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Agriculture

Food and
Nutrition
Service

Alexandria, VA

Supplemental Nutrition Assistance Program

Quality Control Review Handbook

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CHAPTER 1

INTRODUCTION

100 GENERAL. This Handbook provides procedures for conducting quality control (QC) reviews of food stamp cases. The first chapter contains general provisions and definitions.

110 PURPOSE. Each State agency is responsible for conducting QC reviews as part of its Performance Reporting System. For QC reviews, a statistical sample of households shall be selected from households which are participating in the Food Stamp Program (active cases) and households for which participation was denied, suspended, or terminated (negative cases).

Reviews shall be conducted on active cases to determine if households are eligible and receiving the correct coupon allotments. Reviews of negative cases shall be conducted to determine whether the decision to deny, to suspend, or to terminate the household was correct.

Reviews measure the validity of food stamp cases at a given time (the review date).

The State agency shall review cases against the Food Stamp Program standards established in the Food Stamp Act and regulations taking into account any FNS approved waivers that have been implemented or State options to deviate from specific provisions. (States must routinely address QC procedures in certification waiver requests. If the waiver will result in a need to deviate from the procedures in this Handbook, the State agency must identify the regulation citation and Handbook section, describe what the new QC procedure will be, and request approval of that procedure with the certification waiver request.)

120 OBJECTIVES. The objectives of QC reviews are to provide:

- A systematic method of measuring the validity of the food stamp caseload;
- A basis for determining error rates;
- A timely, continuous flow of information on which to base corrective action at all levels of administration; and

- A basis for establishing State agency eligibility for bonus awards or State agency liability for excessive error rates.

130 DEFINITIONS.

Active case means a household that was certified prior to or during the sample month and issued food stamp benefits for the sample month.

- This includes households certified for benefits in the sample month and issued benefits in the next month.

- However, a household that was issued the sample month's benefits based on an expired ATP is not an active case.

- **"Issued an allotment"** means that the coupons were mailed and not returned by the Postal Service or that an ATP was cashed. This applies to the original ATP or a replacement ATP. In addition, a household did not participate if coupons are held for the household at a local certification office and the household does not take possession of the coupons. This does not apply to allotments subjected to recoupment. A household that had all or part of its allotment recouped to repay a prior food stamp overissuance is an active case, even if it did not cash an ATP. In addition, a household that voluntarily returned its coupons is an active case.

- **In an "on-line" Electronic Benefit Transfer (EBT) system**, issued an allotment means that benefits have been posted electronically to the household's account database. In a "Smart Card" EBT system the benefit information is resident on the card and issued an allotment means that the card has been presented for update for the sample month. See Section 321 for details regarding participation in EBT systems.

AORD means as of the review date.

Budget month means the fiscal or calendar month from which a household's income and other circumstances are used to calculate the food stamp allotment for the corresponding issuance month.

- In a one-month retrospective budgeting system, the budget month begins a month before the first day of the issuance month.

- In a two-month system, the budget month begins two months prior to the first day of the issuance month.

- In a prospective budgeting system the issuance month and budget month are the same.

Case record means the records establishing a household's eligibility or ineligibility and, in active cases, authorizing the issuance of a food stamp allotment.

- Included under this definition are records referred to as the case file or certification record.

- The case record is usually maintained by and located in the local certification office, but may extend to data processing units and include information maintained in computer files.

Categorical eligibility means that households in which all members receive or are authorized to receive

- Public assistance (PA),

- Supplemental Security Income (SSI),

- A State or local general assistance (GA) program, or

- Benefits of a State program conferring categorical eligibility

Unless the entire household is institutionalized or the household or a member has been disqualified from receiving food stamps because of an intentional program violation, failure to comply with a work-related requirement or failure to submit a monthly report.

The eligibility factors which are deemed are

- The resource, gross and net income limits,

- Sponsored non-citizen information and

- Residency.

In addition, Social Security numbers need not be verified for PA and SSI recipients. Social Security numbers need to be verified for GA households.

Certification action means the action taken on a case prior to or on the review date that authorized the sample month's issuance. This includes initial certifications, recertifications, interim changes, changes prior to issuance and authorizations of supplemental issuances.

Change means an event that results in a difference between the household's circumstances AORD and its circumstances at the time of certification or recertification. Changes include all events that either the household or the agency becomes aware of regardless of whether the event is reported and/or properly acted upon.

Change reporting means that the household is required to report certain specified changes in its circumstances within 10 days of the date the change becomes known to the household.

Collateral Contact means a source of information which can be used to verify household circumstances. Collateral contacts are generally individuals such as landlords and employers, but they may also be documents such as those maintained in government offices.

A collateral contact cannot be a person who was in the food stamp household under review, or a person or office within the State agency administering the program for purposes of primary or secondary evidence.

Documentation means a written or printed statement on paper or a copy of a document furnishing information. Verification of household circumstances must be documented. Examples of documentation appear in Section 520.

Error for active cases results when a determination is made by a quality control reviewer that a household which received food stamp benefits during the sample month is ineligible or received an incorrect allotment.

- Thus, errors in active cases involve dollar loss to either the participant or the government.

- For negative cases, an "error" means that the reviewer determines that the decision to deny, suspend, or terminate a household was incorrect.

Error Determinant Month is the first full month that ends more than 30 days before the review date.

Initial Month means the first month for which the household was certified for participation following any period when the household was not certified. For an initial month, benefits are prorated from the day of application to the end of the month.

However, for migrant and seasonal farmworker households, the initial month is the first month following a period of more than 30 days in which the household was not certified.

Interim Change means a recalculation of food stamp benefits resulting from a change reported by the household; or a change the State agency becomes aware of through a source other than the household with the exception of non-income related mass changes.

- Income related mass changes include, but are not limited to, SSA and SSI COLAs and across the board adjustments to Temporary Assistance to Needy Families (TANF).

- Non-income related mass changes include, but are not limited to, adjustments to SUA's and caps on dependent care deductions.

Issuance month is the fiscal or calendar month for which the State agency issued a food stamp allotment. A case's issuance month will always be the same as its QC sample month.

Monthly reporting means that a household is required to submit a report following each budget month that is used to determine benefits for the corresponding issuance month.

Negative case means a household whose application for food stamp benefits was denied or whose food stamp benefits were suspended or terminated by an action in the sample month or by an action effective for the sample month.

Overissuance means the amount the allotment of food stamp benefits authorized to a household exceeded the allotment it was eligible to receive.

Processing month means the month between the budget month and the issuance month in a two-month retrospective budgeting system.

Prospective budgeting means the computation of a household's food stamp benefits for an issuance month is based on income and other circumstances reasonably anticipated for that month.

Prospective eligibility means the eligibility determination is based on income and other household circumstances reasonably anticipated for the issuance month.

Public assistance (PA) means any of the following programs authorized by the Social Security Act of 1935, as amended:

- Old-age assistance,
- TANF,
- Aid to the blind,
- Aid to the permanently and totally disabled, and
- Aid to aged, blind, or disabled.

It does not include Supplemental Security Income.

Quality control review means a review of a statistically valid sample of active and negative cases to determine the extent to which households are receiving the food stamp allotments to which they are entitled, and to determine the extent to which decisions to deny, suspend, or terminate cases are correct.

Quarterly reporting means that a household is required to submit a report once a quarter following a budget month that is used to determine benefits for the following three issuance months.

Recertification means a certification action taken to authorize benefits for an additional period of time immediately following the expiring certification period.

Retrospective budgeting means that the computation of a household's food stamp benefits for the issuance month is based on actual income and deductions during the retrospective budget month with some exceptions.

There are special provisions for (A) annualizing self-employment income, (B) prorating educational monies and most contract income, and (C) averaging some deductions.

Retrospective eligibility means the eligibility determination is based on income and other circumstances, which existed in the retrospective budget month.

Review date for quality control active cases means a day within the sample month, either the first day of the fiscal or calendar month or the day a certification action was taken to authorize the issuance, whichever is later.

The "review date" for negative cases, depending on the characteristics of individual State systems, could be the date on which the eligibility worker makes the decision to suspend, deny, or terminate the case, the date on which the decision is entered into the computer system, the date of the notice to the client, or the date the negative action becomes effective.

For no case is the “review date” the day the quality control review is conducted.

Sample month means the month of the sample frame from which a case is selected. For active cases, sample month is synonymous with issuance month.

Semi-annual reporting means that a household is required to submit a report at a 6 month interval which is used to determine benefits for the month following the report. Under this limited reporting, besides submitting the periodic report, households are only required to report changes which cause the household’s gross income to exceed 130% of the poverty income guidelines for household size.

Status reporting means that a household is required to report a change in the wage rate or salary or a change in full-time or part-time employment status.

Underissuance means the amount the allotment to which the household was entitled exceeded the allotment authorized.

Universe means all units from which information is desired.

Variance means the incorrect application of policy and/or a deviation between the information that was used and the information that should have been used to authorize the sample month's issuance.

Verification means establishment of the accuracy of specific elements of eligibility and allotment by securing documentary evidence and/or by making collateral contacts with individuals, other than members of the household under review. Households under review can provide verification for some elements.

140 HANDBOOK MODIFICATION. This Handbook is designed for use by all State agencies. It provides review procedures for various combinations of eligibility, budgeting and reporting systems that are needed because of State differences resulting from the selection of options. Consequently, there are sections that do not pertain to certain States because of FNS-approved waivers and options and sections that need to be modified to fit particular circumstances in a State.

Some certification waivers are very common. In Appendix A you can find the review procedures for common waivers.

150 ADMINISTRATION OF THE QC SYSTEM. Each State is responsible for maintaining sound administration of all facets of the QC system. It is responsible for complying with the Food Stamp Act and regulations, this handbook, and FNS policy memoranda, as well as the State agency's Plan of Operation.

151 Implementation of QC Indexed Policy Memoranda. FNS QC indexed policy memoranda must be implemented no later than the first sample month beginning 30 days after transmittal of the memoranda to the State agency.

152 Contracted Activity. A contractual agency may be used for QC only if it is the Department of the State regularly employed for this function (e.g., a State Inspector General's Office or a State Office of Audit.) For those States in which QC is conducted by a contractual agency, the State agency shall ensure that FNS-approved policies and procedures are followed.

153 Staffing Standards. The State shall employ sufficient QC staff to ensure that reviews are completed in time to meet reporting requirements and that the quality of the reviews will ensure that all findings are valid.

154 Avoiding Bias. Accomplishment of the objectives of QC depends upon the successful operation of all facets of the subsystem. Specifically, it depends on:

- The integrity of the sample selected

- The skills with which the reviewers conduct reviews
- The care and precision with which they record their findings
- The completeness and accuracy of data analysis
- The use of these results in corrective action
- Determining State agencies' liability for errors
- Determining State agencies' eligibility for high performance bonuses. *

To be successful, then, the QC subsystem must eliminate bias; otherwise, the results will not be valid and will have little use in planning corrective actions. *

Common sources of bias are inadequate sampling techniques, non-completion of cases, lack of objectivity on the part of the reviewer, inconsistent application of policy, and inappropriate involvement by the local office and error review committees in the review process. *

Inadequate sampling techniques can be avoided by following the instructions in FNS-311, The Quality Control Sampling Handbook. *

The reviewer shall not have prior knowledge of either the household or the decision under review. Where there is prior knowledge of the case, the reviewer shall disqualify her/himself. Such prior knowledge is defined as:

- Any participation in the decision that had been made in the case;
- Any discussion of the case with staff who participated in the decision; or
- Any personal knowledge of, or acquaintance with, the household.

The following types of actions represent examples of activities that produce an unacceptable bias in the QC system: *

- Prior knowledge by the local agency of cases scheduled for review, resulting in the agency's intentional or unintentional treatment of these cases in a special manner that, in turn, *

* makes the sample results unrepresentative of the whole
* caseload.

* • The State or local agency adding documentation to, or removing
* documentation from, the official record of a sampled case.

* • An eligibility or certification worker contacting a QC sampled
* household or collateral contact to obtain additional information
* in an attempt to clarify the household's circumstances, get
* statements that would alter the findings of the QC reviewer, or
* coerce the household into saying or doing anything that might
* misrepresent the household's circumstances. A local office may
* request that QC reexamine some aspect of the case, but QC
* makes the decision on the case based on QC policy and
* practices.

* • A QC reviewer contacting the eligibility or certification worker
* responsible for administering the case selected for QC review.
* This also includes contacting any eligibility or certification staff
* who participated in the certification action under review. An
* exception is made for a situation where the QC reviewer needs
* assistance from a local office to locate, or gain the cooperation
* of the household. In such situations, contact must be strictly
* limited to locating the household or gaining its cooperation with
* the QC reviewer.

* • The State or local agency asking or coercing a household to
* engage in any activity (such as not participating in the QC
* sample month) for the ultimate purpose of gaining a desired
* case disposition or finding in a QC review.

* • The State or local agency reducing a household's allotment for
* the sample month because of an apparent overpayment in a
* sampled case.

* • Once the sample has been pulled, local offices should not
* review the cases, make changes that would affect the eligibility
* or benefits for the cases, or contact the household or a
* collateral contact prior to the QC review being conducted in
* order to make any changes to the case. This does not apply to
* routine case management changes such as filing household
* reports, acting on reported changes, issuing notices of
* expiration, or conducting recertification interviews. Normal
* case management activities should not be initiated or
* undertaken at an accelerated pace in order to affect the cases
* under review.

- Requesting information from collateral contacts or non-household members in such a way as to encourage the person to not cooperate or not provide the requested information; for example, asking a non-household member to check off a block saying the household does not want to apply for the Food Stamp Program or a block saying that the information is being provided.

State QC Reviewers must apply policy in accordance with the Federal Regulations, the FNS Handbook 310, options selected by the State and active waivers during the review of each individual case. The same policy must be applied to all cases consistently within the State and not on an individual basis to ensure every household is treated the same. The State reviewer must fully document findings, the basis for each individual element, the computations and results, and attach copies of documentary evidence to support the reviewer's findings for both active and negative cases so all of the facts are evident should the case be selected for Federal QC review.

The purpose of the QC System is to determine the eligibility and benefit level of each individual case. Whether a case is correct or in error, the State reviewer must determine the facts and make decisions based upon those facts. When the required verification cannot be obtained, the State reviewer must explore other evidence, and review the eligibility worker's actions in the context of the overall case record and other evidence to arrive at a likely conclusion. The State reviewer must document the steps taken to meet the verification standards and how any alternate information helps substantiate the reviewer's determination. Also, the intent of Section 442.3 in the 310 Handbook "Likely Conclusion" is not to be used as a mechanism for dropping cases by purposely introducing extraneous information that cannot be verified.

In order to avoid the potential for introducing bias into a case, once the Federal findings have been provided to the State agency, additional information developed to contest the Federal finding either through informal resolution or arbitration must be verified in order to be considered. Unverified information will not be considered and will not be allowed to be used to code the case either as "incomplete" or NSTR."

The error review committee's role is primarily one of reviewing cases to assess for future corrective action planning, not to review individual error cases to assess the potential for reducing or eliminating errors in a sampled individual case. Error review committees should incorporate and maintain procedures that minimize the likelihood of unacceptable bias being introduced into the QC review process.

160 QC UNIVERSE. (Refer to FNS Handbook 311.) Statistical samples of food stamp cases are selected for QC review. There are two universes from which the cases are selected -- active and negative. Households correctly classified for participation under the rules of an FNS-authorized demonstration project, unless FNS determines that such cases may be excluded, and households participating based on food stamp applications processed by the Social Security Administration shall be included in the selection and review process. In addition, households may be selected more than once during the review period.

170 ERROR ANALYSIS. (Refer to Chapters 6 and 12.) Using the QC review procedures in this handbook and based on verified information, the reviewer shall determine if each completed active case was eligible and whether it was overissued or underissued benefits. Through a review of negative case records, the reviewer shall determine whether the State agency's decision to deny, to suspend, or to terminate the household, as of the review date, was correct.

180 FORMS AND REPORTING. Refer to Chapter 12 and Appendices B, C and D.

181 Active Cases. For each active case, the State agency shall complete the Form FNS-380, Worksheet for Food Stamps Quality Control Reviews, and a Form FNS-380-1, Review Schedule. (See Chapter 3 for cases not subject to review.)

181.1 Form FNS-380. (See section 323 and Appendix B.) The reviewer shall use a Form FNS-380 to record information from the case record, to plan and conduct the field investigation, to record findings and to document the verification that substantiates the eligibility determination and benefit level. States have the option of using the Federal form (paper or automated) or an FNS Regional Office approved State-designed form. Form FNS-380 consists of a face sheet, a worksheet and a computation sheet to determine the correct benefit level. It may be necessary for the reviewer to supplement the Form FNS-380 with other forms such as State forms for appointments, interoffice communications, release of information, etc., when appropriate.

181.2 Form FNS-380-1. (See Chapter 12 and Appendix C.) Information from the Form FNS-380 is used to complete the FNS-380-1. Data from the FNS-380-1 is transmitted to the National Computer Center (NCC) via the Food Stamp Quality Control System (FSQCS).

An FNS-380-1 is completed for all active cases. Cases processed by a Social Security Administration worker and cases that are part of an exempted demonstration project have a separate case classification so that any errors

may be excluded from the case error rate, payment error rate and underissuance error rate.

Nonexcluded variances that directly contribute to the error determination (i.e., ineligibility or an overissuance or underissuance) shall be coded and reported in Section VI of the FNS-380-1. The reviewer shall list all such variances by element and indicate the cause of the variance. Excluded variances resulting from correctly processed information obtained from an automated Federal information exchange (FIX) system, such as SDX or BENDEX, shall be coded and reported as variances in Section VI, but they shall not be used in the error determination. A State at its option may require other variances to be reported in this section.

Concerning the FSQCS, there are six protected fields that cannot be edited after Federal subsampling:

- Item 4 - Stratum
- Item 5 - Disposition of Review
- Item 6 - Review Findings
- Item 7 - Amount of Error
- Item 8 - Coupon Allotment
- Item 17 - Case Classification

The State Agency may request that the FNS Regional office edit these fields prior to Federal subsampling. Cases originally coded not completed or not subject to review can be edited at anytime until the end of the reporting period.

182 Negative Cases. (See Chapter 13 and Appendix D.) For each negative case in the sample, the State agency shall complete a Form FNS-245, Quality Control Food Stamp Negative Case Action Review Schedule.

190 DISPOSITION TIMEFRAMES. Each case selected in the samples of active and negative cases shall be accounted for by classifying it as completed, not completed, or not subject to review. Ninety percent of all cases selected in a given sample month shall be disposed of and reported to FNS within 75 days of the end of the sample month. All cases selected in a sample month shall be disposed of and the findings reported to NCC within 95 days of the end of the sample month. A case shall not be reported as "not completed" solely because the State agency was unable to process it in accordance with these

reporting requirements. Instead, the State agency shall submit a report to FNS that includes an explanation of why the case has not been disposed of, documentation describing the progress of the review to date, and the date by which it will be completed. FNS will decide whether the case will be considered overdue based on the report. All cases, including cases where a household refused to cooperate, must be disposed of by 95 days after the end of the annual review period.

CHAPTER 2

BASIC REVIEW PROCESS

200 GENERAL. This chapter outlines procedures for conducting reviews of active cases. It also provides information on certification systems, household reporting requirements and the focus of QC reviews.

210 REVIEW STEPS. The following are general steps to be followed in reviews of all active cases.

211 Determine the Correct Systems. (Refer to section 220.) The reviewer must examine State procedures and the certification record to determine for the sample month whether the household should have been:

- Subject to prospective or retrospective eligibility;
- Subject to prospective or retrospective budgeting;
- Subject to the change reporting ($100 change in earned income reporting or status reporting), monthly reporting, quarterly reporting, semi-annual reporting, or an approved waiver. (Refer to section 223.)

212 Review the Certification Record. (Refer to Chapter 3.) The reviewer must review the certification record to determine what action was taken on the case by the agency.

213 Conduct a Field Review. (Refer to Chapters 4 and 5.) During the field review, the reviewer must interview the household or, when appropriate, the authorized representative and obtain verification from collateral contacts.

214 Determine Which Variances to Include. (Refer to Chapters 6-11.) If a difference exists between the information used by the agency and the verified information obtained by the reviewer for eligibility or allotment purposes, the reviewer must determine if the variance is included or excluded for QC purposes.

214.1 If the authorized allotment varies by $25 or less from the QC corrected allotment(s), all variance(s) shall be excluded from the error determination. There are two $25 comparisons. (See Chapter 6.)

214.2 Variances resulting from the use of incorrect information at the time of certification or recertification must be included. However, in no event will a variance be included if there is no difference between the information used by the eligibility worker (EW) and that verified in accordance with the time frames specified in Chapter 7. This applies to all elements. It applies to each income source and to total income.

Some variances, due to reporting requirements or processing time considerations, are excluded. Variances that result from a change in circumstances that should have been effective AORD must be included. (See Chapter 7.)

215 Determine the Correct Amount of Benefits. The reviewer must use the verified information to determine if the household was eligible and to calculate the correct benefit level for the sample month. (See Chapter 6.)

216 Determine the Cause of Errors. If the case was ineligible or received an overissuance or underissuance of benefits, the reviewer must identify the variance(s) that caused such error and determine if it was caused by the household or the State agency.

217 Report. The reviewer must prepare and submit the necessary reports. (See section 180.)

220 CERTIFICATION AND REPORTING SYSTEMS. The reviewer must determine which eligibility, budgeting and reporting systems should have been used for each household based on the State agency's selection of regulatory options and individual household circumstances.

221 Eligibility. Each household's eligibility for participation in the Food Stamp Program is based upon its financial and certain nonfinancial circumstances for each month of participation. There are two ways of looking at a household's circumstances:

- **Prospectively.** Determining a household's eligibility prospectively requires the agency to anticipate the household's circumstances for each month of participation based upon existing circumstances that are expected to remain the same and changes in existing circumstances that are reasonably certain to occur; and

- **Retrospectively.** Determining a household's eligibility retrospectively requires the agency to use known circumstances from a previous month. A State may have a one-month or a two-month retrospective system.

In either a prospective or a retrospective system, a household determined eligible for participation is authorized to receive an allotment for a specific month called the issuance month or a series of months referred to as the certification period.

222 Budgeting. The amount of food stamp benefits a household is entitled to during an issuance month may also be determined (or budgeted) prospectively or retrospectively. This system may be the same as or different from the eligibility system.

222.1 Prospective. Prospective budgeting requires the agency to anticipate what a household's circumstances will be during the issuance month based upon existing circumstances and expected changes. As illustrated below, the budget month is the issuance month.

Prospective System

June
Issuance Month and Budget Month

222.2 Retrospective. Retrospective budgeting requires the agency to use circumstances from a prior month to determine the benefits a household should receive for the issuance month. As illustrated below, the budget month may be the month two months prior to the issuance month or the month preceding the issuance month.

Two-Month Retrospective System

April	May	June
Budget Month	Processing Month	Issuance Month

One-Month Retrospective System

May	June
Budget Month	Issuance Month

223 Reporting. To facilitate the accurate determination of households' eligibility and allotment levels after the certification action, households are required to report changes to the local agency. A household may be subject to change reporting ($100 change in earned income reporting or status reporting), monthly reporting, quarterly reporting, semi-annual reporting , or in accordance with an approved waiver (See Appendix A). The QC reviewer must review in accordance with the option chosen by the State agency for reporting income.

Any change in circumstances that is not required to be reported cannot result in an included variance in the QC error determination process if it was not reported. (See Chapter 7.)

223.1 Change Reporting/Prospectively Budgeted ($100 Change in Earned Income Reporting). Households subject to change reporting requirements are required to report changes in circumstances, within 10 days of the date the change becomes known to the household. However, for income, households may be required to report changes as early as within 10 days of the date the household becomes aware of the new employment, within 10 days of the date the employment begins/stops or within 10 days of the date the household receives the first paycheck attributable to the change. Reportable changes include the following:

- Change in the sources of income, if the change in employment is accompanied by a change in the amount of income;
- Change of more than $50 in unearned income, except a change in a public assistance grant (or general assistance grant if the grant and the food stamp allotment were jointly processed);
- Change in the amount of earned income of more than $100 a month from the amount last used to calculate the household's allotment;
- All changes in household composition;
- Changes in residence and the resulting change in shelter costs;
- The acquisition of a licensed vehicle, the value of which is not fully excludable according to certification policy;
- When liquid resources reach or exceed the resource limit; and
- Changes in the legal obligation to pay child support.

The QC reviewer must consider a change reported when it is reported to either the food stamp or TANF unit. (See section 740 for mass changes.)

223.2 Change Reporting/Prospectively Budgeted (With Status Reporting). Households subject to status reporting requirements are required to report changes in circumstances within 10 days of the date the change becomes known to the household. However, for income, households may be required to report changes as early as within 10 days of the date the household becomes aware of the new employment, within 10 days of the date the employment begins/stops or within 10 days of the date the household receives the first paycheck attributable to the change. Reportable changes include the following:

- Change in the source of income if the change is accompanied by a change in income;
- Changes in wage rate or salary or employment status (part-time to full-time or full-time to part-time);
- All changes in household composition;
- Changes in residence and the resulting change in shelter costs;
- The acquisition of a licensed vehicle, the value of which is not fully excludable according to certification policy;
- When liquid resources reach or exceed a total of $2,000;
- Changes in the legal obligation to pay child support`

223.3 Monthly Reporting. Households subject to the monthly reporting requirements must submit complete reports on a monthly basis. These households may, but are not required to submit changes outside the monthly report.

223.4 Quarterly Reporting. Households subject to quarterly reporting are required to file a complete quarterly report by the filing date specified on the report. At the State agency's option, households may be required to report all of the eligibility factors on the quarterly report form; <u>or</u> to report some of the eligibility factors on the quarterly report form and other changes through the use of a change report form. However households subject to time limits for able-bodied adults must report whenever their work hours fall below 20 hours per week averaged monthly.

The QC reviewer must review in accordance with the option chosen by the State agency.

223.5 Semi-Annual Reporting. Households subject to limited reporting are only required to report changes that cause the household's gross monthly income to exceed 130% of the poverty income guideline for the household size. However households subject to time limits for able-bodied adults must report whenever their work hours fall below 20 hours per week averaged monthly. Changes must be reported no later than 10 days from the end of the calendar month in which the change occurred.

The QC reviewer must consider a change reported when it is reported to either the food stamp or TANF unit. (See section 740 for mass changes).

223.6 Transitional Benefits. There are no reporting requirements during the transitional months. The state agency is only allowed to adjust transitional benefits based on information reported from another program in which the household participates, if the state agency opted to act on these changes.

230 QC REVIEW FOCUS. Certification actions and the authorized allotment are reviewed at a point in time.

231 Certification Errors. The QC review of any active case is based upon an examination of the benefits authorized for the household for the sample month.

The QC system disregards errors made during the issuance process. States have direct liability for issuance errors. Therefore, it is not the benefit amount that is actually issued which is subject to QC review, but rather the benefit amount authorized through the certification process.

Determining eligibility and calculating the benefit amount are certification functions.

- In States where these functions have not been computerized, the benefits authorized on the worksheet shall normally be reviewed by the QC reviewer.

- In States where an automated computer system determines a household's eligibility and benefits, the QC reviewer shall review the case based upon the information stored in the computer.

In reviewing the authorized allotment, the reviewer must examine the actions of the EW including any documentation supporting the amount of benefits authorized.

232 Allotment Amount. The full amount of the issuance month's benefits including those supplements for the sample month (See section 233) shall be reviewed and reported as the allotment in Section D of the FCS-380 face sheet.

232.1 Actions to ignore. Do not consider the following actions.

- Recoupments to recover prior food stamp overpayments.

Example of a recoupment: If $10 was recouped from a $100 authorized allotment and a $90 allotment was issued, review the $100 amount.

- Coupons voluntarily returned by the household when there was no claim.

Example of voluntarily returned coupons: If a household was authorized a $100 allotment and it returned $50 in coupons, review the $100 amount.

- Claim collections for prior months or the issuance month.

Example of a collection of a prior claim: If a household was authorized a $100 allotment and it repaid $25 on a claim, review the $100 amount.

- Restored benefits.

Example of a restored benefit*:* If an allotment was authorized for $150 which included a $100 allotment for the sample month plus $50 to correct an error four months ago, review the $100 amount.

- Retroactive benefits for prior months.

Example of a retroactive benefit: If an allotment was authorized for $150 which included a $100 allotment for the sample month and a $50 allotment for the month of application, review the $100 amount.

- Actions taken subsequent to the sample month.

Example of a subsequent action: If a $100 allotment was authorized in the sample month and $20 in restored benefits were authorized in the following month, review the $100 allotment.

- Supplement issued after QC sampling.

Example of a supplement not included: If a $100 allotment was authorized for the sample month and a $20 supplement was subsequently authorized within the sample month but after the case was selected for QC review, review the $100 allotment.

232.2 Non-Compliance with Other Means-Tested Programs. The QC reviewer should review the full amount of the benefits authorized for the sample month making any necessary adjustments based on instructions in Section 232.1.

- If the State applied an optional percentage reduction, the allotment would have the percentage reduction already deducted.

- If there was no penalty applied, it would not have a penalty deducted.

Below are the three possible situations that can occur for State agencies that have chosen to apply a reduced food stamp allotment penalty when an individual has failed to take a required action in another means-tested public assistance program.

- The State agency applied the penalty. Review the allotment authorized, in which the penalty has been applied.

Example of an applied penalty: The household was originally eligible to receive $120 but was authorized $100 after the penalty was deducted. It is the $100 allotment that is subject to QC review.

- The State agency knew of the household's failure to take a required action in the other means-tested program and did not apply the penalty but should have applied the penalty. Review the allotment authorized. In determining the error amount in this case, apply the penalty that the EW should have deducted.

Example of a penalty that should have been applied, but was not: The household was authorized $120. A $20 penalty should have been applied. The allotment subject to review is $120. In the process of determining the error amount, deduct the $20 penalty as the last step in column 2 of the computation sheet. This will result in an error including the penalty amount that should have been used by the EW. Compare the $100 in column 2 to the $120 in column 1. The result is a $20 overissuance.

- The State agency did not know of the household's failure to take a required action in another means-tested program so the State agency did not apply a penalty. Review the allotment authorized. Since the agency was not aware of the failure to take a required action in the other program there was no way to apply the penalty. For this situation, do not apply the penalty in the error determination process. Do not deduct the penalty as the last step in column 2.

Example of a penalty that was not applied and did not have to be: The household was authorized $120. Use the $120 as the allotment under review. Do not apply the penalty in establishing the error amount for this case.

233 Review Date. In no case is the review date the day the QC review is conducted. The allotment authorized as of the review date (AORD) shall be the benefits subject to review.

The review date for active cases means a day within the sample month, either the first day of the sample month or the day a certification action was taken to authorize the sample month's allotment, whichever is later. Certification actions shall include:

- Initial certifications or recertifications completed during the sample month.

- Changes in the allotment that the State agency authorized before the day on which the case was sampled.

Example of a change in the allotment before sampling: On September 30, the State agency changed the household's October allotment, from $105 to $138. Quality control sampled the household on October 1 for the October sample month. Quality control will review the $138 allotment, because the State agency changed the allotment before the day of sampling.

- Changes in the allotment that the State agency authorized on or after the day on which the case was sampled, providing the State agency processed the change(s) in a timely manner, in accordance with certification requirements, and the change(s) were reported by the household before the day on which the case was sampled.

Example of a change after sampling, but processed timely: A monthly reporting household had a baby born on September 22; the household reported the birth on September 25. On September 28, quality control sampled the household for October. On September 29, the State agency changed the household's October allotment, from $199 to $269. Quality control will review the $269 allotment because the State agency processed the change in a timely manner as mandated by certification requirements.

Another example of a change after sampling, but processed untimely: On March 3, a household member left a change reporting household. On March 20 the household reported the member's departure. The State agency did nothing. On August 3 quality control sampled the household for August. On August 5 the State agency changed the household's August allotment, reducing it from $470 to $414. Quality control will review the $470 allotment, because the State agency changed the allotment after the sampling date and did not process the change in a timely manner in accordance with certification requirements.

- Supplements that the State agency authorized before the day on which the case was sampled. Such a supplement is part of the allotment that is subject to review.

Example of a supplement authorized before sampling: A household applied in January and reported semi-monthly income of $350 ($700 monthly). The State agency certified the household but treated the income as biweekly ($752.50 monthly). On April 20, the State agency discovered its mistake at a recertification interview, and on the same day authorized restored benefits for the previous months and a $15 supplement for April. Quality control sampled the household on May 2 for April. Quality control will include the $15 supplement because the State agency authorized it before sampling.

Another example of a supplement authorized before sampling: A household was subject to change reporting and prospective budgeting. The sample month was August, and the household received its regular allotment on August 2. On August 3, the State agency discovered that they had failed to give the household an earned income deduction, so they authorized a $28 supplement. On August 6, quality control sampled the household. The reviewer will include the $28 supplement because the State agency had authorized the supplement before the sampling date.

- Supplements that the State agency authorized on or after the day on which the case was sampled if the State agency processed a change in a timely manner, in accordance with certification requirements, that was reported by the household before the day on which the case was sampled.

- If a State agency authorized a supplement on or after the day on which the case was sampled and did not process a reported change in a timely manner as dictated by certification requirements, the supplement is not part of the allotment that is subject to review.

> **Example of a reported new member of the household:** A household was subject to monthly reporting and retrospective budgeting in a two-month system. The sample month was June. On May 30, quality control selected the June sample. On May 31, the household reported the birth of a baby, so on June 10 the State agency authorized a supplement of $89. The $89 supplement would not be reviewed and the new member would not be included in the error determination process because the household reported the change after the date the case was sampled.

- If a State agency pulls its QC sample prior to the sample month, and a household reports a new member on or after the sampling date, but prior to the first day of the sample month, the addition of the new household member must be examined to determine if it was properly handled, but the supplemental allotment (or change in regular allotment) itself is not included in the allotment subject to review. If verification was provided prior to the end of the issuance month, a

supplement should have been authorized in the issuance month. (See section 722.4 for direction on determining variances relative to adding new members.)

Another example of a reported new member of the household: A household was subject to change reporting and prospective budgeting. The sample month was April. On February 25, the household reported the birth of a child. The State agency took no action on the reported change. The household received its April allotment on April 1. Quality control sampled the household on April 4. On April 7, the State agency discovered its mistake and authorized a $78 supplement to compensate for the improperly treated household member. The reviewer will not include the $78 supplement, but will include the new member because the local office did not process the reported change in a timely manner as mandated by certification requirements.

CHAPTER 3

CASE RECORD REVIEW

300 GENERAL. This chapter provides guidance on conducting a review of the household's case record, including documentation of verification contained in the case record. It also identifies cases that are not subject to review.

310 PURPOSE OF CASE RECORD REVIEWS. The purpose of active case reviews is to:

- Identify the status of each element of eligibility and benefit calculation as documented by the agency;
- Determine the amount of the allotment authorized for the sample month's issuance; and
- Identify any variances resulting from misapplication of policy by the agency.

320 PROCEDURES FOR CASE RECORD REVIEWS. Case record reviews consist of reviewing the household's issuance record, analyzing the certification case record(s), reviewing verification documentation and documenting the findings on a Form FNS-380.

321 Household Issuance Record. The reviewer shall review the household's issuance record(s) and determine if the household participated in the sample month.

The reviewer may compare information on household size, the certification period and the allotment contained in the issuance file to that in the certification file and report any differences to the agency for corrective action on an individual basis.

321.1 On-line EBT. For “on-line” EBT systems where the account memory is held in a central computer system, participation has occurred when the sample month benefits are posted to the account, with one exception. The exception is that if the household has not accessed the account for purposes of withdrawal/purchase of food at any time in the three-month period which includes the sample month and the two consecutive months immediately after the sample month, then the household shall not be considered to have participated in the sample month.

321.2 Smart-Card EBT. For "Smart Card" EBT systems, the benefit information is resident on the individual card's memory chip and must be updated each month, participation has occurred when the card is presented for update for the sample month.

322 Certification Case Record(s). The reviewer shall analyze household circumstances, reported changes, certification actions, verification and documentation contained in the certification case record(s). The reviewer shall review the food stamp case record(s) and, as applicable, the PA case record(s). The reviewer may review general assistance, Medicaid and other available records.

If the reviewer is unable to locate the household's case record, the reviewer shall identify as many of the pertinent facts as possible from the household's issuance record.

322.1 Household Circumstances and Certification Actions. The reviewer shall review all information applicable to the case AORD, including, but not limited to, the application, worksheet and any documented changes in effect AORD. The reviewer should become familiar with the household's situation, identify the specific facts related to eligibility and the benefit amount and note any deficiencies and misapplication of policy.

322.2 Documented Verification. The case record may contain documents or statements that the reviewer may use as verification if the documentation is adequate, it is not subject to change, and it applies to the appropriate time period. Those elements for which documentation contained in the case record may be used as verification must meet the minimum verification standards identified in Chapter 5 of this handbook and need not be re-verified by the reviewer during the field review.

323 Completion of Form FNS-380. (See Appendix B.) During the case record review, the reviewer shall complete the FNS-380. The information must be recorded in sufficient detail to enable another person to determine the facts of the case by reviewing the FNS-380.

323.1 Face Sheet. This is page one of the Worksheet for Food Stamp Quality Control reviews. There are four sections:

- Section A, provide identifying information in items 1 through 14 from information in the case record.

- Section B, list persons living in the home identified in the case record.
- Section C, list significant persons not living in the home associated with the household and identified during the certification of the household.
- Section D, complete the review findings at the conclusion of the review.

Note: Additional information may be added during the course of the review in sections A through C before completing section D.

323.2 Column 2 of the Worksheet. The purposes of column 2 of the FNS-380 worksheet is for the reviewer to record information contained in the casefile and to assist the reviewer in planning the field review. The reviewer must record information from the case record relevant to the most recent certification action of the household.

- The reviewer must use all information applicable to the case AORD, including the application and application worksheet in effect AORD.

- The reviewer should note any pertinent items or questions as well as any conflicts in information.

- In addition, the reviewer should be aware of recorded factors which are subject to change, note the reliability of sources used and note any missing information.

- This column may also be used to selectively highlight other points that should be considered when conducting the field investigation or to remind the reviewer of the case situation.

The eligibility and allotment elements on the worksheets are grouped together under four main groupings called program areas.

Program Area	Codes
Basic Program Requirements	100's
Resources	200's
Income	300's
Other	500's and above

A 3-digit code is used to identify each element. For reporting purposes, Elements are listed in column 1 of the FNS-380.

The information recorded in column 2 should include the following:

- **Application Information.** The reviewer should record information provided by the household on the application by element.

Examples of recording information from the application: Element 150 Household Composition: Application lists three - Jean Jones and her two children (Cheryl and Tom).

Element 221 Real Property: Application shows none.

- **Worksheet Information.** The reviewer should record the information contained on the worksheet that was prepared by the EW.

Examples of recording information from the worksheet: Element 344 PA: Application shows no PA. Worksheet shows PA payments of $400 a month.

Element 363 Shelter: Application and worksheet show monthly mortgage payments of $400.

Element 364 Standard Utility Allowance; Application shows monthly expenses of $10.50 electric, $25 gas and $12 phone. Worksheet shows household was entitled to $150 SUA.

- **Verification.** The reviewer should record verification documented in the casefile or attach copies of documentary evidence.

Example of recording information from verification: Element 333 SSI: Application shows Jean Jones received $225 a month. Worksheet shows $235 a month. The EW verified $235 by reviewing the April (date of the report) SDX listing.

- **Other Information.** The reviewer should record all other information from the casefile that is relevant to the case AORD, such as case history information that has a bearing on the household's circumstances and changes that were reported or otherwise became known to the EW.

- **Misapplication of Policy.** The reviewer should record any misapplications of policy such as: failure to use the correct income

conversion factor, allowing an earned income deduction for unearned income or allowing a medical deduction for members who are not elderly or disabled. The reviewer should also record mathematical and transposition mistakes.

323.3 Computation Sheet. Fill in column 1, Eligibility Worker Information, by recording the figures the EW used to compute the allotment for the sample month.

324 Ineligible Households. If during the case review the reviewer can determine and verify that the household was ineligible, the reviewer can terminate the review at that point, provided that if the determination is based on information that was not obtained from the household, then the reviewer shall resolve the difference to determine which information is correct. The reviewer shall recontact the household and discuss the difference unless the household cannot be reached or refuses to cooperate. When resolving conflicting information, the reviewer shall use his/her best judgment based on the most reliable data available and shall document how the differences were resolved.

330 CASES NOT SUBJECT TO REVIEW. Certain types of cases are not to be included in the QC sample. These cases are normally eliminated in the sampling process; however, if such cases reach the reviewer, the reviewer shall terminate the review at the point when a determination is made that the case is not subject to review. The reviewer must complete items 1 through 7 and item 68 of an FNS-380-1. An FNS-380 has to be partially completed for these cases. The reviewer must provide identifying information and adequately document the FNS-380 to show that the case meets the not subject to review criteria. Otherwise, the case will be considered a not completed case. All cases that meet the criteria in sections 331 through 338 must be coded as not subject to review.

331 Oversampling. Cases dropped as a result of oversampling are not subject to review.

332 Cases Listed in Error. Households listed in error as active cases are not subject to review. They include but are not limited to:

- Negative cases appearing in the active sample;

- Households that did not participate in the food stamp program for the sample month, including suspended cases and those that were eligible for zero benefits before any recoupments were made. Households are considered to have participated if they meet the active case definition

in section 130. (See section 321 for details regarding participation in Electronic Benefit Transfer type systems);

- Households that received restored benefits but were otherwise not participating based upon an approved application;

- Households that received retroactive benefits for the sample month. This includes households that applied for participation in the sample month, but were not certified until the following month; and

- Households that participated based on an expired ATP.

333 Disaster Cases. Households certified under disaster procedures authorized by FNS because of a natural disaster are not subject to review.

334 Cases Pending a Hearing. Households that are appealing an adverse action when the review date falls within the time period covered by continued participation pending the hearing are not subject to review. This includes PA cases certified under joint processing that are under appeal. For jointly processed cases this provision applies even if only the PA grant is under appeal, if the food stamp benefits are frozen pending the decision on the PA grant appeal. A case remains not subject to review, even if the hearing decision has been rendered by the time of the review, if the case was still pending the hearing decision as of the review date.

335 Intentional Program Violation Cases. Cases are not subject to review if as of the date the case is selected for QC sampling:

- The case has been referred for investigation to the state's fraud investigation unit, and the investigation is scheduled to begin within 5 months of sampling;

- The case is under active fraud investigation; or

- The case has a pending administrative or judicial IPV hearing.

"Scheduled" means that an actual date for the investigation to begin has been assigned.

"Under active investigation" means that the fraud investigator has begun to actually explore the details of an apparent client caused overissuance. To be considered "active" the investigation must be in progress. It does not mean that the case has only been referred for investigation and accepted by the fraud investigation unit.

336 All Household Members Have Died. The case is not subject to review if all the household members who could be interviewed died before the review could be undertaken or completed. The availability of an authorized representative for interview does not make this case subject to review.

337 Household Moved Out of State. The case is not subject to review if all the household members who could be interviewed moved out of State and have not returned by the time the reviewer attempts to contact the household. The availability of an authorized representative for interview does not make this case subject to review.

338 Unable to Interview. Cases are not subject to review if the interview cannot be completed because all individuals who could be interviewed:

- Have been hospitalized, incarcerated or placed in a mental institution and are expected to remain there for 95 days after the end of the sample month; or

- Cannot be located after all reasonable efforts to do so have been made and documented as provided in section 442.1.

CHAPTER 4

FIELD REVIEWS

400 GENERAL. This chapter provides guidance on conducting field reviews. The two basic activities involved in a full field review are (1) interviewing the household and (2) making collateral contacts.

410 PURPOSE. The purpose of a field review is to obtain all relevant information about the household's actual circumstances which relate to the household's eligibility and benefit level for the sample month's issuance and to verify and document the information. A full field review must be conducted for all active cases that are subject to review except as otherwise provided in this chapter or ineligible cases as provided in section 324.

411 Alaska Cases. A full field investigation is not required for cases sampled in isolated areas of Alaska which are not reasonably accessible considering regularly scheduled commercial air service, available lodging and automobile or public transportation.

For example, the area could be considered not reasonably accessible if the reviewer has to stay overnight because of airline schedules and there is no suitable lodging. The area could also be considered not reasonably accessible if the reviewer could not leave an area within a reasonable period of time after conducting the review. For example, the review(s) may take several hours but the reviewer would not be able to fly out for several days. An area could also be considered not reasonably accessible if there is no available ground transportation such as rental cars or public transportation that would be needed to conduct a face-to-face interview.

In such cases, at least one attempt to contact the household, by telephone for example, must be made and documented. The review of such cases can then be completed by means of a review of the case record and by collateral contacts.

412 Limitations on Information Sought. The reviewer may examine only those circumstances related to the household's eligibility and benefit level for the sample month's issuance. For example, the reviewer may not require that he/she be given access to a safe deposit box. The time periods for which information must be sought and verified

will vary depending on the household's eligibility, budgeting and reporting systems and whether income and expenses have been averaged or prorated. In addition, for reasons of reviewer safety, and so that quality control can not possibly interfere with any ongoing law enforcement activities, ***under no circumstances shall the reviewer question the household regarding the possibility of ineligibility due to an illegal drug conviction or possible status as a fleeing felon.*** (For details on this limitation of information sought, see the specific review procedures for disqualified household members in section 848.)

413 Completion of Form FNS-380, Column 3 of the Worksheet. During the field investigation, the reviewer must complete column 3 of the FNS-380. The reviewer must document the analysis of each element. This includes documenting confirmation of information in column 2. Reviewers are responsible for resolving inconsistencies of information discovered during the review and documenting the results in column 3.

414 Planning the Field Review. Prior to conducting the interview, the reviewer should review the case record to identify areas where particular attention is warranted, e.g., conflicts in information or gaps in coverage. To facilitate the field review, the reviewer should also identify elements which were adequately verified and documented in the case record and need no further attention during the field review in column 3 of the FNS-380 worksheet. The reviewer must arrange for a personal interview with the household and arrange for obtaining verification from collateral contacts.

415 Arranging for Verification. When adequate documentation of verification is not contained in the case record, the reviewer shall arrange for verification from collateral contacts. For QC purposes, a collateral contact is a source of information that can be used to verify household circumstances. The reviewer should note those elements that require additional verification and obtain the name, address, and telephone numbers of those sources from the household during the interview.

420 HOUSEHOLD INTERVIEW. The QC reviewer shall conduct a face-to-face interview for active cases subject to review to determine the identity of the applicant and whether the household did exist and to explore household circumstances affecting the sample month's eligibility and allotment.

An interview is required for all cases except:

- Certain Alaska cases as provided in section 411,
- When the household is determined ineligible based on information furnished by the household as provided in sections 324 and 441, or
- The household fails or refuses to cooperate as provided in section 442.2.

During the interview, the reviewer should review documentary evidence and obtain names, telephone numbers and addresses for collateral contacts.

In some instances when the interview cannot be completed, e.g., all members who could be interviewed have died, the case is not subject to review as provided in section 336.

421 Arranging Household Interview. The reviewer must notify the household prior to the interview that it has been selected as part of an ongoing review process for QC and that a face-to-face interview will be held in the future. The reviewer must make arrangements for the interview and may inform the household of the type of information that the household will need to have available for the home visit.

422 Individuals Who Can Be Interviewed. The reviewer must interview one of the following individuals:

- The head of the household;
- That person's spouse when a member of the household;
- Another knowledgeable member of the food stamp household under review (who can identify the applicant, prove the household exists, know circumstances that affect eligibility and allotment, and provide documents along with the names, telephone numbers and addresses of collateral contacts); or
- The authorized representative designated by the household to make application for the program on behalf of the household. An authorized representative may not be

interviewed if all household members who could be interviewed have died or moved out of state. (See sections 336, 337 and 338.)

423Location of Interview. The State agency determines the location of the face-to-face interview in most cases. For most reviews, the interview may take place at:

- The household's home,
- The local certification office, or
- Another location that is mutually agreeable to both the reviewer and the household.

An office interview must be waived if requested by any household that:

- Is unable to appoint an authorized representative and has no household member able to come to the office because they are elderly or disabled, or
- Is unable to appoint an authorized representative and lives in a location not served by a certification office.

The reviewer should not choose the certification office when that will inconvenience a household with:

- Inadequate public transportation
- No car
- Problems with child care
- Conflicting work hours
- Conflicting school hours.

FNS encourages reviewers to interview households in their homes. A home visit can be important in determining whether the household lived at the address given. A home visit also enables the reviewer to make visual observations of pertinent living circumstances. Reviews should not take place in the home when:

- There is a threat to the reviewer's physical safety if the household lives in a high crime area

- No one is at home during the day because of employment.

When the interview is to be held at locations outside the home, the household needs to be advised in advance what documentation it needs to bring to the interview.

Interviews cannot be conducted over the telephone except in Alaska under circumstances discussed in section 411.

424 Conducting the Interview. The following are procedures for conducting the interview with the household. See Appendix E for guidelines on interviewing techniques.

424.1 Opening the Interview. The reviewer must show proper identification and explain the purpose of the interview. Telephone calls and letters arranging the interview may have included such an explanation, and reference to them may be useful.

424.2 Dealing With Household Fears During the Interview. The reviewer may want to tell the household that it and others were selected at random from a list of all households that received food stamps in the particular month. The reviewer might also say that the purpose of doing this is to find out if households in general are participating correctly. The reviewer should assure the household that all the information obtained from it and others will be safeguarded, that is, the Food Stamp Program allows only certain authorized persons to review information about food stamp households.

424.3 Observation During the Interview. Observation should be made of such things as vehicles and evidence about household composition. For example, no toys or other evidence of young children when the household has stated there are some in the household and/or when the case record includes the existence of children in the household could warrant further inquiry.

424.4 Establishing Household Composition. Household composition should be established early in the interview process because many of the questions to be asked depend on who is in the household. A

typical sequence would be to establish residency and then household composition.

424.5 Reviewer Inquiries. The reviewer is required to ask the household about each element as it applies to each household member. For example, in a two-person household of Mr. and Mrs. Jones with neither person exempt from work registration, the reviewer might ask, "Mr. Jones, did you work for anyone or were you self-employed during the month of October 2002?" That question would be repeated for Mrs. Jones: "Did Mrs. Jones work for anyone or was she self-employed during the month of October 2002?" Follow-up questions may be required.

If the reviewer obtains conflicting information about the household's circumstances, the reviewer must resolve any inconsistencies by recontacting the household. The source(s) of the conflicting information may be the client, a collateral contact, or both. If the reviewer determines that the new information is correct, the reviewer must document why the first statement was incorrect or incomplete. For example, if the household reported that it was paying $400 in rent and the landlord stated that the household was actually paying $600 in rent, the reviewer must ask the household to explain the inconsistency. The reviewer must document the correctness of the statement used.

424.6 Recording Household Statements. The reviewer must record the household's statements in column 3 of the FNS-380 worksheet.

Example of recording a household's statement: "Mr. Smith stated he worked for Charley's Choice Computers, 123 Main Street, 836-1234, during June 2002and earned $300a week gross. He received 4 paychecks in June. No one in the household received any other earned income in June 2002. He said no one was self-employed during June 2002."

424.7 Verification. The reviewer must verify household information during the field review if the verification was not adequately documented in the case file.

- **Reviewing Documentary Evidence.** The reviewer must review appropriate documentary evidence which the household has available.

- **Obtaining Collateral Contacts**. The household is the best source of names, addresses and telephone numbers of persons or sources that can verify household circumstances. Therefore, the reviewer must ask the household for this information. If the household refuses to provide such collateral contacts, one of the following procedures must be followed depending on State requirements:

  1. The reviewer should try to find collateral contacts by other means. In addition, the reviewer is free to gather information from collateral contacts other than ones obtained from the household; or

  2. Households must sign a State release of information form to allow QC reviewers to contact third parties to obtain information pertinent to the household's food stamp case. If the household refuses, the reviewer must explain to the household that this refusal may result in the household no longer receiving food stamps. As discussed in section 442.2, such cases may be completed if possible.

430 COLLATERAL CONTACTS. Collateral contacts are needed when verification is not present in the case record or from the household. Most of the time the information that should be sought from a collateral contact will be evident. For example, information about rent would generally be obtained from landlords. Reviewers should also keep in mind that one collateral contact can sometimes verify several elements. Landlords can sometimes also verify household composition. Reviewers should plan collateral contacts to make maximum use of third party information. To minimize demands on the time of collateral contacts and help make the review efficient, reviewers should try to obtain all the information they need from a particular collateral contact at one time.

431 Obtaining Information From Collateral Contacts. When contacting collateral information sources, reviewers must identify themselves, describe their purpose, and state what information they need. It does not mean that the agency suspects that there is something wrong with the household's food stamp case. Discussions with collateral contacts must focus on information pertinent to the review yet may include factors other than those the reviewer planned to verify. For example, a landlord who was contacted about rent may mention the presence of a household

member which neither the case record nor the household indicated. If so, the reviewer should obtain any relevant information about the person that the landlord may know and contact the household again to resolve any inconsistencies.

432 Collateral Contact Refusal To Cooperate. A third party may refuse to provide the information that is needed to verify an element of eligibility or basis of issuance. The program has no authority to require third party cooperation. If verification cannot be obtained from other known sources, the household should be contacted again to obtain another source. A collateral's refusal to cooperate should not be interpreted as the household's refusal to cooperate.

433 Documentary Verification. The reviewer shall document verification obtained from collateral contacts either by recording the information in column 3 of the FNS-380 or by attaching copies of documentary evidence. (See section 520 for documentation requirements.)

440 COMPLETION OF FIELD REVIEWS. Field reviews must be completed to the point where either ineligibility or the appropriate benefit allotment is determined, verified and documented, except for cases that are not subject to review as specified in Chapter 3 and cases that the reviewer is unable to complete in accordance with section 442.

441 Cases Determined Ineligible. If during the field investigation the reviewer determines and verifies the household's ineligibility, the review can be terminated at that point provided the determination is based on information obtained from the household. If it was obtained from another source, the correctness of such information must be reviewed further. The reviewer shall try to resolve the conflicting information by recontacting the household unless it cannot be reached or refuses to cooperate. This contact may be by telephone, mail or in person. If the reviewer is unable to resolve the difference with the household, the reviewer shall use his/her best judgment based on the most reliable data available and shall document how the final determination was made.

442 Incomplete Case. Every reasonable effort must be made to complete all active cases except those that are not subject to review. All cases reported as not complete shall be reported to the State agency for appropriate action on an individual case basis.

442.1 Case Record or Household Cannot Be Found. The reviewer shall make all reasonable efforts to locate the case record and the household.

- **Case Record.** When a case record cannot be found, the reviewer must use whatever information is available to contact the household and complete the review.

- **Household.** This provision does not apply when the household's current residence has been located and confirmed but the reviewer is unable to talk to the recipient. (See section 442.2 for refusal and failure to cooperate.)

  The reviewer may be unable to locate the household at the address indicated in either the case record or the issuance record, and the reviewer is not otherwise aware of the household's current address. Some cases may also include the characteristic that correspondence from Quality Control to the household has been returned with an official Postal Service stamp indicating the correspondence was "undeliverable", "moved no forwarding address", etc. (In this instance, the official Postal stamp may serve as one source of contact; however, a letter marked simply unclaimed is not acceptable.) In such circumstances the reviewer shall attempt to locate the household by contacting at least two sources that the reviewer determines are most likely to know the household's current address. Such sources may include, but are not limited to:

  1. The local office of the U.S. Postal Service;

  2. The State Motor Vehicle Department;

  3. The owner or property manager of the residence at the address in the case record; and

  4. Any other appropriate sources based on information contained in the case record, such as public utility companies, telephone company, employers, relatives or school officials. Appropriate sources for homeless households may include soup kitchen personnel, homeless shelter operators, or transient housing officials. To qualify as a

contact, the source must provide feedback; messages left on answering machines do not qualify.

After the reviewer has attempted to locate the household and has documented the response of each source contacted, if the household still cannot be located and the reviewer has documented evidence that the household did actually exist, the reviewer shall report the active case as not subject to review (Code 2).

In these situations documented evidence shall be considered adequate if it either:

- Documents two different elements of eligibility or basis of issuance, such as a copy of a birth certificate for age, a pay stub for income, or

- Documents the statement of a collateral contact indicating that the household did exist.

If the reviewer fails to undertake these efforts or to properly document the efforts, the case is considered incomplete (Code 3) as opposed to not subject to review. When the reviewer determines that the household never existed, e.g., an apparently bogus case, <u>or</u> never lived at the address given and the household cannot be located, the case must be coded as incomplete (Code 3).

- **Case Record and Household.** If neither the case record nor the household can be found, the case must be reported as incomplete (Code 3) regardless of the State's efforts to locate the household.

442.2 Household Refusal and Failure To Cooperate. One or more members of the household may refuse or fail to cooperate with the reviewer by refusing or failing to be interviewed or by not providing collateral contacts.

- **Determination of Refusal (Code 3).** For a determination of refusal to be made, the household must be able to cooperate, but clearly demonstrate that it will not take actions that it can take and that are required to complete

the QC review process. An outright refusal to talk to the reviewer is an example. In certain circumstances, the household may demonstrate that it is refusing to cooperate by not taking action after having been given every reasonable opportunity to do so, even though the household or its members do not state that the household refuses to cooperate.

Examples of instances where the household's failure to take required actions in completing a QC review has the effect of a refusal to cooperate include:

Example of not responding to a letter: The household does not respond to a letter that is the reviewer's initial attempt to contact the household to arrange an interview, that is sent Certified Mail-Return Receipt Requested, and is signed for by a household member, within 30 days of the date of receipt.

Example of not attending an interview: The household does not attend an agreed upon interview with the reviewer and then does not contact the reviewer within 10 days of the date of the scheduled interview to reschedule the interview.

Example of not following up: Following contact with the reviewer, the household does not return a signed release of information statement to the reviewer within 10 days of either agreeing to do so or signing for a request from the reviewer sent Certified Mail-Return Receipt Requested.

The key factor in determining whether the household refused or simply failed to cooperate with the reviewer is whether the reviewer can verify that the household was actually contacted and aware that the reviewer was seeking the household's cooperation.

- **Determination of Failure (Code 3).** For a determination of failure to be made, the reviewer must be unable to document or verify that the household is unwilling to take actions that it can take and that are required to complete the QC review process.

Examples of instances where the household would be considered to have failed to cooperate rather than refused to cooperate in completing a QC review include:

Example of failure, not refusal, when the household does not respond: The household does not respond to notes or messages left at the household's verified address or with a non-household member, but the reviewer is unable to verify that the household received the notes or messages. An exception shall be made to this provision for notes or messages left with the household's eligibility worker. If the eligibility worker states that the notes or messages were conveyed to a household member, and these notes or messages do not elicit a response from the household, then the household's lack of response will be considered a refusal to cooperate with the reviewer.

Example of failure, not refusal, when a third party does not cooperate: A refusal to cooperate comes from a person who is not a member of the household of record.

