

SBAR: Separation of Duties
Bureau WIC and Nutrition Services
11/19/14

Situation

The United States Department of Agriculture, Food and Nutrition Service (FNS) staff completed a Management Evaluation (ME) of Missouri WIC in March, 2014. In the Certification section of the ME, we received the following two findings involving Preventing Fraud and Abuse:

Finding 1: There is no separation of duties for a staff person with responsibility for determining eligibility for all certification criteria and issuing food instruments for the same participant [7 CFR 246.4 (a) (26)(i-iii)]. It was determined through staff interviews and observations that in some cases one employee completes the entire certification process. Currently, if a participant does not need to see a Nutritionist at their certification appointment, one employee will check certification criteria and print food instruments for the same participant. This is the standard practice for all agencies across the state of Missouri. According to 246.4(26)(iii), the State agency must have procedures in place to prohibit one employee from determining eligibility for all certification criteria and issuing food instruments, cash value vouchers or supplement food for the same participant.

Prior to this ME, the FNS approved policy for Missouri WIC looked at the entire certification period, which is one year. The same person who reviewed the eligibility criteria (identity, residence and income) was allowed to issue the checks, however the same person could not issue checks to that participant throughout the entire certification period. This ME finding states that we need to change this policy from every certification period to every certification visit.

Finding 2: There are no policies and procedures for collecting and maintaining information on cases of employee fraud and abuse. [7 CFR 246.4(a) (2)] The State Agency has a tracking mechanism in place for cases of participant fraud and abuse; however does not have a tracking mechanism in place for the collection and maintenance of information pertaining to instances of employee fraud and abuse.

Employee fraud is defined in 7 CFR 246.2 as the intentional conduct of a State, local agency or clinic employee which violates program regulations, policies, or procedures, including, but not limited to, misappropriating or altering food instruments or cash-value vouchers, entering false or misleading information in case records, or creating case records for fictitious participants. Any instances of suspected fraud should be investigated by the LWP and reported to the State Agency. Once fraud is determined, the State Agency is required to keep a database of those employees which will include the nature of the fraud detected and the associated dollar loss.

Background

The US Government Accountability Office (GAO) audited WIC Income Eligibility Determination at a national level in 2013 to look at State's oversight of certification and income eligibility. As a response to this study, FNS has begun to focus on program integrity in the clinic, with emphasis on the certification process. While program integrity has always been important, it has primarily been directed at our Authorized Grocery Stores (Vendors). New guidance was issued by FNS in April, 2013, which resulted in Missouri revising certification guidelines to eliminate pending proof of criteria. The recent ME conducted in March, 2014 also focused heavily on certification and program integrity.

Analysis

To address Finding 1: LWPs shall implement controls and procedures to ensure separation of duties in the certification and benefit issuance process, so that one employee is not responsible for determining eligibility for all certification criteria and issuing food benefits for the same participant. For example, one person will check

identity, residence and income, and the other staff person will issue the checks. There can be some variations, for example, one person would check identity and the other person would check the other two criteria and issue checks. For single staff sites, the LWP will be required additional oversight to prevent the potential for fraud. This will require the WIC Coordinator to conduct a review of 10 charts twice per year. LWPS will also be encouraged to occasionally change the staff person sent to a single-staffed satellite. In the event there is a single-staffed LWP, who does not have additional staff to conduct the chart review, the State Agency will review the charts two times per year.

To address Finding 2: DHSS contracts with the LWPs, who have responsibility of their employees and investigating any potential fraud. The LWPs should follow their Human Resources policy when employee fraud is reported or suspected. If it is determined that fraud was committed by an employee, that information, including the nature of the fraud and the associated dollar loss will be communicated to the State Agency, who will maintain a record of this information.

The following policy revisions are attached:

ER# 1.07000 Program Integrity- The Local WIC Provider (LWP) shall ensure a separation of duties and avoid conflict of interests to safeguard against fraud.

ER# 3.04800 Food Instrument Issuance- This policy has been revised to include separation of duties.

ER# 3.01000 State Program Responsibilities- This policy has been revised to include responsibility for investigating and tracking any cases of participant and employee fraud and abuse.

ER# 3.01100 LWP Administrative Responsibilities- This policy has been revised to include responsibility of the LWP to report suspected WIC fraud and/or abuse by participant or local agency employee to the state WIC office.

Recommendation

As this is a change that should be considered carefully, Missouri requested time to revise our certification policies and have an opportunity to train agencies. We are holding trainings across the state, which have been divided into Nutrition Update Training and Administrative Update Training. The ME update trainings for nutrition related findings are being held in January and February. The Administration ME findings, which include the certification changes, will be held in March. The State TA staff will then provide technical assistance to LWP staff throughout FFY2015. The revised certification policies will be added as a potential finding during monitoring in FFY2016.

We recommend that LWPs work closely with their TA staff as they implement these revised procedures.