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Department of Transitional Assistance
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Operations Memo 2013-6
February 14, 2013

To: Department of Transitional Assistance Staff

From:  Stephanie Brown, Assistant Commissioner for Policy, Program and External Relations

Re: TAFDC, EAEDC and SNAP – FY 2011 and 2012 Audit Findings: Card Issuance Procedures

Overview

The Single Audit Act of 1984 established requirements for audits of States, Local governments and Indian tribal governments that administer Federal financial assistance programs. Each year as a result of this act, the Department is subject to the Single State Audit conducted by an impartial auditing firm. It is the responsibility of this firm to ensure that the Department is in compliance with the requirements of this federal act.

As part of the Single State Audit, all facets of the Department are examined, including compliance with Federal/State policy and procedures. The overall report from the auditors was very favorable; however some findings were noted.

Purpose of Operations Memo

This Operations Memo:

- describes the recent audit findings related to EBT card issuance which occurred due to misapplication of policy/procedure;
 - advises TAO staff of new policy/procedures as a result of the findings; and
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**Purpose of
Operations
Memo
(continued)**

- reminds TAO staff that the Benefit Issuance Unit at Central Office is an available resource for questions on any aspect of EBT operation.
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**EBT Card
Issuance
Documentation
Requirements**

The State is required to maintain adequate security over documentation and records for EBT cards to prevent: theft, embezzlement, loss, damage, destruction, and unauthorized transfer, negotiation, or use.

Audit Findings

The following three issues were identified in the Single State Audit reports related to EBT card documentation:

- EBT card issuance signature sheets for a seven month period were missing from one TAO;
- EBT card signature sheets were not initialed by the issuing clerk; and
- the issuing clerk who initialed the signature sheet was not the same as the individual who was logged into the system.

Based on the audit findings, it is clear that EBT clerks generally understand the documentation process. The audits determined that most identified cases were in compliance. However, with a more careful application of the EBT card issuance documentation procedures, the findings could have been avoided.

Enhanced Card Issuance System (CIS) security and handling procedures have been developed that should mitigate any confusion that may currently exist around current TAO CIS procedures.

Staff should be consistent in the performance of their daily tasks. Proper documentation of work is a highly integrated part of all assignments. All staff is encouraged to review the CIS procedures, which can be found at http://170.154.109.59/af/form/tao_card_issuance_systems_procedures.pdf as well as the Employee Fraud: Detection and Prevention Policy found at: http://170.154.109.59/adminmemo/fraud_detection_prevention_3110.pdf. Both of these documents will be sent to TAO directors in a separate email.

Additionally, staff is encouraged to contact the Benefit Issuance Unit at Central Office whenever more training or answers to questions are needed.

All new hires, returning employees and reassigned employees who are authorized to issue EBT cards, must be provided a hardcopy of CIS procedures and the Employee Fraud: Detection and Prevention Policy, dated March 1, 2010.

New CIS Handling Procedures

To address the audit findings and to ensure future compliance, the CIS handling procedures have been enhanced with additional daily and weekly duties as follows.

Once an order has been placed, upon receipt of the supplies, the assistant director/designee will:

- reconcile the supplies received with the original order placed to the enclosed CIS Inventory Shipping form; and
- sign and date the form and return it to Central Office.

Daily Duties

The TAO director/assistant director will perform a card reconciliation. This reconciliation will include:

- a physical count of the unused cards removed from the printer at the end of the business day;
- a count of any improperly printed cards; and
- a count of the number of EBT Card Signature sheets (for valid card issuances, only).

The TAO director/assistant director will review, initial and date all EBT Card Signature sheets to ensure they are completed with all required information. If the client failed to sign the EBT Card Signature sheet, every effort must be made to have the client sign the signature sheet, either at face to face contact or by sending the form to the client by mail.

Weekly Duties

The weekly safe inspection will be conducted by **two** staff comprised of the TAO Director/designee and another individual who can neither be the EBT Card Initiator nor the EBT Card Creator. See *A Users Guide: Transitional Assistance Programs and BEACON*, Chapter XVI, Section C-6 for the definition of each. These staff responsibilities include:

- counting the blank card stock and print ribbons;
- counting the emergency cards and re-sealing them in the original envelope;
- recording the count of blank stock, print ribbons and emergency cards on the newly created Weekly Safe Inspection Log (Attachment A); and
- signing, and dating the form.

Important: It must be noted on the Weekly Safe Inspection Log whether the emergency card envelope was sealed at the beginning of the inspection.

Questions

If you have any questions please have your Hotline designee call the Policy Hotline.