Example of failure, not refusal, when the household cannot cooperate: The household demonstrates a willingness to cooperate with the reviewer, but is unable to provide requested information because the information is not in the possession of the household.

- **Steps To Obtain Compliance In Both Refusal and Failure to Cooperate Situation.** If a household refused or failed to cooperate with the reviewer, certain steps must be taken.

  The case must be reported to the State agency for it to take other administrative action. Such action may include such things as having the eligibility worker contact the household, assigning the case to another QC reviewer and writing the

household a letter from a State official such as the Welfare Commissioner.

After such actions, in cases where it has been determined that the household refuses to cooperate, the household shall be notified of:

- The penalties for refusing to cooperate with respect to termination and reapplication

- The possibility that its case will be referred for investigation for willful misrepresentation.

If the household refuses to cooperate after such notice, the reviewer shall report the household's refusal to the State agency for termination of the household's participation without regard to whether the reviewer is able to complete the case.

It is the responsibility of the State agency to establish whether a household's lack of cooperation is based on a refusal or a failure to cooperate. All the steps taken in the attempt to gain the cooperation of the household, as outlined in this section, shall apply to all cases in which the household is determined to have either refused or failed to cooperate with the reviewer, except that the reviewer shall not report the case to the State for termination when it is determined that the household failed, rather than refused, to cooperate.

In instances where the reviewer has verified the address/residence of the household, but the household does not respond to letters, notes, or messages requesting the household’s cooperation, the reviewer shall report the case to the eligibility worker for appropriate administrative action, including possible termination of the household’s eligibility due to loss of contact between the State agency and the household. The reviewer shall request that the eligibility worker inform the household of the quality control review and how to contact the reviewer if the household responds to any proposed administrative action.

In all cases where the reviewer has determined that the household refused or failed to cooperate in completing the quality control review, the reviewer shall attempt to complete the case without the cooperation of the household. If the reviewer is able to determine and verify all of the necessary information without the cooperation of the household, the case shall be reported as complete even if the household could not be interviewed.

If the reviewer is unable to determine and verify all of the necessary information without the cooperation of the household, the case shall be reported as incomplete. If, after disposition of the case as incomplete, the household later agrees to cooperate with the reviewer (at any time up until 95 days after the end of the review period) the reviewer must reattempt to complete the case.

All of the steps taken to gain the cooperation of the household and to complete the review must be documented in the QC review record.

442.3 Likely Conclusion. If the reviewer cannot obtain the required verification (see Chapters 5 and 8 through 11), the reviewer should explore other evidence, and review the eligibility worker's actions in the context of the overall case record and other QC case findings. If the reviewer is unable to arrive at a likely conclusion in such cases, the case must be coded as incomplete. If the reviewer is able to arrive at a likely conclusion, the case should be coded as complete. The reviewer must document the FNS-380 worksheet with the steps taken to meet the verification standards and how any alternate information helps substantiate the reviewer's determination.

The reviewer cannot use likely conclusion for certain elements, e.g.:

- Non-citizen status,
- IEVS for bank accounts and employment,
- DMV for vehicles,
- SSN's and

- Work requirements.

442.4 Late Reviews. Reviews shall not be reported as incomplete solely because the reviewer is unable to complete the review in time for it to be reported in accordance with the reporting requirements in section 190 unless the State agency obtains prior FNS approval.

CHAPTER 5

VERIFICATION AND DOCUMENTATION

500 GENERAL. This chapter contains the general verification and documentation requirements. Refer to Chapters 8 through 11 for specific verification and documentation requirements for each element of eligibility and basis of issuance.

510 VERIFICATION. The reviewer must verify from information in the certification record or collateral contacts each element of a household's:

- Eligibility for the point in time dictated by the eligibility rules governing the household's sample month participation, and
- Benefit calculation for the household's budget month.

511 Sources of Verification. The reviewer shall obtain sufficient evidence to establish the factual information for each element under review. A list of sources for verification is provided under the standard verification section of each element. These sources have generally proven to be the most reliable and have been provided to assist reviewers in completing reviews to the point when the proper benefit allotment is determined. In most instances, reviewers may use sources other than those listed under standard verification as long as they meet the criteria for evaluating evidence. (See section 513.) For a few elements, only specific sources of verification may be used as indicated in Chapters 8 through 11.

512 Use of the Income and Eligibility Verification System (IEVS) Data. For certain elements as specified in Chapters 8 through 11, use of IEVS as verification and/or to obtain leads for further investigation is mandatory. In using information from IEVS, reviewers should consider the lag time necessary for information from provider agencies to be updated, input and available for access through IEVS. In some instances this process may run one or two quarters behind. As a result of this delay, absence of information from IEVS should not be construed as confirmation of the nonexistence of income/resources.

513 Evaluating Evidence.

513.1 As the reviewer obtains evidence, he/she must evaluate the evidence to ensure that:

- It meets the verification requirements for the element.
- It does not conflict with other evidence, or that the conflicts are resolved and documented.
- It proves (either by itself or in combination with other evidence) the facts being verified.
- It pertains to the case member(s) or other individuals to whom it is supposed to apply.
- It establishes the circumstances for the element AORD for the appropriate issuance and budget month.

513.2 In judging the reliability of evidence, the reviewer should consider the following:

- **Age of Evidence or Date Evidence was Established.** Does the date the evidence was established lend credence to the factor being established, or does it raise questions?
- **Purpose for Which Established.** Why was the evidence prepared? Would there be any reason for falsifying the evidence?
- **Basis for the Evidence.** What or who is the source? Is it reliable? For example, was the information provided for the purpose of establishing eligibility? If not, who provided the information?
- **Nature of the Evidence.** Is the evidence official, such as a birth certificate, deed or other legal instrument?
- **Custody of the Evidence and Its Availability.** Is the evidence in the custody of a person who might have a vested interest in changing or slanting the evidence?

- **Way in Which Specific Information Is Recorded.** Does written evidence clearly establish the facts of the issue being reviewed? For example, is the specific date of birth shown, or does it show only age? If it shows only age, does it indicate last or next birthday? If the answers to any of the questions raise doubts concerning the reliability of the evidence, or the identity of the person to whom the evidence pertains, resolve these doubts and/or attempt to obtain other types of evidence.

The verification requirements of each section are the minimum requirements, and the reviewer may pursue additional verification. Whether the reviewer uses sources from the standard verification listing, other sources or IEVS, error determinations will ultimately be based on the household's actual circumstances.

514 Positive and Negative Allegations. Verification standards differ in some instances depending on whether the household responds positively or negatively to a question.

For example, if a household admits to having liquid resources, its statements are verified in a certain way. If a household denies having liquid resources, its statements are verified according to whether or not there is cause to doubt the negative allegation.

Verification standards for negative allegations are included as needed with verification standards for positive allegations.

515 Guidance for Particular Elements. Guidance is provided in Chapters 8 through 11 for each element to show what verification is required. The State shall use the IEVS data in accordance with Chapter 9 on resources and Chapter 10 on income.

520 DOCUMENTATION. Verification must be documented by recording information on the worksheet and, whenever possible, by attaching copies of documentary evidence. Documentation must clearly show the basis for the reviewer's findings for each individual element. It is the basis for determining if a variance exists in an element.

521 Documentation With Attachments.

Whenever verification is documented by attaching a copy of some official document or correspondence to the worksheet, the reviewer should make a note on the worksheet for the appropriate element referring to the document and stating the fact that it verifies.

Examples of documentation with an attachment: Henry Jones stated that he was born April 10, 1950. Verified by New York City birth certificate number 11234. See attached copy.

Sarah Wilson stated her rent was $450 per month that did not include utilities. Verified as $450 per month for March 2002 in letter from landlord. See attached copy.

522 Documentation by Recording a Document.

When a copy of the document is not obtainable, the reviewer must record the information on the worksheet. For documentation of documentary evidence from official sources and correspondence and written statements from collateral contacts to be considered adequate, it must contain the following:

Examples of documentation by recording: Wages for John Doe were verified by viewing two biweekly pay stubs from Jo and Mo's Bakery, 221 Landgrave Place, Pleasant, Ohio, check #0631, received 10-13-02, Gross Amt. $206.50 and check #2506, received 10-27-02, Gross Amt. $323.80.

Sarah Wilson stated her rent was $450 a month that includes all utilities. Verified as $450 for March 2002 from rent records viewed at Cherry Tree Apartments rental office, 500 Cherry Tree Lane, Blossom City.

- The source and type of document, its date (processed, signed, received or sent), any identification number, and the volume and page number if applicable;
- Where the document is located, if appropriate, such as a government office;
- The pertinent information from the document; and
- How the information from the document applies to the specific period of time.

523 Documentation of Verbal Statement by a Collateral Contact. When documentary evidence cannot be attached to the QC file, information may be obtained verbally from collateral contacts and must contain the following information to be considered adequate:

- The name of the contact,
- Title and organization (if appropriate),
- Telephone number (if none, so state),
- Address (if no telephone number or if information was obtained in person),
- Significance to household; and
- Date or dates of contacts and pertinent information obtained.

Example of documenting a verbal statement: Susan Gromolinsky stated that the day care center her two children attended in October 2000 charged $160 a month per child. Verified 2/15/02 in statement from Estelle Smith, Director, Cheery Child Day Care, phone 275-1662, that Tammy and Brenda attended all of October 2000 and Susan Gromolinsky was charged $320 for that month.

524 Verification and Documentation of Negative Allegations. In addition to verification of positive factors which the household admits, such as employment, bank accounts and expenses allowable as deductions, a household's negative allegations, for example, that no one in the household is employed, no one has a bank account or no one owns a vehicle must be verified. Verification of negative allegations needs to be documented on the worksheet as does verification of positive allegations.

Example of documenting a negative allegation: Mr. Baker stated that no one in the household owned any licensed vehicle in July 2002. Verified by Motor Vehicle Department. See attached print-out.

525 Verification and Documentation in Automated Certification Systems. In some State agencies, the certification file may be contained wholly or partially in computer files.

In such instances, the QC reviewer must ensure that verification and documentation is sufficient to establish each element of eligibility and the benefit calculation for the household's budget month. If not, the QC reviewer shall obtain the necessary verification and document the worksheet in accordance with the standards in this chapter, and Chapters 8 through 11.

CHAPTER 6

ERROR DETERMINATION PROCESS

600 PURPOSE. The purpose of the error determination process is to determine whether each active case is eligible, eligible with an overissuance or underissuance, or ineligible for the sample month. The term "error" applies to the allotment. There is an error in the case if the household is ineligible. There is also an error in the case if the household is overissued or underissued more than $25. The inclusion or exclusion of any variance in an element may affect the error determination process; however, a variance is not an error. There are two parts to the error determination process, the eligibility test and the allotment test.

610 THE ELIGIBILITY TEST. The first thing the reviewer has to do is to determine whether the household was eligible to receive the sample month issuance. The reviewer must use the procedures in Chapters 5 and 7 through 11 to verify the household's circumstances and to determine whether any variances found during the review are to be included or excluded. The procedures to be used depend upon the household's eligibility system, as distinct from its budgeting system, requirements. If the household was ineligible, the error determination process is complete. Column (2) of the computation sheet would be completed using the figures determined in the test if the necessary figures were obtained during the review. If the review was terminated before the household's complete circumstances were established, column (2) is not completed. The allotment amount would be zero as the entire amount authorized for the sample month was in error. The reviewer would enter Code 4 in Item 8 and the amount of the authorized allotment in Item 10 of Form FNS-380-1. If the household is eligible, the reviewer must continue with the Allotment Test.

620 THE ALLOTMENT TEST. The allotment test is a two-step process. It consists of two comparisons. The first comparison is a comparison of an allotment computed based on actual, verified circumstances to the authorized allotment. The second comparison is a comparison of an allotment based on the verified circumstances excluding appropriate variances to the authorized allotment. Prior to doing the allotment comparisons, the reviewer must verify the household's actual circumstances appropriate for the household's budgeting requirements.

621 Comparison I. The first comparison is of an allotment computed based on
* the actual, verified budget month circumstances for items the client is entitled to
* be considered in the benefit calculation to the authorized allotment. The reviewer must not determine whether there are any variances for the purposes of this comparison.

* **621.1** Using actual, verified income and deductions for the budget month for
* items entitled to be considered in the benefit calculation, the reviewer must compute an allotment. This figure must include any relevant annualized or prorated amounts, and any applicable standard (i.e., SUA, homeless shelter standard, etc.). As appropriate, income received on a weekly or bi-weekly basis must be converted to a monthly figure.

621.2 Then the reviewer must compare the allotment amount computed in 621.1 to the amount the eligibility worker authorized for the sample month.

621.3 If the difference between these two allotment amounts is $25 or less, the error determination process is over. There is no error in the allotment amount authorized for the sample month. The reviewer must use the actual verified budget month circumstances for completing column (2) of the computation sheet and must enter Code 1 in Item 8 of the Form FNS-380-1.

621.4 If the difference between these two allotment amounts is greater than $25, the reviewer shall proceed to Comparison II.

622 Comparison II. The second comparison is of the authorized allotment and an allotment based on the verified budget month circumstances, excluding any variances in accordance with the requirements in Chapters 7 through 11.

622.1 The reviewer must compute an allotment, using the verified budget month circumstances, excluding any variances as appropriate.

622.2 Then the reviewer must compare the allotment amount computed in 622.1 to the amount the eligibility worker authorized for the sample month.

622.3 If the difference between these two allotments is $25 or less, the error determination process is complete and there is no error in the allotment. The reviewer must use the figures from 622.1 for column (2) of the computation sheet and enter Code 1 in Item 8 of the Form FNS-380-1.

622.4 If the difference between these two allotment amounts is greater than $25, there is an error in the allotment amount authorized for the sample month. The reviewer must use the figures from 622.1 or the figures from 621.1 for column (2) of the computation sheet and determine the amount in error. The figures used (622.1 or 621.1) must be whichever figures result in the least quantitative error for the case. The amount in error is the difference between the two allotments. The reviewer shall enter Code 2 for "Overissuance", or Code 3 for "Underissuance", in Item 8 and the amount in error in Item 10 of Form FNS-380-1.

Example of Using Comparison I figures to determine the error: For the case under review, the figures from 621.1 (Comparison I) reflect an allotment error of a $35 overissuance. The figures from 622.1 (Comparison II) reflect an allotment error of a $65 overissuance. It is the figures from Comparison I, the $35 overissuance which must be used in the final error determination of the case.

Example of Using Comparison II figures to determine the error: For the case under review, the figures from 621.1 (Comparison I) reflect an allotment error of a $140 underissuance. The figures from 622.1 (Comparison II) reflect an allotment error of a $70 overissuance. It is the figures from Comparison II, the $70 overissuance, which must be used in the final error determination of the case.

CHAPTER 7

REVIEW PROCEDURES RELATIVE TO CERTIFICATION SYSTEMS AND CHANGES

700 GENERAL. For QC purposes, it is critical that the reviewer determine the rules governing each household's participation in the issuance month in relation to eligibility, budgeting and reporting. The certification system determines the period of time for which household circumstances must be verified for QC purposes. It also determines when changes must be made effective.

There are two basic eligibility and budgeting systems - prospective and retrospective. The prospective eligibility and budgeting system uses the same month to consider the eligibility of the household and to budget the income and deductions in determining benefits. A household's circumstances are considered and the eligibility worker anticipates the circumstances for the issuance month based upon recent income and deductions and considering information provided by the client. Retrospective budgeting uses the circumstances, income and deductions from a specific prior month to determine benefit level. The retrospective budgeting system may be either one-month or two-month systems. The eligibility and budgeting systems may vary based upon characteristics and established State procedures. For example, the State may have a two-month retrospective budgeting and prospective eligibility system for households with earned income and prospective eligibility and budgeting for all other households. In addition, States have the option of counting TANF income prospectively in an otherwise retrospectively budgeted system, and certain new members may be added under prospective budgeting for several months to an otherwise retrospectively budgeted household. Another factor to consider in determining the correct system is whether there was a recent change that should have resulted in a household being switched from one system to another. Households that were not certified in the previous month are phased into retrospective budgeting with "beginning" month treatment. This means that prospective budgeting is used for one or two initial months depending on the State's system.

The QC reviewer must use the correct system(s) even if an incorrect system was actually used to authorize the sample month benefits. In determining the correct system(s), the reviewer must consider the food stamp regulations, State options, implemented waivers, and individual household circumstances. For example, if a PA household with earned income should have been subject to retrospective budgeting for PA and food stamp purposes but it was erroneously certified prospectively for both programs, the QC reviewer must use the retrospective budgeting review procedures.

710 VERIFICATION TIME PERIODS. The procedures in sections 711-713 specify the time periods for which household circumstances must be verified by the reviewer.

When retrospective budgeting is combined with prospective eligibility, the reviewer must verify income and deduction information for two months, i.e., the budget month and the issuance month. The specific verification standards by element in Chapters 8-11 shall be used.

711 Prospective Systems. (For further information refer to Definitions and sections 221 and 222.)

711.1 Eligibility. For cases subject to prospective eligibility, the reviewer shall verify all elements governing the household's eligibility, except for income and deductions, AORD. The reviewer shall verify income and deductions (when a net income determination is necessary) for the entire issuance month.

711.2 Benefit Level. For cases subject to prospective budgeting, the reviewer shall verify all income and deduction elements governing the household's benefit level for the entire issuance month.

NOTE: In a prospective system, the budget month and the issuance month are the same.

712 Retrospective Systems. (Reference Definitions and sections 221 and 222.)

712.1 Eligibility. For cases subject to retrospective eligibility, the reviewer shall verify all elements governing the household's eligibility, except as otherwise provided in this paragraph, as of the last day of the budget month. The reviewer shall verify elements related to residency, social security numbers, work registration, and the transfer of resources AORD. The reviewer shall verify income and deductions (when a net income determination is necessary) for the entire budget month.

712.2 Benefits. For cases subject to retrospective budgeting, the reviewer shall verify all income and deduction elements governing the household's benefit level for the entire budget month.

712.3 New Members After the Budget Month. If the household reported that a new member had or would join the household after the budget month and the State was required to add the person by the review date, the reviewer shall verify household composition AORD.

If the new member was required to be added prospectively because the person was not previously participating, the new member's circumstances shall be verified AORD except for income and deductions that shall be verified for the entire issuance month. If the new member was required to be added retrospectively because the person was previously certified in another household in the previous month, the new member's circumstances shall be verified in accordance with sections 712.1 and 712.2.

713 Exceptions.

713.1 Prorated Income and Averaged and Prorated Deductions. When income was or should have been prorated over the budget month and/or month for which eligibility was determined, the reviewer shall verify the amount of such income regardless of when it was received and compute a correct monthly amount. The same procedure applies to one-time or periodic expenses that were or should have been averaged or prorated.

713.2 Variances. Information supporting variances must be verified. This means that in some instances information must be verified for months other than the budget and/or issuance month depending on when the error occurred.

For example, for a prospectively budgeted household, if there is a variance between the worksheet in effect AORD and the verified sample month information, the reviewer must determine and verify if the variance occurred at the time of certification or subsequent to that time.

713.3 Categorical Eligibility. The reviewer shall verify household composition AORD and whether all members were authorized to receive PA, SSI, an appropriate GA payment in the sample month or authorized to receive the benefits of a State Program conferring categorical eligibility. This applies even for retrospective eligibility determinations.

713.4 Transitional Benefits. The reviewer must verify the household's eligibility to be certified to receive transitional benefits. This applies whether the household has received benefits under transitional criteria or not.

720 REVIEW PROCEDURES RELATIVE TO REPORTING

REQUIREMENTS. The types of reporting requirements are: change reporting ($100/status), monthly reporting, quarterly reporting, semiannual reporting, transitional benefits (no reporting) and alternatives to these systems approved by waiver. (Refer to Definitions, section 223 and Appendix A.) Because of State options and waivers, a household may be subject to one reporting

requirement for all elements or different requirements for different elements. The reporting requirements will delineate what has to be reported.

The reviewer shall use the procedures in this section to determine whether a variance resulting from a change in the household's circumstances must be included or excluded from the error determination due to reporting and processing time considerations. The reporting time frames are based upon the household's requirement to report certain changes in its circumstances within the specified time frames as determined by the State agency which can be as early as 10 days of the date that the household becomes aware of the change, or as late as within 10 days of the date the household receives its first paycheck attributable to the change. The exclusionary time periods in this section apply to all changes in circumstances unless otherwise specified in Chapters 8-11.

The circumstances as verified by the reviewer for the budget/issuance month, including prorated or averaged income and deductions as appropriate, shall be compared to the worksheet in effect AORD. If there are no variances in an element when the verified circumstances are compared to the worksheet, the reviewer must stop the review of the particular element.

If there is a variance, the reviewer shall determine the correct reporting procedure for each element. In some States all elements will be subject to the same reporting requirements. This determination shall be based on the State's reporting requirements that were in effect for the issuance month.

721 Changes Relative to Appropriate Month. The reporting requirements apply to both prospective and retrospective systems. Based on the household's certification system, the reviewer must relate changes to the appropriate budget and issuance month in which the change occurred or was anticipated. For example, if a change reporting household in a prospective eligibility and two-month retrospective budgeting system reported on June 1 that it anticipated an increase in income in July, the change must be considered in determining the household's eligibility for July. The increase in income would not, however, affect the household's benefit level until July becomes the retrospective budget month, i.e., September.

722 Change Reporting - $100 Change in Earned Income/ Status Reporting. These procedures apply to households that are subject to the change reporting requirements in section 223.2 and 223.3 and those items that are not included on the monthly or quarterly report or to changes the State becomes aware of from a source other than a monthly or quarterly report.

The 30-day and 20-day time periods referenced in this section are based on the regulatory requirements for change reporting. The requirements are 10 days

for the household to report changes, 10 days for the State agency to act on known changes and a 10-day notice of adverse action period for actions to reduce or terminate benefits. State agencies have the option of using the same time period for the notice of adverse action as they use for public assistance purposes. This may be longer or shorter than 10 days. If it is, the 20-day and 30-day time periods that are related to the change reporting requirements shall be adjusted by the same number of days. For example, if a State uses a 12-day advance notice of adverse action to be consistent with public assistance, the 30-day period for unreported changes shall be changed to 32 days and the 20-day period for acting on reported changes shall be changed to 22 days.

722.1 Changes Prior to the Notice of Eligibility for Initial Certifications.

- **Initial Month.** Variances that are the result of unreported changes that became known to the household subsequent to the interview shall be excluded if the sample month is the initial month. Variances that are the result of changes that were voluntarily reported by the household between the time of the interview and the certification action are included variances unless the State had less than 10 days, from the date that the change is reported until the date the household is certified to act on the change. The date the household is certified is the review date if the sample month is the initial month.

- **Subsequent Months.** Unreported changes that became known or occurred between the time of the interview and the date of the notice of eligibility shall be treated as though they became known to the household on the date of the notice of eligibility.

722.2 Unreported Changes. The following procedures apply to unreported changes under the change reporting requirements. Any variance(s) resulting from changes which occurred or the reviewer can document became known to the household more than 30 days prior to the review date, shall be included in the error determination. Variances resulting from changes that became known to the household or occurred 30 days or less prior to the review date shall be excluded from the error determination. There are two exceptions that are:

- In a one-month retrospective budgeting system with either prospective or retrospective eligibility when the review date is the first day of the issuance month and the household's issuance is after the 15th day of the issuance month, any variances that

occurred or became known prior to the 15th day of the budget month shall be included in the error determination.

- In a two-month retrospective budgeting system with either prospective or retrospective eligibility when the review date is the first day of the issuance month, the 30-day period is converted to a month's time for simplicity. Therefore, a change that occurred or became known during the budget month shall be included. Any variance resulting from a change that occurred or became known to the household in the processing month shall be excluded from the error determination. (See section 721 for changes relative to the appropriate month.)

722.3 Reported Changes. The following procedures apply to reported changes under the change reporting requirements. If a change in circumstances was reported which the State agency was required to effect AORD, any variance(s) resulting from the agency's failure to effect the change AORD shall be included in the error determination.

- **Two-Month Retrospective System.** In a two-month retrospective eligibility and/or budgeting system where the review date is the first day of the issuance month, any variance(s) resulting from change(s) that occurred during the budget month shall be included in the error determination. Any variance(s) resulting from change(s) that occurred during the processing month shall be excluded.

  NOTE: This does not apply to prospective eligibility.

- **Other.** In systems other than two-month retrospective systems variances shall be included in the error determination as specified below.

  1. Variances shall be included if the change would have resulted in an increased allotment, it was reported more than 10 days prior to the review date and action on the reported change was not pending AORD because the household had not submitted the necessary verification. An exception shall be made to this provision in those situations where a household has applied for initial benefits after the 15th of the month, and receives a combined first and second allotment. In such situations, if the second month is the sample month, any changes occurring in the first month, which the State agency is not required to affect for the second month, shall be excluded from the error determination process.

2. Variances shall be included if the change would have resulted in ineligibility or a decreased allotment and it was reported more than 20 days prior to the review date with two exceptions:

   a. If the notice of adverse action expired during the issuance month (the sample month), and in a prospective system the State agency had decided not to effect the change until the month following the issuance month, the variance shall be excluded; or

   b. If the notice of adverse action notice expired on a weekend or holiday on which the review date also falls, the 20-day period shall be extended by the appropriate number of days. Additionally, if the review date falls on the day after a weekend or holiday on which the notice expires, the 20-day period shall be extended for the appropriate number of days.

In regard to all variances covered by this section, if a change became known to the household more than 30 days prior to the review date but was reported too late for the agency to effect the change AORD, any variance resulting from the change shall be included in the error determination.

722.4 New Members. New members who are not already participating in another household must be added no later than the month following the month in which they were reported. In order to do this, the State may issue a supplement. (See section 233) To determine if the reported addition of a new member was properly handled for QC purposes, the reviewer must determine if the change would increase or decrease benefits.

- **Increase Benefits.** If the addition of a new member(s) would increase benefits, any variance resulting from the State agency's failure to include the member in the month after the change was reported must be included unless verification was not submitted as of the last day of the issuance month. (If timely verification was provided prior to the end of the issuance month, a supplement should have been authorized in the issuance month.)

  NOTE: If a State agency pulls its QC sample prior to the sample month, and a household reports a new member on or after the sampling date, but prior to the first day of the sample month, the addition of the new household member must be examined to determine if it was properly handled, but the supplemental allotment (or change in regular allotment) itself is not included

in the allotment subject to review. In such circumstances, if a supplemental allotment (or change in regular allotment) was authorized then no variance for this situation shall be cited. However the new household member, and any income or deductions associated with this person, shall be excluded from the remainder of the review. The correctness of the amount authorized in the supplemental (or change in regular allotment) is not subject to examination by QC in this situation. If a supplemental allotment (or change in regular allotment) is not authorized for the new household member then a variance for failure to include the new household member shall be cited.

- **Decrease Benefits.** If the addition of a new member(s) would make the household ineligible or decrease benefits, the change must be handled the same as any other change resulting in ineligibility or decreased benefits in accordance with section 722.3 above.

- **Disqualified Members.** When members that have been disqualified for intentional program violations or work requirement sanctions become eligible, they must be added in the month after the disqualification period ends. Such changes shall be reviewed as a reported change for QC purposes because the State agency knew about the change.

722.5 Incorrect Action. In all cases, any variance resulting from the agency acting incorrectly shall be included in the error determination.

722.6 Notices of Expiration. A household's certification period may have been shortened with a Notice of Expiration because the State agency was unable to obtain sufficient information on a change that involved one or more elements but the household had not refused to cooperate with the State agency. If so, and the sample month is the next to the last or the last month of the certification period, any variances in these elements resulting from the change shall be excluded provided the household reported the change in a timely manner. Variances that occurred at the time of certification or recertification and those resulting from changes reported in an untimely manner shall not be excluded under the provisions of section 722.6.

723 Monthly Reporting. These procedures apply if the element was subject to monthly reporting.

723.1 One-Month System Where the Element Was Subject to Monthly Reporting.

- **Unreported Changes.** In reference to prospective eligibility, and/or prospective budgeting (the provisions concerning prospective budgeting apply when new members are added under prospective budgeting), if the reviewer discovers a variance in an element that is the result of a change which became known to the household after the budget month, the variance shall be excluded from the error determination.

  If the change occurred in, or the reviewer can document that the household was aware of the impending change during the budget month, the resulting variance shall be included in the error determination.

  In reference to retrospective eligibility and/or retrospective budgeting, if the reviewer discovers a variance in an element that is the result of a change that occurred in the budget month, the resulting variance shall be included in the error determination. If the changes occurred after the budget month, the variance shall be excluded in the error determination.

  An exception shall be made to the provision to include in the error determination process any variances resulting from a change that occurred in the budget month, in those situations where a household has applied for initial benefits after the 15th of the month, and receives a combined first and second month allotment. In such situations, any changes occurring in the first month, which the State agency is not required to affect for the second month, shall be excluded from the error determination process.

- **Reported Changes on the Monthly Report.** In reference to prospective eligibility and/or prospective budgeting, any variance resulting from a change which the reviewer can document became known to the household or occurred in the budget month and will continue through the issuance month shall be included in the error determination. (These provisions concerning prospective budgeting apply when new members are added under prospective budgeting.)

  In reference to retrospective eligibility and/or retrospective budgeting, any variance resulting from a change that occurred in the budget month shall be included in the error determination.

  Any variance resulting from the agency's failure to effect a change that was reported on the monthly report AORD that the

State agency was required to effect shall be included in the error determination.

An exception shall be made to the provision to include in the error determination process any variances resulting from a change that occurred in the budget month, in those situations where a household has applied for initial benefits after the 15th of the month, and receives a combined first and second allotment. In such situations, any changes occurring in the first month, which the State agency is not required to affect for the second month, shall be excluded from the error determination process.

- **New Household Members.** If the addition of a new household member in the issuance month is reported on the monthly report for the budget month, the State agency is required to effect the change in the issuance month (the sample month). The reviewer must determine if the issuance month's benefits properly reflect the addition of the new household member(s). Any variance resulting from the agency's failure to add the new member or incorrect adjustment of the issuance month allotment shall be included in the error determination.

- **State Agency Action.** In all cases, any variance resulting from the agency acting incorrectly shall be included in the error determination.

723.2 Two-Month System Where the Element Was Subject to Monthly Reporting.

- **Unreported Changes.** In reference to prospective eligibility and/or prospective budgeting any variance resulting from a change that became known to the household after the budget month shall be excluded from the error determination. If the change occurred in, or the reviewer can document that the household was aware of the impending change during the budget month, the resulting variance shall be included in the error determination. (These provisions concerning prospective budgeting apply when new members are added prospectively.)

  In reference to retrospective eligibility and/or retrospective budgeting, if the reviewer discovers a variance in an element that is the result of a change that occurred in the budget month, the resulting variance shall be included in the error determination. If the change occurred after the budget month, the variance shall be excluded from the error determination.

- **Reported Changes on the Monthly Report.** In reference to prospective eligibility and/or prospective budgeting any variance resulting from a change which the reviewer can document became known to the household or occurred in the budget month and was expected to continue shall be included in the error determination. (These provisions concerning prospective budgeting apply when new members are added prospectively.)

  In reference to retrospective eligibility and/or retrospective budgeting, any variance resulting from a change that occurred in the budget month shall be included in the error determination. If the change occurred after the budget month, the variance shall be excluded.

  Any variance resulting from the agency's failure to effect a change reported on the report AORD that the agency was required to effect shall be included in the error determination.

- **New Household Members.** If the addition of a new household member in the processing month (the month before the issuance month) is reported on the monthly report received in the processing month, the State agency is required to effect the change in the issuance month (the sample month). The reviewer must determine if the issuance month's allotment properly reflected the addition of the new household member(s). Any variance resulting from the agency's failure to add the new member or incorrect adjustment of the issuance month's allotment shall be included in the error determination.

- **State Agency Action.** In all cases, any variance resulting from the agency acting incorrectly shall be included in the error determination.

724 Reviewing Prospectively Budgeted Elements/Sources in an Otherwise Retrospectively Budgeted Case. These procedures apply if a State agency has elected a budgeting system under which an element, or a particular type of source within an element is budgeted prospectively while other elements/sources are budgeted retrospectively. An example of this would be a system under which all types of income except for TANF are budgeted retrospectively while the TANF income is budgeted prospectively. The following review procedures apply:

- **Prospectively Budgeted Elements/Sources.** These elements/sources must be reviewed in accordance with

prospective budgeting procedures contained in sections under 722 and 724.1. The procedures for reported changes must be applied to both changes reported by the household, and changes which the State becomes aware of from another source. For example, in the case of a State agency which prospectively budgets TANF income, and retrospectively budgets all other sources of income, a change in a TANF grant would be a change that the State agency is aware of since the State agency itself is the source of the TANF income.

- **Retrospectively Budgeted Elements/Sources.** These elements/sources must be reviewed in accordance with retrospective budgeting procedures contained in sections under 722 (for change reporting elements/sources) or sections under 723 (for monthly reporting elements/sources), as appropriate.

724.1 Adding New Members Prospectively to a Retrospectively Budgeted Household. In some cases, new members must be added using prospective eligibility and budgeting while the remainder of the household is retrospectively budgeted. This may occur in a two-month system if the new member was not already certified to receive food stamps in another household. It may occur in other situations if the State has a waiver. The reviewer shall determine the number of months a new member is handled prospectively based on the regulations, the State's system(s) and waivers. The new person's income and deductions from the issuance month shall be added to the other household members' income and deductions from the retrospective budget month to determine the household's allotment.

- **Verification.** See section 712.3.

- **Variances.**

  1. If a new member was reported, the reviewer shall determine if the new household member and the new member's circumstances were handled correctly. Variances resulting from the State agency's improper action shall be included in the error determination.

  2. If the new member was not reported or not acted on, the reviewer shall use the monthly reporting procedures in section 723 for prospective eligibility and prospective budgeting to determine if the variance(s) shall be excluded.

725 Quarterly Reporting. The State agency has the option of establishing a quarterly reporting system in lieu of change reporting requirements. However, able-bodied adults subject to the time limit as specified in regulations at 7 CFR 273.24, have an additional requirement to report when their work hours fall below 20 hours per week, averaged monthly.

These procedures apply for cases subject to quarterly reporting requirements:

A. Quality control reviewers will verify sample month circumstances for the elements subject to quarterly reporting. These figures are used in the Comparison I allotment test found in Section 621, Handbook 310.

B. Quality control will correct the worksheet figures for quarterly reporting elements for misapplication of policy and computation errors by eligibility workers, and for incorrect reporting by the household at the time of the quarterly report.

C. Quality control will use the corrected worksheet figures for quarterly reporting elements in the error determination.

D. Elements on the quarterly report that are voluntarily reported by the household outside the quarterly report will be reviewed using established review procedures.

E. If the household fails to submit a quarterly report but is allowed to continue to participate, quality control will verify actual circumstances for the sample month and compare them to the worksheet, using any cited variances in the error determination, with the exception of specific variances described in Sections 754 - 757, Handbook 310.

F. If a household was subject to quarterly reporting but was not included in the quarterly reporting system, the quality control reviewer will use the correct system in completing the review of the household's case per Section 700, Handbook 310. The reviewer will also apply the same procedure if the household was incorrectly included in the quarterly reporting system.

726 Semiannual Reporting. Under limited reporting, many households are only required to report changes that cause the household's gross monthly income to exceed 130% of the poverty income guideline for the household size. In general, any variances in the case resulting from changes, other than exceeding 130% of the poverty guideline, which occur after the certification action to authorize the sample month benefits, shall be excluded. Variances that occurred prior to, or at the time of the certification action to authorize the sample month benefits shall not be excluded under the provisions of this section.

It should be noted that limited reporting households containing an Able Bodied Adult Without Dependents (ABAWD) are subject to the additional reporting requirement specified in regulations at 7 CFR 273.12(a)(1)(viii). These households must report any changes in work hours that bring the ABAWD individual below 20 hours per week, averaged monthly. For limited reporting cases containing ABAWDs the reviewer must continue to carry out the procedures for evaluating the correctness of Time Limited Participation as specified in section 850.7

Note: Some States are operating semiannual reporting under a waiver of some of the requirements. (See Appendix A)

726.1 Variance Determination. The reviewer shall follow these steps in completing the error determination:

- **Step 1. Overview of Case Correctness.** Compare the QC verified sample month circumstances to the amounts and circumstances used to authorize the sample month benefits. This is the Comparison I allotment test provided for by instructions in section 621. If the difference between these two allotment amounts is $25 or less, the error determination process is over. If the difference between these two allotment amounts is greater than $25, the reviewer shall proceed to Step 2.

- **Step 2. Evaluating the Correctness of the Certification Action.** Correct the worksheet amounts and circumstances for misapplication of policy and computational errors by the eligibility worker and for incorrect reporting (including failure to report) by the household at the time of the certification action that authorized the sample month benefits.

  Compare the QC verified sample month amounts and circumstances to the corrected worksheet amounts and circumstances. If there are no differences between these two allotment amounts, the error determination process is over. The reviewer shall use the corrected worksheet amounts and circumstances in the error determination. If there is a difference between these two allotment amounts, the reviewer shall proceed to Step 3.

- **Step 3. Evaluating Compliance with Change Reporting Requirements.** Households are required to report changes that result in the gross monthly income exceeding 130% of the poverty income guideline for their household size. The reviewer must determine if any such changes occurred, and if they did occur whether the change must be included in the error determination.

The reviewer shall compare the sample month income to the gross income standard for the household. (See Step 1)

If the sample month income does not exceed the gross income standard then no reportable change has occurred. The reviewer will use the corrected worksheet amounts and circumstances in the error determination. (See Step 2)

If the sample month income does exceed the gross income standard there has been a reportable change and the reviewer must proceed with the next step to determine whether the change occurred within the timeframes for reporting and acting on changes (See Step 4).

- **Step 4. Evaluating Timeframes for When Changes Occurred.** If the sample month was the first or second effective month of an initial certification action the review procedures in this step shall not be undertaken, since insufficient time would have passed for any changes to occur which would be required to be acted on by the review date. The reviewer must use the corrected worksheet amounts and circumstances in the error determination. (See Step 2) This exception will also apply if, in following the procedures in this step, the reviewer is required to examine the circumstances of a month, such as the second or third month prior to the sample month, in which the household was not authorized to participate in the Program for the entire month (and thus, was not subject to any Program requirements to report changes in household circumstances). Otherwise, the reviewer will proceed as follows.

  The reviewer shall compare the income from the month immediately prior to the sample month to the gross income standard for the household.

  If the income from the month immediately prior to the sample month does not exceed the gross income standard then the reportable change occurred within the sample month itself, and would be excluded from the error determination. The reviewer will use the corrected worksheet amounts and circumstances in the error determination. (See step 2)

  If the income from the month immediately prior to the sample month does exceed the gross income standard the reviewer must proceed with the next step to further evaluate whether the change occurred within the timeframes for reporting and acting on changes.

The reviewer must compare the income from the second month immediately prior to the sample month to the gross income standard for the household.

If the income from the second month immediately prior to the sample month does not exceed the gross income standard then the reportable change occurred within the month immediately prior to the sample month, and would be excluded from the error determination. The reviewer will use the corrected worksheet amounts and circumstances in the error determination. (See step 2)

If the income from the second month immediately prior to the sample month does exceed the gross income standard then, with three exceptions, the change has occurred outside of the timeframes for reporting and acting on changes, and the reviewer must include the unreported change in the error determination.

Exception 1 requiring the examination of a third month: Some State agencies have a Notice of Adverse Action (NOAA) period of 10 days, and have elected to have households report exceeding the 130% limit within the first 10 days of the month following the month in which the change has occurred. Because of these circumstances, when the month prior to the sample month contains 30 days or less, the entire month prior to the sample month, and the entire second month prior to the sample month constitute an exclusionary period for QC purposes. The reviewer must determine the income from the 3rd month immediately prior to the sample month in order to make an error determination. The following chart shows which sample months are affected by these exceptional circumstances which may require the examination of a third month.

Month Prior	Sample Month
February (28 or 29 days)	March
April (30 days)	May
June (30 days)	July
September (30 days)	October
November (30 days)	December

Exception 2 requiring the examination of a third month: Some State agencies have a NOAA period of 10+ days, and have elected to have households report exceeding the 130% limit within the first 10 days of the month following the month in which the change has occurred. Because of these circumstances, the entire

month prior to the sample month, and the entire second month prior to the sample month constitute an exclusionary period for QC purposes. The reviewer must determine the income from the 3rd month immediately prior to the sample month in order to make an error determination.

Exception 3 requiring the examination of a third month: Some State agencies have NOAA periods of 10+ days, and have elected to have households report exceeding the 130% limit within 10 days of the date when the change occurs. If the income from the second month immediately prior to the sample month exceeds the gross income standard because of income received by the household in the last few days of the month (within the QC exclusionary time frame for the 10+ days NOAA period) the reviewer must determine the income from the 3rd month immediately prior to the sample month in order to make an error determination. If the income from the second month immediately prior to the sample month exceeds the gross income standard because of income received by the household prior to the last few days of the month (outside of the QC exclusionary time frame for the 10+ days NOAA period) the reviewer will not need to determine the income from the 3rd month immediately prior to the sample month in order to make an error determination.

In all instances where a third month must be examined, if the income from the third month immediately prior to the sample month does not exceed the gross income standard then the reportable change occurred within the second month immediately prior to the sample month, and would be excluded from the error determination. The reviewer will use the corrected worksheet amounts and circumstances (see step 2) in the error determination. If the income from the third month immediately prior to the sample month does exceed the gross income standard then the change has occurred outside of the timeframes for reporting and acting on changes, and the reviewer must include the unreported change in the error determination.

For non-categorically eligible households subject to the gross income test (the household does not contain an elderly or disabled member), with one exception (see below), the reviewer shall include the unreported change in the error determination by finding the household ineligible.

For categorically eligible households, and for non-categorically eligible households that are not subject to the gross income test (the household contains an elderly or disabled member) the reviewer shall include the unreported change in the error determination by completing an allotment determination based upon household circumstances at the time immediately prior to the QC exclusionary time frame for the case.

EXCEPTION: If the State agency:

1) Has implemented the 130% reporting requirement in Limited Reporting by giving the household a flat figure based on the number of persons in the household at the time of certification and instructing them to report when the household exceeds that figure, and

2) If the QC reviewer discovers that for the months that must be examined, the household's income exceeded the gross reporting limit that the household was given, and

3) If the QC reviewer discovers that an additional person has joined the household, so that although the household's income exceeded the reporting figure, it did not exceed the gross income limit for the new household size, then

4) The QC reviewer will not determine the household unilaterally to be ineligible. Instead, the QC reviewer will complete the error determination with an allotment based on all of the household's circumstances for the time immediately prior to the exclusionary time frame for the case. These are the same instructions that the QC reviewer follows in completing the error determination on cases that are categorically eligible, and also for non-categorically eligible households that are not subject to the gross income test (the household contains elderly or disabled members).

Households receiving benefits under the limited change reporting option are not required to report any changes in circumstances other than exceeding 130% of the poverty income guideline, during the certification period. As a result, unless a change has been processed since the initiation of the certification period, the review procedures outlined in this section shall be used in the error determination process. If a change in circumstances has been reported since the time of certification the reviewer shall use the review procedures in section 726.2.

726.2 Special Circumstances. Reported Changes After the Initial Authorization of Semiannual Reporting Benefits.

Although it is not required to do so, a household may report a change in its circumstances, other than an increase in income that exceeds 130% of the poverty income guideline, during the period of transition. If a change is reported the following special review procedures apply.

- **Processed Changes.**

  1. **Changes that increase food stamp benefits.** The eligibility worker must process any change in circumstances that would result in an increase in the household's benefits. If the eligibility worker has changed the authorized benefits as a result of such a change, and the action is in effect as of the review date, then the reviewer shall determine the correctness of the new authorized benefit in accordance with the procedures in section 726.1.

  2. **Changes that decrease food stamp benefits.** The eligibility worker must not process any change in circumstances that would result in a decrease in the household's benefits until the end of the certification period unless:

     a. the State agency has information about the household's circumstances considered verified upon receipt, or

     b. there has been a change in the PA grant. This also applies to the GA grant if the GA grant and food stamps are jointly processed.

     If the eligibility worker has changed the authorized benefits as the result of one of these changes, and the action is in effect as of the review date, then the reviewer shall determine the correctness of the new authorized benefit in accordance with the procedures in section 726.1.

     For all other changes, if the eligibility worker has mistakenly changed the authorized benefits, and the action is in effect as of the review date, then a variance exists. The reviewer shall complete the error determination using the corrected worksheet amounts from the time of the initial authorization of benefits.

- **Unprocessed Changes.**

  1. **Changes that increase food stamp benefits.** The eligibility worker must process any change in circumstances that would result in an increase in the household's benefits. If the eligibility worker has failed to change the authorized benefits as the result of such a change, then a variance exists. The reviewer shall complete the error determination using corrected worksheet amounts and circumstances from the time of the reported change.

  2. **Changes that decrease food stamp benefits.** The eligibility worker must not process any change in circumstances that would result in a decrease in the household's benefits unless:

     a. the household has voluntarily requested that its case be closed

     b. the State agency has information about the household's circumstances considered verified upon receipt, or

     c. there has been a change in the PA grant. This also applies to the GA grant if the GA grant and food stamps are jointly processed.

     If the eligibility worker has failed to change the authorized benefits as the result of one of these changes, then a variance exists. In the case of the first listed change, the reviewer shall complete the error determination by considering the household ineligible. For the second and third listed changes, the reviewer shall complete the error determination using corrected worksheet amounts and circumstances from the time of the reported change.

     For all other changes, the eligibility worker has acted correctly if the authorized benefits have not been altered as a result of a change. The reviewer must determine the correctness of the benefits in accordance with the procedures in section 726.1.

In regard to any reported changes, if a change in circumstances was reported which the State agency was not required to effect as of the review date due to the regulatory timeframes for acting on reported changes, any variance(s) resulting from the agency's failure to effect the change shall be excluded in the error determination.

727 Transitional Benefits. Transitional benefits are an option that a State may choose to provide to households when they leave TANF. If a state chooses to provide transitional benefits, a household may receive the benefits for a period of not more than 5 months after leaving the TANF program. The eligibility worker must recalculate the household's food stamp benefits by removing the TANF to determine the household's transitional benefit. Those benefits are frozen at the new amount throughout the household's transitional period.

States providing transitional benefits have the option to further adjust the household's benefit in the transitional period to take into account changes in circumstances that it learns from another program in which the household participates.

The focus of the QC review will be on whether the household is eligible to receive transitional benefits and whether those benefits were calculated correctly. If the State chose the option to act on changes from another program in which the household participates, the review will also focus on the accuracy of the changes.

727.1 Determining Eligibility for Transitional Benefits. The reviewer must determine if the household meets any of the following criteria that would render the case ineligible to receive transitional benefits:

- the household lost its TANF cash assistance because of a sanction,
- the household was disqualified from the Food Stamp Program,
- the household is in a category of households designated by the State as ineligible for transitional benefits.

If the reviewer verifies that any of these conditions apply, then the case must be reviewed in accordance with standard review procedures rather than the review procedures for transitional benefits specified in this section. If the transitional period was longer than allowable, the case must also be reviewed in accordance with standard review procedures rather than the review procedures specified in this section.

If the eligibility worker failed to establish transitional benefits for a household that should have been receiving transitional benefits, the case must be reviewed in accordance with review procedures specified in this section rather than the standard review procedures.

727.2 Changes After the Initial Authorization of Transitional Benefits. The state agency is only allowed to adjust transitional benefits based on information reported from another program in which the household participates, if the state agency opted to act on these changes. However, the household may choose to be recertified at any time during the transitional period.

Changes after the initial authorization of transitional benefits must be reviewed as follows:

- **State opted to act on changes reported by another program in which the household participates.** If the eligibility worker has changed the authorized transitional benefit as the result of the state's option, and the action is in effect as of the review date, then the reviewer must determine the correctness of the new transitional benefit. (See section 727.3.) If the eligibility worker has failed to change the authorized transitional benefits as the result of such a change, and the change should have been in effect as of the review date, then a variance exists. The reviewer must complete the error determination using the corrected worksheet amounts from the time of the reported change.

- **State opted not to act on changes reported by another program in which the household participates.** If the eligibility worker has changed the authorized transitional benefit and the state has not chosen the option, then a variance exists. The reviewer must complete the error determination using the corrected worksheet amounts from the time of the initial authorization of transitional benefits. (See section 727.3.)

- **The household chose to be recertified.** The household has an option of being recertified at any time during the transitional benefit period, thus ending transitional benefits. Those cases will be reviewed using standard review procedures.

- **Duplicate Participation.** If a transitional benefit household member moves out and becomes a member of another certified household, the eligibility worker must act on this change to avoid possible duplicate participation. Therefore, the person leaving (along with that person's income and deductible expenses) must be removed from the transitional benefit household. If the eligibility worker has failed to remove the person who has left the household, a variance would exist in the case. If the eligibility worker has changed the authorized transitional benefits as the result of such a change, and the action is in effect as of the

review date, then the reviewer must determine the correctness of the new transitional benefit in accordance with the procedures in section 727.3.

727.3 Variance Determination. There are separate procedures to follow depending on whether the State has chosen the option to act on changes. The reviewer must follow these steps in completing the error determination:

- **The State did not choose the option to act on changes from another program in which the household participates:**

  Note: Comparison I is not done first in this process. By doing the steps directed below, if the transitional benefit is correctly calculated, the review process is minimized by eliminating verification of the sample month circumstances.

  Step 1. The reviewer must determine whether the household is eligible to receive transitional benefits.

  Step 2. Determine whether the transitional benefit amount was correct based on the food stamp allotment authorized prior to the calculation of the transitional benefit. To do this, the reviewer must use the food stamp benefits for the last month TANF benefits were received, subtract the TANF benefit and then recalculate the food stamp benefits. If there is not a difference greater than $25 in the case, the case is correct and the QC review process is over. If there is a difference greater than $25, go to step 3.

  Step 3. Verify the sample month's amounts and circumstances. Calculate a benefit amount based upon the sample month circumstances. Compare to the allotment actually received. (This step is similar to Comparison I in the QC review process and provides the State a second opportunity to have a correct case.) The case is correct if the difference between these two allotment amounts is $25 or less. If the difference is greater than $25, there is an error in the case. Use the lower amount from either step 2 or step 3.

- **The State chose the option to act on changes from another program in which the household participates:**

  Note: Comparison I is not done first in this process. By doing the steps directed below, if the transitional benefit is correctly

calculated, the review process is minimized by eliminating verification of the sample month circumstances.

Step 1. The reviewer must determine whether the household is eligible to receive transitional benefits.

Step 2. The reviewer must determine if any changes have occurred that were required to be included in the transitional benefit calculation because they were reported to another Program and acted upon.

Step 3. Determine whether the transitional benefit amount was correct based on the food stamp allotment authorized prior to the calculation of the transitional benefit. To do this, the reviewer must use the food stamp benefits for the last month TANF benefits were received, subtract the TANF benefit, account for any changes that should have been made and then recalculate the food stamp benefits. If there is not a difference greater than $25 in the case, the case is correct and the QC review process is over. If there is a difference greater than $25, go to step 4.

Step 4. Verify the sample month's amounts and circumstances. Calculate a benefit amount based upon the sample month circumstances. Compare to the allotment actually received. (This step is similar to Comparison I in the QC review process and provides the State a second opportunity to have a correct case.) The case is correct if the difference between these two allotment amounts is $25 or less. If the difference is greater than $25, there is an error in the case. Use the lower amount from either step 3 or step 4.

730 BEGINNING MONTHS. Households otherwise subject to retrospective budgeting are certified under prospective eligibility and budgeting during "beginning" months. The first beginning month cannot follow any month in which the household was previously certified. The reviewer must determine which households are eligible for beginning month treatment and if the State had one or two beginning months.

731 Verification Time Periods. Since households entitled to "beginning month" treatment are subject to prospective eligibility and benefits, the reviewer shall verify household circumstances AORD except that income and deductions shall be verified for the entire issuance month. Monthly income may be averaged or converted during beginning months.

732 Changes. Beginning month treatment does not affect the household's reporting requirements unless the State has a waiver. Therefore, the following procedures apply.

732.1 Elements Subject to the Change Reporting Requirements. Use the change reporting procedures in section 722.

732.2 Elements Subject to the Monthly Reporting Requirements. (This section applies the monthly reporting requirements to prospective budgeting for beginning months.)

- **First Beginning Month.** When the sample month is the first beginning month, all unreported changes that became known to the household subsequent to the interview shall be excluded.

- **Second Beginning Month.** When the sample month is the second beginning month, the following procedures apply.

  1. **One-Month System.** Any unreported changes that occurred or became known to the household prior to the budget month which will continue through the budget month shall be included in the error determination. (An exception shall be made to this provision in those situations where a household has applied for initial benefits after the 15th of the month, and receives a combined first and second allotment. In such situations, any changes occurring in the first month, which the State agency is not required to effect for the second month, shall be excluded from the error determination process.) Any variances that occurred or became known during the budget month shall be excluded. For reported changes, use the procedures in section 723.1.

  2. **Two-Month System.** For the second beginning month, all unreported changes that became known to the household subsequent to the interview shall be excluded. Variances resulting from changes that occurred or became known to the household prior to that time shall be included. If a household applies in one month, but is not interviewed until the following month, the first monthly report will not be due until the third month.

  In such cases, the missing report review procedures in section 751 shall not apply for the first three months.

740 MASS CHANGES.

741 General. State agencies are required to change the benefit level of individual households when certain Federal and State agency changes are made which affect the entire food stamp caseload or a significant portion of the caseload. Individual notices of adverse action cannot be sent for these changes. Variances that result from untimely implementation as defined by certification requirements, or incorrect implementation shall be included in the error determination.

741.1 Regulatory Changes. When the Federal Food Stamp Program regulations are changed, the implementation dates are specified in the regulations. For purposes of prospective eligibility and prospective allotments, the implementation date is that specified in the regulations. For purposes of retrospective eligibility and retrospective allotments, the implementation date is the first budget month that includes the implementation date. For example, if the implementation date for a new regulation is January 1, the first allotment in a two-month, retrospective system that would be affected would be the March allotment. This policy applies to all Federal regulatory food stamp changes unless otherwise specifically stated in the regulations except for adjustments to eligibility standards, allotments, and deductions that go into effect for all households at the same time. (See instructions in section 741.2.) Variances resulting from untimely application of the regulatory change to the case under revision, in accordance with certification requirements, or incorrect implementation shall be included in the error determination. (See section 756 for instructions regarding the 120-day variance exclusion period.)

741.2 Periodic Food Stamp Adjustments. Federal adjustments to the eligibility standards, allotments, and deductions and any annual seasonal State adjustments to utility standards go into effect prospectively for all households at a specific point in time. Variances that result from untimely implementation as defined by certification requirements, or incorrect implementation shall be included in the error determination.

741.3 PA Changes. When the State agency has at least 30 days' advance knowledge of the amount of overall adjustments to PA payments, the State agency shall change food stamp benefits in the same month as the PA change. If the State agency has less time, it is required to make the food stamp change no later than the month following the PA change.

Variances that result from untimely processing, in accordance with certification requirements, or incorrect processing of food stamp changes shall be included in the error determination.

This section also applies to GA mass changes if the State agency administers the GA program.

741.4 Social Security and Other Federal Mass Changes. State agencies are required to make food stamp changes to reflect cost-of-living adjustments (COLAs) and any other mass changes under RSDI, SSI and other Federal programs such as veteran's assistance under Title 38 of the United States Code and the Black Lung Program when information on COLAs is readily available and applicable to all or a majority of those programs' beneficiaries.

- **Monthly Reporting Households.** These households are required to report income changes resulting from Federal mass changes (other than PA) on their monthly reports. The reviewer must handle such changes as any other income change that was required to be reported on the monthly report. Refer to section 723 on monthly reporting to determine which variances to include.

- **Non-monthly Reporting Households.** The State agency is required to automatically adjust the food stamp benefit level for households affected by these mass changes. Variances resulting from untimely processing, in accordance with certification requirements, or incorrect processing of food stamp changes shall be included in the error determination. (The reviewer should check to see if the State agency's procedures provide for using a flat percentage rather than the exact amount of a social security or SSI change.) The food stamp change must be made no later than the second allotment after the change in income became effective. For retrospectively budgeted households, the change shall not be made prior to the first budget month it became effective. For example, an increase in SSI in January in a two-month retrospective system would be made when January becomes the budget month, i.e., March.

750 OTHER INCLUDED AND EXCLUDED VARIANCES. Refer to Chapter 6 for the error determination process, Chapters 8-11 for errors by specific element.

751 Missing Reports. The reviewer shall not determine the household ineligible solely because a required report is missing. The reviewer shall verify the household's circumstances in the normal manner and compare them to the worksheet. Any variances that result when there is a missing report shall be included in the error determination, except the specific variances described in sections 754-757.

752 Expired Certification Periods. The reviewer shall not determine a household ineligible solely because its certification period has expired. The reviewer shall verify the household's actual circumstances for the appropriate sample or budget month and compare them to the worksheet. Any variances which result shall be included in the error determination, except the specific variances described in sections 754-757.

753 Expedited Service. For expedited service cases, variances in elements for which verification was postponed are excluded provided the household's identity was correct. Such elements need not be verified by the reviewer. This provision only applies to those households certified in the sample month that were correctly processed under the procedures for expedited service and entitled to expedited services (based on the application and the interview). If a lack of documentation prevents the reviewer from determining that the case was certified under expedited procedures, the review procedures in section 753 do not apply.

The provision that variances will be excluded in elements for which verification was postponed normally is applicable only to the first months' issuance. However, in some situations, the household applies after the 15th of the month, and is entitled to expedited service and for waived verification for, the first and second months' benefits. In such situations the variance exclusion provisions of this section will apply to appropriate elements for both the first and second months.

This provision also applies when the household was not determined to be eligible for expedited service at the time of application but during the interview was determined eligible provided:

- The household was not determined eligible for expedited service at the time of application because sufficient information was not available on the application to make that determination, or

- The household's circumstances changed between the time of application and the time of the interview such that the household became eligible for expedited service after it submitted the application.

754 Information From a Federal Source. Any variance resulting from use by the State agency of information concerning a household's or individual's circumstances received from any Federal source is excluded provided that such information is processed correctly by the State agency.

755 SAVE. Two variances relating to the SAVE program are excluded.

- A variance based on a verification of non-citizen documentation by INS if the State agency properly used SAVE and the State Agency provides the reviewer with:

  1. The non-citizen's name;

  2. The non-citizen's status; and

  3. Either the Alien Status Verification Index (ASVI) Query Verification Number or the INS Form G-845, as annotated by INS.

- A variance based on the State agency's wait for the response of INS to the State agency's request for official verification of the non-citizen's documentation if the State agency properly used SAVE and the State Agency provides the reviewer with either:

  1. The date of request if the State agency was waiting for an automated response; or

  2. A copy of the completed Form G-845 if the State agency was waiting for secondary verification from INS.

756 Application of New Regulations. The reviewer will exclude variances resulting from the application of a new Food Stamp Program Federal regulation or implementing memorandum for a 120-day period of time in accordance with specific instructions contained in the regulation or implementing memorandum, provided that the State agency has implemented the regulation. The variance exclusion period will only fully apply if the State agency has implemented the regulatory change in a timely manner and in accordance with the provisions of the regulatory change.

