



ARRA REPORT BY THE  
INSPECTOR GENERAL AND STATE BOARD OF ACCOUNTS

2009-08-0166

August 24, 2009

ARRA REVIEW OF FSSA SNAP PROGRAM

*Indiana Inspector General David O. Thomas and State Examiner Bruce Hartman of the Indiana State Board of Accounts report as follows:*

This report addresses an evaluation of the Supplemental Nutrition Assistance Program (SNAP)<sup>1</sup>, also known as Food Stamps<sup>2</sup>, within the Division of Family Resources (DFR)<sup>3</sup> of the Family and Social Services Agency (FSSA).

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<sup>1</sup> This is to be differentiated from the Special Needs Adoption Program within the Department of Child Services.

<sup>2</sup> The Food Stamp Program, 7 U.S.C. 2011 *et seq.*, is administered through each state, however 100% of benefits and 50% of administrative costs are federally funded. Federal regulations which govern implementation of the program are developed by the Food and Nutrition Services division of the United States Department of Agriculture. In Indiana, FSSA is responsible for ensuring the federal regulations are initially implemented and consistently applied in each county. IC 12-13-7-1(2).

<sup>3</sup> The DFR is established within FSSA in IC 12-13-1-1. This DFR is charged to “administer or supervise the public welfare activities of the state.” IC 12-13-5-1.

## I

On February 17, 2009, the United States Government enacted the American Recovery and Reinvestment Act<sup>4</sup> (ARRA). The ARRA intends to provide a stimulus to the United States economy by providing \$787 billion in program funding and tax credits.<sup>5</sup>

The purpose of this report is to reflect an initial evaluation of ARRA compliance by the SNAP program.

## II

In 2009, SNAP has been provided \$3,049,374 in ARRA funds. These funds are to be obligated by September 30, 2009, and liquidated by September 30, 2010. DFR may also receive an estimated \$2,500,000 for the period of October 1,

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<sup>4</sup> 40 USC 1606.

<sup>5</sup> Indiana is expected to receive \$4.3 billion in ARRA funds and perhaps more in competitive grant funds. It is the experience of the Office of the Inspector General (OIG) and the State Board of Accounts (SBOA) that the expenditure of government funds may invite fraud and waste. The Office of the Inspector General's (OIG's) enabling statute states that the OIG "is responsible for addressing fraud, waste, abuse and wrongdoing in agencies." IC 4-2-7-2(b). The OIG is also mandated to "recommend policies and carry out other activities designed to deter, detect and eradicate fraud, waste, abuse, mismanagement and misconduct in state government." IC 4-2-7-3(2). These duties include the authority to "initiate, supervise and coordinate" investigations, IC 4-2-7-3(1), to perform audits, IC 4-2-7-2(a), and to "prepare interpretive and educational materials and programs." IC 4-2-7-3(16). Immediately upon the OIG's creation in 2005, the SBOA provided assistance to the OIG. Many of the two agencies' missions are similar. In addition to the above OIG duties, the SBOA is charged to develop and publish "accounting and uniform compliance guidelines manuals" ("Manuals") to provide guidance to public entities, IC 5-11-1-24(a), to perform audits, IC 5-11-1-9, and to make written findings regarding violations of its Manuals or "any law". IC 5-11-5-1(a). Both the SBOA and OIG also review compliance with the Circulars issued by the State Budget Agency issued under the authority of IC 4-12-1-13(h). Following the above authorities and precedent, both the OIG and SBOA have and continue to confer, research and seek education regarding ARRA. Substantial guidance has been provided by the Indiana Office of Management and Budget (OMB).

2010 through September 30, 2011. The majority of these funds will be used to create forty-eight additional temporary positions to increase the accuracy of benefits issued and to improve program operations. The ARRA award for the direct benefit portion of SNAP will be evaluated at a later date.

### III

#### A

#### Findings

From our initial review, we find that, except for the issue discussed below, the program controls outlined in the SNAP spending plan approved by the OMB or other related documentation are adequate to meet the respective federal ARRA and OMB guidelines and requirements.

We did find that initial program expenditures were not expensed directly from the SNAP fund/center designated by the State Budget Agency. This did not result in a financial loss of ARRA funds, but is a requirement established to properly administer and account for ARRA funds.

#### B

#### Recommendation

Accordingly, it is recommended that any future expenditures be made through the SNAP fund/center designated by the State Budget Agency and that FSSA employees administering SNAP continue to apprise themselves of ARRA requirements and developments.

At a later date we will perform additional procedures as deemed necessary to verify compliance requirements.

Dated this 24<sup>th</sup> day of August, 2009.

A handwritten signature in black ink, appearing to read "David O. Thomas". The signature is written in a cursive style with some loops and flourishes.

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David O. Thomas, Inspector General