliance with reporting requirements.

VI. Scope

This review focused on RI DHS oversight and administration of the following EBT areas:

- Timely benefit issuance
- Retailer and client adjustments
- Issuance and replacement cards/PINS
- System security
- Household training
- Expungement
- Reporting requirements
- Reconciliation

VII. Methodology

The review was conducted in accordance with FNS and SNAP ME Guidance and utilized procedures and requirements set forth in the following SNAP Management Evaluation review guide(s):

- EBT Management Evaluation Guide Interim Version FY2017

Specific evidence gathering practices used during the review include:

- Interviews with staff
- Data collection and review
- Policy and training documentation review
- Observations
- Case file reviews

More details on each of the above practices are provided below.

Interviews

The FNS review team held one-on-one interviews with State agency and local office staff during the on-site visit. Table 2 provides a list of State and local office staff interviewed during FNS' onsite visit.

Table 2

Title	Organization
Management Assistance Supervisor	RI DHS
Principal Human Services Policy and System Specialist	RI DHS
SNAP Administrator	RI DHS

Field Office Supervisor	RI DHS
Scanning Center Supervisor	RI DHS
Clerk	RI DHS

Data Collection and Review

The FNS review team requested EBT data prior to the on-site review. The request included reports, notes, records, policy manuals, and household training materials. For any case file logs or client notices, a two month sample period of February and March 2017 was used. In addition, the review team also analyzed data prior to the onsite activities based on information gathered during previous site visits and weekly discussions with the State.

Policy and Training Review

Prior to the onsite review, FNS requested various SNAP EBT policies and training documents on the EBT process to determine how staff are instructed and trained.

Table 3 identifies the training materials and guidance received by FNS and used as part of this review.

Table 3

Policy and Training Materials Reviewed		
Title	Date	Notes
<i>EBT – Excessive Card Replacement Functionality and Notice to Customer</i>		Functional Design Document (FDD) created to generate excessive card notice in RIBridges. Functionality is not currently in place.
Excessive Card Replacement Letter	10/2015	Notice appropriately meets requirements; however it is not utilized by the State.
SNAP Overpayments Policy		EBT overpayment process
EBT-14 Information About Your EBT Card	01/2015	EBT Card Sleeve
Expungement Policy and Systems Document	03/2015	Expungement Rules and Regulations
RI EBT Brochure		
EBT Card Procedures	3/26/2013	EBT Card process for new and replacement cards. Procedures are dated and should reflect the State's new processes and procedures.
EBT Revised Security Procedures	2/12/16	EBT card security procedures that are not implemented by local office staff.

Observations

Throughout the on-site review, the FNS review team observed EBT procedures at the central DHS office, Woonsocket local office, and the Scanning and Mail Center.

Table 4 identifies who the FNS staff was paired with and what SNAP EBT process was observed.

Table 4

Observations			
FNS Staff	Local Office Staff	Process(s) Observed	Date
EBT Coordinator	Management Assistance Supervisor	Case file reviews, replacement card process	9/11/17-9/14/17
EBT Coordinator	Woonsocket Local Office Supervisor	EBT card security and inventory procedures	9/14/17
EBT Coordinator	Woonsocket Clerk	EBT card issuance and replacement card process	9/14/17
EBT Coordinator	Scanning Center Supervisor	EBT card security	9/13/17

Case File Reviews

The FNS review team reviewed 34 case files from a sample of the State's caseload. The purpose of the case file review was to determine if the local office is processing cases in compliance with Federal EBT SNAP requirements, to verify processes and procedures discovered during interviews and observations, and provide additional context to FNS.

The FNS review team worked with central office staff to review the cases files in the State's eligibility system.

Table 5 provides a breakout of the types of EBT SNAP cases reviewed.

Table 5

Type of Cases	# of Cases Reviewed
Timely Benefit Availability	3
Expungement	3
Retailer Adjustment	1
Client Adjustment	7
Restaurant Meals Program	10
Cases with Duplicate Accounts	10
Total	34

VIII. Findings and Required Corrective Actions

Finding #1: State agencies shall establish issuance and accountability systems which ensure that only certified eligible households receive benefits; that Program benefits are timely distributed in the correct amounts; and that benefit issuance and reconciliation activities are properly conducted and accurately reported to FNS. **7 CFR 274.1(a)** FNS discovered anomalies and invalid issuances through weekly calls with the State, interviews with SA personnel and reviews of issuance files in the EBT Admin system (FIS).

Background: Due to system defects with RIBridges, the SA's eligibility system is unable to certify that eligible households receive benefits and that program benefits are distributed in the correct amounts. Even though there are known defects, anomalies, and invalid issuances, the amount of over issuances has yet been quantified. Additionally, no formal reviews of issuances or reports are currently being conducted.