757 Federal Written Policy. The reviewer will exclude variances resulting from incorrect written policy that a State Agency acts on that is provided by a USDA employee authorized to issue Food Stamp Program Policy and that the State agency correctly applies.

CHAPTER 8

NON-FINANCIAL ELIGIBILITY CRITERIA

800 GENERAL. This chapter discusses verification requirements and error determination for non-financial eligibility criteria.

810 AGE AND SCHOOL ATTENDANCE.

811 Age - 110. Age may be verified for all household members. At a minimum, age must be verified when eligibility and/or allotment are affected. For example, students under 18 years of age with earned income or persons age 60 and over with medical expenses or resources.

For ***standard verification*** the reviewer will use the following:

- Birth certificate
- Adoption papers or records
- Hospital or clinic records
- Church records
- Baptismal certificate
- Bureau of Vital Statistics
- U.S. passport
- Family Bible records
- Indian census records
- JTPA document assigning to or placing in an institution of higher learning
- Social Security records
- Military records

- School records, or a statement signed by school authorities
- Census records
- Driver's license
- Court support order
- Juvenile court records
- Child welfare records

812 School Enrollment. School enrollment is verified in connection with children under 18 who have earned income. School enrollment is also verified with respect to household members who are 18 and over, but under 50 and enrolled in post-secondary, vocational, trade, etc. schools and to "students" as defined by the Food Stamp Program who are enrolled in institutions of higher education.

812.1 Student Status - 111. A person enrolled at least half-time in an institution of higher education is not eligible to participate in the Program unless the person meets certain eligibility criteria. The enrollment status shall begin on the first day of the school term. Such enrollment shall be deemed to continue through normal periods of class attendance, vacation and recess unless the person graduates, is suspended or expelled, drops out, or does not intend to enroll for the next normal school term (excluding summer school).

812.2 Standard Verification. School Authorities.

820 CITIZENSHIP AND NON-CITIZEN STATUS - 130. Only citizens and certain legal non-citizens are eligible to participate in the Food Stamp Program.

821 U.S. Citizenship (By Birth or Naturalization). When a household's statement that one of its members is a U.S. citizen is questionable, the reviewer must verify whether or not the person is a citizen.

For ***standard verification*** the reviewer will use the following:

- Birth certificate
- Naturalization papers from the Immigration and Naturalization Service (INS) such as INS Forms I-179 or I-197
- Passport
- Hospital record of birth
- Baptismal record, only when place and date of birth is shown
- Family Bible
- Military service papers
- Indian census records
- Voter registration card

If none of the above is available and the household can provide a reasonable explanation why verification is not available, the reviewer shall accept a signed statement from someone who is a U.S. citizen who declares, under penalties of perjury, that the member in question is a U.S. citizen.

The signed statement shall contain a warning of the penalties for helping someone commit fraud, such as, "If you intentionally give false information to help this person get food stamp benefits, you may be fined, imprisoned, or both."

822 Non-Citizen Status. If a household member is not a citizen, non-citizen status must be verified. Verification is not required if the household member elected not to participate in the Program because they did not wish to provide the immigration status or Social Security Number. Verification of non-citizen status can only be accomplished through the documentation specified for use at certification.

There are two basic ways that a non-citizen may participate in the Food Stamp Program.

1) There are some individuals who are eligible based upon their origin such as:
   - American Indians born outside the US
   - American Indians eligible for special programs and services
   - Hmong or Highland Laotian, spouses and dependent children

2) There are other individuals who must be qualified and eligible:
   i. Qualified
      - Lawfully admitted for permanent residence
      - Granted asylum
      - Refugees
      - Paroled into US for at least 1 year
      - Deportation being withheld
      - Granted conditional entry
      - Battered or subjected to extreme cruelty in US
      - Cuban or Haitian entrant
   ii. Eligible (must meet an eligibility requirement to receive Food Stamps)
      - Residing in the US for at least 5 years
      - 40 quarters of coverage by SSA
      - Time limitation under certain qualifications
      - Military connection
        a. veteran
        b. active duty
        c. spouse/dependent of a veteran or active duty
      - Lawfully residing in US and one of the following:
        a. receiving assistance for blind or disabled
        b. residing in the US on 8-22-96 and born on or before 8-22-1931
        c. now under 18 years old

- Verification of qualifying status and eligibility are done following certification guidelines. In the case of immigrant status, use only INS documentation and DOJ guidance to verify qualifying status and eligibility status. Some individuals will require additional verification of quarters of coverage or military related requirements.

- In the case of non-citizens who qualify for participation in the program as a result of veteran's status or military service, the reviewer must verify the status of the individual through the use of Department of Defense (DOD) records and forms. Only DOD

documentation is acceptable to verify the military service status of these individuals.

- In the case of non-citizens who qualify for participation in the program as a result of 40 qualifying quarters of work, the reviewer shall verify the eligibility of the individual(s) through information from Social Security Administration (SSA) records made available to the State agency, or through employer work records. Reviewers are not required to re-verify the status of the non-citizen with SSA if information is available from the State Verification and Exchange System (SVES), which confirms the status of the non-citizen, and the quarters of coverage history system (QCHS), which provides the number of qualifying quarters of work.

822.1 Reviewer Contact With INS. Only INS documentation is acceptable. If verification in the case file is not adequate and the non-citizen is unable to provide INS documentation, the reviewer shall obtain the non-citizen's written consent before contacting INS for verification of non-citizen status. If the non-citizen will not provide written consent, the reviewer shall not contact INS. If verification of eligible non-citizen status is not provided or not provided on a timely basis, the non-citizen shall be considered ineligible.

822.2 Variances.

- If the reviewer determines that a household member(s) reported to be a U.S. citizen or an eligible non-citizen is actually not a citizen or is an ineligible non-citizen, the case shall be reported as containing a client-caused variance.

- If the reviewer determines the agency had information of the status of the household member(s) as non-citizen(s) that did not meet the criteria of any of the classes eligible for participation in the program, and failed to take appropriate action to remove the individual(s) from the program, the case shall be reported as containing an agency-caused variance.

- A variance also will be coded if the reviewer determines that the eligibility worker failed to verify the eligibility status of a non-citizen, as required, and the non-citizen is ineligible for the program.

In making the error determination, the reviewer will exclude the ineligible member(s) in determining the food stamp benefits for the sample month. The income and resources of any ineligible member(s) shall be handled in accordance with certification policy.

In addition, if the reviewer determines that any eligible non-citizen(s) have been improperly excluded from the household, then a variance will be cited. The error determination will be completed by including the eligible non-citizen(s) in the household.

The appropriate time frames and requirements for reporting and acting on changes in the household circumstances shall apply. Deficiencies, other than those referenced above, shall not be included in the error determination.

823 Reports Concerning Illegal Non-citizens. If the reviewer determines the presence in the household of a person or persons who have entered or remained illegally in the United States, and there is no documentation that *INS has not declined deportation action*, this information must be entered on the narrative pages of the worksheet in column 3. A report must be forwarded to the local agency identifying the illegal non-citizen as a non-household member. QC staff must not contact INS regarding information obtained relative to illegal non-citizens.

830 RESIDENCY - 140. The reviewer must determine where the household lived AORD. In unusual cases (such as homeless households, some migrant farmworker households or households newly arrived in the area) where verification of residency cannot reasonably be accomplished, the reviewer must document that he/she attempted to verify residency. Verification of residency is not required for categorically eligible households.

831 Standard Verification. The reviewer will use the following:

- Statement from a non-relative landlord
- Rent or mortgage receipt from non-relative landlord that shows the address
- Official records confirming ownership of a house at the address given
- Employer's statement

- List of residents from a responsible official of a drug/alcoholic treatment center or group home, who is not the household's authorized representative
- Tax office records
- Post Office records
- Church or synagogue records
- Utility company records or bills
- Signed statement, or documented verbal statement, from non-relative
- Item of mail with household name and address with postmark or date as of the review date
- Other property records
- Current driver's license
- Department of Motor Vehicles document(s)
- Voter Registration

832 Resident of Institution. If a household is found to have been a resident of a type of institution which makes the household ineligible, that fact should be documented under this element and also noted under Element 150 - Household Composition.

840 HOUSEHOLD COMPOSITION AND LIVING ARRANGEMENT - 150. The reviewer must verify household composition. This is done by determining:

- If any individuals were included in the household who should have been determined ineligible;
- If any were not included who should have been included, and who these individuals were.

This includes household eligibility with respect to residence in institutions as verified under Element 140 RESIDENCY.

841 Categorically Eligible Households.

The reviewer must first verify the household's correct composition.

The reviewer must then verify whether all household members received or were authorized to receive PA, SSI, State or local GA payment or benefits from a State Program conferring categorical eligibility.

The reviewer need not review those elements of eligibility which are superseded by categorical eligibility, i.e., resources, gross and net income limits, social security number, residency and sponsored non-citizen information. Included variances cannot exist in these elements.

Even if a household is categorically eligible, and thus exempt from gross and net income limits, the reviewer is still required to determine the household's income for the appropriate budget or sample month in order to establish the correct benefit level.

842 Method of Verifying Household Composition. The following discussion of verification of household composition is presented along the lines of a typical interview on this element.

842.1 Household Statement About Membership. The reviewer must ask the household to state who was in the household AORD and the relationship or significance among the various individuals.

- **Household Statement Agrees With Case Record.** If the household's statement agrees with the case record, the reviewer notes this and obtains the name of a collateral contact the household believes to be best able to verify household composition. (The criteria for acceptable collateral contacts for this element are discussed in section 842.3.) If the household cannot provide a collateral contact, the reviewer must try to obtain the verification from other collateral contacts. Possibilities include: landlords, school officials, ministers, physicians, visiting nurses, and neighbors.

- **Household Statement Disagrees With Case Record.** If the household's statement does not include person(s) listed in the case record as member(s) of the household, the reviewer must ask about the status of these individuals.

1. **Household Acknowledges Other Members.** If the household acknowledges other members, the reviewer would proceed with the routine verification using collateral contacts.

2. **Household Disclaims Person Shown in Case Record.** If the household asserts that a person shown in the case record was not a member AORD, the reviewer should first try to find out from the household where the person was at that time.

3. **If the household asserts that the person was elsewhere**, the reviewer should try to verify that assertion using the evidence under Element 140, RESIDENCY.

4. **If the household admits that the person was present but claims he is not a household member,** the reviewer must verify this issue. This should be done by obtaining specific information about the person and discussing household composition policy. This should lead to a determination of whether there is proof that the person was or was not a household member (for example, a live-in attendant, boarder, or a member of a group sharing living quarters but not purchasing and preparing food together with that household.) If the discussion resolves the difference, then the reviewer would verify the individual's status as a household or non-household member using collateral contacts. If the difference is not resolved, then collateral contacts would be used as discussed in sections 842.3, 842.4 and 842.5.

842.2 Inquiry to Household About Other Members. During discussion of household composition, the household may offer information about household members in addition to the members shown in the case record. Whether or not this happens, the reviewer must ask if there were any other household members as of the review date.

- **Household Acknowledges Other Members.** If the household acknowledges other members, the reviewer needs to obtain the appropriate information about those individuals and proceed with the routine verification using collateral contacts.

- **Household Denies Any Other Members.** Reviewer action when the household denies that there were additional household

members depends on whether there is reason to doubt the household's statement.

1. **Reviewer Has No Reason To Doubt Household's Statement.** If the reviewer has no reason to doubt the household's denial that there were any other members AORD, and there is no contrary evidence, then further discussion about this matter with the household is not necessary.

2. **Reviewer Has Reason To Doubt the Household's Statement.** The reviewer may doubt the household's statement for several reasons. For example, the reviewer may observe other individuals in the house or observe evidence of others living there. When a reviewer has such reason to doubt a household's denial of additional individuals, the reviewer must specifically ask the household about such individuals. If the household continues to deny that the individuals were household members, the reviewer must pursue verification as outlined in section 842.1: Household Disclaims Person Shown in Case Record; If the household asserts that the person was elsewhere; and If the household admits that the person was present but claims he is not a household member.

842.3 Inquiry to Collateral Contacts About Household Members. Reviewers are required to verify household composition with at least one individual who is not a household member and does not live with the household.

Evidence for standard verification of household composition is information from a collateral contact that positively identifies the household members.
The reviewer must ask the collateral contact to name the individuals who live in the household.

Reviewers should avoid asking collateral contacts merely to confirm that a list of names identifies those individuals.

- If the contact's names match the names of the individuals in the household as determined by the reviewer from the household interview, the household composition is considered verified.

- If this level of verification is unsuccessful, documentation on the worksheet must show the reason.

Collateral contacts may state that there are additional members in the household other than those the reviewer has already identified in interviewing the household. Whether or not such statements are made, the reviewer must ask collateral contacts if there are other household members and document the worksheet with the response.

842.4 Resolving Inconsistencies in Information About Household Composition. Reviewers must resolve inconsistencies in information about household composition by contacting collateral contacts or by recontacting the household, as appropriate. Such inconsistencies can arise in the following situations:

- **Household Claims Individual Lives Elsewhere.** When the household claims that an individual shown in the case record as a household member was not a member.

- **Household Denies Individual Living With Household Is a Household Member.** When a household asserts that an individual living with it was not a household member.

- **Collateral Contacts Indicate Additional Members.** When a collateral contact indicates that there was an individual who was a member of the household to which the household did not admit.

- **Collateral Contacts Indicate a Claimed Household Member Was Not a Member.** When a collateral contact states an individual who the household claimed was a household member was not.

Several aspects of this situation need to be noted.

- First, the statement must be positive. For example, a landlord states he knows for a fact that a certain individual moved out prior to the time when the individual would have been included in the household. The household would need to be re-contacted in this type of situation.

- Second, in some situations, recontacting the household is not necessary. For example, a minister or physician verifies that an individual, whom the household claimed as a member, died prior to the time the individual could have been included as a household member.

842.5 Actions To Resolve Inconsistencies.

- **With Collateral Contact Verification.** If, as a result of the reviewer recontacting it, the household acknowledges a member other than ones it had previously acknowledged and/or acknowledges a claimed member was not one, the reviewer proceeds with the review on the basis of that adjusted household composition. If the household contends that its assertion is correct and the reviewer does not have strong evidence to the contrary, then the reviewer must use the household composition based on the information provided by the household.

- **Reviewer Action When Verification Is Unobtainable or Inadequate.** When the reviewer cannot obtain verification or it is inadequate, either for the entire household or some of its members, the household's statement must be used for household composition.

843 Residents of Certain Institutions. When AORD a household is found to have been a resident of an institution that makes the household ineligible, verification must be documented under Element 140 - RESIDENCY, and a note of that made under this element.

844 Error Determination. In the majority of cases with a variance in household composition, the variance will be handled by simply adding or subtracting from the household size the individuals and their circumstances.

844.1 Household Consolidation/Movement. The procedures in this section apply to situations involving two or more separately certified households, regardless of size, that should have been certified as one household AORD.

This may or may not involve movement of the households. One example of this would be individuals who lived together who should have been certified as one household but were erroneously certified as two or more households.

These procedures apply to whichever household is sampled.

They do not apply to duplicate participation situations (see 844.2) or situations involving an individual member of a certified household moving in with another separately certified household (see 844.3).

- Include all households with their income, deductions, resources, etc., in a computation of what the household should have received for the sample month;

- Add up all food stamp issuances received by all individuals who should have been included in the household for the sample month;

- Compare the allotment amount the household should have received to the combined total issued for the sample month; and

- If the difference is $25.00 or less, the allotment issued to the case under review will be reported as correct. If the household was ineligible, the allotment issued to the case under review will be reported as being in error.

- If the entire household was eligible, but was underissued or overissued by more than $25.00 the reviewer shall:

  1. Calculate the percentage that the allotment issued to the case under review is of the total issued;

  2. Multiply the amount under or overissued by this percentage, rounding the answer down to the nearest whole dollar figure;

  3. If the result is $25.00 or less, the allotment issued to the case under review will be reported as correct;

  4. If the result is more than $25.00, the result will be reported as the amount in error for the case under review; and

  Note: Although the total amount of food stamps issued to the household is used to calculate the dollar loss, only the amount authorized to the case selected for review will be reflected on the Form FNS-380-1 as the allotment amount.

Example of Determining the Amount of Error when Households Should Have Been Combined: There were two certified households that should have been certified as one household. The first certified household which was selected for review had 3 members and received an allotment of $248. The second certified household had 2 members and received an allotment of $53.

When you consider all of the individuals and what benefits they should have received as a single household, it is determined that they were entitled to $107 in benefits.

Household #1 allotment - $248 + Household # 2 allotment - $53 = $301

$301 allotment the household received - $107 allotment the household should have received = $194 overissuance

There is greater than a $25 difference therefore you must:

1. Calculate the percentage that the allotment issued to the case under review is of the total issued;

$$\frac{\$248}{\$301} \times 100 = 82.39\%$$

2. Multiply the amount under or overissued by this percentage, rounding the answer down to the nearest whole dollar figure;

$194 overissuance
x 82.39%

$159.83 round down to $159

Since this is greater than $25, the error for the case under review is $159.

844.2 Duplicate Participation By All or Some Members of the Same Household. The procedures in this section are used when all members of one certified household are also participating as members of another separately certified household, and may or may not involve movement of the household. These procedures apply if either household is sampled. *

When the reviewer verifies that an individual or group of individuals have been included as household members in the case under review, and the individual(s) received an allotment as a separate household for the sample month, the reviewer shall determine which case was the first to be correctly authorized to receive benefits. If that case is sampled it would be correct for this element.

Example of the Review Procedure for Duplicate Participation: For example, the State agency correctly certified a household with five members (Case A). The State agency later certified two members of household A as another household (Case B). The result is that all members of Case B are duplicate participants. If A is sampled, A is correct for this element. If B is sampled, there is a variance as the members were already included in Case A, and the total allotment issued to household B should be considered an overpayment.

Households on Indian reservations are not eligible to participate in both the Food Distribution and Food Stamp Programs simultaneously. A household that participated in both programs in the sample month is ineligible for food stamps if it was certified for the Food Distribution Program first.

844.3 Transfer/Movement of Individuals Into, Out of, and Between Food Stamp Households. The procedures in this section pertain to an individual member(s) of one certified household moving/transferring into another certified household, and may or may not involve duplicate participation of the individual member. These procedures apply if either household is sampled. This section does not apply to movement/consolidation of the entire household. (See section 844.1.)

NOTE: If an individual is certified as a one-person household, and moves into another certified household, use review procedures at 844.1 or 844.2 as appropriate. When one or more individuals move from one certified household to another certified household, the reviewer must ensure that the individual(s) and any associated income and/or deductions are not used in both households' budget calculations. If the agency policy requires that individuals and their

circumstances be included in the gaining household AORD, but fails to include them in the gaining household's budget calculations, a variance exists and the reviewer shall include the individual(s) and their circumstances in the gaining household's budget for the issuance month. Similarly, if the agency fails to remove the individual(s) and their circumstances from a losing household's budget AORD, a variance exists and the reviewer shall remove the individual(s) from the losing household's budget.

It is important to note that a problem in a case related to the case under review through movement of individuals does not necessarily result in a variance in the case under review. For example, if the case under review is a household losing an individual to another participating food stamp household and the transfer should have been made AORD, no variance would exist in the case under review if the individual and his/her circumstances had been removed from this household, even if the individual was never added to the gaining household's budget. Thus, the determination of whether a variance exists in the case under review depends upon whether the case is the household gaining or losing members and whether the change must be made considering reporting requirements.

The following table illustrates when a variance exists in a case under review and assumes that the agency should have acted AORD.

Situations	Individual(s) included in both households	Individual(s) not included in either household	Individual(s) included in losing household only
Gaining household under review	No variance in household composition	Variance- Add individual(s) to household	Variance- Add individual(s) to household
Losing household under review	Variance- Remove individual(s) from household	No variance in household composition	Variance- Remove individual(s) from household

845 New Members Added to a Retrospectively Budgeted Household - Two-Month System.

- When a household reports the addition of an individual during the processing month of a two-month system, the agency may have to include the individual(s) and their circumstances in the household's eligibility and allotment determinations for the sample month's issuance even if the change is reported after

submission of a monthly report (the agency would not include an individual who was already participating as part of another household in the sample month.) If the State agency failed to make a required change, the variance is included in the error determination.

- If a new member was not certified for the program prior to joining a retrospectively budgeted food stamp household, the new member must be added using prospective eligibility and budgeting procedures for the new member. Household composition must be determined prospectively and the new member's circumstances must be determined prospectively and added to the household's prospective or retrospective circumstances depending upon whether the household was subject to prospective or retrospective eligibility. The new member's circumstances for the issuance month must be added to the household's circumstances for the budget month for the calculation of benefits.

- If a new member moved out of one food stamp household and into a retrospectively budgeted household, with no break in participation, the new member must be added to the household using the new member's circumstances from the budget month for allotment purposes. Whether the new member's circumstances will be determined prospectively or retrospectively for eligibility purposes will depend upon whether the household was subject to prospective or retrospective eligibility.

Example of adding new members to a retrospectively budgeted household: For example, a two-person household was participating in a two-month retrospective budgeting system based on monthly income of $200. On July 29, in the processing month, the household reported a new member moved in. He had $100 unearned income in June and July and anticipated no income in August. The new member was not previously certified for food stamps. The State must add the new member prospectively to the retrospectively budgeted household for the issuance month of August. Therefore, eligibility and the allotment would be based on three members with $200 income.

846 Separated Households. If a household separated and became two or more separate food stamp households at some time prior to the date for which household composition must be determined, use the following procedures to determine which household to review.

If the State agency assigns case numbers by social security number, review the household with the majority of members who were certified as members of the sampled case provided that the majority contains an adult member who was certified as a member of the sampled case. If there is no majority or no adult from the sampled household in the majority, review the household that contains the individual with the social security number that corresponds to the sampled case.

If the State agency assigns case numbers by some means other than social security number, review the household that would have retained the sampled case number using the State's procedures. If neither household would have retained the case number, review the household that contains the majority of the members who were certified as members of the sampled case provided that the majority contains an adult member who was certified as a member of the sampled case. If there is no majority or no adult from the sampled household in the majority, review the household that contains the individual who was head of the household before it separated.

847 Recipient Disqualification - 151. The reviewer must complete a check for all adult household members, 18 years of age or older, with the Disqualified Recipient Subsystem (DRS), in order to verify the possible presence of individual(s) in the household who have been disqualified from participation in the food stamp program AORD. If the DRS check does not indicate the presence of any disqualified members in the household, and no indication of information to the contrary has arisen during other collateral contacts, then no further verification is required. If the DRS check does indicate the presence of a possible disqualified individual(s) in the household, the reviewer must verify the eligibility status of the individual(s) by contacting the agency that submitted the information to DRS.

If the reviewer determines that AORD a household member is an individual disqualified from the food stamp program, the case shall be reported as containing a variance. The error determination shall be completed by excluding the individual from the household and including the correct share of the individual’s income and resources in determining the eligibility and benefit level of the household.

If the reviewer determines that AORD an individual is not disqualified from the food stamp program and has been erroneously excluded from the household under review, the case shall be reported as containing a variance. The error determination shall be completed by including the individual in the household. The individual's income and resources shall be considered in determining the eligibility and benefit level of the household.

If the reviewer determines that there was a variance as the result of a change, the reviewer shall then determine whether the variance is included or excluded based on the reporting requirements and exclusionary time periods.

848 Ineligibility Due to a Drug Related Conviction, and Fleeing Felon Status. Unless a State agency has opted out of the provision, household members convicted of a drug related felony, if the felony occurred after August 22, 1996, are ineligible for the Food Stamp Program. In addition, household members who are fleeing felons or probation/parole violators are ineligible.

- **Verification.** The reviewer must examine agency records to determine whether the agency was aware of drug related convictions, or that a household member was a fleeing felon or a probation/parole violator. The QC reviewer shall verify the date on which the state agency became aware of the information. Verification shall consist of documentation contained within the records of the State agency, or information that is otherwise known to the State agency. We expect that at some time in the future there will be databases available to check for drug convictions and possibly for fleeing felons. As these become available, the QC review procedures will be expanded and may require inquiries of these databases.

- **Variances.** If the reviewer determines that the agency was aware of the household member(s) status as ineligible and failed to take appropriate action to remove the individual(s) from the program the case shall be reported as containing an agency-caused variance. In making the error determination the reviewer will exclude the ineligible member(s) in determining the food stamp benefits for the sample month. The income and resources of any ineligible member(s) shall be handled in accordance with certification procedures. The appropriate time frames and requirements for reporting and acting on changes in the household circumstances shall apply. Deficiencies, other than

those referenced above, shall not be included in the error determination.

For reasons of reviewer safety, and so that quality control can not possibly interfere with any ongoing law enforcement activities, under no circumstances shall the reviewer question the household regarding the possibility of ineligibility due to an illegal drug conviction or possible status as a fleeing felon. If, in the course of conducting the review, the reviewer becomes aware through other sources that a household member(s) was ineligible because of one of these provisions, but that the State agency was unaware of this information, then a report must be forwarded to the local agency identifying the individual's status as an ineligible household member. QC staff must not contact law enforcement agencies with information regarding the whereabouts of any fleeing felons or probation/parole violators discovered.

850 WORK REQUIREMENTS AS A CONDITION OF PARTICIPATION.

850.1 Work Registration - 162. As a condition of participation in the Food Stamp Program, eligible recipients are required to register for work unless they are exempt. If the household member, unless otherwise exempt, refuses to work or fails without good cause to work register, the individual is ineligible until the individual registers or becomes exempt from work registration requirements.

The reviewer is required to determine and verify whether each household member was required to register for work. For each member required to register, the reviewer must verify whether the individual was registered. If the State exempted an individual from the work registration requirement, the reviewer shall determine if the exemption was correct. The reviewer is required to determine if a member of the household or the entire household should have been disqualified AORD because an individual refused without good cause to work register.

- **Verification.** Work registration may be verified using the following primary sources:

  1. Employment registration form

  2. Employment agency printout

  3. Contact with the employment office

4. Case record documentation of the date on which current registration was validated

- **Variances.** If the reviewer determines that a household member has refused or failed without good cause to register, the case shall be reported as containing a variance. Lack of a work registration form in the case record is not evidence of refusal or failure to cooperate without good cause. If a required good cause determination was not made by the State agency, the reviewer must verify whether there was good cause. If a good cause determination was made by the State agency, that good cause determination itself is not subject to examination by the reviewer. If the reviewer determines that there is a variance for refusal or failure without good cause to register for work, the reviewer shall consider the individual ineligible. Work registration variances will not be cited for any individuals added to the household's composition (and for whom a household composition variance has been cited) as a result of the QC review.

  If the reviewer determines that a member of the household failed or refused with good cause to work register and was erroneously excluded in the household under review, the case shall be reported as containing an agency-caused variance. Such a variance will result in a determination that the individual is eligible.

  If, AORD, the state agency has imposed a disqualification period upon a household member, the reviewer shall not consider the individual to be either eligible or ineligible based solely on the timeliness of the disqualification action. The specific circumstances of the disqualification action must be examined in order to determine its correctness.

- **Exemptions.** The verification sources for exemptions from work registration vary with the basis for exemption. The reviewer should verify each exemption with the appropriate source.

850.2 Employment and Training - 160. As a condition of participation in the Food Stamp Program, eligible recipients who have registered for work may be required to participate in an employment and training program operated by the State. Employment and training programs

may include a job search program, a job search training and job placement program, a workfare program, a program to improve employability, an educational program, a program to increase self-sufficiency, a work experience/training program and/or separate work/training program such as a Job Training Partnership Act Program. If the State exempted an individual from the employment and training program, the reviewer shall determine if the exemption was correct. The reviewer is required to determine if a member of the household or the entire household should have been disqualified AORD because an individual refused without good cause to participate in employment and training.

- **Verification.** Participation in employment and training may be verified by contact with the appropriate operating Employment and Training offices or by reports from the appropriate office. Employment and training may be operated by the State agency or by other entities.

- **Variances.** If the reviewer determines that an individual(s) has refused or failed without good cause to comply with employment and training requirements and the individual(s) was not disqualified from the program, the case shall be reported as containing a variance. If a required good cause determination was not made by the State agency, the reviewer must make a determination by verifying whether there was good cause. If a good cause determination was made by the agency, that good cause determination itself is not subject to examination by the reviewer. If the reviewer determines that there is a variance for refusal or failure without good cause to comply with employment and training requirements, the reviewer shall consider the individual or household ineligible.

  If the reviewer determines there is no documentation to support that a member of the household has refused or failed without good cause to comply with employment and training requirements, and that individual has been erroneously disqualified, the case shall be reported as containing a variance. Such a variance will result in a determination that the individual or household is eligible.

  If, AORD, the state agency has imposed a disqualification period upon an individual, the reviewer shall not consider the individual to be either eligible or ineligible based solely on the timeliness of the disqualification action. The specific circumstances of the

disqualification action must be examined in order to determine its correctness.

- **Exemptions.** The verification sources for exemptions from employment and training vary with the basis for exemption. The reviewer should verify each exemption with the appropriate source.

850.3 Acceptance of Employment - 166. As a condition of participation in the Food Stamp Program, eligible recipients are required to report to an employer to who referred and to accept a bona fide offer of suitable employment. The reviewer is required to determine if a member of the household or the entire household should have been disqualified AORD because an individual refused without good cause to accept suitable employment. If the State disqualified the individual for failure to comply, the reviewer shall determine if the disqualification was correct.

- **Verification.** At a minimum the reviewer shall look for information in the case record that indicates noncompliance without good cause. If a required good cause determination was not made by the State agency, the reviewer must make a determination by verifying whether there was good cause. If a good cause determination was made by the State agency, that good cause determination itself is not subject to examination by the reviewer.

- **Variances.** If there is no indication of noncompliance, compliance will be presumed. A determination by, or notification to, the agency of failure or refusal to comply without good cause shall be reviewed to determine the period of ineligibility.

  If the reviewer determines that a member of the household failed or refused without good cause to accept employment and was erroneously included in the household under review, the case shall be reported as containing a variance. Such a variance will result in a determination that the individual or the household, as appropriate, is ineligible.

  If the reviewer determines that a member of the household failed or refused with good cause to comply and was erroneously excluded from the household under review, the case shall be

reported as containing an agency caused variance. Such a variance will result in a determination that the individual is eligible.

If, AORD, the state agency has imposed a disqualification period upon an individual the reviewer shall not consider the individual to be either eligible or ineligible based solely on the timeliness of the disqualification action. The specific circumstances of the disqualification action must be examined in order to determine its correctness.

- **Exemptions.** The verification sources for exemptions from the requirement to accept suitable employment vary with the basis for exemption. The reviewer should verify each exemption with the appropriate source.

850.4 Employment Status/Job Availability - 165. As a condition of participation in the Food Stamp Program, eligible recipients are required to provide information on an on-going basis to allow the State agency to determine the employment status or job availability of the individual and of members of the household. The reviewer is required to determine if a member of the household or the entire household should have been disqualified AORD because an individual without good cause failed or refused to provide information relative to their employment status or job availability. If the State disqualified an individual for failure to comply, the reviewer shall determine if the disqualification was correct.

- **Verification.** At a minimum the reviewer shall look for information, such as reports from the State agency in the case record that indicates noncompliance without good cause. If a required good cause determination was not made by the State agency, the reviewer must make a determination by verifying whether there was good cause. If a good cause determination was made by the State agency, that good cause determination itself is not subject to examination by the reviewer.

- **Variances.** If there is no indication of noncompliance, compliance will be presumed. A determination by, or notification to, the agency of failure or refusal to comply without good cause shall be reviewed to determine the period of ineligibility.

If the reviewer determines that a member of the household failed or refused with good cause to comply with reporting requirements and was erroneously excluded in the household under review, the case shall be reported as containing an agency-caused variance. Such a variance will result in a determination that the individual is eligible.

If, AORD, the state agency has imposed a disqualification period upon a household member, the reviewer shall not consider the individual to be either eligible or ineligible based solely on the timeliness of the disqualification action. The specific circumstances of the disqualification action must be examined in order to determine its correctness.

- **Exemptions.** The verification sources for exemptions from the reporting requirements vary with the basis for exemption. The reviewer should verify each exemption with the appropriate source.

850.5 Voluntary Quit/Reducing Work Effort - 163. As a condition of participation in the Food Stamp Program, eligible recipients may not voluntarily quit without good cause, or reduce hours of employment to less than the required number of hours per week without good cause. If a non-exempt individual voluntarily quits or reduces their work hours without good cause the individual or household is ineligible to participate. The reviewer is required to determine if a member of the household or the entire household should have been disqualified AORD because an individual voluntarily quit or reduced their work hours.

The reviewer is required to determine whether the member of the household voluntarily quit his/her job without good cause, and whether the household should have been disqualified AORD as the result. If a good cause determination of voluntary quit is made by the State agency that good cause determination itself is not subject to examination by the reviewer.

The reviewer shall determine whether the member of the household voluntarily quit a job if: there is an indication in the case record of a quit (unless documentation shows good cause); IEVS data that was previously obtained indicates recently terminated employment; during the interview the household indicates that an individual recently became unemployed or reduced their work hours; or an indication of a quit or reduction is found through collateral contacts.

- **Verification.** The reviewer must verify the following information to determine whether the member of the household should have been disqualified because of the quit or reduction.

  Verify when the quit or reduction occurred, if it was voluntary, and the number of hours or weekly wages. Verification sources include, but are not limited to, previous employer(s), employee associations, union representatives, and/or grievance committees or organizations. Primary responsibility for providing verification and/or collateral contacts rests with the household member.

  If a good cause determination was not made by the State agency, make a determination by verifying whether there was good cause.

  Reviewers must apply State agency definitions for "voluntary quit" and "reducing work efforts" in completing the review of these provisions.

- **Variances.** If the reviewer was unable to obtain verification because the quit or reduction resulted from circumstances that cannot be verified, (i.e., such as a resignation from employment due to discrimination practices or unreasonable demands by an employer or because the employer cannot be located), no variance shall exist in this element.

  If, AORD**,** the state agency has imposed a disqualification period upon an individual, the reviewer shall not consider the individual to be either eligible or ineligible based solely on the timeliness of the disqualification action. The specific circumstances of the disqualification action must be examined in order to determine its correctness.

850.6 Workfare and Comparable Workfare - 164. As a condition of participation in the Food Stamp Program, State agencies may require recipients to participate in an optional workfare program. Such a workfare program may also include comparable workfare programs approved by the State, i.e., self-directed workfare. The reviewer shall use the procedures in this section for individuals participating in such a program.

Individuals, or households are to be disqualified from the Food Stamp Program when the State agency determines that a workfare participant has failed or refused without good cause to comply with the requirements of workfare. (Such disqualifications do not apply if participation by the food stamp recipient was voluntary.) The reviewer is required to determine if individuals should have been disqualified AORD because they did not comply with workfare requirements.

- **Verification.** At a minimum the reviewer shall look for information, such as reports in the case record that indicates noncompliance with the workfare requirements without good cause.

- **Variances.** If there is no indication of noncompliance, compliance will be presumed. A determination by, or notification to, the agency of failure or refusal to comply without good cause with workfare requirements shall be reviewed to determine the period of ineligibility.

  If the reviewer determines that a member of the household has refused or failed without good cause to comply with workfare requirements and has been erroneously included in the household under review, the case shall be reported as containing an agency caused variance. Such a variance will result in a determination that the individual or the household is ineligible.

  If the reviewer determines that a member of the household failed or refused with good cause to comply with workfare requirements and has been erroneously excluded from the household under review, the case shall be reported as containing an agency-caused variance. Such a variance will result in a determination that the individual is eligible.

  If AORD the state agency has imposed a workfare disqualification period upon a household member, the reviewer shall not consider the individual to be either eligible or ineligible based solely on the timeliness of the disqualification action. The specific circumstances of the disqualification action must be examined in order to determine its correctness.

- **Exemptions.** The verification sources for exemptions from workfare requirements vary with the basis for exemption. The reviewer should verify each exemption with the appropriate source.

850.7 Time Limited Participation - 161. Able-bodied adults between the ages of 18 and 50 without dependents (ABAWDs) are eligible for participation in the Food Stamp Program for only 3 months within a 36-month period of time without working or participating in a work or workfare program, unless exempt. ABAWD individuals meeting certain criteria may qualify for 3 additional consecutive months of participation in the 36-month period.

- **Verification.** The reviewer must verify, as of the review date, both the status of individual household members as ABAWDs, and also the program participation history of any members determined to be ABAWDs. This will include an examination of agency records. The reviewer shall verify the date on which the State agency became aware of the information. Verification shall consist of documentation contained within the records of the State agency, or information that is otherwise known to the State agency. Agency issuance records shall be used to verify the program participation of any individuals determined to be ABAWDs.

  In addition, the reviewer must explore the eligibility status of the ABAWD as a routine part of the field review of the case. Household members should be questioned regarding the history of participation in the program on the part of any ABAWD household members.

  If there are no indications from the review of agency records or from the field review that any household members may be ineligible ABAWDs, then the household's statement may be accepted. No further investigation of the matter is necessary. There is no requirement that the reviewer contact agencies administering the program in other states if there are no indications that the ABAWD has participated within another jurisdiction.

  When a household admits that a household member is an ABAWD, or agency records and/or collateral contacts indicate that a household member may be an ABAWD, the reviewer must verify

the eligibility status of the individual(s) through the examination of agency records and collateral contacts with organizations administering the program in other states. The records of the State agency responsible for the administration of the Food Stamp Program where the recipient potentially participated are the only acceptable source of verification regarding the individual(s) ABAWD status.

- **Variances.** The reviewer shall take the following steps in making the error determination:

  For each household member, determine AORD whether the individual is an ABAWD. For those individuals who are determined to be an ABAWD as of the review date, proceed with the review steps below.

  For each household member who has been determined to be ABAWD, determine whether these individuals have exceeded their time limits for participation in the program.

  Variances will be cited if it is determined that AORD the household contains member(s) who are ABAWDs who have exceeded their time limits for participation. In making the error determination the reviewer will exclude the ineligible member(s) in determining the food stamp benefits for the sample month.

  Reportable changes that are not reported, and that impact on the eligibility status of an ABAWD individual shall be included in the error determination process.

  Variances shall also be cited if the reviewer determines that, as of the review date, the agency has improperly excluded an individual who was not subject to the time limit restrictions, or who had not yet exceeded the time limits for program participation. In making the error determination the reviewer will include the eligible member(s) in determining the food stamp benefits for the sample month.

  The appropriate time frames and requirements for reporting and acting on changes in the household circumstances shall apply.

  If AORD the state agency has imposed an ABAWD disqualification period upon a household member, the reviewer shall not consider

the individual to be either eligible or ineligible based solely on the timeliness of the disqualification action. The specific circumstances of the disqualification action must be examined in order to determine its correctness.

- **Exemptions.** The verification sources for exemptions from the time limit requirements vary with the basis for exemption. The reviewer should verify each exemption with the appropriate source.

860 SOCIAL SECURITY NUMBERS - 170. An individual may not apply for the Food Stamp Program because they do not wish to provide their social security number at the time they are applying for the rest of the household. No verification is required for these members of the household who have chosen not to be included as a recipient of the Food Stamp benefits for themselves. Otherwise, individuals who refuse or fail without good cause to provide a social security number (SSN) or to apply for one are ineligible to participate as a member of the household.

860.1 Verification.

Verification of SSN's is not required for households that are categorically eligible based on PA or SSI payments. However, an SSN may be verified for a member of a categorically eligible household when the number is needed to do an IEVS check and the SSN is not in the case file or it appears to be incorrect.

For other households, including those households that are categorically eligible based on GA payments, verification must be obtained for each household member. Verification based on viewing the Social Security card is not acceptable. Verification must be based on one of the following sources:

- Collateral contact with SSA.

- SSA printouts or documents such as a Form SS-5 (Application for an SSN) or SSA-5028 (Receipt for Application for an SSN) or other similar forms.

- Documentation that the SSN had been verified by another program participating in IEVS.

- Documentation in the case record that shows that a Form SS-5 was sent to SSA on a specific date.

- Birth document issued by the hospital in the case record that shows that an SSN was applied for or other receipt showing this, if it contains identifying information that includes the names of the baby and the parent(s) and the date of birth of the baby.

  1. Under no circumstances should the reviewer contact a hospital to verify whether or not a food stamp applicant or recipient applied for a newborn baby's SSN while in that hospital.

  2. The reviewer must look for a copy of documentation from the hospital in the case record that shows that an SSN was applied for.

The reviewer must document the verification used to show that the individual did or did not have an SSN.

860.2 Variances. A variance shall be cited, and the household member determined ineligible, only in the following circumstances:

- If the reviewer determines, using documentation in the case record, that an individual had refused, or failed without good cause, to provide or apply for an SSN.

- If the reviewer finds no evidence that establishes refusal, the reviewer must determine whether good cause existed for the individual's failure to provide or apply for an SSN. Good cause shall be established through documentary evidence that the individual had made every effort to supply the necessary information to complete an application for an SSN.

- If the reviewer determines that the household knowingly provided an incorrect SSN for an individual or knowingly failed to provide all SSN's for an individual, the individual shall be determined ineligible.

- If an individual had been disqualified by the State agency, the reviewer shall determine if the disqualification was correct AORD.

Deficiencies, other than those referenced above, shall not be included in the error determination.

- If an individual who was added to household composition as a result of the QC review (and for whom a household composition variance has been cited) does not have an SSN, an SSN variance shall not be cited.

- Failure on the part of the agency to process an SS-5 or to inform the household member that an SSN must be obtained within the allowed time frames shall not be considered a variance and shall not affect the error determination.

If an individual is determined to be ineligible, the reviewer shall exclude that individual from the household but include a pro rata share of the individual's income and all of the individual's resources in determining the household's eligibility. Likewise, those individuals who choose not to provide their social security number and did not want to receive food stamp benefits have their income and resources considered in determining the remainder of the household's eligibility and benefits.

870 DISABLED INDIVIDUALS. Disabled household members are entitled to some special eligibility and benefit standards:

- The net income standard

- The excess medical deduction

- The uncapped shelter deduction, and

- Special household composition considerations.

Disability status must be verified in connection with application of these special standards.

"Disabled" status that entitles a member to the special eligibility and benefit standards is defined in Food Stamp Program regulations. Only individuals meeting the criteria listed in the regulatory definition shall be considered disabled for purposes of the special eligibility and benefit standards.

870.1 Verification. The source of verification varies with the basis for the entitlement to disability status. The verification must be documentation,

computer listings, or collateral contacts with the government agency that has provided the basis for the disability determination.

For example: if the basis for the disability determination is receipt of SSI, then verification must consist of SSA documentation or computer listings which verify the information or a collateral contact with SSA.

870.2 Variances.

- If the reviewer determines that an incorrect disability status determination has been made (a disabled household member has been considered non-disabled, or a non-disabled household member has been considered disabled) then a variance exists.

- If the reviewer determines that the variance is the result of a change, the reviewer shall then determine if the variance is included or excluded based on the reporting requirements and exclusionary time periods.

Variances in disability status are not coded on the FNS-380-1 as disability variances, rather they should be coded in the element that is effected by the disability status variance.

Example of Coding a Variance That Was Related to Disability Status: A household is given an uncapped shelter deduction on the basis that a household member is disabled. The reviewer discovers that the household member is not disabled, and the household is not entitled to an uncapped shelter deduction. The variance should be coded in element 363, shelter deduction.

CHAPTER 9

RESOURCES

900 VERIFICATION STANDARDS FOR RESOURCES - 200-299.

910 GENERAL REQUIREMENTS. This chapter discusses the general requirements for verification of resources.

911 Purpose of Verification of Resources. Except for categorically eligible households, the reviewer must verify the household's liquid and non-liquid resources. The reviewer must then determine if the household's nonexempt resources exceeded the resource eligibility standard.

Fluctuations in resources over the certification period, even in excess of the household's standard, shall not be considered variances. Thus, only when the applicable resource standard was exceeded as of the QC verification date (see section 710), the household fails to report the acquisition of certain vehicles, or when policy was misapplied by the agency shall the reviewer cite a variance in this element. In regard to variances resulting from changes, the exclusionary time periods in Chapter 7 apply.

In determining whether a variance exists, the reviewer must ensure that the same money is not counted both as income in the month it was received and as a liquid resource in the same month.

912 Eligibility Standards. There are statutory resource limits for all households except those households that are categorically eligible. The reviewer will need to determine the resource limit for the household.

913 Categorical Eligibility. Households are categorically eligible if all household members received or were authorized to receive PA, SSI, State or local GA payments, or benefits from a State Program conferring categorical eligibility. The reviewer need not review the household's resources if it was categorically eligible except to determine if the resources provided any income to the household such as interest or rent. So long as all household members were included in a PA grant or they received SSI, State or local GA payment, or benefits from a State Program conferring categorical eligibility, the household was eligible for food stamps in relation to this element, regardless of whether its total resources exceeded the standard and regardless of whether there was more than one PA unit in the food stamp household.

If the reviewer becomes aware that the PA/FS household had more resources than allowed by the PA standard, this information shall be reported to the agency but shall not result in the case being reported as ineligible for food stamp benefits. When a case is found to be incorrectly classified as categorically eligible, the reviewer shall use the applicable resource standard. For example, if the reviewer finds that a household contained an individual who was not included in the PA budget, the food stamp resource limit would be used. If the resources exceeded the resource limit, the case was ineligible.

914 Combined Resources - 225. To determine if there was a variance, the reviewer must total verified nonexempt resources and compare that amount to the appropriate resource limit**.** The worksheet must show the total and the resource limit used.

915 Acceptable Case Record Verification. Reviewers may accept case record verification for resources which households declare if such verification is current relative to the likelihood of the resource changing. For non-liquid resources, the reviewer may accept as current any appropriate case record verification stating the amount of the resource during the 30 days before or after the review date. For liquid resources, the reviewer may only accept case record verification stating the amount of resources as of the QC verification date specified in Chapter 7.

916 Transfer of Resources. The reviewer must ask the household if it transferred any resources during the three months prior to application or after its eligibility was determined.

If the household admits to a transfer of resources, the reviewer must identify the resource, specify when the transfer occurred, and determine whether the transfer was knowingly made in order to qualify for food stamp benefits. The household's documentation of the transfer may be used for verification. If the case record documents that the household reported to the EW a transfer of resources, the reviewer will determine if, in accordance with certification procedures, the household would be eligible for the sample month.

A household may use its resources without having that use considered as a transfer of resources. For example, a household that had $3,000 in a bank account and used $2,000 to re-roof its home would not be ineligible based on a transfer of resources.

920 NONEXEMPT RESOURCES. The reviewer must verify the amount of nonexempt resources declared by the household, and explore undeclared resources to a point where the absence of each resource is reasonably established. The evidence required to support the positive and negative allegations is specified in this chapter. The "amount" of a non-liquid resource is its fair market value less encumbrances except for licensed vehicles. (See section 970.)

930 EXEMPT RESOURCES. The reviewer must determine that resources which are not to be included as a resource for the Food Stamp Program have been properly exempted in the determination of the household's resources.

931 Resources of Non-Household Members. The reviewer must verify that the resources of household members disqualified for intentional program violations or failure to comply with the work requirements, ineligible non-citizens, and SSN disqualified persons were counted according to certification policy.

For all other non-household members, the reviewer must verify that resources of these non-household members were included/excluded as determined by certification policy.

932 Resources of Non-Citizen Sponsors. The reviewer must verify the amount of any resources which are required to be deemed to the household from a sponsor (and the sponsor's spouse) of a non-citizen.

933 Resources Jointly Owned With Non-Household Members. The reviewer must verify the amount of any jointly owned resources. Resources owned jointly by separate households shall be considered available based upon certification policy and applicable State laws.

934 Resources Which Are Accessible to the Household But Not Owned by the Household. The treatment of resources which are accessible to the household but not owned by the household are considered based upon certification policy and applicable State laws.

940 BANK ACCOUNTS OR CASH ON HAND - 211. The reviewer must ask the household if any member had any liquid resources. These types of resources are cash or instruments, which can be readily converted to cash.

Examples:

- Cash on hand
- Money in savings and checking accounts
- Instruments issued by banks and credit unions, such as certificate of deposit
- Stock ownership in corporations
- Bonds, such as savings bonds
- Shares in mutual funds
- Nonrecurring lump-sum payments such as income tax refunds
- Individual Retirement Accounts

941 Inquiry About Debits to Accounts. The reviewer should consider as a debit to the account, any money that was counted as income for the month. The reviewer would also consider outstanding checks or drafts written against an account to be debits to that account. For retrospectively eligible cases, resources are determined as of the last day of the budget month. For prospectively eligible cases, resources are determined AORD. The reviewer must complete an IEVS check for resources for all household members. In addition, the reviewer must verify whether any adult member of the household has a bank account.

942 Inquiry About Declared Liquid Resources. Reviewers must obtain certain information from households that declare liquid resources that are not identified in the case record or for which verification is not current. Most of this information can be obtained from the household or from a financial institution. This information is:

- The name and address of the financial institution
- The type of account, the account number and type of ownership
- The amount of the resource

NOTE: Only verification from a financial institution is acceptable.

943 Verification of Declared Liquid Resources.

943.1 Cash. Reviewers may accept the household's statement about the amount of cash on hand. Any lump-sum payments that are not converted to cash or deposited in a bank account could be verified by viewing the payment check.

943.2 Other Liquid Resources. To verify any other liquid resources declared for a household member, the reviewer must contact the financial institution and verify the net amount of the resource. The reviewer must also inquire if other household members have resources there or if the member who has declared the resource has any other resources there. Amounts of all resources must be verified.

943.3 Conditions Affecting Further Verification. The reviewer shall check the accuracy of account information provided by the individual and check for the existence of non-declared accounts through inquiries to banks or banking institutions for the following situations:

- Household member alleges ownership of an account.
- Evidence appears to contradict household's negative allegation of an account.
- Household member uses a banking institution to cash checks or for direct deposit of checks.
- IEVS or other collateral inquiry reveals possible resources.

950 NONRECURRING LUMP-SUM PAYMENTS - 212. Household circumstances may indicate the possibility of a recent lump-sum payment. For example, a household in which there has been a recent death may have received a lump-sum insurance settlement or a household that recently moved may have received a refund of rental or utility deposits. Such payments that have been deposited in bank accounts should appear in routine verification of liquid resources. If there is a possibility that the household received a lump-sum payment and it does not appear as a declared resource, the reviewer must ask the household if it received such a payment and document the worksheet appropriately.

960 OTHER LIQUID ASSETS. If the household owns any personal property that is not exempted from consideration as a resource, the reviewer must determine the value of such property through any reliable and reasonable method i.e., sales slips, personal property tax assessment, catalog, existing insurance appraisal, and local merchants.

In the absence of evidence to the contrary, the reviewer may accept a household's statement that they own no such personal property.

970 REAL PROPERTY - 221. The reviewer must determine if the household owns any real property (i.e., land or buildings). The reviewer must then determine if any is excludable from consideration as a resource, such as a home and lot; and property producing income consistent with its value. The reviewer must then determine the value of any property, such as recreational property, which is a countable resource.

971 When Property Is Acknowledged. Where it is known from either the household's statement, the case record, or other sources that the household owns property, the reviewer must verify what property is excludable and the equity value of property not excludable. Sources of verification are:

- Courthouse Records
- Tax Records
- Real Estate Transfer Division
- Title Search
- Municipal Building Inspection Compliance records

972 When No Property Is Acknowledged. When no property is acknowledged, or only excludable property, the reviewer must follow up to determine that the household owns no real property, or only excludable property.

For the following households the reviewer may accept the household's statement that it has no property unless there is evidence to contradict the household's negative allegation.

- Household resided AORD in government/tribal public housing or federally subsidized housing such as the Housing Authority/Tribal

Housing Authority (THA), Housing and Urban Development (HUD) or Section 8.

- Household was homeless AORD.

For all other households the reviewer will routinely check for property ownership. Checks are made through county records when the reviewer is in possession of information needed to retrieve the property data; for example, the names of all the adult members of the household where there is an alpha index. When the reviewer does not have the information needed to retrieve the property data, the reviewer may have to look elsewhere to obtain the data by which the property information is retrievable. When there is no such source and no reason to believe there is property or only excludable property ownership, the negative allegation will be accepted. The file must be clearly documented to show why no verification was obtained.

980 VEHICLES - 222. For each adult household member the reviewer shall verify the household's positive or negative allegation of vehicle ownership via inquiry through the State Department of Motor Vehicles (DMV) or its equivalent. The reviewer shall also determine status (with respect to use and license) and the value of all vehicles owned by the household. Information such as purchase price, encumbrances against the vehicle, and the name of the organization financing the purchase would aid the reviewer in determining the effect of motor vehicle ownership on eligibility. The value of some licensed vehicles is excluded as a resource. To establish the value of motor vehicles the reviewer shall use the National Automobile Dealers Association (NADA), “blue book", or equivalent. In addition, car valuations can be verified by other sources (i.e., car dealers) that can provide an approximate valuation based on make, model and year of the vehicle.

Whether the recipient alleges ownership of a motor vehicle or not, the reviewer shall check via inquiry through the State Department of Motor Vehicles (DMV) or its equivalent the accuracy of the information, and to explore potential ownership of other vehicles not alleged. This check shall be completed even if the household provides proof of ownership. In addition, reviewers may have to contact other collateral sources when DMV records differ from the household's statement.

When the household alleges ownership of a motor vehicle the reviewer shall examine the registration card and record the following information on all licensed vehicles:

- Registered owner
- Make
- Model
- Year

990 OTHER NON-LIQUID RESOURCES - 224. The reviewer must determine ownership, status with respect to inclusion and exclusion, and equity value of non-liquid resources not covered in Elements 221 and 222. Documents that can be used as the basis of verification of such items are things such as sales agreements and tax records as well as items mentioned under sections 970 and 980 above.

CHAPTER 10

INCOME

1000 GENERAL. This chapter describes the procedures for verifying household income and for determining variances in income.

1010 VERIFICATION AND VARIANCE DETERMINATION PROCEDURES

1011 Verification. Households may receive income from one or more types of sources, e.g., wages or a salary, a public assistance grant, a self-employment enterprise, alimony payments. The income verification procedures are based on the source of the income. Income is verified for the budget or issuance month(s), depending upon the specific eligibility, budgeting, and reporting requirements. (Refer to Chapter 7.) In some instances, income is also verified for other months, e.g., the receipt of a student grant that has to be prorated over a specific period.

1012 Variance Determination. The variance determination process depends upon how the income is received, i.e., stable, fluctuating, annualized, or received on some other schedule. In making the variance determination, the reviewer needs to determine how the eligibility worker treated the income, if the worker correctly applied the certification policy(s), if the worker made any computational errors, if the recipient correctly reported income, and if the recipient correctly reported income changes.

1013 Terminology. In general, the procedures in this chapter are based upon the following terminology.

1013.1 Annualized income is self-employment income, e.g., farmers, or contract income which is intended to represent a household's annual income and which is prorated evenly or unevenly over a 12-month period.

1013.2 Anticipated Income is counted when its receipt is reasonably certain. "Reasonably certain" is to be decided on a case-by-case basis by the State agency in conjunction with the household. The provisions on change reporting in section 223.2 concerning earliest date is applicable to determining when income can be reasonably anticipated.

1013.3 Averaged Income is income calculated for the certification period based on a household's anticipation of monthly fluctuations over the certification period. The State agency may establish averaging methods to be applied to certain types of households. (Conversion does not constitute averaging.)

1013.4 Conversion is changing weekly or biweekly income to a monthly amount by (1) multiplying weekly amounts by 4.3 and biweekly amounts by 2.15, or (2) using the State agency's public assistance standard. When processing monthly reports, State agencies have the option of converting to a regular monthly amount income that is received weekly or biweekly. The State agency must choose one option for all change reporters and one option for all monthly reporters. If the EW was required to convert income, the QC reviewer must convert. The QC reviewer must use the State agency's applicable conversion method. If an EW was not permitted to convert income (i.e., the recipient receives less than a full month's income from the source), the reviewer must not convert. If the State agency did not select an option, the QC reviewer will use actual income.

1013.5 Fluctuating income is earned or unearned income that varies monthly in amount and/or by source. Such income may be averaged or unaveraged.

1013.6 Prorated income is income that is divided among the household members (including any ineligible household members, if appropriate) or among the individuals for whom it is intended, or income divided by the months for which it is intended to cover, e.g., a student grant.

1013.7 Stable income is income that is received in a fixed amount from the same source(s) on a regular schedule.

1020 VERIFICATION REQUIREMENTS - EARNED INCOME

1020.1 Credit check for verification of earned income. This element will serve as an optional tool for the verification of earned income. A credit check may be used when the reviewer wants to further investigate or establish a financial profile of household members.

1021 Wages and Salaries - 311. This element refers to income earned by a recipient through the receipt of wages, salaries, tips, or

commissions. The reviewer must verify whether any household members were employed and the amount and frequency of earnings. (See section 512.)

1021.1 Positive Allegation. When the household admits that a household member earns wages or salaries, the reviewer must determine the name of employer, the amount and frequency of earnings; and the type of employment (full-time, part-time, etc.).

For standard verification the reviewer must contact the employer or examine wage stubs or pay envelopes, if they cover the period of employment under review and there is no indication of other employment.

1021.2 Negative Allegation. If the household states that it received no earned income during the appropriate month, the reviewer shall further investigate household circumstances to ensure that the household did not have any earned income. Exploration of past employment, including types of work and former employers, may provide indications of employment during the appropriate month.

Information obtained while verifying other elements of eligibility, with individuals such as relatives, school officials, landlord, etc., may show the participant is frequently absent from the home. This may be an indication of the participant's employment.

Additional situations that the reviewer must investigate are:

- Indications that the head of the household is not at home during regular working hours and leaves at the same time every day
- Difficulty in finding the head of the household at home
- Seasonal employment at its peak in the area where the participant lives
- Shelter costs higher than reported income.

1021.3 Verification. The verification requirements in this section are minimum requirements (See section 513.2). It is the responsibility of the reviewer to find all sources of income in determining actual household circumstances for the review period. If in the course of the review doubts are raised concerning household circumstances (i.e. unexplained income, suspected

seasonal work, etc.), the reviewer must verify actual circumstances and must investigate any potential sources of additional income.

- **IEVS.** The reviewer shall complete an IEVS check for all adult household members to verify the household's positive or negative allegation of earned income. (See section 512 on IEVS matching.)

- **No Further Investigation.** When an IEVS check is done in accordance with section 512, if the IEVS records do not indicate recent employment, and no indication of information to the contrary has arisen during other collateral contacts, then no further verification is required.

- **Further Investigation.** When the IEVS check is done in accordance with section 512 and the IEVS records indicate employment within the most recent quarter, the reviewer must check with the recipient and these employers to verify the employment situation for the appropriate month.

