



# Washington State Auditor's Office Performance Audit Description

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**October 2013**

## Preventing Fraud and Abuse in Electronic Benefit Transfer Programs

### Program background

Each year, more than 600,000 Washington residents use Electronic Benefit Transfer (EBT) cards to spend almost \$2 billion in state and federal benefits. The Economic Services Administration in the Department of Social and Health Services administers programs whose benefits are provided through EBT, including Basic Food (formerly known as Food Stamps), Food Assistance and Temporary Assistance for Needy Families (TANF).

Although Washington is aggressively trying to improve its oversight of EBT cards, lawmakers and citizens remain concerned the programs are vulnerable to fraud and misuse, such as people obtaining benefits when they are not eligible, using their cards to buy unacceptable items, or selling their benefits for cash.

Recent efforts to prevent fraud and misuse in Washington include creating the Office of Fraud and Accountability within the Department of Social and Health Services to detect and investigate potentially inappropriate activity, placing more restrictions on card use, and adding penalties for illegal card use.

Although the federal government estimates less than 1 percent of program spending nationwide is fraudulent, audits in other states indicate it could be higher. These audits have identified ways to improve program oversight, including data analysis practices to find and prevent fraud and inappropriate use and remove ineligible participants.

A performance audit could identify ways to improve oversight of program eligibility and improper card use. By reducing improper spending the state can ensure that these public funds provided through EBT cards are going to Washingtonians who truly need and appropriately use them.

### Scope and objectives

This performance audit will use data analytics to review EBT card use and evaluate eligibility determination processes for participants in the Basic Food, Food Assistance and Temporary Assistance for Needy Families programs. The audit will attempt to answer the following questions.

- Can the Department of Social and Health Services improve oversight of EBT card use?
- Can the Department of Social and Health Services improve oversight of participants' eligibility for food and cash assistance?

### Timing

We estimate audit results will be released in fall 2014.