Required Corrective Action #1:

The State agency shall establish a reconciliation process to track the validity and ensure that program benefit issuance are deposited timely in the correct amounts to only certified eligible households. Additionally, DHS must develop a plan in determining over issuances as required in separate letters issued to the State agency dated August 23, 2017 and February 1, 2018. FNS will monitor this specific corrective action requirement under the overall RIBridges Corrective Action Plan and the State's response to the February 1, 2018 request.

Finding #2: The State agency shall ensure that a duplicate account is not established which permit households to access more than one account in the system. **7 CFR 274.6(b)(1)** FNS discovered that the SA was unable to ensure that duplicate accounts are not established to permit households from accessing more than one account in the system nor could the total number of duplicate accounts be identified.

Background: Through interviews with SA personnel, monitoring site visits, weekly calls, and reviews of issuance files, numerous cases were identified with multiple accounts.

Required Corrective Action #2: The State should develop processes and procedures to restrict the manual issuances of benefits to clients by eligibility workers. All issuances should be sent via the nightly batch process to FIS to eliminate duplicate and erroneous issuances. Additionally, the State agency shall develop reconciliation and review processes to identify any duplicate accounts and potential overissuances.

Finding #3: The State agency shall monitor all client requests for EBT card replacements and send a notice, upon the fourth request in a 12-month period, alerting the household that their account is being monitored for potential, suspicious activity. If another replacement card is subsequently requested and trafficking is suspected, the State agency shall refer that case to the State's fraud investigation unit. **7 CFR 274.6(6)** Based on interview with staff it was

discovered that the SA has not implemented an excessive replacement card process.

Background: The State was cited in the FY2016 ME EBT review because the excessive card replacement letter did not meet FNS requirements. The letter has since been updated; however, the excessive card replacement notices are not being sent to clients. Clients are issued replacement cards upon request without notification of the excessive replacement threshold.

Required Corrective Action#3: Policies and procedures must be developed that provides a process for monitoring excessive card replacement to ensure that Federal regulations are met that requires SA to monitor all client requests for EBT card replacements and send a notice, upon the fourth request in a 12-month period, alerting the household that their account is being monitored for potential, suspicious activity. The SA eligibility system or EBT processor should have the capability to generate and send the letter to clients who exceed the threshold.

Finding #4: The State agency may make adjustments to benefits posted to household accounts after the posting process is complete but prior to the availability date for household access in the event benefits are erroneously posted. **7 CFR 274.2(g) (1)** FNS discovered through interviews and case file review, the State agency made (cancellation) adjustments to household accounts after the availability date, due to duplicate erroneous issuances.

Background: Due to claims functionality defects, FNS issued a memo to RI DHS informing that they should not process any claims against clients, hence funds were retrieved after availability. The SA indicated that they deleted duplicate payments after funds become available to client EBT account and does so without notification to the client via the claims management process. FNS is awaiting a list of all cases affected.

Required Corrective Action #4: The State should carefully review erroneous issuances and create a temporary process for tracking and documenting any such adjustments made after the availability date. A plan of action must also be developed that would prevent any adjustments after the availability date and instead utilizes the claims management process once RIBridges claims functionality is operational.

Finding #5: EBT cards shall be considered accountable documents. The State agency shall provide the following minimum security and control procedures for these documents: Secure storage **7 CFR 274.5(c)(1)(i)** FNS reviewers visited the State's Scanning Center and observed that returned EBT cards were not maintained in a separate and secured location.

Background: Undeliverable EBT cards are returned to the Scanning Center and are stored in an unsecured box within the scanning unit. This could lead to tampering or fraudulent activities of clients' benefits.

Required Corrective Action #5: The SA should establish a process and provide written procedures for statewide on issuance, maintenance, return or cards and securing cards. Additionally, there should be limited designated staff with access to EBT cards.

Finding #6: EBT cards shall be considered accountable documents. The State agency shall provide the following minimum security and control procedures for these documents: Bulk inventory control records. **7 CFR 274.5(c)(1)(iii)** During the review, FNS found no evidence of policies and procedures.

Background: The State agency is unable to provide documentation of inventory control procedures for blank EBT cards going out to local offices. Not having this information readily available puts the State at risk of card shortage and accountability.

Required Corrective Action #6: The EBT Coordinator should establish written procedures for card control and maintain an inventory log of all EBT cards that are distributed to the local offices.

Finding #7: EBT cards shall be considered accountable documents. The State agency shall provide the following minimum security and control procedures for these documents: Periodic review and validation of inventory controls and records by parties not otherwise involved in maintaining control records. **7 CFR 274.5(c)(1)(v)**

Background: There are no local office procedures in card distribution, card security, maintenance handling of returned cards, etc.