1022 Self-Employment - 312. Reviewers must ask all households if they have any income from self-employment enterprises. Examples of self-employment income include but are not limited to: farmers; income derived from rental property when a member of the household is actively engaged in management of the property at least an average of 20 hours per week; payments from a roomer or boarder; and independent contracting. Self-employment income may be received according to a variety of schedules. Self-employment income can be received in a variety of forms including a lump sum payment, in fluctuating payments, seasonal payments, or regular "salary" payments. Frequently more than one form of income will appear for a self-employment enterprise.

1022.1 Positive Allegation. When the household admits to self-employment, the reviewer must describe the type of enterprise and verify the amount of income by means of as many of the following documents as necessary:

- Recent tax returns or business records

- Receipts for business expenses

- Household's statement about estimated earnings

In determining expenses, the reviewer must take into account which expenses are allowable based on certification policy.

1022.2 Negative Allegation. Denials of self-employment must be verified in the same manner as denials of wages and salaries discussed in section 1021.2.

1023 Other Earned Income - 314. The reviewer must ask if the household received other earned income, which can include:

- Income from other work (such as a paper route, running errands, cutting lawns, babysitting, or doing other "cash" jobs); and

- Training allowance from vocational and rehabilitative programs sponsored by Federal, State, or local governments to the extent they are:

  1. Not a reimbursement, or

  2. Not excludable by Federal law.

1023.1 Positive Allegation. The reviewer must verify the amount and frequency of other earned income by means discussed in the preceding sections on earned income or by other appropriate means such as receipts. The reviewer must verify through the appropriate office the amount of any training allowances received by the household.

1023.2 Negative Allegation. In the absence of contradictory evidence, the reviewer may accept the household's claim of no other earned income.

1030 VERIFICATION STANDARDS FOR UNEARNED GOVERNMENT BENEFITS. The reviewer must verify the receipt and amounts of any unearned income identified in the case record, ask the household if it received any other unearned income by specifically mentioning each of the other types specified in the following sections, and must verify such income items. Household disclaimers of unearned income should be evaluated in the context of the household circumstances and history. For example, review of the recipient's employment history may indicate possible eligibility for unemployment compensation or veteran's benefits. The reviewer must establish a basis for a decision of non-receipt of benefits regardless of the recipient’s denial of receipt of income. (See section 512.)

1031 Retirement Survivors' and Disability Insurance (RSDI) Benefits - 331. Regardless of whether the household alleges receipt of RSDI benefits, the reviewer shall check for all household members the accuracy of the information through SSA's data exchange system. In addition, the reviewer may have to use other collateral sources such as SSA's current award letter/correspondence or direct contact with the SSA district office to obtain RSDI benefit information.

1032 Veterans' Benefits - 332.

1032.1 Positive Allegation. For standard verification use the following:

- Current Veteran's Administration (VA) Award notice
- Direct contact with a VA representative

1032.2 Negative Allegation. See IEVS Matching, section 512.

1033 Supplemental Security Income (SSI) - 333. Regardless of whether the household alleges receipt of SSI benefits, the reviewer shall routinely check for all household members the accuracy of the information through SSA's data exchange system. In addition, the reviewer may have to use other collateral sources such as SSA's current award letter/correspondence or direct contact with the SSA district office to obtain SSI benefit information.

1034 Unemployment Compensation - 334.

1034.1 Positive Allegation. The reviewer must verify the amount and date that unemployment compensation was received. For standard verification use the following:

- Current award certificate
- Official correspondence
- Direct contact with the appropriate agency administering the unemployment compensation program

1034.2 Negative Allegation. (See IEVS Matching, section 512.)

1035 Worker's Compensation - 335.

1035.1 Positive Allegation. For standard verification the Workmen's Compensation award notice is the best evidence. When the award notice is unavailable, the reviewer must contact the Workmen's Compensation office to verify the amount of the payment received during the appropriate month.

1035.2 Negative Allegation. (See section 512).

1036 Other Government Benefits - 336. Other government benefits include but are not limited to Black Lung Benefits, Railroad Retirement payments, and payments to farmers by USDA.

1036.1 Positive Allegation. For standard verification use the following:

- Current award certificate.
- Official correspondence.
- Direct contact with the appropriate agency that provides the payments.

1036.2 Negative Allegation. (See section 512.)

1040 VERIFICATION STANDARDS FOR OTHER UNEARNED INCOME.

1041 Contributions/Income-In-Kind - 342.

1041.1 Alimony Payments. An important type of contribution is alimony payments. The composition of the household may indicate whether the reviewer should seek additional information with regard to the probability of child support (see section 1050 for further review instructions regarding child support) or alimony payments.

- **Positive Allegation.** The primary source of verification for declared support payments and contributions is contact with the person making the contribution. When support payments or contributions are made through a third party, such as a court or probation office, verification can be made through that agency.

The reviewer shall be alert to the effect of timing and the amount of payment relative to the review date.

- **Negative Allegation.** The household's denial of receipt of alimony payments or contributions may be accepted in the absence of evidence to the contrary. If there is a conflict in information provided by the household and that provided by collateral contacts, the reviewer should obtain a statement if possible from the person making the alimony payments or contributions, copies of canceled checks, etc., to help resolve the conflict.

- **Documentation.**

  1. **From Household.** The following are documents or other records for verification generally available from the participant:

     a. Divorce or separation decree

     b. Court order

     c. Alimony check

     d. Alimony agreement or

     e. Correspondence regarding alimony payments.

  2. **From Other Sources.** The following are other sources available for verification:

     a. Court records

     b. Lawyer's records

     c. Canceled check of person making contribution

     d. Income tax returns or

     e. Employer's record of attached wages.

1041.2 Income-In-Kind. Reviewers should verify that no income-in-kind is included as part of the household's food stamp income. An example of income-in-kind is a rent-free apartment furnished as a part of the compensation package for a recipient working as a building manager. This should be excluded.

1042 Deemed Income - 343. The amount of income deemed to the household from the sponsor (and the sponsor's spouse) of a non-citizen member of the household must be verified. This can be accomplished by reviewing the documentation in the case record, including any TANF part of it. Any inadequacies in verification in the case record must be remedied by having the household obtain the needed documentation from the sponsor or the sponsor's spouse. If the household with a non-citizen member alleges no sponsor of the non-citizen, the reviewer must contact INS for verification. If INS states that there is a sponsor, the reviewer must follow up appropriately. In addition, the possibility of income from a sponsor (or a sponsor's spouse) in excess of the amount deemed must be explored and verified and included as income to the household. (See section 822.1.)

1043 PA or GA - 344. The receipt and amount of any PA or GA payments which the household claims must be verified either through contact with the paying agency or from official correspondence from the agency. (See section 512.)

1044 Educational Grants, Scholarships, and Loans - 345. The reviewer must verify the source of income (i.e., Title IV, BIA, JTPA, Perkins Act), the amount of income, the period of time it was intended to cover, any earmarked amounts for allowable expenses and amounts used for tuition and mandatory fees, books, supplies, transportation, and other miscellaneous personal expenses (other than living expenses) for the same period of time, and origination fees and insurance premiums on loans. Mandatory fees include the rental or purchase of any equipment, materials, and supplies related to the pursuit of the course of study involved.

Most educational assistance and tuition, mandatory fees and earmarked amounts may be verified by contacting the school the student attended. Educational assistance and earmarked amounts may also be verified by the provider agency, e.g., the Veteran's Administration for some veteran's educational benefits. The student may provide verification for the exclusion of amounts used for the allowable costs.

1044.1 Positive Allegation. When a household admits that a household member receives educational grants, scholarships, and loans, the reviewer must verify the income and expenses through sources such as the following:

- Contact with the school the student attended
- Contact with the provider agency
- Receipts for expenses
- Prevailing transportation rates.

1044.2 Negative Allegation. If there was no member who was a student, the household's denial of receipt of educational funds may be accepted in the absence of evidence to the contrary. At a minimum, for households with a student, the reviewer must contact the school to verify whether or not the student received educational assistance.

1045 Other Unearned Income - 346. The reviewer must verify the receipt and amount of other types of unearned income. Several examples are discussed below. (See section 512.)

1045.1 Foster Care Payments. When there is a foster child or adult in the household, the reviewer shall verify through the appropriate office whether the child or adult is legally assigned to the household and the amount paid each month for such foster care.

1045.2 Dividends and Interest. Interest on a savings account and bonds, and dividends from investments such as stocks may be paid annually or more frequently. At the time the household is certified, the participant is to report such income. The EW may have averaged this income at the request of the household or may have counted the income only in the month it was expected to be received. The reviewer shall determine if the household reported the receipt of such money and the amount that should be considered income during the appropriate month. If such income was averaged, the reviewer shall also average in accordance with certification procedures. If the reviewer discovers such income, which was not reported either at the time of certification or at the time it was received, the interest or dividend shall be counted as income in the month in which it was received.

1045.3 Rental Income. Gross income derived from rental property must be verified. The costs of doing business must be verified and excluded from the gross income.

1045.4 Pensions and Union Benefits. A recipient may state that he/she received pension(s) or union benefits. A review of the recipient's employment history may indicate possible eligibility for a company retirement pension, or past union membership could indicate possible benefits from that source. If the household indicates that it received pension (s) or union benefits, the source and amount must be verified using the procedures in section 1021.1. If there is an indication that the recipient may have been entitled to or is receiving a pension or union benefits, the reviewer must establish a basis for a decision of non-receipt of benefits more substantial than the recipient's denial of receipt of income. Work sheet documentation must clearly reflect the basis for the decision.

1046 TANF - 347. (See section 1043.)

1050 CHILD SUPPORT PAYMENTS RECEIVED FROM ABSENT PARENT - 350.

An important type of household income in many cases is child support payments. The composition of the household may indicate whether the reviewer should seek additional information with regard to the probability of support payments.

- **Positive Allegation.** The primary source of verification for declared support payments and contributions is contact with the person making the payments. When support payments or contributions are made through a third party, such as a court or probation office, verification can be made through that agency. The reviewer shall be alert to the effect of timing and the amount of payment relative to the review date.

- **Negative Allegation.** The reviewer may accept the household's negative allegation if:

  1. The absent parent is making child support payments to the child support enforcement agency, or

  2. The absent parent is incarcerated.

Otherwise, the reviewer shall consider that there is a possibility of support payments or contributions being made on a voluntary basis without legal liability for such contributions. When the household states that it does not receive support payments and the location of the person liable for support is known, the reviewer must attempt to contact the person liable for such payments. If the person's location is not known, if the person cannot be contacted, or if the person denies making support payments as of the budget or sample month, the reviewer shall contact the child support enforcement agency.

Where contact is attempted, the reviewer should be sensitive to the delicate nature of the contact and proceed accordingly. Where no contact is attempted because it would be inappropriate, the reviewer should document the worksheet appropriately.

If there is a conflict in information provided by the household and that provided by the absent parent, the reviewer should obtain a statement from the absent parent, copies of canceled checks, etc., to help resolve the conflict.

- **Documentation.**

  1. **From Household.** The following are documents or other records for verification generally available form the participant: divorce or separation decree; court order; contribution check; support agreement; or correspondence regarding support payments.

  2. **From Other Sources.** The following are other sources available for verification: court records; lawyer's records; canceled check of person making contribution; income tax returns; or employer's record of attached wages.

1060 VARIANCE DETERMINATIONS. Once income has been verified, the reviewer must determine whether there were any variances in terms of eligibility or budgeting. The procedures in section 1061 shall be used for determining eligibility. Budgeting variances shall be determined using the procedures in sections 1062, 1063, 1064, 1065, 1066, 1070, and 1080.

The variance determination process for income is dependent on the type of income and the reporting requirements to which the household is subject. Refer to Chapters 2 and 7 for the review procedures used in determining

variances for households subject to monthly reporting, quarterly reporting, and semi-annual reporting, and for households receiving transitional benefits allowances.

1061 Eligibility. Unless a household was categorically eligible, it must meet the income test(s). Households that contain an elderly or disabled member, must meet the net income test. All other households must meet both the gross and net income tests.

1061.1 Prospective Eligibility. For households participating based on prospective eligibility, the reviewer shall apply the appropriate income test(s) to the income verified for the sample month. If the household's sample month income meets the income test(s), the household is prospectively eligible based upon income.

If the household's sample month income exceeds the income limit(s), the reviewer must determine whether this is the result of a variance that is included in the error determination. If the variance is included the case shall be reported as ineligible. The reviewer shall use the appropriate time frames for reporting and acting on changes to determine whether there is an excluded variance. (See Chapter 7.)

1061.2 Retrospective Eligibility. For households participating based on retrospective eligibility, the reviewer shall apply the appropriate income test(s) to the income verified for the budget month. If the household's budget month income meets the income test(s), the household is eligible based upon income. If the household's budget month income exceeds the income limit(s), the case shall be reported as ineligible and a variance cited.

1061.3 Categorical Eligibility. A categorically eligible household is eligible for food stamps regardless of whether its income exceeded the limit(s).

If the reviewer becomes aware that a categorically eligible PA household has more income than allowed by the PA limit(s), this information shall be reported to the agency but shall not result in the case being reported as ineligible for food stamp benefits. When a case is found to have been incorrectly classified as categorically eligible, the reviewer shall use the income test(s) as applicable. For example, if the reviewer finds that a household contained an elderly individual who was not included in the PA budget and who did not receive SSI, the food stamp net income test would be used. If the income exceeded the household's net income limit, the household was ineligible.

1062 Unearned Income

Households subject to change reporting requirements are only required to report changes in unearned income when there is a change of more than $50 in monthly income. For cases subject to change reporting, QC will use the following procedures in reviewing unearned income. These procedures apply to both stable and fluctuating income. They apply to both prospectively and retrospectively budgeted unearned income. They apply to both reported/processed sources and unreported/unprocessed sources of unearned income.

A. Compare the QC verified budget month income to the worksheet amount. In prospectively budgeted cases the budget month is the sample month (SM). In retrospectively budgeted cases the budget month is one or two months prior to the sample month, depending on the system used by the State. If there is no difference, there is no variance. Use the verified budget month amount in the error determination process. If there is a difference, proceed to Step B.

B. Correct the worksheet amount for misapplication of policy and computational errors by the EW and for incorrect reporting (including failure to report) by the household at the time of certification, recertification, or the last reported change. Compare the QC verified budget month amount to the corrected worksheet amount. If there is no difference, use the corrected worksheet amount in the error determination process. If there is a difference, go to Step C.

C. Determine if the difference can be excluded based on the reporting requirements in Chapter 2 or the exclusionary time periods in Chapter 7.

NOTE: If there was more than one source of unearned income, the reviewer must total the corrected worksheet unearned income and compare it to the total QC verified budget month unearned income to determine if there was a change of more than $50 that had to be reported.

If the difference is a result of a change that can be excluded based on the reporting requirements or the exclusionary time periods, use the corrected worksheet amount from Step B in the error determination process. If the difference cannot be excluded, a variance shall be cited, and the reviewer shall use the QC verified budget month amount in the error determination process.

If there is more than one variance in an income source, the reviewer must arrange all variances in chronological order. The reviewer must then determine if the latest variance is an included or an excluded variance based upon time frames for reporting and acting on changes.

- If the latest variance is an included variance, the reviewer shall use the QC verified budget month amount in the error determination process.

- If the latest variance is an excluded variance, the reviewer shall use the income amount that reflects the full effect of the latest included variance(s).

1063 Prospectively Budgeted Earned Income $100 Change Reporting

These procedures apply to households that are required to report changes in the total amount of monthly earned income of more than $100. These procedures apply to reported/processed sources of income. These procedures apply to income received in beginning and other months.

Fluctuating earned income may be averaged or unaveraged, at the State's option. Any income that does not meet the definition of averaging must be considered unaveraged income. The same basic review procedure must be used for averaged fluctuating income, unaveraged fluctuating income, and stable earned income. For averaged income, the reviewer must use the most recently calculated averaged income that is or should have been in effect for the sample month; i.e., if the EW reaveraged for any reason after certification but prior to the review date, and that reaveraged amount should have been used to determine the sample month's issuance but was not, the reaveraged amount would be used as the corrected eligibility worker's figure. If the eligibility worker was required to convert, the QC reviewer must convert verified income for the appropriate month(s). Any other misapplications of policy or incorrect computations must be corrected.

In the error determination process, any vacation or sick pay received by the recipient must be counted by the QC reviewer as income in the month received. Vacation and sick pay are considered to be from the same source as the normal pay source, unless it is a terminated source. If it is a terminated source, the vacation or sick pay would be treated as a non-recurring lump-sum payment if the pay was received once in a lump sum.

Section 722 must be used to determine whether income from a new or terminated source is used in the error determination process.

All reported earned income sources must be added together before doing the calculations called for in sections 1063.1 and 1063.2. If a case contains both reported and unreported sources of earned income any reported sources must be reviewed in accordance with section 1063.1 and 1063.2, as appropriate, and any unreported sources must be reviewed in accordance with section 1063.3.

- **Interim Change.**

  1. For purposes of determining the effective month of a certification action under 1063.1 and 1063.2, an interim change is a recalculation of a case's food stamp benefits resulting from:

     a. Change reported by the household; or

     b. Change the agency becomes aware of through a source other than the household with the exception of non-income related mass changes. Income related mass changes include, but are not limited to, SSA and SSI COLA's and across the board adjustments to TANF. Non-income related mass changes include, but are not limited to, adjustments to SUA's and caps on dependent care deductions.

  2. The recalculation does not have to result in a change to the allotment. In order to be considered an interim change under this definition, the certification record must document that two things have occurred:

     a. Either a change is reported by the household, or the agency becomes aware of the change; and

     b. The eligibility worker has to act on the change, which includes the eligibility worker's documented decision that the change will not affect the household's allotment.

- **Effective Date of a Certification, Recertification, or Interim Change.** In determining whether to use procedures at 1063.1 (first and second month) or 1063.2 (third month and later), the QC

reviewer needs to consider when a certification action became effective rather than when the action was taken.

Example of an Effective Month After the Date of the Action: The EW recertifies a household on April 25 for May through October. May is the first effective month of the certification action.

Example of an Effective Month Before the Date of the Action: A household applies for benefits on September 10. On October 4, the EW certifies the household for September through December and issues benefits retroactively for September. Even though the certification action did not occur until October 4, the first effective month of the certification action is September, the month of initial certification.

The reviewer must use the following procedures to determine whether any variances exist. These procedures apply to both stable and fluctuating sources of earned income.

1063.1 First and Second Effective Months of a Certification Action. If the sample month was the first or second effective month of an initial certification, a recertification, or an interim change, the reviewer must review income using the procedures in this section. This section must also be used for the third effective month if using procedures at 1063.2 would take the QC reviewer outside of the effective period of a certification action.

In the steps below, QC must use converted income as appropriate.

- **Comparison I.** Verify the sample month income. This income is used in the Comparison I allotment test at section 621. If the Comparison I allotment test results in an allotment difference greater than $25 from the authorized allotment, proceed to the next step.

- **Comparison II.**

  1. If necessary, correct the worksheet income figure at the time income from each source was last calculated for the allotment under review for misapplication of policy and computation errors by the eligibility worker, and for incorrect reporting by the household. In the case of previously known and processed sources of income, in which a change has been reported by the household, or otherwise become known to the agency, and the eligibility worker has failed to process the change, correct the worksheet income figure for the time the change became known or was reported.

  2. Using 722, determine whether any changes occurred in the household's circumstances that should have been in effect as of the review date, excluding unreported/unprocessed income. If any change should have been in effect, use the change in the error determination. If there was no change that should have been in effect, use the eligibility worker's corrected figure in the error determination.

Example of case in which the eligibility worker's figures are used in the error determination:

Change made in example

Certification Period:	March 1 through July 31
Sample Month:	March
Certified:	February 25
Verified March Income:	$1025
Income on Worksheet:	$890

The eligibility worker correctly added together eight weekly pay stubs from January and February and converted the income to $890 monthly. The household correctly reported at the time of certification.

The reviewer will use $890 in the error determination process because the income was correctly determined at the time of certification and AORD insufficient time has passed since the certification action for any changes to be included in the error determination.

Example of case in which the corrected eligibility worker's figures are used in the error determination:

Certification Period: March 1 through August 31
Sample Month: March
Certified: February 25

Verified March Income: $1530
Income on Worksheet: $890

The eligibility worker added together biweekly pay stubs from January and February and converted the income to $890 monthly. However, the QC reviewer discovered that the household actually received income weekly. The QC reviewer must correct the EW's figure by adding together the weekly pay stubs for January and February and converting using the correct weekly conversion factor. The corrected figure must be used in the error determination process. Insufficient time has passed since the certification action for any changes to be included in the error determination, so only the error at certification is included.

Example of case in which the eligibility worker's figures, following an interim change, are used in the error determination:

Certification Period: January 1 through August 31
Sample Month: June
Certified: January 15
Interim Change: May 10

Verified June Income: $870
Income on Worksheet: $903

The recipient was interviewed on January 2 and certified on January 15 with monthly income of $210. On May 1, the recipient's employment changed from part-time to full-time. She received her first full-time pay check on May 7. She reported the change to the State agency on May 8 and provided verification that she could expect to work about 35 hours per week at $6.00 per hour. On May 10 the State agency prepared a budget for June through August, based on monthly income of $903 ($6 x 35 x 4.3). The reviewer will use $903 in the error determination process because the income was correctly determined at the time of the interim change and AORD insufficient time has passed since the interim certification action for any changes to be included in the error determination.

Example of case in which the sample month is the third effective month of a certification action and an unreported change has occurred which must be included in the error determination:

Certification Period:	June 1 through May 30
Sample Month:	August
Recertified:	May 20
Verified August Income:	$460
Income on Worksheet:	$325

The State agency has a 12-day NOAA period; requires averaging at least two full months of income to determine a "best estimate" of anticipated income; and requires reporting of actual changes of more than $100 from the monthly average.

Although August is the third effective month of a certification action, using procedures at 1063.2 would take the reviewer outside of the effective period of the certification action since the State agency has a 12-day NOAA (i.e. the first full month ending 32 days prior to the review date is May which is prior to certification.) Therefore, procedures at 1063.1 are used in reviewing income.

In recertifying the household, the EW correctly averaged income from April ($300) and May ($350) to compute a best estimate of $325. On June 5, the household received its June paycheck of $460 that was neither reported by the household nor processed by the State agency.

The QC reviewer determined that the change to $460 must be included in the error determination since the household was aware of the change more than 32 days prior to the review date and the change exceeded the best estimate of $325 by more than $100. Based on certification policy, the QC reviewer determined one way to include this change was by averaging income from April, May and June [($300 + $350 + $460) ÷ 3 = $370]. Thus, $370 is used in determining the error amount. It should be noted that $370 is used in the error determination even though it differs by $100 less from the corrected EW's figure.

1063.2 Third Effective Month or Later Following a Certification, Recertification, or Interim Change. If the sample month was the third effective month or later, the reviewer must review the income using the procedures in this section. If the review date is such that the following

procedures would take the QC reviewer outside of the effective period of a certification action, use section 1063.1. This will apply to most states for completion of March sample month cases, and states with 10+ days notice of adverse action periods.

In the steps below, QC shall use converted income as appropriate.

- **Comparison I.** Verify the sample month income. This income is used in the Comparison I allotment test at section 621. If the Comparison I allotment test results in an allotment difference greater than $25 from the authorized allotment, proceed to the next step.

- **Comparison II.**

  1. If necessary, correct the worksheet income figure at the time income from each source was last calculated for the allotment under review for misapplication of policy and computation errors by the eligibility worker, and for incorrect reporting by the household. In the case of previously known and processed sources of income, in which a change has been reported by the household, or otherwise become known to the agency, and the eligibility worker has failed to process the change, correct the worksheet income figure for the time the change became known or was reported.

  2. Compare the verified sample month's income to the corrected eligibility worker's income figure.

  3. If the two income figures vary by $100 or less, use the eligibility worker's corrected income amount in the error determination process.

  4. If the two income figures vary by more than $100, the reviewer must verify the household's fluctuating income for the full month ending 30 days prior to the review date. This month is referred to as the error determinant month. The 30-day period is based upon the regulatory time frames for reporting and acting on changes. For states with notice of adverse action periods other than 10 days, the 30-day time frame must be adjusted up or down accordingly. If this amount varies by $100 or less from the corrected eligibility worker's income figure, use the corrected eligibility worker's

income figure in the error determination process. If this amount varies by more than $100 from the corrected eligibility worker's income figure, use the amount from the error determinant month in the error determination process.

In the following examples, the State agency has a 10-day notice of adverse action period unless otherwise specified.

Example of case in which the eligibility worker's figures are used in the error determination (EW's figures vary by less than $100 from the sample month):

Sample Month: November

Income for November:	Nov. 6	$2420.91
	Nov. 13	224.13
	Nov. 20	260.93
	Nov. 27	209.15
	Total	$925.12

Income for May, June, July:

May 4	$209.42	June 1	$203.76	July 6	$94.64
May 11	201.46	June 8	213.40	July 13	213.25
May 18	122.13	June 15	212.25	July 20	147.16
May 25	260.48	June 22	195.39	July 27	226.40
		June 29	215.46		
Total	$793.49		$1,040.26		$781.45

The eligibility worker, using the pay stubs from May, June, and July, calculated an average monthly income of $872. The verified income for the sample month of November is $925. The eligibility worker correctly computed an average. The income received during the sample month is within $100 of the eligibility worker's figures. Therefore, $872 would be used in the error determination process.

Example of case in which the eligibility worker's figures are used in the error determination (EW's figures vary by less than $100 from the error determinant month):

Certification Period:	May 1 through October 31
Sample Month:	August
Income for August:	$1020
Income for June:	$880
Income for April:	$890

Using four weekly pay stubs for April, the eligibility worker correctly computed a monthly income of $890. The verified income for the sample month is $1020. The income received in the sample month is $130 more than the eligibility worker's figure. Therefore, the reviewer must verify the income for the first full month ending 30 days prior to the review date. The income for June is $880, which is within $100 of the eligibility worker's figures. Therefore $890 would be used in the error determination process.

Example of case in which the corrected eligibility worker's figures are used in the error determination (corrected EW's figures vary by less than $100 from the error determinant month):

Sample Month:	November		
Income for November:		Income for September:	
Nov. 6	$220.91	Sept. 5	$253.25
Nov. 13	245.14	Sept. 12	198.78
Nov. 20	306.93	Sept. 19	235.45
Nov. 27	203.27	Sept. 26	207.88
Total	$976.25		$895.36

Use the same income for May ($793.49), June ($1040.26), and July ($781.45) as in the previous Example. The eligibility worker, using the pay stubs for May, June, and July calculated an average monthly income of $962. The eligibility worker incorrectly computed an average by transposing the income for July 20 to $417.16. The corrected eligibility worker figure is $872. The income received during the sample month is $104 more than the corrected eligibility worker's figure. Therefore, the reviewer shall verify the income for September - $895. This is within $100 of the corrected eligibility worker's figure. Therefore, $872 would be used in the error determination process.

Example of case with conversion error:

Use the same income for May ($793.49), June ($1040.26), and July ($781.45) as in the previous Example. The eligibility worker was required to convert the income, but did not. The reviewer must correct the eligibility worker's figures by converting the income. The corrected income amount would be used as the corrected eligibility worker figure in the error determination process. The QC reviewer would convert the income for the sample month and for the first full month 30 days prior to the review date in doing the error determination.

Example of case in which the error determinant month is not the month two month's prior to the sample month:

Certification Period:	June 1 through December 31
Sample Month:	November
Review Date:	Nov. 1
Verified November Income:	$850
Verified August Income:	$950
EW's figure for Income:	$700

The State agency has a 13-day notice of adverse action period. The EW correctly computed monthly income of $700 at certification. No interim changes have been processed since certification. The verified sample month income is $850. Since this amount differs by more than $100 from the EW's figure, the QC reviewer verifies income for August - the first full month ending 33 days prior to the review date. August income of $950 is compared to the EW's figure and used in the error determination since it differs by more than $100 from the EW's figure.

1063.3 Unreported/Unprocessed Sources of Earned Income.

If the existence of an earned income source is never reported to the agency, or if reported, is never processed by the agency, the reviewer must use the income received in the sample month (converted as appropriate) in the error determination process.

Unreported/unprocessed sources of income that should have been annualized or prorated shall be reviewed in accordance with instructions in Section 1065. Unreported/unprocessed sources of unearned income shall be reviewed in accordance with instructions in Section 1062. Any unreported source that begins within the exclusionary timeframes must be excluded.

1064 Prospectively Budgeted Earned Income - Status Reporting

Households subject to status reporting requirements are only required to report changes in earned income when there is a change in (a) source, (b) hourly rate/salary, or (c) employment status (part-time to full-time, or full-time to part-time). For cases subject to status reporting, QC will use the following procedures in reviewing earned income. They apply to reported and unreported sources of earned income subject to status reporting.

The reviewer shall follow these steps (income shall be converted as appropriate):

1064.1 Compare the QC verified sample month (SM) income to the worksheet amount. If there is no difference, there is no variance. Use the worksheet amount in the error determination process. If there is a difference, go to section 1064.2.

1064.2 Correct the worksheet amount for misapplication of policy and computational errors by the EW and for incorrect reporting by the household at the time of certification, recertification, or the last reported change. Compare the QC verified sample month amount to the corrected worksheet amount. If there is no difference, use the corrected worksheet amount in the error determination process. If there is a difference, go to section 1064.3.

1064.3 Determine if the difference can be excluded based on the reporting requirements in Chapter 2 or the exclusionary time periods in Chapter 7.

Note: For households subject to the provisions of status reporting, the household was only required to report changes in earned income if there was a change in (a) source, (b) hourly rate/salary, or (c) employment status (part-time to full-time or full-time to part-time) as defined by the State agency. For such status reporting households, if there was more than one source of earned income, the reviewer must make the comparisons at 1064.1 and 1064.2 separately for each source of earned income rather than totaling earned income prior to the comparisons.

If the difference is a result of a change that can be excluded based on the reporting requirements or the exclusionary time periods, use the corrected worksheet amount from Section 1064.2 in the error determination process. If the difference cannot be excluded, a variance shall be cited, and the reviewer shall use the QC verified SM amount in the error determination process.

If there is more than one variance in an income source, the reviewer must arrange all variances in chronological order. The reviewer must then determine if the latest variance is an included or an excluded variance based upon time frames for reporting and acting on changes.

- If the latest variance is an included variance, the reviewer shall use QC verified SM amount in the error determination process.

- If the latest variance is an excluded variance, the reviewer shall use the income amount that reflects the full effect of the latest included variance(s).

1065 Annualized and Prorated Income.

1065.1 Self-Employment. Self-employment income that represents a household's annual income must be annualized over a 12-month period. This applies even if the income is received during only part of the year, and it applies regardless of whether or not the household received income from other sources.

If self-employment income is intended to meet the household's needs for only part of the year, it is prorated only over the period of time it is intended to cover.

- **Reported Source.** When reviewing self-employment income, the focus of the review shifts from the income received in the budget/sample month to action taken by the EW in handling the income and allowable income exclusions when the income was last calculated. Regardless of whether the EW anticipated income or projected past income, the reviewer must correct the worksheet amount for misapplication of policy and computational errors by the EW and for incorrect reporting by the household at the time of certification, recertification, and when changes were subsequently reported. This corrected worksheet amount must be used in the error determination process.

  Unreported changes in amount after the time of certification or recertification are not considered.

- **Unreported Source.** When a household failed to report a source of self-employment income, the reviewer must develop an average monthly amount to be used in the error determination process based on the best information available AORD provided:

1. The source was in existence at the time of certification or recertification, or

2. The household subsequently became self-employed and the change cannot be excluded based on the time frames for reporting and acting on changes.

1065.2 Contract Income. Households that derive their annual income by contract in a period of time shorter than one year must have the contract income averaged over a 12-month period, provided it is not received on an hourly or piecework basis.

- **Reported Source.** The reviewer must correct the worksheet amount for misapplication of policy and computational errors by the EW and for incorrect reporting by the household at the time of certification or recertification. The reviewer must then make an adjustment for any subsequent changes that cannot be excluded based on the reporting requirements and the time frames for reporting and acting on changes. This corrected monthly amount must be included in the error determination process.

> **Example of an Unreported Change in a Reported Source:** A household was certified from October 2003 through September 2004 based on an annual income of $27,000 or $2,250 a month. The teacher received a 2 percent pay raise on January 1 but failed to report the change. The sample month was March. The reviewer must re-annualize over the 12-month period and divide by 12 to determine the monthly income amount to be used in the error determination process.

- **Unreported Source.** When a household failed to report a source of contract income, the reviewer shall develop an average monthly amount to be used in the error determination based on the best information available AORD provided:

  1. The source was in existence at the time of certification, or

  2. The household subsequently gained the contract income and the change cannot be excluded based on the time frames for reporting and acting on changes.

1065.3 Educational Income. Scholarships, deferred educational loans and other educational grants, after exclusions, must be averaged over the period it is intended to cover. Educational income is not counted until the month in which it is received or anticipated with reasonable certainty to be received. Once counted, the income, after allowable exclusions, is prorated over the entire period it is intended to cover.

- **Reported Source.** The reviewer must correct the worksheet amount for misapplication of policy and computational errors by the EW and incorrect reporting by the household at the time of certification or recertification. The reviewer must make an adjustment for any subsequent changes that cannot be excluded based on the reporting requirements and the time frames for reporting and acting on changes. This corrected monthly amount must be used in the error determination process.

- **Unreported Source.** When a household failed to report a source of educational income which should have been included as budget month income, the reviewer must develop an average monthly amount to be used in the error determination process provided:

  1. The source was in existence at the time of certification or recertification, or

  2. The household subsequently received the income and the change cannot be excluded based on the time frames for reporting and acting on changes.

  This amount shall be based on the best information available AORD.

1066 Household With More than One Type of Income. This section is used for household with more than one type of reported/processed income, i.e., unearned, earned (status or change reporting), annualized or prorated income. This section must not be used for households with more than one source either the same type of income or income with the same reporting requirement.

The following is an example of a household with multiple sources of a single type of income: a household is certified with income from two different employers. Even though there are ***two sources*** of income, there is only ***one***

type since both are earned, and both are subject to the same household reporting requirement. Therefore, income in this example is reviewed using procedures for earned income, based on the household's income reporting requirement.

In the event a household has more than one type of income, the reviewer must use the procedures in this section:

In the steps below, QC must use converted income as appropriate.

- **Comparison I.** To do the allotment comparison in section 621, verify the amount of each type and source of income received in the sample month, including any unreported/unprocessed income. All types of income must be added together. If the Comparison I allotment test results in an allotment difference greater than $25 from the authorized allotment, proceed to the next step.

- **Comparison II.** The reviewer must separately evaluate each type of income using the appropriate procedures from Sections 1062, 1063, 1064, and/or 1065 for the various types of income received by the household. Combine these separately determined income figures and use this amount in the error determination process.

In the following examples, the State agency has a 10-day notice of adverse action period unless otherwise specified.

Example of three types of income, with a change that was too small for a significant impact on the allotment:

Sample Month: August
Certified: May 15
No interim change

Type of Income	At Certification	Verified for August
Earned income amount:	325	312
Unearned income amount:	100	100
Prorated income amount:	225	225
Total	650	637
Allotment for 3	235	238

The QC reviewer determined that the income used at certification was correct. Since the allotment based on the sample month income varies by less than the $25 threshold for citing a QC allotment error the case is determined correct.

Example of three types of income, with a change that was not included in the final error determination:

Sample Month: August
Certified: May 15
No interim change

Type of Income	At Certification	Verified for August	Final Error Amount
Earned income amount:	325	610(status)	325
Unearned income amount:	100	100	100
Prorated income amount:	225	225	225
Total	650	935	650
Allotment for 3	235	167	235

The QC reviewer determined that the income used at certification was correct. Since the allotment based on the sample month income varies by more than the $25 threshold for citing a QC allotment error the reviewer must review each income type independently. Section 1062 was used to evaluate the unearned income which was determined to be correct. Section 1065 was used to evaluate the prorated income which was determined correct. Section 1064 was used to evaluate the status reporting earned income and it was determined that the income at certification was correct and there were no reportable changes. The overall error determination was that the case was correct.

Example of two types of income, with changes that must be included in the final error determination:

Sample Month: August
Certified: May 15
No interim change

Type of Income	At Certification	Verified for August	Final Error Amount
Earned income amount:	520	560(status)	560
Unearned income amount:	400	510	480
Total	920	1070	1040
Allotment for 3	166	123	132

The QC reviewer determined that the income used at certification was correct. Since the allotment based on the sample month income varies by $43 (more than the $25 threshold for citing a QC allotment error) the reviewer must review each income type independently. Section 1062 was used to evaluate the unearned income. The reviewer determined that there were two unreported changes. Unearned income became $480 in July and $510 in August. The change to $480 is an includable variance. The change to $510 is excludable as it is within the timeframes for reporting and acting on changes. Section 1064 was used to evaluate the status reporting earned income and it was determined that there was an unreported wage increase from $6.00 per hour to $6.50 per hour in June which is an includable variance. The final error determination is based on income of $1040 and results in an allotment error of $34 (166 – 132).

1070 INCOME FROM INELIGIBLE HOUSEHOLD MEMBERS. While the size of a household is always reduced by the number of ineligible members when applying the Thrifty Food Plan, the manner in which income is handled varies depending upon the reason for which an individual is ineligible.

1070.1 Income That Must Be Counted Entirely. The income received by a household member disqualified for certain program violations is considered available to the household in its entirety. However, for purposes of the eligibility income test(s), the household size must be reduced by the number of disqualified individuals. In all other respects, the income received by these ineligible household members is examined consistent with the policies and procedures for any other income.

1070.2 Income That Must Be Counted On A Prorated Basis. The income received by individuals who are ineligible for the program because of certain deficiencies is prorated among the ineligible individual(s) and the remaining household members. The prorated share attributed to the ineligible individual(s) is then excluded from the eligibility income test(s). The household size is reduced by the number of ineligible individuals in establishing income eligibility standards for the household. In all other respects, the income received by these ineligible household members is examined consistent with the policies and procedures for any other income.

1080 NON-COMPLIANCE WITH OTHER PROGRAM RULES.

Households whose cash assistance is reduced, suspended, or terminated because of the failure of a household member to perform an action required under a Federal, State, or local means-tested public assistance program may not receive an increased food stamp allotment as the result of the decrease. In addition, the State agency may reduce the household's allotment by not more than 25%. The QC reviewer must determine whether the State agency acted properly when it became aware that this provision applied to the household. An example~~s~~ of benefits considered under this provision is TANF. Examples of programs, which are not means-tested and therefore, not considered are RSDI, Railroad Retirement, and Unemployment Compensation benefits.

1081 Desk Review. The reviewer must examine the household's case record and other records of the State agency to determine if the State agency was aware of a penalty AORD. If so, the reviewer must also determine whether the State agency was aware that the penalty was caused by a failure to comply.

1082 Field Review. The reviewer is not required to investigate penalties of which the State agency was unaware. However, if the reviewer uncovers a type of assistance that was received AORD but was not included in the certification action, QC must, if necessary, re-examine the State agency's records about the penalty.

The determination regarding failure to comply with another program's requirements is made by the agency administering that program. Under no circumstances should the QC reviewer make a determination or challenge a determination that has already been made.

If a good cause determination for failure to comply with program requirements has been made by the State agency, that good cause determination itself is not subject to challenge by the reviewer.

1083 Verification. QC must verify the amount of the penalty for the appropriate months. QC must also verify the cause of the penalty and the date on which the State agency became aware of the amount and cause. Verification of this element consists of documentation that has been provided to the State agency or is otherwise known by the State agency.

The reviewer must examine State agency records to determine whether the State agency was aware of any reduction, suspension, or termination of any Federal, State, or local means-tested assistance program as of the sample month. The QC reviewer must verify the cause of the penalty and the date on which the State agency became aware of the amount and the cause. A determination by another agency that the penalty was due to the failure of the household to perform a required action must be accepted by the reviewer, and is not subject to further examination. Verification consists of documentation provided to the State agency by the agency administering the program to which the penalty is being applied, or information that is otherwise known to the State agency.

1084 Identification of Variances. A variance exists only if:

- The household's penalty was caused by a failure to comply, the State agency was aware of both the penalty and the cause, and the State agency either did not count or counted the wrong amount of the penalty as income; or

- The State agency erroneously reduced Food Stamp benefits.

1085 Treatment of Variances. QC must consider the date the State agency became aware of the cause of the penalty as the date of a reported change.

Variances will only be cited if the State agency was aware of the penalty in the other means-tested program, and failed to appropriately adjust the food stamp benefits based on this information. In making the error determination, the QC reviewer will include the amount for the other program, which should have been used in determining the food stamp benefits for the sample month. Penalties that the State agency was not previously aware, will be excluded from the error determination process. The appropriate time frames and requirements for reporting and acting on changes in household circumstances shall apply.

If a variance is included, the QC reviewer must correct the worksheet figure for misapplication of policy, failure to act or correctly act on reported information and computational errors by the Eligibility Worker. For purposes of correcting worksheet figures, the QC reviewer must use State agency procedures as long as these procedures meet minimum Federal guidelines. In the absence of procedures or procedures meeting Federal guidelines, the QC reviewer must use the penalty amount from the budget month. The corrected figure is used in the error determination process.

1086 Other Deficiencies. Deficiencies in this element, other than those specified above, must not be considered variances for purposes of QC and need not be reported. For example, the State agency's failure to investigate the cause of a decrease in another program's benefits must not be considered as a variance unless the casefile contains documentation identifying the penalty as an intentional failure to comply.

CHAPTER 11

DEDUCTIONS

1100 DEDUCTIONS. In the Food Stamp Program there are six allowable deductions from a household's gross income:

- Earned income deduction
- Dependent care deduction
- Standard deduction
- Shelter deduction
- Medical deduction
- Child support payment deduction.

1110 REVIEW OF DEDUCTIONS. What follows is a general discussion and illustrations by example of the handling of allowable deductions.

1111 Deductions as Billed. In general, a household becomes entitled to a deduction when it receives a bill or, if there is no bill, when the expense otherwise becomes due. Exceptions to this general rule are noted in this chapter. When an expense is paid through a charge account, the expense is considered "billed" when the household received its charge account statement.

- A household may choose to average periodic billings over the interval between scheduled billings or over the period the expense is intended to cover.
- A household may choose to average one-time only expenses (other than medical expenses) over the entire certification period in which they are billed.
- A household may choose to average one-time only medical expenses over the remainder of its certification period.

The Food Stamp Program does not allow deductions according to a household's actual payments. For these deductions, the reviewer must concentrate on dates and amounts of billings and not on dates and amounts of payments. An exception to this general rule is the child support deduction.

The reviewer may use information about payments to determine a household's cash flow - Does the household spend more than it receives? This information may be useful in investigating household composition and income. The reviewer may use information about the method of payment to determine when an expense was billed (as with credit cards and charge accounts.) However, payments are not the basis for deductions.

Example of Allowing a Deductible Expense as Billed, Not as Paid: A household did not receive a monthly bill for its rent. However, it did sign a lease that required a rental payment of $125 monthly throughout the certification period. In calculating the household's shelter expenses, the reviewer would include the rent of $125 as "otherwise becoming due." A household paid $17.62 for electricity on March 7th (billed in February). The household was billed $32.16 for electricity on March 20th. In calculating the household's shelter expenses for March, the reviewer would consider $32.16 for March, as the amount billed.

Example of When an Expense is Considered Billed if Paid by Credit Card: An elderly household member visited a doctor on March 8th. Since payment was due at the time of service, she charged the bill on her credit card that same day. The credit card company billed the household member on a statement that she received on May 2nd. The reviewer would consider this expense as billed in May.

1112 Expenses Paid by Excluded Vendor Payment. When a person or organization outside the household pays a household's expenses directly to another party (like a doctor, a landlord, or a baby sitter), those payments are called vendor payments. The Food Stamp Program excludes some vendor payments from the household's income.

Example of an Expense Paid by Excluded Vendor Payment: A household was billed $200 for rent each month of its certification period. A charity paid $150 of the rent each month directly to the landlord. In calculating the shelter deduction, the household's rent was $50. The $150 was an excluded vendor payment.

When vendor payments are excluded from income, the household is not allowed a deduction for the expenses covered by the vendor payments. The reviewer must ensure that dependent care, shelter, and medical expenses are not deducted when someone pays those expenses by excluded vendor payment, except for Low Income Home Energy Assistance Act payments.

Example of Assistance That Was Not an Excluded Vendor Payment: A household was billed $200 for rent each month of its certification period. A charity gave the household $150 each month to help pay the rent. In calculating the shelter deduction, the household's rent was $200. The $150 was not an excluded vendor payment.

1113 Deductions Disallowed at Certification or Recertification. Normally, if a household was entitled to a deduction at the time of the most recent certification or recertification and did not receive it, the case has an included variance. There are three exceptions to this rule:

1. The household reported the expense but chose not to receive the deduction

2. The State agency asked for verification, the household did not provide it, and the State agency certified the household without the deduction

3. The household fails to report expenses at certification or recertification after the State agency has informed the household that such failure will result in the forfeiture of the right to a deduction.

Example of an Expense Disallowed for Failure to Report Expense at Application: A household indicated on its application at certification that it incurred shelter expenses of $500 in rent. No utility expenses are reported. The eligibility worker (EW) certifies the household with only the $500 rent used in the determination of the shelter deduction. The application contains a statement informing the household that they forfeit the right to deduction of household expenses if they fail to report the expense. The reviewer verified shelter expenses of $500 rent, plus utilities. In completing the final review findings for the cases the reviewer would include only the rent, not the utilities, in the shelter deduction calculation. (Assuming no variances are found in any of the other elements of this review, this case would be completed as correct, no error.

For the first two exceptions reviewer must exclude these variances if the State agency documented the case record to show why the household did not receive the deduction for these reported expenses. The documentation must be dated between the household's application covering the sample month and the review date.

For the third exception, the reviewer must exclude these variances if the State agency documented the case record to show the statement informing the household of its right to claim the deduction. The document must be dated for the time of the certification action covering the sample month. Statements subsequent to the review date, by the State agency or by the household, must not be taken into account.

Deductions disallowed at certification or recertification under one of the provisions listed above must be included in the error determination under certain unique circumstances. If the household, subsequent to the certification action but prior to the sample month (allowing for exclusionary time frames), reports and/or verifies the expense, and the State agency does not allow the deduction, the reviewer must identify an agency caused variance by including the deduction in the error determination.

Example of an Expense Disallowed for Failure to Report Expense at Application:
A household indicated on its application at certification that it did not incur any dependent care expenses. The EW noted in the casefile that the client was informed at the certification interview that they forfeit the right to deduction of household expenses if they fail to report the expense. The reviewer would not include a dependent care deduction in the calculation. (Assuming no variances are found in any of the other elements of this review, this case would be completed as correct, no error.

Example of an Expense Disallowed for No Documented Reason:
A household stated at certification that it made court ordered child support payments of $400 monthly. The EW did not allow a child support deduction, and documented no explanation in the casefile as to why the court ordered child support payments of $400 monthly was not allowed. The reviewer verified the court ordered child support payments of $400 monthly. In completing the final review findings for the case the reviewer would include a child support deduction of $400 in the calculation. (In absence of any offsetting variances found in other elements of this review, this case would be completed as containing an underissuance.)

Example of an Expense Not Reported After Certification or Recertification. A household indicated on its application at certification that it incurred no shelter expenses. The application contains a statement informing the household that they forfeit the right to a deduction of household expenses if they fail to report the expense. The reviewer verified that shelter expenses of $400 in rent and utilities, which entitled the household to the SUA existed at the time of certification. The reviewer further verified that the household moved two months after certification and failed to report the move. The move occurred three months prior to the QC sample month and the reviewer verified that the shelter expenses in the new home included $300 in rent and utilities, which entitled the household to the SUA. Because this policy affects only certification and recertification actions, and not the requirement to report moves occurring after recertification, in completing the final review findings for the case the reviewer would include the rent of $300 plus the SUA from the unreported move in the shelter deduction calculation. (In absence of any offsetting variances found in other elements of this review, this case would be completed as containing an underissuance.

1114 Special Treatment of Variances. The reviewer can handle most variances by referring to the procedures in Chapter 7 for including and excluding variances. There are, particular aspects of the deductions that require special treatment. These aspects are handled under the subject "special treatment of variances" which appears under the dependent care, shelter, and medical headings.

1120 EARNED INCOME DEDUCTION - 321.

The earned income deduction is 20% of the household's total earned income, after excluding the costs of doing business of self-employment enterprises. The total earned income amount appears on line 1 of the computation sheet.

Example of One Way to Calculate the Earned Income Deduction:

$763 total earned income
x.20 deductible percentage
$153 deductible amount

763 total earned income
-153 deductible amount
$610 earned income minus the deduction

1120.1 Documentation.

Documentation (other than on the computation sheet) is necessary only if there was a variance in the amount. If there was such a variance, the reviewer must explain the mistake in policy or in arithmetic.

Example of Another Way to Calculate the Earned Income Deduction:

$763 total earned income
x.80 non-deductible percentage
$610 earned income minus the deduction

1120.2 Verification. Verification of the earned income deduction is not necessary, since the amount of the deduction depends totally upon verified earned income.

1130 DEPENDENT CARE DEDUCTION - 323. A household is entitled to the dependent care deduction, if it incurs out-of-pocket costs for the care of a dependent because such care is necessary for a household member to:

- Accept employment
- Continue employment
- Seek employment in compliance with job search
- Make an effort equivalent to job search if not subject to job search
- Attend training, or to pursue education which is preparatory to employment

If an expense is both a dependent care expense and a medical expense, the reviewer must consider the cost as a medical expense.

1130.1 Deductible Expenses. A household may deduct the amount of the dependent care expense for which they must compensate the person who provides the care. In-kind benefits, like meals and lodging, are not deductible expenses. The reviewer will convert or prorate expenses as appropriate.

Deductions are governed by certification policy.

1130.2 Documentation. The reviewer must document:

- Who received the dependent care
- Who provided the dependent care
- Why the household was entitled to a deduction
- The amount of the dependent care cost in the appropriate month or months
- The time periods covered by dependent care expenses
- The type of verification obtained
- The nature of any variances

1130.3 Standard Verification.

- Bills for such costs from the appropriate month or months

- A statement from the provider concerning the appropriate month(s) and the amount(s)

1130.4 Special Treatment of Variances. This section provides the instructions on special handling of the dependent care deduction.

- **Expenses Not Reported at Certification or Recertification.** If the household failed to report a dependent care expense at certification and a dependent care expense existed for the budget month, the reviewer will determine the error by using the amount of the expense at the time of certification.

> **Example of the Household's Failure to Report a Periodic Expense:** At certification, the household failed to report a $500 quarterly dependent care expense. In January, the household was billed $500 that covered January, February and March. The budget month is March. The household failed to report the expense at certification and the expense existed for the budget month. Therefore, the reviewer will prorate the expense over the interval between billings and use the amount of the expense prorated for the time of certification.

  If the household failed to report a periodic or annual expense at certification and the expense existed for the budget month, the reviewer will prorate the bill over the interval between billings. The reviewer will then use the amount prorated for the time of certification.

- **Change Reporting and Unreported Changes Subsequent to Certification or Recertification.** A change reporting household is not required to report changes in its dependent care costs. Therefore, if the reviewer can attribute a variance to an unreported change subsequent to certification, the reviewer will exclude the variance.

Example of a Reported Change That the State Ought to Have Processed, and an Unreported Change That the Household was not Required to Report: A household correctly reported and received a deduction for $100 in monthly dependent care costs for a three month old child. Halfway through its certification period, on May 14th, the household learned that its costs would drop to $80 monthly. The household reported the change to the local food stamp office, which did not adjust the allotment. On July 20th, the household's dependent care costs dropped again to $60 monthly but the household did not report the change. The reviewer verified $60 in monthly dependent care costs for the sample month/budget month of September, (change reporting, prospective eligibility and budgeting). The reviewer would exclude this variance because the household was not required to report the drop in its dependent care expense. In calculating the allotment, the reviewer would include the household's drop in monthly dependent care costs to $80 as a variance because the change should have been in effect AORD.

- **Expenses Reported at Any Time and Not Correctly Processed.**

  If a household reports its circumstances and the State agency does not correctly process the deduction, the reviewer will follow this procedure (converting or prorating as appropriate).

  If the State agency made a mathematical mistake, the reviewer will correct the mistake.

  If the State agency misapplied policy the reviewer will correctly apply policy.

1140 STANDARD DEDUCTION - 361. The State agency must deduct the standard deduction for all households. The amount of the standard deduction is determined by household size and minimum deduction amounts.

1140.1 Documentation. Documentation (other than on the computation sheet) is necessary only if there was a variance in the amount. If there was such a variance the reviewer must explain the mistake in policy or in arithmetic.

1140.2 Verification. Verification of the standard deduction is not necessary.

1150 SHELTER DEDUCTION - 363. A household may deduct some or all of its excess shelter expenses.

$$\text{Excess Shelter Expense} = \text{Total Shelter} - \left(\frac{\text{Income - Other Deductions}}{2}\right)$$

1150.1 Calculation of Shelter Deduction.

- **Elderly/Disabled Households.** These households may deduct all of their excess shelter expenses.

- **Other Households.** Households other than elderly/disabled may deduct their excess shelter expenses up to the limit for their area. The State agency must use the limit for the sample month.

1151 Rent or Mortgage. The entire rent or mortgage payment for the household's shelter is a deductible expense. Multiple mortgages (like second mortgages) for the same shelter are all deductible, as are lot rents for trailers. (See section 1154, Unoccupied Home.)

Example of a Second Mortgage: A household's monthly payment on its first mortgage was $350. The household also took out a second mortgage to buy an automobile; the monthly amount of that mortgage was $75. In calculating the shelter expenses, the reviewer would allow $425 in monthly mortgage expenses.

Households in which all members are homeless but are incurring or reasonably expect to incur shelter expenses within the month, are subject to special provisions in the calculation of shelter expenses. The shelter expenses for these households must be:

- A State agency developed standard estimate of shelter expenses

- The Federal standard estimate of shelter expenses

- At the option of the household, actual verified shelter expenses that exceed the standard estimate (See section 1157.)

1151.1 Documentation. The reviewer must document the:

- Address or location of the dwelling

- Type of billing (rent or mortgage)

- Verification obtained

- Nature of any variances

1151.2 Standard Verification.

- A statement from the institution holding the mortgage
- A rent or mortgage receipt
- A statement by the landlord or manager
- A current lease

1152 Property Taxes. Property taxes, State assessments, and local assessments on the household's home and property are deductible expenses. Personal property taxes are not deductible expenses.

1152.1 Documentation. The reviewer must document:

- The types of taxes and assessments
- The amounts of taxes and assessments
- The time period covered by taxes and assessments
- The verification obtained
- Whether the property taxes are part of the mortgage payment
- The nature of any variances

1152.2 Standard Verification.

- Bills from the taxing authorities
- Statements from the taxing authorities

1153 Property Insurance. Property insurance premiums on the home itself are deductible expenses. Insurance premiums on personal property and furnishings are not deductible.

1153.1 Documentation. The reviewer must document:

- The type of property insurance
- The amounts of property insurance bills
- The time periods covered by insurance bills
- The insurance company
- The verification obtained
- Whether the property insurance premium is part of the mortgage payment
- The nature of any variances

1153.2 Standard Verification.

- Bills from the insurance company
- Statements from the insurance company

1154 Unoccupied Home. A household may deduct the shelter costs of a temporarily unoccupied home under certain conditions.

The absence from the unoccupied home must be due to one of the following circumstances:

- Employment away from home
- Training away from home
- Illness
- Abandonment caused by a natural disaster or casualty loss

In addition, the household must meet ***all*** of the following circumstances:

- The household must intend to return to the home;
- Any resident of the home during the budget month or issuance month must not be claiming the shelter expenses for food stamps in another case; and

- The home must not be leased or rented during the household's absence.

1154.1 Documentation. The reviewer must document the:

- Address of the unoccupied home
- Household's entitlement to the deduction
- Verification obtained
- Nature of any variances

1154.2 Standard Verification.

- Standard verification as listed for other shelter expenses
- Statements from any persons residing in the other home
- Statements from the appropriate local food stamp office

1155 Repairing a Damaged Home. The repair costs of a home are deductible only if the home was substantially damaged or destroyed by a natural disaster. These repair costs are not deductible if they have been or will be reimbursed from any source.

1155.1 Documentation. The reviewer must document:

- Cause of the damage
- Cost of the repair
- Verification obtained
- Nature of any variances

1155.2 Standard Verification.

- Bills from providers
- Correspondence from the providers

1156 Utilities (Other Than the Standard Utility Allowance). A household may deduct a utility expense unless the State agency certified the household by using a standard utility allowance. Deductible utilities include (but are not limited to):

- Fuel for heating and cooking
- Cooling
- Electricity
- Water
- Sewage
- Garbage and trash collection
- The basic service fee for one telephone (including tax on the basic fee)
- Fees charged by the provider for installing the utility.

An expense is not allowable if it is covered by an excluded vendor payment or by a reimbursement. The only exception to this-concerns households who receive or expect to receive payments under the Low Income Home Energy Assistance Act (LIHEAA).

1156.1 Documentation. The reviewer must document the:

- Type of utility
- Amounts of bills
- Utility companies
- Time periods covered by utility bills
- Verification obtained
- Nature of any variances

1156.2 Standard Verification.

- Bills from the utility companies
- Statements from the utility companies

1157 Homeless Shelter Deduction. A state agency may use a standard homeless shelter deduction in place of the usual shelter deduction. In those states that use this deduction, the following applies.

1157.1 Documentation.

The reviewer must document:

- The household's status as a homeless household
- The household's incurring of shelter expenses that entitle it to the homeless shelter deduction during the budget month
- The amount the household declares it incurred in shelter expenses.

1157.2 Standard Verification.

For the household's homeless status and for the incurring of shelter expenses:

- Statements from employees and volunteers of homeless shelters, halfway houses and the like
- Statements from individuals who made temporary accommodations available
- Statements from providers of social services.

Note: The reviewer need not verify all of the homeless household's actual shelter expenses for the sample month. The reviewer should seek sufficient verification to indicate that the household incurred the minimum amounts of shelter costs to qualify for the standard.

1157.3 Variances

The following are ***some*** examples of variances that may exist:

- The state gave a household the homeless shelter deduction although the household was not homeless
- The state gave a household this deduction although the household received free shelter throughout the month
- The state gave a household this deduction although the household's shelter expenses were extremely low and the state agency's policy was not to use the deduction in that situation

- The state did not give this deduction when the household was entitled to it
- The state gave this deduction when the household was entitled to deduct actual shelter expenses.

Whether these variances are included or excluded depends upon the ordinary requirements for reporting and acting on information at certification actions and when changes occur.

1160 Standard Utility Allowance - 364. The State agency may choose to offer a household a standard utility allowance (SUA) or actual expenses if the household verified higher expenses. The State agency may also mandate the use of the SUA.

The State agency may choose to offer SUA's in these ways:

- A single SUA mandated for all households
- A separate SUA for each utility
- A single SUA including heating or cooling, which is available to all entitled households
- Two single SUA's including heating or cooling:
  1. One of these would be used by entitled households who receive non-LIHEAA indirect energy assistance payments
  2. The other would be used by all other entitled households (including recipients of LIHEAA payments)
- A Limited Utility Allowance for households with no heating or cooling expenses, but who are billed for at least two utilities, one of which may be the telephone.
- A Single Utility Allowance for households billed for only one utility, other than the telephone.

