



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

Shaw III
9/299
089122

089122

RESOURCES AND ECONOMIC
DEVELOPMENT DIVISION

AUG 13 1975

Mr. Edward J. Hekman
Administrator, Food and Nutrition Service
U.S. Department of Agriculture
500 12th Street, SW., Room 726
Washington, D.C. 20250

Dear Mr. Hekman:

We are completing a Government-wide review of selected prosecuted cases in which weaknesses in computer-based data processing systems have facilitated criminal acts involving Federal funds. One of these cases involved the food stamp program in the District of Columbia.

On July 1, 1975, we met with officials of the Food Stamp Division and Automated Data Processing Division, Food and Nutrition Service, and officials of the Department's Office of Audit and Office of Investigation (see enclosure) to present certain observations on system weaknesses in the District's food stamp program and to provide some thoughts on how program monitoring efforts could be strengthened. In view of the Service's responsibility for administering the program nationally, we believe it would be useful to summarize these points for you.

1. Although the District's automated processing system may meet the requirements of FNS Instruction 734.2 which requires the system to contain controls to prevent issuances of duplicate authorization-to-purchase cards to households, program managers were not using such control features to insure that duplicate authorization issuances were being prevented. Consequently, the intent of the Service's instructions was not being achieved.

To assure State and local program compliance with the intent of its instructions, the Service, as a part of its administrative reviews, should give particular emphasis to determining the extent to which local project managers are using the control features of their data processing systems.

2. The Department's most recent audit report, issued in 1973, on the District's food stamp program contained several recommendations to upgrade the operation and security of the program. Although corrective actions were outlined in the District's response to that report, many of those actions had not been taken and the program weaknesses still existed at the time of our review.

089122
~~089246~~

Onsite followup review of corrective actions taken by State and local agencies in response to major Department audit findings should be undertaken to insure that proposed corrective actions are adequate and are being implemented properly.

3. There appears to be a duplication of effort in compiling and analyzing Department audit findings on food stamp program operations. The Service's present monitoring procedures provide for manually compiling the audit report findings by State and annually preparing an analysis of the findings for each of the Service's regional offices. However, the Office of Audit has, since 1966, compiled this information through an automated information retrieval system and by agreement makes it available to the Department's agencies to help improve program planning and operations.

The information system produces quarterly detailed printouts showing occurrences of findings, along with summaries of the number of times a finding occurred. These printouts also contain a weighting factor, subjectively assigned, denoting the impact a finding had on the program's operations. This information can be shown by region and by State if requested. At the time of our review, food stamp program operating personnel were unaware that this information could be obtained from the Office of Audit.

Food stamp program officials could use these reports to facilitate and improve the Service's monitoring efforts and to identify problems of national scope that could indicate the need to revise program instructions and administrative procedures.

4. System weaknesses similar to those identified in prosecuted criminal cases resulting from investigations conducted in the District by the Department's Office of Investigation still existed in the District's program at the time of our review and may be continuing to facilitate unlawful acts. Office of Investigation officials explained that District officials were not made aware of those weaknesses because investigative work on similar cases was still in progress and divulgence of the information might jeopardize their outcome.

We believe that the Service should explore appropriate ways and means of routinely disseminating to State and local program managers at locations throughout the country where similar situations may exist information needed to correct known program weakness in order to maximize program integrity on a national basis. It may be possible to do this with due regard for ongoing criminal investigations by not revealing in specific terms how those weaknesses were exploited in the system. This should enable program managers in the District and throughout the country to correct system weaknesses quickly and prevent their further exploitation for unlawful purposes. This would also allow the Service to more fully meet its obligation to strive for effective and efficient program administration.

- - - -

Those attending the July 1, 1975, meeting generally agreed with our observations. They concurred that the Service should perform more onsite verifications of compliance with the Service's instructions and Department audit report recommendations. They suggested that the recently issued efficiency and effectiveness reporting procedures would assist the Service in determining whether project managers were complying with program requirements. We concurred that these procedures should be helpful, but we believe that periodic onsite verifications by the Service of the information presented in the efficiency and effectiveness reports would still be necessary.

Those in attendance also concurred that there may be a duplication of effort in the compilation and analysis of Department audit findings on the food stamp program and agreed to take steps to better utilize the information and reports being made available by the Office of Audit.

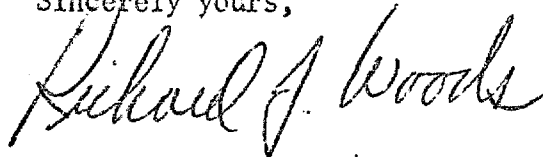
The Office of Investigation representative expressed concern with our final observation, pointing out that the restriction on the dissemination of information developed during a criminal investigation was the decision of the U.S. Attorney's Office, not the Department.

We recognize the legitimate concern that criminal investigations and prosecutions not be jeopardized. We believe, however, that this needs to be carefully weighed against the possibility that existing system weaknesses may be permitting, or could permit, substantially greater program losses than are involved in the case under investigation. We believe that the Service, in consultation with the Office of Investigation and the U.S. Attorney's Office, should study this matter, possibly on a case-by-case basis, with a view to providing local program officials with necessary information on known system weaknesses, consistent with the concept of maintaining maximum overall program integrity without jeopardizing specific criminal investigations.

We would appreciate your comments on the points discussed and a brief description of any action taken or planned with regard to them. Mr. H. L. Krieger, Regional Manager of our Washington Regional Office (557-2151), will be happy to provide any further information that you may need.

We are sending copies of this letter to the Director, Office of Audit, and the Director, Office of Investigation.

Sincerely yours,



Richard J. Woods
Associate Director

Enclosure

ENCLOSURE

DEPARTMENT OF AGRICULTURE OFFICIALS
ATTENDING JULY 1, 1975, CONFERENCE

Food and Nutrition Service

Jack O. Nichols	Deputy Director, Food Stamp Division
Alberta C. Frost	Chief, State Agency Operations Branch, Food Stamp Division
Deborah Doill	Northeast Desk Representative, State Agency Operations Branch, Food Stamp Division
William Amos	Computer Systems Analyst, Automated Data Processing Division
Thomas W. Bownes	Computer Systems Analyst, Automated Data Processing Division

Department of Agriculture

Thomas J. Burke	Special Assistant to the Director, Office of Investigation
Russell E. Aikens	Program Manager, Office of Audit