Required Corrective Action #7: The SA should establish written procedures and a process to periodically check the local office card inventory and distribution processes.

Finding#8: Storage and control measures to control blank unissued EBT cards and PINs, and unused or spare POS devices **7 CFR 274.8 (b)(3)(i)**

Background: Blank EBT cards are not adequately monitored in local offices and at central office.

Required Corrective Action #8: The SA should develop and implement procedures both at the Scanning Center and local offices to document an audit trail for returned cards.

Finding #9: The EBT system shall provide for minimal disruption of access to and service in retail stores by eligible households. Households' eligibility for prepared meals (restaurants meals program) was not being accurately reflected in RIBridges and therefore clients could not use benefits at authorized retailers. **7 CFR 274.7 (e)(1)**

Background: The restaurant meals program functionality became operational on 9/17/17. Prior to that date, RIBRIDGES could not verify that the flag was being applied correctly to eligible clients.

Required Corrective Action #9: The SA agency should provide evidence that all eligible households are flagged appropriately. Additionally, monitoring RMP activity is required and

quarterly monitoring reports should be sent to FNS to ensure program integrity. Reports should include monthly aggregated restaurant meals redemptions by restaurant location and by client type

Finding #10: State agencies shall account for all issuance through a reconciliation process. The EBT system shall provide reports and documentation pertaining to ... Maintenance of audit trails that document the full cycle of issuance from benefit allotment posting to the State issuance authorization file through posting to POS transactions at retailers through settlement of retailer credits. **7 CFR 274.4(a) (vi)** The SA was unable to provide an audit trail of issuances.

Background: Reviewers observed a lack of written procedures and settlement to document the State agency role in EBT reconciliation including: step by step daily reconciliation, actions taken to address rejected records and variances in data between the SA eligibility certification system and the EBT processor system, reconciliation with ASAP and AMA; and addressing duplicate payments.

Required Corrective Action #10: The SA should create written procedures to document the State agency role in EBT reconciliation including step by step daily reconciliation, actions taken to address rejected records and variances in data between the SA eligibility certification system, EBT processor system, reconciliation with the Automated Standard Application for Payment (ASAP) account and the Account Management Agent (AMA), and addressing duplicate payments.

Finding #11: The State agency shall identify and report the number and value of all issuances which do not reconcile with the master issuance file. All unreconciled issuances shall be identified as specified on this reporting document. Discrepancies exist between the FNS-46 report and AMA Issuance amounts. **7 CFR 274.4(c)(1)(i)**

Background: State system generated SNAP issuance data is reported on the FNS-46 report; issuance amounts should match those generated through the AMA system. If the amounts cannot be reconciled, the discrepant amount is reported on the FNS-46 under the Master File Reconciliation section, lines 9 through 11.

Required Correction Action #11: The State agency shall revise data logic used to generate the FNS-46 report. Issuance data reports should then be run beginning with September 2016 and submitted to FPRS. The reports should identify and report the number and value of all issuances which do not reconcile with the master issuance file. All unreconciled issuances shall be identified as specified on the FNS-46.

Finding #12: The FNS-46 report shall be received by FNS no later than 90 days following the end of the report month. FNS-46 Issuance Reconciliation Reports are not submitted timely. **7 CFR 274.4(c)(1)(ii)**

Background: Since the 2016 implementation of RIBridges, the functionality and production of

an accurate FNS-46 failed.

Required Corrective Action #12: Once data logic used to produce the FNS-46 is accurate, DHS must provide FNS with the Function Design Document (FDD) outlining logic used to produce each line item of the report. Additionally, FNS-46 reports beginning with September 2016 must be entered in to the Food Programs Reporting System (FPRS).

Finding #13: State agencies shall telephone or transmit by computer the Form FNS-388 data and mail the reports to the FNS regional office no later than the 19th day of each month. When the 19th falls on a weekend or holiday, the Form FNS-388 data shall be reported by telephone or transmitted by computer and mailed on the first work day after the 19th. The Form FNS-388 report shall be signed by the person responsible for completing the report or a designated State agency official. **7 CFR 274.4(c)(2)(i)** FNS has noted untimely submission of the FNS-388 report.

Background: Since implementation of RIBridges, FNS-388 reports are not submitted timely by the SA.

Required Corrective Action #13: RI DHS must provide FNS with the FDD outlining logic used to produce each line item of the FNS-388 report. Accurate FNS-388 reports must be entered into FPRS starting with the September 2016 report.