The State agency may develop a variety of SUA's, depending upon such factors as

- Household size
- Regions within States
- Season

- Month of application
- Length of the certification period

If the State agency does not mandate the use of the SUA, an individual household is entitled to use a SUA if:

- The household receives or expects to receive a LIHEAA payment for its current residence or
- The household meets all of the following criteria:
  1. The expense is not totally covered by an excluded vendor payment or reimbursement
  2. The household incurs an expense covered by the allowance (in the case of a single allowance that includes heating and cooling costs, it must incur heating or cooling expenses separate and apart from rent)
  3. The expense is incurred during the certification period or the period covered by the SUA
  4. The household is billed on a regular basis or if it resides in private rental housing and is billed by their landlords on the basis of individual usage or is charged a flat rate separately from the rent.

NOTE: Residents of public housing units that have central utility meters and that charge households only for excess heating or cooling costs are not entitled to a standard that includes heating or cooling costs based only on the charge for excess usage.

If the State agency mandates the use of the SUA, the household must receive the SUA if:

- The household is entitled to the SUA (see above) or
- The household resides in a public housing with central meters, paying only excess heating or cooling (when the allowance includes heating or cooling)

The State agency may not prorate the SUA of households that share utility expenses.

1160.1 Documentation. The reviewer must document the:

- Type of allowance

- Household's entitlement to that allowance
- Source of excluded vendor payments
- Verification obtained
- Nature of any variances

1160.2 Standard Verification.

- Bills from the utility companies
- Statements from the utility companies
- Statements from providers of LIHEAA payments

1160.3 Variances.

- If the household was entitled to the SUA, and received it, there was no variance.
- If the household was not entitled to the SUA, but the EW used the SUA, the reviewer must determine whether the household was entitled to deduct its actual utility expenses at the time of certification, recertification or when a utility expense was reported.
- If the household was entitled to deduct actual expenses, the reviewer will include the variance by using the actual expenses from certification, recertification or when the utility expenses were reported, whichever is the most recent.
- If the household was not entitled to the SUA or to actual expenses, but received either the SUA or the actual expense, the reviewer will include the variance by not deducting any utility expenses.
- If the household moved and was no longer entitled to the SUA, but received it, the reviewer will handle the variance in accordance with the household's reporting and budgeting time frames.
- If the household was entitled to either actual expenses or the SUA, but received neither, the reviewer will use the SUA unless the certification record documents that the household elected to use actual expenses. If such documentation exists, the reviewer will use actual expenses.

- If the household was entitled to either actual expenses or the SUA and the certification record documents that the household chose to deduct the SUA at certification, but received a deduction for actual expenses instead, the reviewer will use the SUA when determining a variance.

- If the State mandates the use of the SUA and the household was entitled to the SUA but received actual expenses instead, the reviewer will use the SUA when determining a variance.

The reviewer must determine whether the State agency reasonably anticipated at certification, recertification or when a utility expense was reported, that the household would be entitled to the SUA. If the State agency's anticipation was reasonable, and the household received the SUA, there is no variance in the case. For unreported and incorrectly processed changes, see section 1161.1.

1160.4 Prorated SUA. The reviewer must prorate the SUA if:

- The State does not mandate the use of the SUA; and

- Two or more households live together; and

- They share utility expenses; and

- The household being reviewed is entitled to the SUA and did not choose to verify actual higher costs,

If the reviewer determines that the SUA should have been prorated for the household, the reviewer will prorate according to the State agency's procedure.

1161 Special Treatment of Variances. This Section provides the instructions on special handling of shelter deductions including dwelling(s) and utilities.

1161.1 Expenses Not Reported at Certification/Recertification. If the household failed to report a monthly expense at certification and the expense existed for the budget month, the reviewer will determine the error by using the amount of the expense at the time of certification.

If the household failed to report a periodic or annual expense at certification and the expense existed for the budget month, the reviewer will prorate the bill over the interval between billings. The reviewer will then use the amount prorated for the time of certification.

1161.2 Change Reporting and Unreported Changes Subsequent to Certification / Recertification.

A change reporting household must report its shelter expenses only when it moves. (This does not impact on the recipient's obligation to report changes in income.)

Example of an Unreported Change That the Household Was Required to Report: A household was certified, with prospective eligibility and budgeting, based upon monthly rent of $175. On March 16th, the household signed a lease for a different apartment, beginning May 1st, at $190 each month. In calculating shelter expenses for May, the reviewer would allow rent of $190, because the household should have reported the change.

- Therefore, the reviewer must exclude any variances caused by unreported changes subsequent to certification when the household did not move.

- The reviewer must include any variances caused by change in residence subsequent to certification if the change should have been reported and acted upon AORD.

Example of an Unreported Change That the Household Was Not Required to Report: A household was certified, with prospective eligibility, retrospective budgeting. At the time of certification, the household's monthly rent was $225. On June 1st, the household's rent for the same apartment changed to $300. The household did not report the change. In calculating shelter expenses for the budget month of August, the reviewer would allow rent of $225, because the household had not moved regardless of the rent increase.

1161.3 Expenses Reported at Any Time and Not Correctly Processed.

If a household reports its circumstances and the State agency does not correctly process the deduction, the reviewer will follow this procedure (converting or prorating as appropriate):

Example of the State Agency's Failure to Process a Reported Change: A household was billed $240 for annual property taxes on November 3. When the household applied the next day, it reported the expense. The EW did not allow the expense. In determining the variance, the reviewer will use $20, the amount of the expense prorated to the time of certification.

- If the State agency made a mathematical mistake, the reviewer will correct the mistake.
- If the State agency misapplied policy, the reviewer will correctly apply policy.

Example of a Mistake in Arithmetic: At certification the household reported a bi-weekly rental expense of $100. The EW converted the household's biweekly rent as follows:

$100.00 biweekly rent
X 2.15 conversion factor
$250.00 monthly rent

The reviewer discovered a mathematical mistake:

$100.00 biweekly rent
x 2.15 conversion factor
$215.00 monthly rent

The reviewer corrected the mathematical mistake by using the correct figures.

1161.4 Monthly Reporting and Actual Expenses.

Some households must report and verify their expenses each month. If such a household failed to report or to verify its actual utility expenses on the monthly report and the household is not receiving a SUA, the reviewer will determine the variance by not considering that utility expense.

Example of a Monthly Reporting Household's Failure to Report Actual Expenses: A household was certified on the basis of an averaged electricity expense of $32 monthly. On its monthly report for the budget month of April, the household did not report its electric bill of $36. The reviewer will determine error by using $0 for the electricity expense.

1170 MEDICAL DEDUCTION - 365. A household may deduct the reported medical expenses (in excess of $35) of any household member who is elderly or disabled providing the expenses are not being reimbursed. (This includes any anticipated changes in the household's medical expenses that can be reasonably anticipated for the certification period based on available information about the household member's medical condition, public or private insurance coverage, and current verified medical expenses.)

1170.1 Deductible Expenses. A household may deduct the medical expenses of its entitled members to the extent that they exceed $35 for each household each month.

When performed, prescribed, or approved by a licensed practitioner, qualified health professional, or recognized facility, the following medical expenses are deductible:

- Basic care:

  1. Medical care, dental care, psychotherapy, and rehabilitation;

  2. Hospitalization and outpatient care

  3. Nursing care and nursing home care

- Hospitalization, outpatient, nursing and nursing home care for an individual who was a household member immediately prior to entering a hospital or nursing home.

- Drugs:

  1. Prescription drugs

  2. Over-the-counter drugs

- Equipment:

  1. Medical supplies

  2. Sick-room equipment

  3. Dentures

  4. Hearing aids

  5. Prosthetics
  6. Prescribed eye glasses

7. Other prescribed equipment

- Health and hospitalization insurance policy premiums.
- Medicare/Medicaid:
  1. Medicare premiums
  2. Medicaid cost-sharing expenses
  3. Billed spend-down expenses
- Service animals (i.e., seeing eye dogs):
  1. Securing and maintaining a service animal
  2. Animal food
  3. Veterinary care
- Reasonable costs of transportation and lodging to obtain medical treatment or services.
- Attendant, homemaker, home health aid, child care services, housekeeper necessary due to age, infirmity, or illness. Amount equal to the one-person coupon allotment if the household furnishes the majority of a home care attendant's meals.

If an expense is both a dependent care expense and a medical expense, the reviewer must consider the cost as a medical expense.

A household may not deduct the following expenses:

- Premiums for health and accident policies that pay lump sum settlements for death or dismemberment
- Premiums for health and accident policies that are payable as income maintenance, mortgage continuance or loan payments while the beneficiary is disabled
- Expenses that have not been verified as non-reimbursable

1170.2 Documentation. The reviewer must document the:

- Household members' entitlement to the deduction
- Deductible expenses
- Treatment of reimbursements
- Time periods covered by medical bills
- Verification obtained
- Nature of any variances

1170.3 Standard Verification.

Positive Allegation:

- Bills from the providers of health insurance, services, and products
- Statements from these providers
- Health insurance policies clearly describing their areas of coverage

Negative Allegation: In the absence of contradictory information, the reviewer may accept the household's disclaimer of deductible medical expenses and health insurance.

1170.4 Calculation of Medical Expenses. The reviewer must review medical expenses as follows:

Comparison I. Verify actual medical expenses that are billed or otherwise became due in the budget month. This figure includes any prorated amounts allocated to the budget month. These figures are used in the comparison I allotment test. (See section 621.)

Comparison II.

- If necessary, correct the worksheet expense figure for:

  1. Misapplication of policy
  2. Failure to act or correctly act on reported changes

3. Computational errors by the eligibility worker

4. Incorrect reporting or failure to report by the household at the time of certification/recertification

- Exclude variances attributable to an unreported change subsequent to a certification/recertification.

- Use the corrected worksheet figure in the error determination process.

1170.5 Special Treatment of Variances. This section provides the instructions on special handling of medical deductions.

- **Reimbursement.**

If the EW requested verification of reimbursement from the household and the household was certified without the expense because it did not provide the verification, the reviewer must not allow the medical expense.

Example of an Expense That the State Disallowed Because There Was No Verification: A household stated at certification that it incurred a monthly medical expense of $50 for visits to a doctor. The EW requested verification that the expense was not reimbursable. The household did not provide the verification, so the EW did not allow a medical deduction. There is no variance.

If the casefile does not contain documentation of the EW's request for verification of reimbursement, or if the household did not report the medical expense at certification/recertification, the reviewer must verify whether or not the household member had medical insurance, Medicaid, or Medicare AORD and the type of expenses covered.

Example of a Reported Expense That the State Did Not Process, for No Apparent Reason: A household stated at certification that it incurred a monthly medical expense of $40 for visits to a doctor. The EW did not allow a medical deduction. The reviewer verified that the household had no medical insurance AORD and included a variance.

1. If there was no insurance, the reviewer must allow the expense.

2. If the household had insurance but the verification clearly showed that a type of expense or portion of the expense was not covered by insurance, the portion of the expense not covered by insurance would be allowed.

3. If the household had insurance but there was no clear verification of whether an expense was covered by the insurance or the amount that the insurance would pay, the expense would not be allowed.

Example of an Unreported Expense That Was Not Reimbursable: A household stated at certification that it had no medical expenses and the EW deducted none. The reviewer verified that at certification the household did incur medical expenses of $220 monthly for doctors fees, laboratory fees, and drugs to treat emphysema. The reviewer also verified that the household had medical insurance AORD. The insurance company stated that such expenses would not be reimbursed. Therefore, the reviewer included a variance by allowing the expenses in the amount of $220.

- **Reported Medical Expenses.**

Recurring Medical Expenses. Recurring medical expenses such as doctors visits and prescriptions are considered by developing a monthly amount based on frequency.

Processed Expenses. If the medical expense sources and amounts are correct, but the agency misapplied policy or made expense computational mistakes, the reviewer must use these correct amounts, and apply correct policy in determining the medical expenses.

Example of a Mistake in Prorating: During its certification interview, a household reports and requests proration for a bi-monthly health insurance premium of $40. The EW prorated the premium over the interval between billings but incorrectly allowed $25 monthly. The reviewer verified a $40 expense at certification. The reviewer corrected the proration and used $20, the correct amount prorated to the time of certification.

The reviewer will consider periodic medical expenses that were prorated, to have been prorated based on the household's request for proration, unless the casefile discloses a conflicting request by the household that the expense be deducted in the month that the expense was billed or otherwise became due. If the case supports a Conflicting request, the periodic medical expense must be deducted only in the month in which it was billed or otherwise became due.

Example of Correct Proration of an Incorrectly Reported Expense: When a household applied on April 3rd, it reported a bi-monthly dog food bill of $40 for its seeing-eye dog and requested proration of the expense. The EW prorated this expense and allowed $15 each month. The reviewer verified that at the time of application the household's bi-monthly expense was actually $40. Therefore, the reviewer corrected the EW's figures and used $20, the correct amount prorated to the time of certification.

If the EW incorrectly prorated or did not prorate a medical expense that should be prorated, the reviewer must calculate the correct prorated medical expense. The reviewer must correct for any variance that occurred at the most recent certification/recertification or reported change.

Unprocessed Expenses. If the household reported an expense at certification and the EW did not process the expense, the reviewer will allow the expense. If the household requested proration, the expense will be prorated over the certification period.

Example of a Change That Was Reported, But Not Processed: In the middle of the certification period, a household reported a new expense for a quarterly health insurance premium of $165. The household requested that the expense be prorated. The EW did not process this change. As the household reported the change and requested proration, the reviewer would allow the expense and prorate to the time the change was reported.

If the household reported a change subsequent to certification and the EW did not process it, (but should have in accordance with the time frames in section 720) the reviewer must allow the expense. If the household requested proration, the expense will be prorated to the time the change was reported.

One-Time Medical Expenses. One-time medical expenses are prorated over the remainder of the months in the certification period or deducted in the month the expense is billed or otherwise becomes due.

Example of a Processed, One-Time Expense: A household was certified in January for 12 months. On June 2, the household reported a one-time non-reimbursable medical expense of a $400 hospital bill. The household requested that the expense be prorated. The EW prorated the expense over seven months (June - December) and allowed $57.14 for each month. Since the expense was not included in the June allotment, the reviewer must prorate the expense over six months (July - December) and use $66.66 in the medical expense calculation.

Processed Expenses. When one-time medical expenses have been prorated, the reviewer will consider the request for proration to have been made by the household unless the casefile discloses a conflicting request (that the expense be deducted in the month that the expense was billed or otherwise became due). If the case supports a conflicting request, the one-time medical expense must be deducted only in the month in which it was billed or otherwise became due.

If the EW incorrectly prorated a medical expense that should be prorated, the reviewer must calculate the correct prorated medical expense. The reviewer must correct for any variance that occurred at the most recent certification/ recertification or reported change.

Example of a Reported Expense That the State Prorated Over Too Many Months: A household reported, and verified a one-time, nonreimbursable, hospital bill of $500 in September. The household requested that the expenses be prorated. The EW prorated the bill over October and November. The household's certification period was scheduled to end on December 31st. Any proration of this expense can be done only over the remainder of the certification period. The reviewer must prorate the amount of the reported change over the remaining months of the certification period.

Unprocessed Expenses. If the household reported an expense at certification and the EW did not process the expense, the reviewer will allow the expense in the medical expense calculation. If the household requested proration the expense will be prorated over the certification period.

> **Example of a Reported, But Unprocessed Expense:** A certified household incurred a $600 deductible medical expense in December, the last month of its certification period. Although the household reported the expense at its December certification interview and requested proration, the EW did not deduct it. The household's new certification period was January through June and the sample month is one of these months. The reviewer corrects the EW's misapplication of policy by prorating the reported change over the 6 months of the new certification period.

If the household reported a change subsequent to certification and the EW did not process it, (but should have in accordance with the time frames in section 720) the reviewer must allow the expense in the medical expense calculation. If the household requested proration, the expense will be prorated to the time the change was reported.

- **Unreported Expenses.** The reviewer must verify the household's unreported expenses at the time of certification or recertification and use the amount in the calculations for Comparison II specified in section 1170.4 review instructions. Unreported expenses are to be deducted in the month that the expense was billed or otherwise became due.

  A household is not required to report changes in its medical expenses subsequent to certification or recertification. Therefore, the reviewer must verify expenses and exclude any variances that can be attributed to unreported changes in medical expenses during the certification period.

1180 CHILD SUPPORT PAYMENT DEDUCTION - 366. A household is entitled to the child support payment deduction if it incurs legally binding costs for any child support payments made to a non-household member for the care of a child. This includes legally obligated vendor payments made to a third party on behalf of a child. Voluntary support payments are not deductible.

Example of the Difference Between Legally-Obligated and Voluntary Expenses: During its certification interview, a household reports a monthly child support payment in the amount of $150. In addition to the $150 monthly payment, the EW allowed a deduction for a payment in the amount of $25 to a day care center. The reviewer verified that the household was legally obligated and actually paying $150 a month in child support payments and that the $25 payment to the day care center was voluntary. The reviewer corrected the misapplication of policy and used $150 in the error determination process.

1180.1 Documentation. The reviewer must document:

- Who is legally obligated to pay child support
- The amount, and payment schedule, that the household member is legally obligated to pay
- Who received the child support payments
- Who actually provided the child support payments
- Why the household was entitled to a deduction
- How much the child support payments were in the appropriate month or months subject to review
- The time periods covered by child support payments which were made
- The type of verification obtained
- The nature of any variances

1180.2 Verification. The reviewer must verify the household's legal obligation to pay child support, the amount of the obligation and the amount actually paid. The primary source of verification for declared child support payments is the household making the contribution. When support payments are made through a third party, such as a court or probation office, verification can be made through that agency. Verification can also be made through the person, or persons, in receipt of the child support payments. The reviewer must be alert to the effect of timing and amount of payment relative to the review date.

Child support payments should be verified through use of the following documentation:

From the Household. Documents or other records generally available from the household include:

- Canceled checks
- Wage withholding statements
- Income tax returns
- Divorce or separation decrees
- Court order
- Support agreements
- Correspondence regarding support payments

From Other Sources. Documents or other records available from other sources for verification include:

- Statements from the custodial parent
- Court records
- Lawyer's records
- Divorce or separation decrees
- Employer's records showing attachment of wages
- Title IV-D and Child Support Enforcement agencies

1180.3 Calculation of the Child Support Deductions. The reviewer must review child support deductions as follows:

Comparison I.

Verify the actual amount of the child support payment in the budget month. Convert if required. This figure is used in the comparison I allotment test.

Comparison II.

If necessary, correct the worksheet expense figure for

- Misapplication of policy
- Failure to act or correctly act on reported changes
- Computational errors by the eligibility worker, and
- Incorrect reporting or failure to report at the time of certification or recertification by the household.

Exclude variances attributable to an unreported change subsequent to certification/recertification.

Use the corrected worksheet figure in the error determination process.

Example of Incorrect Reporting of Deductible Expenses: At the certification interview on July 11th, the household stated that it was legally obligated and actually paying $60 a month in child support expenses. The EW allowed a child support deduction in the amount of $60. The reviewer verified that in addition to the $60 payment, the household actually paid $25.00 monthly for health insurance. The divorce decree (dated January 5th) stated that the household was legally obligated to pay $25.00 monthly for health insurance. The household actually paid the expenses and the difference existed at the time of certification, therefore, the reviewer will use $85 in the error determination process.

Example of a Reported, but Unprocessed Change: At certification, the household reported a $40 child support payment. The EW allowed a child support deduction in the amount of $40. The reviewer verified that the household's legal separation agreement had been amended one week after the household was certified and that the household actually paid $125 a month for child support. The reviewer found that the EW had documented receiving a call from the household reporting that its child support payment had increased to $125, but failed to take any action. In accordance with the reporting requirements and time frames, the change should have been in effect AORD. Therefore, the reviewer would use $125 in the error determination process.

CHAPTER 12

MAKING THE REVIEW DECISION

1200 GENERAL. The review decision consists of determining whether there is an error in the case and, if so, the dollar amount of the error. The State agency may also opt to establish the dollar error amount associated with individual variances. The procedures to be used and the documentation requirements are described in this chapter. See chapter 6 covering the eligibility and allotment tests which are integral to making the review decision.

1210 THE COMPUTATION SHEET. The food stamp computation sheet of the Form FNS-380, is to be used to document all completed active case reviews. The only exceptions are reviews of households that were ineligible for reasons other than income. Columns (1) and (2) are required to be completed, Columns (3), (4), and (5) are optional. Regardless of the use of columns (3), (4), and (5), Columns (1) and (2) must be used as outlined in sections 1211 and 1212 below.

1211 Column (1). Column (1) of the computation sheet must be completed for all active case reviews. In this column, record the figures that the eligibility worker used to compute the allotment for the sample month.

1212 Column (2*).* Column (2) of the computation sheet must be completed for all active case reviews. If the household was ineligible because of gross or net income, the reviewer may stop at the appropriate income line. In this column, record the final State agency quality control (SAQC) determination figures. The figures to use as final SAQC determination figures depend upon the results of the Eligibility and Allotment Tests of the Error Determination Process. See the guidance below and consult Chapter 6.

Note: If the household was ineligible because of gross or net income the reviewer may stop at the appropriate income line.

1212.1 In the three cases below, the figures to use for final SAQC figures in Column (2) are the figures based upon verified circumstances, including or excluding variances as appropriate.

Case 1:

ELIGIBILITY TEST = Ineligible

ALLOTMENT TEST = N/A

Column 2 is filled out to the point of ineligibility.

(See section 610)

Case 2:

ELIGIBILITY TEST = Eligible

ALLOTMENT TEST:

COMPARISON I = $25 or less difference in allotments

COMPARISON II = N/A

Column 2 is filled out with the comparison I figures.

(See section 621.3)

Case 3:

ELIGIBILITY TEST = Eligible

ALLOTMENT TEST:

COMPARISON I = Greater than $25 difference in allotments

COMPARISON II = Greater than $25 difference in allotments

Column 2 is filled out with the figures with the smallest amount from Comparison I or Comparison II.

(See section 622.4)

1212.2 In the case below, the figures to use as final SAQC figures in Column (2) are the figures based upon verified circumstances, including all variances. No variances are to be excluded.

Case 4:

ELIGIBILITY TEST = Eligible

ALLOTMENT TEST:

COMPARISON I = Greater than $25 difference in allotments

COMPARISON II = $25 or less difference in allotments

Column 2 is filled out with the Comparison II figures.

(See section 622.3)

1213 Columns (3), (4), and (5). Columns (3), (4), and (5) of the computation sheet are optional columns. They are included for the convenience of States and may be used for recording:

- Comparison I
- Comparison II
- Illustrating the impacts of individual variances
- Reflecting a retrospectively budgeted household's prospective eligibility
- Any other State identified purpose

1220 COMPUTING THE AMOUNT ISSUED IN ERROR. The amount issued in error is the difference between the allotment amount authorized by the eligibility worker for issuance for the sample month (last line of Column (1) of the food stamp computation sheet) and the allotment amount computed by the SAQC reviewer (last line of Column (2) of the food stamp computation sheet), except that eligible cases with differences of $25 or less are not considered to be in error. The amount issued in error is either an overissuance or an underissuance. For cases that are ineligible, the total allotment amount is issued in error (there is no consideration of there being less than a $25 error).

If the difference between the amounts is greater than $25, there is an error in the allotment amount authorized for the sample month. The reviewer must use the figures from either Comparison I or Comparison II to determine the amount in error. The figures used must be whichever figures result in the least quantitative error for the case. (See chapter 6.)

1230 THE REVIEW SCHEDULE. The Review Schedule Form FNS-380-1 is to be used to record error findings from reviews of active cases. A line-by-line description of this form is contained in Appendix C following the form. For purposes of this chapter, the completion of items 8 (review finding), 10 (amount of error), and 16 (error amount attributed to a variance) of the FNS-380-1 are described below.

1231 Coding Review Findings - Item 8. For Item 8 of the FNS-380-1, indicate the results of the Quality Control review by entering one of the following codes:

CODE	DESCRIPTION
1	Amount correct
2	Overissuance
3	Underissuance
4	Ineligible

Example of the Coding of Case Findings: This shows the coding for the cases illustrated in section 1212 above.

Case 1	Code 4 - Ineligible
Case 2	Code 1 – Amount correct
Case 3	Code 2 or Code 3, as appropriate
Case 4	Code 1 – Amount correct

1232 Amount of Error - Item 10. For Item 10 of the FNS-380-1, indicate the dollar amount issued in error, computed as in section 1220 above.

As an example, the cases illustrated in section 1212 above would be handled as follows:

Example of the Coding the Amount of Error: This shows the coding for the cases illustrated in section 1212 above.

	DOLLAR AMOUNT ISSUED IN ERROR
Case 1	Entire allotment amount was issued in error
Case 2	0 – no error
Case 3	smallest discrepant amount from Comparison 1 or Comparison 2
Case 4	0 – no error

1233 Coding the Dollar Amount Associated With Variances - Item 16.

1233.1 Mandatory Use. All State agencies shall compute and enter the dollar amount associated with excluded variances that resulted from correctly processed information received from an automated Federal information exchange (FIX) system. The State agency will use the method outlined in the paragraph entitled "One Variance" in section 1233.2 when there is only one variance in the case. When there is more than one variance, the State agency may use the simple calculation method outlined in the first bulleted subsection, entitled "Simple Calculation Method", under the paragraph entitled "Multiple Variances" in section 1233.2 or an alternate method to determine the dollar amount of the errors. The State agency may not use the refined calculations in the bulleted subsection, entitled "Refined Calculation Method", under the paragraph entitled "Multiple Variances" in section 1233.2.

1233.2 Optional Use. At its option the State agency may elect to code the dollar error amount associated with individual included variances. The dollar amount of all included variances is reported as a total in Item 10, Error Amount. For those State agencies electing to code the dollar error amount associated with individual variances, the following guidance is offered.

One Variance. If only one variance exists in the case, the dollar amount of error to be recorded in Item 16 is the same as the amount recorded in Item 10. (See section 1232.) No further calculations are necessary. Complete the other items in section 2 of the Form FNS-380-1, as appropriate.

Multiple Variances. If more than one variance exists in the case, the dollar amount of error to be recorded in Item 16 is calculated for each variance. Use the food stamp computation sheet, Columns 3, 4, or 5, and one of the methods below (or another method) to determine the impact (dollar amount of error) attributable to each individual variance. If the case has more than 3 variances, or if additional columns are needed for some other reason, use additional computation sheets. After the individual impacts are determined, complete the items in section 2 of the Form FNS-380-1.

- **Simple Calculation Method.**

  The simple calculation involves taking a separate look at each variance and identifying what the dollar impact is of the variance when looked at in isolation of anything else happening in the case. To do this you will use the EW's figures for everything except the variance being calculated.

  When using this method, the sum of the impacts of the individual variances does not equal the amount of the overissuance or underissuance identified for the case.

  To calculate the impact of the individual variances, complete a separate column of the food stamp computation worksheet.

  - At the top of the column, identify the variance being examined.
  - Use the EW's figures for all elements, except the element containing the variance under examination.
  - For any element containing two or more variances in a single element, treat each variance separately.
  - Compute an allotment amount based upon the EW's figures for everything except the variance being calculated. For the variance being examined use the corrected figure.

- Compare this allotment amount with the allotment amount authorized by the EW for the issuance month. The difference between these two amounts is the dollar impact, associated with that particular variance.

Repeat all steps for each variance.

For example, if the calculation using the variance yields an allotment of $125 and the EW figures calculated an allotment of $100, the impact of the variance is a lowering of the allotment by $25. This would be indicated as a negative number, - 25.

If the calculation using the variance yields an allotment of $85 and the EW figures calculated an allotment of $100, the impact of the variance is an increase of the allotment by $15. This would be indicated as a positive number, + 15.

(See the example case and figure 1.)

- **Refined Calculation for Multiple Variances.**

The refined calculation method is an expansion on the simple calculation method. When using the simple calculation method, for more than one variance in a case, the sum of the impacts of the individual variances do not equal the amount of the overissuance or underissuance. The refined calculation is a methodology to follow which takes the actual amount established as the overissuance or underissuance, and identifies the impact of the individual variance relative to the error amount. This method goes a step beyond the simple calculation to ensure that the sum of the impacts equals the amount of overissuance/underissuance for the case. This places the impacts of individual variances more into perspective.

Note: Do not include FIX variances in these computations. FIX variances are not included in the error determination and thus are not part of any overissuance or underissuance.

Perform all the steps of the Simple Calculation method above to establish the impact of the individual variances.

Total the resultant individual dollar impact amounts. In doing this total, negative numbers are subtracted from positive numbers.

Determine the percentage that the actual error dollars for the case relative to the total of the individual impacts of the variances. By determining the percentage that the error dollars are to the sum of the individual impacts of the variances, you can apply this resultant percentage to the individual impacts of a variance to determine its relative impact to the error dollars of the case.

To determine the percentage, divide the overissuance/ underissuance amount for the case by the total of the impact of the individual variances.

Percentage of error dollars of total impact of the individual variances:

$$\frac{\text{Overissuance/Underissuance Error Dollars}}{\text{Total of the Dollar impact of the individual variances}} \times 100$$

Multiply each individual dollar impact for a variance by the determined percentage. Each resultant figure represents the dollar impact, associated with that particular variance.

(See the example case and figure 2.)

Example Case:

Household Description: The household was comprised of Jan Williams (age 35) and her two children, Alan (age 15) and Terry (age 11). Mrs. Williams' mother, Mary Bailey (age 61), also lived in the household. All 4 purchased and prepared their meals together. No one was disabled. Jan Williams earned $650 a month working part-time at a local hardware store. She netted $500 a month from rental property that she did not actively manage. She also received $400 a month for child support from her ex-husband. Her mother, Mrs. Bailey, earned $450 a month working part-time at the local movie theater. The rent and utilities for their apartment totaled $1050 a month. The household was certified as a 3-person household for October 2001.

EW actions: The EW correctly identified Jan Williams' earned income from the hardware store, her unearned income from the rental property, and correctly computed the shelter costs.

Variances: There are 4 variances in the case: 1) The EW failed to include the unearned income from child support, 2) The EW incorrectly excluded Mrs. Bailey from the household, and in doing so, failed to include Mrs. Bailey's $450 a month earned income, 3) used the allotment amount for a household of 3, instead of a household of 4, and 4) incorrectly allowed medical deductions for Jan Williams and her sons.

Impact Calculation. Figures 1 and 2 below, trace the calculation of the impact of each of the individual variances in the example case.

Simple Calculation Method (Figure 1)
Refined calculation Method (Figure 2)

Figure 1

Simple Calculation of Variance Dollar Amounts Associated With Individual Variances

	EW	SAQC	Variance	A	B	C	D
Earned Income	650	1100	A	1100	650	650	650
Unearned Income	500	900	B	500	900	500	500
Gross Monthly Income	1150	2000		1600	1550	1150	1150
Earned Income Deduction	130	220		220	130	130	130
Standard Deduction	134	134		134	134	134	134
Excess Medical Costs	30	0	C	30	30	0	30
Allowable Shelter Deduction (Actual costs = $1050)	622	227		332	422	607	622
Net Monthly Income	234	1419		1104	834	279	234
Thrifty Food Plan	356	452	D	356	356	356	452
30% of Net Income	71	426		332	251	84	71
Allotment	285	26		24	105	272	381
Over/Underissuance or Impact		259		261	180	13	-96

Sum of Impact = 358

Variance A = $450 in earned income not counted by EW. Individual impact = $261 overissuance.

Variance B = $400 in unearned income not counted by EW. Individual impact = $180 overissuance.

Variance C = EW incorrectly allowed medical costs (not elderly/disabled). Individual impact = $13 overissuance.

Variance D = Household size was 4, not 3. TFP = $452. Individual impact = $96 underissuance.

Note: Using this method, the sum of the individual impacts ($358) is not equal to the overissuance ($259).

Figure 2

Refined Calculation of Variance Dollar Amounts Associated With Individual Variances

Calculation of Refinement Factor:		259 (Over/Underissuance)
	÷	358 (Sum of Impacts)
	=	.72 (Refinement Factor)

	$ Impact by Individual Variances			
	A	B	C	D
Impacts by Simple Calculation Method	261	180	13	-96
Times Refinement Factor	.72	.72	.72	.72
Impacts by Refined Calculation Method	188	130	10	-69
Sum of Impacts = 259				

Using this method, the sum of the impacts ($259) is equal to the overissuance ($259).

1240 Transmission of Active Case Findings to FNS, Data Checking, and Changing Case Findings. Once the error determination process is completed and the review decision has been made, the case findings shall be transmitted to FNS. The State agency shall have 10 days from the date of transmission to check the validity of the data transmitted. The State agency may change data submitted during this 10-day period. Following that 10 days FNS shall select its subsample from the cases transmitted. Once a case has been subjected to Federal subsampling, the protected field findings for that case may not be changed whether or not the case was selected for Federal re-review. *

CHAPTER 13

NEGATIVE CASE RECORD REVIEWS

1300 INTRODUCTION. This chapter describes reviews of negative actions.

1310 PURPOSE AND SCOPE OF THE NEGATIVE ACTION CASE REVIEW. Negative cases are cases for which benefits were denied, terminated, or suspended. The purpose of the negative case review is to verify through documentation contained in the case record whether the State agency's decision to deny, terminate, or suspend the household was valid. A valid negative action is one that is based on a valid reason, either the reason given for the action or another reason documented in the case record. Certain required application processing procedures are reviewed in determining validity (Section 1340). The review date is the **decision** date for the action to deny, terminate, or suspend benefits. Actions taken on the case after sampling are not considered a part of the review. This is a form of bias.

This section provides guidance on conducting reviews of the household's case record including documentation of verification contained in the case record and obtaining verification from collateral contacts. The negative case review is not analogous to an active case review and does not include a field investigation to ascertain the total circumstances of the household as of the review date. The negative case review is primarily a desk review with possible contact with the household or a collateral contact on questionable items found in the case record.

1320 DISPOSITION OF CASE REVIEWS. Each negative action selected in the sample of negative cases must be accounted for on the FNS-245 form by classifying it as review completed (see section 1350), not subject to review (NSTR)/listed in error, incomplete, or case deselected.

1321 Cases Subject to Review. Negative cases include:

- A household that was denied initial benefits;
- A household whose benefits were terminated. A termination is a break in participation that is the result of deliberate State agency action. "Break in participation" means that the household did not receive a full month's allotment in the effective month of the termination action, or that the household received a prorated allotment in the effective month of the termination action.

* • A terminated household that continued to receive benefits
* pending a fair hearing is subject to review as a negative case.

* • A household whose assigned certification period has been
* shortened is subject to review as a negative case if there was a
* break in participation.

* • A household whose benefits were suspended. A suspension
* occures when the household has not been terminated from the
* program but is ineligible for benefits or is eligible for zero
* benefits.

* • A suspended household that continued to receive benefits
* pending a fair hearing is subject to review as a negative case.

* • In States with a transitional benefits (TBA) program, a case is
* subject to review if transitional benefits should have been
* provided and were not provided in accordance with the State's
* TBA procedures.

* • A deliberate termination action (not a certification period
* closure) taken when a client reports a change, even if the
* certification period would have ended.

* **1322 Cases Not Subject To Review.** Certain types of negative cases
* are to be excluded from the QC sample. These are normally eliminated in the
* sampling process; however, if such cases reach the reviewer, they must be
* eliminated at that point and reported as not subject to review (NSTR) in item N
* on the Quality Control Negative Case Action Review Schedule, Form FNS-245.
* Such cases include:

* • Households that have withdrawn an application prior to the
* agency's determination.

* • Households that at the time of sampling are:
* 1. Under active investigation for intentional Food Stamp
* Program violation (IPV);
* 2. Scheduled for an IPV investigation sometime during the next
* five months; or
* 3. Pending an IPV hearing.

* • Households that have their case closed when their assigned
* certification period ends, i.e., the household is not recertified.
* The certification period closure itself is NSTR. If the household

applied for recertification and, for whatever reason, the recertification application was denied, that denial is subject to review. Also, households whose certification periods expired that should have received transitional benefits and did not are subject to review. *

- Cases removed from the sample as a result of a correction for oversampling. *

- Cases in which a decision to deny, terminate, or suspend the case was made and subsequently reversed prior to sampling. In the case of denials or suspensions at application, the household was subsequently certified and issued benefits within the normal processing standard (30 days for regular processing and 7 days for expedited service Processing) from the date of initial application, for the same month and using the same application form. In the case of terminations or suspensions, the household continued to receive full month's benefits (not prorated) in the effective month of the termination/suspension action, for reasons other than continuation of benefits pending a fair hearing, with no break in participation. *

- Households that have been sent a notice of pending status but were not actually denied participation. *

- Cases listed in error (an active case in the negative frame), including cases where the household was erroneously registered (wrong SSN, etc.) and/or was subsequently denied because it was already registered under another case number (before any benefits were issued). Adequate documentation must be provided to support this finding. *

- Households denied food stamps under a disaster certification authorized by FNS. *

- Cases terminated or suspended for the household's failure to file a complete required report by the extended filing date, but reinstated when the household subsequently filed the complete report before the end of the issuance month. *

- Households that experience a break in participation due to computer malfunction or error that is not the result of a deliberate action by the State agency to terminate benefits. *

- Suspended case after the initial month of a multi-month suspension. *

* **1323 Incomplete Cases.** A negative case is to be reported as
* incomplete if, after all reasonable efforts, the reviewer is unable to locate the
* case record. The case record is defined in section 1330. This is the only
* reason that a reviewer may use to designate a case as incomplete.

* **1330 DEFINITION OF A CASE RECORD AND APPLICABILITY TO**
* **REVIEWING NEGATIVE ACTIONS.** The case record may be any kind of
* file, paper or electronic, however limited. If what constitutes the case record
* for a specific case does not document the specific negative action under
* review, the case must be coded as invalid. Since automation has advanced
* over time, most cases will have some records to review. We expect that the
* incomplete code will only be used on the rare occasion when there are no
* paper documents or automated record on the household.

* **1340 APPLICATION PROCESSING ASPECTS OF THE NEGATIVE**
* **REVIEW**. Negative actions are reviewed to determine the validity of the State
* agency's action to deny or terminate the household. Certain failures to
* complete application processing requirements correctly are part of the review
* and may result in a negative action being determined to be inappropriate and
* therefore invalid. These application processing requirements include:

* - Failure to send a Notice of Missed Interview (NOMI) when
* required (when a face-to-face interview or telephone interview is
* required and missed, a NOMI is required at certification and
* recertification);

* - Failure to provide expedited service where appropriate; and

* - Denial of case prior to the 30th day when verification was
* requested.

* These procedures are to be assessed in Section 1350.1 (Step 1). If it has been
* determined that any of these application processing requirements were not
* properly followed the action is invalid unless it is determined that another
* reason that proved ineligibility was found in the case record and existed prior
* to or at the time the negative action was taken.

* The review procedures do not base the validity of a negative action on a State
* agency's administrative system for putting an otherwise valid negative action
* into effect. If there is a valid reason for the negative action, the case will be
* valid even if the State did not meet the timeliness standards for a Notice of
* Adverse Action (NOAA) or did not send a NOAA.

* **1350 CONDUCTING NEGATIVE ACTION CASE REVIEWS.** The
* negative review consists of four successive steps. The progression from one

step to the next is dependent on whether a decision of validity can be made at each step. The four steps of the negative action case review are:

- Step 1: Review of action sampled (1350.1);
- Step 2: Further case record review (1350.2);
- Step 3: Collateral and/or household contact for purposes of obtaining verification of case record information (optional) (1350.3); and
- Step 4: Documentation and reporting of review findings (1350.4).

1350.1 Step 1: Review of Action Sampled. Initially the reviewer shall evaluate the stated reason for the negative action. During this evaluation the reviewer examines all of the information available AORD to determine:

- The reason for the negative action that was sampled;
- Whether the action was procedurally appropriate for the situation; and
- Whether the validity of the action was adequately documented as described in section 1360.

This determination shall take into account the additional application processing requirements of the negative action case review found in section 1340 to determine that the eligibility worker followed all of the appropriate procedural steps.

The basic review process is as follows:

- If the action results in the determination of a valid negative action, then the review is complete and the reviewer shall skip to step 4 and document the review findings as specified in section 1350.4.
- If the action is invalid or if the appropriate procedural steps were not followed the reviewer is to proceed to Step 2, section 1350.2.
- If the action is inadequately documented, then the reviewer may proceed directly to Step 3 (section 1350.3) to obtain the necessary verification (and return to Step 2 if the stated reason is found to be invalid and/or documentation is not obtained).

* • If the reviewer opts not to perform Step 3, the reviewer shall proceed to Step 2 (section 1350.2) to determine if there was another reason that makes the case valid.

* • At any of these steps, once the reviewer has determined the validity or invalidity of the case, the reviewer shall go to Step 4 and document the review findings as specified in section 1350.4.

* **Transitional Benefits.** In States with transitional benefits, if the eligibility worker failed to establish transitional benefits for a household that should have been receiving transitional benefits, the case must be reviewed in accordance with review procedures specified in this section. The reviewer must determine if the household meets any of the following criteria that would render the case ineligible to receive transitional benefits:

* 1. the household lost its TANF cash assistance because of a sanction,

* 2. the household was disqualified from the Food Stamp Program, or

* 3. the household is in a category of households designated by the State as ineligible for transitional benefits.

* If the review verifies that the HH should have received transitional benefits, the case shall be coded as invalid.

* **1350.2 Step 2: Further Case Record Review.** If the stated reason for the negative action is invalid, inappropriate or undocumented then the reviewer shall determine whether another valid reason for the negative action exists in the case record. Care should be taken to ensure that this reason was noted in the case record prior to the negative action being reviewed:

* • If the reviewer is able to determine that a valid different reason for the negative action exists in the case file and that it is adequately documented, the reviewer shall skip to Step 4 and document the review findings as specified in section 1350.4.

* • If the reviewer determines that the stated reason is invalid and that there is no other reason to be found in the case record, then the review is complete and the case is an invalid negative action to be documented as specified in Step 4 (section 1350.4).

* • If the case record review unveils a potential reason for a valid negative action but lacks verification/documentation then the reviewer may complete Step 3 (section 1350.3).

- If the reviewer does not complete Step 3 (section 1350.3), the review is complete and the case is an invalid negative action to be documented as specified in Step 4 (section 1350.4).

1350.3 Step 3: Collateral and/or Household Contact (Optional).

The reviewer may contact the household or a collateral contact if an eligibility element is questionable in the case record but not adequately documented. If the item is not questionable, the reviewer shall not make a contact. If information is obtained that is not relevant to the item in question for which the contact was made, that information shall not be considered in the review decision. The reason for this is that the reviewer is basing the determination on what existed at the time that the negative action was made using what was available to the eligibility worker.

The procedures in sections 424.7, Obtaining Collateral Contacts, and 430, Collateral Contacts, must be used in establishing collateral contacts. The reviewer must use the most reliable collateral verification available (e.g., banks, payroll listings, etc.) and must thoroughly document and/or attach all verification obtained.

The telephone shall be the primary method of contacting the household or a collateral contact for a negative action case review. If a telephone contact is not possible or is unsuccessful, the reviewer may send a letter. The reason for using a letter must be documented on the FNS-245 and a copy of the letter included. The letter must clearly address the element(s) in question. Absent such documentation or if the letter addresses areas beyond the element(s) in question, information obtained through the use of a letter shall not be allowed in the error analysis.

- If any information obtained by the reviewer differs from that given by the client, the reviewer must resolve the differences. The manner in which the conflicting information is resolved must include recontacting the client about the specific information in question. If the client cannot be reached, the reviewer must accept the collateral verification as valid. The reviewer must document the attempts to contact the participant.

- If the reviewer determines that the verification received is adequate documentation to determine that the negative action was valid then it is to be documented as specified in Step 4 (section 1350.4).

- If the household/collateral contact cannot be found, does not cooperate and/or the reviewer is unable to obtain the verification necessary to demonstrate that the negative action

*
*
was valid then it is determined to be an invalid negative and documented as specified in Step 4 (section 1350.4).

*
- The reason for the negative action that was sampled;

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1350.4 Step 4: Documentation and Reporting of Review Findings. The reviewer is to complete the FNS-245 and document the reasons for denial, termination or suspension. A complete explanation of the negative action taken, the appropriateness of the action, and all supporting documentation must be attached. If a household or collateral contact was made, the FNS-245 must indicate what element(s) was questionable and why and identify who was contacted and the results of that contact.

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When the decision to deny, terminate or suspend a case is found to be invalid, a variance exists in the case. The decision is invalid if the reviewer cannot confirm the validity of the caseworker's decision or any other reason in the case record to deny, terminate or suspend the case. All identified variances in the case must be explained on the Form FNS-245.

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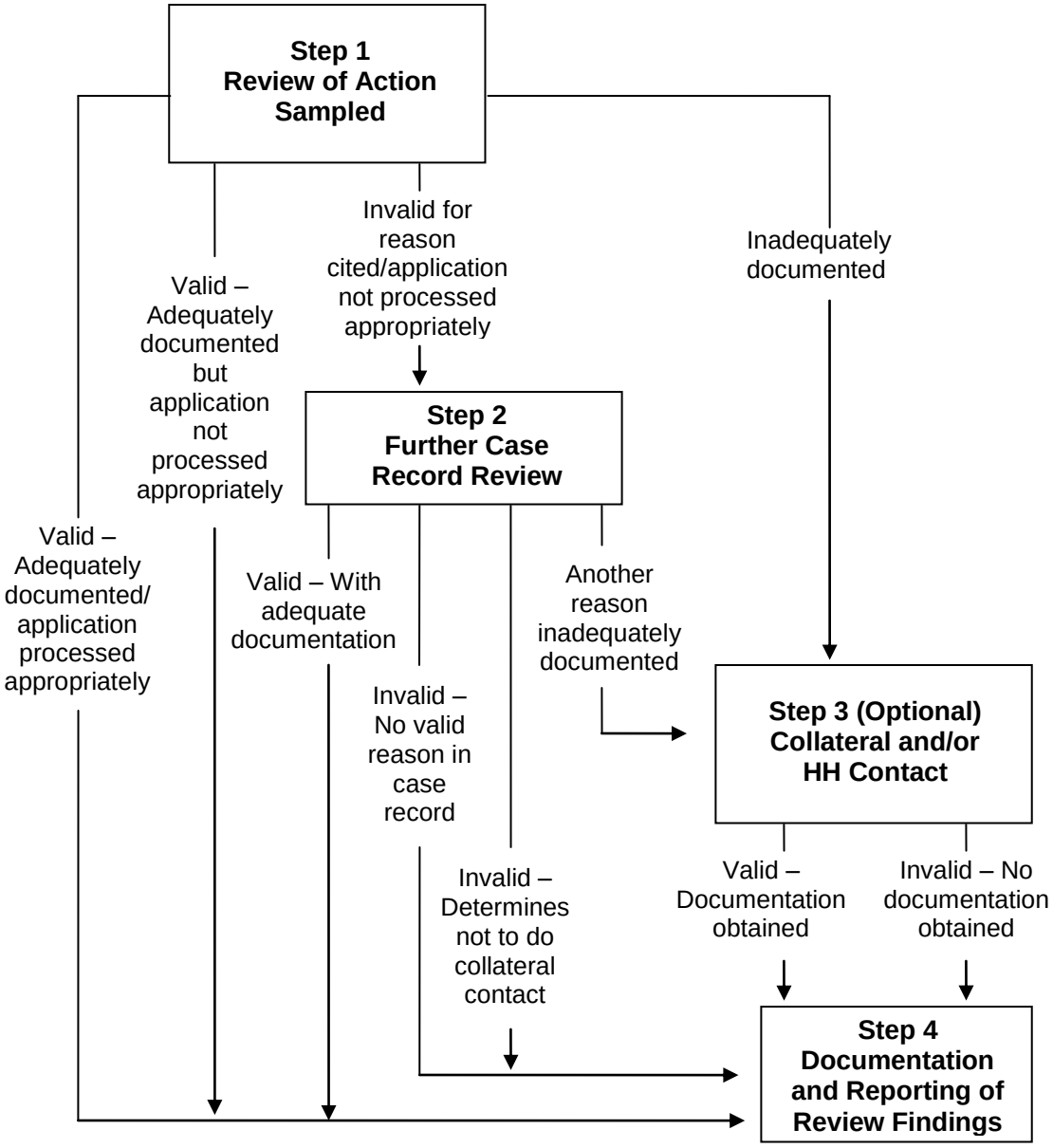
When a negative case is invalid, the state agency must take appropriate action on the individual case, such as, certifying the household if it is currently eligible and restoring lost benefits. The reviewer must also code a record the appropriate variance(s) and explain the review findings for the error determination on the Form FNS-245.

1350.5 Flowchart of Steps 1-4 of the Negative Review



* **1360 ACCEPTABLE DOCUMENTATION.** The case record may contain
* documents or statements that the reviewer may use as verification if the
* documentation is adequate and it applies to the appropriate time period.
* Examples of documents or statements which can be considered acceptable
* documentation are copies of official documents or reports, information on a
* signed application, electronic data, check stubs, receipts or full recording by a
* person who has secured information directly from public or other records.
* Acceptable documentation must clearly demonstrate ineligibility. For
* example, a case that has been denied for being over the gross income limit
* based upon earnings, must have a complete explanation including the earning
* figures (each weeks pay, etc.) used to calculate the monthly earnings and
* showing the calculation/conversion. Documentation must be relevant to the
* time period under review. Outdated or future information is not appropriate
* documentation.

* To determine whether a household is ineligible, the reviewer may have to
* verify a single element of eligibility or all elements, depending on the
* circumstances of each case and the information included in the case record.
* Documentation in the case record must be sufficient to support the reviewer's
* decision on the status of the case.

* The first source of documentation in a negative case record may be a written
* statement made by the participant. Statements made by participants that are
* documented in the case file need not be verified. For example, if a household
* has been found ineligible because of its resources and the household's
* application reports resources that exceed the amount allowed, the reviewer
* need not verify the statement with the household.

* The reviewer need only verify information used to determine the validity of the
* decision to deny, terminate or suspend the household. If the agency's reason
* given for the action is valid, the reviewer need only verify information for that
* one item. However, if the agency is incorrect and the reviewer goes further
* and determines that the household is ineligible for some other reason in the
* case record, that information must also be verified.

Examples of Acceptable Documentation for Negatives		
Code[1]	**Recorded Reason for the Action**	**Example of Acceptable Documentation**
01	Resident of an institution not authorized by FNS	Collateral contact with an official at the institution, contact with the State Agency to confirm that the institution is not authorized by FNS
02	Outside of project area or State	Household's statement, copy of notification from other State Agency
03	Ineligible striker	Household's statement, collateral contact with employer or other individuals knowledgeable of the strike
04	Ineligible non-citizen	Client's statement or documentation from other Federal agencies
05	Ineligible student	Documentation of student status, work hours, TANF, absence of documentation of an exemption
06	Ineligible boarder	Household's description of boarder status
07	Missed scheduled interview(s)	Copy of the eligibility worker's letter to the household scheduling the interview and any notices sent to the household by the eligibility worker
08	Failed to provide verification	Copy of the eligibility worker's letter to the household listing the type of Food Stamp Program related information needed and requesting that the information be provided, documentation of the absence of the requested information
09	Refusal to cooperate	Eligibility worker's notes about the refusal, client's statement, letter indicating refusal
10	Refusal to supply SSN	Eligibility worker's notes about the refusal, client's statement, letter indicating refusal

[1] These codes are taken from Item K of the FNS-245, Quality Control – Food Stamp Negative Case Action Review Schedule.

Code	Recorded Reason for the Action	Example of Acceptable Documentation
11	Gross monthly income exceeds maximum allowance	Information about how gross income was calculated, pay amounts and frequency of pay, comparison of the household's gross income to the gross income limit, the household's size
12	Net monthly income exceeds maximum allowance	Information about how net income was calculated, pay amounts and frequency of pay, comparison of the household's net income to the net income limit, the household's size
13	Exceeds resource standard	Household's statement about the type of resource and value of the resource, collateral contact or source knowledgeable about the value of the resource
14	Transfer of resources	Household's statement/collateral contact about the type of resource, value of the resource, and date of the transfer
15	Failure to comply, without good cause, with work registration/job search requirements	State work registration workers documentation of the Household's failure and lack of documentation of any exemptions
16	Voluntary quit	Household's statement or documentation of the household's statement and lack of documentation of any exemptions
17	Failure to submit/complete required report	Eligibility worker's documentation of non-receipt of the required report and absence of the report
18	Voluntary withdrawal after certification	Household's statement or documentation of the household's statement
19	Termination/denial due to TANF termination/denial	Absence of documentation indicating that the change would have been processed as a change in lieu of a termination
20	Intentional program violation	Document that the IPV was determined.
21	Termination/denial due to Program disqualification	Disqualification letter or record of the disqualification

Code	Recorded Reason for the Action	Example of Acceptable Documentation
22	Termination/denial of household of able-bodied adult(s) whose time-limited period of FSP eligibility has expired	Participation history or a description of how the eligibility worker determined that the household's time limit had expired
23	Failure to comply, without good cause, with FSP work requirements	State work registration workers documentation of the household's failure and absence of participation records for workfare, E&T, etc.
24	Eligible for zero benefits	Describe household's eligibility and how benefits were calculated, attach supporting documents
25	Failure to access EBT benefits	Benefit history which indicates that the benefits were not accessed
26	Loss of contact with household	Documentation of efforts made to contact the household and lack of any evidence of contact
27	Applicant/household deceased	Record indicating the death of applicant/household
28	Not eligible for separate household status	Documentation of household's circumstances that require combined household composition with others
29	Not eligible due to status as fleeing felon, parole violation, drug conviction etc.	Documentation of status that caused ineligibility
30	Reason for denial/termination /suspension not documented	Documentation of all available evidence why the negative action may have been taken
99	Other	Documentation of circumstances of the negative action
00	Not applicable (For use with Item M(b) only).[2]	Documentation of the result of the case record review and any household or collateral contact that resulted in using the original reason for the action.

[2] Item M(b) on the FNS-245 records the result of case record review and any household or collateral contact , reason for action. If the reason is not different than the original recorded reason for the negative action, use 00.

* **1370 Transmission of Negative Case Findings to FNS, Data**
* **Checking, and Changing Case Findings.** Once the error determination
* process is completed and the review decision has been made, the case findings
* shall be transmitted to FNS. The State agency shall have 10 days from the date
* of transmission to check the validity of the data transmitted. The State agency
* may change data submitted during this 10-day period. Following that 10 days
* FNS shall select its subsample from the cases transmitted. Once a case has
* been subjected to Federal subsampling, the protected field findings for that
* case may not be changed whether or not the case was selected for Federal re-
* review.

CHAPTER 14

INFORMAL RESOLUTION AND ARBITRATION

1400 INFORMAL RESOLUTION AND ARBITRATION.

1410 INFORMAL RESOLUTION. Informal resolution is a process that provides an avenue for States to challenge what they believe to be incorrect Federal findings. This is not a process of negotiation or compromise between the Federal and State agencies.

Informal resolution may begin after FNS signs the official regional findings letter. This may be prior to the State's receipt of the findings letter. States can accomplish such a challenge through phone calls, data faxes, etc. In any case, when contacted by the State, the FNS regional office should make every effort to explore the State's contention as quickly as possible.

Informal resolution must end on the earlier of:

- The date the arbitrator receives the State's request for arbitration, or

- The State's deadline for requesting arbitration for that review.

If, through informal resolution, the State agency and FNS regional office agree to a modified Federal finding prior to the 20-day deadline for requesting arbitration of the original finding, the new finding must be transmitted to the State agency. In such circumstances the State agency retains the right to request arbitration of the new Federal finding, if they are in disagreement with the new finding.

Informal resolution can be continued up to the regulatory time limit for requesting arbitration. However, the onset or continuance of informal resolution does not postpone the 20-day time limit for requesting arbitration. Informal resolution may continue until the disagreement is resolved or until arbitration is requested or until the 20-day limit for requesting arbitration expires, whichever is earlier.

1420 ARBITRATION. The purpose of the arbitration process is to resolve disagreements between the State agency and the FNS regional office concerning individual QC case findings and the appropriateness of actions taken

to dispose of an individual case. The following are circumstances that are subject to arbitration:

- Disagree cases (where the Federal findings disagreed with the State agency's findings).

- Cases where the FNS regional office disagreed with the State agency's disposition of the cases, including disputes over whether a case is subject to review or incomplete.

- Cases where the application of policy in a particular QC case impacts the difference in a disposition/finding.

Established policy, and comments on or coding of procedural deficiencies that do not impact the findings/disposition are not subject to arbitration.

Agree cases are not subject to arbitration. These cases can be discussed through the informal resolution process. If, as a result of informal resolution, the state and the FNS regional office decide the previously issued agree findings no longer apply (e.g., because the State found new information about the case), the regional office will issue a new letter disagreeing with the State's original findings. This disagree case is subject to arbitration.

Arbitration is a one-tier process. The State agency appeals to the FSP Quality Control Arbitrator if the State agency does not agree with the regional office findings.

Arbitration is limited to an examination of specific issues supporting the findings or disposition being challenged. However, the arbitrator cannot ignore any mathematical errors on the computation sheet that are discovered during the review of the case. The impact of the mathematical errors must be included in the final benefit calculation.

1421 Documentation. It is the responsibility of the State agency to include all the necessary documentation to support its position when it submits a case for arbitration. Failure to include a single important piece of information could result in an adverse decision. The documentation may include, but is not necessarily limited to:

- A copy of the FNS-380, FNS-380-1, attachments to the FNS-380, the region's finding, and subsequent correspondence from the FNS regional office related to the finding;

- Options selected such as budgeting TANF prospectively in a retrospectively budgeted system;

- The existence and provisions of all waivers applicable to the case circumstances, including the approval, implementation dates, and expiration dates;

- Applicable State policies including implementation dates, e.g., pages of the State manual indicating the conversion method selected, applicable standard utility allowance(s);

- Written policy interpretations provided by FNS and the date provided to the State agency;

- A clear record of all actions taken by the reviewer to try to complete a case, e.g., documentation showing the reviewer checked for personal property, that the household was contacted to clarify any disputed information;

- Appropriate verification and adequate documentation of every aspect of the household's circumstances; and

- Legible copies of all case record material (a half cut-off copy of a court record on child support payments that is not identifiable cannot be considered by the arbitrator).

If the arbitrator needs additional information, it is the arbitrator's prerogative to request the needed information from whichever party the information is needed. In the decision to the State agency, the arbitrator will explain the rationale for the decision, addressing each particular issue that was involved in the decision.

1422 Usual Timeframe for Requesting Arbitration. Each time the Federal reviewer reports a disposition/finding in a case to the State agency that disagrees with the State's original finding/disposition, the State agency has a right to request arbitration.

Example of the First Day of the 20-Day Period: The State agency receives the findings letter on June 8, then June 9 is the first day of the 20-day period. The postmark on the State agency's request will be used to determine whether a request was submitted timely.

