EXECUTIVE SUMMARY

DEPARTMENT OF HUMAN SERVICES
DIVISION OF FAMILY DEVELOPMENT
ADMINISTRATION AND SNAP AND TANF EBT CONTROLS

We found that the financial transactions included in our testing were related to the agency’s programs, were reasonable, and were recorded properly in the accounting systems. We did note however, monitoring of contract expenditures should be strengthened. We also found the internal controls to prevent, detect, and investigate fraudulent activity to be adequate but could be improved. Furthermore, we found the access controls to the EBT computer applications used in the processing of benefits to be inadequate. We also made an observation regarding the status of the Consolidated Assistance Support System (CASS) Project.

AUDIT HIGHLIGHTS

• As of May 2014, there were almost 830,000 active clients receiving SNAP and/or TANF. Our analysis of data disclosed there were 46,800 client SSNs that were either questionable or unverified. A verification system identified 33,800 client files which had a SSN that did not match the recipient information provided. These recipients received approximately $201.5 million in SNAP and $12.7 million in TANF benefit payments for the 18-month period ending June 2014.

• Although allowed by current guidelines, we found 65 SNAP recipients who have received between $10,342 and $468,000, totaling $3.7 million, in lottery winnings from fiscal year 2011 to May 2014. Of the 65 recipients, 10 received over $100,000 in lottery winnings from July 2011 to September 2013, all of which were actively collecting SNAP as of May 2014.

• Our one-year analysis identified recipients who accessed more than $47 million of benefits outside of New Jersey, including Hawaii, Alaska, California, Florida and the Virgin Islands. We then identified 1,400 cases totaling $2.7 million that each accessed their benefits in nor-bordering states during six consecutive months or more during the twelve months we reviewed.

• We identified 65 “super users” that had the ability to independently complete three incompatible tasks: create a benefit case, issue an EBT card, and issue benefits to that card. Because of an EBT data system limitation, we were unable to review the transaction history for these users or to determine if there were any improper transactions.

AUDITEE RESPONSE

The department generally concurs with our findings and recommendations.

For the complete audit report, click here.