Finding #14: The Form FNS-388 report shall provide statewide estimated or actual totals of issuance and participation for the current and previous month, and actual or final participation totals for the second preceding month. In addition to the participation totals for the second preceding months of January and July, provided on the March and September reports, non-assistance (NA) and public assistance (PA) household and person participation breakdowns shall be provided. As an attachment to the March and September Form FNS-388 reports, State agencies shall provide project area breakdowns of benefit issuance and NA/PA household and person participation data for the second preceding months of January and July. FNS-388A semi-annual reports are not submitted timely. **7 CFR 274.4(c)(2)(ii)**

Background: Participation numbers for January and July must be broken down by non-assistance and public assistance household and individual counts. These participation numbers are due in March and September.

Required Corrective Action #14: RI DHS must provide FNS with the FDD outlining logic used to produce the FNS-388A report. Accurate FNS-388A reports must be entered in to FPRS starting with the January 2017 report.

IX. Observations and Suggestions

- **Observation #1:** FNS observed a lack of sound overall management of EBT systems and policy across all levels of leadership and local office staff.
- **Suggestion #1:** FNS suggests that the EBT Coordinator be included in senior level policy meetings including FNS weekly meetings to ensure consistency of DHS procedural and policy updates.
- **Observation #2:** FNS observed a varying understanding and inconsistent practices of the SA's EBT policies and procedures.
- **Suggestion #2:** FNS suggests the SA conducts EBT refresher trainings for all ETs, Supervisor and Clerks to ensure that all appropriate EBT procedures such as: issuance, reconciliation, card security and destruction are being executed consistently.

X. Action Response

As stipulated in 7 CFR 275.16, the State is required to provide a written response identifying its corrective actions to findings outlined in this ME report. The corrective action response (CAR) is due within **60 calendar days** after receipt of this ME report. In addition to the required corrective actions noted above, the CAR must address all findings as indicated above and must show evidence of the following:

- Evaluation of the finding(s),
- Identification of the root cause(s) of the finding(s),
- Magnitude and geographic extent of deficiency,
 - Include data sources used to substantiate the magnitude and geographic extent
- Determination of the corrective action(s) necessary to address the root cause(s) and correct the finding in a sustainable manner,
- Identification of the timeframes related to each corrective action (i.e. major milestone dates, target completion date),
- Identification of the State agency officials responsible or the point of contact for each corrective action,
- Basis for management decisions on planning, implementing, and evaluating corrective actions, and
 - How will the State monitor the corrective action?
 - How will the State know if the corrective action is successful in addressing the root causes?
- Documentation/evidence for any corrective action that has been implemented.

In addition to addressing each finding, the State is also required to respond to each of the observations and suggestions in this report.

FNS can provide technical assistance in developing the CAR if requested by the State.

XI. Open Findings

The following are State findings from previous FNS ME reviews that are still open. As a reminder, FNS cannot close a review until corrective actions have been implemented for all findings and FNS has validated the implementation.

FY 2015

Electronic Benefit Transfer

Finding #1: Requests to Replace an EBT Card

Background: In accordance with 7 CFR 274.6(b), households should have the ability to report their card lost or stolen 24 hours a day 7 days a week with a single call. Establish a process where the State agency is notified by the EBT vendor that a card has been reported lost, stolen, or damaged and act on that notification, without requiring the client to make a separate call, to ensure a replacement card is issued within two business days.

Once the EBT vendor "one call" process is established, develop and implement a plan to ensure cardholders are aware that they do not have to contact their local office for a card replacement, and the call can be made 24 hours a day, seven days a week. This will ensure clients' benefits are protected from unauthorized redemption and could potentially reduce traffic at the local office.

Required Corrective Action #1: FNS has reviewed the State Agencies corrective action response to this finding and there is insufficient information, or documentation to determine if the "one call" has been established and card replacement timeframes are being met. DHS needs to provide FNS all EBTDS 302-1 EBT card replacement reports for the month of February and March 2017, the updated FIS Customer Services scripts, and documentation describing the process of automating the card replacement process along with the implementation timeline.

Status: A corrective action response was received by the State on December 2, 2015, and later discussed on August 30, 2016, indicating that a manual one-call process was initiated and in place. However, during the FY2017 ME, it was discovered that immediate holds are not placed on all EBT accounts at the time lost or stolen card is reported. Clients are still calling local offices to replace cards and leaving voice messages which are not accessed on weekends and holidays. The State must ensure that a one-call process is in place and implemented in all local offices.

Finding #2: Reconciliation and Reporting

Background: DHS needs to create and maintain written reconciliation and reporting procedures. DHS needs to ensure benefits are accurately and timely reported on the FNS 46 Report.

Required Corrective Action #2: DHS should drafted reconciliation and reporting procedures and implemented a manual method or system changes to accurately track SNAP issuance for FNS 46 reporting purposes.

Status: A corrective action response was received by the State on December 26, 2017, indicating that the State is continuing to work with the vendor to refine the data accuracy. FNS will continue to support the State to resolve all reporting issues.