A State agency must request arbitration within 20 calendar days of receipt of the regional findings letter. The first day of the 20-day period begins with the day after the day the State agency receives the findings.

It may happen that a State agency timely disposes of a review as incomplete or not subject to review, and later completes the review. In such a situation, the State agency has the full 20-day period to request arbitration.

Example of a request that is too late for arbitration: The regional findings were issued to the State agency on March 4 and received by the State agency on March 8. The case is a disagree case. The State agency's request for arbitration is postmarked April 11. This case is not subject to arbitration as it was submitted late.

Example of a request that is timely: The regional findings were issued to the State agency on February 27 and received by the State agency on March 1. The case is a disagree case. On March 15, (postmark) the State agency requested arbitration. This case is subject to arbitration.

Example of a request that is timely because FNS issued a new finding letter: The regional findings were received by the State agency on March 1. The FNS regional office agreed with the State agency findings. On April 5 the State agency requested arbitration based on new information disputing its initial findings. The regional office had issued a new letter on March 20 disagreeing with the State's original findings. This case is subject to arbitration.

1423 Unusual Timeframe for Requesting Arbitration. A State agency is supposed dispose of each review no later than the 95th day after the end of the sample month. For every day that disposition is late, the State agency loses a day to request arbitration.

Example of how the usual timeframe is reduced: The review's sample month was April. The deadline for disposing the review was August 3rd. The State agency disposed of the review on August 5th. The State agency received the federal finding on October 6th. The usual deadline for requesting arbitration would be October 26th. But because the disposition was two days late, the deadline for requesting arbitration would be October 24th.

Example of a late request because of a late disposition: The State agency was ten days late in disposing the review. The State agency received the finding letter on November 7th. The State agency requested arbitration on November 19th. The case is not subject to arbitration because it was submitted late.

1430 FOOD STAMP PROGRAM QUALITY CONTROL ARBITRATION.

1431 General. Food Stamp Program quality control arbitration is the final level in the process of resolving differences in the disposition and findings of cases within the program. As such, when the arbitrator makes a determination, that decision is final. Because of the finality of arbitration, it is very important that the case record be complete when the case is submitted to the arbitrator.

1432 Quality Control Arbitrator. This individual must not be a QC reviewer, oversee QC reviewers, or in any way be directly involved in the validation effort.

1433 Quality Control Arbitration Procedures. The State agency will have 20 days from the date of the receipt of the regional findings letter to request arbitration of a disagree case. If the last day of the period falls on a

Saturday, Sunday, or Federal or State holiday, the 20-day time frame runs to the end of the next work day. Requests for arbitration must be sent directly to the quality control arbitrator:

Nancy Baca-Stepan *
SNAP Quality Control Arbitrator *
USDA- Food and Nutrition Service
Supplemental Nutrition Assistance Program *
Robert A. Young Federal Building *
1222 Spruce Street, Room 1.304 *
St. Louis, MO 63103 *

The State agency will notify the appropriate FNS regional office when arbitration is being requested. The arbitration request should include all appropriate documentation as specified in section 1421 of this chapter. However, additional information may be submitted after the request, provided it is submitted within the 20-day time frame.

The arbitrator may request additional information from the State agency whenever necessary. The arbitrator will notify the State agency of the decision, explaining the rationale for the decision.

1440 HANDLING CASE FINDINGS. In determining State agency error rates, the FNS regional office will use the results of its review unless the arbitrator decides in favor of the State agency or an alternate finding. Once the arbitrator's decision has been made, the FNS regional office will make any changes necessary to the State and/or regional disposition or findings.

APPENDIX A

COMMON CERTIFICATION WAIVERS
Food Stamp Quality Control Review Procedures

Introduction

This handbook's review procedures follow the Food Stamp Program's nationwide regulations and policies. However, FNS has waived the regulations in certain policy areas that allow States to follow alternative procedures.

The following are review procedures for common certification waivers approved by FNS. Food Stamp quality control reviewers must use these alternative procedures only when their State has an approved FNS waiver. These review procedures are not optional alternatives to the rest of the handbook.

They cover the following areas:

- **Semi-annual reporting – acting upon all reported changes**
  (see page A-2 through A-8)

SEMI-ANNUAL REPORTING
ALL REPORTED CHANGES ACTED UPON

726 Semiannual Reporting. Under limited reporting, many households are only required to report changes that cause the household's gross monthly income to exceed 130% of the poverty income guideline for the household size. In general, any variances in the case resulting from changes, other than exceeding 130% of the poverty guideline, which occur after the certification action to authorize the sample month benefits, shall be excluded. Variances that occurred prior to, or at the time of the certification action to authorize the sample month benefits shall not be excluded under the provisions of this section.

It should be noted that limited reporting households containing an Able Bodied Adult Without Dependents (ABAWD) are subject to the additional reporting requirement specified in regulations at 7 CFR 273.12(a)(1)(viii). These households must report any changes in work hours that bring the ABAWD individual below 20 hours per week, averaged monthly. For limited reporting cases containing ABAWDs the reviewer must continue to carry out the procedures for evaluating the correctness of Time Limited Participation as specified in section 850.7

726.1 Variance Determination. The reviewer shall follow these steps in completing the error determination:

- **Step 1. Overview of Case Correctness.** Compare the QC verified sample month circumstances to the amounts and circumstances used to authorize the sample month benefits. This is the Comparison I allotment test provided for by instructions in section 621. If the difference between these two allotment amounts is $25 or less, the error determination process is over. If the difference between these two allotment amounts is greater than $25, the reviewer shall proceed to Step 2.

- **Step 2. Evaluating the Correctness of the Certification Action.** Correct the worksheet amounts and circumstances for misapplication of policy and computational errors by the eligibility worker and for incorrect reporting (including failure to

report) by the household at the time of the certification action that authorized the sample month benefits.

Compare the QC verified sample month amounts and circumstances to the corrected worksheet amounts and circumstances. If there are no differences between these two allotment amounts, the error determination process is over. The reviewer shall use the corrected worksheet amounts and circumstances in the error determination. If there is a difference between these two allotment amounts, the reviewer shall proceed to Step 3.

- **Step 3. Evaluating Compliance with Change Reporting Requirements.** Households are required to report changes that result in the gross monthly income exceeding 130% of the poverty income guideline for their household size. The reviewer must determine if any such changes occurred, and if they did occur whether the change must be included in the error determination.

  The reviewer shall compare the sample month income to the gross income standard for the household. (See Step 1)

  If the sample month income does not exceed the gross income standard then no reportable change has occurred. The reviewer will use the corrected worksheet amounts and circumstances in the error determination. (See Step 2)

  If the sample month income does exceed the gross income standard there has been a reportable change and the reviewer must proceed with the next step to determine whether the change occurred within the timeframes for reporting and acting on changes. (See Step 4).

- **Step 4. Evaluating Timeframes for When Changes Occurred.** If the sample month was the first or second effective month of an initial certification action the review procedures in this step shall not be undertaken, since insufficient time would have passed for any changes to occur which would be required to be acted on by the review date. The reviewer must use the corrected worksheet amounts and circumstances in the error determination. (See Step 2) This exception will also apply if, in following the procedures in this step, the reviewer is required to examine the circumstances of a month, such as the second or third month

prior to the sample month, in which the household was not authorized to participate in the Program for the entire month (and thus, was not subject to any Program requirements to report changes in household circumstances). Otherwise, the reviewer will proceed as follows.

The reviewer shall compare the income from the month immediately prior to the sample month to the gross income standard for the household.

If the income from the month immediately prior to the sample month does not exceed the gross income standard then the reportable change occurred within the sample month itself, and would be excluded from the error determination. The reviewer will use the corrected worksheet amounts and circumstances in the error determination. (See step 2)

If the income from the month immediately prior to the sample month does exceed the gross income standard the reviewer must proceed with the next step to further evaluate whether the change occurred within the timeframes for reporting and acting on changes.

The reviewer must compare the income from the second month immediately prior to the sample month to the gross income standard for the household.

If the income from the second month immediately prior to the sample month does not exceed the gross income standard then the reportable change occurred within the month immediately prior to the sample month, and would be excluded from the error determination. The reviewer will use the corrected worksheet amounts and circumstances in the error determination. (See step 2)

If the income from the second month immediately prior to the sample month does exceed the gross income standard then, with three exceptions, the change has occurred outside of the timeframes for reporting and acting on changes, and the reviewer must include the unreported change in the error determination.

Exception 1 requiring the examination of a third month: Some State agencies have a Notice of Adverse Action (NOAA) period of 10 days, and have elected to have households report exceeding the 130% limit within the first 10 days of the month following the month in which the change has occurred. Because of these circumstances, when the month prior to the sample month contains 30 days or less, the entire month prior to the sample month, and the entire second month prior to the sample month constitute an exclusionary period for QC purposes. The reviewer must determine the income from the 3rd month immediately prior to the sample month in order to make an error determination. The following chart shows which sample months are affected by these exceptional circumstances which may require the examination of a third month.

Month Prior	Sample Month
February (28 or 29 days)	March
April (30 days)	May
June (30 days)	July
September (30 days)	October
November (30 days)	December

Exception 2 requiring the examination of a third month: Some State agencies have a NOAA period of 10+ days, and have elected to have households report exceeding the 130% limit within the first 10 days of the month following the month in which the change has occurred. Because of these circumstances, the entire month prior to the sample month, and the entire second month prior to the sample month constitute an exclusionary period for QC purposes. The reviewer must determine the income from the 3rd month immediately prior to the sample month in order to make an error determination.

Exception 3 requiring the examination of a third month: Some State agencies have NOAA periods of 10+ days, and have elected to have households report exceeding the 130% limit within 10 days of the date when the change occurs. If the income from the second month immediately prior to the sample month exceeds the gross income standard because of income received by the household in the last few days of the month (within the QC exclusionary time frame for the 10+ days NOAA period) the reviewer must determine the income from the 3rd month

immediately prior to the sample month in order to make an error determination. If the income from the second month immediately prior to the sample month exceeds the gross income standard because of income received by the household prior to the last few days of the month (outside of the QC exclusionary time frame for the 10+ days NOAA period) the reviewer will not need to determine the income from the 3rd month immediately prior to the sample month in order to make an error determination.

In all instances where a third month must be examined, if the income from the third month immediately prior to the sample month does not exceed the gross income standard then the reportable change occurred within the second month immediately prior to the sample month, and would be excluded from the error determination. The reviewer will use the corrected worksheet amounts and circumstances (see step 2) in the error determination. If the income from the third month immediately prior to the sample month does exceed the gross income standard then the change has occurred outside of the timeframes for reporting and acting on changes, and the reviewer must include the unreported change in the error determination.

For non-categorically eligible households subject to the gross income test (the household does not contain an elderly or disabled member), with one exception (see below), the reviewer shall include the unreported change in the error determination by finding the household ineligible.

For categorically eligible households, and for non-categorically eligible households that are not subject to the gross income test (the household contains an elderly or disabled member) the reviewer shall include the unreported change in the error determination by completing an allotment determination based upon household circumstances at the time immediately prior to the QC exclusionary time frame for the case.

EXCEPTION: If the State agency:

1) Has implemented the 130% reporting requirement in Limited Reporting by giving the household a flat figure based on the number of persons in the household at the time of certification

and instructing them to report when the household exceeds that figure, and

2) If the QC reviewer discovers that for the months that must be examined, the household's income exceeded the gross reporting limit that the household was given, and

3) If the QC reviewer discovers that an additional person has joined the household, so that although the household's income exceeded the reporting figure, it did not exceed the gross income limit for the new household size, then

4) The QC reviewer will not determine the household unilaterally to be ineligible. Instead, the QC reviewer will complete the error determination with an allotment based on all of the household's circumstances for the time immediately prior to the exclusionary time frame for the case. These are the same instructions that the QC reviewer follows in completing the error determination on cases that are categorically eligible, and also for non-categorically eligible households that are not subject to the gross income test (the household contains elderly or disabled members).

Households receiving benefits under the limited change reporting option are not required to report any changes in circumstances other than exceeding 130% of the poverty income guideline, during the certification period. As a result, unless a change has been processed since the initiation of the certification period, the review procedures outlined in this section shall be used in the error determination process. If a change in circumstances has been reported since the time of certification the reviewer shall use the review procedures in section 726.2.

726.2 Special Circumstances. Changes That Have Been Reported or Become Known After the Initial Authorization of Six Month Limited Change Reporting Benefits. Although it is not required to do so, a household may report a change in its circumstances, other than an increase in income that exceeds 130% of the poverty income guideline, during the certification period. In addition, the agency may become aware of changes in the household's circumstances from a source other than the household. If a change is reported/became known the following special review procedures apply.

- **Processed Changes.** The eligibility worker must process any change in circumstances reported by the household or which becomes known to the agency from a source other than the household. If the eligibility worker has changed the authorized benefits as the result of such a change, and the action is in effect as of the review date, then the reviewer shall determine the correctness of the new authorized benefit in accordance with the procedures in section 726.1.

- **Unprocessed Changes.** The eligibility worker must process any change in circumstances reported by the household or which becomes known to the agency from a source other than the household. If the eligibility worker has failed to change the authorized benefits as the result of such a change, then a variance exists. The reviewer shall complete the error determination using corrected worksheet amounts and circumstances from the time the change was reported or became known to the agency.

In regard to any reported changes, if a change in circumstances was reported or became known which the State agency was not required to effect as of the review date due to the regulatory timeframes for acting on reported changes, any variance(s) resulting from the agency's failure to effect the change shall be excluded in the error determination.

APPENDIX B

FORM APPROVED OMB 0584-0074

U.S. DEPARTMENT OF AGRICULTURE - Food and Nutrition Service

WORKSHEET FOR FOOD STAMP PROGRAM QUALITY CONTROL REVIEWS

PRIVACY ACT NOTICE: This report is required under provisions of 7 CFR 275.14 (Food Stamp Program). This information is needed for the review of State performance in determining recipient eligibility. The information is used to determine State compliance and failure to report may result in a finding of non-compliance.

OMB STATEMENT: According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0584-0074. The time required to complete this collection is estimated to average 8.9 hours per response, including the time to review instructions, search existing data sources, gather the data needed, and complete and review the information collection.

A. IDENTIFYING INFORMATION

1. LOCAL AGENCY _____
2. CASE NAME _____
3. ADDRESS _____
4. PHONE NUMBER _____
5. DIRECTIONS TO LOCATE _____

6. CASE NUMBER	
7. REVIEW NUMBER	
8. REVIEW DATE	
9. RESERVED	
10. MOST RECENT ACTION	
a. Date	
b. Type	
11. CERTIFICATION PERIOD	From To
12. PART. DURING SAMPLE MONTH	☐ YES ☐ NO
13. REC'D EXPEDITED SERVICE	☐ YES ☐ NO
14. CATEGORICALLY ELIGIBLE HH	☐ YES ☐ NO
15. REVIEWER	
16. DATE ASSIGNED	
17. DATE OF CASE READING	
18. DATE OF INTERVIEW	
19. DATE COMPLETED	
20. SUPERVISOR	
21. DATE CLEARED	

B. PERSONS LIVING IN THE HOME

	NAME	BIRTH DATE	AGE	RELATIONSHIP OR SIGNIFICANCE	SOCIAL SECURITY NUMBER	FS RECIP.
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

C. SIGNIFICANT PERSONS NOT LIVING IN THE HOME

	NAME	RELATIONSHIP OR SIGNIFICANCE	SOC. SECURITY NUMBER	ADDRESS	PHONE NUMBER	FINANCIAL SUPPORT
11						
12						
13						
14						
15						

D. REVIEW FINDINGS

ALLOTMENT _____

☐ AMOUNT CORRECT
☐ OVERISSUANCE
☐ UNDERISSUANCE
☐ INELIGIBLE

AMOUNT IN ERROR _____

FORM FNS-380 (9-03) Previous editions are obsolete. Electronic Form Version Designed in JetForm 5.01 Version Page 1

ELEMENTS OF ELIGIBILITY AND PAYMENT DETERMINATION

REVIEW NO. _____

ELEMENTS OF ELIGIBILITY AND BASIS OF ISSUANCE	QC ANALYSIS OF CASE RECORD (Pertinent facts, sources of verification, reliability, gaps or deficiencies)	FINDINGS OF FIELD INVESTIGATION (Facts obtained, verification and substantiation, nature of errors)	RESULTS
(1)	(2)	(3)	(4)
110 AGE	BASIC PROGRAM REQUIREMENTS (100)		1 = No error 2 = Agency error 3 = Client error
111 STUDENT STATUS			1 = No error 2 = Agency error 3 = Client error
130 CITIZENSHIP AND NON-CITIZEN STATUS			1 = No error 2 = Agency error 3 = Client error
140 RESIDENCY			1 = No error 2 = Agency error 3 = Client error

Page 2

ELEMENTS OF ELIGIBILITY AND PAYMENT DETERMINATION

REVIEW NO. _____

ELEMENTS OF ELIGIBILITY AND BASIS OF ISSUANCE	QC ANALYSIS OF CASE RECORD (Pertinent facts, sources of verification, reliability, gaps or deficiencies)	FINDINGS OF FIELD INVESTIGATION (Facts obtained, verification and substantiation, nature of errors)	RESULTS
(1)	(2)	(3)	(4)
150 HOUSEHOLD COMPOSITION			1 = No error 2 = Agency error 3 = Client error
151 RECIPIENT DISQUALIFICATION			1 = No error 2 = Agency error 3 = Client error
WORK REQUIREMENTS 160 EMPLOYMENT & TRAINING PROGRAMS			1 = No error 2 = Agency error 3 = Client error
161 TIME LIMITED PARTICIPATION			1 = No error 2 = Agency error 3 = Client error
162 WORK REGISTRATION			1 = No error 2 = Agency error 3 = Client error
163 VOLUNTARY QUIT/REDUCING WORK EFFORT			1 = No error 2 = Agency error 3 = Client error

Page 3

ELEMENTS OF ELIGIBILITY AND PAYMENT DETERMINATION REVIEW NO. _____

ELEMENTS OF ELIGIBILITY AND BASIS OF ISSUANCE	QC ANALYSIS OF CASE RECORD (Pertinent facts, sources of verification, reliability, gaps or deficiencies)	FINDINGS OF FIELD INVESTIGATION (Facts obtained, verification and substantiation, nature of errors)	RESULTS
(1)	(2)	(3)	(4)
164 WORKFARE AND COMPARABLE WORKFARE			1 = No error 2 = Agency error 3 = Client error
165 EMPLOYMENT STATUS/JOB AVAILABILITY			1 = No error 2 = Agency error 3 = Client error
166 ACCEPTANCE OF EMPLOYMENT			1 = No error 2 = Agency error 3 = Client error
170 SOCIAL SECURITY NUMBER			1 = No error 2 = Agency error 3 = Client error
LIQUID RESOURCES	**RESOURCES (200)**		
211 BANK ACCOUNTS OR CASH ON HAND			1 = No error 2 = Agency error 3 = Client error

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ELEMENTS OF ELIGIBILITY AND PAYMENT DETERMINATION

REVIEW NO. _____

ELEMENTS OF ELIGIBILITY AND BASIS OF ISSUANCE	QC ANALYSIS OF CASE RECORD (Pertinent facts, sources of verification, reliability, gaps or deficiencies)	FINDINGS OF FIELD INVESTIGATION (Facts obtained, verification and substantiation, nature of errors)	RESULTS
(1)	(2)	(3)	(4)
212 NONRECURRING LUMP-SUM PAYMENTS			1 = No error 2 = Agency error 3 = Client error
213 OTHER LIQUID ASSETS			1 = No error 2 = Agency error 3 = Client error
NON-LIQUID RESOURCES 221 REAL PROPERTY			1 = No error 2 = Agency error 3 = Client error
222 VEHICLE			1 = No error 2 = Agency error 3 = Client error

Page 5

ELEMENTS OF ELIGIBILITY AND PAYMENT DETERMINATION REVIEW NO. _____

ELEMENTS OF ELIGIBILITY AND BASIS OF ISSUANCE	QC ANALYSIS OF CASE RECORD (Pertinent facts, sources of verification, reliability, gaps or deficiencies)	FINDINGS OF FIELD INVESTIGATION (Facts obtained, verification and substantiation, nature of errors)	RESULTS
(1)	(2)	(3)	(4)
224 OTHER NON-LIQUID RESOURCES			1 = No error 2 = Agency error 3 = Client error
225 COMBINED RESOURCES			1 = No error 2 = Agency error 3 = Client error

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ELEMENTS OF ELIGIBILITY AND PAYMENT DETERMINATION

REVIEW NO. _____

ELEMENTS OF ELIGIBILITY AND BASIS OF ISSUANCE	QC ANALYSIS OF CASE RECORD (Pertinent facts, sources of verification, reliability, gaps or deficiencies)	FINDINGS OF FIELD INVESTIGATION (Facts obtained, verification and substantiation, nature of errors)	RESULTS
(1)	(2)	(3)	(4)
EARNED INCOME 311 WAGES AND SALARIES	**INCOME (300)**		1 = No error 2 = Agency error 3 = Client error
312 SELF-EMPLOYMENT			1 = No error 2 = Agency error 3 = Client error

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ELEMENTS OF ELIGIBILITY AND PAYMENT DETERMINATION

REVIEW NO. _____

ELEMENTS OF ELIGIBILITY AND BASIS OF ISSUANCE	QC ANALYSIS OF CASE RECORD (Pertinent facts, sources of verification, reliability, gaps or deficiencies)	FINDINGS OF FIELD INVESTIGATION (Facts obtained, verification and substantiation, nature of errors)	RESULTS
(1)	(2)	(3)	(4)
314 OTHER EARNED INCOME			1 = No error 2 = Agency error 3 = Client error
EARNED INCOME DEDUCTIONS 321 EARNED INCOME DEDUCTIONS			1 = No error 2 = Agency error 3 = Client error
323 DEPENDENT CARE DEDUCTIONS			1 = No error 2 = Agency error 3 = Client error

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ELEMENTS OF ELIGIBILITY AND PAYMENT DETERMINATION REVIEW NO. _____

ELEMENTS OF ELIGIBILITY AND BASIS OF ISSUANCE	QC ANALYSIS OF CASE RECORD (Pertinent facts, sources of verification, reliability, gaps or deficiencies)	FINDINGS OF FIELD INVESTIGATION (Facts obtained, verification and substantiation, nature of errors)	RESULTS
(1)	(2)	(3)	(4)
UNEARNED INCOME 331 RSDI BENEFITS			1 = No error 2 = Agency error 3 = Client error
332 VETERANS BENEFITS			1 = No error 2 = Agency error 3 = Client error
333 SSI AND/OR STATE SSI SUPPLEMENT			1 = No error 2 = Agency error 3 = Client error
334 UNEMPLOYMENT COMPENSATION			1 = No error 2 = Agency error 3 = Client error

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ELEMENTS OF ELIGIBILITY AND PAYMENT DETERMINATION

REVIEW NO. _____

ELEMENTS OF ELIGIBILITY AND BASIS OF ISSUANCE	QC ANALYSIS OF CASE RECORD (Pertinent facts, sources of verification, reliability, gaps or deficiencies)	FINDINGS OF FIELD INVESTIGATION (Facts obtained, verification and substantiation, nature of errors)	RESULTS
(1)	(2)	(3)	(4)
335 WORKER'S COMPENSATION			1 = No error 2 = Agency error 3 = Client error
336 OTHER GOVERNMENT BENEFITS			1 = No error 2 = Agency error 3 = Client error
342 CONTRIBUTIONS			1 = No error 2 = Agency error 3 = Client error
343 DEEMED INCOME			1 = No error 2 = Agency error 3 = Client error

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ELEMENTS OF ELIGIBILITY AND PAYMENT DETERMINATION

REVIEW NO. _____

ELEMENTS OF ELIGIBILITY AND BASIS OF ISSUANCE	QC ANALYSIS OF CASE RECORD (Pertinent facts, sources of verification, reliability, gaps or deficiencies)	FINDINGS OF FIELD INVESTIGATION (Facts obtained, verification and substantiation, nature of errors)	RESULTS
(1)	(2)	(3)	(4)
344 TANF, PA or GA			1 = No error 2 = Agency error 3 = Client error
345 EDUCATIONAL GRANTS/ SCHOLARSHIPS/LOANS			1 = No error 2 = Agency error 3 = Client error
346 OTHER UNEARNED INCOME			1 = No error 2 = Agency error 3 = Client error
350 CHILD SUPPORT PAYMENTS RECEIVED FROM ABSENT PARENT			1 = No error 2 = Agency error 3 = Client error

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ELEMENTS OF ELIGIBILITY AND PAYMENT DETERMINATION REVIEW NO. _____

ELEMENTS OF ELIGIBILITY AND BASIS OF ISSUANCE	QC ANALYSIS OF CASE RECORD (Pertinent facts, sources of verification, reliability, gaps or deficiencies)	FINDINGS OF FIELD INVESTIGATION (Facts obtained, verification and substantiation, nature of errors)	RESULTS
(1)	(2)	(3)	(4)
OTHER DEDUCTIONS 361 STANDARD DEDUCTION			1 = No error 2 = Agency error 3 = Client error
363 SHELTER DEDUCTION			1 = No error 2 = Agency error 3 = Client error
364 STANDARD UTILITY ALLOWANCE			1 = No error 2 = Agency error 3 = Client error

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ELEMENTS OF ELIGIBILITY AND PAYMENT DETERMINATION REVIEW NO. _____

ELEMENTS OF ELIGIBILITY AND BASIS OF ISSUANCE	QC ANALYSIS OF CASE RECORD (Pertinent facts, sources of verification, reliability, gaps or deficiencies)	FINDINGS OF FIELD INVESTIGATION (Facts obtained, verification and substantiation, nature of errors)	RESULTS
(1)	(2)	(3)	(4)
365 MEDICAL DEDUCTION			1 = No error 2 = Agency error 3 = Client error
366 CHILD SUPPORT PAYMENT DEDUCTION			1 = No error 2 = Agency error 3 = Client error
371 COMBINED GROSS INCOME			1 = No error 2 = Agency error 3 = Client error
372 COMBINED NET INCOME			1 = No error 2 = Agency error 3 = Client error

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ELEMENTS OF ELIGIBILITY AND PAYMENT DETERMINATION REVIEW NO. _____

ELEMENTS OF ELIGIBILITY AND BASIS OF ISSUANCE	QC ANALYSIS OF CASE RECORD (Pertinent facts, sources of verification, reliability, gaps or deficiencies)	FINDINGS OF FIELD INVESTIGATION (Facts obtained, verification and substantiation, nature of errors)	RESULTS
(1)	(2)	(3)	(4)
520 ARITHMETIC COMPUTATION			1 = No error 2 = Agency error 3 = Client error
530 TRANSITIONAL BENEFITS			1 = No error 2 = Agency error 3 = Client error
560 REPORTING SYSTEM			1 = No error 2 = Agency error 3 = Client error
810 FOOD STAMP SIMPLIFIC-ATION PROJECT			1 = No error 2 = Agency error 3 = Client error
820 DEMONSTRATION PROJECTS			1 = No error 2 = Agency error 3 = Client error

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FOOD STAMP PROGRAM QUALITY CONTROL COMPUTATION SHEET

	ELIGIBILITY WORKER (1)	FINAL SAQC DETERMINATION (2)	(3)	(4)	(5)
Wages, salaries, Federal workstudy minus allowable expenses, or other income from employment. (Do not count excluded income)					
Member : Source					
:					
:					
:					
1. Add Line K from Self-Employment addendum sheet (if applicable) and all earned income listed above.					
Educational grants, scholarships, or loans (except Federal workstudy)					
2. Enter monthly income received from educational grants, etc..					
3. Enter monthly tuition and mandatory fees and other allowable expenses.					
4. Subtract 3 from 2.					
5. Add lines 1 and 4.					
Unearned income (Do not count excluded income)					
:					
:					
:					
6. Total unearned income.					
Gross monthly income					
7. Add lines 5 and 6.					
8. Enter net loss from line K, if applicable.					
9. Subtract line 8 from 7. (Result is gross monthly income.)					
10. Enter appropriate gross income eligibility limit.					
Go to line 11 only if: - line 9 is less than or equal to line 10; or - household contains an elderly/disabled member; or - household is categorically eligible for food stamps.					
DEDUCTIONS: (Other than shelter)					
11. Multiply line 1 by 20% and enter result here.					
12. Subtract 11 from 9.					
13. Enter standard deduction.					
14. Subtract line 13 from 12.					
15. Enter medical costs over limit for household with elderly/disabled member.					
16. Subtract line 15 from 14.					
17. Enter dependent care costs (not to exceed authorized limit).					
18. Subtract line 17 from 16.					
19. Enter child support.					
20. Subtract line 19 from 18.					

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FOOD STAMP PROGRAM QUALITY CONTROL COMPUTATION SHEET

	ELIGIBILITY WORKER (1)	FINAL SAQC DETERMINA-TION (2)	(3)	(4)	(5)
21. Enter homeless shelter deduction, if applicable.					
22. Subtract 21 from 20.					
23. If household had shelter costs, and did not receive a homeless shelter deduction divide line 22 by 2.					
SHELTER COSTS: (Use either the utility standard or the actual cost of each utility bill.)					
Rent or mortgage					
Taxes and insurance					
Total utility standard					
Telephone (Basic rate)					
Electric					
Gas					
Oil					
Water and Sewerage					
Garbage and trash					
Installation of utilities					
Other					
24. Total shelter costs					
25. Enter amount from line 23.					
26. Subtract line 25 from 24 (Result equals excess shelter costs).					
27. If no elderly/disabled member, enter the maximum limit for the shelter deduction.					
NET MONTHLY INCOME					
28. Enter amount from line 20 (income after all deductions except shelter)					
29. If elderly/disabled member, enter line 26. For all other households, enter amount from line 26 or 27, whichever is less.					
30. Subtract line 29 from 28. (Result equals net monthly income.)					
31. Enter appropriate net income eligibility limit.					
Go to line 32 only if: – Line 30 is less than or equal to line 31; OR – all members of the HH are categorically eligible.					
ALLOTMENT LEVEL					
32. Enter Thrifty Food Plan for household size.					
33 Multiply line 30 by 30% and enter result here.					
34. Subtract line 33 from 32; (prorating or applying minimum allotment if required.)					

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FOOD STAMP PROGRAM QUALITY CONTROL COMPUTATION SHEET SELF-EMPLOYMENT ADDENDUM

FOR HOUSEHOLDS WITH SELF-EMPLOYMENT I INCOME: START AT STEP A AND WORK THROUGH STEP K. DO THE STEPS IN ORDER. IF A NEGATIVE NUMBER RESULTS AFTER SUBTRACTING TWO NUMBERS, INSERT ZERO, EXCEPT LINES O, J, AND K.	ELIGIBILITY WORKER (1)	FINAL SAQC DETERMINA-TION (2)	(3)	(4)	(5)
FARM SELF-EMPLOYMENT INCOME					
HOUSEHOLD MEMBERS : SOURCE					
:					
:					
A. Total monthly gross farm self-employment income					
B. Enter monthly farm business costs					
SUBTRACT LINE B FROM LINE A, AND:					
C. If gross income exceeds costs enter figure here as net farm gain.					
D. If business costs exceed gross income, enter figure here as net farm gain.					
SELF-EMPLOYMENT INCOME OTHER THAN FARMING (Include room and board payments)					
:					
:					
:					
E. Total monthly gross self-employment income other than farming.					
F. Enter monthly farm self-employment income from line C (If Applicable)					
G. Add lines E and F. (Result is total self-employment income.)					
H. Enter monthly business cost other than farming.					
I. Subtract line H from G. (Result is net monthly self-employment income before taxes; (If Less Than O, Enter 0.)					
J. Enter net farm loss from line D (If none, enter 0)					
K. Subtract line J from I. Enter as a positive number, a negative number or 0.					

If line K shows a net gain, add to wages and salaries on line 1 and enter 0 on line 8 of the Computation Sheet.

If Line K shows a net loss, enter amount on line 8 of the Computation Sheet and make no entry for self-employed income on line 1.

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INSTRUCTIONS FOR COMPLETING FORM FNS-380, THE WORKSHEET FOR FOOD STAMP PROGRAM QUALITY CONTROL REVIEWS

GENERAL

The standard worksheet appears in this Handbook in Appendix B. The automated worksheet may be downloaded from the USDA Food Stamp Quality Control homepage at the following address: http://www.fns.usda.gov/fsp/qc/default.htm. The users manual for the automated worksheet follows the FNS 380 form and the instructions for filling in the form.

Some States have designed their own worksheet for Food Stamps Quality Control (QC) reviews. These States must submit for approval their designed worksheets to the FNS regional office (RO). The worksheet will be reviewed and States will then be notified of the decision.

FACESHEET – PAGE 1 (FNS-380)

This is page one of the Worksheet for Food Stamp Quality Control reviews. There are four sections:

- Section A, is for identifying information and tracking information about the QC review.
- Section B, lists persons living in the home.
- Section C, lists significant persons not living in the home.
- Section D, is a summary of the review findings.

SECTION A – IDENTIFYING INFORMATION

1. **Agency** - Enter name of local agency.

2. **Case Name** - Enter the name of the recipient by which the case is identified.

3. **Address** - Enter the complete address at which the recipient resides.

4. **Telephone Number** - Enter the telephone number at which the recipient can be reached.

5. **Directions to Locate** - Enter the directions to the address where the recipient resides. (This is particularly significant where the mailing address is a post office box number or rural route number.)

6. **Case Number** - Enter the number assigned by the local agency to identify the household that was certified.

7. **Review Number** - Enter the number assigned to the Quality Control Review.

8. **Review Date/Month** - Enter month, day, and year for which case eligibility and benefit level were reviewed.

9. **Reserved** - Leave blank.

10. **Most Recent Action: Date and Type** - Enter the effective date (month, day, and year) of the most recent certification or recertification action prior to or concurrent with the review date. This date cannot be prior to the start of the most recent certification period.

    - A ***certification*** means the first time a case has been certified or a certification action following a break in participation.

    - A ***recertification*** means the initial certification period has expired and the agency has (a) completed a reexamination of all factors of eligibility subject to change following a period of time during which the recipient has been determined eligible and (b) made a decision to continue eligibility.

11. **Certification Period** - Enter the period for which the case was certified.

12. **Participated During Sample Month** - Check (√) the appropriate box to indicate if the household participated during the sample month.

13. **Received Expedited Service** - Check (√) the appropriate box to indicate if the household was certified using expedited service procedures.

14. **Categorically Eligible Household** - Check (√) the appropriate box to indicate whether the household was categorically eligible.

15. **Reviewer** - Enter the name of the QC reviewer conducting the review and/or the reviewer's identification number.

16. **Date Assigned** - Enter the month, day and year the sample case was received by the QC reviewer.

17. **Date of Case Readings** - Enter the month, day and year the QC reviewer read the local office record of the recipient.

18. **Date of Personal Interview** - Enter the month, day and year a personal interview was held with the recipient.

19. **Date Completed** - Enter the month, day and year the Quality Control review was completed.

20. **Supervisor** - Enter the name of the QC reviewer's supervisor(s).

21. **Date Cleared** - Enter the month, day and year the review was cleared by the supervisor for statistical processing.

SECTION B – PERSONS LIVING IN THE HOME

Name - Enter the names of all persons living in the household. These would include the recipient, and both related and unrelated persons, including roomers and boarders. The first person listed should be the head of the household.

If additional space is needed, use the reverse side of the facesheet. For additional space on the automated worksheet, press enter on the button labeled "Click for more HH members".

Birth Date - Enter the birth dates of all persons listed as members of the food stamp household.

Age - Enter the age of all persons listed as members of the food stamp household.

Relationship or Significance - Enter letters to show the relationship of the household members to the head of the household such as:

- SP - spouse
- S - son
- D - daughter
- GS - grandson
- N - niece
- FR - friend, etc.

Note: If the person is not included in the food stamp household under review but is a food stamp recipient indicate the case number under which he/she is receiving food stamps.

Social Security - Enter the social security number of each household member. Enter "unknown" if the number cannot be determined from the case record or field investigation. Enter "none" if it is known that the household member never had a social security number.

Recipient - Indicate whether the agency included this person in the sampled household.

SECTION C – SIGNIFICANT PERSONS NOT LIVING IN THE HOME

Name - Enter the names of all persons, including responsible relatives not residing in the household, living or dead, who are of significance to the members of the food stamp household. This includes all absent parents (and alleged parents) of children in the household whether or not they are known to contribute to the person's support.

If the identity of the absent parent of a member of the household listed in Section B is unknown write "father/mother unknown" in this column and indicate the line number of the member in Section B.

Relationship or Significance - Enter the relationship of each person to the member of the household listed in Section B, and identify by line number, the individual to whom the relationship pertains.

Social Security Number - Enter the social security number (SSN), if known, of persons listed in this section.

- Enter "unknown" if the number cannot be determined from the case record or field investigation.
- Enter "none" if it is known that the person never had a SSN.

Address - Enter the address of each person listed. If the address cannot be determined either from the case record or from the field investigation enter "unknown".

Phone Number - Enter the telephone number of each person listed.

Financial Support - Check (√) this box for any person who provided financial support to a member of the food stamp household during the budget or review month.

SECTION D - REVIEW FINDINGS

This section provides a brief summary of the review findings. Enter the allotment amount authorized for the review month. (See section 232.) Check (√) the box that corresponds to the findings of the review of the case. If an error exists, enter the amount of the error.

WORKSHEET NARRATIVE- PAGES 2 THROUGH 14 (FNS-380)

GENERAL INSTRUCTIONS

Use the remaining portion of the worksheet to document each step of the independent full-field investigation and to evaluate each step in determining eligibility and appropriate benefit level. Record the facts sufficiently to establish the basis on which the decision was made on each element.

COLUMN 1, ELEMENTS OF ELIGIBILITY AND BASIS OF ISSUANCE

Listed are a number of elements associated with eligibility and benefit level. Definitions of these elements and verification requirements are found in Chapters 8 through 11. States may add, under each area, any additional State eligibility requirements not included herein.

COLUMN 2, QC ANALYSIS OF CASE RECORD

Use this column to record documentation contained in the case record and to assist in planning for the field investigation. Enter details of recorded information that need not be reverified in this column. Note any pertinent facts; also record whether anything is questionable about the information. Identify questions that pertain to some but not all persons in the family. Indicate any of the following: conflicts in information recorded, factors subject to change, reliability of information recorded, reliability of source used, and missing information.

Use this column selectively to highlight other points to be considered when conducting the field investigation or to remind you of the case situation.

COLUMN 3, FINDINGS OF FIELD INVESTIGATION

Record the results of the field investigation. Information in this column provides the basis for completing the review findings and detailed error finding portions of the QC Review Schedule. The QC review is a review of the validity of the case at a given point in time in accordance with the provisions of Federal law, regulations, and implementing memoranda. Therefore, the entries in this column will relate to the facts of the situation affecting eligibility as of the review date even though the specific findings may or may not constitute a case error.

Answer any questions raised in Column 2 in this section. Entries such as “correct”, “verified”, and “OK” do not constitute adequate information. Document the specific sources used as verification or any attempts to verify the element for all applicable elements of eligibility and basis of issuance. Information must be provided in sufficient detail for anyone reviewing the case at a later time to clearly understand the conclusions on each element and the final conclusions on the case.

Where there are eligibility or basis of issuance variances based on circumstances as of the review date, record the date the variances first occurred.

COLUMN 4, RESULTS

Complete each element by circling one of the following to indicate the final decision:

1 = No error
2 = Agency error
3 = Client error

An agency error is defined as the failure of the agency to discharge its responsibilities in a proper and timely manner.

A client error is defined as the failure of the recipient, guardian, or authorized representative to provide correct information or to otherwise discharge his/her responsibility in a proper and timely manner.

Where both the agency and the client are responsible for the same error in an element the agency error takes precedence on the basis that the client’s failure would have been negated, and no discrepancy would have existed had the agency acted proper.

COMPUTATION SHEETS – PAGES 15 THROUGH 17 (FNS-380)

General Instructions

The computation sheets are to be used to document all completed active case reviews. The only exceptions are reviews of households that were ineligible for reasons other than income. Columns (1) and (2) are required to be completed, Columns (3), (4) and (5) are optional. Regardless of the use of Columns (3), (4), and (5), Columns (1) and (2) must be used as outlined below.

COLUMN 1, ELIGIBILITY WORKER

Column (1), record the figures that the eligibility worker used to compute the allotment for the sample month.

COLUMN 2, FINAL SAQC DETERMINATION

Column (2), record the final quality control determination figures based on the results of the review.

Note: If the household was ineligible because of gross or net income the reviewer may stop at the appropriate income line.

COLUMNS 3, 4, 5

Columns (3), (4), and (5) of the computation sheets are optional. They are included for the convenience of States and may be used for recording:

- Comparison I
- Comparison II
- Illustrating the impacts of individual variances
- Reflecting a retrospectively budgeted household's prospective eligibility
- Any other State identified purpose

FOOD STAMP QUALITY CONTROL AUTOMATED FNS-380

User's Manual

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INTRODUCTION

The FOOD STAMP QUALITY CONTROL ELECTRONIC WORKSHEET (FNS-380) consists of one database that contains single or multiple reviews for a specific period (ex: fiscal year 2001). It was developed using Microsoft Access 2000. It allows users to:

- Enter a new review
- View previously entered reviews
- Delete an entire review
- Change a previously entered review
- Import from/export to an ASCII file
- Save entire worksheet to a file
- Print any page from the worksheet

To enter reviews for another period (ex: fiscal year 2002), the user needs to rename FNS-380 (ex: rename FNS-380 to FNS-380_2001 then download a new version from the USDA Food Stamps Quality Control homepage to use it for the new period. The address for this homepage is as follows:

http://www.fns.usda.gov/fsp/qc/default.htm.

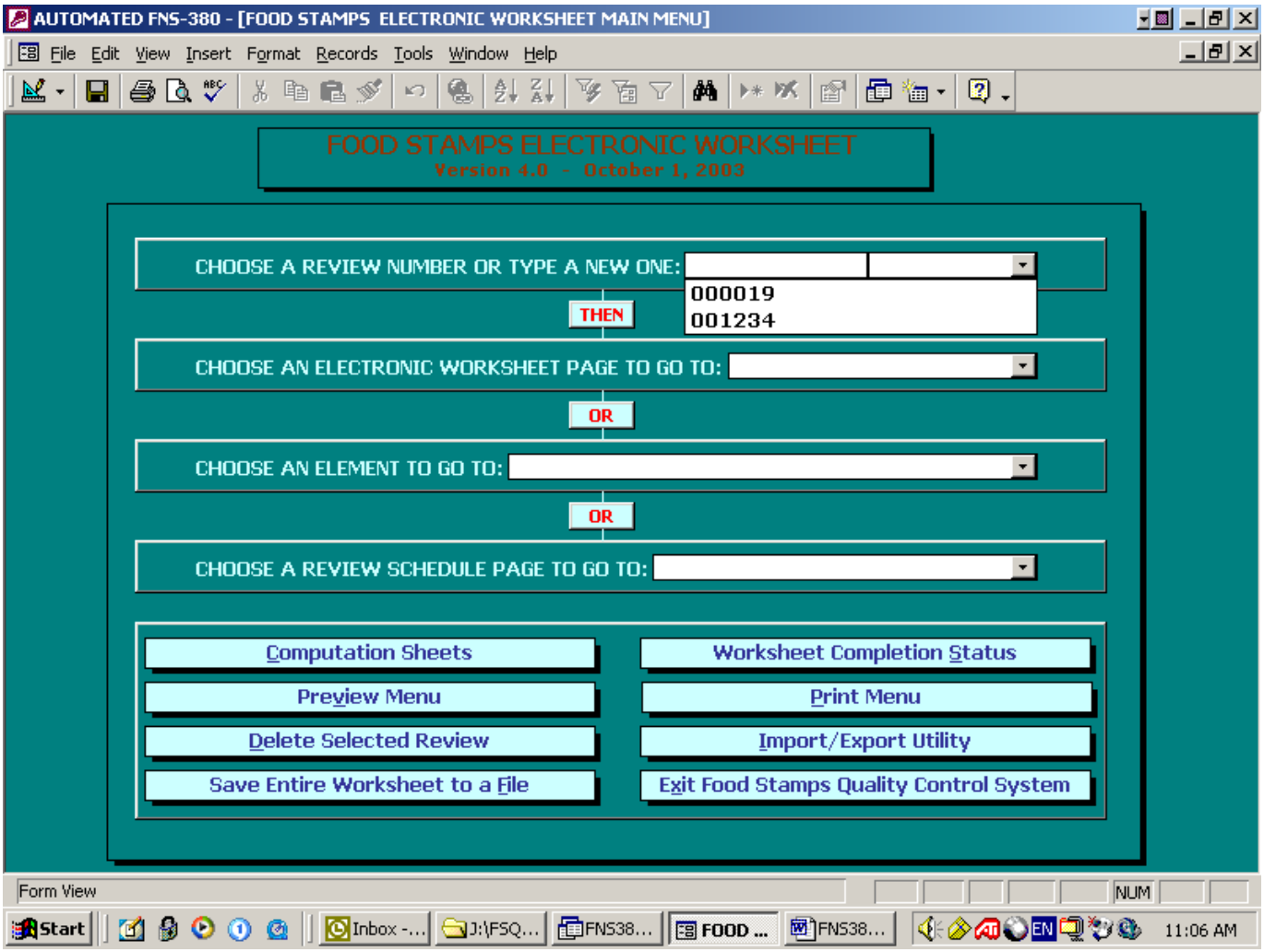
To facilitate data entry, the system presents a full-screen data entry format; screen layouts resemble the pages of the Worksheet for Food Stamp Quality Control review.

DATA ENTRY

1. ENTERING NEW REVIEWS

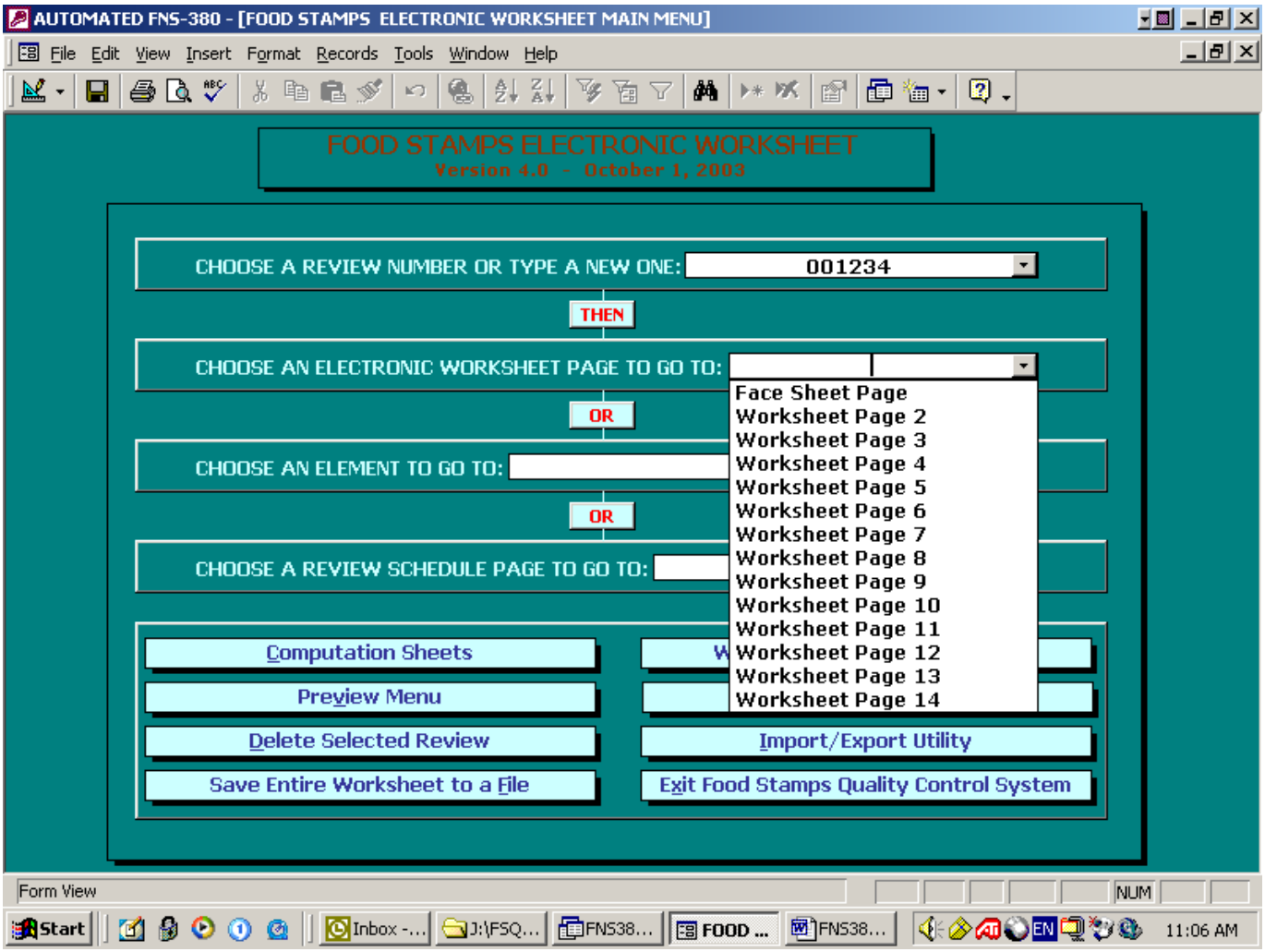
STEP 1:

You must choose a review number before entering any review information. To enter a new **review number**, click on the box next to "CHOOSE A REVIEW NUMBER OR TYPE A NEW ONE"; then enter a new review number.

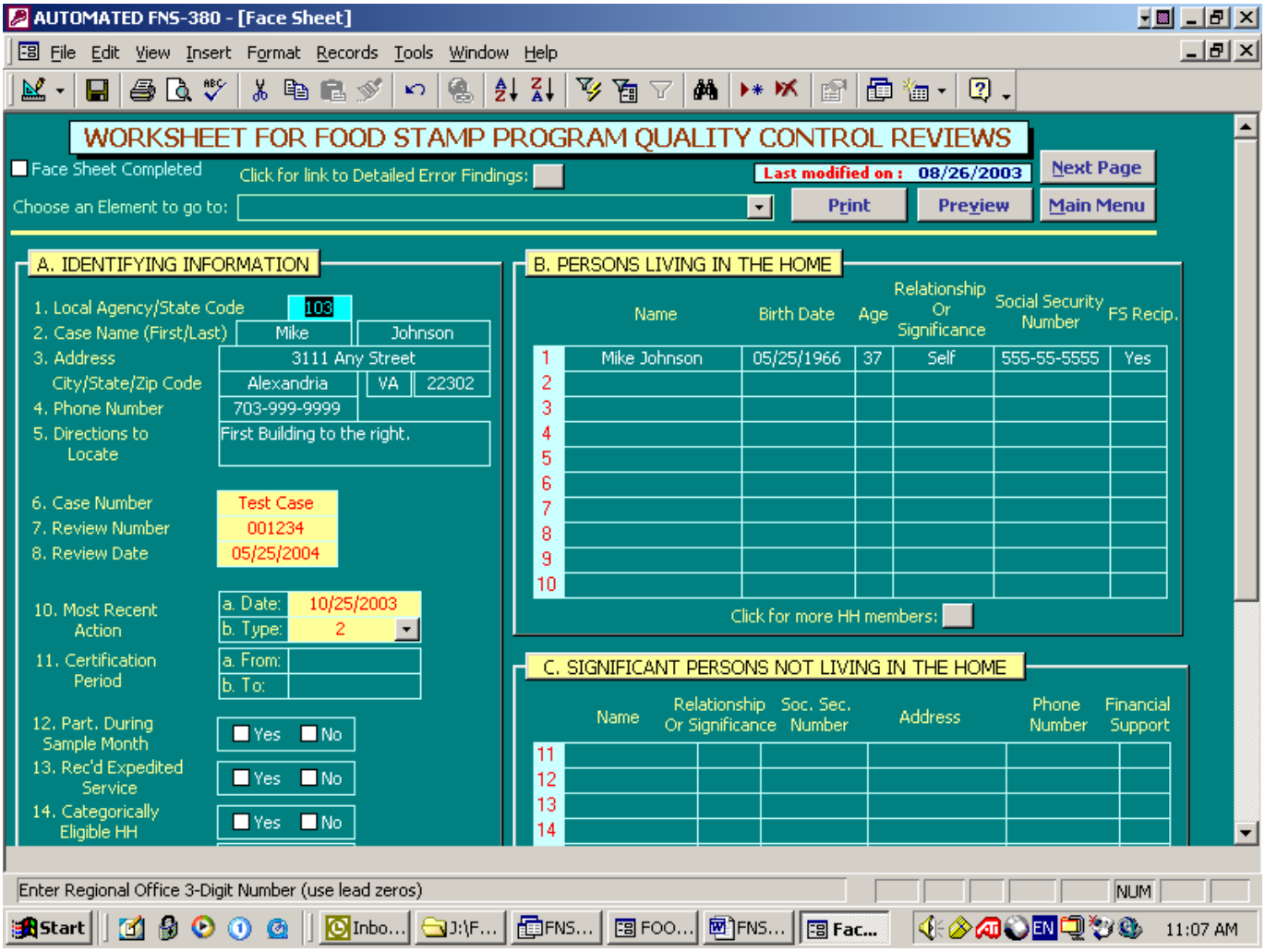


STEP 2:

To select a **page** from the electronic worksheet, go to the box to the right of CHOOSE AN ELECTRONIC WORK SHEET PAGE TO GO TO; click on the down arrow next to the box; and then choose a page from the drop down list.

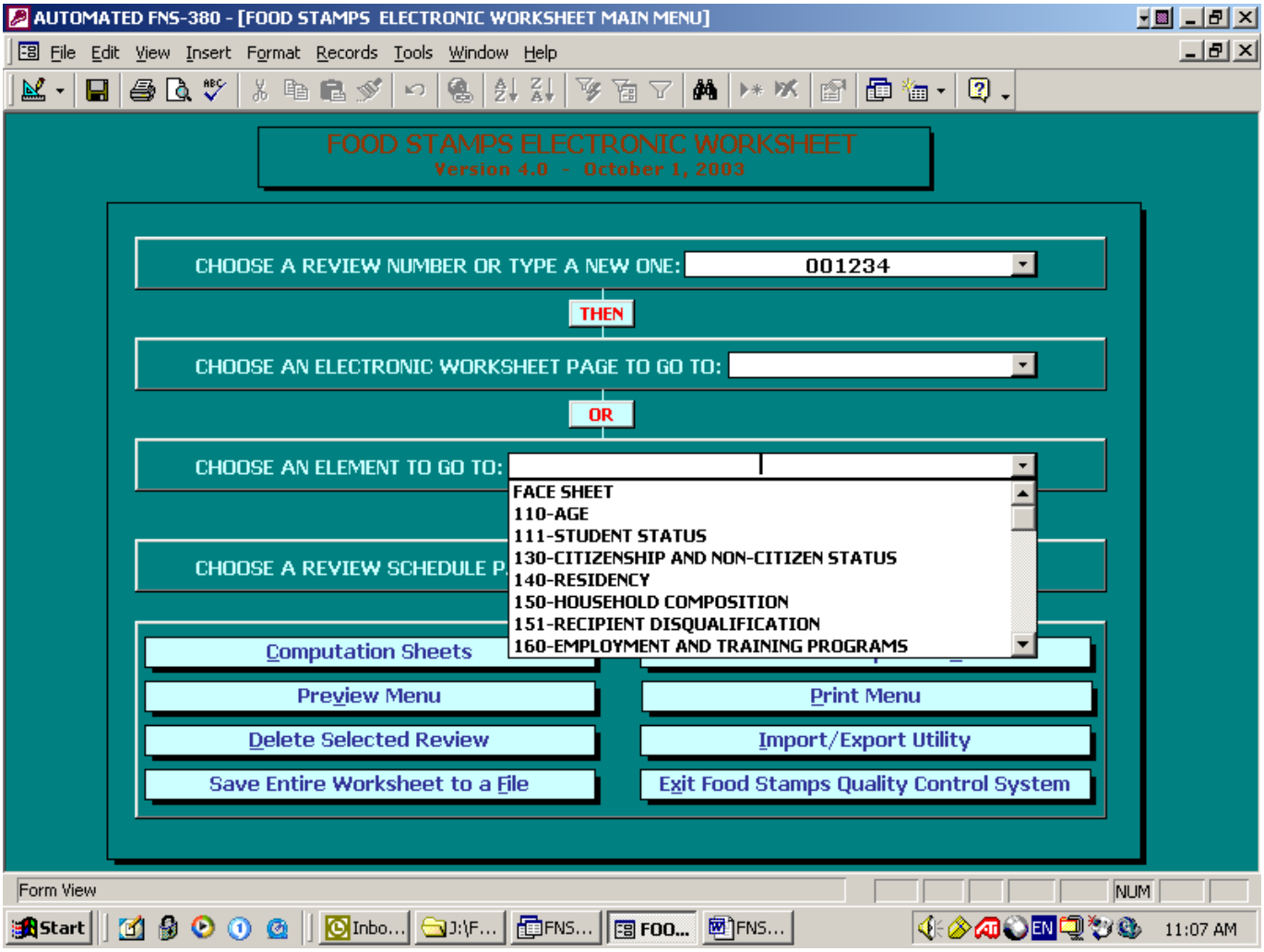


The selected page of the Food Stamp Electronic Worksheet appears.



OR

To go to an **Element** of the electronic worksheet, click on the arrow next to the box beside CHOOSE AN ELEMENT TO GO TO: and then select an element from the drop down list. Or, you may type an element number (the system will automatically finish entering that element name in the block) and then click the box.


AUTOMATED FNS-380 - [FOOD STAMPS ELECTRONIC WORKSHEET MAIN MENU]
File Edit View Insert Format Records Tools Window Help
FOOD STAMPS ELECTRONIC WORKSHEET
Version 4.0 - October 1, 2003
CHOOSE A REVIEW NUMBER OR TYPE A NEW ONE:
001234
THEN
CHOOSE AN ELECTRONIC WORKSHEET PAGE TO GO TO:
OR
CHOOSE AN ELEMENT TO GO TO:
FACE SHEET
110-AGE
111-STUDENT STATUS
130-CITIZENSHIP AND NON-CITIZEN STATUS
140-RESIDENCY
150-HOUSEHOLD COMPOSITION
151-RECIPIENT DISQUALIFICATION
160-EMPLOYMENT AND TRAINING PROGRAMS
CHOOSE A REVIEW SCHEDULE P
Computation Sheets
Preview Menu
Print Menu
Delete Selected Review
Import/Export Utility
Save Entire Worksheet to a File
Exit Food Stamps Quality Control System
Form View
NUM
Start
11:07 AM

The selected page of the Food Stamp Electronic Worksheet appears.

AUTOMATED FNS-380 - [Worksheet Page 2]

File Edit View Insert Format Records Tools Window Help

Review Number: 001234 ELEMENTS OF ELIGIBILITY AND PAYMENT DETERMINATION

Page 2 Completed

Choose an Element to go to:

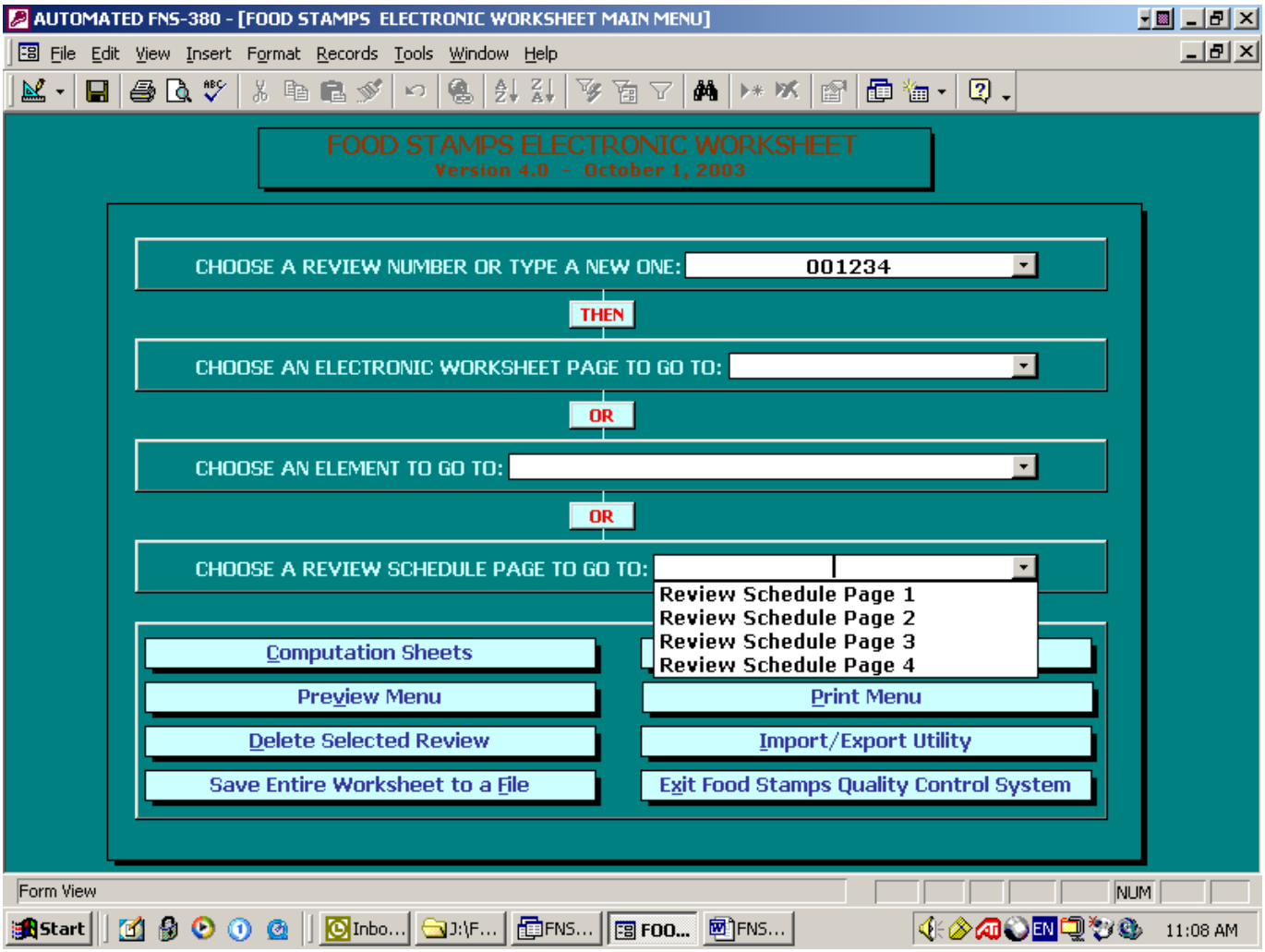
Prev. Page | Next Page | Print | Preview | Main Menu

ELEMENTS OF ELIGIBILITY AND BASIS OF ISSUANCE	QC ANALYSIS OF CASE RECORD (Pertinent facts, sources of verification, reliability, gaps or deficiencies)	FINDINGS OF FIELD INVESTIGATION (Facts obtained, verification and substantiation, nature of errors)	RESULTS
(1)	(2)	(3) 380-1 Link	(4)
BASIC PROGRAM REQUIREMENTS (100)			
110 AGE	Last modified on :	Last modified on :	1 No Error 2 Agency Error 3 Client Error
111 STUDENT STATUS	Last modified on :	Last modified on :	1 No Error 2 Agency Error 3 Client Error
130 CITIZENSHIP AND NON-CITIZEN STATUS	Last modified on :	Last modified on :	1 No Error 2 Agency Error 3 Client Error
140 RESIDENCY	Last modified on :	Last modified on :	1 No Error 2 Agency Error 3 Client Error

Form View NUM

Start Inbo... J:\F... FNS... FOO... FNS... Wor... 11:08 AM

To select a **Review Schedule** page, go to the box next to CHOOSE A REVIEW SCHEDULE PAGE TO GO TO; click on the down arrow for the box and choose a page from the drop down list.



The selected page of the Review Schedule appears.

AUTOMATED FNS-380 - [FOOD STAMPS REVIEW SCHEDULE]

File Edit View Insert Format Records Tools Window Help

SECTION 1 - REVIEW SUMMARY

Page 1

1. QC Review Number	2. Case Number	3. State	4. Local Agency	5. Sample Month and Year		6. Stratum
001234	Test Case	99	103	05	2004	3A

7. Disposition	8. Finding	9. FS Allotment Under Review	10. Error Amount	11. Case Classification
1	3	0125	0085	1

SECTION 2 - DETAILED ERROR FINDINGS

12. Element	13. Nature	14. Cause	15. Error Finding	16. Error Amount	17. Discovery	18. Verified	19. Occurrence a. Date	b. Time Period
111	006	01	2	00059	03	09	10/2003	3

Page 2 Page 3 Page 4 Undo Preview Print Main Menu

Enter the number assigned to the Quality Control review NUM

Start Inbo... J:\F... FNS... FOO... FNS... FOO... 11:09 AM

STEP 3:

To enter review data, simply begin typing.

Some items to remember while entering data:

- Press **enter** or Tab to skip over a field.
- Use the right and left cursor movement keys to move from position to position within a field.
- Amount fields are centered.
- Hit **F1** on any field to get help on that field.
- A description of a field and/or the allowable range of characters that can be entered appears in the task bar on the bottom of the screen.
- If you are done entering data to the current page, check the box on the upper left corner to mark the page as completed.

The usual **keyboard controls** in a Windows environment are used in this program. Refer to **Attachment A** for more guidance on keyboard controls.

In addition, for this application, filling, or moving past, the last field on a screen automatically opens the next data entry screen. Many fields have range-checking or data validation, and will not allow invalid data to be entered. You may either blank out the field or use the escape key to allow you to continue.

These instructions above apply to using the cursor on all data entry screens.

The **Selection Menu** appears at the top of the page selected.
This menu allows the user to:

- Move to the **Next Page**
- Go back to the **Previous Page**
- **Print** the page
- **Preview** the page
- Choose an **Element** to go to from the list box
- Return to the **Main Menu**

STEP 4:

To enter review data appearing on the next page of the Electronic Worksheet, select **Next Page** at the top of the screen.

The next page of the Electronic Worksheet appears.

There are several things to remember when entering data to this screen:

- When the next page is displayed, the cursor is in the first position of the first field.
- Press Tab to move to the next field or to skip over a field.
- Press Shift + Tab to move to the previous field.
- To change data already entered to a field, move to the first position of the field, delete incorrect data and retype correct data.
- To remove all data appearing in the field press CtrL+Del keys.
- The data on the field is saved automatically when user advances to the next field.

STEP 5:

Continue entering data in the same manner on any selected page of the Electronic Worksheet.

STEP 6:

When data entry is complete, to add another review, return to the **Main Menu** and click on the Review Number list box to type a new review number, or click on the down arrow to select one from the list box.
If there are no more reviews to enter, click **Exit Food Stamp Quality Control System** to close the program.

2. VIEWING OR CHANGING PREVIOUSLY ENTERED REVIEWS

STEP 1:

At the main menu select a review number from the list box.

STEP 2:

Select either an Electronic Worksheet page, an element or a Review Schedule page to go to.
The selected page of the Food Stamp Electronic Worksheet for that particular review number will appear. Edit data on the Face Sheet page, pages 2-14 of the Food Stamp Electronic Worksheet, or the Review Schedule pages.

STEP3:

To view any additional reviews, click on **Main Menu** at the top of the screen and select another review number.

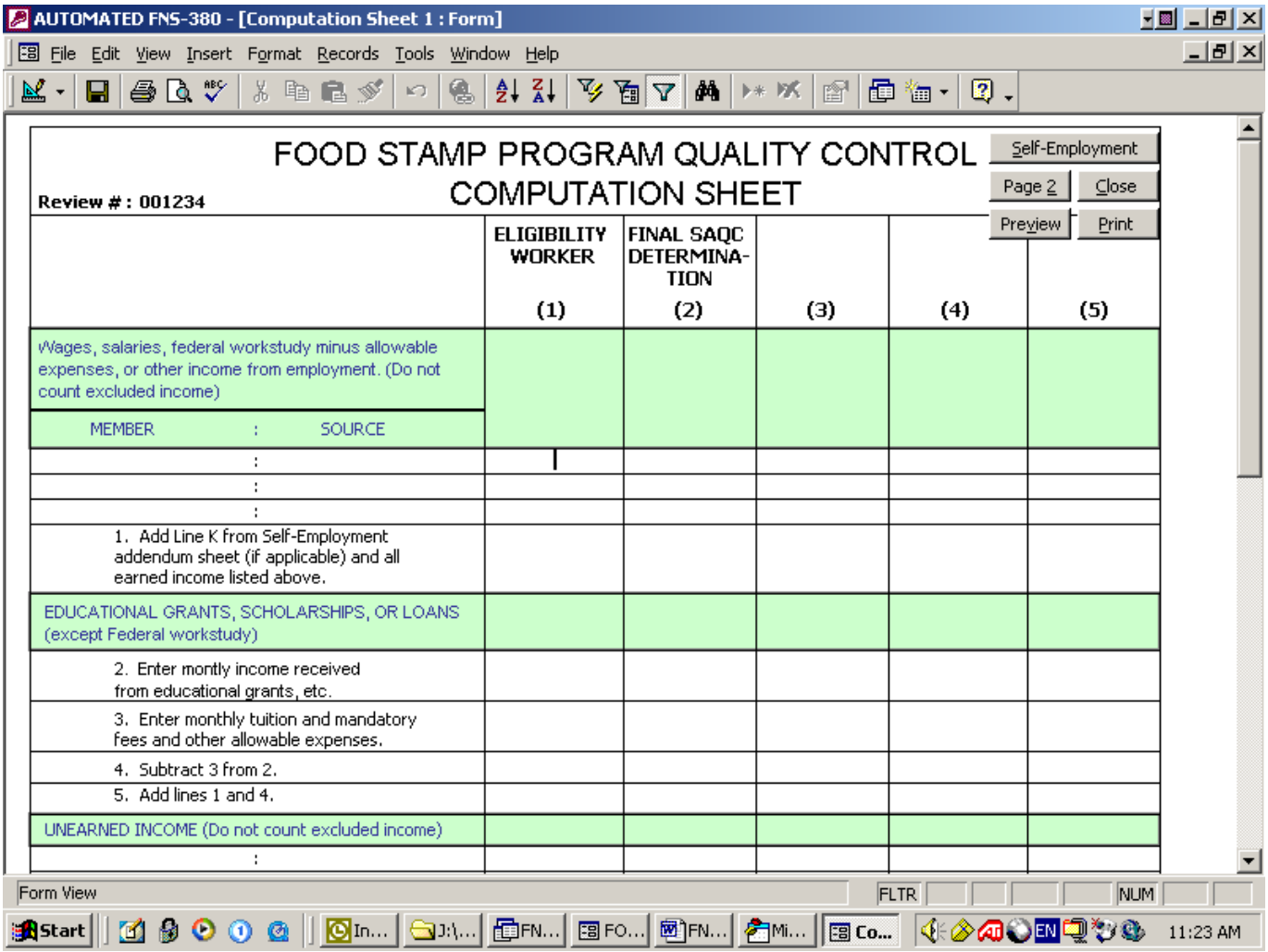
3. ENDING A WORK SESSION

To end the work session at any time, return to the **Main Menu** and click on **Exit Food Stamp Quality Control System** to close the application and exit the program. Data is automatically saved.

MAIN MENU UTILITIES

(1) Computation Sheets

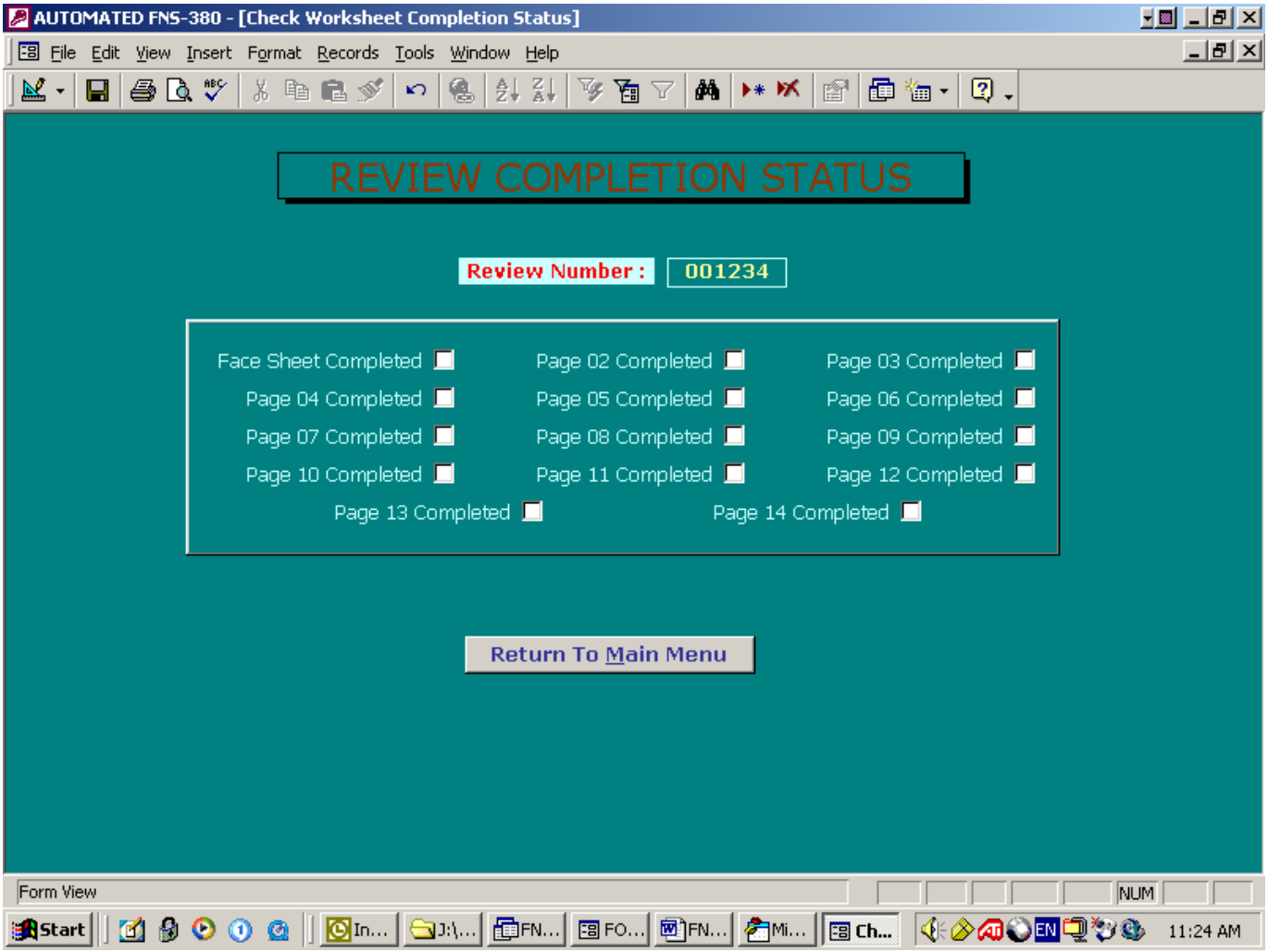
Use the pull down box to select a review number, then click on Computation Sheets. Page 1 of the Food Stamp Program Quality Control Computation Sheet appears. Enter data or edit data as you need or do calculations manually. If you are using the automated version, calculations will be done automatically.



A selection menu is at the top and bottom of the page. It allows the user to go to page 2, self-employment page, print and preview the current page. Use the scroll bar to view the rest of the page. When finished, click on the **close** button to go back to the main menu.

(2) Worksheet Completion Status

This utility allows the user to check his work progress. It lists the Electronic Worksheet pages (Face Sheet page and pages 2-14) with a checkbox next to each page. If the checkbox is checked, it means that the corresponding page is completed for the selected review number.



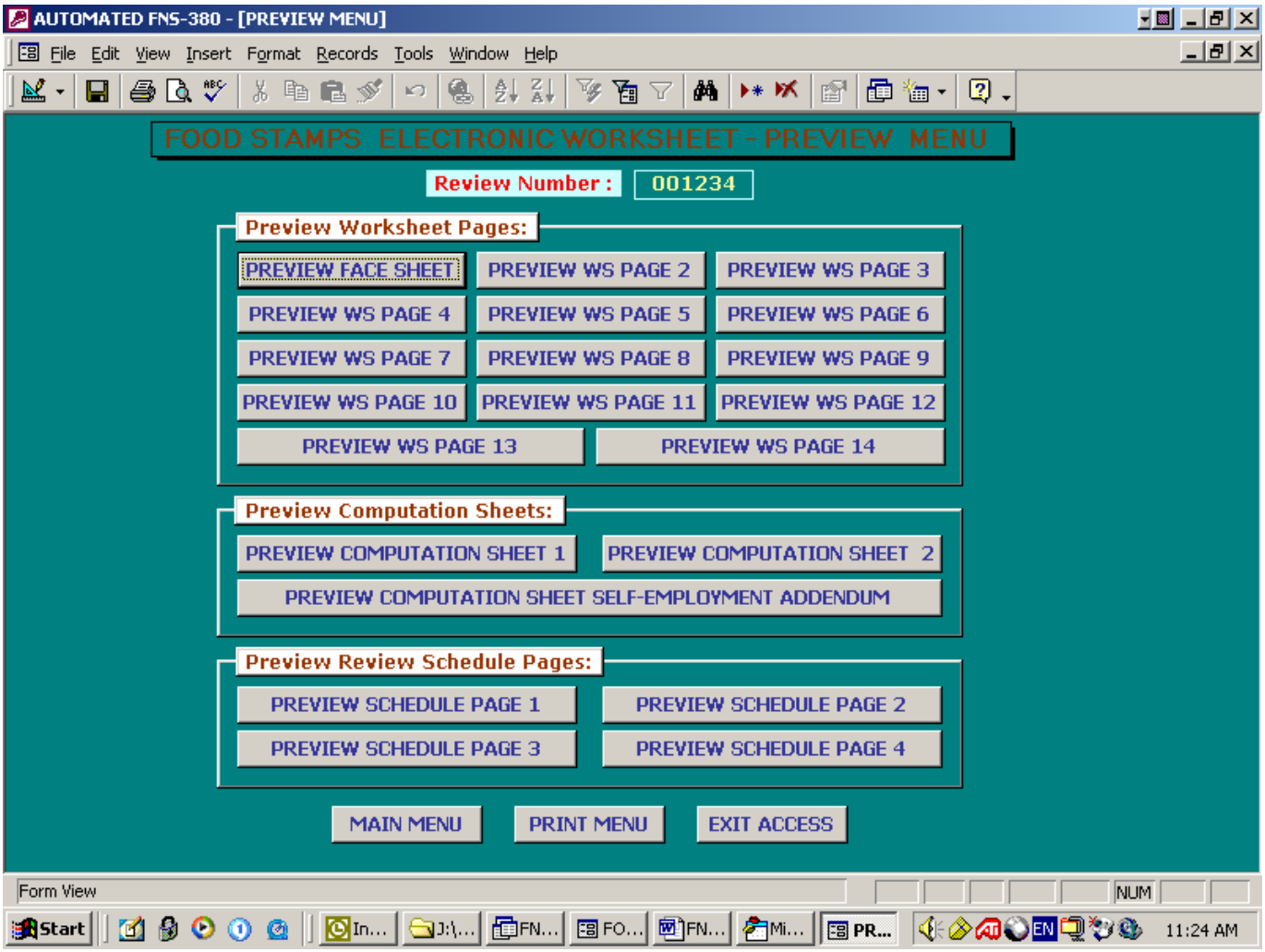
(3) Preview Menu

This utility has three sections:

- Choose to preview the face Sheet page or any page from pages 2-14 from the **Preview Worksheet Pages** section.
- Choose to preview the computation sheets from the **Preview Computation Sheets** section.
- Choose to preview the review schedule pages 1-3 from the **Preview Review Schedule Pages** section.

At the bottom of the page, there are three command buttons:

- Click on **Main Menu** button to go to the main menu.
- Click on **Print Menu** to go to the Print Menu page.
- Click on **Exit Access** to quit the application.



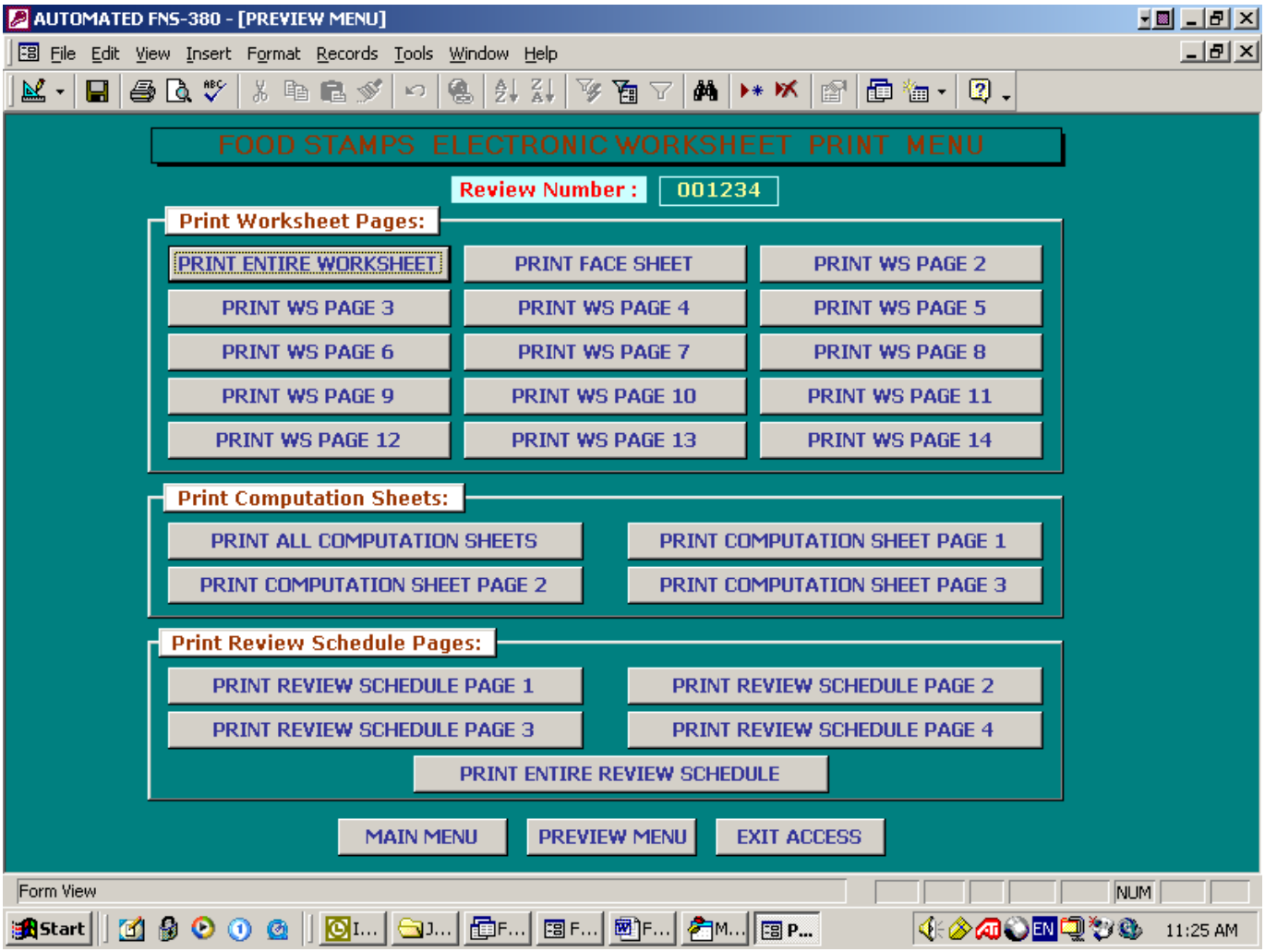
(4) Print Menu

This utility has three sections:

- Choose to print the face Sheet page or any page from pages 2-14 from the **Print Worksheet Pages** section.
- Choose to print the computation sheets from the **Print Computation Sheets** section.
- Choose to print the review schedule pages 1-3 from the **Print Review Schedule Pages** section.

At the bottom of the page, there are three command buttons:

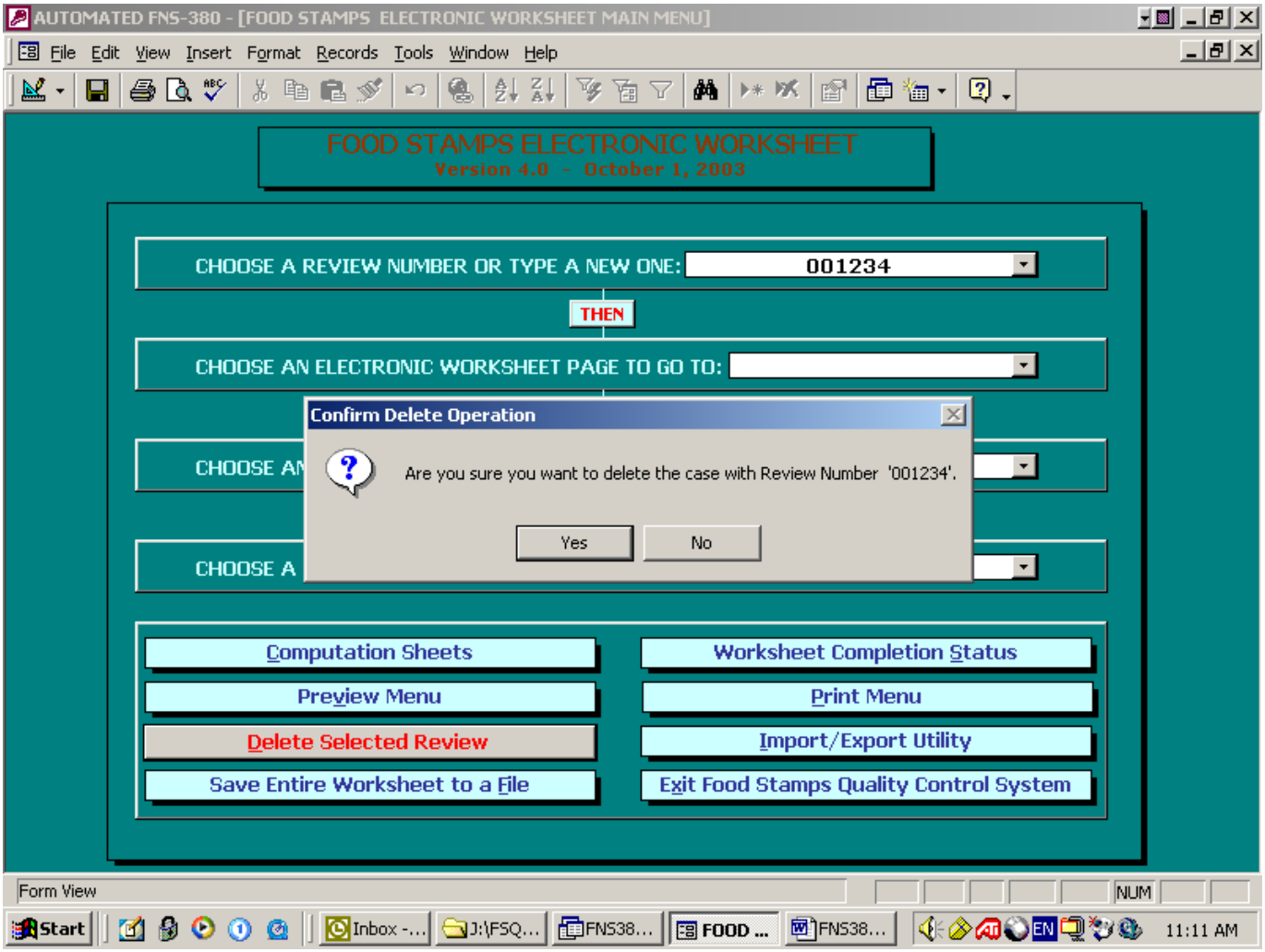
- Click on **Main Menu** button to go to the main menu.
- Click on **Preview Menu** to go to the preview menu page.
- Click on **Exit Access** to quit the application.



(5) Delete Selected review

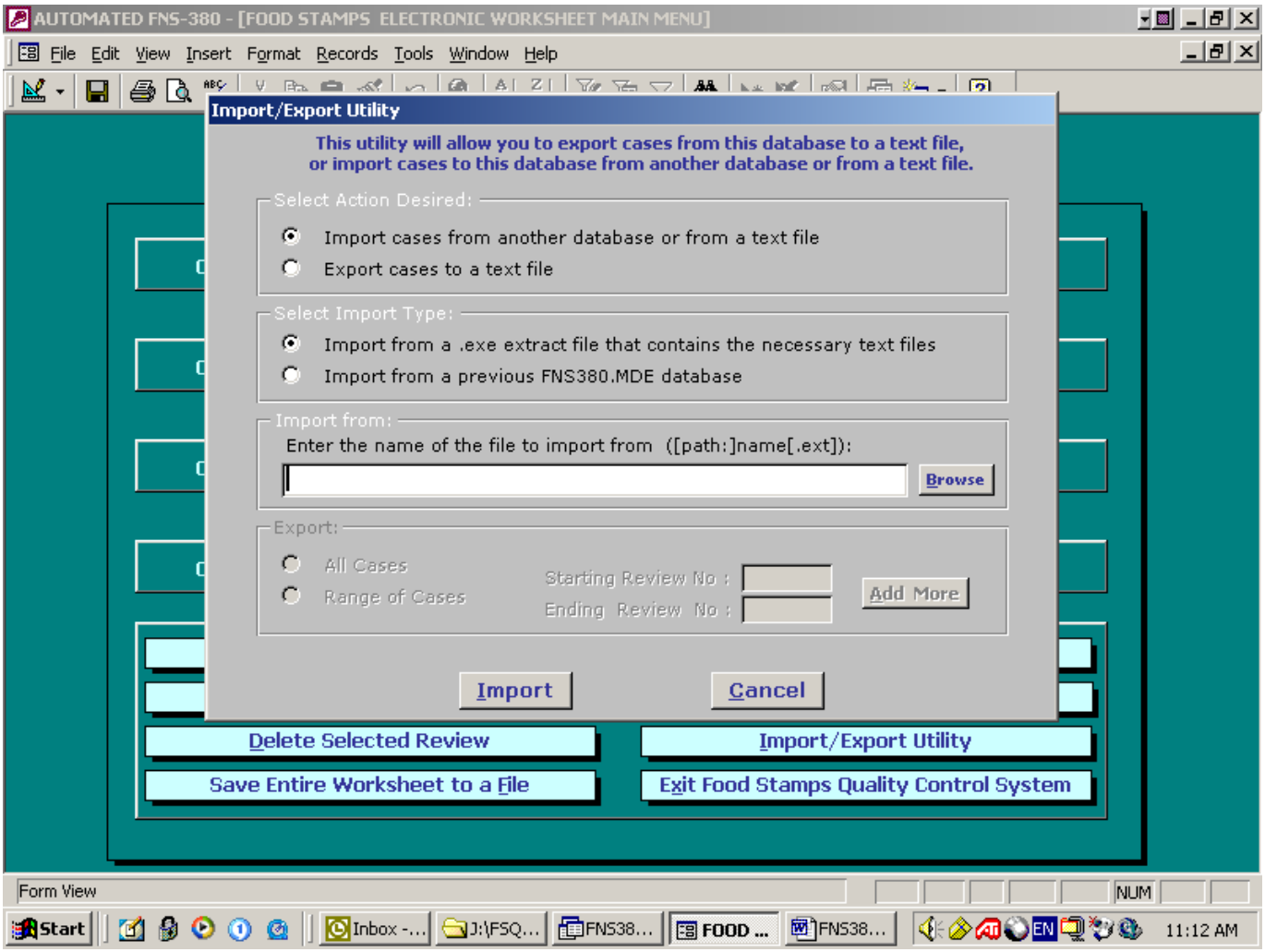
Once a review is deleted from the Food Stamp Electronic Worksheet Program, it cannot be recovered.

To delete a review, at the Main Menu, select a review number from the list box, then press the **Delete Selected Review** button. A confirmation box appears that states the review number to be deleted. Click **Yes** to delete that review.



(6) Import/Export Utility

This utility allows the user to import cases from another database or export cases from this database to a text file (80 x 24).



Step 1:

To import, choose **Import cases from another database** option.
To export, choose **Export cases to an ASCII file** option.

Step 2:

Under File Name to Import from/Export to, enter the name of the file to import from/export to in the text box provided. Specify the path and the extension of the file.

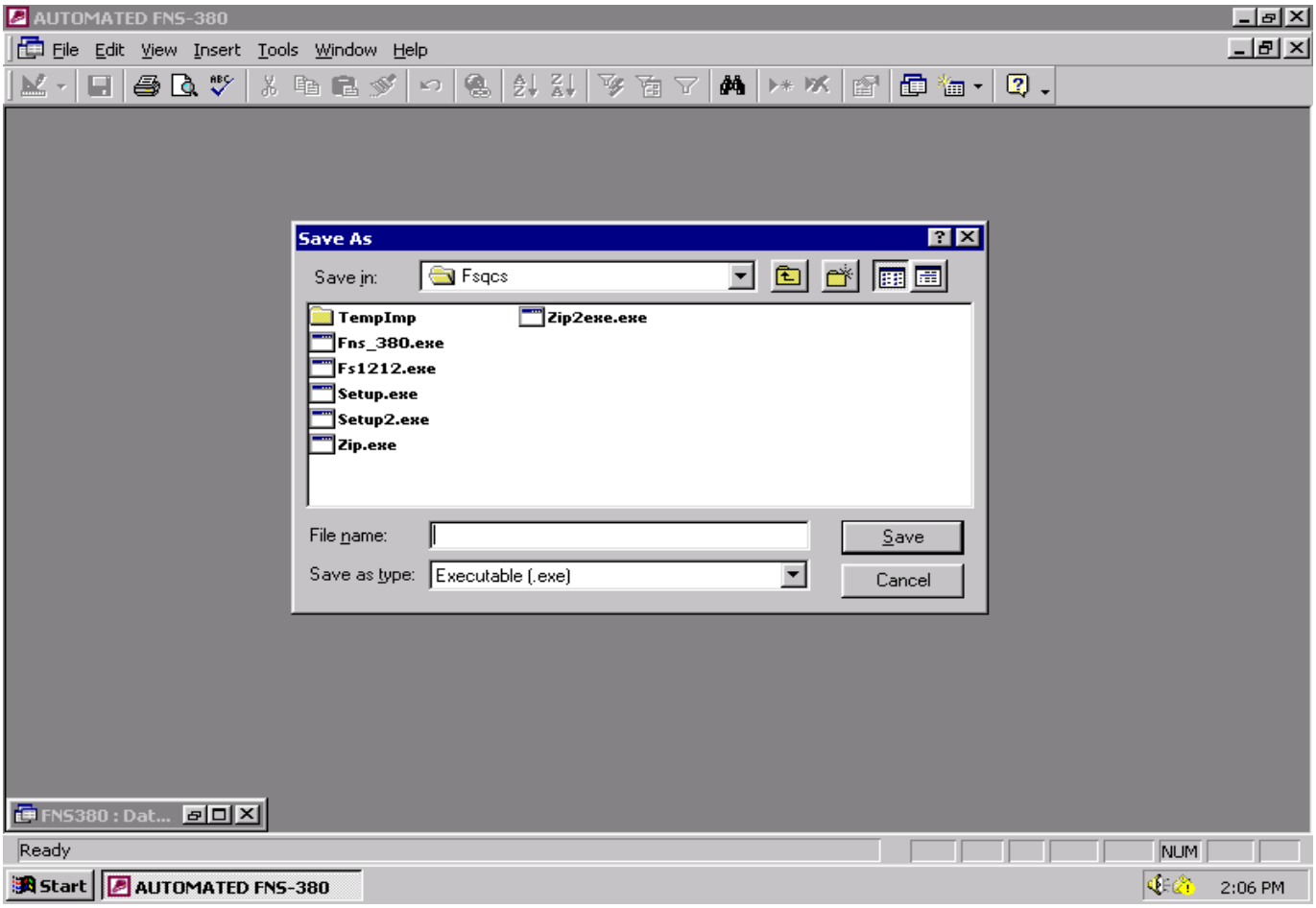
Step 3:

To import/export all cases, select **All Cases** option.
To import/export a range of cases, select **Range of Cases** option.
When this option is selected, Starting Review Number and Ending Review Number text boxes are enabled. Enter the review numbers then click **OK.**
To import/export more than one range, click on **Add More** and enter the additional ranges then click **OK**. A window appears that confirms the import/export process and tells how many cases were imported/exported.
Click **OK** to return to the Main Menu.

(7) Save Entire Worksheet to a File

This option allows the user to save the entire Electronic Worksheet Program to an executable file.
Click on **Save Entire Worksheet to a File** utility, A Save As Dialog Box appears. Type a name for your file in the File Name text box. The file name cannot be more than eight characters. Click on **Save**. The review will be saved as a snapshot of the Face Sheet, pages 2-14 and Computation Sheets of the selected review number. The snapshot of all the pages will be saved in an executable file that can be emailed to a supervisor or colleagues. To view the case, double-click on this executable file to extract all the pages.

Note: To be able to view these pages, Snapshot Viewer program must be installed on the computer. When viewing for the first time, the system will check to see if Snapshot Viewer program is installed. If it is not installed, it will ask to insert the Microsoft Office 2000 CD to install it.



APPENDIX A

Keyboard Controls for the worksheet are the usual keyboard controls for the Windows environment, as follows:

Cursor control keys in the data entry / edit subsystem

<Tab>/
<Return> **Complete an entry, or move to the next field without entering.**
→ **Move one position right in the current field. Will move to the next field if current field is highlighted.**
← **Move one position left in the current field. Will move to the previous field if current field is highlighted.**
↓ **(down arrow) Goes 1 line down; will go to the next field if current field is highlighted.**
↑ **(up arrow) Goes 1 line up; will go to the previous field if current field is highlighted.**

[Ctrl+Del] **Delete all characters from the current field.**
<Esc> **Undo all changes to current field.**
<Del> **Delete a character at cursor position.**
<Ins> **Inserts blank space at cursor position.**
<BackSp> **Delete character before cursor.**

U.S. Department of Agriculture – Food and Nutrition Service

Quality Control Review Schedule

Form Approved OMB No. 0584-0299

PRIVACY ACT/PAPERWORK REDUCTION ACT. According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0584-0299. The time required to complete this collection is estimated to average 1.05 hours per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. This report is required under provisions of 7 CFR 275.14. This information is needed for the review of State performance in determining recipient eligibility. This information is used to determine State compliance, and failure to report may result in a finding of non-compliance.

Section 1 – Review Summary

1. QC Review Number
2. Case Number
3. State
4. Local Agency
5. Sample Month & Year
6. Stratum
7. Disposition
8. Finding
9. FS Allotment Under Review
10. Error Amount
11. Case Classification

Section 2– Detailed Error Findings

	12. Element	13. Nature	14. Cause	15. Error Finding	16. Error Amount	17. Discovery	18. Verified	19. Occurrence a. Date	19. Occurrence b. Time Period
1									
2									
3									
4									
5									
6									
7									
8									

FNS-380-1 (10-01-2003) Previous editions obsolete.

1

Section 3 – Household Characteristics

20. Most Recent Cert. Action Month, Day, Year

21. Type of Action

22. Length of Cert. Period # of months

23. Allotment Adjustment

24. Amount of Allotment Adjustment

25. Number of Household Members

26. Receipt of Expedited Service

27. Authorized Representative Used at Application

28. Categorical Eligibility

29. Reporting Requirement

Resources:

30. Liquid

31. Property (excluding home)

32 a. Vehicle

32 b. Status 2nd Vehicle

33. Countable Vehicle Assets

34. Other Non-liquid

Income:

35. Gross

36. Net

Deductions:

37. Earned Income

38. Medical

39. Dependent Care

40. Child Support

41. Shelter

42. Homeless

Additional Information on Shelter Costs:

43. Rent/Mortgage

44. Use of SUA a. Usage b. Proration

45. Utilities (SUA or Actual)

FNS-380-1 (10-01-2003) Previous editions obsolete. 2

Section 4 – Information on Each Household Members

46. Person Number	47. FSP Participation	48. Relation Head of HH	49. Age	50. Sex	51. Race	52. Citizen Status	53. Edu. Level	54. Employment Status	55. FSP Work Hours	56. FSP Work Reg.	57. ABAWD E&T	58. Dependent Status	Care Cost

You may record information on up to 16 individuals using additional pages.

FNS-380-1 (10-01-2003) Previous editions obsolete. 3

Section 5 – Income Identified by Household Member

59. Person Number	Source 1 60. Income Type	Source 1 61. Amount	Source 2 62. Income Type	Source 2 63. Amount	Source 3 64. Income Type	Source 3 65. Amount	Source 4 66. Income Type	Source 4 67. Amount

You may record income on up to 10 individuals by using additional pages.

Section 6 – Reserved Coding

68.	69.	70.	71.	72.	73.	74.	75.	76.

Section 7 – Optional For State Use

1																					
2																					
3																					
4																					

FNS-380-1 (10-01-2003) Previous editions obsolete. 4

INSTRUCTIONS FOR COMPLETING FORM FNS 380-1, QUALITY CONTROL REVIEW SCHEDULE

GENERAL INFORMATION

The Quality Control Review Schedule (QCRS) is the data entry form to record the results of Food Stamp Quality Control reviews.

The schedule consists of seven sections:

1 - Review Summary
2 - Detailed Error Findings
3 - Household Characteristics
4 - Information on Each Household Member
5 - Income Identified by Household Member
6 - Reserved Coding
7 - Optional - For State Use

All entries in the QCRS are dollar amounts, dates, or numeric codes.

Dates - Use six or eight-digit numbers as the entry requires. For example, October 3, 2003 would be coded:

1	0	0	3	2	0	0	3

The October sample month would be coded:

1	0	2	0	0	3

Dollar Amounts - Round all dollar amounts to the nearest dollar; leading zeros are not required. For example, $165.00 is entered:

	1	6	5

Not Applicable – If an item does not apply to the case reviewed, leave the applicable boxes blank:

Unknown - If an item is known to exist but the specific amount is not known, fill in all boxes for that item with 9's:

9	9	9	9

If no information is available or if the item does not apply to the household, leave the boxes blank. Do not enter zeros to indicate no information.

Stratum - States with stratified samples should submit to the FNS regional office a listing of the numeric codes utilized to identify stratum. Stratum codes are assigned by the State agency when the sample is stratified. If stratum codes are not used, leave blank or enter other identifying information at State option.

Local Agency Code – This code is used to group data by county or county equivalent or smaller areas. The system requires a three-digit code.
The State may use Federal Information Processing Standards (FIPS) codes or use an alternative method to designate local agency. Once a State has selected a method, submit to the FNS regional office a listing of the local agencies and corresponding codes.

FIPS Codes – The National Institute of Standards and Technology has developed codes for classification of counties and county equivalents. These codes were devised by listing counties alphabetically and assigning sequentially odd integers; e.g., 001, 003, 005.

QUALITY CONTROL REVIEW SCHEDULE

SECTION 1 - REVIEW SUMMARY

This section records the final determination of the QC review. It is used to compute the States payment error rate.

1. **QC Review Number** - Enter the number assigned to the Quality Control review.

2. **Case Number** - Enter the number assigned by the local agency to the household that was certified and has been reviewed.

3. **State code -** Enter the two digit State code from the following list of codes of National Institute of Standards and Technology.

State Codes - National Institute of Standards and Technology

State	Code	State	Code
Alabama	01	Montana	30
Alaska	02	Nebraska	31
Arizona	04	Nevada	32
Arkansas	05	New Hampshire	33
California	06	New Jersey	34
Colorado	08	New Mexico	35
Connecticut	09	New York	36
Delaware	10	North Carolina	37
District of Columbia	11	North Dakota	38
Florida	12	Ohio	39
Georgia	13	Oklahoma	40
Guam	66	Oregon	41
Hawaii	15	Pennsylvania	42
Idaho	16	Rhode Island	44
Illinois	17	South Carolina	45
Indiana	18	South Dakota	46
Iowa	19	Tennessee	47
Kansas	20	Texas	48
Kentucky	21	Utah	49
Louisiana	22	Vermont	50
Maine	23	Virgin Islands	78
Maryland	24	Virginia	51
Massachusetts	25	Washington	53
Michigan	26	West Virginia	54
Minnesota	27	Wisconsin	55
Mississippi	28	Wyoming	56
Missouri	29		

4. Local Agency Code – Enter the three-digit code designating the local agency for this case.

5. Sample Month and Year - Enter the month and year for which the case eligibility and benefit level were reviewed.

6. Stratum - Enter the two-digit stratum codes if sampling is stratified. If not stratified enter a State optional code or leave blank.

7. Disposition - Enter one of the following codes:

1 - Complete
2 - Not subject to review
3 - Incomplete
4 - Case deselected

If codes 2, 3, or 4 are used, no further entries are required on the remainder of the review schedule **except** item 68, reserved code for Timeliness of Application Processing (Expedited and 30 Day Requirement).

8. Review Findings - Enter one of the following codes:

1 - Amount correct
2 – Overissuance
3 - Underissuance
4 – Ineligible

Do not complete sections 4 and 5 if code 4, ineligible, is used.

9. FS Allotment Under Review - Enter the authorized amount of food stamps subject to review for the sample month.

10. Error Amount - Enter the dollar amount of any identified error. The dollar amount of the error is the difference between the benefits the State authorized and the benefits the State should have authorized. Use the lower error amount from comparison one or comparison two.

- For overissuance or underissuance errors, enter the error amount for those with errors exceeding $25.00.

- For ineligible errors, enter the full amount of the error.

11. Case Classification - Enter one of the following codes:

1 – Included in error rate calculation.
2 – Excluded from error rate calculation - processed by SSA worker.
3 – Excluded from error rate calculation, as designated by FNS (e.g. demo project, simplified FSP).

SECTION 2 – DETAILED ERROR FINDINGS

This section provides for the detailed coding of each variance identified during the QC review. If additional lines are needed to code error findings, attach an additional page. Since the information recorded in this section is the basis for corrective actions, the accuracy of the information is important. If more than one variance is identified, the variance that the agency believes is most significant in leading to the error should be listed first.

12. Element - Enter the appropriate element number of the review for each variance identified.

13. Nature codes - Enter the appropriate code for the nature of each variance.

The following provides the element and nature codes to be used in items 12 and 13.

These nature codes may be used in any element:

Nature code (98) **-** Transcription or computation errors.

Nature code (99) – Other. Use this nature code in the following situations:

a) If no specific nature code is listed under an element,
b) If the nature of the error is clearly understood by looking at the agency/client code recorded for the error, or
c) If none of the listed nature codes under an element apply to the error being recorded.

➢ Element 111 - Student Status

Nature codes:

6 - Eligible person(s) excluded
7 - Ineligible person(s) included

➢ Element 130 - Citizenship and Non-Citizen Status

Nature codes:

Citizens

6 - Eligible person(s) excluded
7 - Ineligible person(s) included
124 - Variance resulting from use of automatic Federal information exchange system

Non-Citizens

200 – Eligible non-citizen excluded
201 – Ineligible non-citizen included
124 – Variance resulting from use of automatic Federal information exchange system

➢ Element 140 - Residency

Nature codes:

99 - Other

➢ Element 150 - Household Composition

Note: Variances should be coded under this element if a person or persons are unreported or incorrectly reported, unprocessed or incorrectly processed, and these persons also have income, resources or deductible expenses, which must be considered in the error determination.

For example: the discovery of an unreported 62 year old with earned income, a bank account, and medical expenses would be recorded under Element 150 (Household Composition), not Elements 211 (Bank Accounts or Cash on Hand), 311 (Wages and Salaries), and 365 (Medical Deduction).

Variances should not be coded under this Element for persons with characteristics that are specifically addressed under other 100 Series Elements (Student Status through Social Security Number). For example: the discovery of an eligible non-citizen in the household who was improperly excluded would be coded under Element 130 (Citizenship and Non-Citizen Status), not under Element 150 (Household Composition).

Nature codes:

7 - Ineligible person(s) included
12 - Eligible person(s) with no income, resources, or deductible expenses excluded
13 - Eligible person(s) with income excluded
14 - Eligible person(s) with resources excluded
15 - Eligible person(s) with deductible expenses excluded
16 - Newborn infant improperly excluded

➢ Element 151 - Recipient Disqualification

Nature codes:

6 - Eligible person(s) excluded
7 - Ineligible person(s) included

➢ Element 160 – Employment & Training Programs

Nature codes:

6 - Eligible person(s) excluded
7 - Ineligible person(s) included

➢ Element 161 – Time-limited Participation

Nature codes:

6 - Eligible person(s) excluded
7 - Ineligible person(s) included

➢ Element 162 – Work Registration Requirements

Nature codes:

6 - Eligible person(s) excluded
7 - Ineligible person(s) included

➢ Element 163 – Voluntary Quit/Reduced Work Effort

Nature codes:

6 - Eligible person(s) excluded
7 - Ineligible person(s) included

➢ Element 164 – Workfare and Comparable Workfare

Nature codes:

6 - Eligible person(s) excluded
7 - Ineligible person(s) included

➢ Element 165 – Employment Status/Job Availability

Nature codes:

6 - Eligible person(s) excluded
7 - Ineligible person(s) included

➢ Element 166 – Acceptance of Employment

Nature codes:

6 - Eligible person(s) excluded
7 - Ineligible person(s) included

➢ Element 170 – Social Security Number

Nature codes:

6 - Eligible person(s) excluded
7 - Ineligible person(s) included

Liquid Resources

➢ Element 211 – Bank Accounts or Cash on Hand

Nature codes:

24 - Resource should have been excluded
30 – Resource should have been included

➢ Element 212 – Nonrecurring Lump-sum Payment

Nature codes:

24 - Resource should have been excluded
30 – Resource should have been included

➢ Element 213 – Other Liquid Assets

Nature codes:

24 - Resource should have been excluded
30 – Resource should have been included

Non-Liquid Resources

➢ Element 221 – Real Property

Nature codes:

24 - Resource should have been excluded
30 – Resource should have been included

➢ Element 222 – Vehicles

Nature codes:

24 - Resource should have been excluded
30 – Resource should have been included

➢ Element 224 – Other Non-Liquid Resources

Nature codes:

24 - Resource should have been excluded
30 – Resource should have been included

➢ Element 225 – Combined Resources

Nature codes:

20 - Incorrect resource limit applied
29 - Exceeds prescribed limit

Earned Income

➢ Element 311 – Wages and Salaries

Nature codes:

32 - Failed to consider or incorrectly considered income of an ineligible member
35 – Unreported source of income (do not use for change in employment status)
36 – Rounding used/not used or incorrectly applied
38 – More income received from this source than budgeted
39 - Employment status changed from unemployed to employed
40 - Employment status changed from employed to unemployed
41 - Change only in amount of earnings
42 - Conversion to monthly amount not used or incorrectly applied
43 - Averaging not used or incorrectly applied
44 – Less income received from this source than budgeted
46 - Failed to consider/anticipate month with extra pay date
123 – Income incorrectly prorated

➢ Element 312 – Self-Employment

Nature codes:

32 - Failed to consider or incorrectly considered income of an ineligible member
35 – Unreported source of income (do not use for change in employment status)
36 - Rounding used/not used or incorrectly applied
38 – More income received from this source than budgeted
39 - Employment status changed from unemployed to employed
40 - Employment status changed from employed to unemployed
41 - Change only in amount of earnings
42 - Conversion to monthly amount not used or incorrectly applied
43 - Averaging not used or incorrectly applied
44 – Less income received from this source than budgeted
45 - Cost of doing business not used or incorrectly applied

➢ Element 314 – Other Earned Income

Nature codes:

32 - Failed to consider or incorrectly considered income of an ineligible member
35 – Unreported source of income (do not use for change in employment status)
36 - Rounding used/not used or incorrectly applied
38 – More income received from this source than budgeted
39 - Employment status changed from unemployed to employed
40 - Employment status changed from employed to unemployed
41 - Change only in amount of earnings
42 - Conversion to monthly amount not used or incorrectly applied
43 - Averaging not used or incorrectly applied
44 – Less income received from this source than budgeted
45 - Cost of doing business not used or incorrectly applied

Deductions

➢ Element 321 – Earned Income Deductions

Nature codes:

52 - Deduction that should have been included was not
53 - Deduction included that should not have been

➢ Element 323 – Dependent Care Deduction

Nature codes:

52 - Deduction that should have been included was not
53 - Deduction included that should not have been

Unearned Income

➢ Element 331 – RSDI Benefits

Nature codes:

35 - Unreported source of income
37 - All income from source was known but not included
38 - More income received from this source than budgeted
44 - Less income received from this source than budgeted
124 - Variance resulting from use of automatic Federal information exchange system

➢ Element 332 – Veterans Benefits

Nature codes:

35 - Unreported source of income
37 - All income from source was known but not included
38 - More income received from this source than budgeted
44 - Less income received from this source than budgeted
124 - Variance resulting from use of automatic Federal information exchange system

➢ Element 333 – SSI and/or State SSI Supplement

Nature codes:

35 - Unreported source of income
37 - All income from source was known but not included
38 - More income received from this source than budgeted
44 - Less income received from this source than budgeted
124 - Variance resulting from use of automatic Federal information exchange system

➢ Element 334 – Unemployment Compensation

Nature codes:

35 - Unreported source of income
37 - All income from source was known but not included
38 - More income received from this source than budgeted
44 - Less income received from this source than budgeted
124 - Variance resulting from use of automatic Federal information exchange system

➢ Element 335 – Worker's Compensation

Nature codes:

35 - Unreported source of income
37 - All income from source was known but not included
38 - More income received from this source than budgeted
44 - Less income received from this source than budgeted
124 - Variance resulting from use of automatic Federal information exchange system

➢ Element 336 – Other Government Benefits

Nature codes:

35 - Unreported source of income
37 - All income from source was known but not included
38 - More income received from this source than budgeted
44 - Less income received from this source than budgeted
124 - Variance resulting from use of automatic Federal information exchange system

➢ Element 342 – Contributions

Note: Errors in Child Support Payments should not be recorded in this Element. See Element 350 (Child Support Payments Received from Absent Parent).

Nature codes:

35 - Unreported source of income
37 - All income from source was known but not included
38 - More income received from this source than budgeted

44 - Less income received from this source than budgeted
124 - Variance resulting from use of automatic Federal information exchange system

➢ Element 343 – Deemed Income

Nature codes:

35 - Unreported source of income
37 - All income from source was known but not included
38 - More income received from this source than budgeted
44 - Less income received from this source than budgeted
124 - Variance resulting from use of automatic Federal information exchange system

➢ Element 344 – TANF, PA, or GA

Nature codes:

35 - Unreported source of income
37 - All income from source was known but not included
38 - More income received from this source than budgeted
44 - Less income received from this source than budgeted
120 - Variance/errors resulting from noncompliance with this means-tested public assistance program
124 - Variance resulting from use of automatic Federal information exchange system

➢ Element 345 – Educational Grants/Scholarships/Loans

Nature codes:

35 - Unknown source of income
37 - All income from source was known but not included
38 - More income received from this source than budgeted
44 - Less income received from this source than budgeted
124 - Variance resulting from use of automatic Federal information exchange system

➢ Element 346 – Other Unearned Income

Nature codes:

35 - Unreported source of income
37 - All income from source was known but not included
38 - More income received from this source than budgeted
44 - Less income received from this source than budgeted
120 - Variance/errors resulting from noncompliance with this means-tested public assistance program
124 - Variance resulting from use of automatic Federal information exchange system

➢ Element 350 – Child Support Payments Received from Absent Parent

Nature codes:

35 - Unreported source of income
37 - All income from source was known but not included
38 - More income received from this source than budgeted
44 - Less income received from this source than budgeted
111 - Child support payment(s) not considered or incorrectly applied for initial month(s)of eligibility
112 - Retained child support payment(s) not considered or incorrectly applied
124 - Variance resulting from use of automatic Federal information exchange system
127 - Pass through not considered or incorrectly applied

➢ Element 361 – Standard Deduction

Nature codes:

52 - Deduction that should have been included was not
53 - Deduction included that should not have been
65 – Incorrect standard used resulting from a change in household size

➢ Element 363 - Shelter Deduction

Nature codes:

52 - Deduction that should have been included was not
53 – Deduction included that should not have been
64 - Incorrect amount used resulting from a change in residence
123 - Incorrectly prorated

➢ Element 364 - Standard Utility Allowance

Nature codes:

52 – Deduction that should have been included was not
53 - Deduction included that should not have been
54 - Incorrect standard used (Not as a result of a change in household size or move)
64 - Incorrect amount used resulting from a change in residence
123 - Incorrectly prorated

➢ Element 365 - Medical Deductions

Nature codes:

52 - Deduction that should have been included was not
53 - Deduction included that should not have been

➢ Element 366 - Child Support Payment Deduction

Nature codes:

52 - Deduction that should have been included was not
53 - Deduction included that should not have been

➢ Element 371 - Combined Gross Income

Nature codes:

28 - Incorrect income limit applied
29 - Exceeds prescribed limit

➢ Element 372 - Combined Net Income

Nature codes:

28 - Incorrect income limit applied
29 - Exceeds prescribed limit

➢ Element 520 - Arithmetic Computation

Nature codes:

75 - Benefit/allotment/eligibility incorrectly computed
79 – Incorrect use of allotment tables
80 - Improper proration of initial month's benefits

➢ Element 530 – Transitional Benefits

75 - Benefit/allotment/eligibility incorrectly computed
77 - Household not entitled to transitional benefits
99 - Other

➢ Element 560 - Reporting Systems

Note: This element should be used to record errors resulting from the household being certified under an incorrect reporting system given the household's characteristics and the State agency's chosen options. Possible Reporting Systems include: Monthly Reporting, Quarterly Reporting, Semi-Annual Limited Reporting, Change Reporting, Status Reporting, 5 Hour Reporting and no reporting (transitional benefits).

Nature codes:

301 - Household improperly participating under retrospective budgeting
302 - Household improperly participating under prospective budgeting
303 - Household improperly participating under monthly reporting
304 - Household improperly participating under quarterly reporting
305 - Household improperly participating under semi-annual reporting
306 - Household improperly participating under change reporting

307 - Household improperly participating under status reporting
308 - Household improperly participating under 5 hour reporting
309 - Household improperly participating in transitional benefits

➢ Element 810 - Food Stamp Simplification Project

Nature codes:

98 - Transcription or computation errors
99 - Other

➢ Element 820 - Demonstration Projects

Nature codes:

98 - Transcription or computation errors
99 – Other

14. Cause - Enter one of the following codes to indicate the primary cause for each variance identified.

1 - Information not reported. (Client failed to report information or changes that are required to be reported. Use this code only if the State could not know this information from another source or could not have anticipated the change.)

2 - Incomplete or incorrect information provided. (Client provided information that is incorrect or incomplete and the agency was not required to verify.)

3 – Information withheld by client. (Case being referred for IPV investigation.)

4 - Incorrect information provided by client. (Case being referred for IPV investigation.)

7 - Information reported by a collateral contact inaccurate. (The agency acted upon information provided by a collateral contact, which was verified by QC to be inaccurate, i.e. the client's employer reported incorrect salary information.)

8 – Acted on incorrect Federal computer match information that was not required to be verified. (This variance is excluded from the error determination but must be recorded.)

10 - Policy incorrectly applied. (The agency used the wrong policy/incorrectly applied policy when determining eligibility or processing change information.)

12 - Reported information disregarded or not applied. (The agency failed to take action on information reported by the client or information that became known through some other source, such as non-federal match information.)

14 - Agency failed to follow up on inconsistent or incomplete information. (Information provided by the household or collateral source was inconsistent with other information in the case record or incomplete but the agency failed to request verification.)

15 - Agency failed to follow up on impending changes. (The agency failed to take follow up action on a change that was anticipated, i.e. unemployment ending within the certification period, pregnancy, etc.)

16 - Agency failed to verify required information. (The agency failed to use third party information or documentation to establish the accuracy of statements on the application or change report form which are required to be verified. If the agency is not required to verify reported information use code 2.)

17 - Computer programming error. (The agency eligibility system caused the error due to a programming related problem, i.e. an incorrect amount for standard deduction was programmed into the system, the agency authorized the use of workarounds to the computer system that resulted in an error, etc.)

18 – Data entry and/or coding error. (The agency made a data entry error when keying into the State/local agency eligibility system, includes selection of incorrect codes.)

19 – Mass Change. (The error was due to a problem with a computer generated mass change, i.e. mass change was run late or incorrectly updated the case.)

20 - Arithmetic computation. (The agency made an error in computation or transcription, which was not related to computer programming or data entry.)

21 - Computer user error. (The EW failed to use computer system properly or used an unauthorized process to work around the system.)

99 - Other. (Variance caused by the agency, which does not fall under any of the specific causes listed above.)

15. Error Finding – (Optional). This item provides a means for reviewers to identify the impact of individual variances. If only one variance is recorded for an error case, the error finding code for this item and item 8, finding, should be the same. Enter the appropriate code for each variance:

2 - Overissuance
3 - Underissuance
4 – Ineligible

16. Error Amount - (Optional) Compute and enter the dollar amount of each separate variance. If one variance is coded, then the amount in this item should be the same as the error amount in item 10. If more than one variance is coded, the agency may use the optional guidance provided in Chapter 12 or use State developed procedures for assigning dollar amounts. Some agencies find this calculation helpful as an aid in prioritizing error causes for corrective actions.

17. Discovery - Enter one of the following codes to indicate how the variance was discovered:

1 - Variance clearly identified from case record: documentation is not from an automated match
2 - Variance clearly identified from case record: documentation is from an automated match
3 - Variance discovered from recipient interview
4 - Employer (present or former)
5 - Financial institution, insurance company, or other business
6 - Landlord
7 - Government agency or public records, not automated match
8 - Government agency or public records, automated match
9 – Other

18. Verified - Enter one of the following codes to indicate how the variance was verified:

1 - From case record: verification is not from an automated match
2 - From case record: verification is from an automated match
3 - From information provided by recipient
4 - Employer (present or former)
5 - Financial institution, insurance company, or other business
6 - Landlord
7 - Government agency or public records, not automated match
8 - Government agency or public records, automated match (may not apply to tax information)
9 - Other

19. Occurrence - Complete the following for each variance:

a. Date - Enter the date (month and year) the variance occurred.

b. Time Period - Enter the appropriate code to indicate the time period during which the variance occurred.

1 - Before most recent action by agency (The most recent action would be either a certification or a recertification.)
2 - At time of most recent action by agency
3 - After the most recent action by agency
9 - Time of occurrence cannot be determined

SECTION 3 - HOUSEHOLD CHARACTERISTICS

This section collects information about the household's processing and specifics about resources, income, and deductions that were the basis of their food stamp benefits.

Some specific items come from the case record (Items 20-24, and 26-27). These items are: most recent action, type of action, length of certification period, allotment adjustment, amount of adjustment, receipt of expedited service, and authorized representative.

For all other items use information from the final QC determination.

20. Most Recent Certification Action - Enter the effective date (month, day and year) of the most recent certification or recertification action prior to or concurrent with the review date. This date cannot be prior to the start of the most recent certification period and should be in the case record.

21. Type of Action – Based on information in the case record, indicate the type of action by entering one of the following codes:

1 - Certification
2 - Recertification

Certification means the first time a case has been certified or a certification action following a break in participation.

Recertification means the initial certification period has expired and the agency has (a) completed a reexamination of all factors of eligibility subject to change following a period of time during which the recipient has been determined eligible and (b) made a decision to continue eligibility.

22. Length of Certification Period - Enter the number of months the household was certified to participate during the current certification or recertification. For households that are participating in months for which they have not been certified enter the code 98. This information should be found in the case record.

23. Allotment Adjustment – This item records whether there was any adjustment from the standard amount for the household size and income level of the household. Proration is providing less than a full month's allotment due to the date of application or receipt of verification. Other adjustments include claims recoupment, sanctions, and adjustments for failure to comply with other means tested programs. Supplements included in the allotment are not considered as allotment adjustments for this item.

Enter the code that indicates whether or not the allotment was adjusted or prorated. If more than one adjustment was made, enter the code for the adjustment with the greatest impact on the food stamp allotment. Supplements included in the allotment are not considered as allotment adjustments for this item.

1 - No adjustment
2 - Prorated benefit
3 - Other adjustment

24. Amount of Allotment Adjustment - Enter the amount of the allotment adjustment from the record. If more than one adjustment was applied, enter the total amount of the difference between the allotment for the household size and income of the household and the amount the household actually received. If item 23 is coded 1, no adjustment, leave this item blank. Enter 9 if the amount of adjustment is unknown.

25. Number of Household Members - Enter the number of person(s) determined to be a part of the food stamp household and eligible to receive benefits based on the final QC determination. Include persons who <u>should</u> have been in the household but were not in the State's original determination. Do not include persons whose income/resources are considered but are not receiving food stamps or food stamp household members who have been

disqualified from the program. If the household was ineligible for benefits, enter zero.

26. Receipt of Expedited Service – Using information from the case record, enter the appropriate code for the household's entitlement to expedited service at the most recent certification in effect at the time of the sample month:

1 - Entitled to expedited service and received benefits within the Federal timeframe.
2 - Entitled to expedited service but did not receive benefits within the Federal timeframe.
3 - Not entitled to expedited service.

27. Authorized Representative Used at Application - Enter the appropriate code using information from the case record. An authorized representative is a responsible adult designated by the household, in writing, to apply for benefits on behalf of the household. Did an authorized representative make application for the household?

1 - Yes
2 - No

28. Categorical Eligibility Status – Was the household categorically eligible for benefits based on the final QC determination?

1 –Yes
2 – No

29. Reporting Requirement - Select the code that describes the reporting system used to certify the household. If the household was certified under six-month reporting enter code "6", simplified reporting (also called six month reporting or semiannual reporting), even if QC determined that the appropriate reporting system should have been something else.

1 - $25 change reporting
2 - $80 change in earned income
3 - $100 change in earned income
4 - Status reporting
5 - 5-hour change in hours worked and expected to continue over a month
6 - Simplified reporting (exceeding 130% of income poverty guidelines)
7 - Quarterly reporting

8 - Monthly reporting
9 - Transitional benefits (no reporting requirement)
10 – Other

Resources:

30. Liquid Assets – Enter the dollar value of liquid assets such as cash on hand, checking and savings accounts, money market accounts, stocks, bonds, income tax refunds using information from the final QC determination. For amounts greater than $99,998 enter the code 99998. When there is an indication that a resource type was present but that amount is unknown, enter the code 99999. If an approximate amount is known, enter that amount.

31. Real Property (Excluding Home) - Enter the dollar value of land and buildings owned, excluding the primary residence using information from the final QC determination. For amounts greater than $99,998 enter the code 99998. When there is an indication that a resource type was present but that amount is unknown, enter the code 99999. If an approximate amount is known, enter that amount.

32(a). Vehicle - Code information on up to two vehicles in items (a) and (b). Use information from the final QC determination. Vehicles should be entered in descending order based on the fair market value.

1 - No vehicles
2 - Vehicle exempt because used for producing income, as a home, to transport a physically disabled member, for long distance travel (other than commuting), or to carry fuel or water.
3 - Vehicle exempt because inaccessible resource (equity value is $1,500 or less)
4 – Vehicle exempt due to categorical eligibility
5 - Vehicle excluded under State TANF standard (vehicle of non-categorically eligible household members only)
6 - Vehicle is registered and is attributable to an adult household member or is used by a person under 18 for employment or education (subject to fair market value only)
7 - Vehicle not registered (equity test only)
8 - Vehicle is not excluded and is not included in code 6 (subject to fair market value or equity test, whichever is greater)

32(b). Status 2nd Vehicle – Use the codes 2 through 8 from 32(a).

33. Countable Vehicle Assets – Record that portion of a vehicle's value counted toward the household's resource limit using information from the final QC determination.

34. Other Non-liquid Assets – Enter the dollar value of non-liquid assets such as boats and trailers using information from the final QC determination. For amounts greater than $99,998 enter the code 99998. When there is an indication that a resource type was present but that amount is unknown, enter the code 99999. If an approximate amount is known, enter that amount.

Income:

35. Gross Countable Income - Enter the countable gross monthly income of the Food Stamp household before applying any deductions to the income from the final QC determination. Enter all countable income. Include prorated amounts from ineligible household members.

36. Net Countable Income- Enter the countable net monthly income from the final QC determination used to compute the amount of the Food Stamp allotment for the sample month after application of all appropriate deductions.

Deductions:

37. Earned Income - Enter the amount of the earned income deduction that the household was eligible to receive based on the final QC determination.

38. Medical - Enter the amount of the allowable medical expenses for elderly and disabled household members based on the final QC determination.

Do not record the value of the allowable medical deduction ($35). Enter those medical expenses in excess of $35 per month.

For example, if a household was billed $100 for medical expenses, enter $65 ($100 minus the medical deduction of $35).

39. Dependent Care - Enter the total dependent care deduction to which the household was entitled based on the final QC determination.

40. Child Support - Enter the dollar value of the child support payment deduction from the final QC determination.

41. Shelter - Enter the dollar value of the shelter deduction from the final QC determination.

42. Homeless - Select the code that applies to this household based on the final QC determination.

1 - Not homeless
2 - Homeless, not receiving homeless shelter allowance
3 - Homeless, receiving homeless shelter allowance

Additional Information on Shelter Costs:

43. Rent/Mortgage - Enter the amount the household was billed for rent/mortgage from the final QC determination. Include taxes, insurance, condo fees and homeowner association fees.

44. Use of SUA – This entry has two boxes that are used to collect different information about the SUA. Do not complete 44(b) if 44(a) is coded 1.

a. Usage - Enter the code which describes usage and entitlement to the SUA based on the final QC determination:

1 - No utilities and no LIHEAA
2 - Uses actual expenses
3 - Uses higher standard based on LIHEAA
4 - Uses higher standard and does not receive LIHEAA
5 - Uses lower standard
6 – Uses phone only standard
7 – Uses individual standards
9 - Other

LIHEAA is the Low Income Home Energy Assistance Act, your State program may have another name such as Home Energy Assistance Program (HEAP)

Higher Standard is an SUA based upon receipt of heating or cooling and includes all utilities

Lower Standard is an SUA based upon all utilities but is for households who do not incur heating or cooling or receive LIHEAA.

b. Proration - Select the code that identifies whether the SUA amount was

prorated (e.g. prorated among non-household members of the residence).

1 - Not prorated
2 – Prorated

45. Utilities (SUA or Actual) - This item should be completed for all cases. For households using actual utility expenses, enter the actual amount that was billed for all utilities (gas, water, phone, electric, etc.) based on the final QC determination. For households using an SUA, enter the amount of the SUA that was used, based on the final QC determination. Enter $0 if there were no utility expenses.

SECTION 4 – INFORMATION ON EACH HOUSEHOLD MEMBER

Complete the following section, using information from the final QC determination, for eligible food stamp households. Enter information on each household member, including individuals whose income and resources were considered in establishing food stamp benefit level. If the number of household members exceeds the number of lines available, attach an additional page to allow for coding detailed person-level information on all food stamp household members. You may currently enter information on up to 16 individuals on the automated system, but you may record information on all household members using the paper form. If the entire household is ineligible do not enter any information in this section.

For disqualified or ineligible food stamp household members, items 46, 47, 48, and 58, if applicable, (person number, food stamp program participation, relationship to head of household, and dependent care costs) of this section must be completed. Information on income for these members must also be recorded in Section 5. For disqualified or ineligible members, the rest of the information in this section should be completed based on information known through observation or available in the case record.

NOTE: Do not enter zeros in items 48, 50-52, and 54-58 (Relationship to Head of Household, Sex, Race, Citizenship Status, Employment Status, Work Registration, Employment and Training Program Status, ABAWD Status, and Dependent Care Cost).

46. Person Number - Assign and enter a number for each food stamp household member (1, 2, etc.). This will include ineligible food stamp household members whose resources and income are considered in the eligibility determination. Use this assigned number to identify household members with income in Section 5. Code the head of the household as person 1.

47. Food Stamp Program Participation – For each person indicate his/her eligibility or ineligibility for participation in the FSP (i.e., either eligible for participation and entitled to benefits or a reason for ineligibility. For ineligible non-citizens, whether they participate in a State funded FSP).

1 – Eligible member of Food Stamp case under review and entitled to receive benefits
2 - Reserved
3 - Reserved
4 - Member is an ineligible non-citizen and is not participating in a State funded FSP
5 - Member not paying/cooperating with Child Support agency
6 - Member is an ineligible striker
7 - Member is an ineligible student
8 - Member is disqualified for program violation
9 - Member is ineligible to participate due to disqualification for failure to meet work requirements (work registration, E&T, acceptance of employment, employment status/job availability, voluntary quit/reducing work effort, workfare/comparable and workfare).
10 - ABAWD time limit exhausted and the ABAWD is ineligible to participate due to failure to meet ABAWD work requirements, to work at least 20 hours per week, to participate at least 20 hours per week in qualifying educational training activities or to participate in workfare.
11 - Fleeing felon or parole and probation violator
12 – Reserved
13 - Convicted drug felon
14 - Social Security Number disqualified
15 - SSI recipient in California.
16 - Prisoner in detention center
17 - Foster care
18 - Member is an ineligible non-citizen and is participating in a State-funded Food Stamp Program.
99 - Unknown

48. Relationship to Head of Household - Enter the code that shows the relationship (including by marriage) of the person indicated in item 46 (person number) to the head of the household, as defined by the Food Stamp Program from final QC determination.

1 - Head of household
2 - Spouse
3 - Parent
4 - Daughter, stepdaughter, son, stepson
5 - Other related person (brother, sister, niece, nephew, grandchild, great-grandchild, cousin)
6 – Foster Child
7 - Unrelated person

49. Age - Enter the age (in years) from the final QC determination, of each household member. For children less than 1 year old, enter 0. For persons 98 and older enter 98. If exact age is unknown, enter the best available information.

50. Sex - Enter the appropriate code:

1 - Male
2 – Female

51. Race - Enter the race of each person living in the household.

*
* This is to collect racial and ethnic data as required by the changes brought
* about by the May 18, 2006 regulation Food Stamp Program: Civil Rights Data
* Collection and to identify how to collect the information until the entire
* caseload has been converted to the new requirement. The change to the new
* format may be done voluntarily at this time but is required for all new
* applications and recertifications effective April 1, 2007. Under this scenario
* QC reviewers will be recording the racial/ethnic data in the new format as
* soon as available and will be collecting the old format from now through April
2009.
*
* **New format:** Use codes 1 through 22 to record information if it has been
collected in the new format.
*
Old format: Use codes 30 through 34 and 99 if the data is in the old format.
*
* We expect the information will continue to be in the old format for most cases

until there are new applications and recertification after April 1, 2007. Due to the way that recertifications are scheduled, cases will continue to have the old format until their certification periods expire in the year following for most cases and 2 years for those elderly cases with 24 month certification periods. This will mean that all cases will be in the new format on April 1, 2009.

Under the rules for the new format, applicants are asked to voluntarily fill out ethnicity and race on their applications. Eligibility workers identify information for the applicant when they have not voluntarily filled out the information. QC reviewers are to collect only the information that has been recorded on the application.

New Format

Information Not Available

1 – The application was not found during the QC review therefore racial/ethnic data is not available.
2 – Not recorded on the application for this individual.

Not Hispanic or Latino

3 – American Indian or Alaska Native
4 - Asian
5 – Black or African American
6 – Native Hawaiian or other Pacific Islander
7 – White

Multiple races reported

8 – (American Indian or Alaska Native) and White
9 – Asian and White
10 – (Black or African American) and White
11 – (American Indian or Alaska Native) and (Black or African American)
12 – Respondent reported more than one race and does not fit into the above categories (code 8 through 11)

Hispanic or Latino

13 – (Hispanic or Latino) and (American Indian or Alaska Native)
14 – (Hispanic or Latino) and Asian
15 – (Hispanic or Latino) and (Black or African American)
16 – (Hispanic or Latino) and (Native Hawaiian or Other Pacific Islander)
17 – (Hispanic or Latino) and White

Multiple races reported

18 – (Hispanic or Latino) and (American Indian or Alaska Native) and White
19 – (Hispanic or Latino) and Asian and White
20 – (Hispanic or Latino) and (Black or African American) and White
21 – (Hispanic or Latino) and (American Indian or Alaska Native) and (Black or African American)
22 – (Hispanic or Latino) and Respondent reported more than one race and does not fit into the above categories (code 18 through 21)

Old Format

These codes are for the recording of race based upon the older data collection requirements for those cases where the new format has not yet been collected. Remember racial and ethnic data must be collected in the new format for all new applications and recertifications above beginning April 1, 2007. Under the old data collection reviewers identify the racial/ethnic category of the members of the household as they can by either asking the person being interviewed or through personal observation.

Racial/Ethnic Data Not Collected in the New Format

30 - White, not of Hispanic origin
31 - Black, not of Hispanic origin
32 - Hispanic
33 - Asian or Pacific Islander (Oriental)
34 - American Indian or Alaskan Native
99 – Unknown

52. Citizenship Status - Enter the appropriate code.

1 - U.S. born citizen
2 - Naturalized Citizen

3 - Legal permanent resident with 40 quarters, military service, five years legal United States residency, disability, or under 18 years of age.
4 – Reserved
5 – Person admitted as refugee, granted asylum or given a stay of deportation.
6 - Other eligible non-citizen
7 - Non-citizen legally in US who does not meet one of the above codes and who is not receiving food stamps but whose income and resources must be considered in determining benefits
8 – Other ineligible legal non-citizen (e.g. visitor, tourist, student, diplomat)
9 - Undocumented non-citizen
10 - Non-citizen, status unknown
99 – Unknown

53. Educational Level - Enter highest educational level completed for each member of the household from the final QC determination:

0 - None
1 - Grade 1
2 - Grade 2
3 - Grade 3
4 - Grade 4
5 - Grade 5
6 - Grade 6
7 - Grade 7
8 - Grade 8
9 - Grade 9
10 - Grade 10
11 - Grade 11
12 - High school diploma or GED*
13 - Post secondary education (e.g. technical education or some college)
14 - College graduate or post-graduate degree
99 - Unknown

* If member attended grade 12 but did not graduate, use code 11.

54. Employment - Enter information on the current employment status of all persons based on the final QC determination.

First box: Status

1 – Not in labor force and not looking for work
2 – Unemployed and looking for work
3 – Active duty military
4 – Migrant farm laborer
5 – Non-migrant farm laborer
6 – Self-employed, farming
7 - Self-employed, non-farming
8 – Employed by other

Second box: Hours Worked

1 – Not employed
2 – 1-19 hours per week
3 – 20-29 hours per week
4 – 30-39 hours per week
5 – 40+ hours per week

55. Food Stamp Program Work Registration - Enter information on the current work registration status of all persons as known by the State agency based on the final QC determination:

* 1 - Federal exemption for disability
* 2 – Federal exemption for a reason other than disability
3 - Work registrant, not employment and training (E&T) participant
4 - Work registrant, voluntary E&T participant
5 - Work registrant, mandatory E&T participant

56. Food Stamp Program (FSP) Employment and Training (E&T) Program Status - Enter information on the current E&T program status of all household members as known by the State agency based on the final QC determination:

0 – Not participating in E&T
1 – Participating in non-FSP E&T (such as TANF)
2 – FSP Job search or job search training
3 – FSP E&T workfare or work experience
4 – FSP E&T Work supplementation
5 – FSP E&T education leading to HS diploma or GED
6 – FSP E&T post secondary education leading to degree or certificate

7 – FSP E&T remedial education (including adult education and English lessons not leading to a degree)
8 – FSP E&T vocational training
9 - Other

57. ABAWD Status - A household member must be age 18 through 49 to be an Able Bodied Adult Without Dependents (ABAWD). Enter one of the following codes from the final QC determination:

1 - Not an ABAWD
2 - ABAWD in a waived area
3 - Exempt based on 15 percent option
4 - ABAWD meeting work requirements
5 - ABAWD in 1st 3 months
6 - ABAWD in 2nd 3 months *

58. Dependent Care Cost - For each child/adult with associated dependent care expenses enter the amount of the expense that the household is responsible for paying using information from the final QC determination. If the cost for more than one child/adult is combined, divide the cost evenly amongst each child/adult receiving care.

SECTION 5 – INCOME IDENTIFIED BY HOUSEHOLD MEMBER

This section collects detailed information on known income sources, by type and amount, based on the final QC determination. Information can be collected on up to four sources of income for up to ten household members. If income exists but is not attached to any specific member, assign the income to the payee. Enter all income amounts rounded to the nearest dollar.

59. Person Number – Enter the person number from Section 4 for each food stamp household member with income based on information from the final QC determination. (This number is assigned in Section 4, item 46).

Source 1

60. Income Type - (This instruction applies to items 60, 62, 64, and 66). Based on the final QC determination, identify the type of countable income as listed below for each type of income received by a food stamp household member.

Earned Income (Not Subsidized)
11 - Wages and salaries
12 - Self-employment
14 - Other earned income

Subsidized Earned Income
16 - Wage supplementation - enter earnings that are above cash assistance and/or food stamp amount

Unearned Income
15 - Energy Assistance income
31 - RSDI benefits
32 - Veterans benefits
33 - SSI
34 - Unemployment Compensation
35 - Workmen's Compensation
36 - Other government benefits
37 – Foster care income
42 - Contribution
43 - Deemed income
44 - State general assistance or other State-funded welfare (don't include TANF here)
45 - Educational grants/scholarships/loans
46 – Other
47 - TANF
48 - State only diversion payment
49 – Interest income
50 - Court ordered child support payments received from absent parent or responsible person
99 - Unknown

61. Amount - (This instruction applies to Items 61, 63, 65, and 67.) Enter the gross amount of countable income received by the food stamp household member for the month from the final QC determination.

Source 2

62. Income Type - Second type of income. See item 60.

63. Amount - Second amount of income. See item 61.

Source 3

64. Income Type - Third type of income. See item 60.

65. Amount - Third amount of income. See item 61.

Source 4

66. Income Type - Fourth type of income. See item 60.

67. Amount - Fourth amount of income. See item 61.

SECTION 6 - RESERVED CODING

68. Timeliness of Application Processing (Expedited and 30 Day Requirement - This information is being collected for possible bonus payments. We want to delineate if there was timeliness of application processing for cases when a new application was filled in the current Federal Fiscal Year.

Timeliness of application processing is measured for cases that filed an application in the current Fiscal Year. If there is more than one application in the current Fiscal Year, measure timeliness for the most recent application for or prior to the sample month.

We are measuring the timeliness of application processing according to Federal processing standards. A household entitled to expedited service must be provided the opportunity to participate within 7 days. Households not entitled to expedited service must be provided the opportunity to participate by the 30th day following the date of application. A case that meets the applicable Federal processing standard is coded 1 – timely. A case that fails to meet the applicable Federal processing standard is coded 2 – not timely.

If a new application was not filed in the review year, the case will not be used in determining the bonus payment. The case should be coded 3 – Other. Also, use Code 3, for cases that have been properly pended for incomplete verification. Improperly pended cases should be coded 2 – not timely.

If after a thorough review of case circumstances and records there is no documentation, application or other information to determine timeliness, the case should be coded 3. For cases with this problem, every effort should be made to determine the timeliness of the case before deciding to use the Other code.

Please indicate the appropriate code:

1 – Timely
2 – Not timely
3 - Other

* **69. – 76.** – Reserved

SECTION 7 – OPTIONAL FOR STATE USE

There are 4 lines of spaces available to the State to code additional information.

APPENDIX D

FORM APPROVED OMB NO. 0584-0034

U.S. DEPARTMENT OF AGRICULTURE - FOOD AND NUTRITION SERVICE

QUALITY CONTROL - FOOD STAMP NEGATIVE CASE ACTION REVIEW SCHEDULE

I. CASE MANAGEMENT INFORMATION (Not to be Transmitted)

1. CASE NAME *(Last, First, MI)*
2. TELEPHONE NUMBER
3. MAILING ADDRESS
4. ACTUAL ADDRESS/DIRECTIONS TO LOCATE
5. DATE ASSIGNED MO DAY YEAR
6. DATE COMPLETED/DISPOSED OF MO DAY YEAR
   Reviewer _____
7. DATE CLEARED MO DAY YEAR
   Supervisor _____

II. IDENTIFYING INFORMATION

A. REVIEW NUMBER
B. CASE NUMBER
C. STATE AND LOCAL AGENCY CODES
D. SAMPLE MONTH AND YEAR
E. STRATUM
F. DECISION DATE MO DAY YEAR
G. EFFECTIVE DATE MO DAY YEAR
H. ACTION TYPE
I. CASE CLASSIFICATION

III. ANALYSIS OF REVIEW ACTIVITY

J. NOTICE REQUIREMENTS
K. RECORDED REASON FOR ACTION
L. VALIDITY OF RECORDED REASON
M. RESULT OF EXPANDED REVIEW
(a) Validity
(b) Reason for Action (If different from item L; otherwise, enter "00")
N. DISPOSITION OF REVIEW

IV. DESCRIPTION OF VARIANCES

O. ELEMENT CODE 1. 2. 3.
P. NATURE CODE 1. 2. 3.

RESERVED (Federal Use)

OPTIONAL (State Systems Only)

V. EXPLANATION OF REVIEW FINDINGS (Not to be transmitted - Continue on reverse side)

FORM FNS-245 (1-04) *Previous editions obsolete*

Electronic Form Version Designed in JetForm 5.01 Version

EXPLANATION OF REVIEW FINDINGS CONTINUED:

PRIVACY ACT STATEMENT

This report is required under provisions of 7 CFR 275.14 (The Food Stamp Program). This information is needed for the review of State performance in determining the eligibility of applicants and recipients. The information is used to determine State compliance, and failure to report may result in a finding of non-compliance.

OMB PAPERWORK COLLECTION STATEMENT

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0584-0034. The time required to complete this information collection is estimated to average 3.0236 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

APPENDIX D

INSTRUCTIONS FOR COMPLETING FORM FNS-245, QUALITY CONTROL NEGATIVE CASE ACTION REVIEW SCHEDULE

GENERAL INSTRUCTIONS

The Negative Case Action Review Schedule was developed to serve as the data entry and review form for negative cases. It is to be used to document all negative case reviews and as a worksheet for documenting the review. The schedule consists of five sections as follows:

I - Case Management Information
II - Identifying Information
III - Analysis of Review Activity
IV - Description of Variances
V - Explanation of Review Findings

SECTION I - CASE MANAGEMENT INFORMATION

This section provides case management information and client identity.

1. **Case Name** - Enter the name of the applicant or recipient whose participation was denied, suspended or terminated.

2. **Telephone Number** - Enter the telephone number of the applicant or recipient.

3. **Mailing Address** - Enter the mailing address of the applicant or recipient.

4. **Actual Address/Directions to Locate** - Enter the actual address at which the applicant or recipient resides if different from the mailing address. Enter any necessary directions to locate the person's home.

5. **Date Assigned** - Enter the date (month, day, year) the case was assigned to the QC reviewer.

6. Date Completed - Enter the date (month, day, year) the review was completed. The reviewer should sign to indicate completion of the review.

7. Date Cleared - Enter the date (month, day, year) the supervisor cleared the review. The supervisor should sign to indicate completeness of the work and clearance to transmit the information into the Food Stamp Quality Control System.

SECTION II - IDENTIFYING INFORMATION

This section provides identifying information related to the negative case action under review. For cases that are completed, fill out items A through I as applicable. For cases that are not subject to review or incomplete, fill out items A through D and E if appropriate.

ITEM A. Review Number - Enter the number assigned to the negative action under review.

ITEM B. Case Number - Enter the case number assigned by the State agency.

ITEM C. State and Local Agency Code:

- **State Agency Code -** In the first two blocks, enter your two-digit State code. These are the codes used by the National Institute of Standards and Technology.

- **Local Agency Code -** In the last three blocks, enter the same three-digit code that the State agency uses to code local agencies for the QC review of active cases.

ITEM D. Sample Month and Year - Enter the month and year for which the negative action was selected for review. The sample month for a negative action is based upon how the case was selected for review. There are three types of actions that are being reviewed (denials, terminations and suspensions). For each of these types of cases, State agencies may sample by the decision date or the effective date. Each State agency has been approved by FNS to sample these cases in a consistent way via the sampling plan. For each type of case, the sampling will be done the same way, either by decision date or by effective date. State agencies must

identify for the reviewer how cases were sampled so that the appropriate sample month and year are entered here.

ITEM E. Stratum - Enter the two-digit stratum code. Stratum codes are assigned by the State agency when the sample is stratified and must be entered here if they are used. If stratum codes are not used by the State, other identifying information may be entered here at the State's option.

ITEM F. Decision Date - Enter the date (month, day, year) of the State agency's decision to deny the application, terminate benefits, or suspend participation. This can be the date the notice is sent or the computer input document is completed or processed.

ITEM G. Effective Date - Enter the date (month, day, year) the agency's action to deny, terminate or suspend became effective. This is the date that the negative action is effective. For application, this is the date of the application; for terminations it is the first of the month that the client will no longer receive food stamp benefits; for suspension, it is the first of the month that the case is suspended.

ITEM H. Action Type - Indicate the type of action by entering one of the following codes:

1 - Application Denied
2 - Terminated Case: Enter this code for cases in which the household's certification was terminated before the end of the certification period.
3 - Suspended Case: Enter this code for cases in which the household's participation was suspended.

ITEM I. Case Classification - Enter the appropriate code as follows:

1 – Included in error rate calculation.
2 – Excluded from error rate calculation - processed by SSA worker.
3 – Excluded from error rate calculation, as designated by FNS (e.g. demo project, simplified FSP).

SECTION III - ANALYSIS OF REVIEW ACTIVITY

This section provides the analysis of the review of the action to deny an application, terminate benefits or suspend the case. For completed cases, fill in items J through N as appropriate. For cases that are not subject to review or incomplete fill out item N only.

ITEM J. Notice Requirement - Enter the appropriate code as follows:

1 - Compliance. Eligibility worker complied with the notice requirements and applicable timeframes, or there was no requirement to issue a notice.

* 2 - Non-compliance with the Notice of Adverse Action (NOAA) Requirement. Eligibility worker failed to send a required notice to the applicant/recipient, or did not comply with applicable timeframes.

* 3 – Non-compliance with the Notice of Missed Interview (NOMI) Requirement. Eligibility worker failed to send a required notice to the applicant/recipient, or did not comply with applicable timeframes.

* 4 – Non-compliance with the NOAA and NOMI Requirements. Eligibility worker failed to send the required notices to the applicant/recipient, or did not comply with applicable timeframes.

ITEM K. Recorded Reason for Action - Enter the appropriate code to indicate the reason for the action as reflected by the case record.

1 - Resident of an institution not authorized by FNS
2 - Outside of project area or State
3 - Ineligible striker
4 - Ineligible non-citizen
5 - Ineligible student
6 - Ineligible boarder
7 - Missed scheduled interview(s)
8 - Failed to provide verification
9 - Refusal to cooperate
10 - Refusal to supply SSN
11 - Gross monthly income exceeds maximum allowance
12 - Net Monthly income exceeds maximum allowance
13 - Exceeds resource standard
14 - Transfer of resources

15 - Failure to comply, without good cause, with work registration/job search requirements
16 - Voluntary quit
17 - Failure to submit/complete report
18 - Voluntary withdrawal after certification
19 - Termination/denial due to TANF termination/denial
20 - Intentional program violation
21 - Termination/denial due to program disqualification
22 - Termination/denial of household of able-bodied adult(s) whose time-limited period of FSP eligibility has expired.
23 - Failure to comply, without good cause, with FSP work requirements.
24 - Eligible for zero benefits
25 - Failure to access EBT benefits
26 - Loss of contact with household
27 - Applicant/household deceased
28 - Not eligible for separate household status
29 - Not eligible due to status as fleeing felon, parole violation, drug conviction etc.
30 - Reason for denial/termination/suspension not documented
99 - Other
0 - Not applicable (For use with Item M(b) only.)

ITEM L. Validity of Recorded Reason - This item indicates the reviewer's evaluation of whether the recorded reason for the agency's action was in accordance with policy and supported by the information in the case record without regard to the compliance or non-compliance with the notice requirements.

1 - Valid. Enter this code if the reviewer has determined from information in the case record that the reason given for the agency's action was valid. If Code 1 is entered, skip to Item N.
2 - Invalid. Enter this code if the reviewer has determined from information in the case record that the reason given for the agency's action was invalid. Also enter Code 2 if the reviewer is unable to determine from information in the case record whether the initial reason was valid.

ITEM M. Result of Expanded Review - Go to Item N if an expanded review was not done. If Item L is Code 2 and an expanded review was done enter the appropriate code as follows:

1 - Valid based on recorded reason for negative action. The reviewer has determined from an action beyond the initial review that the recorded reason given for the agency's action was correct. Also enter "00" (not applicable) in Item M(b).
2 - Valid based on reason other than the recorded reason for negative action. The reviewer has determined from an action beyond the initial review that the agency's action was correct for a reason other than that given by the agency. Also enter the appropriate code in Item M(b) for the different reason using a code from Item K.

3 - Invalid. The reviewer has determined from an action beyond the initial review that the agency's action was invalid. Enter "00" (not applicable) in Item M(b).

ITEM N. Disposition of Review - Enter the appropriate code as follows:

1 - Review completed
2 - Not subject to Review/Listed in Error. Cases that are not subject to review are defined in Chapter 13 of the FNS Handbook 310. If Code 2 is entered in this item, no further entries are required on this schedule.
3 – Incomplete/Review Not Processed. Enter this code if the reviewer was unable to locate the case record or was unable to process the case. Prior FNS approval is necessary for this code to be used for a review not processed in time to meet the reporting time frames. If Code 3 is entered in this item, no further entries are required on this schedule.
4 - Case deselected/correction for oversampling.

SECTION IV - DESCRIPTION OF VARIANCES

This section provides for the description of variances identified in the review. Items O and P must be completed whenever the final determination for Item L is invalid (Code 2) and item M is not completed or whenever the final determination in item M is invalid (Code 3). At their option, States may complete items O and P in other situations.

Items O and P are associated. The reviewer can list up to 3 variances. The first item listed in the O Element Code is associated with the first item listed in the P Nature Code. Likewise, O2 is associated with P2 and O3 is associated with P3.

ITEM O. Element - Enter the appropriate element number of the review for each variance identified.

ITEM P. Nature Codes - Enter the appropriate code for the nature of each variance.

The following provides the element and nature codes to be used in items O and P.

These nature codes may be used in any element:

- Nature code (98) **-** Transcription or computation errors.
- Nature code (99) – Other. Use this nature code in the following situations:

a) If no specific nature code is listed under an element,
b) If the nature of the error is clearly understood by looking at the agency/client code recorded for the error, or
c) If none of the listed nature codes under an element apply to the error being recorded.

BASIC PROGRAM REQUIREMENTS – (100)

➢ Element 111 – Student Status

Nature codes:

1 - Eligible person(s) excluded
2 - Ineligible person(s) included

➢ Element 130 - Citizenship and Non-Citizen Status

Nature codes:

1 - Eligible person(s) excluded
2 - Ineligible person(s) included

➢ Element 140 - Residency

Nature codes:

98 - Transcription or computation errors
99 - Other

➢ Element 150 - Household Composition

Note:

Variances should be coded under this Element if a person or persons are unreported or incorrectly reported, unprocessed or incorrectly processed, and these persons also have income, resources or deductible expenses that must be considered in the error determination.

For example: the discovery of an unprocessed 62 year old with earned income, a bank account, and medical expenses would be recorded under Element 150, not Elements 211, 311, and 365.

Variances should not be coded under this Element for persons with characteristics that are specifically addressed under other 100 Series Elements.

For example: the discovery of an eligible non-citizen in the household who was improperly excluded would be coded under Element 130, not under Element 150.

Nature codes:

6 - Entitled to separate status
7 - Eligible person(s) with no income, resources, or deductible expenses excluded
8 - Eligible person(s) with income excluded
9 - Eligible person(s) with resources excluded
10 - Eligible person(s) with deductible expenses excluded
11 - New born infant improperly excluded

➢ Element 151 - Recipient Disqualification

Nature codes:

2 - Ineligible person(s) included
18 - Eligible person(s) disqualified

➢ Element 160 – Employment & Training Programs

Nature codes:

18 - Eligible person(s) disqualified

➢ Element 161 - Time-limited Participation

Nature code:

18 - Eligible person(s) disqualified

➢ Element 162 - Work Registration Requirements

Nature codes:

1 - Eligible person(s) excluded
2 - Ineligible person(s) included

➢ Element 163 - Voluntary Quit/Reduced Work Effort

Nature codes:

16 - Head of household did not voluntarily quit
17 - Voluntary quit of non-head of household

➢ Element 164 - Workfare and Comparable Workfare

Nature codes:

18 - Eligible person(s) disqualified

➢ Element 165 - Employment Status/Job Availability

Nature codes:

18 - Eligible person(s) disqualified

➢ Element 166 – Acceptance of Employment

Nature codes:

18 - Eligible person(s) disqualified

➢ Element 170 – Social Security Number

Nature codes:

18 - Eligible person(s) disqualified
20 - Good cause for failure/refusal
21 - Social Security Numbers provided

RESOURCES - (200)

Liquid Resources

➢ Element 211 - Bank Accounts or Cash on Hand

Nature codes:

24 - Resource should have been excluded

➢ Element 212 - Nonrecurring Lump-sum Payment

Nature codes:

24 - Resource should have been excluded

➢ Element 213 - Other Liquid Assets

Nature codes:

24 - Resource should have been excluded

Non-Liquid Resources

➢ Element 221 - Real Property

Nature codes:

24 - Resource should have been excluded
27 - Used for self-employment
28 - Fair market value incorrect
29 - Equity value incorrect

➢ Element 222 - Vehicles

Nature codes:

24 - Resource should have been excluded
27 - Used for self-employment

28 - Fair market value incorrect
29 - Equity value incorrect

➢ Element 224 - Other Non-Liquid Resources

Nature codes:

24 - Resource should have been excluded
27 - Used for self-employment
28 - Fair market value incorrect
29 - Equity value incorrect

➢ Element 225 - Combined Resources

Nature codes:

22 - Did not transfer resources
23 - Did not exceed limit
25 - Incorrectly applied resources of non-citizen sponsor
26 - Included resources of a non-household member
30 – Does not exceed prescribed limit
31 - Incorrect limit applied

INCOME (300)

Earned Income

➢ Element 311 - Wages and Salaries

Nature codes:

32 - Failed to consider or incorrectly considered income of an ineligible member
33 - Rounding used/not used or incorrectly applied
34 - Income from known/processed source included that should not have been
35 - Household unemployed
36 - Conversion to monthly amount not used or incorrectly applied
37 - Averaging not used or incorrectly applied
38 - MRRB household not temporarily over the limit
39 - Employment status changed from unemployed to employed
41 - Change only in amount of earnings
42 - Failed to consider/anticipate month with extra pay date

➢ Element 312 - Self-Employment

Nature codes:

32 - Failed to consider or incorrectly considered income of an ineligible member
33 - Rounding used/not used or incorrectly applied
34 - Income from known/processed source included that should not have been
35 - Household unemployed
36 - Conversion to monthly amount not used or incorrectly applied
37 - Averaging not used or incorrectly applied
38 - MRRB household not temporarily over the limit
39 - Employment status changed from unemployed to employed
41 - Change only in amount of earnings
42 - Failed to consider/anticipate month with extra pay date

➢ Element 313 - Other Earned Income

Nature codes:

32 - Failed to consider or incorrectly considered income of an ineligible member

33 - Rounding used/not used or incorrectly applied
34 - Income from known/processed source included that should not have been
35 - Household unemployed
36 - Conversion to monthly amount not used or incorrectly applied
37 - Averaging not used or incorrectly applied
38 - MRRB household not temporarily over the limit
41 - Change only in amount of earnings

Deductions

➢ Element 321 - Earned Income Deductions

Nature codes:

43 - Deduction that should have been included was not

➢ Element 323 - Dependent Care Deduction

Nature codes:

43 - Deduction that should have been included was not

Unearned Income

➢ Element 331 - RSDI Benefits

Nature codes:

34 - Income from known/processed source included that should not have been

➢ Element 332 - Veterans Benefits

Nature codes:

34 - Income from known/processed source included that should not have been

➢ Element 333 - SSI and/or State SSI Supplement

Nature codes:

34 - Income from known/processed source included that should not have been

- **Element 334 - Unemployment Compensation**

  Nature codes:

  34 - Income from known/processed source included that should not have been

- **Element 335 - Worker's Compensation**

  Nature codes:

  34 - Income from known/processed source included that should not have been

- **Element 336 - Other Government Benefits**

  Nature codes:

  34 - Income from known/processed source included that should not have been

- **Element 342 - Contributions**
  Errors in Child Support Payments should not be recorded in this Element. See Element 350.

  Nature codes:

  34 - Income from known/processed source included that should not have been

- **Element 343 - Deemed Income**

  Nature codes:

  34 - Income from known/processed source included that should not have been

- **Element 344 - TANF, PA, or GA**

  Nature codes:

  34 - Income from known/processed source included that should not have been

- **Element 345 - Educational Grants/Scholarships/Loans**

  Nature codes:

  34 - Income from known/processed source included that should not have been

- **Element 346 - Other Unearned Income**

Nature codes:

34 - Income from known/processed source included that should not have been

- **Element 350 - Child Support Payments Received from Absent Parent**

Nature codes:

34 - Income from known/processed source included that should not have been
111 - Child support payment(s) not considered or incorrectly applied for initial month(s)of eligibility
112 - Retained child support payment(s) not considered or incorrectly applied
127 - Pass through not considered or incorrectly applied

Other Deductions

- **Element 361 - Standard Deduction**

Nature codes:

43 - Deduction that should have been included was not

- **Element 363 - Shelter Deduction**

Nature codes:

43 - Deduction that should have been included was not

51 - Incorrect amount used resulting from a change in residence

53 - Incorrectly prorated

- **Element 364 - Standard Utility Allowance**

Nature codes:

43 - Deduction that should have been included was not
50 - Incorrect standard used (Not as a result of a change in household size or move)
51 - Incorrect amount used resulting from a change in residence
52 - Incorrect standard used resulting from a change in household size
53 - Incorrectly prorated

- **Element 365 - Medical Deductions**

  Nature codes:

  43 - Deduction that should have been included was not

- **Element 366 - Child Support Payment Deduction**

  Nature codes:

  43 - Deduction that should have been included was not

- **Element 371 - Combined Gross Income**

  Nature codes:

  30 – Does not exceed prescribed limit
  31 – Incorrect limit applied

- **Element 372 - Combined Net Income**

  Nature codes:

  30 – Does not exceed prescribed limit
  31 - Incorrect limit applied

Other

- **Element 412 – Budgeting System**

  Nature codes:

  63 – Deductions excluded that should not have been
  64 - Household improperly participating under retrospective budgeting
  65 - Household improperly participating under prospective budgeting

- **Element 413 - Application**

  Nature code:

  66 – Improper denial within 30-day period for missing interview(s)
  76 – Failed to provide expedited service to expedited eligible household *
  77 – Failed to issue a required Notice of Missed Interview (NOMI) *
  78 – Denial before the 30th day *

➢ Element 414 – Joint TANF/FS Processing and Reporting

Nature codes:

67 - Improper termination/denial/suspension when TANF was terminated/denied
68 - Benefits improperly terminated due to non-submission of monthly report

➢ Element 415 - Verification

Nature code:

69 - Improper denial prior to end of timeframe for providing verification
80 - No application or case record information to support denial/termination/suspension

➢ Element 416 – Action Type

Nature codes:

70 - Improper denial or termination when the case should have been suspended
71 - Improper suspension when the case should have been denied or terminated
72 - Improper termination or suspension for failure to meet reporting requirement

➢ Element 511 - Other

Nature code:

99 - This code is to be used in situations not covered by the other existing element codes.

➢ Element 520 - Arithmetic Computation

Nature codes:

61 - Benefit/allotment/eligibility incorrectly computed
62 - Incorrect use of allotment tables

Nature codes:

75 - Eligible for transitional benefits

RESERVED (FOR FEDERAL USE ONLY)

There is one line of spaces reserved for future federal use.

OPTIONAL (FOR STATE SYSTEMS ONLY)

There is one line of spaces available for the State to code information for which they wish to capture additional data.

SECTION V - EXPLANATION OF REVIEW FINDINGS

This section of the form will be used to document the results of the review. The reviewer need only record information used to determine the validity of the reason given for action and, if necessary, information on the status of the case as of the review date. The reviewer may have to simply document a single element of eligibility or all elements, depending upon the circumstances of each case. Documentation must be sufficient to support the reviewer's decision on the status of the case and the identification of any variances. When the reviewer determines that the case record alone does not prove ineligibility, the reviewer may choose to expand the review beyond the case review to explore other reasons that might make the household ineligible. This section must also be used to document the results of the optional expanded review.

APPENDIX E

INTERVIEWING GUIDE FOR FOOD STAMP QUALITY CONTROL

Interviewing plays a vital role in communication for the quality control reviewer. Skillful interviewing is a means of obtaining accurate, reliable information from food stamp recipients and collateral sources. While it is true that a review obtains some information through correspondence, interviews with recipients and collateral contact consume a considerable portion of the reviewer's time. Since interviews involve this much time, making effective use of them to obtain accurate and reliable information is an important aspect of the reviewer's job.

Interviewing techniques presented here cannot of themselves make a QC reviewer a skilled interviewer. Each person's own personality and experience has much to do with how the techniques learned are applied to the varied interview situations. However, techniques can provide a basis of knowledge to use in a variety of circumstances. This can help reduce anxiety and free the reviewer to be more responsive to the interview situation.

The Nature of Interviewing

An interview differs from a conversation in that it has a clearly defined purpose and is directed by the interviewer to fulfill objectives related to the purpose. The QC reviewer will face a variety of interviewing situations with recipients, businesses, banks, governmental agencies, or other professionals and neighbors of the recipients. Interviews with the recipient are usually conducted in the residence, but some may take place in offices or over the telephone. Regardless of where or with whom, the purpose of an interview is fact-finding, and there is a need for good rapport between the interviewer and the recipient.

General Rules for Effective Interviews

- The reviewer must listen to the other person.
- The reviewer must create a feeling of trust and confidence with the recipient. Fairness and honesty must exist.
- The recipient must be put at ease. Some "small talk" might help.

- The reason for the interview must be clear in the minds of both persons.

- Words and phrases used must have a common meaning for both persons.

- The reviewer must give undivided attention to the recipient. As far as possible, there should be no interruptions from the telephone or any other source.

Introducing One's Self

The introductory statement lays the groundwork for what may be a successful interview or one that only elicits "pat" answers. It may even result in a complete turn-down. If the interview is to be successful, psychological obstacles that may be present in the recipient's mind must be removed, one by one. Introducing oneself and establishing a good relationship with the recipient requires an understanding of the typical questions that arise in the mind of a person who comes to the door and finds someone before him who claims to be a Government representative.

The reviewer's first step is to introduce herself/himself and to explain the reason for the visit. The fact the reviewer is a government representative is important. Although introductions vary somewhat, tone commonly used is "My name is _____. I am working for the Food Stamp Program, (State) Welfare Department." The term "Food Stamp Program" and State welfare department are usually understood and serve to connect the reviewer with the Government. "I am with" or "I am working for" help to establish the reviewer as an ordinary working person with whom the recipient can talk.

The second step in the introductory process is for the reviewer to show her/his identification card long enough for the person to read it. Often the recipient will give it no more than a cursory glance, but the fact that this person has shown an official identification will serve to allay suspicion and uncertainty.

The reviewer's next step is to explain the purpose of the visit and to make the recipient aware of the importance of the interview. This should be done briefly without naming the specific topics to be covered. For example: "The Food Stamp Program rules require a review of the households participating in the program. Your help is necessary to meet this requirement. I'll need some basic information such as income and expenses."

Because the results of the review depend to a large extent on the spontaneity of comment, it is usually necessary to leave the description in general terms. The reviewer thereby avoids suggesting possible answers to questions that will be asked. Next, the participant should be told how she/he happened to be chosen for the interview. This may be done somewhat as follows: "In trying to find out about households all over the State, we couldn't talk to everyone, so we had to select a few households to be representative of the total."

The introduction should not be a "canned" speech recited in the same way each time it is used. It should be natural, conversational, and interest-stimulating. The most difficult part of a good introduction, as well as of interviewing in general, is learning to gain the intuitive "hunches" about what to say to any particular participant. In general, however, introductions should contain the following elements:

- Identifying oneself with the Food Stamp Program.
- Showing the identification card.
- Explaining the purpose of the interview and its importance.
- Explaining how the particular household was chosen.

Creating Rapport

Inasmuch as the intensive type of interview seeks to attain a full and spontaneous discussion, a very necessary element in every interviewing situation is the personal relationship between the interviewer and the recipient.

The impression made by the reviewer upon the recipient in the course of the introduction will to a considerable degree determine the rapport, i.e., the friendliness and trust, which will develop. The more natural the approach, the better. Simplicity of dress, a level of language suitable to the occasion, and a sincere interest in the work and in the recipient's answers will gain acceptance for the reviewer as a person to whom the recipient can respond on a basis of common understanding.

Sometimes the reviewer may feel that the introductory process alone has not established her/him firmly enough to proceed at once with the interview. The most common procedure in such cases is to talk about some topic in which both

persons have an interest. Discussion of the weather, the latest baseball scores, or the recipient's garden, and making friends with the pet or children are some of the things that may help to ease the situation. A good rule in building rapport is to get the recipient started talking about things with which she/he is familiar or interested in discussing.

Encouraging Discussion

To be successful, an interview requires management and direction in order to attain the goals expected. In part, this involves taking steps to overcome inertia whenever this occurs and other measures to achieve a two-way communication process.

Take the initiative.

The reviewer can anticipate that some recipients are at first going to be hesitant to discuss their household circumstances. The reviewer then has to help the communication process get underway by initiating discussion after appropriate introductory remarks and the initial explanation of the interview process.

Provide support.

Let the recipient know that you want to know what she/he is talking about. Encouragement, of course, comes from visual as well as oral feedback from the listener. The reviewer can encourage the recipient visually by having an expression of interest on her/his face, following the discourse of the recipient, etc. Verbal encouragement is achieved simply by making statements such as "I see"... "uh-huh"... "is that so?"... "Yes, I understand, go on"... Brief, interjectory statements such as these tend to encourage the speaker to say more. They indicate that the interviewer is attentive and is attaching proper importance to what the recipient is saying.

Don't be afraid of silence.

Many people talk too much because they feel uncomfortable when silence prevails. However, pauses need not be embarrassing or awkward. Silence often draws people out. Pauses are also valuable after a recipient has responded too briefly to a question. Such a pause is often sufficient to convey the impression that the answer needs to be amplified.

Use neutral questions.

Neutral questions may be used to elicit fuller responses to questions. "Why do you think that is so?" "I'd be interested in hearing your reason for that," or "Just how do you mean?", are examples of the type of questions that may be introduced in order to encourage the recipient to explain why. It is best to avoid a blunt "Why?" since it tends to make the recipient feel that she/he is being "put on the spot".

Repeat the question.

Repeating the question is a useful device when the recipient seems unable to make up her/his mind or strays from the topic.

Restate.

A technique to use to encourage discussion is to restate what the recipient has just said. The reviewer can end with "Is that correct?". Restatement has two advantages: (a) The reviewer clearly establishes in her/his own mind what the recipient has said, and (b) The recipient feels some pressure to elaborate upon any parts of the answer which she/he feels the reviewer doesn't completely understand.

Summarize.

Summarizing what the recipient has just said is an especially useful device for clarifying her/his attitudes and prompting her/him to enlarge upon her/his statement. Summarizing all that has been said will help to clarify information and overall understanding. It establishes a basis for further discussion of problems that may have arisen. Like restatement, the purpose of summarizing is to validate the correctness of the information the reviewer has obtained.

Asking Questions

Since much of interviewing is based on the art of asking questions, the right questions must be asked in order to obtain appropriate and complete responses.

Formulating the Question.

The question should be clear and specific as to the information desired. It should not permit an ambiguous interpretation.

The wording of the question should be broad enough to allow a full response. For example, it is best to avoid questions that permit a simple yes or no response although there are times when such a response is necessary. When the response is incomplete or evasive a follow-up question is necessary. This can be achieved by rephrasing. Such statements as "I am not clear on the point you made about...," or "Will you tell me more about...?", should elicit a more precise response.

When there is uncertainty about the meaning of the response, a helpful technique is to repeat the response to secure affirmation or denial. For example, "Did I understand you to say that…is the situation?"

When the response is incomplete, superficial, or only hinted at, the reviewer should probe for more detailed information. This may be done by asking such questions as: "Why is that so?" "Can you tell me about that?" or "It seems that you are saying.... Will you give me some details about the situation?" "Then what?" "Is that so?" or "Tell me more."

Avoiding Pitfalls.

Interviewing can involve some pitfalls related to techniques of asking questions. Some of the traps to avoid are:

- When asking questions, the reviewer should not tip off the answers. The reviewer should give the recipient the latitude to make a response, e.g., do not say "You do not have any money in the bank, do you?" Ask instead, "What bank(s) do you use?"

- The reviewer should avoid entrapment, unless there is some specific reason to suspect the recipient is being untruthful. Thus, the reviewer should avoid asking, "In what bank do you have your savings account?" unless circumstances point to the existence of a previously unreported bank account.

- The reviewer should avoid remarks that can be construed as passing judgment on the recipient or the recipient's responses.

- Long, elaborate explanations by the recipient that add excessive detail are unnecessary. The reviewer should tactfully interrupt the person and go on to the next question.

Listening

Another technique of interviewing is the art of listening. Effective listening requires considerable practice and involves learning new skills.

The complexity of effective listening is evident when it is considered that the reviewer is involved in a number of complicated operations occurring simultaneously. The reviewer is actively receiving the recipient's response while at the same time coordinating it with information already received, framing a follow-up question and trying to fulfill the overall plan for the interview. In addition to listening and absorbing the response, listening involves an evaluation of the response -- seeking to establish its' meaning in relation to what has already been established. The meaning is enhanced by carefully noting the recipient's tone of voice, the emphasis given, and the inflections in the voice.

Non-Verbal Communication

A counterpart of and supplement to verbal communication in the interview is non-verbal communication. This involves observations on both the reviewer and recipient about one another during the course of the interview and relates to such things as manner of dress, facial expressions, head-nodding, body posture, hand gestures, eye movements, the seating arrangements, etc.

Non-verbal signs, if properly interpreted, may help one to understand better the thoughts expressed. Yet, these signs alone cannot be taken at face value as actually conveying the entire story or the implications we believe they convey.

Non-verbal expressions may support or contradict the verbal message, e.g., the recipient may verbally express agreement but show uncertainty or disagreement by his facial expression. The significance of non-verbal communication is that it supplements the verbal expression of the recipient, particularly when there are language difficulties. It amplifies, underlines, and at times, contradicts what is conveyed verbally.

With this caution in mind, the reviewer should be aware of her/his own thoughts and feelings and body expressions lest the non-verbal signs inadvertently convey false impressions to the recipient.

Note-Taking

Beginning reviewers are frequently concerned about taking notes during the interview. Taking notes can be a problem if it interferes with the flow of communication distracting the reviewer from what the recipient is saying or even distracting the recipient. However, the purpose of the quality control interview is gathering specific factual information, and this provides a natural basis for note-taking.

The reviewer is not expected to retain in her/his mind with a high degree of accuracy information such as names, addresses, amounts of income and deductions, dates, etc. In fact, the recipient might have more confidence when he sees the reviewer writing down information. The reviewer who does not write down such information might make the recipient wonder about her/his sincerity and why she/he asked for the information in the first place. It is a businesslike procedure to write down notes in the presence of the recipient to maintain the accuracy of the recipient's statements.

The recipient may also begin to wonder just what it is that the reviewer is writing down. Therefore, it is desirable to explain to the recipient the need for note-taking. The reviewer would explain that this is a way to ensure retention of accurate information. This alerts the recipient to the note-taking process.

The general rule for note-taking is this: Do not become preoccupied to the degree that continuous writing becomes distracting. Do not let note-taking interfere with your attention to what the recipient is saying.

Closing the Interview

It is important to leave the recipient with a friendly feeling toward the reviewer and toward the agency he represents. It is also important that any questions or doubts about the interview expressed by the recipient should be cleared up before the reviewer leaves. The recipient should have the feeling that his/her time has been well spent. A few words of thanks will make the recipient feel that her/his efforts have been appreciated.

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